WEEK 27

FINANCIAL NEWS, ANALYSIS & DATA

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Friday, 4 July 2025

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FNArena
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AUSTRALIA

The Market In Numbers - 28 Jun 2025

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	28 Jun 2025	Week To Date	Month To Date (Jun)	Quarter To Date (Apr-Jun)	Year To Date (2025)	Financial Year To Date (FY25)
NZ50	12583.590	0.12%	1.33%	2.56%	-4.02%	7.39%
All Ordinaries	8743.60	0.23%	0.96%	8.57%	3.84%	9.11%
S&P ASX 200	8514.20	0.10%	0.94%	8.55%	4.35%	9.61%
S&P ASX 300	8447.30	0.16%	0.96%	8.55%	4.30%	9.59%
Communication Services	1844.80	-0.09%	1.16%	13.59%	13.36%	22.89%
Consumer Discretionary	4103.00	0.02%	0.53%	8.87%	4.90%	16.84%
Consumer Staples	12112.00	-2.27%	-2.36%	3.87%	2.91%	-2.15%
Energy	8678.90	-4.46%	9.05%	9.31%	0.65%	-13.48%
Financials	9484.00	1.82%	3.79%	13.94%	10.09%	23.86%
Health Care	40958.10	-1.53%	-2.60%	1.06%	-8.75%	-7.45%
Industrials	8236.50	-2.63%	-0.63%	6.14%	7.72%	20.92%
Info Technology	2897.20	-1.45%	0.60%	28.19%	5.70%	23.73%
Materials	15982.00	1.78%	-2.36%	0.04%	-0.89%	-5.31%
Real Estate	3903.80	-2.05%	0.68%	12.01%	3.79%	9.56%
Utilities	9167.60	-2.84%	-1.02%	1.20%	1.49%	-1.26%
A-REITs	1793.30	-2.09%	0.80%	12.58%	4.36%	10.40%
All Technology Index	4015.60	0.45%	0.36%	20.99%	5.52%	27.97%
Banks	4028.90	1.68%	4.05%	14.81%	11.72%	26.09%
Gold Index	11480.70	-6.09%	-10.04%	4.55%	36.29%	56.05%
Metals & Mining	5282.40	1.60%	-3.03%	0.08%	0.51%	-4.83%

The World

Index	28 Jun 2025	Week To Date	Month To Date (Jun)	Quarter To Date (Apr-Jun)	Year To Date (2025)	Financial Year To Date (FY25)
FTSE100	8798.91	0.28%	0.30%	2.52%	7.66%	7.78%
DAX30	24033.22	2.92%	0.15%	8.44%	20.71%	31.79%
Hang Seng	24284.15	3.20%	4.27%	5.04%	21.06%	37.05%
Nikkei 225	40150.79	4.55%	5.76%	12.73%	0.64%	1.43%
DJIA	43819.27	3.82%	3.67%	4.33%	3.00%	12.02%
S&P500	6173.07	3.44%	4.42%	10.00%	4.96%	13.05%
Nasdaq Comp	20273.46	4.25%	6.07%	17.19%	4.99%	14.33%

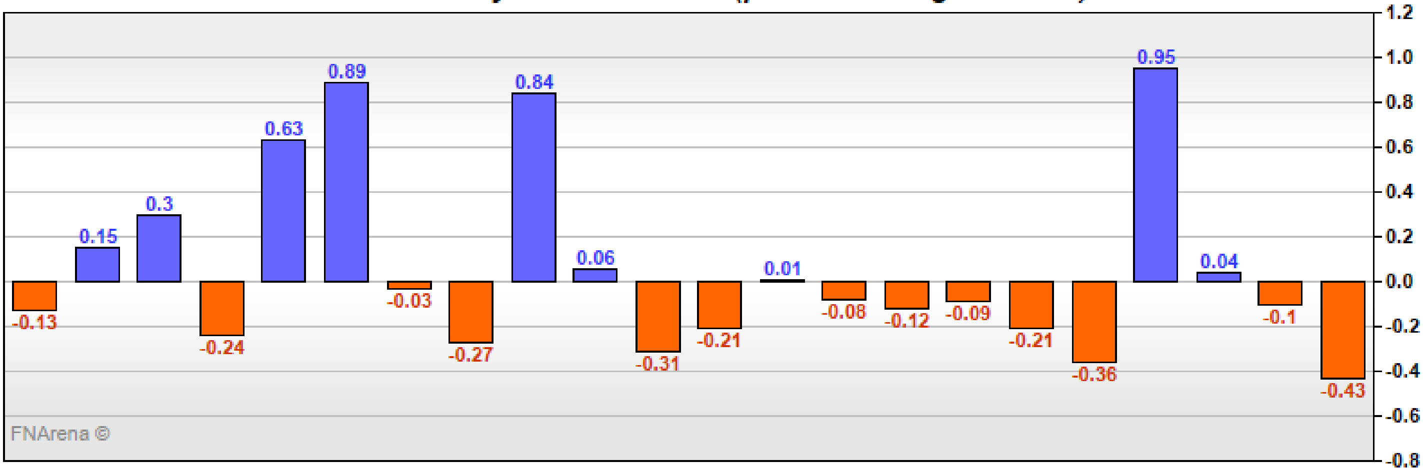
Metals & Minerals

Index	28 Jun 2025	Week To Date	Month To Date (Jun)	Quarter To Date (Apr-Jun)	Year To Date (2025)	Financial Year To Date (FY25)
Gold (oz)	3342.67	-1.50%	0.02%	6.90%	27.26%	42.97%
Silver (oz)	36.56	-0.63%	9.31%	4.49%	20.95%	24.97%
Copper (lb)	5.0503	3.93%	8.14%	-1.98%	23.28%	16.54%
Aluminium (lb)	1.1762	1.86%	5.79%	2.46%	2.90%	4.60%
Nickel (lb)	6.7877	1.18%	-0.96%	-6.67%	-5.00%	-12.73%
Zinc (lb)	1.2598	5.14%	3.81%	-1.97%	-6.77%	-5.00%
Uranium (lb) weekly	77.50	12.32%	7.64%	21.09%	7.64%	-6.91%
Iron Ore (t)	94.48	-0.24%	-4.83%	-8.95%	-9.01%	-11.29%

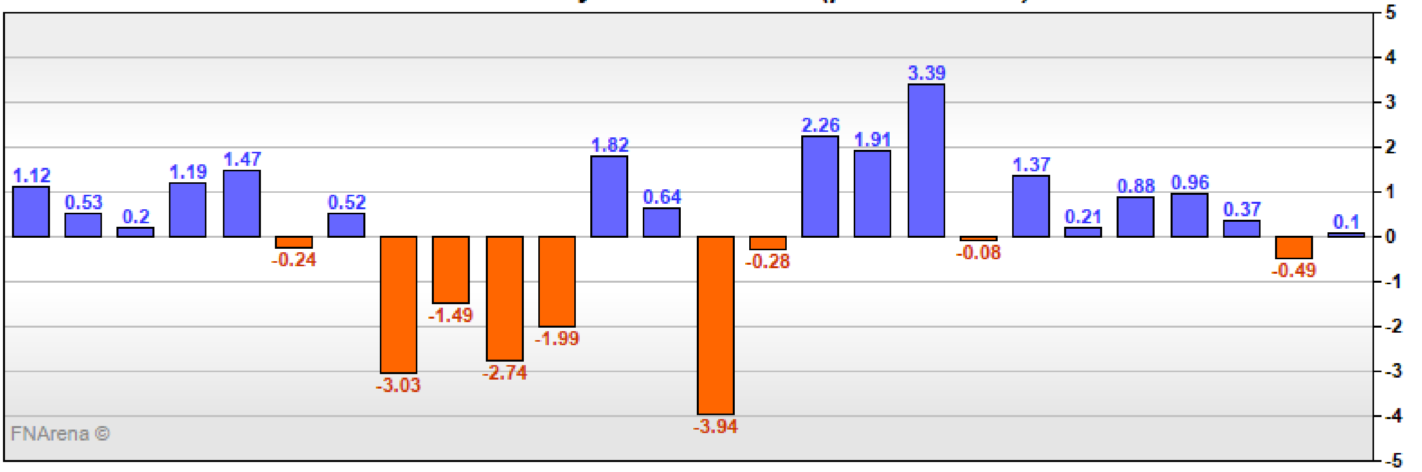
Energy

Index	28 Jun 2025	Week To Date	Month To Date (Jun)	Quarter To Date (Apr-Jun)	Year To Date (2025)	Financial Year To Date (FY25)
West Texas Crude	65.18	-11.00%	6.99%	-6.03%	-6.19%	-20.38%
Brent Crude	66.64	-12.41%	5.19%	-8.41%	-8.16%	-22.00%

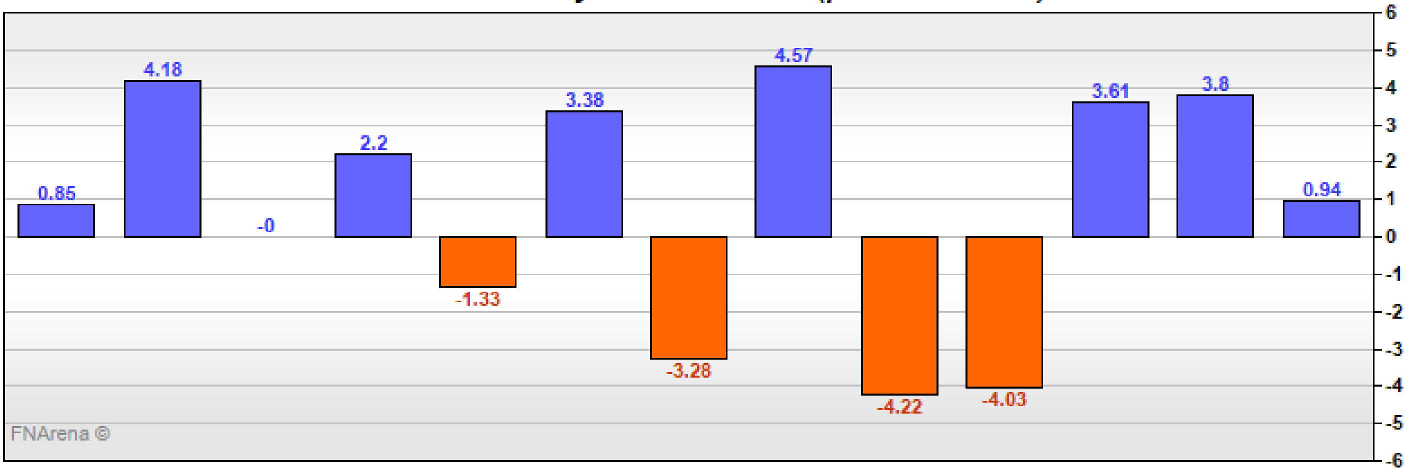
ASX200 Daily Movement in % (past 22 trading sessions)



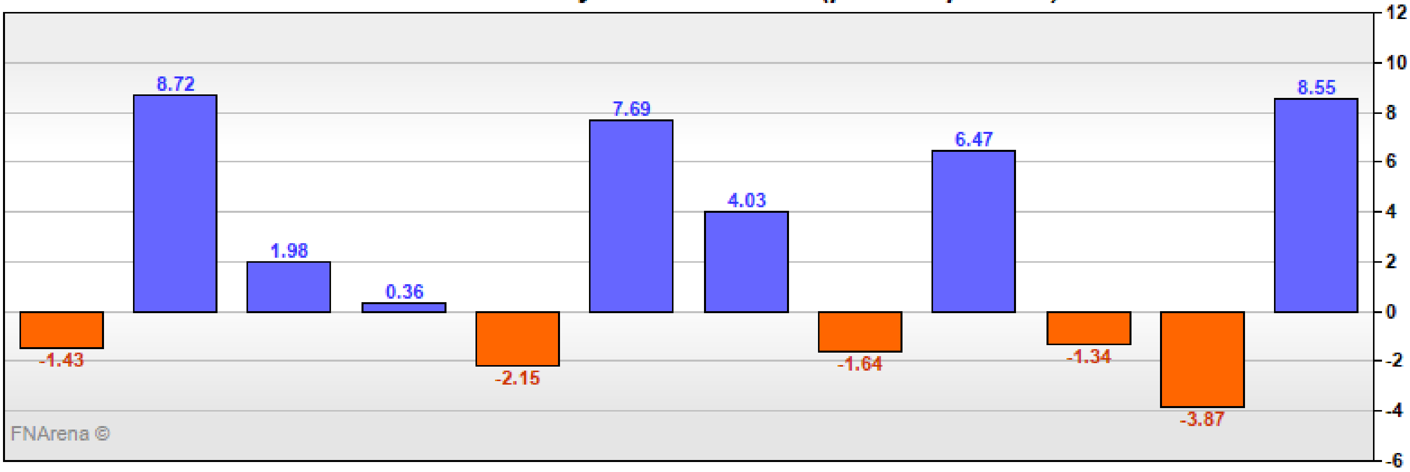
ASX200 Weekly Movement in % (past 26 weeks)



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.

FNArena is not responsible for any glitches, omissions or data errors. This feature is not investment advice. It is offering a quick status on raw price movements for information purposes only.

FNArena welcomes comments and suggestions at info@fnarena.com

AUSTRALIA

GQG Partners' Low Cost Model Appeals

New research on GQG Partners highlights higher earnings margins relative to peers due to a low-cost operating model.

-GQG Partners' low-costs and superior margins
-Competitive fees, scalable platform, and attractive yield
-Sustained investment performance across all strategies
-ASX200 inclusion seen as a potential catalyst

By Mark Woodruff

Boutique fund manager GQG Partners ((GQG)) was founded in 2016 by Chairman and CIO Rajiv Jain and CEO Tim Carver, listing on the ASX in October 2021 at $2.00 per share.

Since debut, shares have swung between $1.20 and $3.10, with a recent sharp dip in November 2024 after GQG's high-profile investment exposure to the Adani Group drew criticism amid bribery and governance allegations at the Indian conglomerate.

Still, GQG posted net inflows of US$0.1bn that month, down from the year's US$2.0bn monthly average, but a win in context, noted Ord Minnett. The broker maintained a positive outlook given strong investment returns and an expanding distribution base.

New research from RBC Capital further highlights GQG's nimble, low-cost operating model, outsourcing back-office functions to keep cost-to-income (CTI) ratios lean and earnings margins ahead of peers.

A competitive fee structure, scalable platform and attractive dividend yield round out the appeal, offering insulation from sector-wide pressures, RBC research highlights.

Growth has been largely organic, as management deliberately avoids the integration and synergy risks often accompanying broader industry consolidation.

Serving institutional investors, financial intermediaries, and high-net-worth clients globally, GQG Partners manages equity portfolios across four core strategies: Global Equity; International Equity; Emerging Markets; and US Equity.

As the company is headquartered in Fort Lauderdale, Florida, Global refers to all markets developed and emerging, while International is excluding the US.

Additionally, GQG manages three Quality Value sub-strategies, Global, International, and US Quality Value, which focus on dividend-paying stocks while drawing from the same investment universe as their core strategies.

RBC believes ongoing expansion into new geographies and asset classes will strengthen the company's ability to attract net inflows while also diversifying its revenue base and reducing concentration risk.

Management is already well placed to capture growing investor allocations to alternative assets through its newly established Private Capital Solutions (PCS) division.

PCS was established through the acquisition of minority interests in three boutique private capital managers: Avante Capital Partners, Proterra Investment Partners, and Cordillera Investment Partners.

Management is pursuing further diversification through opening an Abu Dhabi office in 2024 and targeting expansion in Australia, the UK and Canada to offset an Americas-focused funds under management (FUM) base.

Recent performance

In 2024, GQG was a top 10 actively managed US mutual fund ranked by net flows and was first in the Global Equity category for Australia ranked by Morningstar.

Recent FUM growth is supported by sustained performance across all strategies, observes RBC.

The Global Equity strategy has particularly benefited from significant inflows via model platforms and institutional mandates in the US. Meanwhile, Emerging Markets Equity has also regained traction following a period of underperformance in 2023, supported by improved relative returns and new flows from sovereign wealth funds.

As of May 2025, the Global Equity strategy accounted for 39% of total FUM (US$168.5bn) and continues to be the primary growth engine with inflows of US$2.6bn year-to-date. This strategy is followed by International Equity (28%), Emerging Markets Equity (21%), and US Equity (13%).

A key factor underpinning GQG's success, according to RBC, is a focus on high-quality, resilient companies with strong earnings visibility.

GQG's revenue model is tied directly to FUM via management fees, making net inflows and market performance its core earnings drivers.

Management fee margins have remained stable around 50bps, while performance fees are not a major contributor, but they contribute to revenue stability.

The company has increased its management fee margins over time, which the market expects to continue as GQG pushes into higher margin channels (Retail) and higher-fee strategies such as Emerging markets and International.

Operating leverage is improving as the business scales, with cost-to-income ratios declining steadily. Analysts expect earnings margins to rise above 70% over the medium term.

GQG maintains a conservative balance sheet with no debt and a high dividend payout ratio. It continues to return surplus capital to shareholders via fully franked dividends and has committed to sustaining its current payout profile.

Consistent with the final 2024 dividend, the board declared a US3.78 cent dividend on May 9, which was paid on June 27.

The distribution was 9.8% ahead of Jarden's forecast, helped by a stronger payout ratio of 93.3%, as well as stronger implied earnings.

Importantly, the first quarter dividend suggested to this broker a profit margin of 29.2bps on average assets under management (AUM), 5.1% ahead of the consensus estimate.

Flows in March, April, and May

In early-April, following the monthly flow update by GQG Partners, Morgan Stanley noted asset manager stocks were coming under pressure due to weaker markets.

The broker continued to see value in GQG Partners, praising the company's track record, organic growth trends, and global distribution pipeline.

Indeed, GQG registered an "impressive" performance in March, commented Ord Minnett, given the tumultuous time for markets in the first three months of the year.

Defensive positioning meant portfolios outperformed their benchmarks for the year to date in the global equity, international equity, and US equity strategies, explained the broker.

For the quarter, GQG registered net inflows of US$1.8bn ($2.8bn) and US$4.6bn for the quarter. Subsequently, net inflows of US$1.4bn in April beat consensus forecasts.

Then in May, GQG recorded net inflows of US$1.4bn, lifting first-half 2025 year-to-date inflows to US$7.4bn.

Total funds under management (FUM) rose 3% month-on-month to US$168.5bn, supported by favourable market moves which offset strategy underperformance during the month.

Outlook

UBS highlights index inclusion into the ASX200 as a potential near-term catalyst for GQG shares. Although the company's market capitalisation exceeds $6bn, its free float of circa 26% currently disqualifies it from inclusion under existing index rules.

S&P Dow Jones Indices is currently consulting on a proposal to reduce the minimum free float requirement for index eligibility from 30% to 15%.

If adopted, the revised threshold could see GQG qualify for index inclusion without requiring a major shareholder sell-down or additional issuance.

The proposed changes could also create room for substantial shareholders to incrementally increase their holdings without risking GQG's index eligibility.

Morgans recently highlighted its belief GQG is well positioned to deliver sustained organic FUM growth over the long term, supported by its consistent investment performance. For the medium-term, additional upside exists through the successful execution of strategic initiatives, noted the broker, particularly within the PCS division.

Macquarie maintains an Outperform rating on valuation appeal, citing monthly FUM updates and the August half-year result as key upcoming catalysts.

All five daily covered brokers researching GQG Partners in the FNArena database have a Buy (or equivalent) rating with an average target of $2.86 suggesting nearly 27% upside to the $2.26 share price at the close of trade on June 30.

Outside of daily coverage, RBC Capital has commenced research with an Outperform rating (target $2.90). Jarden also has a Buy rating with a $3.20 target, the highest across all brokers mentioned in this article.

AUSTRALIA

Reece Battling Tariffs, Competition & Cost Crises

It is not just Australia suffering a housing affordability crisis. The US is also suffering, particularly in the south, impacting Reece's revenues and margins.

-Reece downgrades FY25 earnings guidance
-Rate cuts not yet boosting A&NZ housing construction
-Weak conditions and competition persist in the US
-Most analysts prefer caution for the near term

By Greg Peel

Plumbing, building and hardware supplies company Reece's ((REH)) latest trading update saw management downgrading FY25 earnings guidance to $548-558m some -6% below consensus. Housing affordability and lack of construction across both A&NZ and the US have impacted on the company's revenues and margins, and increased competition in the US is not helping.

Management noted the trading environment, which was weak through the first half, has remained challenging, with no material improvement seen in the second half. Reece's share price has fallen -50% since its last peak in October last year.

In Australia, where governments both state and federal are struggling to increase housing supply, recent RBA rate cuts are yet to translate into any improvement in housing activity, management noted. Indeed, the cuts to date, and the expectation of more to come, have only sent house prices back on the rise, weighing further on affordability.

It is in the US, nevertheless, where Reece is facing the greatest challenges.

Dixie Drag

Reece's US store footprint is heavily concentrated in the southern "sunbelt" states, a region, Citi notes, that has historically produced the majority of America's new home construction and acted as a structural tailwind in recent years. However, this geographic skew is now becoming a relative headwind, with southern housing markets underperforming the rest of the country.

Housing prices across the region have declined as inventory levels rise toward GFC-era. This suggests ongoing pressure in Reece's core markets, and potentially increased competition as the pool shrinks.

On the subject of competition, UBS notes Reece derives some 40% of its US earnings from its Waterworks business. STAline has emerged as a direct competitor to Reece, and is currently ramping up its store rollout, which could be a three-year process. Market share losses for Reece could be reasonably material, UBS warns, given a direct overlap in target markets.

Reece's high exposure to the US residential new construction sector continues to impact its performance. Morgans notes housing units under construction remain down year on year, particularly in the region it operates. Mortgage rates remain high and housing affordability continues to weigh on the US residential market.

Although hinting at a possible rate cut this month, the Fed remains cautious of the potential impacts of Trump's tariffs, which at this stage have no clarity, and hence may yet choose to stay on hold.

Reece has also seen increased competition across all segments of its US business from new market entrants, not just for Waterworks, and the slowdown in residential new construction, which has impacted profitability for the year. Morgans sees increased competition as a key risk to margins going forward.

While competitive intensity could weigh on gross profit margin outcomes, the group is clearly prioritising longer-term competitive capability, Macquarie notes, by investing in SG&A (selling, general & administrative expenses) and organisational capacity. Macquarie thinks this is a sensible approach.

The US tariff context remains uncertain. Macquarie has lowered its price adjustment in FY26 to current China tariff levels of around 34% from around 145% prior. Macquarie continues to assume an almost complete price-based cost recovery and no margin percentage recovery.

We note Trump's cut in China tariffs reflects another 90-day "pause", as was the case with Liberation Day tariffs. The latter expire next week, while the China pause expires in August. We might also note it's not just about China, with regard housing construction. The US imports significant levels of lumber from Canada, for example.

<u>Cyclical Low?</u>

Despite the cyclical downturn in earnings, Reece continues to invest through the cycle, which should ensure it benefits from an eventual uptick in building activity, Ord Minnett suggests.

Looking to FY26, Ord Minnett continues to expect a modest improvement in construction activity in the A&NZ region, before a more pronounced recovery and improvement in FY27. The broker acknowledges, nonetheless, construction activity in the US remains challenging with weakness in new residential construction, coupled with increased competition.

However, following share price weakness, Ord Minnett upgrades Reece to Buy from Accumulate, while cutting its target to $18.40 from $20.40.

Unfortunately, Ord Minnett is the lonely optimist.

Morgans believes Reece is a high-quality business and management has a strong track record of delivering value for shareholders over a long period of time. While the US will take time to reach its full potential, Morgans is encouraged by the progress the company is making on re-branding and expanding its network, investing in digital capabilities, and increasing exposure to the more stable repair & remodel (R&R) market.

However, with the outlook for housing remaining cloudy in the near term and increased competition in the US putting pressure on margins, Morgans downgrades to Hold from Buy, pending further updates from the company.

Morgans lowers its target to $14.80 from $18.70.

Citi cuts its target to $15.98 from $20.25. This largely reflects the more muted conditions in US new housing, particularly in the south. Citi currently models flat FY26 growth year on year in the US. However, with interest rate cuts starting to come through in Australia, the broker models a stable first half before growth in the second half. As a result of the uncertain outlook, Citi remains Neutral-rated.

Continued market softness across both regions and heightened competition in the US have weighed on performance, Macquarie acknowledges. The tariff context adds a layer of uncertainty to US market conditions. Macquarie believes Reece's valuation is full, with the shares trading on 28x the broker's forecast FY26 earnings (and 22x FY27).

Macquarie retains Neutral with a $14.50 target, down from $16.40.

UBS retains Sell.

UBS has the stock trading at a one-year forward PE of 31x, above its long-term average of 29x and peer average of 22x. The stock has sold off year to date, as investors have grown increasingly concerned with macro volatility and competition issues. UBS expects stock performance to continue to be weighed upon by a more uncertain macro backdrop, given housing affordability issues and tariff/geopolitical uncertainty on the US residential cycle.

The key upside risk to the broker's view is an uptick in A&NZ and US R&R and residential activity, due to the lag impact of interest rate cuts. On the downside, ongoing geopolitical risks/tariff volatility, associated inflation and uncertain competitive pressures could drive a de-rate in the stock's trading multiple, UBS warns.

UBS' target falls to $13.50 from $17.70.

Morgan Stanley is yet to respond to the trading update, having set an Underweight rating with $17.00 target in late May.

There is now one Buy or equivalent, three Hold and two Sells among brokers monitored daily by FNArena covering Reece. The consensus target is $15.70, down from $18.41 prior, or $15.43 if we exclude Morgan Stanley.

If we also exclude Ord Minnett's high-end $18.40 target, the average of the remaining four brokers is $14.69.

AUSTRALIA

June In Review: Another Double-Digit Year

June capped off a stellar quarter performance as the ASX200 delivered a surprisingly strong FY25 total return despite tariff, trade and geo-political headwinds, and weaker earnings.

-Multiple expansion drives ASX gains with banks the standout in FY25
-Spread between Financials and Resource stocks widened
-Large cap stocks did the heavy lifting in June
-Historically, July is the second strongest month for the ASX

By Danielle Ecuyer

A bird's eye view of fiscal 2025

The financial year past has been quite the roller coaster ride for equity markets and investors, not least of which was the brutal -19% drawdown in the S&P500 resulting from President Trump's shock Liberation Day tariffs in April.

The ASX200 and global markets were not immune to the risk-off selling as hedge funds scrambled to re-position for a changing global trade order and the prospect of higher inflation for the USA in combination with slowing global growth, led by China.

FY25 had started strongly after a surprisingly robust FY24 performance for the ASX200, generating 12.1% in total return or 7.8% in capital appreciation ex-dividends.

The August 2024 reporting season was buoyed by robust dividend announcements and September saw a rotation out of Banks and into Resources on the prospect of a major Chinese stimulus package (that ultimately, just like Godot, never arrived).

Markets rallied post President Trump's victory in November and the ASX200 hit an all-time high in January of 8532.30, with domestic investors starting to discount an RBA rate cutting cycle from February.

As of June 30, 2025, the ASX200 closed out at 8542.30, surpassing the January high by 10pts and coming in below the record intra day high of 5839.10pts on June 11. It transpired into a surprisingly strong year, another double-digit appreciation ex-dividends of 10.2% for FY25.

The **ASX200** advanced 1.4% in June pushing **total return to 13.8%** on FY24. The June quarter printed an impressive total return of 9.5%, underpinning the **highest financial year return since 2021** for the index.

UBS points to the ASX200 under-performing the S&P500 and Global Emerging Markets indices which advanced 5.1% and 5.3%, respectively in June. It is worth noting relative returns look a whole lot different when currency adjusted.

While year-to-date the S&P500 is up 5.38% in US dollar terms, in Australian dollars the return is down -0.73%. Food for thought for Australians investing in USD assets, unhedged.

Investors took the lead from offshore with the S&P500 staging the fastest recovery from a -15%-plus sell-off, exceeding the covid recovery rally in April 2020.

Retail investors in particular were quick to sniff out the emerging 'TACO' trade, the coined phrase, Trump Always Chickens Out, to position for a much more workable level of tariffs.

Valuations gain versus weaker earnings

Back home, much of the market gains were underpinned by multiple expansion, estimated by Macquarie at some 10ppts. Wilsons points to a forward multiple on the market of 18.8 times, above the five-year average of 16.7 times.

Notably, the return was achieved despite what Wilsons refers to as a "weak" earnings period for the market with the average EPS for the ASX200 looking set to decline by -1.4% for FY25. More will be revealed at the upcoming August reporting season, which will be covered extensively by FNArena.

Macquarie notes earnings presented a -3ppt headwind to the market's returns. Much of the sectoral performance was reflected in earnings downgrades or upgrades for the year.

The Resources sector was the greatest drag with cuts in earnings of -14.9ppts as Trump's tariffs weighed on China's exports and growth while global GDP expectations were downgraded.

Banks and gold shine in FY25

Gold miners were a standout performer in FY25, rising nearly 60% and exceeding the 41% price appreciation in the precious metal.

Improved sentiment around the domestic gold miners, post a period of rising costs and travails, and boosted by a favourable forex rate up until the June quarter, resulted in major investor flows into the sector. Profit taking arrived in June, with the sector falling -9.4% throughout the final month. Evolution Mining ((EVN)) shares rose 127.7% for FY25, delivering a top 10 contribution to ASX200 performance.

A flat iron ore price for the year led to a -2.3% decline in Materials and a fall in Brent of -21% resulted in Energy declining -8.1% in FY25, despite the latter sector being the best performing in June, up 8.9%. Middle East conflicts drove up the Brent oil price by 6.3%. A takeover offer for Santos led to a 16% rise in the share price over the month.

In terms of positive earnings contributions, Technology added 19ppts and Telecom 15ppt, as highlighted by Macquarie, with InfoTech and Communication Services advancing 24.2% and 27.8%, respectively over FY25.

Dividends from Telecom and Utilities contributed 3.8ppts to FY25's total return; both sectors offered the highest returns from dividends in FY25. Utilities rose 6.2ppts, Telecom up 6.1ppts.

Financials were the star performers in FY25, up 29.4% and 4.3% in the June quarter.

Morgan Stanley explains Financials added 921bps to FY25's 'value' performance, with Banks at 696bps and CommBank at 457bps alone, the largest single stock contributor.

Financials generated more than 50% of the ASX200 total return of 9.5% for the June quarter.

CommBank ((CBA)) was undeniably *the* stand-out stock performer in FY25, much to the chagrin of analysts' valuation assessments and domestic institutions.

CommBank is now the largest stock on the ASX200, commanding 12% of the index, up 2.8ppts or a 31% rise in its index weighting, Macquarie observes.

Morgan Stanley points out the average bank price-to-earnings valuation rose in June to a new record high of around 20.4 times. Across all the banks, small cap Judo Bank ((JDO)) rose 9.8% after declining -20% in May post a 3Q25 trading update.

In contrast, BHP Group's ((BHP)) index importance declined by -2.1ppts, CSL's ((CSL)) went down -1.7ppts. Remarkable: CSL's EPS contribution of 7ppts compares with CommBank's 11ppts, suggesting a disproportionate de-rating for Australia's premier bio-tech.

The spread between Financials and Resources in index weight increased by 7.4ppts in FY25, to 15.8%. According to Morgan Stanley, this is the largest gap since 2016. Of course, this gap has experts questioning when the big switch will commence?

In FNArena's month of September 2024 in Review, it was noted "Banks had outperformed the Resources sector by up to 60% year-on-year, but by September's close, this gap had narrowed to 37% (illustrating just how fierce the switch between the two local heavyweight sectors has been)" as investors discounted the China stimulus.

Banks in general contributed 5.3ppts in terms of dividends, although UBS is one of a few brokers flagging the potential for banks' dividends to come under pressure and be cut.

Other large cap stocks that contributed to the stellar June quarter performance include Westpac Bank ((WBC)) up 9.9%, Wesfarmers ((WES)) up 17.7%, Telstra ((TLS)) up 15%, National Australia Bank ((NAB)) up 18.5%, and CommBank up 22.4%.

Industrials and Discretionary sectors contributed 176bps and 153bps of value to the ASX, with Brambles shares rising 66% over FY25 and 16.9% in the June quarter.

At an index level, REITs might not look so flash, up 14% for FY25, but UBS highlights the sector achieved a 1.8%

return in June, outperforming both the ASX200, as well as the 1.3% from Global REITs in USD terms.

Much of the positioning and performance can be explained by **investors positioning for the RBA rate cutting cycle**, with Charter Hall ((CHC))shares up 76.6%, Vicinity Centres ((VCX)) up 40.9%, and Stockland Group ((SGP)) rising 34.8% in FY25.

As explained by Macquarie, Growth stocks outperformed Value stocks by 10ppts in FY25 largely attributed to Value's exposure to Resources, while Momentum outperformed Value by 12ppts.

Large caps outperformed small caps although that margin has narrowed to 1.4ppts.

<u>What's on the horizon</u>

Over the last ten years, July has been the second-best month for ASX equity returns, just pipping out November.

According to analysis by Macquarie, trading action in July tends to tilt to stocks with weak momentum and high volatility such as IDP Education ((IEL)), Flight Centre Group ((FLT)) and Ramsay Health Care ((RHC)), likely as a follow-on from tax loss selling in June.

Low-risk momentum stocks such as CommBank, Wesfarmers and TechnologyOne ((TNE)) often underperform in July.

Macquarie also highlights the ASX200 price-to-earnings multiple remains high at 18.9 times, which is two standard deviations above the historical average of 14.7 times. The 10-year average multiple is 16.1 times.

The market's dividend yield has declined to 3.4%, below the historical average of 4.4%, and the broker believes earnings continue to be "challenged".

Wilsons views the macro backdrop as supportive of better earnings growth for FY26 with three RBA rate cuts slated in 2025 to support economic growth. Two rate cuts are already in place.

Consensus earnings growth for the ASX200 is 5.4% for FY26, with some sectors flagged to do the heavy lifting: Healthcare forecasts are pointing towards 19% growth, with IT companies projected to grow earnings by 14%.

The Healthcare sector went backwards by -4.6% in FY25, a trend which was equally evident in US markets. Three years after covid-lockdowns, some local sector analysts are preparing for the sector's comeback.

Might FY26 be that year?

ASX100 Best and Worst Performers of the month (in %)

Company	Change	Company	Change
PDN - PALADIN ENERGY LIMITED	29.33	IEL - IDP EDUCATION LIMITED	-52.95
JHX - JAMES HARDIE INDUSTRIES PLC	17.66	EVN - EVOLUTION MINING LIMITED	-11.98
STO - SANTOS LIMITED	16.24	NST - NORTHERN STAR RESOURCES LIMITED	-11.58
MTS - METCASH LIMITED	15.68	REH - REECE LIMITED	-8.37
VEA - VIVA ENERGY GROUP LIMITED	15.51	LLC - LENDLEASE GROUP	-7.88

ASX200 Best and Worst Performers of the month (in %)

Company	Change	Company	Change
ZIP - ZIP CO LIMITED	54.66	IEL - IDP EDUCATION LIMITED	-52.95
PDN - PALADIN ENERGY LIMITED	29.33	WAF - WEST AFRICAN RESOURCES LIMITED	-19.79
BKW - BRICKWORKS LIMITED	25.05	DMP - DOMINO'S PIZZA ENTERPRISES LIMITED	-17.79
DYL - DEEP YELLOW LIMITED	24.16	EMR - EMERALD RESOURCES NL	-17.47
JHX - JAMES HARDIE INDUSTRIES PLC	17.66	RRL - REGIS RESOURCES LIMITED	-13.24

ASX300 Best and Worst Performers of the month (in %)

Company	Change	Company	Change
DRO - DRONESHIELD LIMITED	73.38	IEL - IDP EDUCATION LIMITED	-52.95
ZIP - ZIP CO LIMITED	54.66	OBM - ORA BANDA MINING LIMITED	-33.19
CHN - CHALICE MINING LIMITED	45.89	AX1 - ACCENT GROUP LIMITED	-26.58
PDN - PALADIN ENERGY LIMITED	29.33	RDX - REDOX LIMITED	-24.21
IPX - IPERIONX LIMITED	28.73	ADH - ADAIRS LIMITED	-23.16

ALL-TECH Best and Worst Performers of the month (in %)

Company	Change	Company	Change
DUG - DUG TECHNOLOGY LIMITED	21.43	4DX - 4DMEDICAL LIMITED	-29.41
QOR - QORIA LIMITED	19.28	BVS - BRAVURA SOLUTIONS LIMITED	-12.94
CDA - CODAN LIMITED	11.72	PPS - PRAEMIUM LIMITED	-12.33
NXT - NEXTDC LIMITED	10.60	NXL - NUIX LIMITED	-11.69
MAQ - MACQUARIE TECHNOLOGY GROUP LIMITED	10.59	WBT - WEEBIT NANO LIMITED	-10.71

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

Australia & NZ

Index	30 Jun 2025	Month Of Jun	Quarter To Date (Apr-Jun)	Year To Date (2025)
NZ50	12602.820	1.48%	2.71%	-3.87%
All Ordinaries	8773.00	1.30%	8.94%	4.19%
S&P ASX 200	8542.30	1.28%	8.91%	4.70%
S&P ASX 300	8474.10	1.28%	8.89%	4.63%
Communication Services	1853.00	1.61%	14.09%	13.86%
Consumer Discretionary	4143.00	1.51%	9.93%	5.93%
Consumer Staples	12118.80	-2.31%	3.93%	2.97%
Energy	8675.10	9.01%	9.26%	0.61%
Financials	9529.00	4.28%	14.48%	10.62%
Health Care	41603.20	-1.07%	2.65%	-7.31%
Industrials	8318.80	0.36%	7.20%	8.79%
Info Technology	2900.80	0.73%	28.35%	5.83%
Materials	15858.20	-3.11%	-0.74%	-1.65%
Real Estate	3898.60	0.54%	11.86%	3.65%
Utilities	9141.50	-1.31%	0.91%	1.20%
A-REITs	1790.90	0.66%	12.43%	4.22%
All Technology Index	4044.00	1.07%	21.85%	6.27%
Banks	4022.60	3.89%	14.63%	11.54%
Gold Index	11557.30	-9.44%	5.24%	37.20%
Metals & Mining	5220.80	-4.16%	-1.09%	-0.66%

The World

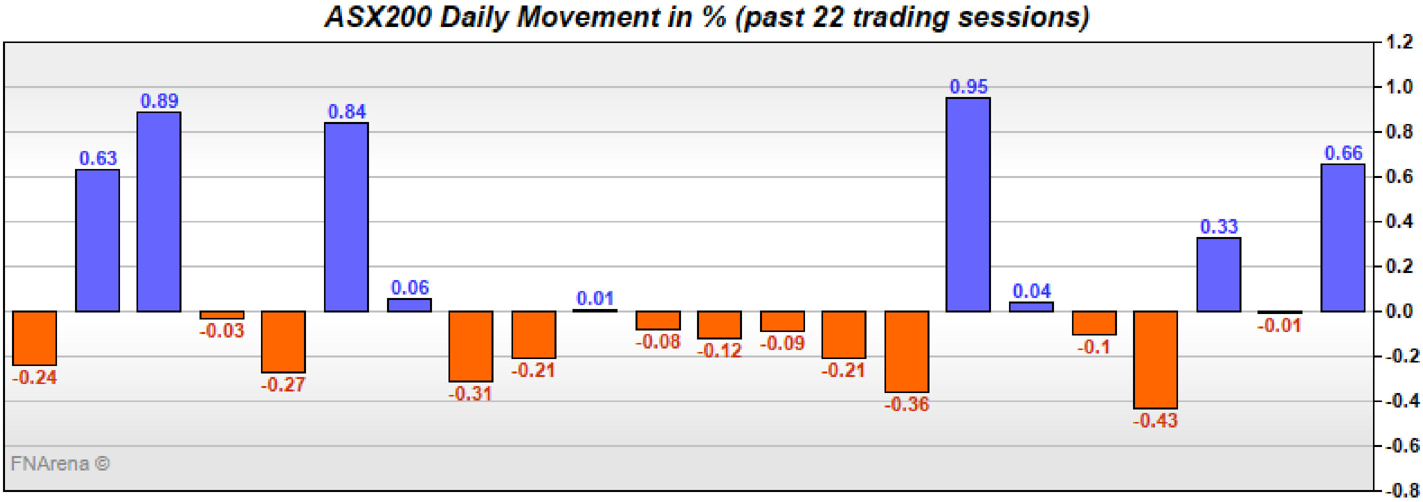
Index	30 Jun 2025	Month Of Jun	Quarter To Date (Apr-Jun)	Year To Date (2025)
FTSE100	8760.96	-0.13%	2.08%	7.19%
DAX30	23909.61	-0.37%	7.88%	20.09%
Hang Seng	24072.28	3.36%	4.12%	20.00%
Nikkei 225	40487.39	6.64%	13.67%	1.49%
DJIA	44094.77	4.32%	4.98%	3.64%
S&P500	6204.95	4.96%	10.57%	5.50%
Nasdaq Comp	20369.73	6.57%	17.75%	5.48%

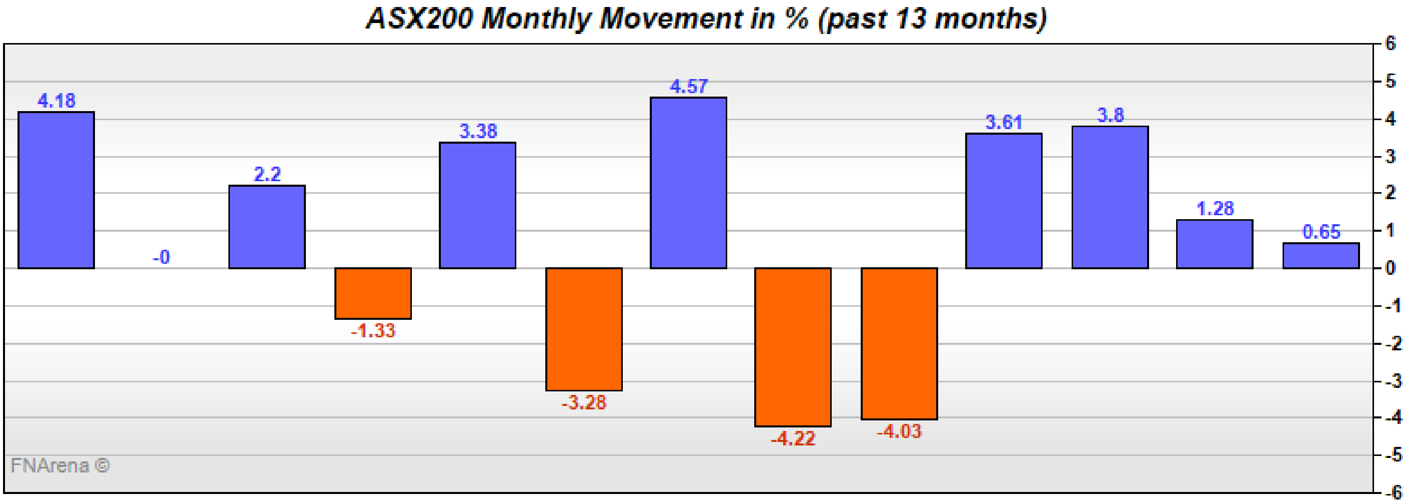
Metals & Minerals

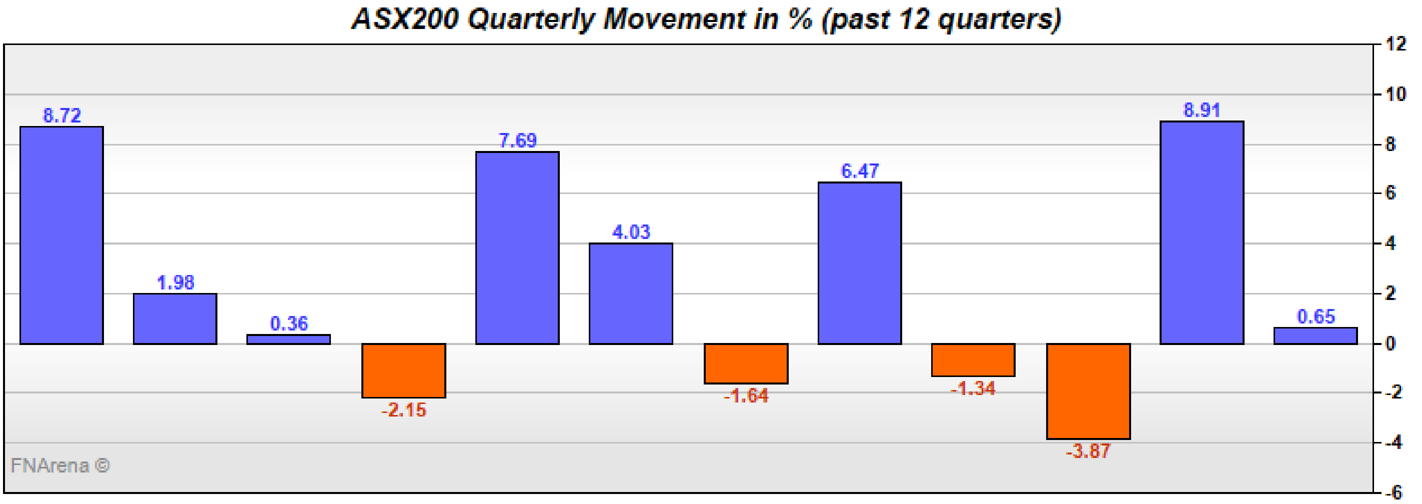
Index	30 Jun 2025	Month Of Jun	Quarter To Date (Apr-Jun)	Year To Date (2025)
Gold (oz)	3302.30	-1.18%	5.61%	25.72%
Silver (oz)	36.20	8.25%	3.49%	19.79%
Copper (lb)	5.0955	9.10%	-1.11%	24.39%
Aluminium (lb)	1.1792	6.06%	2.72%	3.16%
Nickel (lb)	6.8194	-0.50%	-6.23%	-4.56%
Zinc (lb)	1.2625	4.03%	-1.76%	-6.57%
Uranium (lb) weekly	78.65	9.24%	22.89%	9.24%
Iron Ore (t)	94.49	-4.82%	-8.94%	-9.00%

Energy

Index	30 Jun 2025	Month Of Jun	Quarter To Date (Apr-Jun)	Year To Date (2025)
West Texas Crude	65.52	7.55%	-5.54%	-5.70%
Brent Crude	66.80	5.45%	-8.19%	-7.94%







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COMMODITIES

Capstone's Copper Evolution Continues

Industry rationalisation has made it more challenging to gain exposure to pure copper plays with recently listed Capstone offering growth for a reasonable valuation.

-Capstone offers a pure copper play for investors on a longer term horizon
-Management continues to invest for growth at a reasonable cost
-New CEO to address history of misses on guidance
-Analysts highlight relative discount vis-a-vis Sandfire Resources

By Danielle Ecuyer

Pure copper exposure is becoming harder to achieve

Copper, one of the most sought-after future-facing commodities, which has seen BHP Group acquire Oz Minerals in May 2023 and make an unsuccessful acquisition tilt at Anglo American in 2024.

While the copper price has been impacted by the same macro concerns arising from trade tariff uncertainty and slowing global growth in 2025, the longer-term picture looks anything but downbeat.

Citi is one of many experts with a bullish outlook on the metal due to existing mines struggling to maintain supply with a multi-year electrification demand-driven cycle across electric vehicles, renewables, and increasingly the impact of the AI investment megatrend on data centres development.

As explained by Macquarie, global supplies have been stymied by structural impediments from declining grades, a lack of new discoveries, and rising operating costs.

A brief overview of Capstone

Enter Capstone Copper ((CSC)), a Canadian mid-cap pure copper producer which has a primary listing on the Toronto Exchange and achieved a secondary listing on the ASX via Chess Depository Interests or CDIs, of 7.5% of its listed shares, on February 2, 2024, through a sell-down from its major shareholder of $543m in equity.

The company was formed in 2022 through the merger of Capstone Mining and Mantos Copper, holding four operating assets: Pinto Valley in Arizona, USA; Cozamin in Mexico; Mantos Blancos; and Mantoverde in Chile, plus a development project also in Chile, Santo Domingo.

As highlighted by Wilsons, Capstone is around the world's thirtieth largest global copper producer, with the capacity to move into the top fifteen over the next five years if it can meet its targets of expanding production to circa 400ktpa from almost 165ktpa in 2024.

The company's resource base is described as "massive" at some 14.3mt of contained copper via those four assets across Chile, the US, and Mexico, with upside optionality to grow ex-M&A through organic development of both brownfield and greenfield sites and lowering the cost curve through optimised production.

Wilsons expects Capstone can shift from being fortieth C1 cost quartile producer in 2024 at US$2.70/lb to the middle of the cost curve by 2030 at US$2/lb.

Defining Capstone's assets and growth plans

Breaking down the growth targets for Capstone, Macquarie expands on the capacity outlook from the company's greenfield development projects.

Mantoverde, an open-pit mine in Chile's Atacama, is 70% owned by Capstone.

Through the recently completed Mantoverde Development Project (MVDP), which initiated sulphide processing capabilities to the previously oxide-only operations, the Mantoverde Optimised Project will expand the mine and lift the sulphide concentrator's throughput to 45kt per day from 32kt per day at a low capital cost of -US$150m, underwriting a very low capital intensity of US$7500/t, Macquarie notes.

The expansion is currently awaiting an environmental permit which is expected to be granted by the end of July.

Mantoverde has already operated at a throughput of 45kt per day for a week at a time until mine ore was unable to keep pace. Morgans, the latest FNArena daily-monitored broker to initiate coverage on the stock. views the ramp-up as likely to come in ahead of schedule.

Mantos Blancos is guided to produce 49kt-59kt per annum of copper in 2025 and is an open-pit mine in the Antofagasta region of Chile.

The planned Phase II expansion aims at increasing mill sulphide capacity to 27kt per day (9.9mtpa) from 20kt per day (7.7mtpa) and to raise the cathode production from the underused oxide plant. Results from the feasibility study are expected at the end of 2025. Morgans has not incorporated any growth potential into forecasts as this project is in a study phase, but in principle the analyst is positive due to the scope to lift copper production by around 15kt-20ktpa at a low capital cost by using existing infrastructure.

In other brownfield plans, the Mantoverde Phase II of an additional 65ktpa is not included as a base case in Macquarie's forecasts and remains an option for a second line at Mantoverde for an additional 45kt per day line of 20.4mt per annum.

Santo Domingo is a fully permitted copper, iron-gold project and is a major project site for Capstone, which is expected to add around 110ktpa via a -US$2.3bn greenfield development of a 585mt 0.51% CuEq grade resource with a 65kt per day (23.7mtpa) mill. First copper is expected in 2028.

Capstone has pointed to a 30% sell-down at Santo Domingo, which, Macquarie estimates, could generate US$0.3bn.

The combination of Santo Domingo and Mantoverde Development Project can add around 190ktpa to 2030 copper production, with scope for the possibility of shared infrastructure as the projects are only 35km from each other.

Brownfield expansion of optimising Mantoverde Phase II with Mantos Blancos could add up to potentially circa

100kt per annum.

In terms of rationalising the asset portfolio, management has suggested it may sell non-core assets such as Cozamin, which represented around 11% of 2024 production.

For Pinto Valley, which is guided to produce 51kt-58kt per annum in 2025, the company has a study to consider the potential inclusion of around 1bn tonnes of indicated resource, which would increase the mine's life to 2050 from 2039 currently, with consolidation potential of BHP's Copper Cities project, some 10km from Pinto Valley.

A combination of cost and operating efficiencies across Mantos Blancos and Pinto Valley is expected to lower group operating costs in the near term.

Further out, a rise in Mantoverde production by around 50% in 2026/2027 and the start-up of Santo Domingo in 2029 will further lower operating costs.

What the brokers are saying

As highlighted by Citi at initiation of coverage in December 2024, the company has a **"complex model"** with a **poor track record of delivery to guidance**, which is expected to be an area of focus for the new CEO. This analyst believes the age of the assets has in part contributed to the company not achieving guidance.

Nevertheless, Citi likes the diversified asset base with exposure to the premier Chilean copper locations.

Moelis has a Buy rating and a $12 target price. Capstone's 1Q25 production report of 53.8kt copper met its expectations, with full-year 2025 anticipated at over 220kt per annum.

A power outage in Chile impacted Mantoverde's and Mantos Blancos' production, but quarterly output is anticipated to rise over the year. C1 costs were slightly higher while realised pricing boosted earnings (EBITDA).

The Moelis analyst did emphasise the **financials became "messier"** due to large differences in actual versus expected depreciation and amortisation and finance expenses due to capitalisation of charges being expensed.

Capstone issued a corporate bond for US$600m, up-sized from US$500m, at a 6.75% coupon to repay Mantoverde's project financing debt and senior secured revolving credit facility.

The company has available liquidity of around US$1334m with cash of US$344m and an undrawn US$1bn facility. At the end of 1Q25, Morgans noted the net debt to earnings (EBITDA) ratio was around 1.3 times, down from 1.5 times in the previous quarter. Morgans initiated coverage with a Buy rating and $11.50 target price.

Macquarie recently reiterated its Outperform rating for Capstone with an $11.60 target price, highlighting the imminent approval of the permit for Mantoverde Optimised with an upbeat indication the company is planning to order US$60m of long-lead items for the optimisation.

This broker also noted Capstone is relatively cheaper priced than Sandfire Resources ((SFR)).

Citi's most recent commodity and forex updates saw the target price rise to $10.70 from $10.50, with this broker retaining a Buy rating against a Neutral rating for Sandfire.

Ord Minnett has Capstone as one of its top picks for base metals exposure, with a Buy rating and $12 target.

COMMODITIES

Oil: Geopolitics Versus Structural Headwinds

MFS' Robert M. Almeida believes investors counting on a structurally higher oil price will most likely end up disappointed.

-Geopolitical tensions have subsided, and we believe a sustained spike in energy prices is unlikely
-Global supply and demand dynamics suggest the risk of dramatically higher sustained prices are limited
-With this in mind, we lay out our framework for how we approach investing in energy companies

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

Tensions between Iran, Israel and the United States over Iran's nuclear program have de-escalated, seemingly removing the associated risk premium in energy prices and risk markets. While we generally don't direct capital based on commodity prices, given that vast cyclical forces can affect prices, that doesn't mean we don't have structural views on the energy complex.

I thought I'd use this opportunity to share how we think about oil and gas fundamentals, why we didn't, and still don't believe a sustained US$100 oil price was a high probability risk, and lay out our framework for how we approach investing in energy companies.

Like many things, oil prices represent the equilibrium between supply and demand, so it makes sense to analyze each.

<u>Supply Dynamics</u>
-Abundant supply: Supply remains high, particularly among OPEC+ producers. If Iran's exports were completely shut down, our analysis suggests OPEC-Plus spare capacity would only revert to historical average levels, providing a buffer against supply disruptions.

-The US shale revolution: The US is a major force in the global oil market, supplying one-fifth of the world's crude almost double that of Saudi Arabia. Although US rig counts and storage levels, including the Strategic Petroleum Reserve (SPR), are low, any material rise in prices would incent US producers to quickly bring more supply to the market.

This spare capacity is driven by the attractive economics of shale production, with break-evens of around $60 for some higher-cost producers and mid-to-high $30s for higher-quality producers. In summary, we think great acreage, very strong balance sheets, technology and economic incentives would result in increased US supply in response to higher prices.

-Vast reserves: Venezuela has the largest proven oil reserves globally, followed by Saudi Arabia and Canada. While bringing some of these reserves to market faces political and logistical challenges, the scale of the reserves provides long-term supply potential.

<u>Demand Considerations</u>
Demand is a more complex variable. GDP, at its core, is simply energy transformed. While average annual oil demand growth is typically in the range of 1% to 2%, the risk of demand destruction from a slowing global economy is significant. This potential impact stems from several factors:

-**Deficits and debt**: High government debt burdens can strain economic growth.
-**Trade tensions and tariffs**: Tariffs can disrupt supply chains and economic activity.
-**Inflation and weakening consumer confidence**: Persistent inflation erodes purchasing power, potentially reducing demand.
-**Job market and aging population**: A weakening job market and an aging population can also weigh on demand.

Any sustained rise in oil prices would worsen these headwinds, accelerating demand destruction, ultimately putting downward pressure on prices.

<u>Investment Process</u>
Independent of where oil prices live, how should investors differentiate among energy companies?

We aim to invest in energy players who possess a combination of what we believe are great acreage and lower cost production capacity, led by skilled operators with successful track records. While we approach valuation from many different angles, in general, we value these stocks by comparing enterprise value with our analysts' debt-adjusted cash flow assumptions.

<u>Conclusion</u>
In the short run, market participants tend to prioritize the unknown, which is logical. When new information has the potential to upend existing cash flow assumptions, prices should adjust.

However, the financial materiality of the unknown is the key variable.

In the current environment, it is crucial to acknowledge the tangible realities of supply. The US's capacity to increase supply, the profitability of shale production and the slowing global economy present a counterbalance to geopolitical risks.

This doesn't mean oil prices won't experience short-term volatility. Geopolitical events can, and often do, create market dislocations and will do so again. However, long-term investors should consider the underlying fundamentals.

We believe the structural headwinds outlined here make a sustained move to significantly higher oil prices unlikely.

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COMMODITIES

Plenty Of Potential For Greatland Resources

Freshly ASX-listed Greatland Resources is seen as a standout among junior resource companies. Now it's up to management to deliver on the upside potential.

-Greatland Resources starts life on the ASX with upbeat research
-Proximity of Havieron deposit to Telfer advantageous
-Definitive feasibility study pending for Havieron
-Citi labels Greatland a standout in the junior resource space

By Mark Woodruff

Greatland Resources ((GGP)) is shifting gears to a credible development story from a speculative gold-copper junior, following a corporate overhaul and ASX debut on June 24.

Inaugural research from Macquarie, Citi, and Moelis reveals a consistent set of themes.

Most significantly, all three highlight the strategic location of the Havieron underground gold-copper deposit in Western Australia, only 45 kms from Greatland's Telfer facility, which dramatically reduces development risk and capex.

From FY28, Moelis explains, Havieron is set to become the main ore source, boosting margins and lowering cash costs due to higher grades.

The sheer scale and grade of the orebody is also noted, with the analysts suggesting recent upgrades have materially lifted confidence in the project's economics.

Each broker highlights a series of near-term catalysts which could drive a share price re-rating, including the upcoming definitive feasibility study (DFS) for Havieron, ongoing exploration results, and progress on funding.

Greatland's overall operations consist of an open cut and underground gold-copper mine, gas-fired power station, two processing trains, along with the greenfields underground development project Havieron.

Citi analysts view management's strategic emphasis on tier-one jurisdictions and imminent copper-gold production as particularly compelling in the current market environment. Citi's research highlights the company's leveraged exposure to both key commodities, supported by robust structural demand drivers, as a major strength.

Greatland is labeled a stand out within the junior resource space, offering a unique combination of near-term production visibility and longer-term growth potential.

This dual appeal is further underpinned by strong strategic partnerships and the presence of a world-class orebody, positioning the company as a differentiated and high-conviction opportunity for investors.

Organisational restructure and listing

Greatland Resources shares rallied 11% on the day of ASX listing, closing at $7.30 compared to the $6.60 placement price, before settling back to $7.00 by July 1. Yesterday, they closed at $7.02.

According to Macquarie, this strong early performance signals increasing interest from Australian institutional investors and may pave the way for ongoing momentum.

This broker also highlights broader coverage from domestic research houses and the potential for inclusion in key indices, which could act as further catalysts for the stock.

Greatland was already listed in the UK on the AIM market for several years before last week's Australian IPO. The dual listing is seen by Macquarie as a strategic step to deepen market engagement and expand shareholder support.

The AIM market (formerly the Alternative Investment Market) is a sub-market of the London Stock Exchange, designed specifically for smaller and growing companies.

The previous UK parent, Greatland Gold Plc, was replaced with Greatland Resources aligning its headquarters and regulatory structure with the core mining operations in Western Australia.

A $64m share placement (comprising $50m raised via the ASX IPO and $14m through a UK retail offer) was an integral part of Greatland's ASX listing process.

The final IPO offer price also reflected the effect of a 20:1 share consolidation.

<u>More on Havieron</u>

Located in the Paterson Province of Western Australia, the Havieron deposit was originally discovered by Greatland and advanced under a joint venture with Newcrest Mining (now owned by Newmont Corp ((NEM)).

In late-2024, Greatland acquired full ownership of Havieron (and the nearby Telfer mine) from Newmont, positioning itself as both the developer and future operator of the project.

Prior to this acquisition, Greatland held a 30% interest, with Newmont (previously Newcrest) holding 70%. Newmont announced the takeover of Newcrest Mining in May 2023 and the deal which was completed in November of the same year.

The Telfer acquisition, completed in December 2024, instantly turned Greatland into a gold-copper producer, leveraging Telfer's existing mill and ore stockpiles.

The 2025 Havieron mineral resource and ore reserve upgrade delivered a 28% increase in gold resources and an 18% lift in gold reserves. Such increases have provided Moelis with more confidence in Havieron's development potential. They also underpin an extension of mine life beyond 2035.

The updated mineral resource now includes 7.3moz of gold equivalent comprising 6.1moz of gold and 314kt of copper, with the resource grade lifting to 2.1g/t gold equivalent.

The ore reserve also improved to 3.6moz gold equivalent at 2.4g/t. Moelis notes the increase in grade and ounces de-risks the economics of a potential standalone development pathway and offers further optionality in project structuring.

Citi forecasts costs (AISC) for Greatland from FY26-28 in the range of $2500-2850/oz. Once Havieron is ramped up, the broker models $1,150/oz.

This broker also highlights improved clarity following the updated ore reserve released by project partner Newmont in early June.

Citi believes this provides a firmer foundation for the upcoming DFS and paves the way for construction readiness by mid-2025.

The broker attributes increasing confidence in the timeline and commercial viability of Havieron to ongoing progress across multiple fronts, including permitting, development, and funding.

While Havieron is undoubtedly the centrepiece of the portfolio, Citi points out West Dome underground has delivered some of the best intercepts on the ASX this year and is an important near-term, high-grade ore source for the company.

West Dome underground is not a standalone project but a key ore source within the broader Telfer operations, which also includes the Main Dome and other deposits.

Feasibility study

While a 2025 study deferred a final investment decision for Havieron, the company's robust prefeasibility study, which features a 10.8mtpa base case and a 6mtpa staged expansion, reinforces project flexibility, suggests Moelis.

Now, a comprehensive feasibility study is well underway, targeting completion in the second half of 2025. It is expected to refine a mine plan aiming for a 20-year mine life with low quartile costs at Havieron.

Citi anticipates management will greenlight a larger 4-4.5mtpa project trading off capex versus opex and unlocking lower-grade tonnes.

Notably, Greatland also updated Telfer's resource and ore reserve in early 2025 to extend Telfer's mine life through FY27, ensuring a production runway until Havieron comes online.

Funding

To fund the Havieron-Telfer acquisition (total consideration up to circa -US$475m, including -US$423m upfront plus -US$52m debt payoff) the company executed a US$334m equity raising in September 2024.

This placement was notably the largest raise inside the London mining sector since 2017 and brought in Newmont as a major shareholder in lieu of part of the payment.

Concurrently, management at Greatland arranged new debt facilities totaling A$100m with a syndicate of banks. These facilities, executed in December 2024, provide additional liquidity for operating Telfer, and remain largely undrawn as of mid-2025.

Management also repaid the outstanding US$52m joint-venture loan to Newmont at closing, leaving it with minimal debt.

According to Macquarie, free cash flow for Greatland will grow substantially from FY25, peaking at $345m in FY26 before further volatility due to cyclical capex.

Certainly, Moelis believes the company is well capitalised, with around $580m cash (no debt) and strong near-term cashflow forecasts.

Significant shareholders

The Havieron-Telfer deal transitioned Newmont from joint-venture partner to the company's largest shareholder, holding around 20% of Greatland's equity.

Another key backer is Wyloo Metals, led by Andrew Forrest, which currently owns around 8.6% after a $120m investment in 2022, and retains a right-of-first refusal on any future Newmont stake sales (for up to 10%).

Outlook

Starting with an Outperform rating and 12-month target of $7.80, Macquarie believes the gold price outlook and the forthcoming Havieron feasibility study are the two most important near-term catalysts for share price appreciation.

This broker maintains there is further upside potential, with the current share price not yet reflecting the expected expansion of the Havieron project to 4.5Mtpa.

Looking ahead, Citi (Neutral; $8.00) expects the delivery of the DFS, progress on approvals, and potential offtake or funding partnerships to serve as catalysts.

Any positive surprises in orebody expansion or reserve growth could drive further upside, note the analysts.

Outside of daily coverage in the FNArena database, Moelis (Hold; target $7.50) cautions further delays at Havieron could push the planned production ramp-up into FY29.

Importantly, this broker sees further upside to Greatland's valuation contingent on continued drilling success, increased clarity around Newmont's intentions, and tangible progress toward a binding development agreement.

Moelis suggests recent exploration results, combined with the company's strategic positioning, provide a solid foundation for meaningful value realisation over the medium term.

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FYI

ASX100 vs ASX300: Key Differences And What Investors Should Know

Discover the key differences between the ASX100 and ASX300 indices. Learn how each index works, what companies they include, and which suits your investment goals.

The Australian Securities Exchange (ASX) offers various indices to help investors track market trends.

Two of the most followed are the ASX100 and ASX300. Both indices serve different purposes and represent different segments of the market.

Understanding their differences can help you make better investment choices.

What Is the ASX100?

The ASX100 Index tracks the performance of the top 100 companies listed on the Australian Securities Exchange by market capitalisation. These companies are generally the largest and most established in Australia. They include household names from sectors like banking, mining, retail, and telecommunications.

Because of their size and market stability, companies in the ASX100 are often seen as lower-risk investments. Investors who want exposure to blue-chip stocks usually look at this index. The ASX100 provides a snapshot of the broader Australian economy through its most influential players.

What Is the ASX300?

The ASX300 Index includes all the companies in the ASX100, plus 200 smaller firms. These additional firms are often referred to as mid-cap and small-cap companies.

The ASX300 index gives a broader view of the market. It includes growing businesses that may not yet have reached the size or maturity of ASX100 companies but still offer potential for future growth.

Smaller, less mature businesses also come with higher risks.

Key Differences Between ASX100 and ASX300

While both indices are market-cap weighted and part of the ASX index family, they differ in important ways.

1. Size and Scope

-ASX100: Covers (roughly) the largest 100 companies. These firms are typically more stable and have large market caps.

-ASX300: Covers (roughly) the largest 300 companies. This includes the ASX100 and a wider range of smaller-cap companies.

2. Risk and Return

-ASX100: Generally less volatile. It focuses on well-established businesses (in particular at the top end, i.e. Top20 and Top50)

-ASX300: Offers more variety. It includes companies with growth potential but also higher risk.

3. Investment Strategy

-ASX100: Good for conservative investors looking for stability and dividends.

-ASX300: Suitable for investors wanting a more diversified portfolio, including emerging companies.

4. Market Representation

-ASX100 Index: Represents around 70% of the total market capitalisation of the ASX.

-ASX300 Index: Represents over 80% of the total market capitalisation. Note how 200 additional companies only add 10% on top of the ASX100.

Why These Differences Matter

Choosing between the ASX100 and ASX300 depends on your personal risk appetite and goals.

If you prefer lower-risk exposure to larger, more reliable companies, the ASX100 may be better.

If you're looking to diversify more and take on more risk for possible higher returns, the ASX300 offers that option.

Examples of Companies in Each Index

ASX 100

-Commonwealth Bank of Australia ((CBA))
-BHP Group ((BHP))
-CSL Limited ((CSL))
-Goodman Group ((GMG))
-Telstra Corporation ((TLS))
-Macquarie Group ((MQG))
-Pro Medicus ((PME))
-WiseTech Global ((WTC))
-Woolworths Group ((WOW))
-Xero ((XRO))

ASX 300

Includes all the ASX100 companies and adds:

-Aussie Broadband ((ABB))
-Audinate Group ((AD8))
-Boss Energy ((BOE))
-Cettire ((CTT))
-Gentrack Group ((GTK))
-Integral Diagnostics ((IDX))
-Kogan.com ((KGN))
-Mac Copper ((MAC))
-nib Holdings ((NHF))
-Redox ((RDX))

Some of these companies are in high-growth sectors like technology and healthcare, which adds diversity to your investment strategy.

How Often Are the Indices Updated?

Standard & Poor's updates both indices quarterly. This review process ensures only companies that continue to meet the criteria stay in the index.

Companies can move in or out depending on market performance, available shares, mergers, acquisitions, and other factors.

This regular update helps keep the ASX100 and ASX300 current and relevant for investors.

Index Performance Over Time

Historically, the ASX100 has shown a more consistent performance with lower volatility. It's often used as a benchmark for more conservative portfolios.

In contrast, the ASX300 may show more ups and downs but offers the possibility of higher returns over time due to the presence of smaller, fast-growing firms.

Investors often compare both indices to gauge the overall health and momentum of the Australian stock market.

Which One Should You Track?

It depends on what you want from your investments.

-Track the ASX100 if you want to monitor how the largest and most stable companies are performing.

-Track the ASX300 if you're interested in broader trends, including up-and-coming businesses.

Some financial advisers suggest using both indices together to balance risk and reward.

Using the Indices in Your Portfolio

There are many exchange-traded funds (ETFs) that track these indices. For example:

-iShares S&P/ASX 100 ETF ((IOZ))

-Vanguard Australian Shares Index ETF ((VAS)) tracks the ASX300

These listed investment options make it easier to invest in a wide range of companies without buying individual shares. They can also reduce your risk through diversification.

Final Thoughts

Both the ASX100 and ASX300 serve important roles in the Australian investment landscape.

The ASX100 provides exposure to the most stable and influential companies. The ASX300 offers a broader mix, including high-growth firms that may become tomorrow's market leaders.

Understanding how these indices differ helps you make better choices with your money.

Whether you prefer lower-risk options or want to explore new growth opportunities, knowing the role of each index can support a smarter investment strategy.

Follow FNArena for daily financial news and analysis to stay up to date with ASX indices.

The composition of indices can be checked via our website: https://fnarena.com/index/ASX300/

Find out why FNArena subscribers like the service so much: "Your Feedback (Thank You)" - Warning this story contains unashamedly positive feedback on the service provided.

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INTERNATIONAL

China: Uncovering Opportunities Amid Tariff Truce

Wenli Zheng, Portfolio Manager at T. Rowe Price sees undervalued investment opportunities in China with significant potential for investors.

China: Uncovering opportunities amid tariff truce and beyond

By Wenli Zheng, Portfolio Manager, China Evolution Equity Strategy at T. Rowe Price

Tariff truce eases tensions

On May 12, 2025, the U.S. and China significantly rolled back tariffs on each other's goods for an initial 90-day period.

The U.S. reduced tariffs on Chinese goods from 145% to 30%, while China cut retaliatory tariffs on U.S. goods from 125% to 10% for the period. Additionally, President Donald Trump's revised executive order lowered tariffs on small packages valued under USD800 from 120% to 54%.

While further developments in trade talks are expected ahead, the truce was well received by the markets, with the MSCI China Index climbing 17% since April 7, 2025, lifting year-to-date returns to 15% (as of April 16, 2025).

At the expiry of the 90-day window, we might see further escalation or de-escalation. Regardless of the outcome of the trade deal, several trends are emerging, poised to reshape the global economic landscape and redefine investment opportunities.

Transformation of global supply chains

The U.S. is advancing its reindustrialization agenda, with tariff policies as a cornerstone. This strategy prioritizes strategic sectors such as semiconductors, electric vehicles, pharmaceuticals, steel, and shipbuilding.

As a result, global supply chains in these industries are undergoing significant disruption and reconfiguration. The highly integrated, globalized supply chain model is giving way to a more regionalized yet interconnected framework.

This shift presents challenges for all economies, but those with robust domestic markets and comprehensive industrial ecosystems are better equipped to adapt.

China's resilience amid tariff pressures

With lingering uncertainties from tariffs, it's helpful to assess their potential impact on the Chinese economy.

Over the past decade, China has implemented proactive measures to mitigate external pressures. The Belt and Road Initiative has broadened access to global markets, diversifying trade partnerships, while the "dual circulation" strategy has fortified domestic economic resilience.

Additionally, breakthroughs in critical technologies have eased supply-side bottlenecks, and deleveraging in the financials and real estate sectors has reduced systemic risks, positioning China to better absorb potential shocks.

The economic impact from tariffs is moderated by China's reduced reliance on U.S. markets. In 2024, exports to the U.S. (including re-exports) accounted for approximately 3% of China's gross domestic product (GDP), down from 6% in 2010, reflecting a significant shift in trade dynamics.

At the corporate level, the impact of tariff escalation is limited for most Chinese firms, with U.S. exports comprising only around 1% of the average revenue of listed companies; one of the lowest U.S. exposures globally. Escalation may exacerbate slower economic growth, but firms are adapting by accelerating globalization strategies.

Since 2018, many have pivoted from export-focused models to globalized operations, a trend likely to intensify. Companies with advanced technologies and operational agility are well placed to seize opportunities, even in a volatile trade environment, supporting long-term equity resilience.

Domestic demand as the economic anchor

1. **Building a more balanced economy**
Enhancing domestic consumption aligns with China's internal needs and is essential in the current external environment. This transition will be supported by strengthening the social safety net, improving health care, and expanding educational opportunities. The investment focus is expected to shift from "hardware" (infrastructure) to "software" (human capital).

2. **A stabilizing property sector**
The real estate sector is showing signs of stabilization, with housing starts declining by 68% from the peak in 2021, which had significantly impacted the overall economy. However, inventories in major cities are nearing normalized levels. While we do not anticipate a strong rebound, we do expect the negative impact to diminish over the next one to two years.

3. **End market improvements**
After several years of downturn, specific end markets are beginning to show improvement, particularly in construction machinery, wind power, automation, and railways.

Multifaceted opportunities

1. **Evolving consumer trends**
The consumer market is undergoing a transformation. Selective businesses in traditional categories, such as dairies and beer, are seeing incremental improvement with companies' self-help measures. Meanwhile, hotel chains and shopping malls are experiencing steady growth through market consolidation. Furthermore, we are witnessing the emergence of new consumption patterns, particularly in intellectual property, fresh beverages, and snacks, signaling a dynamic shift in consumer preferences and behaviors.

2. **Technological innovation**
While DeepSeek has highlighted China's capabilities in artificial intelligence (AI), rapid technological advancements have been occurring over the past few years and are expected to accelerate further. Although China faces constraints in computing power, we think that it is well positioned for the application and commercialization of AI technologies. For instance, in the automotive sector, China has established strong leadership in electric vehicles and is expected to potentially lead in autonomous driving. In biotechnology, China has transitioned from a generative market to an innovation powerhouse, with approximately 30% to 40% of global biotech out-licensing originating from China in 2024 [1].

3. **Dislocation opportunities**
Market dislocation has presented bottom-up investors with opportunities to capitalize on indiscriminate sell-offs by acquiring export-related stocks that have been oversold.

Companies with forward-looking strategies and flexible approaches stand to gain market share as the market evolves. Staying calm and conducting objective fundamental analysis can help investors uncover undervalued investment opportunities in China with significant potential.

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(1) Source: China Pharmaceutical Industry Research Development Association. As of April 5, 2025.

INTERNATIONAL

Managing Risks, Finding Opportunities In Fixed Income

MFS Investment Management's Pilar Gomez-Bravo believes heightened uncertainty and volatility are opening up opportunities in fixed income markets.

-Diverging macro policies are creating uncertainty and anxiety in markets
-US downgrade from AAA is likely to impact the dollar more than Treasuries
-Maintaining liquidity and agility are key to investing in opportunities from market dislocations

By Pilar Gomez-Bravo, CFA Co-CIO, Fixed Income, MFS Investment Management

In the current economic landscape, global fixed income markets face significant uncertainty and volatility. Investors are contending with fluctuating growth rates, inflationary pressures and unpredictable policy decisions.

Tariffs and diverging macro policies across regions add complexity to the investment environment, necessitating a strategic approach to managing risk and identifying opportunities.

Managing risks and finding opportunities in fixed income markets

Investors are primarily concerned with the implementation of macro policies. The current policy environment, especially in the United States (US), is marked by significant uncertainty, leading to increased market anxiety. Central banks are downgrading growth expectations and are likely to continue gradually cutting rates; however, the US Federal Reserve is expected to lag behind other central banks in adjusting its monetary policy.

On the fiscal side, the reconciliation bill in the US is under significant scrutiny for its future fiscal deficit implications, potentially impacting market dynamics, capital flows and the dollar's strength.

Concerns over US debt levels and potential volatility are shaping the global fixed income market. The substantial amount of public debt raises questions about leverage and transparency in fixed income markets. Investors are wary of crowded trades which could trigger forced selling and rapid unwinds of leverage, creating challenging conditions particularly in the illiquid over-the-counter fixed income market.

The peak of macroeconomic uncertainty is anticipated in late summer, coinciding with the release of hard data and the resolution of debt ceiling negotiations.

US downgrade by Moody's poses a longer-term philosophical question rather than a present danger to Treasury investors. The recent downgrade of the US sovereign AAA rating by Moody's has initiated discussions about its implications. This downgrade may not significantly alter daily investor activities, particularly as the other two large rating agencies downgraded the US a while ago, but it requires adjustments for some institutional clients with guidelines on AAA securities. It challenges the conventional view of what constitutes a flight to safety or quality as the US Treasury market is traditionally seen as the epitome of safety and raises questions about what determines the nature of risk-free assets.

The US dollar will be under more pressure than Treasuries but be wary of being materially underweight given the downward correction to date. The secular path towards de-dollarization may be difficult to change, meaning the currency may remain under long-term pressure. Reducing trade deficits in the US will also reduce the capital surplus, leading to fewer dollars going out of the US and therefore fewer dollars coming back into investments in the US.

Despite this, it is too extreme to conclude that the US dollar will lose its reserve currency status any time soon as there are few, if any, viable alternatives and a large majority of global contracts are denominated in US dollars. Being short the dollar is a crowded trade and there may be upside surprises in the face of an economic downturn.

Tight valuations put a premium on liquidity to make the most of future opportunities. A period of lower growth and overall lower inflation is supportive of investment-grade credit, but spreads have generally recovered most of the wider moves since the end of Q1, so we're comfortable with long, albeit defensive, exposure in this market. Given the asymmetry of risk-adjusted returns when spreads are so tight, maintaining liquidity in portfolios is key to taking advantage of potential future dislocations in the market.

Positioning is stretched in many areas of the market, and an unwind of crowded trades could lead to some disruption due to the more illiquid nature of fixed income markets.

Portfolio positioning

The global fixed income market offers a broad universe for investment. European markets are drawing interest due to favorable valuations and continued rate cuts by the European Central Bank. Emerging markets present potential opportunities, particularly in regions with favorable rate paradigms.

Within the US, certain segments like asset-backed securities and short-duration high yield remain attractive, with the Fed likely to be slower than other central banks to reduce rates. Capitalizing on these opportunities requires a strong bottom-up research approach to identify good credits and managing downside risk in a volatile environment.

Investment grade

While spreads have fallen almost to pre-Liberation Day levels and reduced dispersion, specific opportunities are emerging across sectors in both Europe and the US. Utilities are particularly attractive due to their relatively cheap valuations despite significant issuance driven by the push for decarbonization. The need for substantial capital expenditure in utilities, along with potential growth from advancements in artificial intelligence and increased energy demands, are likely to provide interesting investment opportunities, especially through the new issue market.

Similarly, European banks, especially subordinated debt, are gaining interest due to strong stock performance and anticipated European economic growth from infrastructure and defense investment plans. They have also lagged somewhat in the recent recovery rally.

Defensive sectors like capital goods, food and beverage and health care continue to offer better visibility and cash flow generation, making them preferable over cyclical sectors such as retail and autos.

Emerging market debt

Emerging market hard currency debt has traditionally been viewed as a less risky option compared to local currency debt due to its lower volatility and risk profile.

However, hard currency spreads have recovered the widening and outperformed other credit asset classes such as high yield. Given the weakness in the US dollar and the attractiveness of some local rates markets, we are finding interesting risk-adjusted return opportunities in this area. Regional diversification within emerging markets is essential for optimizing returns and managing risks. For example, Latin America could offer attractive investment potential due to upcoming electoral cycles that may result in favorable macro policies.

Duration
Globally, there are various opportunities to be long duration, depending on the country and part of the curve. In the US, the five-year and ten-year Treasury curves are attractive, while in Australia and Korea, the front end of the curve is more appealing. European exposure, particularly in periphery markets like Spain, Italy and Greece, provides still-attractive carry, with occasional interest in some supranational issuance, in particular the European Union at the long-end of the curve. In the United Kingdom, both the front end and long end of the curve are attractive.

This diversity in fixed income markets allows investors to capitalize on dislocations and opportunities across different curves and regions.

Conclusion
The global fixed income market is experiencing heightened uncertainty and volatility due to macroeconomic factors and policy decisions. This environment presents risks but also opportunities for investors who can strategically manage these challenges. A strong research focus and adaptability to changing conditions are essential for identifying attractive opportunities and mitigating risks to capital.

Staying focused, vigilant about potential risks and flexible in investment strategies is crucial for effectively navigating the evolving market dynamics.

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RUDI'S VIEWS

Rudi's View: Dicker Data (Stock In Focus)

In this week's Weekly Insights:

-Dicker Data; Megatrends Without Covid-Lockdowns
-Ask FNArena

By Rudi Filapek-Vandyck, Editor

This week marks the end of fiscal 2025 (Monday June 30th) and yet another year of double digit return for the local market (as measured by the ASX200).

Below the surface, another regularly recurring phenomenon has equally come to its end; tax loss selling.

It's a real thing, every year around late-May until the final day of June, but precisely how and where the impact is felt is very much determined by general market trends and conditions.

This year, the strong market performance has very much relied upon large cap Financials, with the banks in pole position, Growth stocks and the Technology sector, with miners (outside of gold), energy companies, staples and healthcare the notable laggards.

Equally important: small cap stocks without positive momentum remain in the unloved basket.

The share market can be as re-assuring and comforting as it can be frustrating when holding small cap laggards that keep on lagging.

Guess which stocks investors have been selling out from to reduce their tax liability? My guess is small cap non-performers have been the number one choice to be tossed overboard this year.

That said, it's not by definition a clear cut proposition as some have also experienced bad news over the period and some share prices have started to recover already towards the end of the month (June).

The **FNArena-Vested Equities All-Weather Model Portfolio** owns three stocks that might well have been impacted over the weeks past with returns negative against a firm uptrend for the index and the portfolio overall; CSL ((CSL)), Woolworths Group ((WOW)), and Dicker Data ((DDR)).

All three have been held back for different reasons; all three are kept in portfolio ahead of better times to surely follow. The worst performer is Dicker Data. As a smaller cap proposition, this company is most likely the least well-known among investors.

Time for a general review and re-assessment.

Dicker Data; Megatrends Without Covid-Lockdowns

Most investor views and assessments are closely linked to how a share price performs. Dicker Data shares put in a strong performance between 2018 and early 2022, but that uptrend has since deflated.

Trading a little above $8, those shares are back where they were in late 2020, but also -47% below their all-time record high at $15 set in late 2021.

It's a story/share price trajectory not dissimilar from many other small caps on the ASX. Many enjoy a few great years, but it seldom lasts as most find the transition from small cap into mid-cap too challenging; let's not even mention graduating into the large cap section of the market.

So it's fully understandable for investors to exhibit little patience and direct attention to share prices that are enjoying positive momentum. After all, who wants to be holding the next IDP Education ((IEL)) or Nufarm ((NUF))?

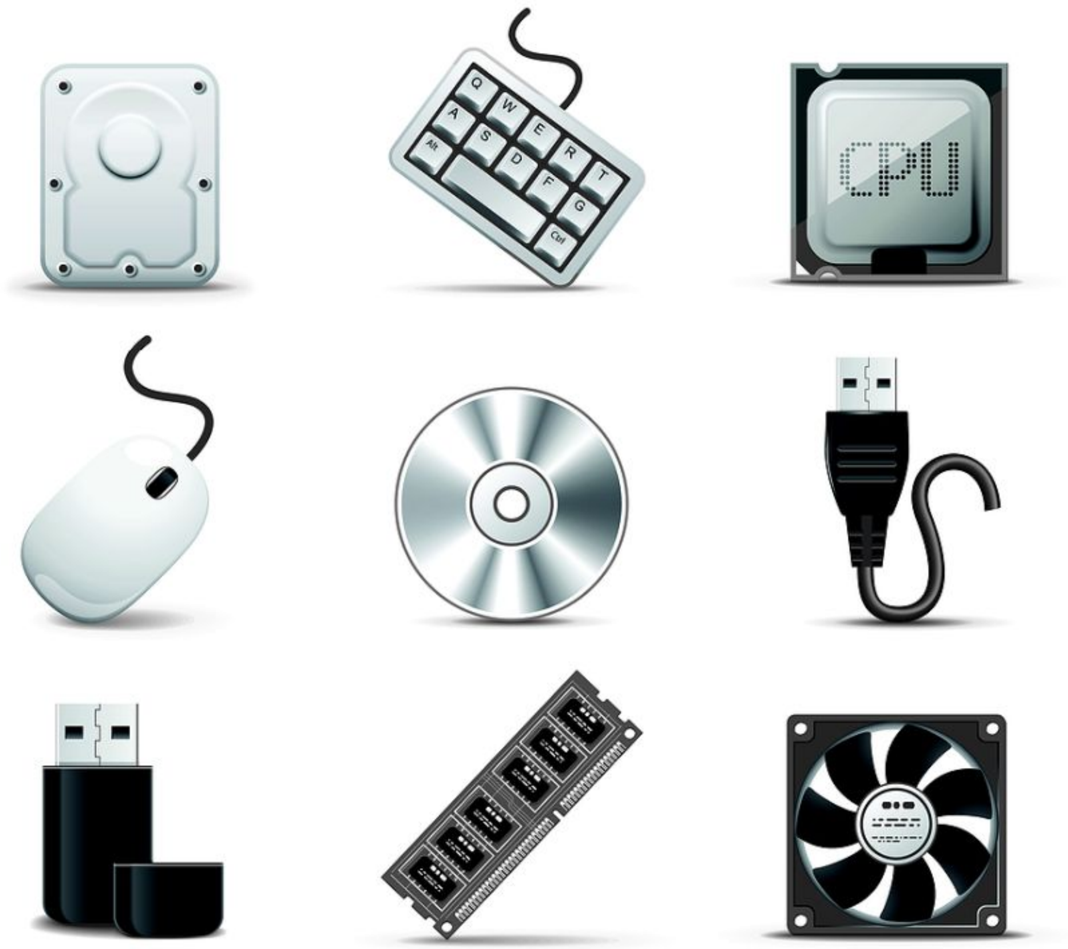
Dicker Data shares caught my attention back in 2023. The shares had fallen to a level comparable to where they are trading today, which looked genuinely undercooked as investors focused on economic uncertainty and preferred to jump on the new AI Megatrend.

Adding to the attraction was a relatively high dividend yield (circa 5.7%) which I believed was unlikely to be cut. Up until that point, Dicker Data was still seen as a small cap success story and shareholders had been pampered many times over since its IPO in 2011 at 20c.

Within weeks the decision to add the shares to the All-Weather Portfolio was well-rewarded with the shares rallying to above $12 from circa $8, but the trajectory since has simply pulled the price back to where it was; no doubt enjoying support from that juicy looking yield (and fully franked too).

Similar as with CSL and Woolworths, with the shares essentially not moving since the days of covid lockdowns, it would be easy to conclude this story has run its course. But there is a reason as to why I had included Dicker Data as part of my curated selection of Emerging New Business Models.

I thought there are reasons to believe this company is a higher quality operator in its sector. That thesis will be put to the test from here onwards.



One of the easiest indicators to underpin that higher quality label is the company's profit margin which remains steadfastly above much larger international peers such as Ingram Micro. Dicker Data's official label might be of a specialist IT hardware distributor, in practice its suite of services is a lot broader than that, also because its market focus (through resellers) is on smaller cap enterprises.

So whereas Ingram Micro and co compete for large volume contracts with the likes of Harvey Norman and JB Hi-Fi, Dicker Data assists smaller businesses with connecting to the cloud and getting their cybersecurity protection set up. These additional services are key to the higher margin the company enjoys.

That said, shifting PCs, printers, modems and CCTV cameras, along other pieces of hardware, remains the bread and butter core of the operation. This is where the post-covid hangover has impacted most. This is also one reason to be optimistic about the future as Microsoft is ceasing support of its Windows 10 operating system (from October onwards) and devices with built-in AI are gradually becoming the next must-have purchase.

Dicker Data believes its network of over 5000 resellers makes it the largest of its kind in Australia with an estimated market share of circa 50% (plus circa one third in New Zealand). Servicing clients with more complex needs allows the company to establish deeper, more value-add relationships, also including pre-sale technical support, training and credit facilities for resellers.

The provision of credit services is why the company tends to carry a large debt burden and why changes in interest rates have a rather large impact; they increase or decrease the costs for carrying so much debt. The early post-covid years have seen that burden increase quite rapidly, but now the RBA is taking the cash rate back to neutral, albeit in gradual steps, debt cost relief should follow.

The one factor that makes Dicker Data unique is it pays out 100% of its earnings or free cash flow to shareholders, paid out in quarterly installments, fully franked. This makes the shares equally attractive for your typical income-oriented investor (at least at current levels). Those dividends have not always grown year-on-year, but they have proven remarkably resilient over the past 15 years.

Starting from a cheap-looking valuation, underpinned by an attractive-looking yield, the investment thesis for Dicker Data shares could be summarised as the downturn in PC and hardware sales post-covid appears long in the tooth, while a renewed uptrend seems likely with Windows 10 about to be mothballed and with AI devices the new fashion. It's not as if Harvey Norman, JB Hi-Fi and Wesfarmers' Officeworks have not already flagged these prospects.

Demand for cybersecurity is equally a fresh Megatrend, as are cloud services and AI/analytics solutions and Dicker Data has the agreements in place, like with Nvidia, CrowdStrike, Azure, AWS, etc, to benefit from these trends too. As spending on software generally remains in an uptrend, such higher-margin sales become more important for Dicker Data too.

There is a danger of software companies eventually seeking direct-to-customer sales and circumvent the channel model through the likes of Dicker Data, but thus far that seems a tough call given the company's importance in its core markets.

To date, selling more software through subscriptions only adds to the company's annual recurring income.

Historically, lower interest rates tend to lead to improved consumer spending, albeit with a lag. History also suggests spending by smaller enterprises is closely correlated to consumer spending generally. From this perspective too, RBA rate cuts should improve conditions for spending by businesses overall.

While the colourfull David Dicker is no longer with the company, and he might even sell more of his equity whenever he feels like it, the daily running of the business is in hands of a leadership team that has been with the company for more than two decades, while co-founder Fiona Brown is still Executive Chair.

There's a good argument to be made the business stagnation in recent years can be linked back to covid and lockdowns, a rare interruption for the industry and the company's underlying trends. At the same time, expecting Dicker Data to resume its 20%-plus growth pace from the first decade post 2011 might also prove a bridge too far.

The company has grown into a $3bn-plus annual revenue company and adding new products and services, or even fresh acquisitions, simply no longer have that same impact. Plus, sometimes disappointment can show up via unexpected ways. In February, the half-yearly result actually surprised with a higher jump in sales, but one large AI contract weighed on the profit margin, and that's all the market focused on.

I personally see Dicker Data as a less conventional way to have exposure to modern day megatrends including cloud computing and AI. While the share price has arguably lagged for much longer, and fallen much deeper than I believed it would, receiving quarterly dividend payments makes the waiting for the turnaround a lot easier.

Ultimately, the hangover from covid will wear off and we're already three years-plus later. A prospect that is now equally brightening the outlook for the local healthcare sector, but that is a story for another day.

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See also my recent writings:

https://fnarena.com/index.php/2025/06/25/rudis-view-ten-years-of-all-weather-model-portfolio/

https://fnarena.com/index.php/2025/06/18/rudis-view-macquarie-technology-stock-in-focus/

https://fnarena.com/index.php/2025/06/11/rudis-view-the-ai-promise-is-broadening/

Ask FNArena

With fiscal 2025 in the rear view and the August results season only weeks away, FNArena is preparing for an online live event, allowing subscribers and investors to ask questions about what to expect, individual companies, specific strategies, et cetera.

Yours truly will do his best to prepare and answer as many questions as possible. No date has been set as yet, but we're aiming for the final week of July.

Questions can be send in beforehand via **Editor@fnarena.com**. More details to follow.

Model Portfolios, Best Buys & Conviction Calls

This section appears from now on every Thursday morning in a separate update on the website. See **Rudi's Views** for the archive going back to 2006 (not a typo).

FNArena Subscription

A subscription to FNArena (6 or 12 months) comes with an archive of Special Reports (21 since 2006); examples below.

(This story was written on Monday, 30th June 2025. It was published on the day in the form of an email to paying subscribers, and again on Wednesday as a story on the website).

(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. All views are mine and not by association FNArena's see disclaimer on the website.

In addition, since FNArena runs a Model Portfolio based upon my research on All-Weather Performers it is more than likely that stocks mentioned are included in this Model Portfolio. For all questions about this: contact us via the direct messaging system on the website).

RUDI'S VIEWS

Rudi's View: Charter Hall, Droneshield, Pinnacle, WiseTech & More

(See also FNArena Talks and Ask FNArena further below).

By Rudi Filapek-Vandyck, Editor

Strategists at Wilsons see the US economy slowing in H2, but without any dramas attached as long as Trump & Co don't go crazy again on tariffs.

As far as Australian equities are concerned, one more RBA rate cut this year should provide support but valuations are already seen as "full" while there's earnings risk on the horizon, thus Wilsons prefers a Neutral stance for now.

Portfolios are recommended to have an Overweight allocation to both local bonds and alternative assets (private credit, private equity, and real assets). International equities should be Underweighted.

The Federal Reserve is expected to deliver its next rate cut in September and is still expected to cut multiple times over the year ahead. The result should be slightly lower bond yields by this time next year.

Wilsons strategists would not be surprised if equities go through a rougher patch near term, but they remain positive on a twelve month view.

"Investors will likely be best served by a more globally diversified portfolio over the balance of 2025."

The strategists also remain positive on the outlook for gold medium to longer term.

Wilsons' Model Portfolio added Pinnacle Investment Management ((PNI)) in June while selling out of Mac Copper ((MAC)). The strategists have given up on the prospect of a higher bid to Harmony Gold's $18.90 offer.

Pinnacle is seen as a compelling multi-year growth story whose share price has failed to recover in full from the April mayhem.

Wilsons' **Focus Portfolio** has large overweight allocations to ANZ Bank ((ANZ)), CSL ((CSL)), ResMed ((RMD)), and Collins Foods ((CKF)).

Other high-conviction exposures include Goodman Group ((GMG)), TechnologyOne ((TNE)), Telix Pharmaceuticals ((TLX)), WiseTech Global ((WTC)), and Xero ((XRO)).

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Stockbroker **Morgans**' strategy update for the winter period ahead has seen the bias tilt towards **mid and small cap companies and on quality cyclicals**, while any exposure to expensive defensives --like banks and telcos-- is recommended to be reduced.

Preferred sector exposures are financials, industrials, and agriculture, but also notable laggards healthcare, resources and energy when the global macro-economic outlook brightens again.

When it comes to the local technology sector, the advice is to "buy the dips", with Key Picks WiseTech Global ((WTC)) and Megaport ((MP1)).

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For investors seeking exposure to governments increasing their spending on defence, **Bell Potter** highlights three ASX-listed options:

-Droneshield ((DRO))
-Electro Optic Systems Holdings ((EOS))
-IperionX ((IPX))

For more info on the latter: https://fnarena.com/index.php/2025/06/17/us-defence-validates-iperionx-potential/

Colleagues at Bell Potter's **retail** desk have nominated their favourites across large/mid/small caps:

-JB Hi-Fi ((JBH))
-Harvey Norman ((HVN))
-Universal Store Holdings ((UNI))
-Propel Funeral Partners ((PFP))

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Retail sector analysts at **Citi** have lined up their favourites inside the local small cap retail space (in order of preference):

-Universal Store Holdings ((UNI))
-Baby Bunting ((BBY))
-Nick Scali ((NCK))
-Temple & Webster ((TPW))
-Beacon Lighting ((BLX))
-Harvey Norman ((HVN))
-Accent Group ((AX1))
-Super Retail ((SUL))
-Premier Investments ((PMV))
-Bapcor ((BAP))
-Lovisa Holdings ((LOV))

In support of the broker's number one pick: *"We remain confident that the company can continue to deliver in the short-term, given the benefit from competitor closures is increasing."*

Elsewhere, colleagues at the local **A-REITs** desk have expressed their general positive view for the sector on the basis of ongoing RBA rate cutting.

Citi's overall preference is for those in the sector that can boast strong growth potential.

No surprise thus, Goodman Group ((GMG)) remains the broker's number one sector pick, followed by Scentre Group ((SCG)), Stockland ((SGP)), National Storage ((NSR)) and Ingenia Communities Group ((INA)).

Also in favour are diversified stocks with high beta to underlying interest rate cuts; Charter Hall ((CHC)) and GPT Group ((GPT)).

Also highlighted is Charter Hall Retail REIT ((CQR)) for a potential positive surprises into results, also supported by strong underlying fundamentals.

Peers at UBS have now nominated BWP Trust ((BWP)) as their favourite among mid-cap retail REITs in Australia.

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Gold is receiving less and less love from analysts at **Citi** who --bottom line-- see less clouds on the horizon as that Big Bill in the US is likely to be approved and with the US administration announcing more trade deals.

Citi is toying with the idea that gold might have seen its peak for this cycle. The price of bullion is expected to vacillate between US$3,100-US$3,500/oz over the three months ahead.

****

Morgan Stanley has highlighted six **Conviction stock picks** that each represent a compelling individual investment case underpinned by idiosyncratic drivers and the ability to deliver earnings upside, believed to be underappreciated by the market.

-WiseTech Global ((WTC))
-Charter Hall Group ((CHC))
-Suncorp Group ((SUN))
-Life360 Inc ((360))
-Generation Development Group ((GDG))
-Data#3 ((DTL))

****

Morningstar has removed James Hardie ((JHX)) and APA Group ((APA)) from its selection of **Global Equity Best Ideas** (Conviction Buy Calls by any other name, mostly chosen because of under-valuation).

Fourteen companies listed on either side of the Tasman Sea (or both) remain selected:

-Auckland International Airport ((AIA))
-ASX Ltd ((ASX))
-Aurizon Holdings ((AZJ))
-Bapcor ((BAP))
-Dexus ((DXS))
-Domino's Pizza Enterprises ((DMP))
-Endeavour Group ((EDV))
-Fineos Corp ((FCL))
-IDP Education ((IEL))
-IGO Ltd ((IGO))
-Ramsay Health Care ((RHC))
-SiteMinder ((SDR))
-Spark New Zealand ((SPK))
-Woodside Energy ((WDS))

Best Buys & Conviction Calls

Bell Potter's sector preferences for the financial year ahead.

Listed Investment Companies ((LICs)
-Australian Foundation Investment Company ((AFI))
-Metrics Master Income Trust ((MXT))
-MFF Capital Investments ((MFF))

Agricultural & Fast Moving Consumer Goods (FMCG)
-Bega Cheese ((BGA))
-Rural Funds Group ((RFF))
-Elders ((ELD))

Technology
-WiseTech Global ((WTC))
-Gentrack ((GTK))
-Seek ((SEK))

Diversified Financials
-Cuscal ((CCL))
-Praemium ((PPS))
-Regal Partners ((RPL))

Real Estate
-Aspen Group ((APZ))
-Cedar Woods ((CWP))
-Region Group ((RGN))

Retail
-JB Hi-Fi ((JBH))
-Universal Store Holdings ((UNI))
-Propel Funeral Partners ((PFP))

Industrials
-LGI Ltd ((LGI))
-Environmental Group ((EGL))

Healthcare
-Telix Pharmaceuticals ((TLX))
-Neuren Pharmaceuticals ((NEU))
-Monash IVF ((MVF))

Gold
-Minerals 260 ((MI6))
-Santana Minerals ((SMI))
-Evolution Mining ((EVN))

Base Metals
-Aeris Resources ((AIS))
-Nickel Industries ((NIC))
-AIC Mines ((A1M))

Strategic Minerals & Processing Technologies
-Alpha HPA ((A4N))
-IperionX ((IPX))

Energy
-Boss Energy ((BOE))

Mining & Industrial Services
-Develop Global ((DVP))
-ALS Ltd ((ALQ))
-Duratec ((DUR))

****

Crestone's Best Sector Ideas:

-Ampol ((ALD))
-APA Group ((APA))
-Aristocrat Leisure ((ALL))
-Beach Energy ((BPT))
-Brambles ((BXB))
-Cochlear ((COH))
-CSL ((CSL))
-Goodman Group ((GMG))
-IGO Ltd ((IGO))
-James Hardie Industries ((JHX))
-Lottery Corp ((TLC))
-Macquarie Group ((MQG))
-Metcash ((MTS))
-Monadelphous Group ((MND))
-REA Group ((REA))
-ResMed ((RMD))
-Suncorp Group ((SUN))
-Xero ((XRO))

Crestone's selection for **sustainable income**:

-Amcor ((AMC))
-Ampol ((ALD))
-ANZ Bank ((ANZ))
-APA Group ((APA))
-Atlas Arteria ((ALX))
-Beach Energy ((BPT))
-BHP Group ((BHP))
-Car Group ((CAR))
-Coles Group ((COL))
-Dalrymple Bay Infrastructure ((DBI))
-Iress ((IRE))
-Lottery Corp ((TLC))
-Macquarie Group ((MQG))
-Metcash ((MTS))
-Mirvac Group ((MGR))
-Pro Medicus ((PME))
-QBE Insurance ((QBE))
-RAM Essential Services ((REP))
-ResMed ((RMD))
-Suncorp Group ((SUN))
-Tabcorp Holdings ((TAH))
-Telstra Group ((TLS))

****

Jarden's monthly update on **Emerging Companies** (i.e. smaller caps) showcases 16 stock picks in Australia; unchanged from the update in May. The following seven have been highlighted as representing the potential highest return, ranked in order of total shareholder return:

-GQG Partners ((GQG))
-Qualitas ((QAL))
-Dicker Data ((DDR))
-Universal Store Holdings ((UNI))
-EVT Ltd ((EVT))
-SiteMinder ((SDR))
-Temple & Webster ((TPW))

Apart from their order of appearance, nothing has changed to that selection. In contrast, the other ten have seen a number of changes:

-Arena REIT ((ARF))
-Genesis Energy ((GNE))
-Harvey Norman ((HVN))
-Integral Diagnostics ((IDX))
-Karoon Energy ((KAR))
-Michael Hill ((MHJ))
-Pepper Money ((PPM))
-Symal Group ((SYL))
-Vault Minerals ((VAU))

****

Goldman Sachs' selection of local **Conviction Buys** currently consists of:

-Iluka Resources ((ILU))
-NextDC ((NXT))
-ResMed ((RMD))
-Worley ((WOR))

The global list also includes Unibail-Rodamco-Westfield ((URW)), with main listing in Paris but also listed on the ASX (as a leftover from the old Westfield empire), as well as Rio Tinto's ((RIO)) London listing.

****

Morgan Stanley's Macro+ Focus List in Australia is currently made up of:

-Aristocrat Leisure ((ALL))
-ANZ Bank ((ANZ))
-Car Group ((CAR))
-Goodman Group ((GMG))
-GPT Group ((GPT))
-James Hardie Industries ((JHX))
-Orica ((ORI))
-Santos ((STO))
-Suncorp Group ((SUN))
-Xero ((XRO))

****

Morgan Stanley's **Australia Macro+ Model Portfolio** is currently made up of the following:

-ANZ Bank ((ANZ))
-CommBank ((CBA))
-National Australia Bank ((NAB))
-Westpac ((WBC))

-Macquarie Group ((MQG))

-Suncorp Group ((SUN))

-Goodman Group ((GMG))
-GPT Group ((GPT))
-Scentre Group ((SCG))
-Stockland ((STG))

-Aristocrat Leisure ((ALL))

-Eagers Automotive ((APE))
-CAR Group ((CAR))
-Domino's Pizza ((DMP))
-The Lottery Corp ((TLC))
-Wesfarmers ((WES))
-WiseTech Global ((WTC))
-Xero ((XRO))

-James Hardie ((JHX))

-Amcor ((AMC))
-Cleanaway Waste Management ((CWY))
-Orica ((ORI))

-Coles Group ((COL))

-CSL ((CSL))
-ResMed ((RMD))

-AGL Energy ((AGL))
-Telstra ((TLS))
-Transurban ((TCL))

-BHP Group ((BHP))
-Newmont Corp ((NEM))
-Rio Tinto ((RIO))
-South32 ((S32))

-Santos ((STO))
-Woodside Energy ((WDS))

****

Ord Minnett's High Conviction calls (all nominations made by sector analysts on a 12 month horizon):

-Aussie Broadband ((ABB))
-Brazilian Rare Earths ((BRE))
-Bubs Australia ((BUB))
-Cuscal ((CCL))
-Qoria ((QOR))
-Regis Healthcare ((REG))
-SiteMinder ((SDR))
-Vault Minerals ((VAU))
-Waypoint REIT ((WPR))
-Zip Co ((ZIP))

****

Shaw and Partners' Large Caps Model Portfolio:

-ANZ Bank ((ANZ))
-Aristocrat Leisure ((ALL))
-BlueScope Steel ((BSL))
-Brambles ((BXB))
-Dexus ((DXS))
-Macquarie Group ((MQG))
-Newmont Corp ((NEM))
-South32 ((S32))

Shaw and Partners' **emerging companies Top Picks**:

-AML3D ((AL3))
-Australian Vanadium ((AVL))
-Bannerman Energy ((BMN))
-Chrysos ((C79))
-Humm Group ((HUM))
-Metro Mining ((MMI))
-Santana Minerals ((SMI))

-Southern Cross Electrical ((SXE))

****

UBS's Most Preferred Stocks in Australia

In <u>Resources</u> segment:
-BHP Group ((BHP))
-BlueScope Steel ((BSL))
-Newmont Corp ((NEM))
-Orica ((ORI))
-Origin Energy ((ORG))

Among <u>Financials & A-REITs:</u>
-Dexus ((DXS))
-Lifestyle Communities ((LIC))
-Mirvac Group ((MGR))
-Medibank Private ((MPL))
-QBE Insurance ((QBE))
-Steadfast Group ((SDF))

Among <u>Industrials</u>:
-Brambles ((BXB))
-Collins Foods ((CKF))
-Cochlear ((COH))
-Coles Group ((COL))
-NextDC ((NXT))
-REA Group ((REA))
-ResMed ((RMD))
-SGH Ltd ((SGH))
-TechnologyOne ((TNE))
-Telstra Corp ((TLS))
-Telix Pharmaceuticals ((TLX))
-WiseTech Global ((WTC))

UBS's Least Preferred Stocks in Australia

-Aurizon Holdings ((AZJ))
-ASX Ltd ((ASX))
-Bank of Queensland ((BOQ))
-CommBank ((CBA))
-Charter Hall Group ((CHC))
-Computershare ((CPU))
-Evolution Mining ((EVN))
-Temple & Webster ((TPW))

****

Wilsons' Focus Portfolio currently contains the following:

-ANZ Bank ((ANZ))
-Aristocrat Leisure ((ALL))
-BHP Group ((BHP))
-Brambles ((BXB))
-Car Group ((CAR))
-Collins Foods ((CKF))
-CSL ((CSL))
-Evolution Mining ((EVN))
-Goodman Group ((GMG))
-HealthCo Healthcare & Wellness REIT ((HCW))
-Hub24 ((HUB))
-James Hardie ((JHX))
-Macquarie Group ((MQG))
-Northern Star Resources ((NST))
-Pinnacle Investment Managers ((PNI))
-ResMed ((RMD))
-Sandfire Resources ((SFR))
-Santos ((STO))
-South32 ((S32))

-TechnologyOne ((TNE))
-Telix Pharmaceuticals ((TLX))
-The Lottery Corp ((TLC))
-Westpac Bank ((WBC))
-WiseTech Global ((WTC))
-Woolworths Group ((WOW))
-Worley ((WOR))
-Xero ((XRO))

****

Wilsons' analysts selected the following five as **Key Investment Opportunities**:

-ResMed ((RMD))
-Goodman Group ((GMG))
-Xero ((XRO))
-Brambles ((BXB))
-WiseTech Global ((WTC))

****

Paying subscribers have 24/7 access to my curated lists, including All-Weather Performers at: https://fnarena.com/index.php/analysis-data/all-weather-stocks/

FNArena Talks

Interview for Philip Muscatello's **Shares For Beginners** about the ins and outs of All-Weathers and the portfolio over the decade past:

https://sharesforbeginners.com/blog/fnarena-all-weather

YouTube: https://youtu.be/m33cYbtJsDs?si=MQTAW8YgI2oNjKc4

Spotify: https://open.spotify.com/episode/43A2QQWyfGdHYgixBalJo7?si=dd99905f27554381

Apple Podcasts:
https://podcasts.apple.com/au/podcast/all-weather-portfolio-rudi-filapek-vandyck-fnarena/id1451778025?i=100071534835

Ask FNArena

With fiscal 2025 in the rear view and the August results season only weeks away, FNArena is preparing for an online live event, allowing subscribers and investors to ask questions about what to expect, individual companies, specific strategies, et cetera.

Yours truly will do his best to prepare and answer as many questions as possible. No date has been set as yet, but we're aiming for the final week of July.

Questions can be send in beforehand via **Editor@fnarena.com**. More details to follow.

(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.

P.S. II - *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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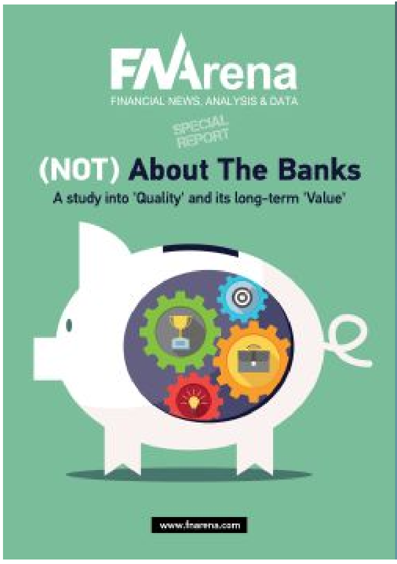

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FNArenais proud about its track record and past achievements: Ten Years On

SMALL CAPS

The Enigma Surrounding Clinuvel

Clinuvel Pharmaceuticals posted a strong first half result, and offers significant upside in expanding the use of its flagship drug, but investors just aren't excited.

-Ord Minnett initiates coverage of Clinuvel with a Buy rating
-First half result surprised to the upside, but with quality-related questions
-Significant opportunity to expand Scenesse use
-Spectre of competition weighs on investors' appetite

By Greg Peel

Investment in biotech companies is inherently risky, as drug development typically carries binary risk. If a drug works, and through extensive regulatory testing is approved, the sky might be the limit. If not, it's back to the drawing board, and a wallowing share price.

Clinuvel Pharmaceuticals ((CUV)) is one ASX-listed biotech that is already profitable, Ord Minnett points out, thanks to the success of its flagship product afamelanotide, marketed as Scenesse.

Scenesse is the only treatment approved by the US Food & Drug Administration (FDA) to treat erythropoietic protoporphyria (EPP), a rare genetic condition that causes extreme sensitivity to sunlight, leading to painful skin reactions that typically presents in early childhood.

Scenesse has been on the market for a decade.

Clinuvel is also well-advanced in extending the use of Scenesse through a drug that works by inducing pigmentation of the skin, thus reducing the level of photosensitivity to a much larger market in treating vitiligo, a cosmetic condition that causes skin to lose its colour or pigment in patches that usually get bigger with time.

Vitiligo's most-famous sufferers include US actor Jon Hamm, Irish comedian Graham Norton, former Top Gear co-host Richard Hammond, and American talk-show host Joe Rogan. On Ord Minnett's analysis, a vitiligo treatment offers the potential for peak sales of circa $1.4bn annually, more than ten times the broker's peak sales estimate for Scenesse of $116m.

So successful has Scenesse been, Clinuvel finished the first half FY25 with $198m in net cash. However, one broker is not all that happy about the "lazy" balance sheet, with cash representing some 33% of market value.

First Half Beat

Said inherent risks in biotechs were illustrated by broker responses to Clinuvel's first half result, and resultant target price settings. All three brokers monitored by FNArena dropped their target prices, but Wilsons cut to $30.00 from $30.16, Bell Potter to $21.75 from $22.25 and Morgans to $15.00 from $17.00.

At the time, the stock was trading at around $11.70. Yesterday, the shares closed just below $10.

Clinuvel reported revenues of $35.6m, up 10.5% year on year, in line with consensus, driven by moderate growth in the EU/US. Expense growth, or lack of it was the biggest surprise, up only 2%, with employee costs and R&D increasing by 34% and 277% respectively, offset by a -96.8% reduction in materials costs and -82.1% decline in share-based payments.

This led to a profit improvement of 28.7% to $14.1m, ahead of consensus on $10.1m.

Why then, has the stock failed to gain any traction post the result beat and through the second half?

Competition Risk

As noted, Scenesse has enjoyed a decade-long FDA-approval monopoly.

Wilsons suggested back in February the first half Scenesse result ought to renew faith in the EPP business. Wilsons was aware that would-be competitor Disc Medicine's (US) attempts to pursue an accelerated approval for its bitopertin alternative this year had weighed on the stock. Wilsons still saw bitopertin's secondary endpoint miss in its Phase II trial as a barrier to overcome.

Wilsons suggested it would be "surprised and shocked" if the FDA grants Disc Medicine accelerated approval, given that Clinuvel's Scenesse remains the only approved agent that has satisfied the registration endpoint in the Phase III EPP setting. The broker's EPP modelling anticipates and accommodates competition, which could be years distant in the broker's view.

Bell Potter also noted its awareness of a second potential drug approval in EPP in around two years, but remained comfortable in its forecasts which assume peak Scenesse EPP sales in FY27 that are flat to FY29, based on (1) greater than 90% treatment persistence and high patient satisfaction with Scenesse, (2) financial incentives for prescribers, (3) potential combination use of both products, and (4) increased awareness/diagnosis overall.

Morgans noted the feedback from the FDA appears to suggest a willingness to work with Disc Medicine within the confines of what were the successful aspects of that company's Phase II results. In the short term, the impact of a large and actively recruiting Phase III trial could potentially represent material competition for US patients looking for treatment.

Whether the longer-term threat is tangible or not, Morgans suggested the market clearly viewed any threat to Clinuvel's position in EPP as not fully defensible, be it due to questions around "stickiness" of the patient, efficacy and side effect profile, pricing, or delivery mechanism most of which Morgans had previously raised as potential risks.

Competition is just part of pharmaceutical development, but it was clear to Morgans the unknowns and how this plays out continue to weigh on investors' minds, looking past the current strong business metrics and adding risk to future performance.

And Another Thing

Aside from noting competition risk, Morgans also claimed Clinuvel's surprise first half result to be of low quality, driven by the material decline in materials costs. The broker hus failed to see much in the results to get investors too fired up. The effective zeroing of materials purchased was labelled as "strange", coming off a similarly low materials cost in the second half FY24 of -$1.1m.

This is low versus a three-year (full year) average costs of -$7.6m. With a fairly large inventory balance remaining, this might present some short-term upside to profit expectations but Morgans expected a "true-up" in time.

It was also Morgans that called out Clinuvel's "lazy" balance sheet, calling the cash balance an elephant in the room which continues to grow while management opts to defy investor concerns.

Morgans' response (and low-end price target) was accompanied by a rating downgrade, but only to Speculative Buy from Add. Bell Potter retained its Buy rating and Wilsons unsurprisingly stuck with Overweight.

Fast Forward To Now

This week Ord Minnett has initiated coverage of Clinuvel with a Buy rating and $22.60 target.

The extension of Scenesse to the treatment of vitiligo is significantly less risky, Ord Minnett notes, than developing a new drug and going through trials and approval processes again. This is thanks to the FDA's previous approval of Clinuvel's manufacturing process and the already submitted safety and clinical data, along with the company's existing US distribution network and payment and reimbursement arrangements.

Scenesse as a treatment for EPP generates robust cash flows to fund R&D into therapies for vitiligo and other skin conditions. In Ord Minnett's view, even a worst-case slowdown in sales growth in the EPP market as it matures will not affect the ability of Clinuvel's balance sheet to fund its diversification plans.

Besides extending Scenesse's use to vitiligo, these diversification plans include developing its afamelanotide therapy for use in some types of multiple sclerosis and infantile spasms, and a variant of afamelanotide in the treatment of strokes.

Back in February, Bell Potter noted Clinuvel's core EPP franchise continues to grow and is delivering impressively high profit margins. The broker believes this franchise will continue to hold up in the mid-term, even if a second entrant comes to market.

The company was then trading at an undemanding enterprise value to earnings multiple of 7.5x EV/EBITDA multiple on FY25 forecasts, well below the global peer average. The stock price is lower today.

There is also a major catalyst approaching in early 2026, being the readout of the first vitiligo Phase III trial. A successful readout here would dramatically de-risk the vitiligo label expansion for Scenesse, Bell Potter noted, and expand the addressable market size many-fold.

There are now four monitored brokers carrying positive ratings on Clinuvel Pharmaceuticals, but a target spread of $15-30 underscores the speculative nature of the stock.

Over the decade past, the shares have traded between $2 and above $40, and between $25 and $10 over the three years past.

WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 27-06-25

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

By Mark Woodruff

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 June 23 to Friday June 27, 2025
Total Upgrades: 7
Total Downgrades: 17
Net Ratings Breakdown: Buy 61.35%; Hold 30.92%; Sell 7.73%

In the week ending Friday, June 27, 2025, FNArena tracked seven upgrades and seventeen downgrades for ASX-listed companies from brokers monitored daily.

Average target price reductions outpaced increases, though upgrades to earnings forecasts were more substantial at the upper end of the table below.

Much of the movement in broker ratings, target prices, and earnings estimates centred on the mining sector, following commodity price revisions by Citi, Ord Minnett, and Morgans.

Fortescue received two rating downgrades from Morgans and Citi to Hold (or equivalent) from Buy.

Citi expects the iron ore price to remain range-bound between US$90-100/t, but with downside risk tied to potential steel production cuts in China. This broker lowered its 0-3 month price forecast to US$90/t and its 6-12 month view to US$85/t, from US$100/t and US$90/t respectively.

After also adjusting for a higher Australian dollar forecast, Citi reduced its target price for Fortescue to $16.00 from $17.50.

Morgans revised down its FY26 average iron ore forecast to US$89/t, while retaining its long-term estimate of US$77/t real, leading to a target price for Fortescue of $16.50, down from $18.80. Commentary noted a -US$5/t fall in iron ore prices wil reduce FY26 earnings by around -14% and flagged a widening low-grade discount in weaker markets as an added risk.

Liontown Resources was downgraded to Sell by both Citi and Ord Minnett, with Citi also cutting IGO Ltd and Pilbara Minerals to Neutral.

Citi's key commodity revision last week concerned lithium, further reducing spodumene forecasts by -13% for 2025, -27% for 2026, and -20% for 2027, with chemical prices cut by similar margins.

Ord Minnett also dropped its Liontown target to 45c from 50c following across-the-board forecast downgrades for lithium spodumene, carbonate, and hydroxide out to 2027.

On the positive side of the ledger, average target prices in the FNArena database rose last week for shipbuilder Austal and grocery wholesaler and hardware supplier Metcash, by approximately 14% and 8%, respectively.

Citi lifted its target for Austal to $6.10 from $4.09, citing increased US and Australian defence spending plus recent progress on the US Navy's Towing, Salvage, and Rescue Ship (T-ATS) program. These Navajo-class ships are designed to replace the ageing T-ATF and T-ARS vessels currently in service.

In further positives for Austal, Citi also pointed to the potential near-term finalisation of the Strategic Shipbuilding Agreement and the heightened probability of a takeover by Hanwha, following approval from the Committee on Foreign Investment in the United States (CFIUS).

For Metcash, FY25 earnings landed at the top end of guidance, supported by a strong performance from Food & Liquor, despite a continued decline in tobacco sales.

Hardware is expected to benefit from future interest rate cuts, although the timing and scale of any recovery remain uncertain. These and other matters are discussed further at https://fnarena.com/index.php/2025/06/24/metcash-outlook-tobacco-sales-vs-rate-cuts/

On the flipside, Adairs saw its average target price fall by around -14% last week, after becoming the latest discretionary retailer to downgrade earnings guidance. Tough trading conditions after Easter prompted heavier discounting, which in turn added to margin pressure.

Ord Minnett's response, detailed at https://fnarena.com/index.php/2025/06/25/new-broom-clearing-the-decks-for-adairs/, suggests management may need to reassess its growth ambitions such as store refurbishments and network expansion, until sales show clearer signs of stabilisation.

For the same reasons as applied to Lionstown Resources above, Pilbara Minerals follows Adairs on negative change to targets, after Citi and Ord Minnett lowered their targets to $1.30 and $1.10, respectively, from $1.60 and $1.75.

Adairs also appears second on the negative change to average earnings forecast table below, wedged in between Paladin Energy and Aurizon Holdings.

UBS last week raises its price target for Paladin by 3% to $9.40 reflecting improved uranium prices and cost assumptions. The uranium market outlook has strengthened, in the analysts' view, driven by positive US nuclear policy momentum, including bipartisan support and plans to quadruple nuclear capacity by 2050.

Also, Paladin's Langer Heinrich mine restart in Namibia is progressing ahead of schedule, with June quarter production expected to beat consensus despite earlier water-related issues.

FNArena's June 18 article on Aurizon Holdings https://fnarena.com/index.php/analysis-data/consensus-forecasts/stock-analysis/?code=AZJ posed the question: Will the company's long term copper haulage contract with BHP Group be enough to stem the company's tide of negative revisions?

It seems not. Last Friday, management cited higher bad debt provisioning and lower-than-expected Network division volumes when downgrading FY25 earnings guidance.

The company deferred $50m of Network income to FY27, versus the earlier estimate by UBS for $19m, which explains most of the earnings miss. The Network division manages the Central Queensland Coal Network (CQCN).

While the share price now looks attractive in the short-term, Morgans downgraded to Hold from Accumulate on medium-term concerns around the Coal division which specialises in the transport of coal from mines in Queensland and New South Wales to end customers and ports.

Collins Food is the leading stock from the Industrial sector on the earnings upgrade table after posting a strong beat against broker expectations on FY25 earnings and margins.

These outcomes were due to better-than-expected results from both KFC Australia and Europe, lower corporate costs, and lower net interest. For greater detail refer to https://fnarena.com/index.php/2025/06/25/collins-foods-finger-lickin-turnaround/.

Collins Foods aside, other top increases in average earnings forecasts went to miners 29Metals and Stanmore Resources.

Citi's target for copper-focused base and precious metals mining company 29Metals was increased to 15c from 12c after raising FY25 and FY27 earnings forecasts by between 4-6% on higher base metal forecasts.

The broker's Sell rating was retained. Elsewhere among copper names, a Buy for Capstone Copper and a Neutral for Sandfire Resources were retained.

At Ord Minnett, where 29Metals remains a Hold, South32 (Neutral at Citi) and Capstone Copper remain this broker's top picks for base metals exposure.

Citi's earnings forecast for Stanmore Resources rose due to higher price forecasts for Low Volatile Pulverized Injection (PCI) coal, causing FY26 and FY27 forecasts to increase by 10% and 6%, respectively.

This type of coal is primarily used in the blast furnace process for producing pig iron from iron ore, serving as a more cost-effective alternative to traditional coking coal.

Total Buy ratings in the database comprise 61.35% of the total, versus 30.92% on Neutral/Hold, while Sell ratings account for the remaining 7.73%.

<u>**Upgrade**</u>

ADAIRS LIMITED ((ADH)) Upgrade to Buy from Accumulate by Morgans .B/H/S: 1/3/0

Morgans notes Adairs' FY25 group earnings (EBIT) guidance of $53.557.0m is about -10% below the consensus expectation, though up 1.2% year-on-year, with sales expected to rise 6.2%.

According to the broker, Adairs-branded sales remain solid, up 9.2%, but promotional intensity and a weaker currency have pressured margins, particularly in June.

Focus sales are down -7%, with earnings falling nearly -36% due to geographic exposure and weaker conversion in large-ticket items, explain the analysts.

Mocka continues to perform strongly, observes the broker, with FY25 revenue up 14.1%, supported by over 25% growth in Australia and a turnaround in New Zealand.

Despite near-term earnings softness, Morgans sees valuation support and upgrades to a Buy rating from Accumulate with a $2.60 price target, down from $2.85.

See also ADH downgrade.

AMCOR PLC ((AMC)) Upgrade to Buy from Neutral by UBS .B/H/S: 5/1/0

UBS raises its target for Amcor to $18.25 from $16.90 upgrades to Buy (from Neutral) for the first time in around three years. The analysts see the Berry merger as a catalyst for a forecast 12% EPS compound annual growth rate (CAGR) over FY2528.

The broker expects full delivery of $650m in synergy benefits, with just 10% priced into shares and consensus assuming around 70%.

Amcor's revised capital plan, including $1.2bn in potential share buybacks and higher growth capex, is seen by UBS as supportive of earnings growth and a multiple re-rating.

The broker sees a shift from stagnant EPS to sustained double-digit growth as Amcor invests more in high-growth packaging categories.

ADVERITAS LIMITED ((AV1)) Upgrade to Buy from Speculative Buy by Bell Potter .B/H/S: 1/0/0

Adveritas has completed an $8.5m capital raising via the issue of 85m shares at 10c to support US expansion, e-commerce growth, product development and new integrations, observes Bell Potter.

The raise was larger than previously forecast by the broker but resulted in fewer shares issued, leading to modest EPS upgrades by the analysts of around 1% in FY26 and FY27.

Bell Potter's cash forecasts are lifted to $9.2m for FY25 and $9.9m for FY26, with the broker assuming the company remains modestly cash flow positive across FY26. The target is raised to 18c from 15c.

Bell Potter upgrades to Buy from Speculative rating, citing a stronger balance sheet and reduced risk profile.

AURIZON HOLDINGS LIMITED ((AZJ)) Upgrade to Outperform from Neutral by Macquarie .B/H/S: 1/4/1

FY25 will mark Aurizon's weakest year since 2013, observes Macquarie, with coal volumes flat and contract delays weighing on performance. Management is expecting underlying earnings (EBITDA) of around $1.575m.

The broker forecasts a recovery in FY26, supported by a $100m uplift in regulated network revenue and benefits from a cost-out program.

Expected earnings for FY25 were 2.1% ahead of the analyst's expectations, but downgrades have been made to the broker's FY25-27 earnings forecasts due to weaker coal volumes and network under-recovery.

Macquarie retains its price target at $3.39 and upgrades to Outperform from Neutral.

See also AZJ downgrade.

LOVISA HOLDINGS LIMITED ((LOV)) Upgrade to Neutral from Sell by UBS .B/H/S: 4/2/1

UBS upgrades Lovisa Holdings to Neutral from Sell with a higher target price of $30 from $26 due to better-than-expected store growth and upside from Jewells, UBS states.

The previous 'Sell' rating was predicated on a slowdown in store growth since the robust FY23 at 172. Recent indications show a pick-up in store growth, notably in Europe, alongside the new Jewells format, which is expected to generate further store and sales acceleration.

Visiting two new UK Jewells stores in White City and Reading, UBS highlights a more "luxurious format" and a generally larger store size with a higher price range, aiming for the "aspirational millennial" customer.

The analyst revises EPS estimates down in FY25 by -2.8%, and up 2.8% for FY26 and 5.5% for FY27, and highlights the positive management changes, including Mark McInnes to Executive Deputy Chairman, to complement new CEO John Cheston.

REECE LIMITED ((REH)) Upgrade to Accumulate from Hold by Ord Minnett .B/H/S: 2/2/2

Ord Minnett revisited Reece's outlook following share weakness in recent months, noting FY25 will likely be a cyclical low for operating earnings and return on invested capital.

The broker acknowledges the near-term outlook is challenging. However, the company's active investment through the downturn and expected modest improvement in construction activity in Australia/NZ will improve returns from here.

Rating upgraded to Accumulate from Hold. Target unchanged at $20.40.

RESOLUTE MINING LIMITED ((RSG)) Upgrade to Buy from Accumulate by Ord Minnett .B/H/S: 2/0/0

Ord Minnett has updated the commodity price assumptions on the back of a weaker-than-expected economic macro outlook. Uncertainty around US tariffs and trade policy is weighing on global economic growth and China demand the broker explains.

The potential for China to impose capacity limitations on China steel mills in 2H 2025 remains a risk to Australia's bulk miners.

The broker lowers price forecasts for aluminium by -6%, -9%, and -3% for 20252027, with copper lowered by -10% in 2026; nickel down -7%, -7%, and -1% for 20252027; and across-the-board downgrades for lithium spodumene, carbonate, and hydroxide out to 2027.

The iron ore price forecasts sits at US$99/t (-3%) for 2025 and unchanged for 20262027, with the gold price forecast up 7% in 2025 and 10% in 2026, respectively.

Ord Minnett upgrades Resolute Mining to Buy from Accumulate. Target price lifts to $1 from 65c and the broker's EPS estimates rise by 31% and 35% for FY25/FY26, respectively.

<u>Downgrade</u>

ADAIRS LIMITED ((ADH)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 1/3/0

Bell Potter downgrades Adairs to Hold from Buy with a decline in target price by -21% to $2.10 from $2.65.

The analyst highlights FY25 guidance for revenue at $514m$618m broadly met expectations, but earnings before interest and tax guidance was -10% below consensus forecasts at the mid-point.

Notably, Adairs is performing well with year-to-date FY25 sales growth of 9% against group sales growth of 6%, with Focus on Furniture being the issue in terms of underperforming against expectations.

Bell Potter downgrades EPS estimates by -20.5% for FY25 and -28.9% for FY26 due to lower Focus on Furniture sales and a weakening in margins, as well as for Adairs due to increased promotional activity.

See also ADH upgrade.

ANZ GROUP HOLDINGS LIMITED ((ANZ)) Downgrade to Sell from Neutral by UBS .B/H/S: 0/4/1

UBS has done a detailed analysis of ANZ Bank, noting it has been one of the largest underperformers among its coverage in the past five years (-66%). The broker's analysis suggests the bank's biggest weakness is the retail division.

Scenario analysis suggests up to 16% uplift to group EPS is possible, if the bank follows Macquarie Group's ((MQG)) playbook of deposit gathering and mortgage broker-led model..

The broker cut the DPS forecast for FY25 by -25%, FY26 by -12% and FY27 by -13% on the expectation the new CEO will want to manage the bank at a stronger CET1 of around 12%.

The broker also trimmed FY26-27 net interest margin forecast by -2bps and slightly lifted the costs estimates.

Target price cut to $26.50 from $30.00. Rating downgraded to Sell from Neutral.

AURIZON HOLDINGS LIMITED ((AZJ)) Downgrade to Hold from Accumulate by Morgans .B/H/S: 1/4/1

While the short term earnings risk has most likely been taken care of --by yet another profit warning, mind you-- Morgans has in addition dimmed its outlook for the coal transporting business, the highest quality part of Aurizon Holdings.

The business is moving away from its legacy coal transport business, but the broker argues this is also of lower-quality and against fierce competition.

Short term the shares look attractive, but it's the medium term outlook that triggers the downgrade to Hold from Accumulate. Price target has fallen to $2.94 (was $3.10).

See also AZJ upgrade.

BHP GROUP LIMITED ((BHP)) Downgrade to Accumulate from Buy by Morgans .B/H/S: 5/1/0

Morgans downgrades BHP Group to Accumulate from Buy and lowers the target price to $43.70 (from $48.70).

The broker has revised down iron ore forecasts to US$89/t for FY26, with the long-term price unchanged at US$77/t, and has downgraded the sector view to Neutral from Overweight. The iron ore price is expected to slip to the mid-US$80s/t in 2H 2025, prior to a supply-side response.

Morgans explains Chinese export profits are under pressure from tariffs, and Beijing is anticipated to adopt an enforcement policy on high-emission mills to cut production.

For BHP, iron ore represents 55% of FY26 earnings (EBITDA) forecast, so every US$5/t price move impacts earnings by 2%, both up and down. A decline in the iron ore price below US$80/t would force a dividend cut, the analyst warns.

DRONESHIELD LIMITED ((DRO)) Downgrade to Hold from Buy by Shaw and Partners .B/H/S: 1/1/0

The June update from DroneShield showed a sharp increase in secured revenue to $161m from $100m in May, thanks to a $61.6m European handheld systems order.

Shaw and Partners notes the pipeline also increased to $2.41bn from $2.34bn in May, and cash lifted to $198m. With Europe representing 46% of the pipeline due mainly to NATO defence spending, the company reiterated its plan for an EU assembly hub.

The broker lifted FY25-27 forecasts significantly, leading to a rise in the target price to $2.00 from $1.20. Rating downgraded to Hold, High Risk from Buy.

FORTESCUE LIMITED ((FMG)) Downgrade to Hold from Buy by Morgans and Downgrade to Neutral from Buy by Citi .B/H/S: 2/5/0

Morgans downgrades Fortescue to Hold from Buy with a target price of $16.50 (from $18.80).

The broker has revised down iron ore forecasts to US$89/t for FY26, with the long-term price unchanged at US$77/t, and has downgraded the sector view to Neutral from Overweight. The iron ore price is expected to slip to the mid-US$80s/t in 2H 2025, prior to a supply-side response.

Morgans explains Chinese export profits are under pressure from tariffs, and Beijing is anticipated to adopt an enforcement policy on high-emission mills to cut production.

The analyst highlights Fortescue generates 100% of earnings from iron ore, giving the company greater sensitivity to every US$5/t move in the price.

Taking into account the gearing to iron ore for funding Fortescue's energy targets, the analyst points to an earnings mix (EBITDA) that is closer to 115% leveraged to iron ore.

Following the latest commodity price update, Citi had downgraded the rating for Fortescue to Neutral from Buy. The target price is lowered to $16.00 from $17.50.

The broker cut FY26-27 EBITDA forecast by -3% and -6%, respectively, on lower iron ore prices and higher spot AUD/USD.

GLOBAL LITHIUM RESOURCES LIMITED ((GL1)) Downgrade to Hold from Accumulate by Ord Minnett .B/H/S: 1/1/1

Ord Minnett has revised its commodity price forecasts, with the biggest downgrades made to lithium price forecasts. Among others, gold price forecasts lifted for 2025-27 by 7-10%, and iron ore, coking coal and uranium price estimates raised for 2025.

The broker cut aluminium and nickel price forecasts for 2025-27, and the copper price for 2026.

Rating downgraded for Global Lithium Resources to Hold from Accumulate. Target unchanged at 20c.

KELSIAN GROUP LIMITED ((KLS)) Downgrade to Accumulate from Buy by Ord Minnett .B/H/S: 2/0/0

Kelsian Group bagged a transportation contract with Woodside Energy's ((WDS)) Lousiana LNG project, closely following the CP2 LNG contract it secured last week.

Ord Minnett notes the company now has four LNG transportation contracts from November 2026 to December 2029, with the latest expected to be 5% EPS accretive over FY27-29. Another LNG contract equivalent to the current LNG contracts is also a possibility.

The analyst expects the next catalyst to be a potential extension of the contract with Transport NSW, where it expects the company to negotiate a deal with a higher margin of 5-11% from 1.3% currently.

Target price lifted to $3.95 from $3.80. Rating downgraded to Accumulate from Buy for valuation reasons.

LIONTOWN RESOURCES LIMITED ((LTR)) Downgrade to Sell from Neutral by Citi and Downgrade to Sell from Lighten by Ord Minnett.B/H/S: 1/1/4

In the latest quarterly commodity update for Citi, the analyst downgrades Liontown Resources to Sell from Neutral, with the key price forecast revision for lithium down by -15% to -20% over the next three years.

The analyst lowers the spodumene estimates by -13% for 2025, -27% for 2026, and -20% for 2027, and chemicals by a similar amount.

Target price unchanged at 50c as the broker shifted valuation multiple to 1.0x NAV from 0.8x on production de-risking.

Ord Minnett has updated the commodity price assumptions on the back of a weaker-than-expected economic macro outlook. Uncertainty around US tariffs and trade policy is weighing on global economic growth and China demand the broker explains.

The potential for China to impose capacity limitations on China steel mills in 2H 2025 remains a risk to Australia's bulk miners.

The broker lowers price forecasts for aluminium by -6%, -9%, and -3% for 20252027, with copper lowered by -10% in 2026; nickel down -7%, -7%, and -1% for 20252027; and across-the-board downgrades for lithium spodumene, carbonate, and hydroxide out to 2027.

The iron ore price forecasts sits at US$99/t (-3%) for 2025 and unchanged for 20262027, with the gold price forecast up 7% in 2025 and 10% in 2026, respectively.

Ord Minnett downgrades Liontown Resources to Sell from Lighten with a lower target price of 45c from 50c.

LYNAS RARE EARTHS LIMITED ((LYC)) Downgrade to Underperform from Neutral by Macquarie .B/H/S: 3/0/3

Macquarie maintains its $8.00 target for Lynas Rare Earths but downgrades to Underperform from Neutral on valuation, despite a constructive production and price outlook.

In a significant milestone, according to the broker, the company delivered its first Dysprosium Oxide (Dy) and Terbium Oxide (Tb) from its heavy rare earths (HRE) separation circuit. However, the analyst sees limited near-term earnings contribution from HRE production.

Macquarie warns lack of progress in China/US trade talks, and the potential release of held-up HRE products, could dampen market sentiment.

METCASH LIMITED ((MTS)) Downgrade to Neutral from Buy by Citi .B/H/S: 3/2/0

Metcash's FY25 EBIT of $507.8m came in at the top end of guidance. While housing construction is recovering from weak levels, Citi believes the consensus is too optimistic for hardware earnings in FY26.

The analyst notes the recovery in detached housing approvals is not as robust as anticipated, meaning a more substantial recovery in Metcash's hardware business is now not expected until FY27.

The benefits of negative sentiment towards the large retailers which previously benefitted the company are expected to subside as the likes of Woolworths Group ((WOW)) work to change customer perceptions.

The broker lowered the FY26 EBIT forecast by -2% but left FY27 unchanged.

Rating downgraded to Neutral from Buy. Target lifted to $3.90 from $3.70 on recent share outperformance.

PILBARA MINERALS LIMITED ((PLS)) Downgrade to Sell from Hold by Ord Minnett .B/H/S: 4/1/2

Ord Minnett has updated the commodity price assumptions on the back of a weaker-than-expected economic macro outlook. Uncertainty around US tariffs and trade policy is weighing on global economic growth and China demand the broker explains.

The potential for China to impose capacity limitations on China steel mills in 2H 2025 remains a risk to Australia's bulk miners.

The broker lowers price forecasts for aluminium by -6%, -9%, and -3% for 20252027, with copper lowered by -10% in 2026; nickel down -7%, -7%, and -1% for 20252027; and across-the-board downgrades for lithium spodumene, carbonate, and hydroxide out to 2027.

The iron ore price forecasts sits at US$99/t (-3%) for 2025 and unchanged for 20262027, with the gold price forecast up 7% in 2025 and 10% in 2026, respectively.

Ord Minnett downgrades Pilbara Minerals to Sell from Hold with a target price of $1.10 from $1.75.

REA GROUP LIMITED ((REA)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 3/4/0

Bell Potter observes a soft May for REA Group, with national new listings down -9.7% year-on-year (PropTrack data) following a -10.6% decline in April, which drags financial year-to-date growth to the low end of guidance.

The broker lowers its FY25 new listings forecast to 1.3% growth from 2.0%, citing macro tailwinds and a strong June outlook as partial offsets.

An ACCC investigation into REA's pricing power presents a potential 6-9 month regulatory overhang, contrasting with Domain Holdings Australia's ((DHG)) weaker market position.

Bell Potter notes REA's growth in FY26 may rely more heavily on yield, with flat listing volumes expected and residential revenue growth driven by higher pricing and increased penetration.

The broker downgrades to Hold from Buy and cuts its target price to $262 from $267.

RIO TINTO LIMITED ((RIO)) Downgrade to Hold from Accumulate by Morgans .B/H/S: 1/5/0

Morgans downgrades Rio Tinto to Hold from Accumulate with the new target price set at $108 from $119.

The broker has revised down iron ore forecasts to US$89/t for FY26, with the long-term price unchanged at US$77/t, and has downgraded the sector view to Neutral from Overweight. The iron ore price is expected to slip to the mid-US$80s/t in 2H 2025, prior to a supply-side response.

Morgans explains Chinese export profits are under pressure from tariffs, and Beijing is anticipated to adopt an enforcement policy on high-emission mills to cut production.

The analyst highlights that around 70% of 2025 expected earnings (EBITDA) for the company is generated from iron ore, underwriting circa 6% variance in earnings for every US$5/t move in the iron ore price, either up or down.

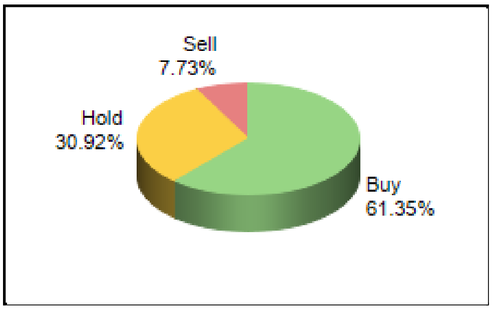
Morgans emphasises risks around rising costs for Pilbara, execution on Simandou, Canadian tariffs, Mongolian rents, and instability in Guinea, which leaves the company with little room on earnings if the iron ore price moves lower than US$85/t.

SMARTPAY HOLDINGS LIMITED ((SMP)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 1/1/0

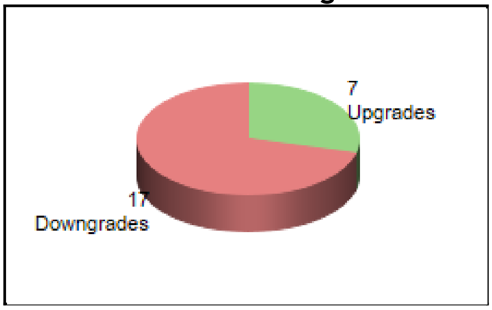
Bell Potter downgrades SmartPay to Hold from Buy with a lower target price of $1.13, down from $1.30, following the announcement that Shift4 will acquire 100% of its capital at NZ$1.20.

The offer represents a premium of 47% to the three-month weighted average price, with the board unanimously recommending that shareholders accept the offer in the absence of a superior proposal.

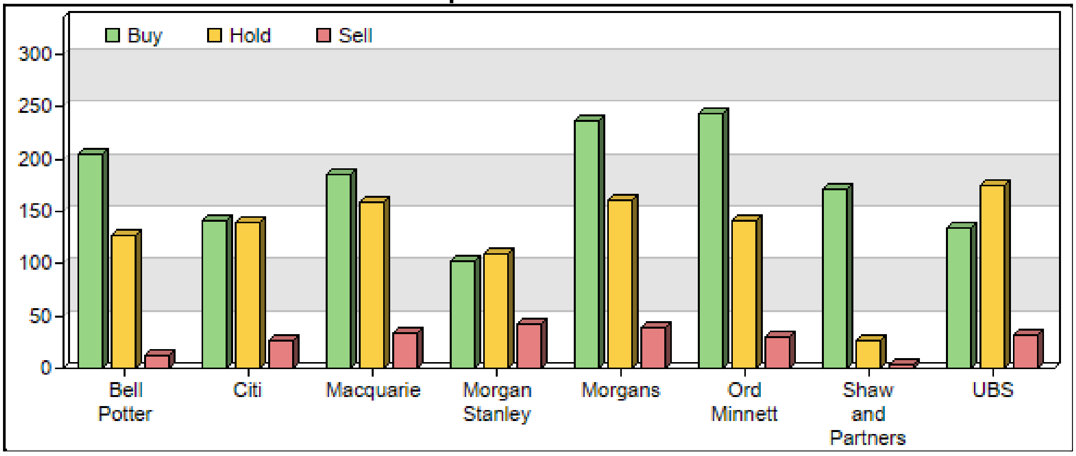
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	ADAIRS LIMITED	Buy	Buy	Morgans
2	ADVERITAS LIMITED	Buy	Buy	Bell Potter
3	AMCOR PLC	Buy	Neutral	UBS
4	AURIZON HOLDINGS LIMITED	Buy	Neutral	Macquarie
5	LOVISA HOLDINGS LIMITED	Neutral	Sell	UBS
6	REECE LIMITED	Buy	Neutral	Ord Minnett
7	RESOLUTE MINING LIMITED	Buy	Neutral	Ord Minnett
Downgrade				
8	ADAIRS LIMITED	Neutral	Buy	Bell Potter
9	ANZ GROUP HOLDINGS LIMITED	Sell	Neutral	UBS
10	AURIZON HOLDINGS LIMITED	Neutral	Buy	Morgans
11	BHP GROUP LIMITED	Buy	Buy	Morgans
12	DRONESHIELD LIMITED	Neutral	Buy	Shaw and Partners
13	FORTESCUE LIMITED	Neutral	Buy	Morgans
14	FORTESCUE LIMITED	Neutral	Neutral	Citi
15	GLOBAL LITHIUM RESOURCES LIMITED	Neutral	Buy	Ord Minnett
16	KELSIAN GROUP LIMITED	Buy	Buy	Ord Minnett
17	LIONTOWN RESOURCES LIMITED	Sell	Sell	Citi
18	LIONTOWN RESOURCES LIMITED	Sell	Sell	Ord Minnett
19	LYNAS RARE EARTHS LIMITED	Sell	Neutral	Macquarie
20	METCASH LIMITED	Neutral	Buy	Citi
21	PILBARA MINERALS LIMITED	Sell	Neutral	Ord Minnett
22	REA GROUP LIMITED	Neutral	Buy	Bell Potter
23	RIO TINTO LIMITED	Neutral	Buy	Morgans
24	SMARTPAY HOLDINGS LIMITED	Neutral	Buy	Bell Potter

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	ASB	AUSTAL LIMITED	5.483	4.813	13.92%	3
2	MTS	METCASH LIMITED	4.100	3.790	8.18%	5
3	BUB	BUBS AUSTRALIA LIMITED	0.170	0.160	6.25%	4
4	CMM	CAPRICORN METALS LIMITED	9.443	8.943	5.59%	3
5	NEM	NEWMONT CORPORATION REGISTERED	101.200	97.600	3.69%	5
6	29M	29METALS LIMITED	0.220	0.213	3.29%	4
7	SRG	SRG GLOBAL LIMITED	1.678	1.628	3.07%	4
8	CKF	COLLINS FOODS LIMITED	9.913	9.683	2.38%	6
9	LOV	LOVISA HOLDINGS LIMITED	30.680	30.109	1.90%	7
10	AMC	AMCOR PLC	17.485	17.235	1.45%	6

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	ADH	ADAIRS LIMITED	2.325	2.688	-13.50%	4
2	PLS	PILBARA MINERALS LIMITED	1.700	1.875	-9.33%	7
3	AZJ	AURIZON HOLDINGS LIMITED	3.152	3.310	-4.77%	6
4	RIO	RIO TINTO LIMITED	115.917	121.583	-4.66%	6
5	A1M	AIC MINES LIMITED	0.760	0.797	-4.64%	3
6	TWE	TREASURY WINE ESTATES LIMITED	9.583	10.028	-4.44%	6
7	BGL	BELLEVUE GOLD LIMITED	1.338	1.400	-4.43%	4
8	LTR	LIONTOWN RESOURCES LIMITED	0.587	0.614	-4.40%	6
9	CIA	CHAMPION IRON LIMITED	6.133	6.400	-4.17%	3
10	IGO	IGO LIMITED	4.192	4.370	-4.07%	6

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	29M	29METALS LIMITED	0.167	-0.067	349.25%	4
2	SMR	STANMORE RESOURCES LIMITED	1.591	0.765	107.97%	3
3	CKF	COLLINS FOODS LIMITED	48.600	37.240	30.50%	6
4	PLS	PILBARA MINERALS LIMITED	-0.317	-0.380	16.58%	7
5	SIG	SIGMA HEALTHCARE LIMITED	4.360	4.040	7.92%	5
6	MTS	METCASH LIMITED	26.925	25.100	7.27%	5
7	IGO	IGO LIMITED	-18.380	-19.225	4.40%	6
8	S32	SOUTH32 LIMITED	27.906	26.967	3.48%	6
9	BUB	BUBS AUSTRALIA LIMITED	0.567	0.550	3.09%	4
10	NXT	NEXTDC LIMITED	-7.560	-7.680	1.56%	6

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	PDN	PALADIN ENERGY LIMITED	-3.682	-2.556	-44.05%	7
2	ADH	ADAIRS LIMITED	18.775	21.200	-11.44%	4
3	AZJ	AURIZON HOLDINGS LIMITED	20.520	22.317	-8.05%	6
4	WTC	WISETECH GLOBAL LIMITED	86.345	92.630	-6.79%	5
5	A1M	AIC MINES LIMITED	3.533	3.767	-6.21%	3
6	CIA	CHAMPION IRON LIMITED	55.754	57.843	-3.61%	3
7	LTR	LIONTOWN RESOURCES LIMITED	-2.640	-2.550	-3.53%	6
8	LYC	LYNAS RARE EARTHS LIMITED	4.617	4.783	-3.47%	6
9	MIN	MINERAL RESOURCES LIMITED	-92.367	-89.333	-3.40%	7
10	FMG	FORTESCUE LIMITED	176.931	182.906	-3.27%	7

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WEEKLY REPORTS

Uranium Week: AI Tech Fuses With Nuclear

Positive news continued to flow for both the spot U308 price and support for the US and global nuclear power industry as big tech continues to flex its muscles.

-Tech winner Palantir enters the nuclear energy sector
-Hyperscalers interest in nuclear energy re-visited
-World agencies pledge support for the advancement of nuclear power generation
-Latest updates on short interests and broker thoughts

By Danielle Ecuyer

<u>The emerging co-dependent relationship between AI and nuclear energy</u>

The fusion (excuse the pun) between nuclear energy and technology is not only growing, it is likely to become more inter-related and intra-dependent.

Last week's announcement from Palantir for a strategic product partnership with The Nuclear Company to design the first AI-powered real-time software system to *"modernise and streamline"* the development and construction of gigawatt-scale nuclear reactors in the US, and address industry problems of delays and budget overruns, is the latest example.

Embedding the software is laying the foundations of a **"new era of resilient, intelligent and secure energy systems".** *"The fact of the matter is we cannot win this strategic competition with China unless we revitalise our ability to build nuclear technology in general and reactors in particular",* Palantir's Head of Defense stated.

Amid surging electricity demands from artificial intelligence and cloud computing, hyperscalers are turning to nuclear energy. Microsoft, Amazon, Google, and Meta have all signed significant nuclear power agreements in the past 18 months, underscoring a dramatic shift in Silicon Valley's approach to energy sourcing. These deals reflect a growing urgency to decarbonise large-scale data operations while ensuring long-term energy reliability.

Microsoft has partnered with Constellation Energy to restart the decommissioned Three Mile Island Unit 1 reactor in Pennsylvania. Under a 20-year power purchase agreement, the company will draw an estimated 835 megawatts (MW) of clean energy to support its growing AI infrastructure, with operations expected to begin by 2027.

Amazon has taken a two-pronged approach purchasing a nuclear-powered data center in Pennsylvania for US$650m and teaming up with Energy Northwest and X-energy to develop four Small Modular Reactors (SMRs) in Washington State, targeting 5 gigawatts (GW) of capacity by 2039.

Google has aligned with Kairos Power to tap next-generation small modular reactors (SMRs), with the first reactor expected online by 2030. Google is also working with Elementl Power to develop three 600-MW nuclear sites.

Meta has inked a 20-year deal with Constellation Energy to buy approximately 1.1 GW of nuclear power from an Illinois facility, beginning in 2027, to support its AI-focused data center expansion.

Sam Altman's backed Oklo recently raised US$460m for the development of small modular reactors. TerraPower, backed by Bill Gates, has raised more than US$2bn and won a US$2bn grant from the US government to co-fund the design and construction of an SMR nuclear reactor in Kemmerer, Wyoming, applying liquid sodium as an alternative to water.

TerraPower is aiming to develop its Natrium-branded reactors which are built at around -50% less cost than traditional water-cooled reactors.

<u>UBS raises U308 spot price for FY26</u>

The latest nuclear sector update from UBS reaffirmed the broker's positive stance with a near-term upgrade in

U308 price forecast by around 10% due to a better US policy environment to US$72/lb on average for 2025 from US$65/lb.
There are no changes to the U308 price forecasts of US$85 for 2029 and US$76/lb for 2026, dipping to US$73/lb for 2027 and 2028.

The analyst recently hosted a call with The Atlantic Council, a non-partisan US think tank which drew out a slightly more upbeat view, noting bi-partisan support for the expansion of nuclear energy capacity to 400GW by 2050 from around 100GW currently, including 100GW-plus on the Biden Administration's targets.

Increased US government policy support for the development of more advanced nuclear technologies is noted, although UBS wants to see more tangible evidence of SMR progress.

While New York government's support for the development of a 1GW plant is indicative of support for large-scale reactors, the broker believes this gives utilities greater confidence to go back to tender.

For more details, see https://fnarena.com/index.php/2025/06/24/uranium-week-up-by-12-looking-for-more/

Overlay with supply challenges and risks and the US$200m equity raising and U308 buying in the spot market is improving general sentiment in the sector.

In other news, the World Bank Group and the International Atomic Energy Agency (IAEA) also formalised a new partnership to support the deployment of nuclear power in developing nations.

Announced on June 26, 2025, the agreement signals the World Bank's first direct re-engagement with nuclear energy in decades, marking a major shift in the institution's clean energy strategy.

The partnership is designed to help countries extend the life of existing reactors, adopt emerging technologies like Small Modular Reactors (SMRs), and enhance nuclear safety and planning frameworks through knowledge sharing.

IAEA Director General Rafael Mariano Grossi described the agreement as a "landmark partnership", adding: "It reflects a return to realism about the critical role nuclear energy can play in sustainable development". He also underscored that the collaboration could help catalyse support from other global financial institutions and private investors for nuclear deployment.

No specific dollar value has been assigned yet, the World Bank confirmed the agreement includes technical cooperation, planning assistance, and integration into energy development programs. It lays the groundwork for potential future financing of nuclear projects through World Bank mechanisms.

The partnership aims to address power shortfalls in regions where electricity demand is projected to more than double by 2035, particularly across parts of Africa, South Asia, and Southeast Asia.

A core focus will be assisting countries with feasibility studies and deployment frameworks for SMRs; seen as more scalable and affordable for smaller economies.

Support will also target reactor life extension projects, which are significantly cheaper than building new fossil fuel plants and could offer low-carbon electricity for an additional 2030 years per unit.

<u>Spot price continues to tick higher</u>

Industry consultants TradeTech reported the weekly U308 spot price rose another US$1.15/lb to US$78.65/lb with the TradeTech Mid-Term price indicator unchanged at US$75/lb and the Long-Term price indicator at US$80/lb.

The consultant's spot price indicator has risen 14% in the last two weeks or US$9.65 since mid-June and US$15.65 since reaching the low of US$63/lb in 2025 in mid-March.

Although the price still remains below a year ago by -7.5%, the spot price indicator is up 3.5% thus far in 2025.

Two transactions totaling 300klbs were conducted last Tuesday at US$78/lb; one for delivery at Cameco's Canadian facility and one for delivery at Orano's Comurhex facility in France.

Another 100klbs for delivery at Orano at US$78.50 was transacted at the close of business on the Thursday; with a further two transactions on Friday.

TradeTech highlights of the five transactions reported, Sprott Physical Uranium Trust was a buyer in four of the deals.

<u>Short interest subside but not evenly across ASX stocks</u>

Checking in with the most recent ASIC data from June 24 (Financial participants report their short positions on voluntary basis), **Boss Energy** ((BOE)) is still the number one shorted stock on the ASX at 16.33% shorted, although this is down from 21.56% a month ago.

Paladin Energy ((PDN)) is the second most shorted at 15.79% compared to 15.57% a month earlier.

Deep Yellow ((DYL)) is in eleventh position and down to 9.28% from 11.46%; **Lotus Resources** ((LOT)) in thirteenth place at 8.44% versus 8.43% a month earlier and **Bannerman Energy** ((BMN)) at 7.64% against 8.1%.

Latest views on stocks

UBS raised its target price for Paladin by 3% to $9.40 and maintained a Buy rating. The company is due to provide a June quarter update on July 23 and the major focus will be on the restart of Langer Heinrich which commenced operating in the previous quarter.

The analyst is looking for production of around 870klbs against consensus estimate at 760klbs, a rise of 17% on the March quarter. The previous water issues are anticipated to be fixed. For FY26, the production forecast is lowered by -4% to 4.5mlbs with consensus at 4.7mlbs which is expected to be offset by a higher U308 price and cost improvements.

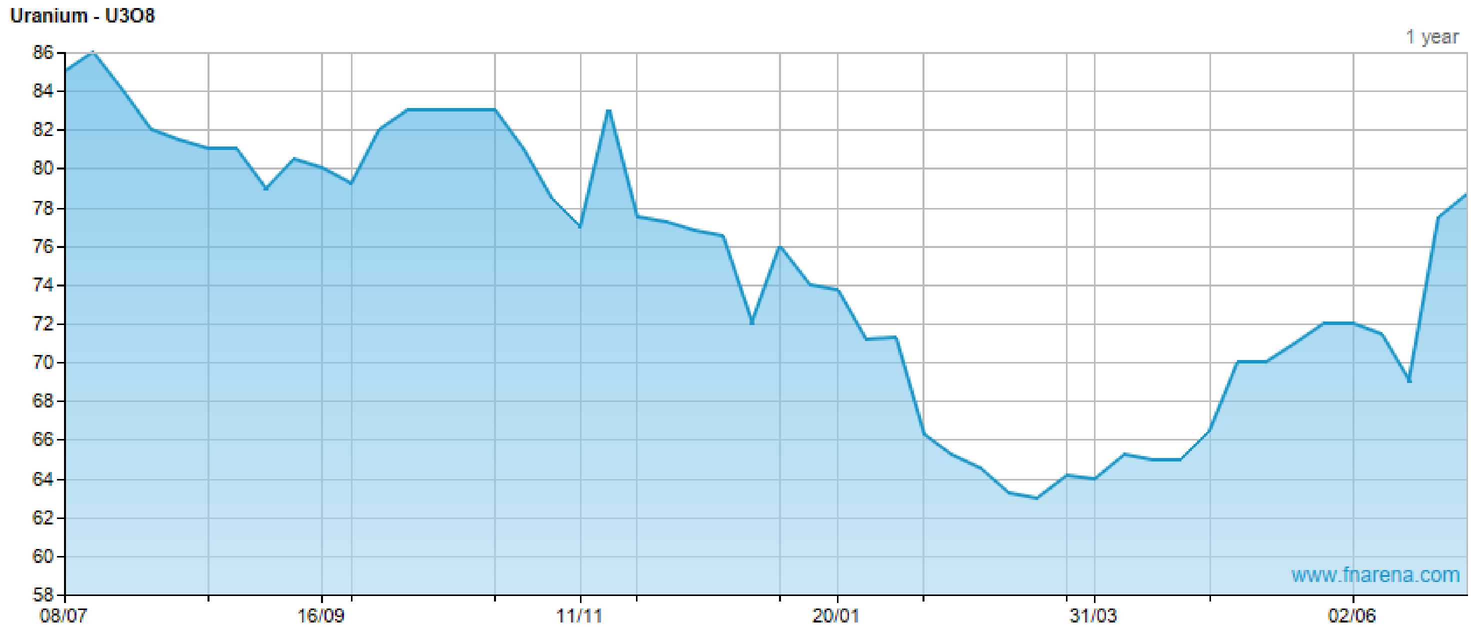
Regarding Boss Energy, the 80% share price rally this year has prompted UBS to downgrade this stock to Sell from Buy. Target price is lifted by 6% to $3.50 due to the miner's leverage to a higher forecast U308 spot price.

Boss is due to report its June quarter update on July 28 which should offer FY26 production guidance as the company pre-announced FY25 production target of 850klbs as of June 17. The analyst is forecasting FY26 production of 1.7mlbs at $37/kg due to ramp-up of Honeymoon progressing well.

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	27/06/2025	0.0500	▼-16.67%	$0.10	$0.03			
AEE	27/06/2025	0.1600	▲ 9.68%	$0.19	$0.10			
AGE	27/06/2025	0.0300	▼-12.90%	$0.05	$0.02		$0.100	▲233.3%
AKN	27/06/2025	0.0100	0.00%	$0.02	$0.01			
ASN	27/06/2025	0.0500	▲ 2.22%	$0.17	$0.04			
BKY	27/06/2025	0.6000	▼- 6.67%	$0.67	$0.30			
BMN	27/06/2025	3.3000	▼- 6.53%	$3.68	$1.76		$4.700	▲42.4%
BOE	27/06/2025	4.5900	▲ 6.45%	$4.75	$1.99	262.9	$4.187	▼- 8.8%
BSN	27/06/2025	0.0200	▼-28.57%	$0.07	$0.01			
C29	27/06/2025	0.0200	0.00%	$0.13	$0.02			
CXO	27/06/2025	0.1000	▲17.86%	$0.14	$0.06		$0.100	
CXU	27/06/2025	0.0100	0.00%	$0.03	$0.01			
DEV	27/06/2025	0.0700	▼-13.92%	$0.32	$0.07			
DYL	27/06/2025	1.6900	▲ 5.36%	$1.79	$0.75	-1710.0	$1.690	▲0.0%
EL8	27/06/2025	0.3100	0.00%	$0.42	$0.19			
ERA	27/06/2025	0.0020	▼-33.33%	$0.04	$0.00			
GLA	27/06/2025	0.0100	0.00%	$0.02	$0.01			
GTR	27/06/2025	0.0030	▼-25.00%	$0.01	$0.00			
GUE	27/06/2025	0.0700	0.00%	$0.10	$0.05			
HAR	27/06/2025	0.0800	▲25.76%	$0.09	$0.03			
I88	27/06/2025	0.0900	▼-10.00%	$1.03	$0.08			
KOB	27/06/2025	0.0300	0.00%	$0.18	$0.03			
LAM	27/06/2025	0.7700	▼- 3.75%	$0.90	$0.48			
LOT	27/06/2025	0.1900	▲ 2.56%	$0.37	$0.13		$0.330	▲73.7%
MEU	27/06/2025	0.0400	▼- 2.50%	$0.06	$0.03			
NXG	27/06/2025	10.6800	▲ 0.95%	$13.53	$6.44		$12.300	▲15.2%
ORP	27/06/2025	0.0200	▲50.00%	$0.08	$0.02			
PDN	27/06/2025	7.9900	▲ 7.95%	$14.28	$3.93	-216.1	$8.536	▲6.8%
PEN	27/06/2025	0.6200	0.00%	$2.34	$0.55		$1.000	▲61.3%

SLX	27/06/2025	4.2200	▲15.73%	$6.62	$2.28	$6.500	▲54.0%
TOE	27/06/2025	0.2000	▲ 2.56%	$0.38	$0.15		
WCN	27/06/2025	0.0200	▲15.00%	$0.04	$0.01		



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

WEEKLY REPORTS

The Short Report - 03 Jul 2025

See **Guide** further below (for readers with full access).

Summary:

Week Ending June 26th, 2025 (most recent data available through ASIC).

10%+

BOE	15.92%
PDN	15.81%
MIN	13.84%
LTR	12.50%
PLS	12.37%
SLX	11.50%
PNV	10.76%
IEL	10.54%
LIC	10.11%

9.0-9.9%

CTD	9.50%
DYL	9.39%

In: DYL

8.0-8.9%

IGO	8.38%

Out: DYL, LOT, DMP

7.0-7.9%

PWH	7.83%
RMS	7.75%
BMN	7.74%
JHX	7.41%
LYC	7.20%

In: RMS
Out: CU6

6.0-6.9%

NXT	6.89%
IPX	6.72%
NAN	6.71%

KAR	6.67%
DMP	6.52%
JLG	6.33%
CU6	6.27%
WHC	6.19%
GYG	6.11%
BRG	6.11%
BGL	6.05%

In: IPX, DMP, CU6, WHC, BGL
Out: RMS, MSB, RIO, NEU

5.0-5.9%

MSB	5.86%
NCK	5.80%
STX	5.76%
RIO	5.72%
ZIP	5.62%
AD8	5.62%
CHN	5.52%
NVX	5.50%
VEA	5.39%
GMD	5.37%
IMU	5.32%
PEN	5.20%
NEU	5.18%
FLT	5.12%

In: MSB, NCK, STX, RIO, NEU
Out: IPX, SYR, ADT, CTT, WHC, WEB

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.5	0.7	NAB	0.9	0.8
ANZ	0.5	0.6	QBE	0.3	0.3
BHP	0.6	0.6	RIO	5.7	6.1
CBA	0.8	0.9	STO	0.2	0.5
COL	0.4	0.6	TCL	0.5	0.5
CSL	0.4	0.4	TLS	0.4	0.4
FMG	1.5	1.4	WBC	0.9	1.0
GMG	0.8	0.7	WDS	3.9	4.0
JHX	7.4	7.2	WES	0.4	0.4
MQG	0.7	0.7	WOW	0.8	1.0

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.

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

WEEKLY REPORTS

In Brief: Austal, Superloop, Motorcycle Holdings & Nanosonics

Structural growth and challenges are in focus this week for In Brief's stock snacks with those companies benefitting from longer term trends or impeded by uncertainty.

-Supercharging Superloop's outlook
-Defense stock Austal in the slip stream on government investment revival
-Motorcycle Holdings grabbed some market share from administrators
-Nanosonics squeezed by competition and changing healthcare policy

By Danielle Ecuyer

Quote of the week comes from Stephen Innes, SPI Asset Management.

"We're still in a world of rising geopolitical tension, un-anchored fiscal policy, and growing skepticism over the long-term integrity of the global dollar system. These aren't short-term narratives, they're structural. And gold is one of the few assets with a proven track record of outperforming when confidence in fiat regimes starts to wobble."

The trifecta update on SuperLoop

At the risk of **Superloop** ((SLC)) becoming a regular for In Brief, Wilsons' and UBS' reports caught our attention this week post the company's upgraded FY25 guidance.

For background, Superloop appeared in November 2024 and May 2025 and is a case in point of where the author now wishes she'd acted on the updates. For more reading see links:

https://fnarena.com/index.php/2024/11/29/in-brief-superloop-qantas-jumbo-qualitas-gqg/
https://fnarena.com/index.php/2025/05/16/in-brief-superloop-woolworths-ampol-in-focus/

The Superloop story continues to improve. The latest guidance upgrade, while largely discounted in the market judging by the sanguine share price response, included nevertheless yet more good news.

Wilsons highlighted broad growth across all businesses, with organic subscriber growth remaining robust and Origin Energy ((ORG)) volumes continuing to be better than expected. April retail price rises on Superloop's consumer NBN plans pre-emptively ahead of the July NBN cost increases should assist margins. In addition, the analyst notes Symbio has also remained part of the network, adding further earnings accretion.

To achieve the company's revenue target of over $700m by FY26, Wilsons views M&A as a possibility, with the broker's forecast needing to advance to 28% growth from 19% currently to reach $650m. Without add-ons, consumer subscriber growth would need to rise to 28% from the current forecast of 17% to achieve over 500k in FY26.

Due to the deal structure with Origin, whereby Origin receives $5m in Superloop shares for every 50k Origin broadband subscribers, or $100 per subscriber, the analyst believes there are strong fiscal incentives to retain discounts for subscriber growth beyond the end of the current campaign, which ended on June 30.

UBS takes the Superloop bullish thesis a step further, detailing the latent incremental value from Superloop Smart Communities, which the analyst views as being underappreciated by the market.

Smart Communities represents the "last-mile" fibre for new residential single and multi-dwelling units, which could be worth as much as $510m or $1 per share, as Superloop receives a monthly fee of an estimated $40 once the service is activated.

The company has secured 97k lots, with an average of 125k residential lots constructed each year. UBS expects Superloop can achieve a 10% market share, composed of 12k lots per annum or $5m to gross profits annually.

The potential earnings stream is both incrementally accretive and a high-quality earnings stream, as well as offering recurring revenue with a high profit margin, estimated at 80% versus 34% currently.

UBS ups its target price to $3.80 from $2.55 with a Buy rating, against a consensus target price of $3.26.

Wilsons has a Buy-equivalent rating and a $3.44 target price.

Defense thematic, a global winner

Austal ((ASB)) was another stock that enjoyed a sizable lift in target price, this time from MST Access, to $5.58 from $3.90.

Austal designs and constructs customised aluminium and steel commercial and defense vessels, as well as training, support, and maintenance of vessels globally, with operations in Australia and the US.

The company announced it had secured credit facilities of $488m, which completes the funding for the expansion program at Mobile, its shipbuilding facility in Alabama, valued at $1.15bn.

Austal is expected to contract a significant amount of new work via the Federal Government's Strategic Shipbuilding Agreement. MST Access has upgraded the base revenue forecast for FY30 to $3bn from $2.5bn.

The company has retained FY25 earnings before interest and tax guidance of not less than $80m and has reconfirmed the potential for group revenue of $3.5bn by FY30, with a current order book of $14.2bn.

Management envisages an additional $20bn of work over the next 20-plus years, excluding current orders.

Adding Harley Heaven

Motorcycle Holdings ((MTO)) attracted the focus of Moelis this week, as the company sought to consolidate the domestic new retail market, which the analyst believes is a good strategy, via the acquisition of Peter Stevens Motorcycles and Harley-Heaven, which are both in administration.

The acquisitions will bring forth a portfolio of brands at seven of the 15 dealership locations, with access to new markets in Perth and Adelaide.

Valued at between $7m-$9m plus inventory costs, management will fund the purchase through cash reserves (some $20.8m on the balance sheet) and a bailment facility. The acquired businesses are expected to boost earnings as well as online sales capabilities.

Moelis estimates market share can expand to the target of 20% from around 16.4%, with compound average earnings growth expected to reach circa 20% from FY24-FY27.

The broker raises its target price to $3.38 from $2.85 with a Buy rating.

Is a soft FY25 earnings report on the horizon?

Canaccord Genuity checked in with **Nanosonics** ((NAN)) to start the FY26 fiscal year. The shares have faded from almost $5 in May back to levels under $4 on light volumes, which the analyst attributes to concerns around a weaker FY25 result in August.

Domestic competitor Lumicare has announced several wins across radiology groups, even though the company does not have FDA approval or the back data to equal Nanosonics' Trophon level of disinfection.

The analyst finds the continuously changing US healthcare reimbursement framework more concerning, as it is likely resulting in hospitals delaying purchasing decisions.

Canaccord has lowered its FY25 installed base additions estimate to 2,207 and upgrade units to 1,485 on procurement delays, as well as increasing competition in Australia and Europe.

Consumable sales are not expected to be impacted, and the broker's FY25 earnings estimate is now at the lower end of the guidance range at $188.6m versus management guidance of $188.7m-$193.8m.

Target price slips to $5.15 from $5.74 with an unchanged Buy rating.

WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 04-07-25

Broker Rating Changes (Post Thursday Last Week)

Upgrade

BREVILLE GROUP LIMITED ((BRG)) Upgrade to Overweight from Neutral by Jarden.B/H/S: 0/0/0

Jarden upgrades Breville Group to Overweight from Neutral while lowering the target price to $31 from $32.10, as the reaction to tariffs on the stock appears to have been too extensive.

The analyst has assumed circa 55% tariff rate on products from China to the US, and FY26 EPS estimate declines by -12%, with FY27/FY28 down by -6% and -7%, respectively.

Cost of goods sold is expected to be a headwind in FY26, offset by some lower costs as product manufacturing is relocated to other lower tariff geographies.

As Breville's competitors are experiencing the same tariff issues, Jarden believes the impacts are "broad-based" and will be transitory.

The analyst continues to view the longer-term growth prospects as positive for the premium brand, with Asia and China the largest opportunity.

Downgrade

OBJECTIVE CORPORATION LIMITED ((OCL)) Downgrade to Hold from Buy by Moelis.B/H/S: 0/0/0

Moelis highlights Objective Corp's software products help resolve housing development bottlenecks by boosting efficiency of planning and approval processes.

The company made progress recently with the acquisition of NZ-based Isovist which the broker reckons will add a further NZ$2.2m to annual recurring revenue.

The company also announced the launch of Objective Build in Australia, noting it has been adopted by over 50% of councils in NZ.

The Objective Build debut in Australia is expected to unlock a market four times the size of New Zealand.

Target price lifted to $20.19 from $17.71. Rating downgraded to Hold from Buy.

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	BREVILLE GROUP LIMITED	Buy	Neutral	Jarden
Downgrade				
2	OBJECTIVE CORPORATION LIMITED	Neutral	Buy	Moelis

Price Target Changes (Post Thursday Last Week)

	Company	Last Price	Broker	New Target	Old Target	Change
APA	APA Group	$8.39	Jarden	8.90	8.85	0.56%
AQZ	Alliance Aviation Services	$2.65	Wilsons	3.89	3.93	-1.02%
AZJ	Aurizon Holdings	$3.14	Jarden	3.10	3.15	-1.59%
BKW	Brickworks	$34.61	Jarden	34.40	32.30	6.50%
BRG	Breville Group	$30.31	Jarden	31.00	32.10	-3.43%
GNP	GenusPlus Group	$4.14	Moelis	4.40	3.39	29.79%
IAG	Insurance Australia Group	$8.58	Jarden	8.40	8.00	5.00%
MAH	Macmahon Holdings	$0.32	Petra Capital	0.41	0.39	5.13%
MGR	Mirvac Group	$2.25	Jarden	2.45	2.50	-2.00%
MTO	Motorcycle Holdings	$3.20	Moelis	3.38	2.85	18.60%
OCL	Objective Corp	$18.97	Moelis	20.19	17.71	14.00%
PXA	Pexa Group	$12.81	Jarden	16.20	15.25	6.23%
SLC	Superloop	$3.03	Jarden	3.00	2.60	15.38%
			Wilsons	3.44	2.85	20.70%
SUN	Suncorp Group	$20.81	Jarden	22.00	19.95	10.28%
XRO	Xero	$176.50	Jarden	207.00	197.00	5.08%
Company		Last Price	Broker	New Target	Old Target	Change

More Highlights

AQZ ALLIANCE AVIATION SERVICES LIMITED

Transportation & Logistics Overnight Price: $2.59

Wilsons rates ((AQZ)) as Overweight (1)

Wilsons notes investors concerned with Alliance Aviation Services' debt profile will be comforted by the engine and inventory sales announcement, which will bring in around $62.3m.

The sales demonstrate the company's focus on capital efficiency and achieve a more rapid balance sheet deleveraging, the broker highlights.

Minor changes to FY25 forecasts. The broker now expects the company to reduce its first dividend in 1H26 vs the previous forecast of 2H26, with a payout ratio expected at 20%. This is forecast to rise to 50% in FY27.

Overweight. Target price $3.89.

This report was published on June 30, 2025.

Target price is **$3.89** Current Price is **$2.59** Difference: **$1.3**
If **AQZ** meets the Wilsons target it will return approximately **50%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

Wilsons forecasts a full year **FY25** dividend of **0.00** cents and EPS of **37.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **7.00**.

Forecast for FY26:

Wilsons forecasts a full year **FY26** dividend of **7.50** cents and EPS of **35.80** cents.
At the last closing share price the estimated dividend yield is **2.90%.**
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **7.23**.

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

AUE AURUM RESOURCES LIMITED

Gold & Silver Overnight Price: $0.46

Petra Capital rates ((AUE)) as Buy (1)

Aurum Resources started a 30,000 drill program at the Napie gold project aimed at increasing the existing 868koz inferred resource, which is mostly at a 150m depth.

Petra Capital believes there is strong potential to grow the project into a multi-ounce one, as only 4.4km of the 30km zone has been tested to date.

Update resource expected by the end of 2025. Buy. Target unchanged at 95c.

This report was published on June 30, 2025.

Target price is **$0.95** Current Price is **$0.46** Difference: **$0.49**
If **AUE** meets the Petra Capital target it will return approximately **107%** (excluding dividends, fees and charges).

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

GNP GENUSPLUS GROUP LIMITED

Infrastructure & Utilities Overnight Price: $3.85

Moelis rates ((GNP)) as Buy (1)

GenusPlus Group has upgraded FY25 earnings guidance, now targeting earnings (EBITDA) of $6266m, up from a normalised FY24 base of $45.3m, observes Moelis.

The uplift reflects both early project completions and acquisition contributions, explain the analysts, with $46m expected from recent deals. Second-half FY25 earnings are forecast at $36.5m, implying to the broker 32% growth half-on-half.

Moelis sees positive momentum heading into FY26, underpinned by recent wins including a $20m Arc Infrastructure rail project and major contracts with NBN ($130m) and Atmos Renewables ($65m for a 100MW Battery Energy Storage System).

Also, the broker points out the acquisition of MGC Solutions is already demonstrating capability and value.

Moelis notes upside risk from further contract conversion in transmission and energy transition work, alongside improving performance in the Communications segment.

The broker maintains a Buy rating and lifts its target price to $4.40 from $3.39, citing the $1.5bn order book and growing recurring revenue base as key supports for earnings momentum.

This report was published on June 26, 2025.

Target price is **$4.40** Current Price is **$3.85** Difference: **$0.55**
If **GNP** meets the Moelis target it will return approximately **14%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

Moelis forecasts a full year **FY25** dividend of **3.60** cents and EPS of **18.80** cents.
At the last closing share price the estimated dividend yield is **0.94%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **20.48**.

Forecast for FY26:

> Moelis forecasts a full year **FY26** dividend of **4.00** cents and EPS of **22.30** cents.
> At the last closing share price the estimated dividend yield is **1.04%.**
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **17.26**.

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

KE IKEGPS GROUP LIMITED

Hardware & Equipment Overnight Price: $0.83

Moelis rates ((IKE)) as Initiation of coverage with Buy (1)

Moelis has initiated coverage of ikeGPS Group with a Buy rating and target price of $1.01.

The broker notes the company's devices and software technology help to manage and unify the data needed to maintain the electricity distribution networks. Additional electricity demand from electric vehicles and data centres has created more demand for the company's software.

The broker estimates demand from US-based utilities to upgrade or repair 25m poles each year creates a US$2.8bn market for services linked to network build and resilience.

The analyst is forecasting positive EBITDA in FY27, based on recent strong subscriber growth momentum and the outlook for capital spend on network by utilities in the US.

This report was published on June 30, 2025.

Target price is **$1.01** Current Price is **$0.83** Difference: **$0.175**
If **IKE** meets the Moelis target it will return approximately **21%** (excluding dividends, fees and charges).
The company's fiscal year ends in March.

Forecast for FY26:

> Moelis forecasts a full year **FY26** dividend of **0.00** cents and EPS of **minus 2.65** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 31.56**.

Forecast for FY27:

> Moelis forecasts a full year **FY27** dividend of **0.00** cents and EPS of **0.46** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **183.11**.

This company reports in **NZD**. All estimates have been converted into AUD by FNArena at present FX values.
Market Sentiment: **1.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

PXA PEXA GROUP LIMITED

Real Estate Overnight Price: $13.54

Jarden rates ((PXA)) as Neutral (3)

Jarden notes NSW settlement activity improved in June, with total volumes up 8% y/y vs -3% y/y in May as transfer activity rose 1% and refinancing rose by a very strong 18% y/y vs 6% y/y in May.

There was no improvement, however, in Queensland, with the latest data for May showing a -5% y/y decline, similar to April.

The broker lowered the FY25 volume forecast marginally but lifted the target price to $16.20 from $15.25 on a lower risk-free rate assumption.

Neutral retained.

This report was published on July 1, 2025.

Target price is **$16.20** Current Price is **$13.54** Difference: **$2.66**
If **PXA** meets the Jarden target it will return approximately **20%** (excluding dividends, fees and charges).
Current consensus price target is **$15.26**, suggesting upside of **15.2%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Jarden forecasts a full year **FY25** dividend of **0.00** cents and EPS of **minus 2.20** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 615.45**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **5.8**, implying annual growth of **N/A**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **228.4**.

Forecast for FY26:

Jarden forecasts a full year **FY26** dividend of **16.69** cents and EPS of **43.40** cents.
At the last closing share price the estimated dividend yield is **1.23%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **31.20**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **39.5**, implying annual growth of **581.0%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **33.5**.

Market Sentiment: **0.8**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

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