WEEK 4

FINANCIAL NEWS, ANALYSIS & DATA

# STORIES TO READ FROM FNArena

Friday, 23 January 2026

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Rudi's View: Key Picks & Sector Favourites

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AUSTRALIA

# The Market In Numbers - 17 Jan 2026

**The Market In Numbers:** Look under the bonnet and what do you see?

For most investors, whatever goes on in financial markets is experienced through their own portfolio and personal matters of interest.

The below detailed overview in raw numbers and calculations might assist with assessing trends and currents that might not be apparent from daily volatility and movements.

All index data are ex dividends. Commodities are in USD.

## Australia & NZ

| Index | 16 Jan 2026 | Week To Date | Month To Date (Jan) | Quarter To Date (Jan-Mar) | Year To Date (2026) | Financial Year To Date (FY26) |
|---|---|---|---|---|---|---|
| NZ50 | 13659.790 | -0.45% | 0.82% | 0.82% | 0.82% | 8.39% |
| All Ordinaries | 9184.20 | 1.53% | 1.79% | 1.79% | 1.79% | 4.69% |
| S&P ASX 200 | 8861.70 | 1.65% | 1.66% | 1.66% | 1.66% | 3.74% |
| S&P ASX 300 | 8828.60 | 1.59% | 1.68% | 1.68% | 1.68% | 4.18% |
| Communication Services | 1728.00 | -0.27% | -0.73% | -0.73% | -0.73% | -6.75% |
| Consumer Discretionary | 4052.70 | 2.48% | 1.50% | 1.50% | 1.50% | -2.18% |
| Consumer Staples | 11687.90 | 0.22% | 0.60% | 0.60% | 0.60% | -3.56% |
| Energy | 8692.90 | 2.53% | 3.91% | 3.91% | 3.91% | 0.21% |
| Financials | 9189.50 | 0.94% | -1.57% | -1.57% | -1.57% | -3.56% |
| Health Care | 34246.70 | 0.96% | 1.35% | 1.35% | 1.35% | -17.68% |
| Industrials | 8551.30 | 1.23% | 1.49% | 1.49% | 1.49% | 2.79% |
| Info Technology | 2088.20 | -2.53% | -3.06% | -3.06% | -3.06% | -28.01% |
| Materials | 22904.10 | 4.05% | 8.44% | 8.44% | 8.44% | 44.43% |
| Real Estate | 3922.10 | 0.59% | -1.11% | -1.11% | -1.11% | 0.60% |
| Utilities | 9245.40 | -2.80% | -4.27% | -4.27% | -4.27% | 1.14% |
| A-REITs | 1806.20 | 0.61% | -1.07% | -1.07% | -1.07% | 0.85% |
| All Technology Index | 3343.10 | -1.42% | -1.57% | -1.57% | -1.57% | -17.33% |
| Banks | 3994.90 | 1.95% | -1.81% | -1.81% | -1.81% | -0.69% |
| Gold Index | 19813.90 | 5.39% | 6.11% | 6.11% | 6.11% | 71.44% |
| Metals & Mining | 7881.10 | 4.05% | 8.45% | 8.45% | 8.45% | 50.96% |

## The World

| Index | 16 Jan 2026 | Week To Date | Month To Date (Jan) | Quarter To Date (Jan-Mar) | Year To Date (2026) | Financial Year To Date (FY26) |
|---|---|---|---|---|---|---|
| FTSE100 | 10238.94 | 1.13% | 3.00% | 3.00% | 3.00% | 16.87% |
| DAX30 | 25352.39 | 0.36% | 3.52% | 3.52% | 3.52% | 6.03% |
| Hang Seng | 26923.62 | 2.64% | 4.13% | 4.13% | 4.13% | 11.84% |
| Nikkei 225 | 54110.50 | 4.18% | 7.49% | 7.49% | 7.49% | 33.65% |
| NZ50 | 13659.790 | -0.45% | 0.82% | 0.82% | 0.82% | 8.39% |
| DJIA | 49442.44 | -0.12% | 2.22% | 2.22% | 2.22% | 12.13% |
| S&P500 | 6944.47 | -0.31% | 0.70% | 0.70% | 0.70% | 11.92% |
| Nasdaq Comp | 23530.02 | -0.60% | 0.47% | 0.47% | 0.47% | 15.51% |

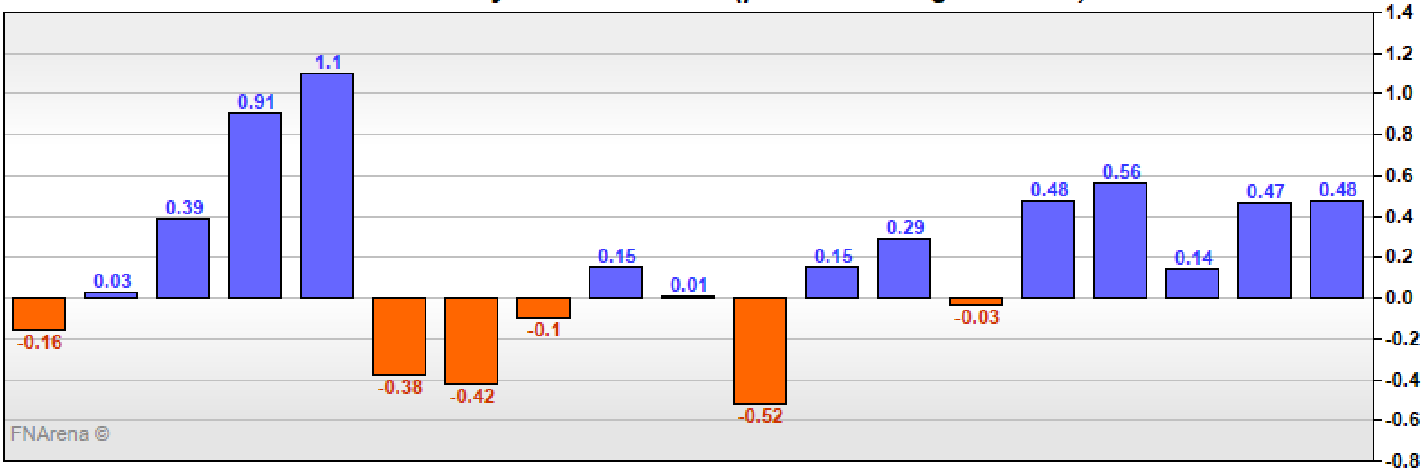
## Metals & Minerals

| Index | 16 Jan 2026 | Week To Date | Month To Date (Jan) | Quarter To Date (Jan-Mar) | Year To Date (2026) | Financial Year To Date (FY26) |
|---|---|---|---|---|---|---|
| Gold (oz) | 4616.56 | 2.57% | 5.25% | 5.25% | 5.25% | 39.80% |
| Silver (oz) | 92.19 | 16.19% | 18.31% | 18.31% | 18.31% | 154.64% |
| Copper (lb) | 5.9853 | 1.40% | 5.34% | 5.34% | 5.34% | 17.46% |
| Aluminium (lb) | 1.4384 | 2.36% | 7.54% | 7.54% | 7.54% | 21.98% |
| Nickel (lb) | 8.1658 | 3.08% | 9.06% | 9.06% | 9.06% | 19.74% |
| Zinc (lb) | 1.5037 | 6.74% | 7.90% | 7.90% | 7.90% | 19.10% |
| Uranium (lb) weekly | 83.25 | 1.52% | 1.52% | 1.52% | 1.52% | 5.85% |
| Iron Ore (t) | 107.39 | -0.59% | 0.24% | 0.24% | 0.24% | 13.65% |

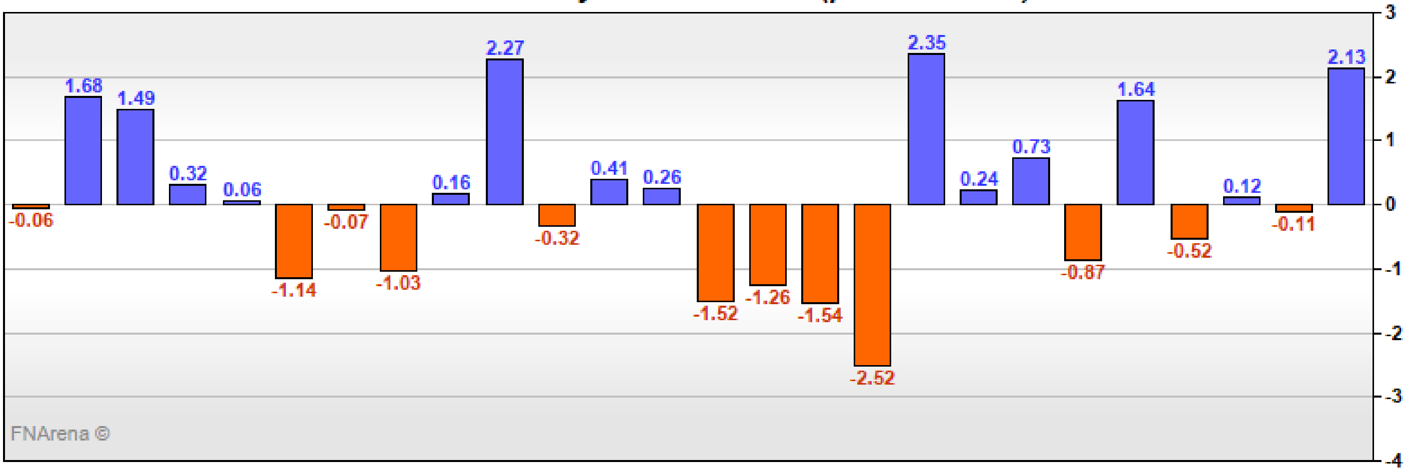
## Energy

| Index | 16 Jan 2026 | Week To Date | Month To Date (Jan) | Quarter To Date (Jan-Mar) | Year To Date (2026) | Financial Year To Date (FY26) |
|---|---|---|---|---|---|---|
| West Texas Crude | 59.16 | 0.37% | 3.03% | 3.03% | 3.03% | -9.71% |
| Brent Crude | 63.66 | 0.51% | 4.62% | 4.62% | 4.62% | -4.70% |

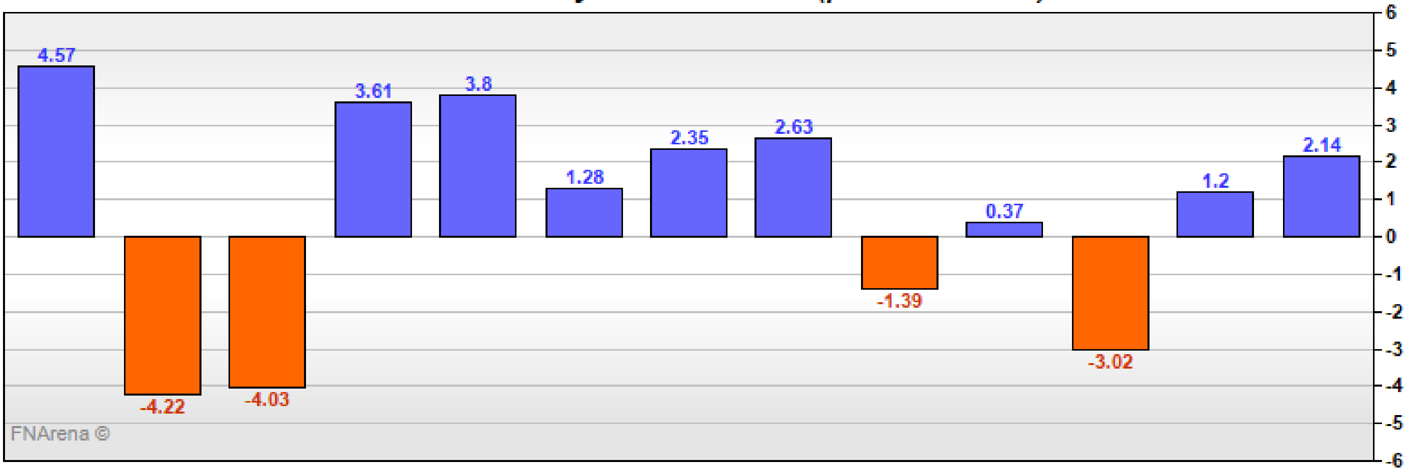
ASX200 Daily Movement in % (past 19 trading sessions)



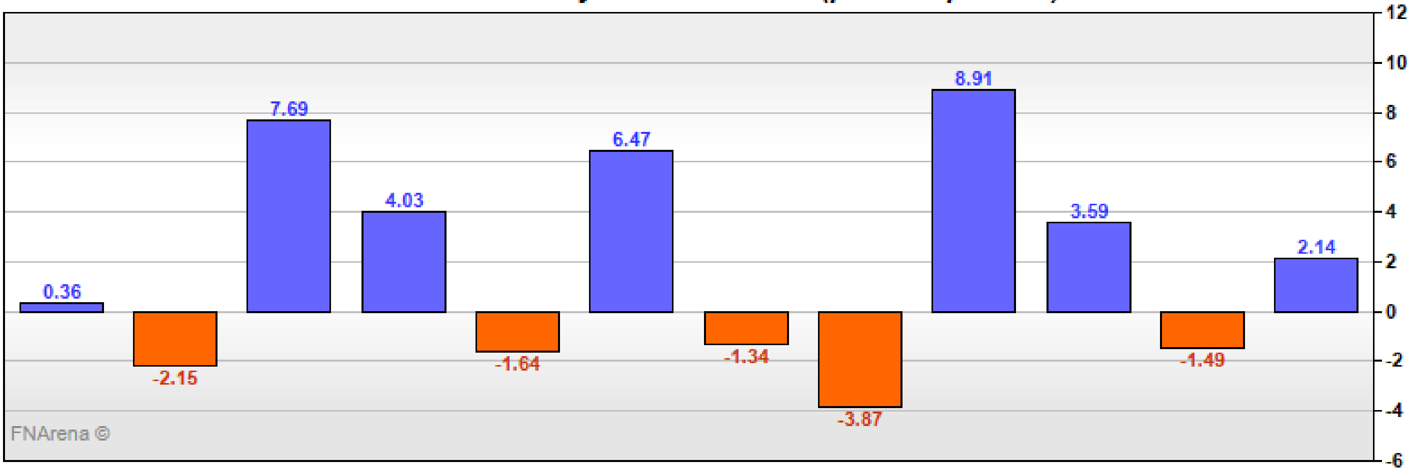

ASX200 Weekly Movement in % (past 26 weeks)



**ASX200 Monthly Movement in % (past 13 months)**




**ASX200 Quarterly Movement in % (past 12 quarters)**




The composition of above rankings and calculations is fully automated, based on raw data. Investors are advised to find context, interpretation and background elsewhere.

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AUSTRALIA

# Focus On Telix' Guidance Post Annus Horribilis

As Telix Pharmaceuticals turns the page on 2025, its annus horribilis, analysts remain optimistic around a potential valuation re-rating.

- **2025 provided a perfect storm of adverse news for Telix shareholders**
- **4Q update confirms PSMA pricing strategy is working**
- **Analysts await more details at the upcoming 2025 result in February**
- **Valuation re-rating possible with potential positive results on PSMA agents**
- **Success in the therapeutics pipeline offers blue sky valuation**

By Danielle Ecuyer

*US PET scan volumes are typically more price sensitive, which favours transitional pass-through (TPT) status*

## Reasons for the 2025 valuation compression

The current Australian share market environment has not been conducive to rewarding quality growth companies post the August 2025 reporting season.

Telix Pharmaceuticals ((TLX)), previously a share market darling, has not escaped the big switch out of almost every sector ex-resources, with few exceptions. High valuations have been punished in favour of the commodity reflation rotation trade.

The biotech's share price equally received multiple setbacks that bruised sentiment in the second half of 2025, compounding the valuation compression.

Complete response letters from the FDA around Zircaix and Pixclara drugs in October, the expiration of transitional pass-through pricing (TPT) status for Illuccix in October, as well as US competitor Lantheus' quarterly update indicating market share loss for Telix in US PSMA scanning agents, all weighed on sentiment.

US tariff threats and management’s announcement to re-invest profits back into the business also impacted sentiment.

While FNArena's consensus target price has barely shifted from around the $27 level since October, the share price has more than halved, which begs the question whether the perceived negatives are now overly discounted in the momentum switch to resources and valuation de-rating?

Can management deliver on its strategies in 2026?

# Fourth quarter update reveals some welcome good news

Commentary on the December quarter trading update has been far from harsh, but --clearly-- reaching the lower end of upgraded expectations was not enough to boost investor sentiment yet, with analysts seeking more insights at the upcoming 2025 results, including management's guidance for 2026 on February 20.

As highlighted in the updates, signs of improving metrics around PSMA pricing and volumes have emerged.

Telix’s Q4 revenue came in at US$208m, US$804m for the full year, which met consensus expectations according to Citi. For other brokers like Morgan Stanley and UBS the revenue slightly missed.

The result included Precision Medicine PSMA franchise (Illuccix and Gozellix) revenue of US$161m, a rise of 16% y/y or 4% growth on the prior quarter.

Separating volume versus pricing, Canaccord Genuity notes volumes grew 3% with 1% growth in the net average selling price, which indicated the use of Gozellix primarily in outpatient hospitals, which are referred to as HOPPS.

UBS estimates these represent around 50% of US PET scan volumes and are typically more price sensitive, which favours transitional pass-through (TPT) status.

# Transitional pass through pricing opens market share opportunities

Taking a deeper look into the significance of this, Canaccord points to the advantages around the speed and “quantum” of reimbursement offered by Gozellix’s TPT status, where hospitals are paid an average selling price-plus rate on around US$7k per dose when scanning traditional CMS (Centers for Medicare and Medicaid Services) beneficiaries, such as Medicaid and Medicare.

Canaccord estimates outpatient hospitals at around 40% of PSMA utilisation by volume, which is open for the taking in 2026, with Telix as the only PSMA agent with TPT status over the next three quarters of 2026.

This provides a substantial competitive advantage, with Canaccord proferring the opportunity for large outpatient hospitals to switch from the major competitor Lantheus, where Pylarify is waiting for FDA approval on its second PSMA agent (PYL2 in March) and for its second stage of transitional pass-through pricing from October 2026, opening a 12-month window for Gozellix to pick up market share.

The analyst emphasises transitional pass-through pricing alone is not sufficient to convert market share, as exemplified by Blue Earth Diagnostics’ underwhelming experience with TPT exclusivity.

Other features such as scale and service capabilities are important, features of which Telix is consistently good at achieving. UBS believes Telix’s high quality customer service makes the Illuccix and Gozellix offering more “sticky”.

This broker’s channel checks indicate radiologists like the Telix customer experience and are reluctant to switch back to competitors Pylarify and Posluma (Blue Earth Diagnostics) due to the less favourable experience.

If outpatient hospital market share is picked up by Gozellix in 2026, there does not appear to be straightforward reasons, according to Canaccord, for a switch back to PYL2. Moreover, Telix’s fluorinated option may be available in 2028, subject to approval, which could offer a third phase of TPT for the PSMA franchise.

Comparing the 4Q updates, Morgan Stanley notes PSMA imaging revenue in 3Q saw revenue growth of 1%, comprised of volume growth of 3% and a price decline of -2%. The analyst views the US launch of Gozellix in June 2025 as supporting price rises in 4Q, with UBS noting the price premium on Gozellix as well as its TPT status.

Citi believes the result points to the successful commercialisation of Gozellix and does not envisage any reason for major consensus revisions to PSMA agent sales for 2026 at this stage.

# Brokers remain steadfastly positive on Telix

Incorporating the preliminary update and higher net interest cost assumptions has led to negative EPS forecast revisions for 2025, albeit Morgan Stanley does state these are not meaningful given the low base. This broker’s 2026 profit before tax estimate of US$4m is essentially break-even.

Like other brokers, Morgan Stanley is awaiting the February 2025 result and outlook for more details around 2026.

Commenting on the Chinese National Medical Products Administration Centre for Drug Evaluation’s new drug application acceptance for Illuccix, Morgan Stanley highlights the Chinese market is not included in current earnings forecasts.

Morgan Stanley’s valuation of $26.40 is composed of $14.50 per share from Precision Medicine (PSMA diagnostics) and $11.90 for the therapeutics pipeline. The current valuation ascribed and share price implies limited value to the late-stage PSMA candidates Zircaix, Pixclara and BiPASS, and no value to the therapeutics portfolio.

The risk and reward profile is considered favourable and the stock is rated Overweight (equivalent of Buy).

Citi does not view the Chinese regulatory review, in partnership with Grand Pharma, as a major driver for the share price and the analyst's latest update on BiPASS notes the Phase 3 BiPASS study is dosing US patients.

This has the potential to lift the number of scans Telix can capture per patient, expanding the addressable market for the products.

BiPASS is increasingly being used in Australia, with upside for the US reliant on FDA approval. The potential for BiPASS has not been included in earnings forecasts.

Citi retains a Buy, High risk rating with a $34 target, emphasising the “equity story” for Telix will be boosted by positive clinical updates.

UBS believes the major share price overhangs should moderate in 2026, commencing with the re-submission of Pixclara and the TLX591 Part 1 data in the coming weeks.

Guidance for 2026 should also give more certainty around growth expectations for Gozellix. The analyst forecasts Illuccix and Gozellix sales of US$776m in 2026, representing growth of 24% on 2025.

With a target price unchanged at $31, UBS (Buy) estimates the PSMA diagnostics franchise as a stand-alone business could be valued at $16.60 per share.

Canaccord forecasts PSMA franchise revenue growth of 9% for 2026 to US$684m, with an expected initial guidance range for total revenue of US$850-US$870m, noting consensus at US$944m and its internal forecast at US$903m, which both include Pixclara and Zircaix with re-submissions in the current March quarter.

Telix is Buy rated at Canaccord with a risk-adjusted target price of $28.50 and an un-risked target of $46, reflecting blue-sky optimism around therapeutic successes.

AUSTRALIA

# ASIC Watch: CFD Sector Faces $40m Refund Bill

This story features regulatory enforcement affecting CFD providers, ANZ Banking Group, Macquarie Group, Dubber Corp, and broader financial services compliance.

ASIC has secured nearly $40m in refunds for over 38,000 retail CFD investors following a sector-wide review exposing systemic Design and Distribution Obligation breaches, while landmark penalties against ANZ Bank and Macquarie signal intensifying enforcement across financial services.

- **Over 50% of CFD sector breached product intervention orders with prohibited "margin discounts."**
- **68% of retail CFD investors lost money in FY24, totaling $458 million, including $73 million in fees**
- **ANZ Bank faces record -$250m penalty for widespread misconduct and systemic failures**
- **Macquarie Securities pays -$35m for systemic short sale reporting failures**
- **BDO Audit faces civil proceedings over allegedly false Dubber Corporation audit report**

By Valery Prihartono


*ASIC Watch: FNArena is keeping a watchful eye over the ins & outs of the financial sector regulator in Australia*

## The CFD Reckoning: Compliance Becomes License-Critical

ASIC has opened 2026 with a decisive strike against the high-risk retail derivative sector. *Report 828: Risky* *business: Driving change in CFD issuers' distribution practices* marks a critical juncture for the industry, exposing "widespread weaknesses" in how Contracts for Difference products are distributed to retail investors.

The regulator's review of 52 licensed CFD issuers between October 2024 and December 2025 has resulted in nearly -$40m in refunds to over 38,000 investors.

For listed providers and the broader retail investment platform sector, the message is unequivocal: compliance is no longer a checkbox exercise but fundamental to capital preservation and license security.

# The Retail Loss Reality

The scale of retail losses in CFD trading validates ASIC's intervention. In the 2024 financial year alone, 68% of retail CFD investors lost money, with total losses exceeding -$458m including -$73m in fees.

This loss rate isn't an aberration; it reflects the inherent complexity and risk of leveraged derivative products marketed to retail investors, often lacking a sophisticated understanding of margin requirements, funding costs, and leverage dynamics.

# The "Margin Discount" Breach

A key finding from ASIC's review was that over 50% of the sector contravened the regulator's **Product Intervention Order** by offering "margin discounts" to retail clients holding opposing long and short positions.

While marketed as a customer benefit, these discounts often resulted in higher funding costs for investors without genuine profit potential from the opposing positions.

The structure effectively eroded capital through fees while creating an illusion of hedged positions.

This widespread breach demonstrates either willful circumvention of regulatory requirements or fundamental misunderstanding of product intervention order implications; neither interpretation inspires investor confidence in sector governance.

# Design and Distribution Obligations as Enforcement Lever

ASIC's focus on Design and Distribution Obligations represents a strategic shift in enforcement approach.

Rather than pursuing individual cases of unsuitable advice, the regulator is using DDO requirements to force systemic changes across entire product categories.

The review's impact was comprehensive:

**Target Market Corrections**: 39 issuers were forced to narrow their target markets, excluding consumers for whom CFDs are fundamentally unsuitable based on financial literacy, risk tolerance, or investment objectives.

**Onboarding Improvements**: 44 issuers had to enhance client onboarding and "knock-out" questionnaires to genuinely assess financial literacy rather than maximize conversion rates. This directly addresses the conflict between growth incentives and consumer protection.

**Reporting Remediation**: 48 issuers implemented changes to fix over 70m erroneous reports identified during the review, highlighting systemic deficiencies in basic compliance infrastructure.

# Investment Implications for Listed Providers

While major listed CFD providers like IG Group, CMC Markets, and Plus500 operate globally with established compliance frameworks, the Australian enforcement action carries material implications:

### Permanent Compliance Cost Increase

Listed brokers face permanent increases in compliance operating expenses to manage real-time client outcome monitoring. The days of quarterly or annual reviews are over. DDO obligations require continuous assessment of whether products are reaching appropriate target markets and delivering reasonable outcomes.

This represents structural margin pressure for the retail derivatives segment, potentially making it less attractive relative to institutional or wholesale businesses with lower compliance intensity.

### Product Intervention Order Extension Risk

The CFD Product Intervention Order is scheduled to expire on May 23, 2027. However, issuer conduct throughout 2026 will directly determine whether ASIC remakes the order, potentially with more stringent restrictions.

A worst-case scenario would mirror the United States approach, where retail CFD trading is effectively prohibited. While unlikely given Australia's regulatory philosophy, the possibility creates ongoing uncertainty for business planning and capital allocation.

Listed CFD providers should expect the order to be extended with additional restrictions rather than allowed to lapse. Capital markets should price this as the base case scenario.

### Competitive Dynamics Shift

The "Perfect Storm" of compliance requirements --DDO, Product Intervention Orders, and enhanced reporting-- creates high barriers to entry.

While this pressures margins for incumbents, it simultaneously protects them from smaller unlisted disruptors unable to sustain the compliance infrastructure required.

Investors should view the compliance burden paradoxically: near-term margin pressure but medium-term competitive moat strengthening as marginal players exit or never enter the market.

# Major Institutional Penalties: The "Big Brand" Enforcement

Beyond the CFD sector focus, ASIC has secured landmark penalties against major financial institutions, demonstrating that enforcement intensity extends across the spectrum from retail platforms to systemically important banks.

### ANZ Bank: Record -$250 Million Penalty

The Federal Court ordered ANZ Banking Group ((ANZ)) to pay -$250m in combined penalties for widespread misconduct and systemic risk failures. This represents the largest penalty ASIC has ever secured against a single entity.

The violations included:

- Overstating bond trading data to create false impressions of liquidity and market depth
- Failing to properly handle customer hardship notices, leaving vulnerable customers without appropriate assistance during financial stress
- Systemic risk management failures are allowing these issues to persist without detection or correction

The -$250m penalty reflects not just the severity of individual violations but systemic governance deficiencies allowing multiple serious failures to occur simultaneously.

For investors in major banks, this underscores the materiality of operational risk and compliance culture.

### Macquarie Securities: -$35m for Reporting Failures

Macquarie Securities ((MQG)) has agreed to pay -$35m for systemic failures in reporting millions of short sales over several years, caused by repeated failures in internal systems and processes.

Unlike one-off errors, the systemic nature of these reporting failures indicates fundamental deficiencies in control frameworks and systems architecture. The fact failures persisted over the years suggests inadequate monitoring and validation of critical regulatory reporting.

For Macquarie Group, while -$35m is material, the reputational implications and regulatory scrutiny intensification carry potentially greater long-term costs through elevated compliance requirements and closer ongoing supervision.

# The Integrity Infrastructure: Unlisted Sector Enforcement

ASIC's enforcement activity extends beyond listed entities to the "plumbing" of the financial system; auditors, liquidators, and other gatekeepers whose failures can trigger systemic consequences.

### BDO Audit: Dubber Corporation Litigation

ASIC has commenced civil penalty proceedings against BDO Audit (WA) and director Dean Just, alleging materially false or misleading audit reports for ASX-listed Dubber Corp ((DUB)) between FY20 and FY22.

The case follows the identification of inconsistencies regarding $26.6m in funds purportedly held in trust. When auditors fail to identify or report material misstatements, the consequences cascade through capital markets as investors make decisions based on unreliable financial information.

For ASX-listed companies, this enforcement action reinforces that audit quality matters. While investors typically focus on company management, auditor competence and diligence represent a critical but often overlooked risk factor.

### Liquidator Accountability

The Administrative Review Tribunal substituted a registration cancellation for liquidator Richard Ernest Auricht with a five-year suspension for failing to lodge required documents and drawing unauthorized remuneration.

While involving an unlisted individual, this case reinforces high conduct standards expected of those managing corporate collapses.

Liquidators who misappropriate funds or fail basic obligations undermine creditor recoveries and market confidence in insolvency processes.

# Why the "Sidelines" Matter for Listed Portfolios

ASIC Deputy Chair Sarah Court has pledged to deliver "more investigations, more actions, and stronger outcomes" -- a commitment clearly being fulfilled across both high-profile institutional cases and lower-profile integrity infrastructure enforcement.

For investors, enforcement actions in unlisted or smaller entities serve as leading indicators of systemic issues:

### Contagion Pathways

Misconduct in the unlisted sector --such as the Dubber audit failure-- eventually impacts listed company valuations through remediation programs, restatements, and regulatory intervention.

The -$26.6m in potentially missing funds represents direct shareholder value destruction.

When gatekeepers fail (auditors, liquidators, research houses), the consequences ripple through listed markets as investors lose confidence in financial reporting reliability and governance quality.

### Compliance as Competitive Moat

The intensifying enforcement environment creates a high cost of regulatory permission to operate. While this pressures margins for compliant incumbents, it simultaneously protects them from new entrants unable to sustain the compliance infrastructure required.

Listed companies with mature compliance frameworks and proactive governance should trade at premiums to peers with reactive or minimal compliance cultures.

The -$250m ANZ penalty and -$40m CFD refund bill demonstrate the cost of compliance failure far exceeds the cost of compliance investment.

### Governance Quality Signals

Investors should favor institutions demonstrating proactive compliance postures:

- Self-identifying and remediating issues before regulatory intervention
- Investing in systems and controls ahead of regulatory requirements
- Clear board oversight of compliance and operational risk
- Transparent disclosure when issues are identified

Companies waiting for ASIC reviews to identify deficiencies face both higher remediation costs (due to compressed timelines) and reputational damage from being enforcement targets rather than compliance leaders.

# Investment Strategy: Navigating the Enforcement Cycle

The current enforcement intensity creates clear differentiation opportunities:

### Favor Compliance Leaders

Companies with demonstrated track records of proactive compliance and operational excellence will increasingly trade at premiums.

In the current environment, the absence of regulatory enforcement actions represents a material competitive advantage.

Look for:

- Long tenures for Chief Risk Officers and compliance executives (indicates stability)
- Increasing compliance spending ahead of regulatory requirements
- Voluntary adoption of higher standards than mandated minimums
- Clear board-level oversight of operational and compliance risk

### Discount Reactive Remediators

Companies appearing in ASIC enforcement actions face multiple headwinds:

- Direct financial costs (penalties, refunds, legal expenses)
- Elevated ongoing supervision and compliance requirements
- Reputational damage affecting customer acquisition and retention
- Management distraction from strategic priorities to remediation

Even when penalties are paid and issues ostensibly resolved, regulatory relationships remain strained and supervision intensified.

Apply structural discounts to recently penalized entities.

### Monitor Sector-Wide Reviews

ASIC's approach of conducting sector-wide reviews (like the CFD examination) creates foreseeable enforcement waves.

When the regulator announces a thematic review, position defensively in affected sectors before findings and enforcement actions materialize.

Current areas of elevated scrutiny include:

- Private credit practices and liquidity management
- Unlisted asset valuations in superannuation
- Consumer pricing complexity and transparency
- AI governance and algorithmic bias
- Greenwashing in ESG product marketing

# Looking Ahead: 2026 Enforcement Priorities

The CFD enforcement action, major institutional penalties, and integrity infrastructure cases collectively demonstrate ASIC's stated priorities, translating into concrete actions with material financial consequences.

For the remainder of 2026, investors should expect:

**Continued DDO Enforcement**: Design and Distribution Obligations provide powerful leverage for systemic product governance improvements. Expect additional sector reviews targeting complex products marketed to retail investors.

**Institutional Accountability**: The ~$250m ANZ penalty sets a new benchmark. Major institutions can no longer assume size protects from material enforcement actions.

**Gatekeepers in Focus**: Actions against BDO Audit and liquidators signal heightened expectations for the integrity infrastructure supporting capital markets. Research houses, administrators, and trustees should expect elevated scrutiny.

**Technology and AI Governance**: While not yet visible in major enforcement actions, the groundwork laid in 2025 enforcement priorities around AI governance will begin materializing in 2026 investigations and actions.

# Conclusion: Compliance Quality as Investment Filter

The enforcement landscape heading into 2026 provides a clear framework for evaluating financial services investments: compliance quality and governance maturity are transitioning from background factors to primary valuation drivers.

The ~$40m CFD refund, ~$250m ANZ penalty, and BDO audit litigation demonstrate that regulatory risk carries material financial consequences across the spectrum from retail platforms to major institutions to integrity infrastructure.

For investors, the strategic implications are clear:

- **Premium valuations for compliance leaders** demonstrating proactive governance
- **Structural discounts for enforcement targets** facing penalties and elevated supervision

- **Sector-wide reviews create foreseeable headwinds** enabling defensive positioning
- **Unlisted sector enforcement provides early warning signals** of systemic issues

The ASIC Watch series will continue monitoring both headline institutional enforcement and "sideline" integrity infrastructure cases, as both categories provide essential insights for navigating the evolving regulatory landscape and protecting portfolio value in an intensifying enforcement environment.

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ESG FOCUS

# Ambitious Sea Forest Makes Strong ASX Debut

Sea Forest, company on a mission to "abate climate change using science to significantly reduce livestock emissions", has made a strong impression since listing on the ASX in November.

- **Eco-tech company Sea Forest listed on the ASX in late November**
- **Its livestock feed supplement SeaFeed aims at reducing methane emissions**
- **Company has a range of offerings in manufacturing, farming, and licensing**
- **Share price has enjoyed strong positive momentum since debut in November**

By Ed Kennedy

*Sea Forest has taken on the mission to abate climate change using science to significantly reduce livestock emissions*

Sea Forest ((SEA)) listed on the ASX in late November, and made a strong start.

The business seeks to increase sustainability and productivity in the agricultural sector. Via the provision of its SeaFeed supplement, it aspires to reduce livestock emission and increase agricultural productivity.

Alongside the compelling mission of Sea Forest, its approach to operations in the lead-up to the ASX listing has evidenced it's an intriguing company.

## The Sea Forest Story

Sea Forest states its mission is "To abate climate change using science to significantly reduce livestock emissions".

The finer details of its ambition are "…to establish itself as a market leader through the formulation of sustainably produced, high-quality climate change abating products by using the most efficient and effective production facilities and technologies".

# The Problem Waiting for a Product

The contribution of some particular activities to emissions is common knowledge. With others, less so.

It's widely recognised fossil fuel production is a key contributor, and as per the CSIRO, it accounts for around 90% of the world's carbon emissions.

Less often appreciated is the impact of other active contributors, such as fashion, with 'fast fashion' in particular being a key hurdle in the world's quest to go green.

According to the United Nations, the fashion industry is responsible for 8-10% of the world's emissions.

According to the European Commission, each year in Europe alone 5 million tonnes of clothing --about 12 kgs per European-- is dumped.

Although it is known that agriculture contributes to global emissions, the finer details do not generate the same level of attention or intensity of debate as those surrounding the fossil fuel sector.

As a quick snapshot, in Australia specifically, the Climate Council contends that agriculture is responsible for around 18% of our total climate pollution.

According to the Department of Agriculture, Fisheries and Forestry, 12% of global emissions are caused by agriculture and land use related to it.

# Sea Forest's SeaFeed: Productivity Up, Methane Emissions Down

Sea Forest's flagship product SeaFeed is "scientifically formulated to replicate the beneficial properties of the red seaweed Asparagopsis".

Via utilising it as a feed supplement for livestock, a significant reduction of methane emissions can occur.

As Sea Forest's website details, a Journal of Cleaner Production edition (Volume 259, June 2020) found animals whose diet is supplemented with SeaFeed can achieve methane reductions up to -80%.

In addition to emissions reductions, feeding a product to livestock that has Asparagopsis --or in regards to SeaFeed, replicates the benefits of Asparagopsis-- can improve operations in another way.

As the CSIRO has stated, "When just a handful of the Asparagopsis seaweed is fed to cattle, it not only drastically reduces the greenhouse gas contribution from agriculture but there is also a strong indication it increases livestock productivity".

This is owed to the improved numbers around methane conversion

As Sea Forest has said, "Metabolic conversion of methane represents up to 15% of feed energy", and that in turn, "Abating the methane may result in the accelerated growth of livestock, less feed and resource wastage meaning more food with less impact".

In a nutshell, SeaFeed can deliver less emissions, and faster growth that can lead to larger livestock.

The product's revenue is acquired based upon the amount of livestock a SeaFeed customer has using the supplement, and the duration of time that said livestock are using it.

# Where the Water Flows From

Founded in 2018 (and incorporated as a company in 2019), the first five years of Sea Forest's operations saw it pursuing the research and development of SeaFeed and making acquisitions of both research and production infrastructure.

Customer trials were underway in 2023, and commercial feed lot supply agreements were established in 2025.

Initially, Sea Forest began with the harvesting of sea weed off Tasmania's coast in 2018.

In 2025 the transition to offering a product that is manufactured --while replicating the benefits of Asparagopsis-- took place.

During the passage of time and due to this transition, the avenue has opened for Sea Forest to prioritise manufacturing over harvesting.

# Sea Forest Personnel

Sea Forest was established by its CEO Sam Elston, and fellow co-founder Stephen Turner, now serving as an executive director for the company.

Elston's biography describes him as a "passionate environmentalist", and he shall lead Sea Forest into its new chapter as an ASX-listed business with over 15 years experience in sustainability.

Turner has previously been a non-executive director for zircon producer Iluka Resources, a founding director of South American Ferro Metals, and also a co-founder of International Ferro Metals, serving as its CEO for seven years.

Elston and Turner are joined at Sea Forest by John McKillop, the company's non-executive chair.

McKillop has been CEO of Hancock Agriculture and S. Kidman & Co, held board positions with Compass Agribusiness and Dairy Australia, Dairy Farmers Milk Cooperative, and Meat & Livestock Australia, and is presently Chair of the Red Meat Advisory Council, among others.

# The Numbers Prior To Listing

$20.5 million was cited as the total proceeds to be raised under its IPO.

10.3 million new shares were to be issued, existing shares by existing shareholders amounted to 45.8 million, bringing the total number of shareholders at completion to 56.1 million.

$112.1 million was cited as the market cap upon completion of the IPO. By around January 20th, the market capitalisation has grown to circa $178m.

Sea Forest cited the sum of $80.7 million as the enterprise value upon completion of the IPO.

It also cited its pro forma historical net cash as at 30 June 2025 as $31.4 million.

Capital from the offer is set to go towards growing its domestic distribution capabilities, as well as contributing to its international operations.

# Making Waves on the ASX

Listing on 26 November, Sea Forest had a strong debut. Having completed its IPO at $2 per share, before the first day was done on the ASX its shares had climbed towards $2.59.

Since then it has climbed further, with the first three weeks of January seeing it climbing beyond $3.

Sea Forest has indicated it identifies three distinct customer groups it's targeting; primary producers, supply chain integrators, and downstream corporate customers.

A number of announcements Sea Forest made upon the date of its ASX listing have been helpful to making the case to would-be investors of management's international ambitions.

On 26 November, the company announced a new agreement with Providore Global.

Sea Forest would supply supplement to 12,000 cattle in the west of New South Wales.

As of that date, it brought the total number of cattle being provided supplement by Sea Forest to approximately 118,000.

Sea Forest also announced its entry into the Brazilian and South American markets, by way of partnership with Belterra Agroflorestas.

Notably, with approximately 282 million head of cattle and 22 million head of sheep, Brazil is the world's largest livestock market.

The company also announced it had entered into a partnership to grant Japanese food business Oisix Ra Daichi Inc. exclusive rights in Japan to both manufacture and distribute Sea Forest's livestock supplements, as well as gain access to support for seaweed cultivation.

# Others in the Ocean

Sea Forest has cited Agolin Ruminant (Alltech), Bovaer (DSM Firmenich), Enterix (Mootral) and Rumin8 (Rumin8) as competitors.

In addition to the aforementioned enterprises, there are operations such as Uluu, in Western Australia, who are also utilising seaweed to increase sustainability.

Uluu is at the customer trials stage with products that seek to offer an alternative to plastic.

Uluu says its products can be used for purposes such as car interiors and consumer electronics, among others.

Uluu is an example of the scope for seaweed to be used to increase sustainability in ways beyond agriculture, and drive new activity in the commercial space.

# The Challenges Around Asparagopsis

While the positives found in using Asparagopsis are certainly welcome news, a full picture of it also requires recognition of the challenges around using it.

As Dr Pia Winberg, a marine ecologist and pioneer of Australia's first commercial seaweed farm noted in a July 2023 article published by abc.net.au, "It [Asparagopsis] can affect the staff members who are handling it. It could even affect the food chain that we're putting it into," and that in turn, "It can knock people out in the lab. It's like chloroform and people don't use that except under fume hoods".

As the article noted, it is bromoforms --the bioactive chemicals within Asparagopsis-- that are of critical concern. This is owed to their close relation to chloroform.

Notably, Sea Forest also featured within this piece, with the article stating "Sea Forest says its oil-based medium traps the bromoforms in the product, making it more potent as well as safer".

While there's no disputing the benefits Asparagopsis can bring as an end product, whether it is Sea Forest or any other business, it's necessary to understand too that the 'a to z' process from sourcing to sale isn't without hurdles to clear.

# Earning a Name on Land and Sea

Sea Forest enjoys backing from some high-profile names which will be widely recognised across Australia.

Surfing champion Mick Fanning holds an equity stake. So too, Australian author and skin care entrepreneur Zoe Foster Blake, along with her husband, comedian Hamish Blake.

Alongside the notable names joining their investor group, Sea Forest has also partnered with James Cook University, The University of Tasmania, and The University of Waikato.

Notably, Elsom featured on an episode of the ABC's 'Australian Story' in 2023, detailing the Sea Forest mission.

The company also struck a deal with the 4 Pines Brewing Co to launch a 'Why is there seaweed in my beer?'

drink.

The intention behind the production of this product --that featured “a dash of nori seaweed” within it-- was to raise awareness and drive discussion about how seaweed can help drive down methane emissions.

Just as putting a beer out isn’t a common action en route to an ASX listing, when taken together with engagement with other aforementioned parties, it can be said Sea Forest has done well in making the case for its mission and telling its story as a company, and it’s proved enticing to many.

Now to see if it can ride the wave of momentum it’s built into 2026 as a newly listed company.

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INTERNATIONAL

# Party Like It's (Not) 1999

Despite bubble fears, there are several key differences between the late 1990s and today that bode well for US equities in the year to come, ClearBridge Investments reports.

**Key takeaways**

- Despite bubble fears, there are several key differences between the late 1990s and today that we believe bode well for US equities in the year to come.
- A pickup in productivity from artificial intelligence (AI), combined with moderating wage gains, a softening labor market, weaker shelter prices and lower commodity costs could all push inflation lower as we move deeper into 2026.
- While valuations are elevated, we believe equities will "grow into the multiple" in 2026 with strong earnings fueled by ongoing AI capex strength as well as fiscal and monetary stimulus.
- "Party like it's 1999" is a phrase made famous by the musician Prince's 1982 song, which experienced a renaissance amid Y2K fears and has since entered the lexicon meaning to celebrate intensely because the future is uncertain. The phrase seems apt to describe the current investment landscape, given the similarities between the late 1990s dot-com bubble and today. These include lofty valuations, strong market momentum and a focus on growth stocks. However, we believe there are several key differences between the present environment and 1999 that will keep the markets moving higher in the year to come, which may be a surprise to many.

By: Jeffrey Schulze, Head of Economic and Market Strategy, ClearBridge Investments

## 1999 vs 2025: Economic differences

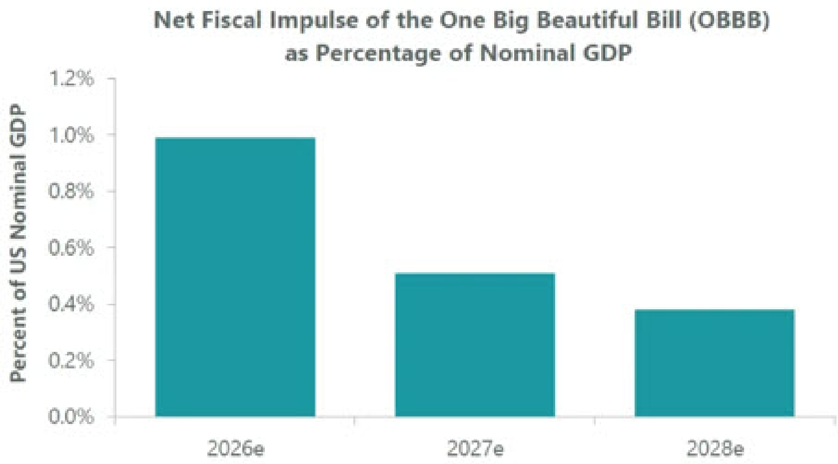
The first key difference is the US economy is poised to benefit from both fiscal and monetary stimulus in 2026, a potent combination typically only seen coming out of recessions.

The net impulse from the One Big Beautiful Bill (OBBB) is expected to deliver ~1% of GDP this year with supercharged tax refunds providing support to low- and middle-income households.

Tax refunds are typically spent rather than saved, suggesting that much of this cash will make its way back into the economy relatively quickly. The COVID stimulus payments provide a good example of this dynamic, with research from the Peter G. Peterson Foundation showing that households earning below US$75,000 spent around 80% of the initial stimulus payments they received.

That figure dropped but stayed above 50% for households with over US$150,000 in earnings. While the 2026 tax refund bonanza will likely fade in the second half of 2026, the OBBB's fiscal impact should continue in 2027 and 2028 but at lower levels of support around 0.5% of gross domestic product (GDP) according to Congressional Budget Office and Wolfe Research estimates.

**Exhibit 1: Tax Tailwind**




Sources: Wolfe Research, CBO, Macrobond. Based on CBO's Baseline Budget Projections from January 2025's report The Budget and Economic Outlook: 2025 to 2035. There is no assurance that any estimate, forecast or projection will be realized.

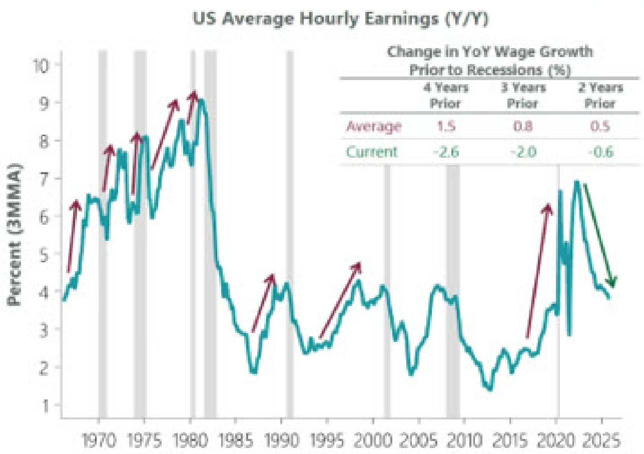
The benefit from this stimulus should be significant because wage growth —the largest source of spending power for most Americans— has continued to moderate following the post-pandemic spike.

Although this moderation has strained lower income cohorts and led to the "K-shaped" economy, it is somewhat encouraging from a macro perspective.

Typically, maturing economic expansions see accelerating wages that often spook the Fed into tightening to prevent a wage-price inflationary spiral. This, in turn, can choke off economic growth and help set the stage for a recession.

However, this dynamic is not in place today, which marks a second key difference between the present and 1999.

**Exhibit 2: Wage Trend, Expansion's Friend**




Gray shading marks recessionary periods. As of Dec. 16, 2025, latest available as of Dec. 31, 2025. Sources: US Bureau of Labor Statistics (BLS), NBER, Macrobond.

Cooling wages have resulted in the Wage Growth indicator on the ClearBridge Recession Risk Dashboard remaining in solid green territory, which is also where the overall signal continues to reside.

The dashboard did see two changes in December: ISM New Orders dropped back to red after the second consecutive monthly reading below 48, while the Yield Curve improved to green as it steepened above 50 basis points.

Housing Permits and Retail Sales remain on hold due to lingering delays related to the US government shutdown in October and November, but these issues should hopefully be resolved in the coming weeks.

**Exhibit 3: US Recession Dashboard**

| | | Current | September 30, 2025 | June 30, 2025 |
|---|---|---|---|---|
| Consumer | Housing Permits | – | ● | ⬆ |
| | Job Sentiment | ✖ | ✖ | ✖ |
| | Jobless Claims | ⬆ | ⬆ | ⬆ |
| | Retail Sales | – | ⬆ | ⬆ |
| | Wage Growth | ⬆ | ⬆ | ⬆ |
| Business Activity | Commodities | ⬆ | ⬆ | ⬆ |
| | ISM New Orders | ✖ | ● | ✖ |
| | Profit Margins | ● | ● | ● |
| | Truck Shipments | ⬆ | ⬆ | ⬆ |
| Financial | Credit Spreads | ⬆ | ⬆ | ⬆ |
| | Money Supply | ⬆ | ⬆ | ⬆ |
| | Yield Curve | ⬆ | ● | ● |
| | **Overall Signal** | ⬆ | ⬆ | ⬆ |

⬆ Expansion ● Caution ✖ Recession – Not Available

*'Not Available' reflects data that has not been updated due to the government shutdown. Data as of Dec. 31, 2025. Sources: BLS, Federal Reserve, Census Bureau, ISM, BEA, American Chemistry Council, American Trucking Association, Conference Board, Bloomberg, CME, FactSet and Macrobond. The ClearBridge Recession Risk Dashboard was created in January 2016. References to the signals it would have sent in the years prior to January 2016 are based on how the underlying data was reflected in the component indicators at the time.*

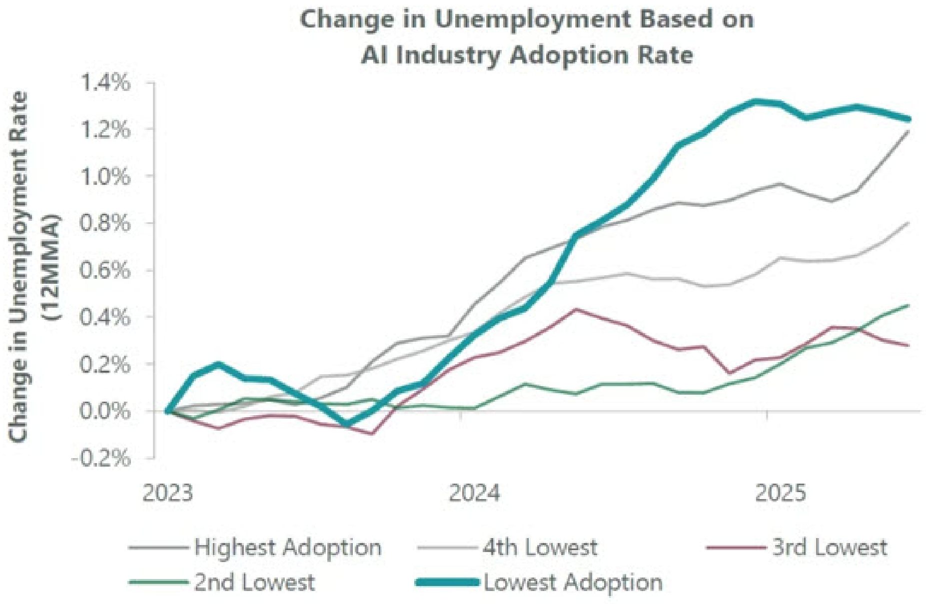
The trend of moderating wage gains over the past few years has stood in stark contrast to an economy that has continued to deliver solid growth. Gross domestic product (GDP) has grown by an average of 2.8% on a real basis since the end of the first quarter of 2023.

This momentum has shown little sign of slowing recently, with the third quarter of 2025 coming in at 4.3%. At the same time, the unemployment rate has risen over a full percentage point to 4.6% from the 3.4% lows in April 2023. As a result, some observers are blaming the rise of artificial intelligence (AI) for recent labor market weakness.

AI does appear to be contributing toward softer hiring in the technology industry and for entry-level roles in particular. However, a broader review shows that occupations where AI adoption is the lowest have seen the greatest rise in unemployment, suggesting that other factors have been driving labor weakness.

Job growth for industries more rapidly adopting AI is actually positive, driven by AI augmentation as opposed to substitution—a dynamic we explored in last month's blog.

**Exhibit 4: Lower AI Adoption, Weaker Labor**




Data as of Nov. 30, 2025; latest available as of Dec. 31, 2025. Sources: Wolfe Research, Haver Analytics.

AI adoption has been advancing at an extremely fast pace compared to past innovations. Positive technological breakthroughs typically lead to a pickup in productivity and a drop in inflation (or even deflation). This dynamic usually takes time to bear out as was the case during the 1990s.

Given the rapid adoption of AI over the past few years, however, we believe there's a strong possibility this lag could be compressed. If this proves true, the risk to inflation could end up being to the downside, not the upside, in 2026.

The "January effect" is likely to be larger than normal once again this year. However, a pickup in productivity combined with moderating wage gains, a softening labor market, weaker shelter prices and lower commodity costs could all push inflation lower as we move deeper into 2026.

Further disinflation —the aforementioned scenario largely represents a continuation of 2025 trends— would likely be bullish for financial markets as it would allow for further Fed easing should employment growth remain lackluster (50k-75k jobs per month).

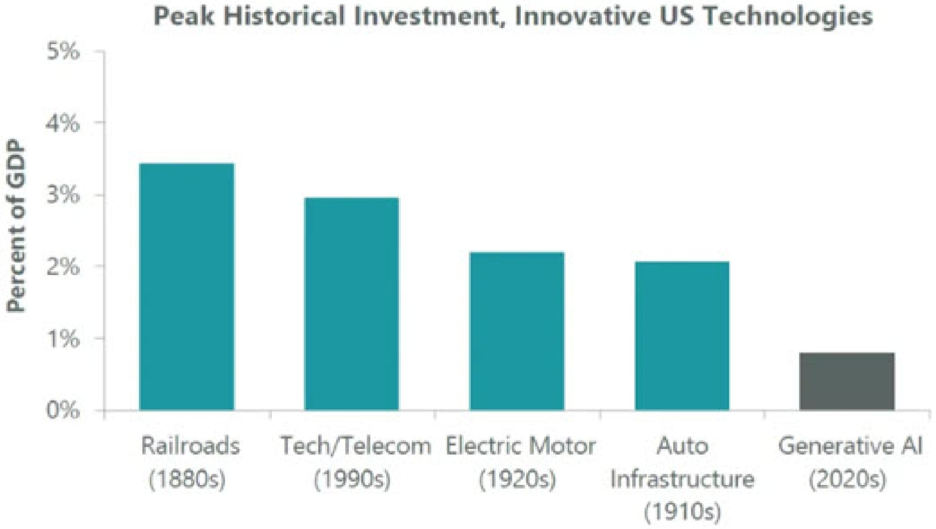
Another 2025 trend likely to continue in the new year is the rapid growth of AI capital expenditures (capex) as the AI infrastructure buildout continues.

Despite fears that AI capex has reached bubble territory, current levels of spending are well below the peak seen during prior innovative technological cycles in the United States, as a percentage of GDP.

For example, AI investment accounts for about 1% of the US economy today compared to 3% during the late 1990s tech/telecom bubble.

Should history repeat, AI capex could surprise to the upside in the years to come, providing continued support for both the economy and markets.

**Exhibit 5: More AI Capex Ahead?**




Data as of Oct. 20, 2025; latest available as of Dec. 31, 2025. Source: Bureau of Economic Analysis, Goldman Sachs Global Investment Research.

# 1999 vs. 2025: Market differences

The funding source of this capex brings us to the third key difference between the late 1990s and today.

Today's spending is largely financed from corporate free cash flow (FCF), whereas the tech/telecom capex buildout was primarily underwritten in the capital markets through debt and/or equity issuance.

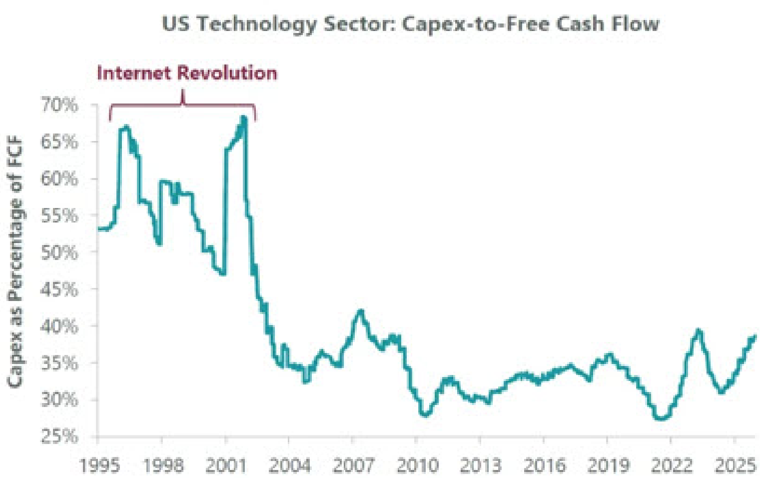
Recently, smaller players have begun to increasingly tap debt markets and even the hyperscalers have begun to dip a toe.

However, the tech sector's aggregate capex spending equates to under 40% of FCF, well below the mid-1990s peak of 67%.

With today's leaders flush with cash, so far there has been less of a need to raise capital to fund the AI buildout.

Put differently, debt financing will likely become more prevalent in 2026 (and beyond), but we are not currently near concerning levels.

**Exhibit 6: Similar Capex Boom, Different Funding**




Data as of Dec. 31, 2025. Sources: Datastream, Goldman Sachs Global Investment Research.

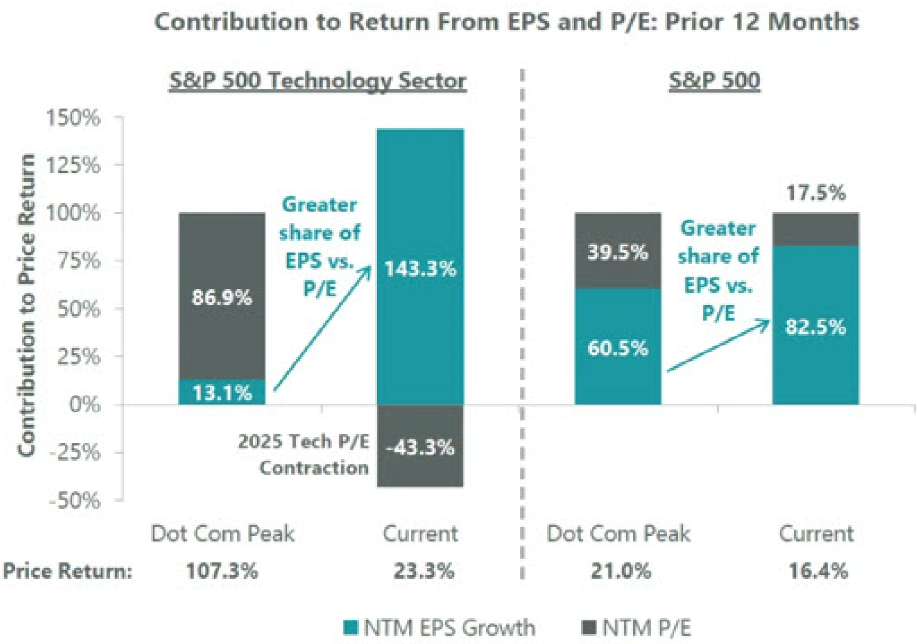
A fourth key distinction between the late 1990s and 2025 is what has been powering the equity market higher. During the final surge of the dot-com bubble, price to earnings (P/E) expansion was the primary driver of upside, a stark difference from 2025's improving earnings per share (EPS) expectations-powered rally.

Within the technology sector specifically, this year's 23.3% price move was more than fully driven by improving EPS expectations, while multiples contracted and actually detracted from returns.

Similarly, over 80% of the S&P 500 Index's price return in 2025 was driven by improving fundamentals (aka earnings).

This illustrates that market participants today are engaging in less speculative behavior as compared with the heyday of the dot-com bubble.

**Exhibit 7: Party Like It's (Not) 1999**




Note: Dot Com Peak was March 23, 2000; Contribution to price return based on change in sell-side consensus NTM EPS expectations and NTM P/E. Data as of Dec. 31, 2025.
Sources: S&P, FactSet.

An additional sign that investors are behaving less exuberantly than in past bubbles comes from the lower valuation multiples assigned to today's market darlings.

The Magnificent Seven currently trade at 53.3x as a group, in the ballpark of what was seen during the peak of the Nifty Fifty and dot-com bubbles.

However, a large portion of the current valuation is driven by Tesla; a "Magnificent Six" or Magnificent Seven ex-Tesla trades at a less lofty 27.4x, which bears far less resemblance to former speculative manias.

**Exhibit 8: Are Valuations At Bubble Levels?**

December 1972

| Nifty Fifty | NTM P/E* |
|---|---|
| IBM | 35.5 |
| Eastman Kodak | 43.5 |
| Sears Roebuck | 29.2 |
| General Electric | 23.4 |
| Xerox | 45.8 |
| 3M | 39.0 |
| Procter & Gamble | 29.8 |
| **Average** | **35.2** |
| -- | -- |
| **12M Change in Fed Funds** | **2.1** |

March 2000

| Dot-Com Darlings | NTM P/E |
|---|---|
| Microsoft | 60.3 |
| Cisco | 127.9 |
| Intel | 48.5 |
| Oracle | 120.3 |
| IBM | 25.8 |
| Lucent | 42.0 |
| Nortel | 100.6 |
| **Average** | **75.1** |
| -- | -- |
| **12M Change in Fed Funds** | **1.3** |

Current

| Mag 7 | NTM P/E |
|---|---|
| NVIDIA | 25.2 |
| Apple | 32.1 |
| Microsoft | 27.7 |
| Alphabet | 27.9 |
| Amazon | 29.2 |
| Tesla | 208.6 |
| Meta | 22.1 |
| **Average** | **53.3** |
| **Average ex-TSLA** | **27.4** |
| **12M Change in Fed Funds** | **-0.8** |

*Actual P/E ratios; forward P/Es unavailable for this period.

Data as of Dec. 31, 2025. Sources: FactSet, Valuing Growth Stocks: Revisiting the Nifty Fifty; AAII, October 1998, Goldman Sachs. Company references are used for illustrative purposes and should not be construed as an endorsement of sponsorship of Franklin Templeton companies. This information is not intended as an investment recommendation, nor does it constitute investment advice.

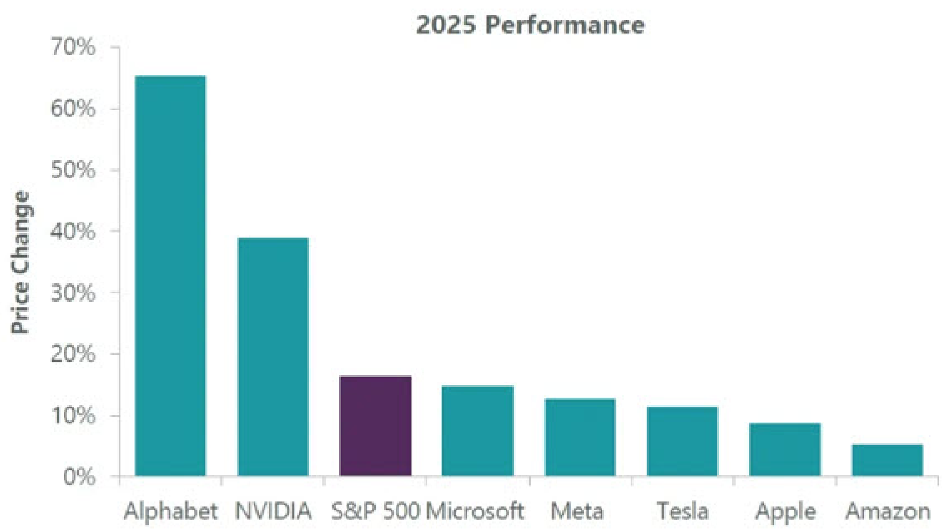
Part of this excitement may be due to the Magnificent Seven's superb earnings over the past three years.

However, we continue to anticipate a rotation in leadership as earnings delivery broadens in 2026. Third-quarter earnings season was encouraging on this front, with US companies largely reporting robust earnings and equities beginning to price this dynamic during the fourth quarter of this year.

Given the hype around AI, it may surprise some to learn that, among the Magnificent Seven, only Google and Nvidia outperformed the S&P 500 in 2025.

We also believe there is further room to run for this trade, which should be a tailwind for active stock pickers who can navigate the concentration risks associated with these recent winners.

**Exhibit 9: Mag 7 Losing Altitude**




Data as of Dec. 31, 2025. Sources: FactSet, S&P. Magnificent 7 data refers to the following set of stocks: Microsoft (MSFT), Amazon (AMZN), Meta (META), Apple (AAPL), Google parent Alphabet (GOOGL), Nvidia (NVDA), and Tesla (TSLA).

# The market's great paradox

A comprehensive comparison of today's backdrop and the final hurrah of the dot-com era shows more differences than similarities at this point.

While valuations are elevated, we believe equities will "grow into the multiple" in 2026 with strong earnings fueled by ongoing AI capex strength, as well as fiscal and monetary stimulus.

Additional upside could come from deregulation, AI-related productivity gains and further labor cost moderation, the latter of which could also open the door to additional Fed easing.

Although AI will disrupt labor markets to some degree, we believe the impact will be more like the jobless recovery that followed the dot-com bubble with weaker job gains (50k-75k per month) as opposed to a recession.

Additionally, AI should contribute to a disinflationary backdrop that should be bullish for financial assets.

Although it may feel at times like the markets are partying like it's 1999, we believe the eventual hangover that will follow (such as in 2000-2003) remains further on the horizon.

With this in mind, we are reminded of a quote from famous investor William O'Neil: "It is one of the great paradoxes of the stock market that what seems too high usually goes higher and what seems too low usually goes lower."

While the dot-com bubble does have some parallels to the present, it is important to also consider the risks from sitting on the sidelines during periods of large technological change.

As such, we remain buyers of dips should any arise in the coming months.

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INTERNATIONAL

# The Long-Term Case For Compounders

Investors always get excited by Cyclicals experiencing a Boom period. MFS Investments' Robert Almeida explains why longer-term strategies might be better served by owning Compounders instead.

- **Market booms often lure investors into cyclical businesses, but history shows these cycles can be short-lived and expose investors to severe drawdowns and difficult recovery math.**
- **Compounders tend to deliver steadier, more durable profit growth across full cycles, making them better suited for long-term investors.**
- **Selectivity is especially important given the unique, negative economies of scale of some AI businesses.**

By Robert M. Almeida, Portfolio Manager and Global Investment Strategist, MFS Investment Management

In the heat of a market boom, the siren song of cyclical businesses can be almost impossible for investors to ignore.

Whether it was the credit-fueled surge of the mid-2000s, the post-lockdown commodity spike, or the current frenzy surrounding hardware-heavy technology cycles, the narrative is always the same: this time, the scale is different.

History is filled with “must-own” stories that were cycles in disguise.

In the 1720s, it was the South Sea Company, where investors rushed to own a global trade monopoly, only to see their capital evaporate when profits failed to meet expectations.

A century later, railways were going to change the world — and they did. However, excess competition and overcapacity wiped out the investors who funded them.

The lesson history teaches us is that cycle booms are finite. While the “up cycle” provides the dopamine hit of outperformance, it’s the full cycle that determines total return on capital.

This informs why we at MFS structurally lean away from “cyclicals” and towards “compounders.”

To put this into greater context as we head into 2026 and navigate the heat of a technology “up cycle,” we offer a hypothetical look at the hard math of losses during a full cycle.

# A Tale of Two P&Ls

Consider a hypothetical 10-year window involving two businesses: Compounder Industries and Cyclicals Incorporated.

As shown in Exhibit 1, both start at the same place: $100 million in revenue and a healthy 30% profit margin. For the first few years, Compounder Industries raises revenue and costs at a steady 10% clip, maintaining its margin.

It follows the mantra of “build it once, sell it a bunch,” utilizing high operating leverage and differentiated products to generate consistent profits.

## Exhibit 1: Math can work against cyclicals once the boom ends

| | Year 1 | Year 2 | Year 3 | Year 4 | Year 5 | Year 6 | Year 7 | Year 8 | Year 9 | Year 10 | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Steady State | Steady State | Boom Start | Boom Peak | Late Cycle | Bust | Bust | Recovery | Recovery | |
| **Compounder Industries** | | | | | | | | | | | |
| Revenue | $100 | $110 | $121 | $133 | $146 | $161 | $177 | $195 | $214 | $236 | |
| Growth rate | | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | |
| Costs | $70 | $77 | $85 | $93 | $102 | $113 | $124 | $136 | $150 | $165 | |
| Cost inflation rate | | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | |
| Compounder Industries | $30 | $33 | $36 | $40 | $44 | $48 | $53 | $58 | $64 | $71 | $478 |
| Profit Margin | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | |
| **Cyclicals Inc.** | | | | | | | | | | | |
| Revenue | $100 | $105 | $110 | $154 | $201 | $221 | $132 | $109 | $114 | $120 | |
| Growth rate | | 5% | 5% | 40% | 30% | 10% | -40% | -18% | 5% | 5% | |
| Costs | $70 | $74 | $77 | $93 | $110 | $126 | $106 | $87 | $86 | $84 | |
| Cost inflation rate | | 5% | 5% | 20% | 19% | 14% | -16% | -18% | -2% | -2% | |
| Cyclicals Inc. | $30 | $32 | $33 | $62 | $90 | $95 | $26 | $22 | $28 | $36 | $454 |
| Profit Margin | 30% | 30% | 30% | 40% | 45% | 43% | 20% | 20% | 25% | 30% | |

Source: This example is hypothetical and does not represent any actual data. This is for informational purposes only.

*The Long-Term Case For Compounders - exhibit 1*

Then comes the "boom." A new technology or economic shift emerges, directly benefiting Cyclicals Inc.

Revenues explode by 40%. Investors, captivated by the sudden margin expansion to 45%, rotate out of shares of Compounder Industries and into Cyclicals Inc.

For the next three years, Cyclicals Inc.'s margins and profits materially outpace the market.

# The Asymmetry of the Bust

By Year 7, the cycle peaks as new competition saturates the market with supply. Cyclical Inc.'s sales fall by 40%.

Despite aggressive cost-cutting and layoffs, profit margins are halved.

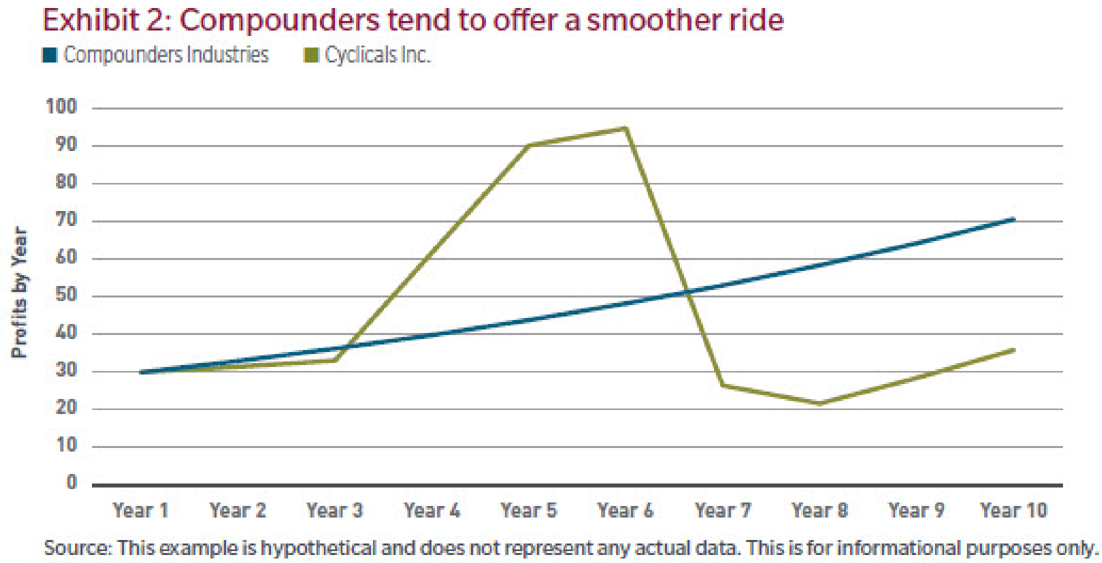
Though this scenario is hypothetical, the assumptions are rooted in history and designed to expose the mathematical trap that investors often overlook: to recover from a 40% drop in revenue and return to its Year-6 peak, Cyclicals Inc. doesn't just need a "good" year — it needs to grow by 67% in a single year just to get back to even.

That is an enormous hurdle that Compounder Industries never has to face.

# The Full-Cycle Experience

So, while both companies reach approximately the same total profits of just over $450 billion, their pathways are different.

Compounder Industries' annual returns were almost double and with less volatility, as illustrated below.




*The Long-Term Case For Compounders - exhibit 2*

While Cyclicals Inc. won the sprint during the boom, it lost the marathon of the full cycle.

# Conclusion

In recent years, we've seen a massive rotation into companies tethered to product cycles — specifically technology hardware driven by AI.

Some of today's AI models operate with negative economies of scale: every query triggers expensive compute costs that exceed revenue.

This is the antithesis of the Internet 2.0 era, in which network effects created monopolies with historic profit growth. We believe these changed fundamentals warrant selective, rather than broad-based, exposure to today's technology businesses.

"Quality" is a term used so often in this industry that it has lost its teeth. At its core, quality isn't about a label; it's about the ability to avoid the "math of the bust."

We favor companies that we think can compound earnings through differentiated products and scalable structures.

While the compounder might be a laggard during a boom, like today, they are often the ones delivering better financial outcomes for the patient, long-term investor who possesses a deep, fundamental framework.

**Technical limitations**

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RUDI'S VIEWS

# Rudi's View: Key Picks & Sector Favourites

Conviction Calls, Best Buys and most favoured sector picks ahead of the February results season.

By Rudi Filapek-Vandyck, Editor

With the February results season approaching rapidly, the focus among local analysts is shifting towards sector updates and reviews of projections and expectations in light of what is likely to be yet another ultra-volatile roller coaster for Australian investors.

This week's share price responses to market updates by the likes of Qoria ((QOR)) and Generation Development ((GDG)) might well serve as preliminary indicators of what to expect from February in case of imperfection.

It need not only be negative news, of course, as also shown by Paladin Resources ((PDN)) and Hub24 ((HUB)).

Still, it might not be a bad idea to have some cash available.

Wading through the first hundred of pages in previews --and a lot more will be produced before month's end-- a few observations stand out, including:

-ongoing support for the newfound momentum for mining companies (though some valuation criticisms are creeping in)
-mostly cautiously positive views on banks (operationally, not valuations)
-ongoing strong outlooks for engineers and contractors

Among individual companies, the following three updates caught my personal attention this week:

Morgan Stanley suggests **Lendlease** ((LLC)) might well deliver "a sticker shock" on results day (scheduled for 23 February) with the broker toying with the idea this once great franchise could possibly have zero profit on the books as all major asset sales are due for completion in 2H26, and the first half carries costs associated with the CRU segment.

On the other hand, **Goodman Group** ((GMG)) is mentioned here and there as potentially in a position to upgrade FY26 EPS guidance, currently set for 9% growth. A recent report by Morgan Stanley suggests the recent establishment of the European data centre JV has provided Goodman with flexibility as to the timing of Development EBITDA.

RBC Capital has highlighted **CSL**'s ((CSL)) interim result for a better-than-forecast outcome. No doubt, this will be music to the ears of long-suffering shareholders (which includes myself and the FNArena All-Weather Model Portfolio).

CSL's interim release is scheduled for the 11th of February. RBC sees revenue and gross profit exceeding consensus forecasts. Earnings estimates have already been lifted and the price target increased to $230.

**FNArena's Corporate Results Monitor** includes early updates for the February scheduling (scroll down on the page): https://fnarena.com/index.php/reporting_season/

Below are this week's fresh updates on sector favourites and Top Picks ahead of next month.

## Conviction Calls & Best Buys

Analysts at **RBC Capital** have nominated their two favourite Top Picks among ASX-listed small cap industrial companies:

- Life360 ((360))
- Temple & Webster ((TPW))

The former's upcoming financial result release in February has the potential to address investor concerns that have kept its share price under pressure since the Q3 market update, or so is RBC Capital's view.

Regarding the latter, the analysts are reporting industry feedback and data points are indicating online retailers have outperformed throughout the all-important pre- and Christmas sales, and expectations specifically for Temple & Webster have been rebased after the company's AGM update.

****

**Bell Potter** is retaining a positive view on Droneshield ((DRO)), Elsight ((ELS)), and Electro Optic Systems ((EOS)) --all three rated Buy-- irrespective of the observation that share prices have almost literally taken off since December.

The broker sees a catalyst rich next six months while valuation multiples remain below that of global peers.

Shares in Droneshield are still recovering from last year's PR debacle, while the other two shares are trading at or near all-time record highs.

****

Today's freshly released sector update on AREITs by **Moelis** is characterised by a positive undercurrent irrespective of potential rate hikes by the RBA in the year ahead.

Moelis likes:

1.) <u>Rent collectors with relatively long WALEs & defensive business models</u>: These REITs are trading at discounts to NTA and historical ranges and have balance sheets with capacity to grow earnings.

- Arena REIT ((ARF))
- Waypoint REIT ((WPR))
- Dexus Convenience Retail REIT ((DXC))

2.) <u>Discounted industrial REITs</u>: Industrial rents in most markets are no longer experiencing material growth and large warehouses are now typically experiencing extended downtimes upon expiry.

- Centuria Industrial REIT ((CIP))
- Dexus Industria REIT ((DXI))
- Garda Property Group ((GDF))

3.) <u>Residential developers with earnings growth potential trading at undemanding multiples</u>: Developers with exposure to QLD, WA residential markets set to benefit the most, with VIC slated for an eventual recovery over the next two years.

- Cedar Woods Properties ((CWP))
- Eureka Group Holdings ((EGH))

****

From the Quant desk at **Macquarie** comes the following list of Best Picks among small and midcap ASX-listings:

- AUB Group ((AUB))
- Breville Group ((BRG))
- Flight Centre ((FLT))
- Generation Development ((GDG))
- Integral Diagnostics ((IDX))
- JB Hi-Fi ((JBH))
- Lovisa Holdings ((LOV))
- Maas Group ((MGH))
- Mader Group ((MAD))
- Macquarie Technology ((MAQ))

- Megaport ((MP1))
- Monadelphous ((MND))
- Nick Scali ((NCK))
- Neuren ((NEU))
- Pinnacle Investment Managers ((PNI))
- Perpetual ((PPT))
- Pexa Group ((PXA))
- SiteMinder ((SDR))
- Universal Store Group ((UNI))
- Ventia Group ((VNT))
- Zip Co ((ZIP))

The above selection is the outcome from combining best picks chosen by Macquarie analysts with the two investment styles of Quality and undervalued pricing (Fundamental Value).

****

Traditionally, analysts at **Morgan Stanley** nominate their Key Ideas ahead of the upcoming results season. Have been nominated so far:

- Flight Centre ((FLT))
- Eagers Automotive ((APE))
- Temple & Webster ((TPW))
- Redox ((RDX))

****

**UBS** analysts' Top Picks among emerging companies ahead of February:

Key Picks:

- Collins Foods ((CKF))
- Dicker Data ((DDR))
- Hansen Technologies ((HSN))
- IDP Education ((IEL))
- Kelsian Group ((KLS))
- NextDC ((NXT))
- Superloop ((SLC))
- Service Stream ((SSM))
- Web Travel Group ((WEB))

Noteworthy mentions:

Positive tone - Flight Centre ((FLT))
Cautious tone - Eagers Automotive ((APE)).

Stocks where UBS analysts see double positive risk to result and outlook:

- Autosports Group ((ASG))
- Imdex ((IMD))
- Superloop ((SLC))

****

Stockbroker **Morgans**' key sector picks among financial services providers are, in order of preference:

- Generation Development ((GDG))
- MA Financial ((MAF))
- Navigator Global Investments ((NGI))
- COG Financial Services ((COG))

****

Peers at **Citi** have published their own order of preference for diversified financials:

- Generation Development ((GDG))
- Challenger ((CGF))
- AMP ((AMP))
- Computershare ((CPU))
- Perpetual ((PPT))
- ASX ((ASX))

****

**Macquarie** has identified three Key Picks among consumer-related companies on the ASX:

- Coles Group ((COL)), for margin resilience
- Wesfarmers ((WES)), for its quality
- Harvey Norman ((HVN)), for exposure to furniture sales

Key stocks to Avoid:

- Endeavour Group ((EDV)) due to further margin downside
- Domino's Pizza ((DMP)) due to ongoing store profit risk
- Inghams Group ((ING)) due to oversupply

Over at the broker's Energy desk, the view remains that an underweight portfolio allocation to the sector remains most apposite.

Within this context, the broker's two sector favourites are Santos ((STO)) and Amplitude Energy ((AEL)).

****

**Morgan Stanley**'s core view is the rotation into Resources has much further to run (and global portfolios are not yet adjusted for it).

Within this context, the broker's Model Portfolio includes exposure to:

- BHP Group ((BHP))
- BlueScope Steel ((BSL))
- Iluka Resources ((ILU))
- Newmont Corp ((NEM))
- Rio Tinto ((RIO))
- PLS Group ((PLS))
- South32 ((S32))

On the broker's assessment, the past six months has shown the largest Resources outperformance since 2009.

In Australia, Resources are now a larger index weight than the banks.

****

Nick Scali ((NCK)) is **Citi's** key small cap housing retail pick.

****

Origin Energy ((ORG)) remains **UBS's** most preferred ASX-listed Utilities exposure.

****

**Citi's** order of preference for insurance sector exposure is QBE Insurance ((QBE)), then Insurance Australia Group ((IAG)), Steadfast Group ((SDF)), nib Holdings ((NHF)), Suncorp ((SUN)) and Medibank Private ((MPL)) last.

Do make sure you also read:

https://fnarena.com/index.php/2026/01/15/rudis-view-pre-february-top-picks-favourites/

https://fnarena.com/index.php/2025/12/24/rudis-view-best-buys-favourites-for-2026/

**(Do note that, in line with all my analyses, appearances and presentations, all of the above names and calculations are provided for educational purposes only. Investors should always consult with their**

**licensed investment advisor first, before making any decisions.)**

P.S. I - All paying members at FNArena are being reminded they can set an email alert for my Rudi's View stories. Go to My Alerts (top bar of the website) and tick the box in front of 'Rudi's View'. You will receive an email alert every time a new Rudi's View story has been published on the website.

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*FNArena is proud about its track record and past achievements: Ten Years On*

SMALL CAPS

# Platinum Add-On Bolsters IPD Group's Outlook

IPD Group is seen emerging as a standout small-cap growth story, leveraging disciplined acquisitions, led by Platinum Cables, to accelerate earnings and deepen exposure to long-term infrastructure and electrification themes.

- **Post late-2021 IPO, IPD Group has delivered impressive earnings growth**
- **Latest bolt-on acquisition Platinum presses a suite of positive strategic growth buttons**
- **Higher margins, complimentary services and scope to cross sell, boost appeal**
- **IPD is seen as positioned for megatrend growth, with scope for another acquisition**

By Danielle Ecuyer

*IPD Group is an electrical infrastructure and power distribution specialist*

## An impressive post IPO track record

Imagine a small-cap company (market cap $463m) with a five-year track record of growing revenue at around a 32% compound annual growth rate, with an equally impressive compound annual growth rate in EPS of 41%.

Enter IPD Group ((IPG)), capitalised at around $550m, which has grown organically and via strategic acquisitions, including the latest Platinum Cables, which has analysts aflutter with enthusiasm.

Unlike RCR Thomlinson, which fell upon hard times in 2017 by over-gearing the balance sheet and overextending its exposure to solar renewable energy projects, ultimately resulting in bankruptcy, IPD has made bolt-on acquisitions since its IPO in late 2021 not only to grow earnings but also to enhance its service offering and increase sectoral diversification.

The group is characterised as an electrical infrastructure and power distribution specialist, supplying products, systems and services to the energy, transport, industrial and commercial sectors.

A breakdown of the business units reveals four segments, Addelex, CMI Electrical, EX Engineering and IPD Technologies, which combined offer exposure to major megatrends including defence, urbanisation, sustainability, electrification and digital and technological transformation.

Major sectors captured in IPD's exposure include data centres, electric vehicles' electrification charging, the energy transition, as well as more traditional sectors across commercial and industrial growth, infrastructure and mining.

Management highlighted in the FY25 results IPD Technologies' work on Amazon data centres, the Mirvac Harbourside redevelopment and Sydney Airport, the Sydney Fish Market redevelopment, as well as bulk handling projects.

# Latest acquisition tempers market concerns

Since its IPO, the group has acquired EX Engineering in July 2023 and completed the CMI acquisition in 2024. As highlighted by Taylor Collison, market concerns are likely to be alleviated by the latest acquisition of Platinum Cables for -$37.5m, compared with the uncertainty created around capital allocation and strategy following the CMI purchase.

That uncertainty, alongside a series of earnings misses which management attributed to cyclical factors including CMI in the FY25 results, contributed to a valuation multiple de-rating for the stock.

Platinum, which brings approximately $45m of revenue and $7.2m in earnings before interest and tax, having delivered around 10% annual revenue growth over the last five years, is viewed as more than just earnings accretive, it is strategically a positive.

The business operates specialist high-performance power, communication and optical fibre cables for the mining and resources sector. As noted by Moelis, the latest purchase offers scope for cross-selling opportunities across the existing IPD product portfolio.

There is also an engineering team providing technical support and nationwide sales coverage across 41 sites in NSW and WA for top-tier resource clients.

Shaw and Partners suggests Platinum will enhance the CMI cables business with no overlap in revenue between the two businesses. Current management will remain in place with an earn-out incentive of $7.5m (capped) and Platinum will continue to operate as a stand-alone business.

IPD aims to capitalise on sales synergies while concentrating over the longer term on efficiency gains through shared group services.

Taylor Collison is notably upbeat about the acquisition, which is described as reasonably priced at around 5.2 times earnings (EBIT) and is forecast to be 11% EPS accretive in FY25. The deal is debt funded, with $0.5m in scrip issued to non-vendor management.

Platinum is considered a niche business with a strong reputation and trading record, inferring the presence of an attractive competitive moat and a lower likelihood of encountering pricing pressure.

High-voltage cables necessitate a suite of ancillary services given they operate in challenging climatic environments. As such, maintenance and repair can represent up to two-thirds of revenue in years without major project activity, the analyst notes.

Platinum's FY25 earnings (EBIT) margin was 16.1% versus IPD's 11.1%, Shaw observes, with the pro forma FY25 earnings (EBIT) margin rising to 11.5% from 11.1% based on historical consolidated financials.

Gearing is expected to peak at around 0.8 times gross debt to FY25 EBITDA, with net debt peaking at around $30m and falling to $22m in FY26, on Taylor Collison's projections.

Management continues to look for further acquisition opportunities and, with gearing well below the board's leverage limit of 1.5 times EBITDA, the latter believes another bolt-on acquisition of similar size to Platinum could be executed over the next six to twelve months.

With completion of the acquisition on December 31, Moelis stresses the growing diversification into infrastructure, industrial and resources sectors, now accounting for 32% of group exposure, with commercial exposure at 28%.

# Upgrades for FY26 and beyond

All three brokers are positive on the announcement and the group's growth outlook. Shaw and Partners raises EPS forecasts by 5.4% for FY26 and 11.5% for FY27, retaining a Buy, High Risk rating and a $5.25 target price.

Moelis retains a Buy rating and lifts its target to $5.20 from $4.83, alongside EPS forecast upgrades of 3% for FY26 and 8.1% for FY27.

Taylor Collison raises EPS estimates by 6% and 12.5% for FY26 and FY27, respectively, with expectations sales growth will accelerate in FY28 as synergies translate into additional project wins.

The latter's target price lifts to $5.40 and its Buy rating is retained.

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*FNArena is proud about its track record and past achievements: Ten Years On*

SMSFUNDAMENTALS

# Lessons From Australia’s Superannuation Giants

Australia's super funds have made plenty of changes in response to industry headwinds and operational challenges.

- **Australia's superannuation among emerging global powerhouses in managing retirement funds**
- **Post-covid challenges have led to recalibration in strategies**
- **Could there be valid lessons for investors?**

*Australia's superannuation assets are on their way to become the world's second largest*

## How Australia’s Superannuation Giants are Reshaping Investment Strategies for a Disrupted Decade

By Erick Nyamagwa

Superannuation giants are government-regulated entities that help manage Australians’ mandatory retirement contributions. Commonly known as super funds, these corporations invest on behalf of members in various asset classes.

These classes include venture capital enterprises, infrastructure assets, and private equity. The revenue generated is then shared among members so that when they retire, they will have more super savings for better living standards.

According to Deutsche Bank, Australia's Superannuation sector is among the emerging global powerhouses in managing retirement funds. Currently, it ranks fourth globally, and it is projected to become the second largest in the world by 2031.

Despite the sector's bullish performance in recent years, it is also facing its fair share of challenges in the current uncertain post-covid economic landscape.

Research in this article explores how super funds are reshaping their investment strategies to address the new economic realities.

# Key Takeaways

- Super funds have shifted their investment strategy by making allocations to foreign assets.
- AI and technology are reshaping investment strategies. Most super funds are now embracing AI to streamline workflows and manage portfolios.
- Unlisted assets have become powerful. As super funds diversify their investments, they are tapping into unlisted assets for long-term stability.
- The use of derivatives in risk management is becoming crucial. Since super funds are investing in foreign markets, they now use derivatives to mitigate exchange risks.
- Mergers are a new trend. Most funds have resorted to mergers to reduce costs and boost investment power.

## Key Statistics of Australian Superannuation Assets

Key statistics for the superannuation industry as at 30 September 2025:

| - | September 2024 | September 2025 | Change |
|---|---|---|---|
| **Total superannuation assets** | $4,082.3 billion | $4,466.5 billion | +9.4% |
| Total APRA-regulated assets | $2,829.7 billion | $3,151.5 billion | +11.4% |
| Total self-managed super fund assets | $1,023.7 billion | $1,073.4 billion | +4.8% |
| Exempt public sector superannuation schemes assets | $171.6 billion | $181.4 billion | +5.7% |
| Balance of life office statutory fund assets | $57.3 billion | $60.2 billion | +5.1% |

Source: Australian Prudential Regulation Authority (APRA) 2025.

*Key Statistics of Australian Superannuation Assets - September 2025*

Currently, the Australian Superannuation sector's has assets worth circa $4.4trn under management. This value represents 150% of Australia's GDP.

The rapid growth of the funds has made **the sector one of the largest and fastest-growing in the world**, due to the following strategies:

# Investing in Foreign  Markets

To generate more investment returns for Australian citizens, super funds are now investing aggressively in foreign markets.

One of the main markets that dominates most super funds' portfolios is the U.S.

Why the U.S. though?

In a recent CNBC interview, Paul Schroder, AustralianSuper's chief executive, said that "it is a win-win situation because we can invest alongside great American companies".

Schroder added America is an incredible environment to invest in, and the worst thing anyone can do is to bet against it.

This is because America understands markets and always welcomes investors.

Currently, **30% of Australian super funds' portfolio is made up of foreign assets**.

The funds are increasing their allocations to these foreign assets rapidly to accumulate higher investment returns for Australian citizens.

Apart from the U.S., other foreign markets for the funds are the U.K. and Europe.

# Embracing AI to Enhance Operations

One of the technologies that has disrupted the superannuation sector is AI. AI has become a game-changer because super funds can now utilise it to:

- Provide a personalised experience to members
- Improve operational efficiency
- Make investment decisions

For example, John Livanas, State Super's CEO, recently said that they are now using AI (machine learning) to interpret huge market data. The insights obtained help the investment team to make wise investment decisions.

In the interview, Livanas also noted that AI chatbots have helped streamline their customer service sector. Customers can now chat with chatbots, which deliver instant and accurate answers to even complex queries.

The adoption of AI has transcended to other superannuation funds, and this has completely reshaped the management landscape of funds. Currently, 90% of asset managers are actively using AI to generate ideas, allocate assets, and construct portfolios.

Asset managers who have yet to embrace AI expertise are encouraged to do so because it now enhances efficiency and makes management of assets easier. Failure to adopt will make these managers lag and get overridden by competitors.

# Investing in Unlisted Assets

Another strategy that super funds are embracing is investing in unlisted assets. Unlisted assets are investments that are not traded on public stock markets. According to studies by AustralianSuper, unlisted assets are less volatile in the market, as compared to listed assets.

Therefore, these assets guarantee strong cash flows because they are rarely affected by market sentiment. In AustralianSuper's podcast, Justine O'Connell, the head of Portfolio Construction, says these assets are less known. Thus, they are not flooded and guarantee safety in the long term.

Some examples of unlisted assets include:

- Local toll roads
- Foreign toll roads
- Local airports

Justine encourages investors to explore and invest in unlisted assets for long-term stability, especially during times of economic uncertainty.

# Leveraging Derivatives

Derivatives are agreements that allow parties to sell or buy a financial asset at a predetermined price on a future date. Due to the exposure of funds to non-AUD investments, it is crucial to protect generated revenue against exchange risks.

The use of derivatives by Australian superannuation funds comes in handy because offshore returns are remitted in foreign currencies, whose value fluctuates depending on the FX rate.

To safely manage offshore returns, superfunds leverage derivatives to maximise profits. The common derivatives used by the funds include:

- FX forwards
- Cross-currency swaps
- FX options

When funds create derivative positions, they invest confidently in a portfolio that is protected against future exchange fluctuations. Therefore, they rest assured that their profits are protected in advance.

Derivatives are managed by financial firms. These firms contain established systems and procedures that safely execute the whole process.

# Negotiating Mergers to Improve Outcomes

The aftermath of covid-19 affected many sectors in the world, superannuation not being an exception. Most super funds started experiencing the following:

- Declining membership subscriptions
- Low returns
- Reduced portfolios.

To create scale and improve efficiency, APRA recommended all underperforming funds negotiate mergers to provide reasonable returns to members in 2021.

To navigate the changing landscape, most funds have witnessed rapid mergers since 2021. Currently, there are only 89 super funds in the country, an -80% decline in the past 20 years.

The rest have merged to form powerful funds that offer improved services to members.

# Implications to Investors

Firstly, Australia's superannuation sector is not the only one experiencing these rapid transformations globally. According to J.P. Morgan, leading global pension funds like Sweden’s AP1 are also experiencing the same.

Secondly, investors should understand that it is **better to take calculated risks for bigger and better returns**. The rapid growth of superannuation funds is attributed to the aggressiveness of asset managers, both locally and domestically.

Thirdly, investors should take note of the power of mergers and consolidations. Mergers allow companies to make better investment choices, operate efficiently, and provide attractive investment returns to members.

Finally, investors should **embrace diversity** in their portfolios for them to reap huge gains. A diverse portfolio protects investors from losses because it acts as a buffer during economic downturns.

# Conclusion

Retirement is a fundamental aspect of every individual on earth. Australians consider the sector crucial due to the country's ageing population.

The superannuation funds continue to play a fundamental role in delivering solid investment returns to members, and their role is expanding rapidly.

The transformations being experienced in the industry demonstrate a bright future not only for the retiring generation, but also for the future one as well.

Investors can learn from the strategies that super funds are using to navigate the current challenging economic landscape for better and wiser investment decisions.

However, it is important to do your own research before banking on any (change in) strategy.

**Technical limitations**

***If you are reading this story through a third party distribution channel and you cannot see the table included, we apologise, but technical limitations are to blame.***

WEEKLY REPORTS

# Weekly Ratings, Targets, Forecast Changes - 16-01-26

Weekly update on stockbroker recommendation, target price, and earnings forecast changes.

By Rudi Filapek-Vandyck, Editor FNArena

### *Guide:*

*The FNArena database tabulates the views of eight major Australian and international stockbrokers: Citi, Bell Potter, Macquarie, Morgan Stanley, Morgans, Ord Minnett, Shaw and Partners and UBS.*

*For the purpose of broker rating correlation, Outperform and Overweight ratings are grouped as Buy, Neutral is grouped with Hold and Underperform and Underweight are grouped as Sell to provide a Buy/Hold/Sell (B/H/S) ratio.*

*Ratings, consensus target price and forecast earnings tables are published at the bottom of this report.*

### *Summary*

*Period: Monday January 12 to Friday January 16, 2026*
*Total Upgrades: 15*
*Total Downgrades: 12*
*Net Ratings Breakdown: Buy 62.89%; Hold 29.39%; Sell 7.72%*

Australia is gradually waking up from last year's end-of-year holiday break.

For the week ending Friday, 16th January 2026, FNArena registered no less than 15 upgrades in ratings for ASX-listed stocks. All but two shifted to Buy with Baby Bunting and PLS Group (formerly Pilbara Minerals) the two exceptions that didn't move beyond Neutral/Hold.

Twelve downgrades included four ratings moving to Sell. Receivers were Bendigo and Adelaide Bank, Boss Energy, Endeavour Group, and Treasury Wine Estates.

This early into the new calendar year, the three Dominant Themes are: upgrades for commodity pricing projections, companies issuing disappointing market updates (mostly), and initial re-appraisals and previews ahead of the upcoming February results season.

Five of the upgrades went to financials, including two banks, and three REITs and property owners. Only Monadelphous and PLS Group can be directly linked to the resurgence in cyclical commodities.

Among the downgrades one also finds Bendigo and Adelaide Bank, Endeavour Group, and Super Retail Group; all three also received an upgrade during the week.

Maybe more important is the observation four resources stocks are among the downgrades.

The presence of Amcor in changes to target prices and forecasts should be ignored. Its shares are about to consolidate 5-for-1 and this is playing havoc because of analysts adjusting for the change (not yet reflected in today's share price).

Resources continue to dominate the table for largest positive adjustments to valuations and price targets. The one exception is Codan, thanks to a better-than-anticipated operational update ahead of February.

Lithium exposures are noticeably included in the week's Top Ten (nine minus Amcor).

The table for negative adjustments has Super Retail on top (bottom?) following yet another disappointing market update.

Here uranium companies Boss Energy and Lotus Resources are the two sole commodity representatives.

Negative adjustments on average are smaller than positive increases for the week.

Regal Partners and Codan are the two notable exceptions when it comes to upgrades to earnings forecasts. In particular PLS Group (63%), Greatland Resources (53%) and Regal Partners (49%) enjoyed some eye-catching re-adjustments, followed by Deep Yellow and Liontown on 25% and 24% increases.

On the opposite side, Paladin Energy stands out with its consensus forecast dropping by -20%, followed by TPG Telecom on -15%. Super Retail and Endeavour Group --both having issued disappointing trading updates-- follow next.

Gold producer Northern Star, which also started 2026 on a disappointing note, is equally included.

In summary: earnings forecasts are on the rise ahead of the February results season, but it's predominantly linked to mining companies as analysts are preparing for/adjusting to a better environment ahead.

Total Buy ratings for the eight stockbrokerages daily monitored by FNArena still sit at an historically elevated percentage of 62.89%. With only 7.72% in Sell ratings, this leaves less than 30% for Neutral/Holds.

Morgan Stanley and UBS are the only two where Buy ratings do not represent the largest percentage of total ratings. This is highly unusual with local indices near an all-time record high and most likely linked to the polarised nature of the market and the narrow group of companies that has done most of the lifting post covid.

If, as suggested by many, the global bull market in equities remains poised to broaden out and include many of yesteryear's laggards, including on the ASX, it'll be interesting to observe whether this also results in a normalising of broker ratings in line with historically more prevalent trends and percentages.

## Upgrade

**AMP LIMITED ((AMP)) Upgrade to Buy from Neutral by Citi** .B/H/S: 3/2/0

Citi expects further capital return initiatives with AMP's FY25 result, supported by strong platform flows, cost control, and stabilising bank earnings.

Attractions are seen despite low bank returns, with the broker citing scope for platform multiple expansion as the share price has fallen.

The broker's forecast earnings tweaks are modest after mark-to-market and debt repayment adjustments.

Citi keeps its $2.10 target and upgrades to Buy from Neutral.

**ANZ GROUP HOLDINGS LIMITED ((ANZ)) Upgrade to Buy from Neutral by Citi** .B/H/S: 1/2/1

Citi believes ASX-listed bank outperformance looks unlikely in 2026 given relatively full valuations, even as the broader macro backdrop remains supportive.

The broker points to forecasts for two rate rises, alongside strong aggregate demand and labour conditions, which are expected to underpin net interest margins (NIMs), credit growth and asset quality.

The analysts note valuation concerns persist, yet argue absolute multiples may be a weak signal into 2026 amid fundamental and relative sector support.

Citi raises its target for ANZ Bank to $40.30 from $37.00 and upgrades to Buy from Neutral citing benefits into 2026 from strong tailwinds, driven by disciplined execution on costs and strategy. The bank's valuation is also seen as undemanding relative to peer.

Among the majors, the broker's order of preference is ANZ, Westpac, National Australia Bank and CommBank.

**BABY BUNTING GROUP LIMITED ((BBN)) Upgrade to Hold from Trim by Morgans** .B/H/S: 2/3/0

Following the recent share price pullback, Morgans upgraded Baby Bunting's rating to Hold from Trim.

The broker notes refurbished stores continue to outperform expectations, with the initial three delivering 30% sales growth, and further performance updates expected at the 1H26 result.

No change to forecasts or valuation, with risk-reward now considered as more balanced at 14x FY27 estimated PE. Target price $2.70.

This report was published Friday.

**BANK OF QUEENSLAND LIMITED ((BOQ)) Upgrade to Buy from Neutral by Citi** .B/H/S: 2/2/2

Citi believes ASX-listed bank outperformance is unlikely in 2026 given relatively full valuations, even as the broader macro backdrop remains supportive.

The broker points to forecasts for two rate rises, alongside strong aggregate demand and labour conditions, which are expected to underpin net interest margins (NIMs), credit growth and asset quality.

The analysts note valuation concerns persist, yet argue absolute multiples may be a weak signal into 2026 amid fundamental and relative sector support.

Citi raises its target for Bank of Queensland to $7.15 from $7.00 and upgrades to Buy from Neutral citing efficient execution on a targeted strategy to lift medium-term returns.

Capital deployment into business banking is being prioritised, explain the analysts, while enhancing retail banking profitability.

Among challengers and regional banks, the broker prefers Judo Capital and Bank of Queensland, both rated Buy, while Bendigo and Adelaide Bank is rated Sell.

**BRAMBLES LIMITED ((BXB)) Upgrade to Buy from Neutral by Citi** .B/H/S: 3/3/0

Citi views Brambles' recent share price underperformance as an opportunity, despite a muted consumer environment and near-term uncertainty.

Comfort is drawn by the broker from factors which de-risk 2H of FY26, alongside confidence in volumes and margin drivers extending from FY26 into FY27.

Upside to medium-term earnings is identified, with the analyst seeing an attractive 12-month outlook.

Citi upgrades to Buy from Neutral and retains a target of $26.75.

**CHARTER HALL LONG WALE REIT ((CLW)) Upgrade to Accumulate from Hold by Ord Minnett** .B/H/S: 1/3/1

Post a review of the property sector which factors in possible interest rate rises in 2026, Ord Minnett increases the estimated interest costs for all property stocks, with the risk-free rate forecast rising to 4.5% from 4%.

The broker upgrades Charter Hall Long WALE REIT to Accumulate from Hold with a lowered target price of $4.05 from $4.25. EPS forecasts are lowered by -0.2% for FY26 and -4.2% for FY27.

**COMPUTERSHARE LIMITED ((CPU)) Upgrade to Buy from Neutral by Citi** .B/H/S: 2/2/1

Citi lowers its target for Computershare to $39.60 from $40.40 and upgrades to Buy from Neutral.

Risk is now skewed to the upside, according to the broker, with rising M&A, IPO and debt issuance activity potentially offsetting softer margin income. The company is seen as increasingly leveraged to lower rates, stimulating US capital markets.

The broker trims its medium-term EPS forecasts to reflect further US rate cut prospects, but considers additional downside from margin income increasingly limited.

It's noted debt issuance trends remain encouraging across multiple asset classes, while corporate action shows early signs of recovery.

**ENDEAVOUR GROUP LIMITED ((EDV)) Upgrade to Buy from Neutral by Citi** .B/H/S: 2/3/1

After further analysis of yesterday's trading update, Citi raises its target for Endeavour Group to $4.10 from $3.92 and upgrades to Buy from Neutral.

The broker believes the promotion-led downgrade was largely anticipated. Absent a further deterioration in trading conditions or the need for additional pricing or investment support, the analyst sees scope for this to be the last downgrade in the near term.

A summary of Citi's initial thoughts yesterday follows.

Today's trading update by Endeavour Group showed improving retail sales trends, Citi notes. However, discounting pressured margins, driving a -7.5% miss to the consensus profit (PBT) forecast.

As part of an early assessment, the broker highlights retail gross margins fell sharply year on year, raising questions over sustainable margin levels amid intense competition. Hotels delivered resilient earnings in line with the analyst's expectations.

Citi sees limited near-term relief, noting retail strategy changes will take time to emerge and significant one-off costs were flagged outside consensus forecasts.

See also EDV downgrade.

**INSURANCE AUSTRALIA GROUP LIMITED ((IAG)) Upgrade to Outperform from Neutral by Macquarie** .B/H/S: 3/1/0

Macquarie notes severe weather exceeded allowances in 1H26 and is likely to pressure Insurance Australia Group and Suncorp Group's ordinary dividends in February.

At the 1H26 results, the broker expects the insurer to reaffirm FY26 reported margin guidance of 14-16%, noting its forecast is 14.4%. GWP (gross written premium) growth is forecast at 9.4% vs guidance of 10%.

The broker trimmed FY26 EPS forecast by -6.3% and FY27 by -6.1%. Target cut to $8.90 from $9.10.

Rating upgraded to Outperform from Neutral on valuation reasons, with 1H26 result eyed as a catalyst.

**INGENIA COMMUNITIES GROUP ((INA)) Upgrade to Accumulate from Hold by Ord Minnett** .B/H/S: 2/1/0

Post a review of the property sector which factors in possible interest rate rises in 2026, Ord Minnett increases the estimated interest costs for all property stocks, with the risk-free rate forecast rising to 4.5% from 4%.

Ingenia Communities is upgraded to Accumulate from Hold with a new target of $5.30. No change to FY26 EPS forecast and FY27 slips by -0.2%.

**MIRVAC GROUP ((MGR)) Upgrade to Buy from Hold by Ord Minnett** .B/H/S: 3/2/0

Post a review of the property sector which factors in possible interest rate rises in 2026, Ord Minnett increases the estimated interest costs for all property stocks, with the risk-free rate forecast rising to 4.5% from 4%.

Ord Minnett upgrades Mirvac Group to Buy from Hold, expecting growth to return on the back of higher development revenue and wider margins. The office segment, which represents around 40% of the portfolio, looks to have stabilised and reached the trough of the cycle.

The broker forecasts an EPS CAGR of 9% over three years.

Target price slips to $2.25 from $2.35.

**MONADELPHOUS GROUP LIMITED ((MND)) Upgrade to Buy from Hold by Bell Potter** .B/H/S: 4/1/0

Monadelphous Group has had strong contract momentum since November, securing $835m of new EC and M&I work, Bell Potter highlights. This has lifted FY26 year-to-date awards to $1.4bn, with major wins from Rio Tinto in the Pilbara.

Given multi-year contract terms, the broker reckons this supports a positive revenue growth outlook through FY26-28. FY26 to-date wins annualise to $2.6bn, likely exceeding FY26 revenue growth guidance, the broker reckons.

FY27 EPS forecast upgraded by 12% and FY28 by 9%, and the broker highlights these are now ahead of consensus.

Target rises to $33 from $24, driven by lower WACC. Rating upgraded to Buy from Hold.

**PLS GROUP LIMITED ((PLS)) Upgrade to Hold from Sell by Bell Potter** .B/H/S: 1/5/1

Bell Potter notes lithium prices rebounded strongly in the December quarter, with SC6 price up 35% q/q and lithium carbonate up 18%. Spot prices have surged further due to improving demand and normalising inventories.

Pricing strength reflects continued EV growth, rising ESS demand and policy support, particularly in China, with spodumene responding faster than contract lithium chemicals.

The broker upgraded its outlook, estimating SC6 at US$1,750/t in 2026 before stepping down to a long-term

US$1,400/t from 2030, a material uplift from prior assumptions.

Sharp lifts to PLS Group's EPS forecasts for FY26-28. Target rises to $4.55 from $2.65, and it assumes an upside-case long-term SC6 price of US$1,680/t, 20% above the base case.

Rating upgraded to Hold from Sell.

**SUPER RETAIL GROUP LIMITED ((SUL)) Upgrade to Accumulate from Hold by Morgans** .B/H/S: 2/3/1

Super Retail offered 1H26 trading update with sales growth of 4.2%, which met Morgans' and consensus expectations but weaker margins are weighing on profit before tax which were guided some -7% below the consensus outlook.

The broker downgrades EPS forecasts by -10.8% for FY26 and -9.7% for FY27, with an accompanying lowering of the target price to $17 from $19.35. Rating upgraded to Accumulate from Hold with the recent decline in the share price viewed as an opportunity.

In the Dec quarter new vehicle deliveries rose 3% y/y with 2H2025 volumes up 2.2% on the prior year but down -1.3% on the previous half.

The analyst views auto sector fundamentals as having stabilised for both volume and margins in 2025 and continues to envisage better conditions in 2026. Preferred exposures are Eagers Automotive ((APE)), ARB Corp ((ARB)) and Motorcycle Holdings ((MTO)).

See also SUL downgrade.

**LOTTERY CORPORATION LIMITED ((TLC)) Upgrade to Outperform from Neutral by Macquarie** .B/H/S: 3/2/1

Macquarie keeps its target for Lottery Corp at $5.40 though upgrades to Outperform from Neutral as the recent share price fall provides a buying opportunity, in the analyst's view.

The company's valuation now sits at the low end of historical ranges, highlights the broker. It's felt earnings revisions, rather than bond yields, remain the key driver of share price performance.

The broker trims its lottery volume and EPS forecasts modestly, reflecting softer jackpot activity in FY26 year-to-date, though base games continue to grow. Second-half volume recovery is expected, with management commentary at the upcoming result a key focus.

The analyst expects earnings to smooth over time as jackpot conditions normalise.

## Downgrade

**BENDIGO & ADELAIDE BANK LIMITED ((BEN)) Downgrade to Sell from Neutral by Citi** .B/H/S: 1/1/3

Citi believes ASX-listed bank outperformance is unlikely given relatively full valuations, even as the broader macro backdrop remains supportive.

The broker points to forecasts for two rate rises, alongside strong aggregate demand and labour conditions, which are expected to underpin net interest margins (NIMs), credit growth and asset quality.

The analysts note valuation concerns persist, yet argue absolute multiples may be a weak signal into 2026 amid fundamental and relative sector support.

Citi raises its target for Bendigo & Adelaide Bank to $10.25 from $10.10 and downgrades to Sell from Neutral given the recent share price rally.

Among challengers and regional banks, the broker prefers Judo Capital and Bank of Queensland, both rated Buy, while Bendigo and Adelaide Bank is rated Sell.

**BOSS ENERGY LIMITED ((BOE)) Downgrade to Underperform from Neutral by Macquarie** .B/H/S: 2/3/2

Macquarie downgrades Boss Energy to Underperform from Neutral, citing the re-rating of the stock price as excessive post the unimpressive update on Honeymoon.

The stock has risen 33% since the December update, which implies a U308 price of around US$100/lb, while the Honeymoon update pointed to a more "modest" resource for Honeymoon.

No change to $1.25 target price.

**ENDEAVOUR GROUP LIMITED ((EDV)) Downgrade to Lighten from Hold by Ord Minnett** .B/H/S: 2/3/1

Ord Minnett lowers its target for Endeavour Group and downgrades to Lighten from Hold after 1H FY26 earnings (EBIT) guidance came in almost -6% below the consensus expectation.

The broker explains price discounting to support sales weighed on retail margins. Liquor earnings were the key drag, with margins contracting sharply despite sales meeting forecasts, highlights the analyst.

Management is prioritising volume growth, with Dan Murphy's and BWS delivering solid sales momentum, while hotels performance remained robust on gaming and refurbishments, notes Ord Minnett.

The broker highlights the risk is whether competitors follow the pricing lead, extending margin pressure across the sector.

Target price $3.

See also EDV upgrade.

**ELEVRA LITHIUM LIMITED ((ELV)) Downgrade to Neutral from Outperform by Macquarie** .B/H/S: 0/1/0

Ahead of December quarter reports for Critical Mineral stocks, Macquarie highlights lithium price gains accelerated in early January, presenting near-term earnings upside.

The broker lifted the EV/EBITDA valuation multiple to 20.0x from 5.0x for Elevra Lithium, reflecting near-term earnings upside from strong spot spodumene prices, which are 100% and 75% above its 2026 and 2027 forecasts. Target rises to $8.50 from $7.00.

The broker forecasts 2Q26 spodumene production of 48kt, down -8% q/q as plant recoveries normalise, while FY26 output estimate of 203kt remains at the guidance midpoint. Shipments are expected to more than double q/q due to lumpy cargo timing, driving temporarily lower unit costs but expected to normalise over time.

Rating downgraded to Neutral from Outperform on recent share price gains.

**HIGHCOM LIMITED ((HCL)) Downgrade to Hold from Buy by Bell Potter** .B/H/S: 0/1/0

Post an updated 1H26 revenue and earnings (EBITDA) loss guidance update from HighCom, Bell Potter downgrades the stock to Hold from Buy and lowers the target to 32c from 40c.

Management has flagged revenue range at $10.5-$11m and an earnings loss of -$5m to -$5.8m versus 1H26 revenue of $26.6m and $1.9m in earnings.

The weak update was attributed to the long US Government shutdown in October and November which delayed contracts and procurements. The outlook for 2H26 remains upbeat, management noted, with both revenue and earnings expected to exceed 1H26 and earnings to become more positive.

The broker accordingly revises EPS estimate to a loss for FY26 and FY27 down by -22%. The company also announced the resignation of CEO Todd Ashurst who was appointed in March and is being replaced immediately by Geoffrey Knox.

**HMC CAPITAL LIMITED ((HMC)) Downgrade to Hold from Buy by Ord Minnett** .B/H/S: 3/3/0

Post a review of the property sector which factors in possible interest rate rises in 2026, Ord Minnett increases the estimated interest costs for all property stocks, with the risk-free rate forecast rising to 4.5% from 4%.

The broker downgrades HMC Capital to Hold from Buy with a lower target of $4. No change to FY26 EPS forecast with FY27 forecast down -1.5%.

**IGO LIMITED ((IGO)) Downgrade to Neutral from Outperform by Macquarie** .B/H/S: 1/3/1

Ahead of December quarter reports for Critical Mineral stocks, Macquarie highlights lithium price gains accelerated in early January, presenting near-term earnings upside.

The broker lifted the EV/EBITDA valuation multiple to 20.0x from 8.0x for IGO Ltd, reflecting near-term earnings upside from strong spot spodumene prices, which are 100% and 75% above its 2026 and 2027 forecasts. Target rises to $9.00 from $7.50.

The broker's forecast for Greenbushes spodumene output of 359kt is 3% above consensus. with full-year production estimate near the midpoint of 1,500-1,650kt guidance. Nova performance is assumed to be weaker, with nickel and copper volumes -12% and -19% below consensus, respectively.

Rating downgraded to Neutral from Outperform on recent share price gains.

**NATIONAL STORAGE REIT ((NSR)) Downgrade to Hold from Accumulate by Ord Minnett** .B/H/S: 2/3/0

Post a review of the property sector which factors in possible interest rate rises in 2026, Ord Minnett increases the estimated interest costs for all property stocks, with the risk-free rate forecast rising to 4.5% from 4%.

National Storage REIT is downgraded to Hold from Accumulate with a new target of $2.75. No change to FY26 EPS forecast with FY27 down -0.4%.

**PALADIN ENERGY LIMITED ((PDN)) Downgrade to Neutral from Outperform by Macquarie** .B/H/S: 5/1/1

Macquarie downgrades Paladin Energy to Neutral from Outperform due to the strong re-rating of the stock, rising over 49% over four months since the equity raising. Target sits at $11.10.

The broker anticipates U308 term prices will continue to advance in 2026 as utilities look to incentivise supply, noting the industry consultant TradeTech's term price stands at US$87/lb now. This should provide a floor to assist greenfield projects to go ahead.

With the restart of Langer Heinrich, the analyst flags production could be in excess of 4-4.4mlb FY26 guidance, forecasting 4.6mlbs.

**SUPER RETAIL GROUP LIMITED ((SUL)) Downgrade to Hold from Accumulate by Ord Minnett** .B/H/S: 2/3/1

Ord Minnett lowers its target for Super Retail to $17 from $19 and downgrades to Hold from Accumulate.

Management has flagged margin pressure in 1H26, with higher marketing spend at Rebel and weaker conditions for BCF offsetting modest same-store sales growth, explains the analyst.

Revenue met the broker's expectations but profit missed consensus by more than -7%, prompting forecasts for a near -80bp full-year margin contraction.

Intensified competition from global brands and elevated promotional costs led to EPS downgrades by Ord Minnett across FY26-28.

See also SUL upgrade.

**TREASURY WINE ESTATES LIMITED ((TWE)) Downgrade to Sell from Neutral by Citi** .B/H/S: 0/4/1

Citi sees more downside risks for Treasury Wine Estates following reports distributor RNDC may sell operations in seven states. RNDC is a wholesaler for the company's products in at least five of them, and Citi anticipates an impact as soon as 2H26.

The broker sees no immediate risk to 1H26 guidance issued in December, but cautions upside is limited after the 8% share price rise since mid-December.

Within the F&B sector, the broker's top pick is a2 Milk Co ((A2M) , followed by Endeavour Group ((EDV)).

Rating downgraded to Sell from Neutral. Target unchanged at $4.80.

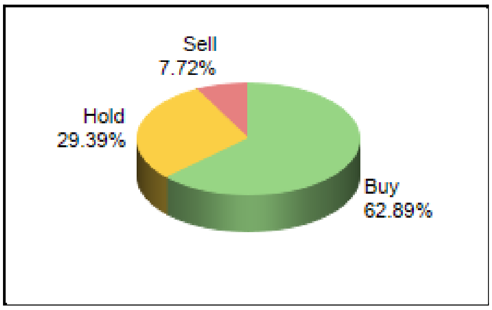
**VICINITY CENTRES ((VCX)) Downgrade to Hold from Accumulate by Ord Minnett** .B/H/S: 0/3/2

Post a review of the property sector which factors in possible interest rate rises in 2026, Ord Minnett increases the estimated interest costs for all property stocks, with the risk-free rate forecast rising to 4.5% from 4%.

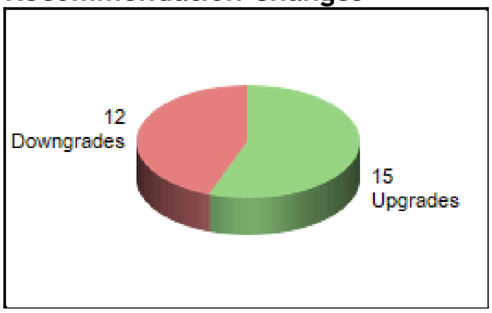
The broker downgrades Vicinity Centres to Hold from Accumulate with the stock up 30% over the last year. Target price slips to $2.40 from $2.55. The EPS forecasts lift by 0.5% for FY26 and fall by -0.5% for FY27.

Vicinity continues to experience good sales momentum, the analyst states, with a 99.95% occupancy rate, although the redevelopment of the Chatswood Galleria project is impacting funds from operations.

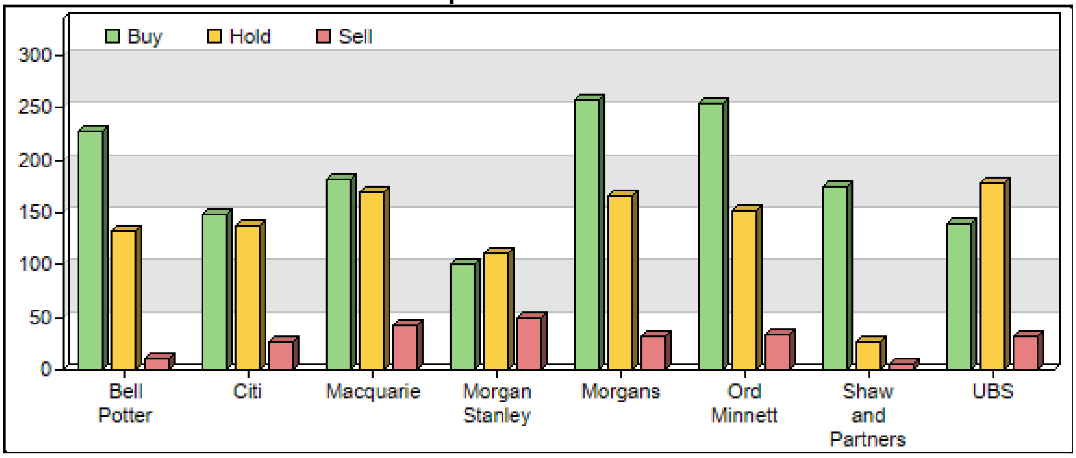
**Total Recommendations**




**Recommendation Changes**



**Broker Recommendation Breakup**




# Broker Rating

| Order | Company | New Rating | Old Rating | Broker |
|---|---|---|---|---|
| Upgrade | | | | |
| 1 | AMP LIMITED | Buy | Neutral | Citi |
| 2 | ANZ GROUP HOLDINGS LIMITED | Buy | Neutral | Citi |
| 3 | BABY BUNTING GROUP LIMITED | Neutral | Sell | Morgans |
| 4 | BANK OF QUEENSLAND LIMITED | Buy | Neutral | Citi |
| 5 | BRAMBLES LIMITED | Buy | Neutral | Citi |
| 6 | CHARTER HALL LONG WALE REIT | Buy | Neutral | Ord Minnett |
| 7 | COMPUTERSHARE LIMITED | Buy | Neutral | Citi |
| 8 | ENDEAVOUR GROUP LIMITED | Buy | Neutral | Citi |
| 9 | INGENIA COMMUNITIES GROUP | Buy | Neutral | Ord Minnett |
| 10 | INSURANCE AUSTRALIA GROUP LIMITED | Buy | Neutral | Macquarie |
| 11 | LOTTERY CORPORATION LIMITED | Buy | Neutral | Macquarie |
| 12 | MIRVAC GROUP | Buy | Neutral | Ord Minnett |
| 13 | MONADELPHOUS GROUP LIMITED | Buy | Neutral | Bell Potter |
| 14 | PLS GROUP LIMITED | Neutral | Sell | Bell Potter |
| 15 | SUPER RETAIL GROUP LIMITED | Buy | Neutral | Morgans |
| Downgrade | | | | |
| 16 | BENDIGO & ADELAIDE BANK LIMITED | Sell | Neutral | Citi |
| 17 | BOSS ENERGY LIMITED | Sell | Neutral | Macquarie |
| 18 | ELEVRA LITHIUM LIMITED | Neutral | Buy | Macquarie |
| 19 | ENDEAVOUR GROUP LIMITED | Sell | Neutral | Ord Minnett |
| 20 | HIGHCOM LIMITED | Neutral | Buy | Bell Potter |
| 21 | HMC CAPITAL LIMITED | Neutral | Buy | Ord Minnett |
| 22 | IGO LIMITED | Neutral | Buy | Macquarie |
| 23 | NATIONAL STORAGE REIT | Neutral | Buy | Ord Minnett |
| 24 | PALADIN ENERGY LIMITED | Neutral | Buy | Macquarie |
| 25 | SUPER RETAIL GROUP LIMITED | Neutral | Buy | Ord Minnett |
| 26 | TREASURY WINE ESTATES LIMITED | Sell | Neutral | Citi |
| 27 | VICINITY CENTRES | Neutral | Buy | Ord Minnett |

# Target Price

## Positive Change Covered by at least 3 Brokers

| Order | Symbol | Company | New Target | Previous Target | Change | Recs |
|---|---|---|---|---|---|---|
| 1 | AMC | AMCOR PLC | 27.890 | 16.277 | 71.35% | 6 |
| 2 | CDA | CODAN LIMITED | 33.617 | 29.650 | 13.38% | 3 |
| 3 | LTR | LIONTOWN LIMITED | 1.362 | 1.202 | 13.31% | 6 |
| 4 | STX | STRIKE ENERGY LIMITED | 0.147 | 0.130 | 13.08% | 3 |
| 5 | PLS | PLS GROUP LIMITED | 3.757 | 3.386 | 10.96% | 7 |
| 6 | PMT | PMET RESOURCES INC | 0.784 | 0.720 | 8.89% | 5 |
| 7 | NWH | NRW HOLDINGS LIMITED | 5.850 | 5.413 | 8.07% | 4 |
| 8 | EVN | EVOLUTION MINING LIMITED | 11.242 | 10.436 | 7.72% | 6 |

| | | | | | | |
|---|---|---|---|---|---|---|
| 9 | BSL | BLUESCOPE STEEL LIMITED | 27.210 | 25.500 | 6.71% | 5 |
| 10 | MND | MONADELPHOUS GROUP LIMITED | 28.822 | 27.022 | 6.66% | 5 |

### Negative Change Covered by at least 3 Brokers

| Order | Symbol | Company | New Target | Previous Target | Change | Recs |
|---|---|---|---|---|---|---|
| 1 | SUL | SUPER RETAIL GROUP LIMITED | 16.383 | 18.133 | -9.65% | 6 |
| 2 | BOE | BOSS ENERGY LIMITED | 1.771 | 1.907 | -7.13% | 7 |
| 3 | TPG | TPG TELECOM LIMITED | 4.488 | 4.808 | -6.66% | 5 |
| 4 | HMC | HMC CAPITAL LIMITED | 4.735 | 5.033 | -5.92% | 6 |
| 5 | LOT | LOTUS RESOURCES LIMITED | 0.320 | 0.337 | -5.04% | 3 |
| 6 | LLC | LENDLEASE GROUP | 6.058 | 6.354 | -4.66% | 5 |
| 7 | EDV | ENDEAVOUR GROUP LIMITED | 3.750 | 3.917 | -4.26% | 7 |
| 8 | INA | INGENIA COMMUNITIES GROUP | 6.227 | 6.443 | -3.35% | 3 |
| 9 | DXS | DEXUS | 7.832 | 8.072 | -2.97% | 5 |
| 10 | SUN | SUNCORP GROUP LIMITED | 20.537 | 21.087 | -2.61% | 6 |

# Earnings Forecast

### Positive Change Covered by at least 3 Brokers

| Order | Symbol | Company | New EF | Previous EF | Change | Recs |
|---|---|---|---|---|---|---|
| 1 | AMC | AMCOR PLC | 224.942 | 125.279 | 79.55% | 6 |
| 2 | PLS | PLS GROUP LIMITED | 4.767 | 2.917 | 63.42% | 7 |
| 3 | GGP | GREATLAND RESOURCES LIMITED | 97.630 | 63.900 | 52.79% | 3 |
| 4 | RPL | REGAL PARTNERS LIMITED | 34.000 | 22.700 | 49.78% | 3 |
| 5 | DYL | DEEP YELLOW LIMITED | -2.900 | -3.900 | 25.64% | 4 |
| 6 | LTR | LIONTOWN LIMITED | -3.060 | -4.040 | 24.26% | 6 |
| 7 | IGO | IGO LIMITED | -1.475 | -1.650 | 10.61% | 5 |
| 8 | MIN | MINERAL RESOURCES LIMITED | 176.400 | 165.000 | 6.91% | 7 |
| 9 | PMT | PMET RESOURCES INC | -7.035 | -7.544 | 6.75% | 5 |
| 10 | CDA | CODAN LIMITED | 80.000 | 75.200 | 6.38% | 3 |

### Negative Change Covered by at least 3 Brokers

| Order | Symbol | Company | New EF | Previous EF | Change | Recs |
|---|---|---|---|---|---|---|
| 1 | PDN | PALADIN ENERGY LIMITED | 7.454 | 9.366 | -20.41% | 7 |
| 2 | TPG | TPG TELECOM LIMITED | 13.250 | 15.700 | -15.61% | 5 |
| 3 | SUL | SUPER RETAIL GROUP LIMITED | 98.600 | 108.020 | -8.72% | 6 |
| 4 | EDV | ENDEAVOUR GROUP LIMITED | 22.550 | 24.483 | -7.90% | 7 |
| 5 | COF | CENTURIA OFFICE REIT | 11.350 | 12.150 | -6.58% | 4 |
| 6 | HMC | HMC CAPITAL LIMITED | 28.340 | 30.160 | -6.03% | 6 |
| 7 | BOE | BOSS ENERGY LIMITED | 19.233 | 20.350 | -5.49% | 7 |
| 8 | NST | NORTHERN STAR RESOURCES LIMITED | 133.033 | 139.033 | -4.32% | 6 |
| 9 | TLC | LOTTERY CORPORATION LIMITED | 17.500 | 18.240 | -4.06% | 6 |
| 10 | STO | SANTOS LIMITED | 49.729 | 51.301 | -3.06% | 6 |

**Technical limitations**

***If you are reading this story through a third party distribution channel and you cannot see charts included, we apologise, but technical limitations are to blame.***

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WEEKLY REPORTS

# Uranium Week: 2026 Off To The Races

The uranium sector is off to a cracking start in 2026 with rising U308 spot prices and ongoing contracting cycle renewal supporting equity fundamentals.

- **Utility contracting remains thin, particularly beyond the early 2030s**
- **Spot and term prices are providing clearer incentives for new supply**
- **Developers offer leverage as floor prices lift, while producers face execution scrutiny**
- **Elevated short interest may amplify price moves if fundamentals improve**

By Danielle Ecuyer

Welcome back to FNArena's weekly uranium update, with 2026 moving off to a flying start, not only with rising physical U308 and uranium equity prices, but also with several brokers dusting off their most constructive outlooks for the sector.

## 2026 is shaping up to be constructive for the uranium sector

Three forces are shaping the uranium market outlook for 2026:

- utility contracting remains structurally thin,
- inventories are tighter than headline supply-demand balances suggest,
- and price signals are finally lifting to levels capable of supporting new supply.

RBC Capital saw the December quarter of 2025 as evidence of structural tightening playing out in the physical market, with the term price reaching US$86.5/lb at year end, the highest level since 2008.

Utility contracting reached around 78mlbs over the year, which suggests, according to the RBC analyst, volumes remain "thin" and well below the 120mlbs contracted in 2024. Bell Potter similarly estimates contracting declined to around 75mlbs over 2025, representing a fall of -40% on the prior year.

Bell Potter notes expectations for a stronger contracting year in 2025 were undermined by net reactor closures of one, with four reactors disconnected, three in Belgium and one in Taiwan, offset by new additions in India, China and Russia.

RBC highlights US utilities accounted for circa 60% of contracting activity, with coverage concentrated in the early 2030s and materially reduced coverage post 2035.

Looking ahead to 2026, RBC envisages renewed momentum in the contracting cycle as utilities seek to address their "thin coverage" for the 2030s. This shift is already being reflected in spot pricing, which moved into the low US$80/lb range.

This price support is viewed as indicative of utilities' growing willingness to accept higher prices to secure early-to-mid 2030s supply.

Bell Potter emphasises contracting volumes remain materially below annual consumption and replacement rates, with estimated inventory coverage at around 2.6 years in Europe and 2.3 years in North America.

Financial buyers are estimated to have increased U308 holdings by around 12.6mlbs in 2025, with Sprott adding approximately 7.8mlbs, Yellow Cake around 1.3mlbs, and hedge funds roughly 4.5mlbs, with September the most active month.

Importantly, Bell Potter argues rising utility demand and constrained supply are underpinning price stability, rather than purely speculative financial flows.

Turning to RBC's longer-term outlook, the U308 market is expected to remain broadly balanced until the end of the decade. From 2030, a structural deficit is expected to emerge and expand through the mid-2030s, reaching a deficit of more than -40mlbs by 2040.

As was evident in 2025, term prices have yet to rise sufficiently to incentivise widespread new greenfield project development.

Bell Potter estimates a net primary supply deficit of around -5mlbs in 2026, based on reactor demand growing 4% y/y to 190mlbs and supply rising 8.6% y/y to approximately 185mlbs. Incremental supply is expected from Kazatomprom, up 10mlbs, **Paladin Energy** ((PDN)), up 1.3mlbs, and **Lotus Resources** ((LOT)), up 1.5mlbs, offset by lower forecast production from **Boss Energy** ((BOE)) and Cameco.

On the demand side, 73 reactors are currently under construction globally, representing around 80GW of capacity and approximately 44mlbs of annual U308 demand. More than 50% of this new capacity is located in China.

Bell Potter has reduced its near-term U308 spot price forecast by -20% to US$92.5/lb in 2026 from US$115/lb, and lowered its 2027 forecast to US$115/lb from US$120/lb. In contrast, the broker lifted its 2028 spot price forecast by 5% to US$102.5/lb and raised its long-term price estimate by 6% to US$90/lb from US$80/lb.

RBC believes up to 15 new reactors, representing more than 15GW, could come online in 2026, with no confirmed reactor closures currently flagged, potentially marking the largest net increase in reactor capacity in decades.

Macquarie expects term prices to rise further through 2025 as utilities seek to underpin future supply.

This analyst anticipates U308 prices will remain "elevated" through 2026, with spot prices potentially range-bound while term prices drive equity valuations.

Higher floor prices would assist in incentivising greenfield developments, including **Deep Yellow's** ((DYL)) and **Bannerman Energy's** ((BMN)) projects in Namibia.

Canaccord Genuity noted term volumes rose around 72mlbs over the December quarter, finishing the year at 115mlbs. While below the recent three year average of 127mlbs, it did represent the second highest contracting year since 2012.

This broker emphasises secondary supply is "waning" and total un-contracted demand to 2030 is forecast around 400mlbs.

# 2025 finished with positive momentum

These contracting gaps and inventory constraints are now becoming increasingly visible in spot market behaviour, where relatively small incremental flows are having an out-sized impact on price.

Only two weeks into 2026, the uranium spot price has been off to the races, building on what was already a constructive 2025.

Industry consultant TradeTech's weekly spot price indicator finished 2025 on December 26 at US$81/lb, up from US$75.75/lb at the end of November. Since the March low of US$64/lb, the spot price has risen US$17.70/lb.

Sprott Physical Uranium Trust (SPUT) re-entered the market at year end, purchasing 100klbs on December 19 at US$81/lb following additional capital raising. In the final trading week of 2025, SPUT acquired a further 100klbs at US$81.70, followed by another 50klbs on December 30. The spot price finished the week ending January 2 at US$82/lb.

Two weeks later, TradeTech's weekly spot price indicator advanced to US$85.15/lb as at January 16, up US$1.90/lb from January 9 at US$83.75/lb.

TradeTech's Mid-term price indicator ended 2025 at US$86.50/lb, unchanged from November, while the Long-term price indicator rose to US$87/lb from US$86/lb.

At year end, Sprott held 74.8mlbs of U308 and US$58.9m in cash.

Thirteen transactions were completed in December, equating to 1.3mlbs of U308, with around half involving 50klb lot sizes.

RBC notes these smaller lot trades accounted for approximately 27% of transactions in 2025, up from circa 13% in 2024, reducing market depth and increasing spot price sensitivity.

In the most recent week, TradeTech recorded fifteen spot transactions, with the U308 spot price already up 3.8% in 2026 and 15.5% y/y.

The prior week saw nine spot transactions and three medium-term transactions, with no new demand.

That week was notable for the US Department of Energy awarding US$900m to Centrus, Energy Corp, General Matter and Orano to incentivise domestic production and reduce US reliance on Russian enriched uranium.

# Stockbroker views & reviews

After the challenges of 2025 relating to Honeymoon's mine life and extraction costs, Morgan Stanley has upgraded Boss Energy to Overweight from Underweight, retaining a $2.05 target price.

The analyst expects Honeymoon drum production to be 2% above consensus at 410klbs, with the company reporting 357klbs produced to December 10.

An upside surprise is flagged for the quarterly update, with updates also sought on the revised wide-spaced well field design and resource estimates at Gould's Dam and Jason's.

Macquarie, however, has downgraded Boss to Underperform from Neutral following the recent re-rating, noting the stock has risen more than 30% since December, implying a U308 price of circa US$100/lb. The $1.25 target price is retained.

Bell Potter maintains a Buy rating and $1.95 target, citing potential takeover appeal, while lowering net profit after tax forecasts by -24% for FY26 and -25% for FY27 on assumptions of a 10-year mine life and higher costs. Ord Minnett retains Hold with a $1.15 target.

Canaccord retains a Speculative Buy rating and lowered its target price slightly to $2.20 from $2.25 while concentrating on the decline in grade and costs.

Turning to Paladin Energy, Morgan Stanley expects production to slightly lag consensus during Langer Heinrich's transition to full mining, with costs rising q/q. This broker expects realised prices to exceed consensus on stronger December quarter pricing and contracting activity. Overweight and a $12.05 target are retained.

Macquarie downgraded Paladin to Neutral from Outperform with an $11.10 target following a 49% re-rating since the equity raising.

Bell Potter retains Buy and lifted its target to $12.50, while Ord Minnett maintains a Sell rating with a $7.50 target.

Canaccord retains a Buy rating and $12.70 target, up from $12.50.

Lotus Resources holds Buy-equivalent ratings from Ord Minnett, Bell Potter, Canaccord and Macquarie, albeit with "Speculative" caveat from the first three brokers.

Macquarie highlights headwinds from financing, acid challenges and elongated converter accreditation timelines, but expects ramp-up in the March quarter and first shipment in June. Target prices range from 28c to 38c.

Deep Yellow is rated Outperform by Macquarie with a $2.25 target, while Bell Potter holds a Hold rating with a $2.00 target. The Tumas project remains on track for a final investment decision in 2026, with the Mulga Rock DFS due in 3Q2026.

Bannerman Energy is rated Outperform by Macquarie with a $5.85 target. Canaccord rates **Peninsula Energy** ((PEN)) Speculative Buy with a $1.03 target.

# Short interest update

As of January 13, short interest obtained from ASIC continue to show Boss in top position with a 19.3% short position, down from 22.37% from a month prior.

Paladin is in fourth position at 12.5% down from 13.09% a month earlier while Lotus over the same period is up slightly to 8.31% from 8.03% in sixteenth position, and Deep Yellow in eighteenth position at 7.78% from 7.59%.

For more reading on uranium from FNArena see:

https://fnarena.com/index.php/2025/12/23/uranium-week-boss-is-the-honeymoon-over/

https://fnarena.com/index.php/2025/12/16/uranium-week-sprott-buying-asx-upgrades/

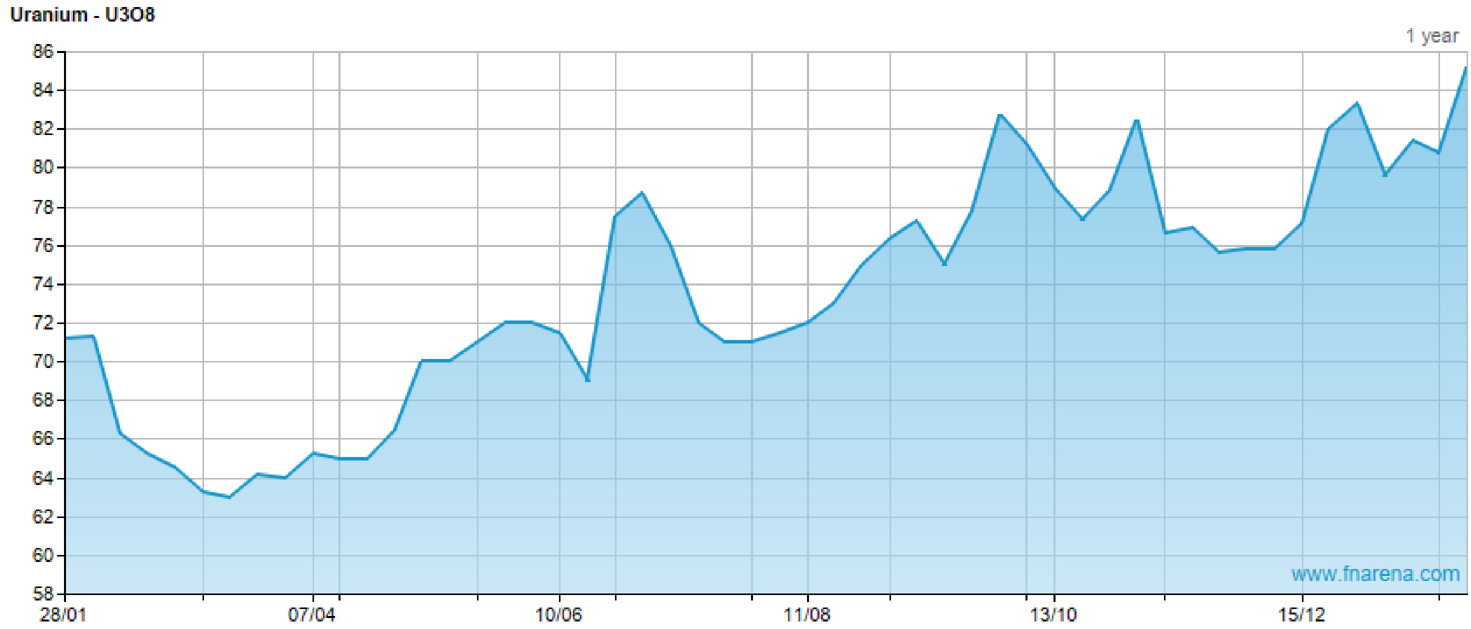
https://fnarena.com/index.php/2025/12/09/uranium-week-ai-and-nuclear-converge/

https://fnarena.com/index.php/2025/12/02/uranium-week-u308-catches-genesis-tailwinds/

https://fnarena.com/index.php/2025/11/25/uranium-week-geo-politics-japans-restart/

# Uranium companies listed on the ASX:

| ASX CODE | DATE | LAST PRICE | WEEKLY % MOVE | 52WK HIGH | 52WK LOW | P/E | CONSENSUS TARGET | UPSIDE/DOWNSIDE |
|---|---|---|---|---|---|---|---|---|
| 1AE | 16/01/2026 | 0.1200 | 0.00% | $0.12 | $0.03 | | | |
| AEE | 16/01/2026 | 0.2000 | ▲ 5.56% | $0.28 | $0.10 | | | |
| AGE | 16/01/2026 | 0.0400 | ▲33.33% | $0.04 | $0.02 | | $0.070 | ▲75.0% |
| AKN | 16/01/2026 | 0.0100 | 0.00% | $0.01 | $0.01 | | | |
| ASN | 16/01/2026 | 0.0700 | 0.00% | $0.13 | $0.04 | | | |
| BKY | | 0.5300 | ▼ 0.00% | $0.70 | $0.31 | | | |
| BMN | 16/01/2026 | 4.1000 | ▲ 6.20% | $4.07 | $1.76 | | $5.275 | ▲28.7% |
| BOE | 16/01/2026 | 1.7900 | ▲ 1.28% | $4.75 | $1.07 | 10.1 | $1.800 | ▲0.6% |
| BSN | 16/01/2026 | 0.0500 | ▲21.95% | $0.08 | $0.01 | | | |
| C29 | 16/01/2026 | 0.0200 | 0.00% | $0.07 | $0.01 | | | |
| CXO | 16/01/2026 | 0.2700 | ▼-12.50% | $0.36 | $0.06 | | $0.300 | ▲11.1% |
| CXU | 16/01/2026 | 0.0300 | 0.00% | $0.03 | $0.01 | | | |
| DEV | 16/01/2026 | 0.1900 | ▼- 5.00% | $0.21 | $0.07 | | | |
| DYL | 16/01/2026 | 2.2100 | ▲ 5.91% | $2.49 | $0.75 | -56.4 | $2.083 | ▼- 5.7% |
| EL8 | 16/01/2026 | 0.3800 | ▲ 2.94% | $0.50 | $0.19 | | | |
| ERA | | 0.0030 | ▼ 0.00% | $0.00 | $0.00 | | | |
| GUE | 16/01/2026 | 0.0800 | 0.00% | $0.09 | $0.05 | | | |
| HAR | 16/01/2026 | 0.1800 | 0.00% | $0.25 | $0.04 | | | |
| I88 | 16/01/2026 | 0.2700 | ▼- 3.85% | $0.76 | $0.08 | | | |
| KOB | 16/01/2026 | 0.0400 | 0.00% | $0.09 | $0.03 | | | |
| LAM | 16/01/2026 | 0.7900 | ▲ 2.78% | $0.88 | $0.55 | | | |
| LOT | 16/01/2026 | 0.2300 | 0.00% | $0.26 | $0.13 | | $0.320 | ▲39.1% |
| MEU | 16/01/2026 | 0.1800 | ▲14.29% | $0.18 | $0.03 | | | |
| NXG | 16/01/2026 | 17.5700 | ▲ 8.03% | $17.81 | $6.44 | -167.0 | $18.500 | ▲5.3% |
| ORP | 16/01/2026 | 0.0600 | ▼-14.29% | $0.07 | $0.02 | | | |
| PDN | 16/01/2026 | 11.8500 | ▲ 5.51% | $11.68 | $3.93 | 119.1 | $10.221 | ▼-13.7% |
| PEN | 16/01/2026 | 0.9000 | ▲19.18% | $1.61 | $0.28 | | $1.330 | ▲47.8% |
| SLX | 16/01/2026 | 7.0100 | ▼- 5.11% | $10.85 | $2.28 | -85.3 | $11.200 | ▲59.8% |
| TOE | 16/01/2026 | 0.5200 | ▲ 2.00% | $0.52 | $0.15 | | | |
| WCN | 16/01/2026 | 0.0200 | 0.00% | $0.04 | $0.01 | | | |



*wp market price history u3o8*

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*FNArena is proud about its track record and past achievements: Ten Years On*

WEEKLY REPORTS

# In Brief: Hub24, Singular Health & Articore Group

This week's In Brief uncovers upgrades for Hub24, a micro-cap with a potential large US market to conquer and Redbubble reinvented for growth.

- **Platform operator Hub24 surprises, yet again**
- **Singular Health transitions to the cloud, opening major US growth options**
- **Restructured and reinvented Articore looks to be turning the corner**

By Danielle Ecuyer

This week's quote comes from RBC Capital:

*"While we don’t wish to place too much weight on any single month of labour force data, the picture we are left with here is not consistent with the RBA's base case (4.4% UR over the entirety of their forecast horizon through to Dec-27).*

*In our view, the trend data suggest the labour market looks tight here, likely sub-NAIRU, which doesn't make the RBA's job any easier heading into 4Q CPI next week against a backdrop of ongoing capacity constraints across the supply side of the economy.*

*We retain our base case call that the RBA will not hike rates this year, but freely admit to feeling increasingly nervous about this call. Today’s data adds further risk that the RBA will be forced into a fresh hiking cycle."*

## Hub24 keeps on keeping on

The December quarter update from platform operator **Hub24** ((HUB)) showed again the strength and resilience of the business model cum expansionary strategy.

It also triggered two upgrades from brokers that previously rated the shares Neutral/Hold.

As highlighted by numerous analysts, record net flows were achieved of $5.6bn and sat well above consensus at $4.7bn, arising from high inflows and stable outflows. Funds under administration at $127.9bn equally beat, including a positive market movement of $368m or 0.3% of opening funds.

Pro forma funds under administration targets for FY27 were guided to $148bn-$162bn, with the 1Q26 investor day inferring net flows and market movements were ahead of assumptions from management.

Moelis comments the latest quarterly update confirms momentum has been sustained over the second half of 2025 and gives greater confidence around growth.

The analyst is keen to stress Hub24 has a good track record of robust performance against its funds under administration targets.

Adviser growth eased over the quarter but lifted 8% y/y, with the launch of Lifetime Retirement Solution with TAL due in 2H26. The latter is positioned to assist superannuation clients in pension phase to retain funds on the platform.

Adjusting for management's investor day commentary, Moelis lifts FY26 cost base estimates to around 18% from 16%, with the reinvestment viewed positively to assist with maintaining future funds under administration growth.

Higher cost assumptions result in slightly lower EPS forecasts for FY26 and FY27 by -1.3% and -1.1%.

Target price is lifted to $118.04 with an upgrade in the rating to Buy from Hold on the share price weakness in the run up to the quarterly update.

Canaccord Genuity also upgraded to Buy from Hold, lifting its target to $115.15 from $114.95 on what this analyst describes as a marginal quarterly beat.

Canaccord flags the platform is expected to continue to increase market share and the recent share price weakness is seen offering an opportunity for investors.

# Swift FDA clearance places Singular Health in the growth seat

Research as a Service (RaaS) offered a deep dive into **Singular Health Group** ((SHG)), with a market capitalisation of $82m.

This med-tech company concentrates on ensuring the compatibility of medical scans like X-rays, CT and MRIs can be securely accessed across different healthcare systems.

Singular's main product is 3DICOM, software that facilitates the viewing and transfer of images between systems using a cloud-based platform which recently received FDA approval.

The software offers value for its managed service organisations, referred to as MSOs (providers of administrative, operational, and technology services to groups of medical practices, such as billing, IT systems, compliance, and data management, allowing doctors and clinics to focus on patient care rather than back-office functions), as well as health plan clients.

The software removes the cost burden by lowering the number of duplicate scans that are taken across different medical services post hospital care.

Under the current US healthcare system, the inability to transfer imaging means new images are taken after a patient leaves a hospital for follow up care with primary physicians, specialists and clinicians, the analyst explains.

Homing in on the characteristics, Singular has had FDA clearance for its desktop 3DICOM software since October 2022, with the January 13 FDA clearance for the cloud product, achieved in 40 days post submission, paving the way for commercial scalability to an enterprise grade cloud platform.

Cloud-based software also removes the friction from on premise hardware customer adoption which requires installation on all workstations. The new cloud product allows access via a standard web browser.

RaaS emphasises the speed of FDA clearance reinforces Singular's data integrity, the latency and performance, the strength of cybersecurity features, as well as the accuracy, reliability and suitability of the tool to the viewer.

Singular inked its first major US commercial deal with Provider Network Services (PNS) in 2025, an MSO that works across health insurers, primary care providers and specialists.

The FDA approval expanded to 'high-volume' modalities of X-ray and ultrasound, in addition to CT, MRI and PET that were already covered under the previous FDA clearance on the desktop product.

The latter has higher rates (US$300-US$2000-plus) but represent only 25% of total imaging volumes in the US. The 'high-volume' basic modalities secured in the recent clearance have lower rates and represent the balance of diagnostic imaging volumes.

Singular has achieved full coverage in a cloud software offering which is a necessity for widespread enterprise adoption.

RaaS does not offer a rating or target price or valuation, but the analyst owns shares.

# Redbubble reinvents itself into a positive story

Cast your mind back to covid lockdowns and the name Redbubble might spring to mind as one of the high-flying stocks that benefited from the ‘stay-at-home’ online shopping boom, until it became a forgotten story after years of negative growth.

The same business is emerging as a burgeoning success story.

Two years post a renaming to **Articore Group** ((ATG)) sees Canaccord Genuity suggesting the company offers a positive turnaround story.

The latest 2Q26 update was well-received (see also the share price), with 1H26 marketplace revenue of $220m, down -5% on the prior year but 9% better than the analyst’s expectation.

Gross profit for 1H26 rose 6% to $106m, which beat the broker’s forecast by 13%, and the gross margin came in at a pleasing 49%, 4 percentage points higher than forecast.

Gross profit after paid acquisition (GPAPA) rose 9% to $61m, an 8% beat, with a record gross margin of 28%.

Management did not offer specific 1H26 earnings (EBITDA) guidance. The analyst believes after a year of restructuring in 2025, including a refreshed board and management team, there is evidence the changes are reaping positive financial results and anticipates 1H26 earnings (EBITDA) to be noticeably better on the prior year ($8m) at $12.5m.

Revenue has picked up over 2Q26, while costs have improved with the marketplace’s consolidation of Redbubble and TeePublic across cost of goods sold and opex, boosting margin expansion. There is also a focus on a new creator or artist fee at around 20% of product sales for premium users.

The latter is supporting the gross margin.

The current fiscal year (FY26) is anticipated to be the low point for revenue, with upside potential for earnings if revenue growth accelerates over 2H26.

Any upside could result in a re-rating of the valuation. Canaccord retains a Buy rating with a 75c target price.

WEEKLY REPORTS

# In Case You Missed It - BC Extra Upgrades & Downgrades - 23-01-26

A summary of the highlights from Broker Call Extra updates throughout the week past.

## Broker Rating Changes (Post Thursday Last Week)

### Upgrade

**HUB24 LIMITED ((HUB)) Upgrade to Buy from Hold by Moelis and Upgrade to Buy from Hold by Canaccord Genuity.**B/H/S: 0/0/0

Hub24's quarterly trading update surprised yet again to the upside, though costs are growing too and growth in advisors is slower. Moelis' forecasts remain largely unchanged.

Rating is upgraded to Buy from Hold inspired by preceding share price weakness. The broker's price target is now $118.04, which remains well above the share price.

Part of the broker's enthusiasm is related to the upcoming launch of the company's lifetime retirement solution with TAL, part of Dai-ichi Life (expected 2H of FY26).

Commentary explains this new product goes towards addressing Superannuation clients currently in pension phase, therefore aiming to retain FUA on the Hub platform.

Hub24 has yet again, albeit marginally this time, beaten expectations with its quarterly trading update. Canaccord Genuity has lifted its forecasts post FY26 in response (including higher costs).

As the analyst continues to believe Hub24's long-term growth potential remains attractive, with the platform expected to continue increasing market share, in combination with recent share price weakness this sees the rating upgraded to Buy from Hold.

Canaccord Genuity's price target has lifted to $115.15 from $114.95 with commentary explaining valuation is done on an equally weighted blend of DCF, SOTP and PER valuations.

**IGO LIMITED ((IGO)) Upgrade to Buy from Hold by Canaccord Genuity**.B/H/S: 0/0/0

Canaccord Genuity has upgraded its lithium price forecasts, noting recent price increases on strong EV and storage demand and ongoing supply disruptions. Price forecasts for spodumene and chemicals are lifted by an average of 61% and 29% for 2026 and 2027, respectively.

The broker made sharp increases to IGO Ltd's EBITDA forecasts for FY26-28. Target rises to $10.10 on higher lithium price forecasts and a lift in EBITDA multiple to 7x from 6x.

Rating upgraded to Buy from Hold.

**LOVISA HOLDINGS LIMITED ((LOV)) Upgrade to Buy from Hold by Canaccord Genuity**.B/H/S: 0/0/0

Lovisa Holdings is upgraded to Buy from Hold by Canaccord Genuity with a new target of $36 from $37 due to a slight downward EPS forecast change for FY26.

The analyst believes the risk reward scenario for the stock has improved, with new store roll outs expected to improve FY27 earnings cadence, improved operating costs post a period of investment, and the share price retracement of around -30% over the last four months.

At the interim earnings report, the broker expects net profit after tax of $65m, which sits around -4% below consensus.

**LIONTOWN LIMITED ((LTR)) Upgrade to Buy from Hold by Canaccord Genuity**.B/H/S: 0/0/0

Canaccord Genuity has upgraded its lithium price forecasts, noting recent price increases on strong EV and storage demand and ongoing supply disruptions. Price forecasts for spodumene and chemicals are lifted by an average of 61% and 29% for 2026 and 2027, respectively.

The broker made sharp increases to Liontown's EBITDA forecasts for FY26-28. Target rises to $2.40 on higher lithium price forecasts, updated valuation methodology and a lower discount rate of 8% from 10%.

Rating upgraded to Buy from Hold.

**MIRVAC GROUP ((MGR)) Upgrade to Buy from Neutral by Jarden**.B/H/S: 0/0/0

Ahead of the February results season, sector analysts at Jarden have updated mark-to-market and valuations modeling, incorporating recent news flow and fresh insights.

Overall, sector earnings estimates have changed only slightly, and the same goes for valuations. The update has generated four changes in ratings for individual stocks in the sector.

Mirvac Group's rating has improved to Buy from Neutral. Target price is now $2.55 (up from $2.50).

**LOTTERY CORPORATION LIMITED ((TLC)) Upgrade to Overweight from Underweight by Jarden**.B/H/S: 0/0/0

Jarden upgrades Lottery Corp to Overweight from Underweight with a higher target of $5.30 from $5.20, pre the company's 1H26 result on February 18.

The recent weakness in the stock price infers to the analyst that likely earnings downgrades are already discounted in market expectations, with the current share price mirroring the theoretical jackpot activity over the near term.

This will be the new CEO's first result and management is expected to look through the jackpot weakness and announce an interim dividend of 8.5cps, with the broker forecasting 17cps for FY26.

Jackpot weakness is already anticipated to impact the lotteries results, with turnover expected to be down -2% y/y due to unfavourable jackpot sequences rather than demand weakness.

## Downgrade

**AUSSIE BROADBAND LIMITED ((ABB)) Downgrade to Neutral from Overweight by Jarden**.B/H/S: 0/0/0

Ahead of the interim results, Jarden downgrades Aussie Broadband to Neutral from Overweight with a lower target price of $5.35 from $5.80.

The analyst also lowers EPS forecasts by -1% for FY26 and -5% for FY27, with the major concern regarding challenges to growth in residential, with consensus estimating net adds of 58k in FY26.

The company also confirmed Symbio is likely to encounter significant margin pressure from the ACCC mandated voice connection rate cuts, which will be reduced to 26c/min from 86c/min.

Consensus earnings for Symbio are also viewed as too optimistic.

**BEACH ENERGY LIMITED ((BPT)) Downgrade to Sell from Underweight by Jarden**.B/H/S: 0/0/0

Jarden has downgraded Beach Energy to Sell from Underweight (the broker has a five-tiered rating methodology). Both ratings are on the negative side from Neutral.

The broker argues the combination of Waitsia project delays, cost increases and group-wide reserve downgrades has eroded the company’s future free cash flow generation, and this is forcing the board to reconsider its promised shareholder dividend policy.

Growth is likely being sought through M&A, but this increases the risk profile, the report concludes.

Jarden's valuation has been reset at 90c, down from 95c prior. Forecasts have been slightly downgraded.

**CAPRICORN METALS LIMITED ((CMM)) Downgrade to Neutral from Overweight by Jarden**.B/H/S: 0/0/0

Jarden marked to market commodity prices for the December quarter and lifted the near-term gold price forecast. 1H2026 price estimate raised to US$4,200/oz, with a taper to a long-term forecast of US$2,400/oz by FY31.

Acknowledging tighter copper markets and a concentrate-smelting imbalance, the broker also lifted the copper price forecast to US$5.45/lb in 1H2026, US$5.50/lb in FY27-29, and the long-term price to US$5.00/lb.

The broker believes Capricorn Metals' acquisition of Warriedar Resources last year adds strategic tenure, infrastructure, and 1.3Moz of gold (plus antimony), creating a belt-scale consolidation opportunity. The broker sees upside skewed to stronger gold prices, while FY26 guidance implies solid production at low costs.

Rating downgraded to Neutral from Overweight on share price outperformance. Target price $11.

**NATIONAL STORAGE REIT ((NSR)) Downgrade to Neutral from Buy by Jarden**.B/H/S: 0/0/0

Ahead of the February results season, sector analysts at Jarden have updated mark-to-market and valuations modeling, incorporating recent news flow and fresh insights.

Overall, sector earnings estimates have changed only slightly, and the same goes for valuations. The update has generated four changes in ratings for individual stocks in the sector.

National Storage REIT's rating is now Neutral (down from Buy) with unchanged price target of $2.90.

**SCENTRE GROUP ((SCG)) Downgrade to Underweight from Overweight by Jarden**.B/H/S: 0/0/0

Ahead of the February results season, sector analysts at Jarden have updated mark-to-market and valuations modeling, incorporating recent news flow and fresh insights.

Overall, sector earnings estimates have changed only slightly, and the same goes for valuations. The update has generated four changes in ratings for individual stocks in the sector.

Scentre Group is now rated Underweight (down from Overweight) with a price target of $4.40, down from $4.55 prior.

**VICINITY CENTRES ((VCX)) Downgrade to Neutral from Overweight by Jarden**.B/H/S: 0/0/0

Ahead of the February results season, sector analysts at Jarden have updated mark-to-market and valuations modeling, incorporating recent news flow and fresh insights.

Overall, sector earnings estimates have changed only slightly, and the same goes for valuations. The update has generated four changes in ratings for individual stocks in the sector.

Jarden's rating for Vicinity Centres is now Neutral (was Overweight). Target price has fallen to $2.85 from $2.92.

| Order | Company | New Rating | Old Rating | Broker |
|---|---|---|---|---|
| Upgrade | | | | |
| 1 | HUB24 LIMITED | Buy | Neutral | Moelis |
| 2 | HUB24 LIMITED | Buy | Neutral | Canaccord Genuity |
| 3 | IGO LIMITED | Buy | Neutral | Canaccord Genuity |
| 4 | LIONTOWN LIMITED | Buy | Neutral | Canaccord Genuity |
| 5 | LOTTERY CORPORATION LIMITED | Buy | Sell | Jarden |
| 6 | LOVISA HOLDINGS LIMITED | Buy | Neutral | Canaccord Genuity |
| 7 | MIRVAC GROUP | Buy | Neutral | Jarden |
| Downgrade | | | | |
| 8 | AUSSIE BROADBAND LIMITED | Neutral | Buy | Jarden |
| 9 | BEACH ENERGY LIMITED | Sell | Sell | Jarden |
| 10 | CAPRICORN METALS LIMITED | Neutral | Buy | Jarden |
| 11 | NATIONAL STORAGE REIT | Neutral | Buy | Jarden |
| 12 | SCENTRE GROUP | Sell | Buy | Jarden |
| 13 | VICINITY CENTRES | Neutral | Buy | Jarden |

# Price Target Changes (Post Thursday Last Week)

| Company | Last Price | Broker | New Target | Old Target | Change |
|---|---|---|---|---|---|

| | | | | | | |
|---|---|---|---|---|---|---|
| 29M | 29Metals | $0.42 | Jarden | 0.41 | 0.28 | 46.43% |
| 3DA | Amaero | $0.37 | Research as a Service (RaaS) | 0.78 | 0.82 | -4.88% |
| AAR | Astral Resources | $0.27 | Canaccord Genuity | 1.10 | 0.73 | 50.68% |
| ABB | Aussie Broadband | $4.80 | Jarden | 5.35 | 5.80 | -7.76% |
| ARF | Arena REIT | $3.59 | Jarden | 4.45 | 4.75 | -6.32% |
| ASL | Andean Silver | $2.45 | Canaccord Genuity | 5.40 | 4.35 | 24.14% |
| AZY | Antipa Minerals | $0.71 | Canaccord Genuity | 1.25 | 1.20 | 4.17% |
| BGL | Bellevue Gold | $1.81 | Jarden | 1.05 | 0.84 | 25.00% |
| BOE | Boss Energy | $1.82 | Canaccord Genuity | 2.20 | 2.25 | -2.22% |
| BPT | Beach Energy | $1.20 | Jarden | 0.90 | 0.95 | -5.26% |
| BTR | Brightstar Resources | $0.57 | Canaccord Genuity | 2.80 | 2.10 | 33.33% |
| BWP | BWP Trust | $3.85 | Jarden | 3.85 | 3.65 | 5.48% |
| CDA | Codan | $38.98 | Canaccord Genuity | 40.28 | 28.26 | 42.53% |
| CHC | Charter Hall | $23.92 | Jarden | 27.60 | 26.20 | 5.34% |
| CIP | Centuria Industrial REIT | $3.30 | Jarden | 3.90 | 3.85 | 1.30% |
| CMM | Capricorn Metals | $14.87 | Jarden | 11.00 | 9.75 | 12.82% |
| CNI | Centuria Capital | $1.95 | Jarden | 2.40 | 2.60 | -7.69% |
| COF | Centuria Office REIT | $1.11 | Jarden | 1.20 | 1.22 | -1.64% |
| CQR | Charter Hall Retail REIT | $4.06 | Jarden | 4.65 | 4.75 | -2.11% |
| CSC | Capstone Copper | $15.47 | Moelis | 15.50 | 15.89 | -2.45% |
| CXO | Core Lithium | $0.30 | Canaccord Genuity | 0.40 | 0.15 | 166.67% |
| CYL | Catalyst Metals | $9.12 | Canaccord Genuity | 13.35 | 13.25 | 0.75% |
| DXS | Dexus | $6.90 | Jarden | 7.45 | 7.40 | 0.68% |
| ELV | Elevra Lithium | $9.65 | Canaccord Genuity | 16.00 | 12.50 | 28.00% |
| EVN | Evolution Mining | $14.11 | Jarden | 7.10 | 6.70 | 5.97% |
| GGP | Greatland Resources | $12.95 | Jarden | 5.20 | 5.00 | 4.00% |
| GLN | Galan Lithium | $0.44 | Canaccord Genuity | 0.60 | 0.30 | 100.00% |
| GMG | Goodman Group | $30.71 | Jarden | 40.10 | 41.10 | -2.43% |
| GPT | GPT Group | $5.49 | Jarden | 5.85 | 5.75 | 1.74% |
| HDN | HomeCo Daily Needs REIT | $1.34 | Jarden | 1.65 | 1.60 | 3.12% |
| HUB | Hub24 | $101.02 | Canaccord Genuity | 115.15 | 114.95 | 0.17% |
| | | | Moelis | 118.04 | 126.12 | -6.41% |
| IGO | IGO Ltd | $9.29 | Canaccord Genuity | 10.10 | 5.40 | 87.04% |
| | | | Jarden | 5.15 | 4.84 | 6.40% |
| IMB | Intelligent Monitoring | $0.73 | Canaccord Genuity | 1.10 | 1.00 | 10.00% |
| INA | Ingenia Communities | $5.00 | Jarden | 6.55 | 7.10 | -7.75% |
| INR | ioneer | $0.23 | Canaccord Genuity | 0.55 | 0.50 | 10.00% |
| IPG | IPD Group | $4.72 | Taylor Collison | 5.40 | 4.70 | 14.89% |
| LIC | Lifestyle Communities | $5.74 | Jarden | 6.05 | 5.80 | 4.31% |
| LOV | Lovisa Holdings | $30.97 | Canaccord Genuity | 36.00 | 37.60 | -4.26% |
| LTR | Liontown | $2.18 | Canaccord Genuity | 2.40 | 1.10 | 118.18% |
| | | | Jarden | 0.58 | 0.52 | 11.54% |
| MGR | Mirvac Group | $2.01 | Jarden | 2.55 | 2.50 | 2.00% |
| MM8 | Medallion Metals | $0.50 | Canaccord Genuity | 1.05 | 0.85 | 23.53% |
| NST | Northern Star Resources | $26.18 | Jarden | 17.00 | 15.40 | 10.39% |
| PDN | Paladin Energy | $13.36 | Canaccord Genuity | 12.70 | 12.50 | 1.60% |
| PLS | PLS Group | $5.04 | Canaccord Genuity | 5.40 | 3.30 | 63.64% |
| | | | Jarden | 2.40 | 2.20 | 9.09% |
| PMT | PMET Resources | $0.72 | Canaccord Genuity | 0.80 | 0.65 | 23.08% |
| PSC | Prospect Resources | $0.41 | Canaccord Genuity | 0.60 | 0.45 | 33.33% |
| RGN | Region Group | $2.37 | Jarden | 2.65 | 2.60 | 1.92% |
| RRL | Regis Resources | $7.58 | Canaccord Genuity | 7.35 | 7.05 | 4.26% |
| RSG | Resolute Mining | $1.29 | Canaccord Genuity | 2.40 | 2.30 | 4.35% |
| RXL | Rox Resources | $0.55 | Canaccord Genuity | 1.15 | 1.10 | 4.55% |
| SCG | Scentre Group | $4.16 | Jarden | 4.40 | 4.55 | -3.30% |
| SFR | Sandfire Resources | $19.11 | Jarden | 14.70 | 11.80 | 24.58% |
| SLC | Superloop | $2.38 | Jarden | 3.25 | 3.40 | -4.41% |
| SMI | Santana Minerals | $1.16 | Canaccord Genuity | 2.30 | 1.85 | 24.32% |
| SS1 | Sun Silver | $2.15 | Canaccord Genuity | 4.15 | 2.20 | 88.64% |
| STK | Strickland Metals | $0.22 | Canaccord Genuity | 0.65 | 0.60 | 8.33% |
| TCG | Turaco Gold | $0.75 | Canaccord Genuity | 1.45 | 1.35 | 7.41% |
| TLC | Lottery Corp | $5.07 | Jarden | 5.30 | 5.20 | 1.92% |

| | | | | | |
|---|---|---|---|---|---|
| TTM Titan Minerals | $1.14 | Canaccord Genuity | 1.95 | 1.55 | 25.81% |
| USL Unico Silver | $1.00 | Canaccord Genuity | 1.85 | 1.30 | 42.31% |
| VAU Vault Minerals | $5.67 | Canaccord Genuity | 6.45 | 6.15 | 4.88% |
| | | Jarden | 3.75 | 3.70 | 1.35% |
| VCX Vicinity Centres | $2.52 | Jarden | 2.85 | 2.92 | -2.40% |
| WC8 Wildcat Resources | $0.45 | Canaccord Genuity | 0.70 | 0.50 | 40.00% |
| WGX Westgold Resources | $7.27 | Canaccord Genuity | 8.10 | 7.80 | 3.85% |
| WPR Waypoint REIT | $2.49 | Jarden | 2.80 | 2.85 | -1.75% |
| WTC WiseTech Global | $61.72 | Jarden | 74.00 | 73.00 | 1.37% |
| Company | Last Price | Broker | New Target | Old Target | Change |

# More Highlights

# ALC ALCIDION GROUP LIMITED

**Healthcare services - Overnight Price: $0.12**

Canaccord Genuity rates ((ALC)) as Buy (1) -

Alcidion Group has upgraded its guidance for FY26 and Canaccord Genuity highlights management's focus remains on execution of the Sussex (UHSx) contract, expected to be completed by the end of March.

In addition, with a growing cash position, the broker sees acquisition opportunities becoming increasingly tangible, and potentially reflecting an inflection point for revenue growth and further operating leverage.

Canaccord Genuity now awaits additional news flow on UHSx execution and any potential increases in TCV. Both represent further upside to guidance, the report stipulates.

Buy. Target 13c.

This report was published on January 15, 2026.

Target price is **$0.13** Current Price is **$0.12** Difference: **$0.01**
If **ALC** meets the Canaccord Genuity target it will return approximately **8%** (excluding dividends, fees and charges).

Market Sentiment: **1.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

# ASL ANDEAN SILVER LIMITED

**Gold & Silver - Overnight Price: $2.31**

Canaccord Genuity rates ((ASL)) as Speculative Buy (1) -

Canaccord Genuity lifted its long-term gold price forecast by 3.5% to US$4,909/oz from 2029 and raised medium-term estimates by 2.1% (2026-28). The broker's long-term forex forecasts are unchanged, leading to a 3.5% rise in gold price estimate in AUD terms to $7,013/oz.

The broker also increased the long-term silver price forecast by 36.6% to US$77.7/oz. Price targets for explorers/developers rise by 12% on average.

Target price for Andean Silver rises to $5.40 from $4.35. Speculative Buy retained.

This report was published on January 13, 2026.

Target price is **$5.40** Current Price is **$2.31** Difference: **$3.09**
If **ASL** meets the Canaccord Genuity target it will return approximately **134%** (excluding dividends, fees and charges).

All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

# IMB INTELLIGENT MONITORING GROUP LIMITED

**Commercial Services & Supplies - Overnight Price: $0.72**

Canaccord Genuity rates ((IMB)) as Buy (1) -

Intelligent Monitoring acquired NZ-based Bluesky Holdco in December for -$40m, which is a leading fire services company.

Canaccord Genuity believes the acquisition offers Intelligent Monitoring a profitable and cash flow positive platform in NZ, where it previously did not have exposure in the commercial sector.

A small contribution is expected post the close of the acquisition in February, with the broker flagging funding via an existing $35m debt facility with National Australia Bank ((NAB)) and existing cash of $5m.

A Buy rating is retained with a $1.10 target, up from $1.

This report was published on January 14, 2026.

Target price is **$1.10** Current Price is **$0.72** Difference: **$0.38**
If **IMB** meets the Canaccord Genuity target it will return approximately **53%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

**Forecast for FY26:**

> Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **7.00** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **10.29**.

**Forecast for FY27:**

> Canaccord Genuity forecasts a full year **FY27** dividend of **0.00** cents and EPS of **9.00** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **8.00**.

Market Sentiment: **1.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

# IPG IPD GROUP LIMITED

**Industrial Sector Contractors & Engineers - Overnight Price: $4.36**

Taylor Collison rates ((IPG)) as Speculative Buy (1) -

IPD Group has acquired Platinum Cables Pty Ltd for -$37.5m up front, and a performance-based earn out of up to -$7.5m.

Taylor Collison notes Platinum adds around $45m of revenue and $7.2m of EBIT, achieving circa 10% annualised revenue growth over the past five years.

The broker finds the deal "attractive" for IPD shareholders but also adds investors should be re-assured that M&A is disciplined, earnings accretive and in line with a product-led strategy.

It is the broker's view post-acquisition struggles for CMI created uncertainty that has weighed down the share price. Taylor Collison really likes this deal (their words).

As the deal is 11% EPS accretive on FY25 numbers, forecasts have been lifted by 6% and 12.5% for this year and next. Target increases to $5.40 from $4.70. Buy.

This report was published on January 16, 2026.

Target price is **$5.40** Current Price is **$4.36** Difference: **$1.04**
If **IPG** meets the Taylor Collison target it will return approximately **24%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

**Forecast for FY26:**

Taylor Collison forecasts a full year **FY26** dividend of **15.70** cents and EPS of **31.40** cents.
At the last closing share price the estimated dividend yield is **3.60%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **13.89**.

**Forecast for FY27:**

Taylor Collison forecasts a full year **FY27** dividend of **18.00** cents and EPS of **36.10** cents.
At the last closing share price the estimated dividend yield is **4.13%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **12.08**.

Market Sentiment: **1.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

# PSC PROSPECT RESOURCES LIMITED

**New Battery Elements – Overnight Price: $0.37**

Canaccord Genuity rates ((PSC)) as Buy (1) –

Prospect Resources has discovered more gold during test drillings at its Nyungu Central deposit, at the Mumbezhi Project and is returning to historical data to find out whether it can potentially deliver a gold resource at the deposit.

Canaccord Genuity states the company will continue to test for gold as it drills and considers the above as an opportunity to significantly grow its gold resource.

The broker has now included gold in its production scenario with an average grade of 0.15g/t, 50% recovery and 90% payability. This increased its valuation of the Mumbezhi project by 187% to $1bn.

Target price lifts to 60c from 45c. Modeling also includes a long-term copper price of US$5.50/lb, AUDUSD of 0.75 and a discount rate of 10%.

This report was published on January 15, 2026.

Target price is **$0.60** Current Price is **$0.37** Difference: **$0.23**
If **PSC** meets the Canaccord Genuity target it will return approximately **62%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

**Forecast for FY25:**

Canaccord Genuity forecasts a full year **FY25** dividend of **0.00** cents and EPS of **minus 3.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 12.33**.

**Forecast for FY26:**

Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **minus 1.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 37.00**.

All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

# SLC SUPERLOOP LIMITED

**Telecommunication - Overnight Price: $2.40**

Jarden rates ((SLC)) as Buy (1) -

Jarden prefers Superloop over Aussie Broadband ((ABB)) ahead of the interim results, with both companies expected to encounter pressures from Telstra Group's competitive actions in terms of unbundling modems and compressing price premiums.

The analyst lowers EPS forecasts by -10% for FY26 and -9% for FY27, resulting from the "law of smaller numbers" rather than actual erosion of fundamentals. The smart communities business is viewed as under-appreciated by the market, with a probable CAGR of 16% over the next five years.

Superloop is viewed as having less direct exposure to Telstra, which is expected to limit SIO losses relative to Aussie Broadband.

Target price is lowered to $3.25 from $3.40 with no change in Buy rating.

This report was published on January 14, 2026.

Target price is **$3.25** Current Price is **$2.40** Difference: **$0.85**
If **SLC** meets the Jarden target it will return approximately **35%** (excluding dividends, fees and charges).
Current consensus price target is **$3.38**, suggesting upside of **43.2%**(ex-dividends)
The company's fiscal year ends in June.

**Forecast for FY26:**

> Jarden forecasts a full year **FY26** dividend of **0.00** cents and EPS of **7.10** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **33.80**.
>
> How do these forecasts compare to market consensus projections?
>
> Current consensus EPS estimate is **5.8**, implying annual growth of **2316.7%**.
> Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
> Current consensus EPS estimate suggests the PER is **40.7**.

**Forecast for FY27:**

> Jarden forecasts a full year **FY27** dividend of **0.00** cents and EPS of **9.90** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **24.24**.
>
> How do these forecasts compare to market consensus projections?
>
> Current consensus EPS estimate is **7.8**, implying annual growth of **34.5%**.
> Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
> Current consensus EPS estimate suggests the PER is **30.3**.

Market Sentiment: **0.9**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

# SS1 SUN SILVER LIMITED

**Gold & Silver - Overnight Price: $2.03**

Canaccord Genuity rates ((SS1)) as Speculative Buy (1) -

Canaccord Genuity lifted its long-term gold price forecast by 3.5% to US$4,909/oz from 2029 and raised medium-term estimates by 2.1% (2026-28). The broker's long-term forex forecasts are unchanged, leading to a 3.5% rise in gold price estimate in AUD terms to $7,013/oz.

The broker also increased the long-term silver price forecast by 36.6% to US$77.7/oz. Price targets for explorers/developers rise by 12% on average.

Target price for Sun Silver rises to $4.15 from $2.20. Speculative Buy stays.

This report was published on January 13, 2026.

Target price is **$4.15** Current Price is **$2.03** Difference: **$2.12**
If **SS1** meets the Canaccord Genuity target it will return approximately **104%** (excluding dividends, fees and charges).

All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

# USL UNICO SILVER LIMITED

**Gold & Silver - Overnight Price: $1.05**

Canaccord Genuity rates ((USL)) as Speculative Buy (1) -

Canaccord Genuity lifted its long-term gold price forecast by 3.5% to US$4,909/oz from 2029 and raised medium-term estimates by 2.1% (2026-28). The broker's long-term forex forecasts are unchanged, leading to a 3.5% rise in gold price estimate in AUD terms to $7,013/oz.

The broker also increased the long-term silver price forecast by 36.6% to US$77.7/oz. Price targets for explorers/developers rise by 12% on average.

Target price for Unico Silver rises to $1.85 from $1.30. Speculative Buy retained.

This report was published on January 13, 2026.

Target price is **$1.85** Current Price is **$1.05** Difference: **$0.8**
If **USL** meets the Canaccord Genuity target it will return approximately **76%** (excluding dividends, fees and charges).

All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

WEEKLY REPORTS

# The Short Report - 23 Jan 2026

FNArena's weekly update on short positions in the Australian share market.

See **Guide** further below (for readers with full access).

## Summary:

Week Ending January 15th, 2026 (most recent data available through ASIC).

**10%+**

| | |
|---|---|
| BOE | 18.07% |
| DMP | 17.39% |
| GYG | 13.75% |
| IEL | 12.24% |
| PDN | 12.06% |
| PNV | 11.60% |
| FLT | 10.94% |
| PWH | 10.81% |
| DRO | 10.29% |
| IPH | 10.03% |

In: IPH

**9.0-9.9%**

| | |
|---|---|
| KAR | 9.51% |
| CTD | 9.40% |
| NAN | 9.39% |
| LIC | 9.38% |

Out: IPH, DGT

**8.0-8.9%**

| | |
|---|---|
| LOT | 8.08% |
| PLS | 8.01% |

Out: RIO

**7.0-7.9%**

| | |
|---|---|
| ILU | 7.78% |
| BAP | 7.77% |
| BRG | 7.63% |
| IPX | 7.58% |
| DYL | 7.58% |
| LYC | 7.40% |

| | |
|---|---|
| HMC | 7.35% |
| RIO | 7.27% |
| MSB | 7.01% |

In: LYC, RIO, MSB
Out: AEU

**6.0-6.9%**

| | |
|---|---|
| CU6 | 6.88% |
| CUV | 6.87% |
| NXT | 6.65% |
| IVHG | 6.35% |
| EDV | 6.29% |
| MIN | 6.23% |
| ELD | 6.23% |

In: IVHG, EDV
Out: MSB, LYC

**5.0-5.9%**

| | |
|---|---|
| BPT | 5.94% |
| NEU | 5.55% |
| AX1 | 5.47% |
| ING | 5.34% |
| CIA | 5.29% |
| PNI | 5.23% |
| GMD | 5.12% |
| JIN | 5.04% |

In: PNI, JIN
Out: EDV, RFF, BMN, AD8, DVP

## ASX20 Short Positions (%)

| Code | Last Week | Week Before | Code | Last Week | Week Before |
|---|---|---|---|---|---|
| ALL | 0.5 | 0.5 | NAB | 0.6 | 0.6 |
| ANZ | 0.7 | 0.6 | QBE | 0.2 | 0.2 |
| BHP | 1.0 | 1.1 | RIO | 7.2 | 7.6 |
| BXB | 0.3 | 0.3 | | 0.0 | 0.0 |
| CBA | 0.9 | 0.9 | | 0.0 | 0.0 |
| COL | 0.4 | 0.4 | | 0.0 | 0.0 |
| CSL | 0.4 | 0.4 | | 0.0 | 0.0 |
| FMG | 2.4 | 2.3 | | 0.0 | 0.0 |
| GMG | 0.6 | 0.4 | | 0.0 | 0.0 |
| MQG | 0.4 | 0.5 | | 0.0 | 0.0 |

To see the full Short Report, please go to this link

## Guide:

*The Short Report draws upon data provided by the Australian Securities & Investment Commission (ASIC) to highlight significant weekly moves in short positions registered on stocks listed on the Australian Securities*

*Exchange (ASX). Short positions in exchange-traded funds (ETF) and non-ordinary shares are not included. Short positions below 5% are not included in the table below but may be noted in the accompanying text if deemed significant.*

*Please take note of the Important Information provided at the end of this report. Percentage amounts in this report refer to percentage of ordinary shares on issue.*

*Stock codes highlighted in green have seen their short positions reduce in the week by an amount sufficient to move them into a lower percentage bracket. Stocks highlighted in red have seen their short positions increase in the week by an amount sufficient to move them into a higher percentage bracket. Moves in excess of one percentage point or more are discussed in the Movers & Shakers report below.*

***IMPORTANT INFORMATION ABOUT THIS REPORT***

*The above information is sourced from daily reports published by the Australian Investment & Securities Commission (ASIC) and is provided by FNArena unqualified as a service to subscribers. FNArena would like to make it very clear that immediate assumptions cannot be drawn from the numbers alone.*

*It is wrong to assume that short percentages published by ASIC simply imply negative market positions held by fund managers or others looking to profit from a fall in respective share prices. While all or part of certain short percentages may indeed imply such, there are also a myriad of other reasons why a short position might be held which does not render that position "naked" given offsetting positions held elsewhere. Whatever balance of percentages truly is a "short" position would suggest there are negative views on a stock held by some in the market and also would suggest that were the news flow on that stock to turn suddenly positive, "short covering" may spark a short, sharp rally in that share price. However short positions held as an offset against another position may prove merely benign.*

*Often large short positions can be attributable to a listed hybrid security on the same stock where traders look to "strip out" the option value of the hybrid with offsetting listed option and stock positions. Short positions may form part of a short stock portfolio offsetting a long share price index (SPI) futures portfolio – a popular trade which seeks to exploit windows of opportunity when the SPI price trades at an overextended discount to fair value. Short positions may be held as a hedge by a broking house providing dividend reinvestment plan (DRP) underwriting services or other similar services. Short positions will occasionally need to be adopted by market makers in listed equity exchange traded fund products (EFT). All of the above are just some of the reasons why a short position may be held in a stock but can be considered benign in share price direction terms due to offsets.*

*Market makers in stock and stock index options will also hedge their portfolios using short positions where necessary. These delta hedges often form the other side of a client's long stock-long put option protection trade, or perhaps long stock-short call option ("buy-write") position. In a clear example of how published short percentages can be misleading, an options market maker may hold a short position below the implied delta hedge level and that actually implies a "long" position in that stock.*

*Another popular trading strategy is that of "pairs trading" in which one stock is held short against a long position in another stock. Such positions look to exploit perceived imbalances in the valuations of two stocks and imply a "net neutral" market position.*

*Aside from all the above reasons as to why it would be a potential misconception to draw simply conclusions on short percentages, there are even wider issues to consider. ASIC itself will admit that short position data is not an exact science given the onus on market participants to declare to their broker when positions truly are "short". Without any suggestion of deceit, there are always participants who are ignorant of the regulations. Discrepancies can also arise when short positions are held by a large investment banking operation offering multiple stock market services as well as proprietary trading activities. Such activity can introduce the possibility of either non-counting or double-counting when custodians are involved and beneficial ownership issues become unclear.*

*Finally, a simple fact is that the Australian Securities Exchange also keeps its own register of short positions. The figures provided by ASIC and by the ASX at any point do not necessarily correlate.*

*FNArena has offered this qualified explanation of the vagaries of short stock positions as a warning to subscribers not to jump to any conclusions or to make investment decisions based solely on these unqualified numbers. FNArena strongly suggests investors seek advice from their stock broker or financial adviser before acting upon any of the information provided herein.*

*FNArena is proud about its track record and past achievements: [Ten Years On]*

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