



Generating substantial returns for all its stakeholders

Investment company Teaminvest Private Group (ASX:TIP) has just released its results for the first half of FY25 (1H25). TIP's Graham-and-Dodd value investment philosophy is continuing to pay off.

12% EBITDA and profit growth at a group level, with a strong contribution from particular investment

TIP delivered 12% growth in EBITDA and operating profit – to \$8.6m and \$2.6m respectively. The company's statutory profit increased 21% to \$2.5m. It paid an interim dividend of 1.5 cents per share.

Of the company's 3 divisions – Equity, Wealth and Education – it was the first of these that performed the strongest, representing 93% of revenue and 68% of EBITDA. This was particularly driven by two investee companies – East Coast Traffic Control (ECT) and MMT. However, its Education & Investments business boasts the strongest track record. \$1m invested into its theoretical Conscious Investor portfolio in 2000 would be worth \$42m today.

The Group's Equity portfolio has generated a return of \$2.90 for every dollar of capital invested, in a measure known as 'Money on Invested Capital'. And its Wealth division has \$267m in Funds Under Management (FUM) with another \$1.6bn in Funds Under Advice (FUA). Its 3 flagship strategies delivered after-fee returns for CY24 of 23.5%, 14.4% and 6.8%.

A lot to look forward to

With the track record that TIP has, there is little reason not to expect continued success. In the coming months, TIP will realise proceeds from the exit from 85% of its investment in BizGPT. We are particularly looking forward to seeing where these will be deployed, and we also anticipate upside from TIP's remaining investments.

Updated valuation to \$3.18-3.82 per share

We update our valuation of TIP at \$3.18 per share in a base case and \$3.82 in our optimistic case (previously \$3.09-3.71). We have still used a 1.2x P/B valuation but update our figures in conjunction with growth in TIP's Net Assets during 1H25. We see potential for the shares to re-rate as TIP continues to grow its FUM, its education businesses and racks up successes with investee businesses. Please see page 8 for more details on our valuation rationale and page 9 for the key risks of investing in this company.

Share Price: A\$2.08

ASX: TIP

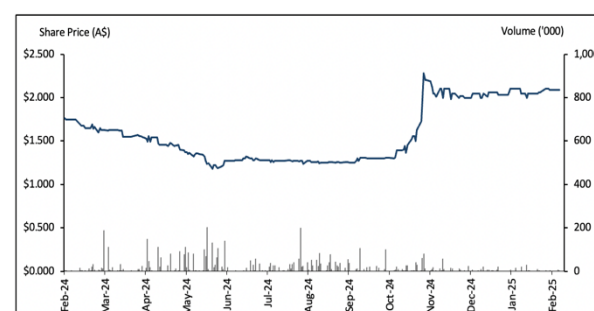
Sector: Financials

13 February 2024

Market cap. (A\$ m)	56.2
# shares outstanding (m)	27.0
# shares fully diluted (m)	27.0
Market cap ful. dil. (A\$ m)	56.2
Free float	100%
52-week high/low (A\$)	2.28 / 1.18
Avg. 12M daily volume ('000)	19.4
Website	https://www.tipgroup.com.au

Source: Company, Pitt Street Research

Share price (A\$) and avg. daily volume (k, r.h.s.)



Source: Refinitiv Eikon, Pitt Street Research

Valuation metrics	
Methodology	Price-to-Book
Fair valuation range (A\$ per share)	\$3.18-3.82

Source: Pitt Street Research

Analysts: Stuart Roberts, Nick Sundich

Tel: +61 (0)4 3483 8134

Stuart.Roberts@pittstreetresearch.com

Nick.Sundich@pittstreetresearch.com



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Teaminvest Private Group

*TeamInvest has 3 divisions:
Wealth/Funds Management,
Investor Education, Private
Equity.*

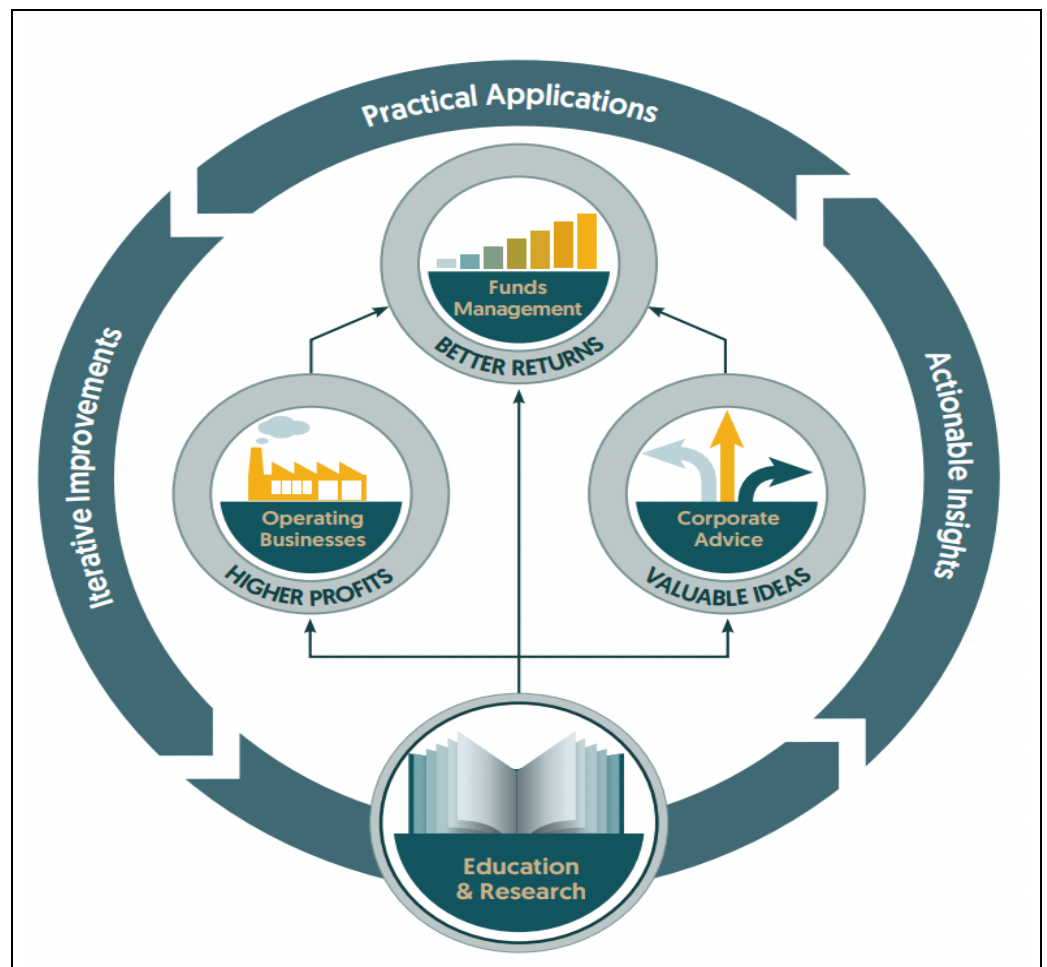
Recap of TeamInvest Private

TeamInvest has a structure that reflects its evolution over time. The company originated from an informal club of HNWs for education and stock picking. The company was formally founded in 2012 and began investing into private businesses in its own right. The company listed in 2019, and in 2022 came into the fund management space, acquiring Conscious Capital.

Accordingly, the company now has 3 divisions (Figure 1):

- **Wealth/Funds Management.** This division provides advisory, funds management and investment banking services. As at 31 December 2024, it had \$267m in Funds Under Management (FUM) and another \$1.6bn in Funds Under Advice (FUA).
- **Investor Education.** The legacy from this division stems from the informal club mentioned above, comprising an investor education business which provides actionable intelligence for its clients and for TIP as well. Investor Education is the smallest division by revenue, but the most important because the education and research drives performance across the other divisions.
- **Equity:** This division invests in private businesses, some of which we will outline in this report.

Figure 1: Overview of TeamInvest



Source: Company



TIP is guided by a Graham-and-Dodd philosophy, as well as the Conscious Investor approach.

TIP's philosophy and ambitions

The Group has a Graham-and-Dodd philosophy and uses this across all three divisions. This focuses on buying undervalued companies with strong fundamentals at a price lower than their intrinsic value. The company is also guided by the "Conscious Investor approach" – developed by Dr Price and part of internal software which provides rules about what stocks or businesses not to buy. TIP also strives work alongside management so that all parties can realise returns.

It believes the latter point will be particularly important as Baby Boomers gradually transition ownership of their businesses to younger generations. As we outlined in our initiation report, one million will retire in the coming years, but only 8% of SME owners today are under 30 and less than a third of businesses have a formalised succession plan¹. TIP can not only provide capital – which younger generations may not have – but also strategic advice too. TIP is far from the only wealth/funds management house that invests in SMEs, but a business owner would be wise to pick TIP ahead of other investors because of how it could be a helping hand and could be trusted given its experience and track record.

TeamInvest listed in 2019, then undertook further evolution post-listing

Since its 2012 founding, Teaminvest Private used a combination of accumulated performance fees to buy-out other investors, and a restructure to merge the existing SPV's, to list on the ASX in May 2019 in a compliance listing. By this time, the company provided \$39m of capital and 51 directors to small and medium enterprises. It had six 100%-owned companies (including GLT Trailers, Icon Metal and East Coast Traffic Control (ECTC) which remain in TIP's ownership to this day and are outlined later in the report) and two partially owned companies.

The 2019 IPO raised \$2.3m from existing investors at \$1.00 per share, which is equivalent to \$5.00 today after an October 2023 five-for-one share consolidation. TIP continued to buy businesses after it listed.

In particular it:

- Bought Automation Group in July 2020
- Acquired the club's investor education business (and its former parent) Teaminvest Pty Ltd in 2021, and
- Acquired Teaminvest's fund management business (Conscious Capital) in 2022.

In effect, the listed company transitioned in 2022 from being a private equity business into being a financial institution / investment house.

TIP now refers to its investments under 'Passive' and 'Active' investments as opposed to labelling its investments as 'private equity' and 'managed', notwithstanding its active investments effectively function as a private equity arm.

¹ P.8 of our initiation report.



TIP's 1HY25 results

Group level results

TIP delivered Look Through EBITDA of \$8.9m, Operating NPAT of \$2.6m and Statutory NPAT of \$2.5m.

In the 6 months ended 31 December 2024 (1HY25), the company delivered at a group level:

- Revenue of \$80.2m (up 2%),
- Look Through EBITDA of \$8.9m (up 12%),
- Operating NPAT of \$2.6m (up 12%), and
- Statutory NPAT of \$2.5m (up 21%).

The company's most important division by revenue and EBITDA was its equity division which generated 93% of revenue and 68% of EBITDA (Figure 2). TIP paid an interim dividend of 1.5 cents per share, and opted to increase its share buyback.

Figure 2: TIP's 1HY25 results

Revenue									
(\$m)	1H19	1H20	1H21	1H22	1H23	1H24	1H25	Δ%	CAGR
Equity	61.2	69.5	71.2	73.0	80.2	74.4	74.9	1%	3%
Wealth					0.8	2.3	3.1	37%	96%
Education & Investments				2.1	2.0	2.0	2.2	9%	2%
Pre-abnormal	61.2	69.5	71.2	75.1	83.0	78.8	80.2	2%	5%
Abnormal		2.8							
Total	61.2	72.4	71.2	75.1	83.0	78.8	80.2	2%	5%

EBITDA									
(\$m)	1H19	1H20	1H21	1H22	1H23	1H24	1H25	Δ%	CAGR
Equity	4.4	6.0	7.4	5.2	5.7	7.1	6.2	(13%)	6%
Wealth					(0.2)	0.3	1.7	458%	173%
Education & Investments				1.0	0.8	0.7	1.2	62%	5%
Pre-abnormal	4.4	6.0	7.4	6.2	6.4	8.2	9.1	12%	13%
Abnormal		2.8	(0.6)	(2.3)		(0.3)	(0.2)		
Total	4.4	8.8	6.8	3.9	6.4	7.9	8.9	12%	12%

Source: Company



TIP's investment performance

For every \$1 of capital TIP has invested, it has returned \$2.90.

TeamInvest's total Money On Invested Capital (MOIC) was 2.9x. This means that for every \$1 of capital invested, \$2.90 has already been returned (Figure 3).

Figure 3: TIP's Investment Portfolio and Results

Investment	GLT	ECT	Coastal Energy	Kitome	Decoglaze	AG	Icon Metal	Colour Capital	
Vintage (Financial Year)	2013	2014	2014	2014	2014	2015	2017	2018	
Ownership	100%	100%	100%	100%	100%	100%	100%	33%	
Exited (Y/N)	N	N	Y	N	Y	N	N	N	
Times Money (x)	6.6x	4.7x	0.4x	1.3x	1.0x	0.7x	2.2x	1.0x	

Investment	MMT	Insurance	WDA (loan)	Teaminvest	Corinthian Fund	CI Fund	BizGPT	Wattle Court	Total
Vintage (Financial Year)	2019	2019	2019	2022	2023	2023	2024	2024	
Ownership	30%	50%	0%	100%	100%	50%	5%	33%	
Exited (Y/N)	N	N	Y	N	N	N	N	N	
Times Money (x)	3.4x	1.5x	-	1.9x	13.2x	2.7x	0.9x	-	2.9x

* Assumes completion of BizGPT part sale.

Source: Company

1HY25 was a period of progress for many of TIP's portfolio businesses. TIP has made an agreement to sell 85% of its stake in BizGPT and expects to sell this in the coming months. TIP retains an investment equal to 5% of the company to retain the benefit from future upside, but also enables the business to take funding from those better suited to funding the next iteration of software development. The company deployed in \$0.5m into new investments in other listed equities. It invested \$0.4m into unlisted Wattle Court Homes, a home developer, and owns 33.33%.

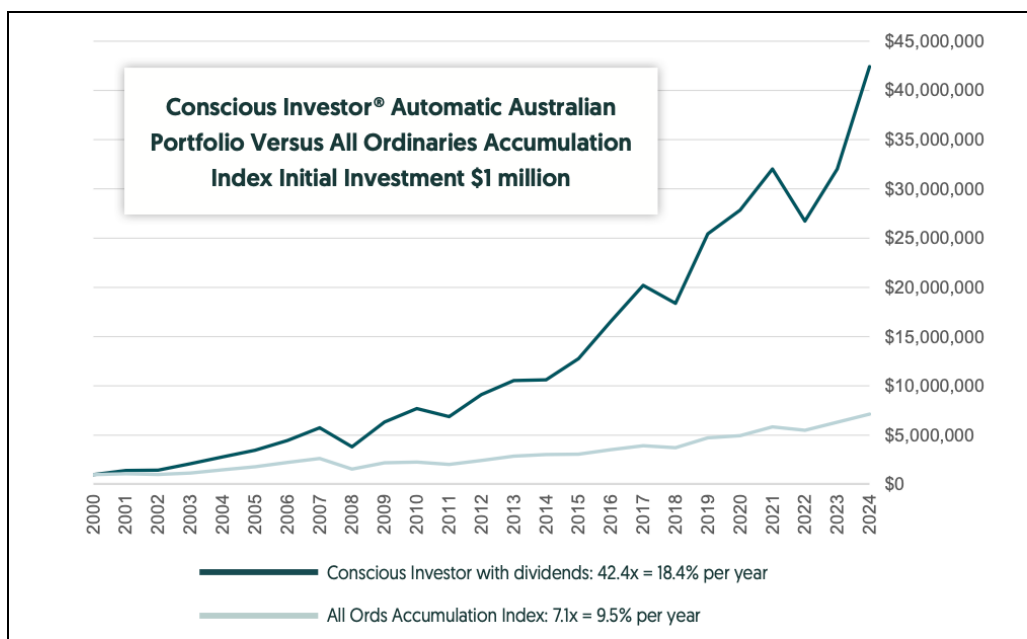
Turning to the company's Wealth Division: Its flagship Conscious Investor (wholesale), TeamInvest Access Fund (retail) and Corinthian Balanced Fund (NFP/charities) all outperformed their hurdles, delivering after-fee returns to investors of 23.5%, 14.4% and 6.8% respectively.

And the Education Business continued to be the engine room driving the company. Although each of its participants and funds invests their money as they see fit, a theoretical \$1m invested into its automatic portfolio would be worth over \$42m today (Figure 4). This would reflect a compound annual return of 18.39%, nearly double the All Ords Accumulation Index which returned 9.5% per year and would have netted a return of \$7m.



Teaminvest Private Group

Figure 4: The performance of \$1m invested into a theoretical portfolio



Source: Company

The future outlook

The company has an internal target return of over 15% over the long run. TIP Group plans to continue growing its revenue, earnings and portfolio by:

- Increasing Funds Under Management and Funds Under Advice in its Funds management business
- New investments, particularly those that bolt-on to existing businesses, or new businesses whose management aligns with the company's philosophy,
- Working with management of existing investments to sustainable grow profits.

TIP has an internal target return of over 15% over the long run.

Certain investee companies of the equity division are expecting catalysts and growth in the near future. MMT completed the successful transition to CEO Johan Meyer and is strategically positioned to be a beneficiary of growth in audio visual hardware. East Coast Traffic (ECT) has cemented its reputation as the traffic controller of choice for regional Australia. It invested \$0.6m in growth capex in 1H25 to capitalise on future opportunities. And finally, GLT Trailers recently opened a new facility in Carole Park, Queensland, that spans 15,000sqm and achieved record production in 2Q25.

During October 2024, subsidiary Colour Capital was awarded \$20m in a legal judgement (plus costs) against Netdeen (the franchisor of G.J. Gardner Homes) after it terminated the master franchise agreement and engaged in unconscionable conduct. This judgement has been appealed and TIP does not intend to recognise a gain on the proceedings until such a payment has been received. But since the judgement, Colour Capital and Wattle Court have delivered material growth to replace the former revenue from G.J. Gardner. Wattle Court now has 3 franchised builders in NSW and QLD.



Our valuation of Teaminvest Private: \$3.18-\$3.82 per share

TIP is trading at a market cap of only 64% of its book value of \$86.2m, which increased 2.6% in 1HY25. In our initiation report, we valued TIP at \$3.09 per share, which was 1x its previous book value divided by the shares on issue. We also modelled a bull case, valuing at \$3.71 by assuming a 1.2x P/B under its former valuation.

In light of TIP's Net Assets Growth, we update our valuation to \$3.18 per share in our base case and \$3.82 per share in our bull case. The company's most recent book value is below (Figure 5).

Our updated valuation TIP is \$3.18 per share in our base case and \$3.82 in our bull case.

Figure 5: Our updated valuation of TeamInvest Private

Valuation (A\$m)	Base Case	Bull case
TIP's total equity	86.2	86.2
Premium	0%	20%
Share outstanding (Diluted)	27.1	27.1
Implied price (A\$ cents)	3.18	3.82
Current price (A\$ cents)	2.08	2.08
Upside (%)	52.9%	83.7%

Source: Pitt Street Research

There could be further upside depending on which metrics are used

One could potentially derive an even higher valuation using other metrics. First off, we note that the book value of the holding on its balance sheet may be an underestimation because TIP does not revalue its holdings each year for balance sheet purposes. A realistic book value could be twice as high.

Using metrics other than Price-to-Book could also derive higher including:

- The average trailing P/E multiple for the ASX All Ordinaries Index which is 33x². With diluted EPS of 22.7c³ in FY24, this would derive a share price of \$7.49 per share⁴.
- The average EV/EBITDA for the ASX All Ordinaries Index - 10.7x for CY24⁵. Considering TIP made \$15.7m in EBITDA, this would yield an Enterprise Value of \$166.4m, equating to a market cap of \$172.4m⁶ and a consequential share price of \$5.57 per share.

For conservatism's sake, we'll stick with a Price-to-Book for now, but even the current book value shows that this stock is significantly undervalued. TeamInvest is trading at a significant discount to its fair value right now – fair value as judged by its auditors; let alone the value that the company could grow to in the future.

² Capital IQ data.

³ The statutory EPS figure is 14.05 per share but it includes a non-cash write-down of Colour Capital. Our figure above excludes this.

⁴ Excluding companies above A\$2bn.

⁵ Capital IQ data.

⁶ This uses a debt figure of \$0.4m and cash of \$6.4m. The company's total debt is \$21.5m but the majority of this is the property lease associated with GLT's new facility. TIP does not consider this financial debt in the traditional sense, but an accounting entry with a corresponding right of use asset on its books.



Teaminvest Private Group

We foresee the stock being re-rated to our valuation range driven by the following factors:

- Increasing revenues and EBITDA across the Group.
- Increasing Funds Under Management and Funds Under Advice in its Funds management business.
- Growing client numbers in the education segment.
- New investments, particularly those that bolt-on to existing businesses, or new businesses whose management aligns with the company's philosophy.
- Working with management of existing investments to sustainable grow profits.
- M&A, in other words a transaction that confirms valuation well above book value for one of TIPs assets.

Risks

We see the following key risks to our investment thesis:

- **Operational risk:** The company's operations, or the operations of any of its investee companies could be impacted in a variety of ways such as human errors, technology or infrastructure changes, or external events like regulatory changes or supply chain issues.
- **Investment risk:** There is the risk that certain investments may not achieve the returns that TIP anticipates for a variety of reasons. Some may even cause reputational damage.
- **FUM outflow risk:** Further to the above, there is the risk that a deterioration in TIP's record could lead to an outflow of funds from the company. One need only look at the recent impact to the market capitalisation of GQG and Platinum of late due to and investors pulling money from their funds.
- **Regulatory risk:** There is a risk of Changes to regulations, compliance and taxation that could impact negatively on TIP as a group and/or to its investee companies.
- **Key personnel risk:** There is the risk the company may lose key personnel and be unable to replace them and/or their contribution to the business.



Appendix I – Analysts’ Qualifications

Stuart Roberts, lead analyst on this report, has been an equities analyst since 2002.

- Stuart obtained a Master of Applied Finance and Investment from the Securities Institute of Australia in 2002. Previously, from the Securities Institute of Australia, he obtained a Certificate of Financial Markets (1994) and a Graduate Diploma in Finance and Investment (1999).
- Stuart joined Southern Cross Equities as an equities analyst in April 2001. From February 2002 to July 2013, his research speciality at Southern Cross Equities and its acquirer, Bell Potter Securities, was Healthcare and Biotechnology. During this time, he covered a variety of established healthcare companies, such as CSL, Cochlear and Resmed, as well as numerous emerging companies. Stuart was a Healthcare and Biotechnology analyst at Baillieu Holst from October 2013 to January 2015.
- After 15 months over 2015–2016 doing Investor Relations for two ASX-listed cancer drug developers, Stuart founded NDF Research in May 2016 to provide issuer-sponsored equity research on ASX-listed Life Sciences companies.
- In July 2016, with Marc Kennis, Stuart co-founded Pitt Street Research Pty Ltd, which provides issuer-sponsored research on ASX-listed companies across the entire market, including Life Sciences companies.
- Since 2018, Stuart has led Pitt Street Research’s Resources Sector franchise, spearheading research on both mining and energy companies.

Nick Sundich is an equities research analyst at Pitt Street Research.

- Nick obtained a Bachelor of Commerce/Bachelor of Arts from the University of Sydney in 2018. He has also completed the CFA Investment Foundations program.
- He joined Pitt Street Research in January 2022. Previously he worked for over three years as a financial journalist at Stockhead.
- While at university, he worked for a handful of corporate advisory firms

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