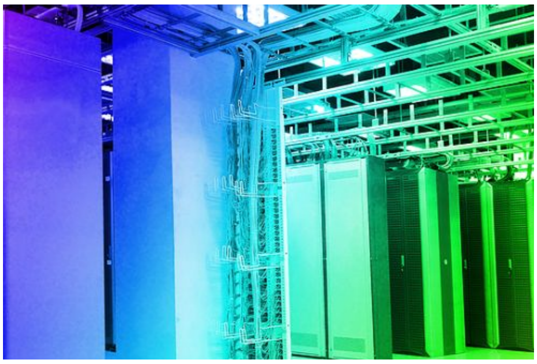
WEEK 42

STORIES TO READ FROM FNArena

Friday, 17 October 2025

Paladin Energy Powering On

Rudi's View: Small Caps, Quality, Gold, Balance & Maximum Diversification



DigiCo Deals Diminish Doubts

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AUSTRALIA

The Market In Numbers - 11 Oct 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	11 Oct 2025	Week To Date	Month To Date (Oct)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
NZ50	13467.260	-0.35%	1.32%	1.32%	2.72%	6.86%
All Ordinaries	9264.30	-0.26%	1.41%	1.41%	10.02%	5.60%
S&P ASX 200	8958.30	-0.32%	1.24%	1.24%	9.80%	4.87%
S&P ASX 300	8916.50	-0.30%	1.30%	1.30%	10.10%	5.22%
Communication Services	1852.70	-1.40%	-0.47%	-0.47%	13.84%	-0.02%
Consumer Discretionary	4445.20	-2.29%	-1.62%	-1.62%	13.65%	7.29%
Consumer Staples	11667.40	-0.43%	-0.65%	-0.65%	-0.86%	-3.72%
Energy	8210.00	-1.44%	-1.47%	-1.47%	-4.79%	-5.36%
Financials	9714.40	-0.29%	1.46%	1.46%	12.77%	1.95%
Health Care	38769.90	0.16%	3.62%	3.62%	-13.63%	-6.81%
Industrials	8698.90	0.84%	2.70%	2.70%	13.76%	4.57%
Info Technology	2913.30	-2.34%	-0.49%	-0.49%	6.29%	0.43%
Materials	19247.60	0.88%	2.30%	2.30%	19.36%	21.37%
Real Estate	4078.90	-1.39%	0.58%	0.58%	8.44%	4.62%
Utilities	9976.90	0.02%	-0.33%	-0.33%	10.45%	9.14%
A-REITs	1875.40	-1.38%	0.65%	0.65%	9.14%	4.72%
All Technology Index	4262.00	-1.33%	0.84%	0.84%	12.00%	5.39%
Banks	4160.10	-0.56%	1.16%	1.16%	15.35%	3.42%
Gold Index	16310.10	-1.44%	1.43%	1.43%	93.62%	41.12%
Metals & Mining	6574.40	0.60%	1.87%	1.87%	25.09%	25.93%

The World

Index	11 Oct 2025	Week To Date	Month To Date (Oct)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
FTSE100	9427.47	-0.67%	0.82%	0.82%	15.35%	7.61%
DAX30	24241.46	-0.56%	1.51%	1.51%	21.76%	1.39%
Hang Seng	26290.32	-3.13%	-2.10%	-2.10%	31.06%	9.21%
Nikkei 225	48088.80	5.07%	7.02%	7.02%	20.54%	18.77%
DJIA	45479.60	-2.73%	-1.98%	-1.98%	6.90%	3.14%
S&P500	6552.51	-2.43%	-2.03%	-2.03%	11.41%	5.60%
Nasdaq Comp	22204.43	-2.53%	-2.01%	-2.01%	14.98%	9.01%

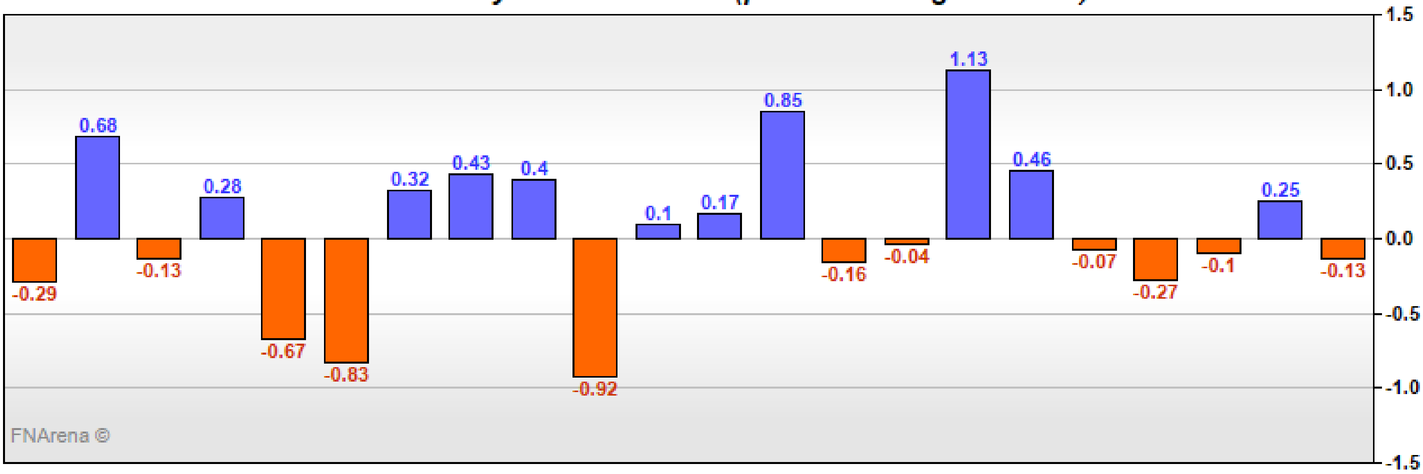
Metals & Minerals

Index	11 Oct 2025	Week To Date	Month To Date (Oct)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
Gold (oz)	3984.97	2.71%	3.21%	3.21%	51.71%	20.67%
Silver (oz)	47.71	1.78%	1.40%	1.40%	57.87%	31.79%
Copper (lb)	5.1382	3.76%	4.73%	4.73%	25.43%	0.84%
Aluminium (lb)	1.2640	3.59%	3.98%	3.98%	10.58%	7.19%
Nickel (lb)	6.8913	0.52%	0.82%	0.82%	-3.55%	1.05%
Zinc (lb)	1.3691	-0.10%	2.46%	2.46%	1.32%	8.44%
Uranium (lb) weekly	81.25	-1.81%	-1.81%	-1.81%	12.85%	3.31%
Iron Ore (t)	104.86	0.73%	-0.47%	-0.47%	0.98%	10.97%

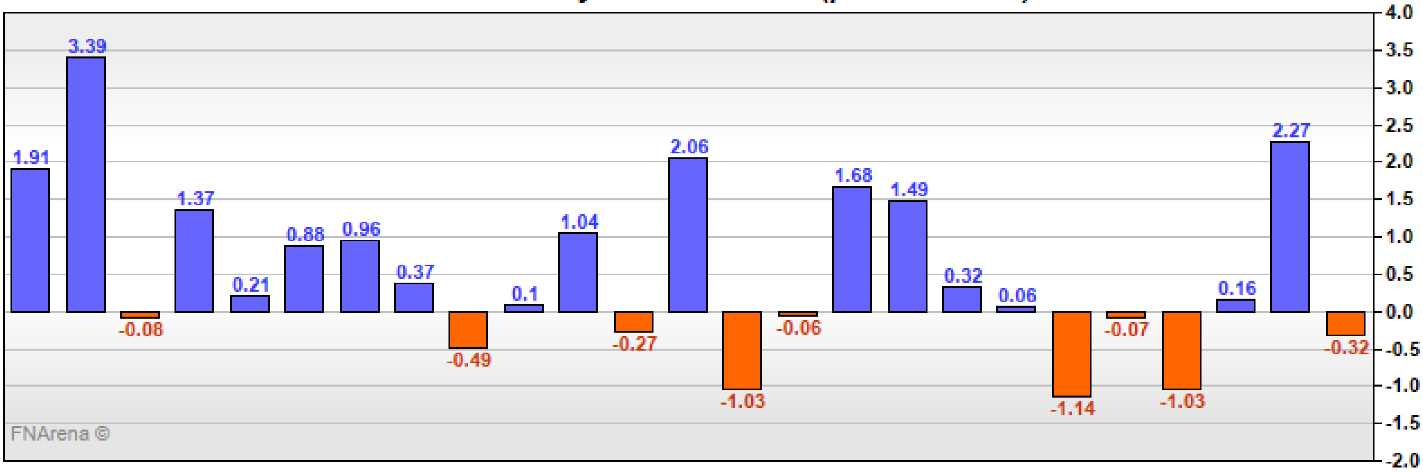
Energy

Index	11 Oct 2025	Week To Date	Month To Date (Oct)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
West Texas Crude	61.45	1.20%	-2.68%	-2.68%	-11.56%	-6.21%
Brent Crude	65.14	1.48%	-2.40%	-2.40%	-10.23%	-2.49%

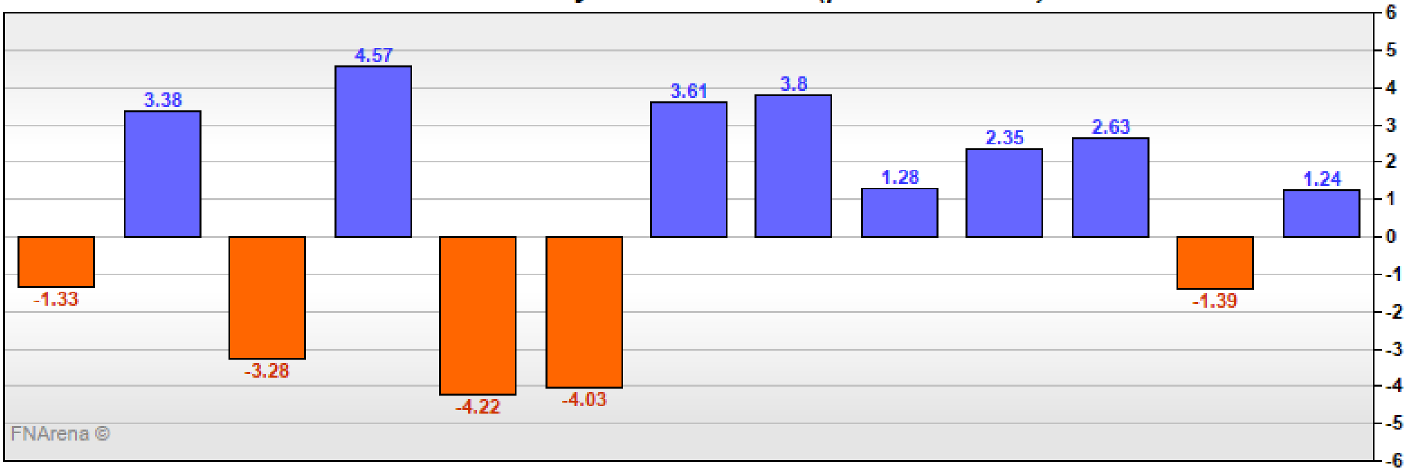
ASX200 Daily Movement in % (past 22 trading sessions)



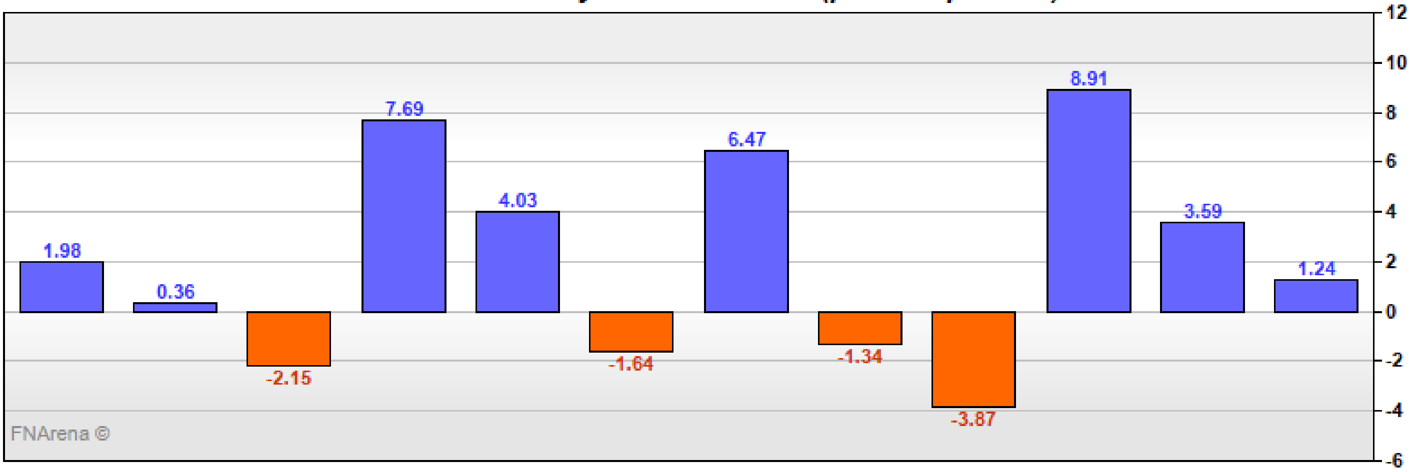
ASX200 Weekly Movement in % (past 25 weeks)



ASX200 Monthly Movement in % (past 13 months)



ASX200 Quarterly Movement in % (past 12 quarters)



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

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FNArena welcomes comments and suggestions at info@fnarena.com

AUSTRALIA

Elders To Fly With Delta

After missing on third quarter earnings, Elders' fourth quarter looks much brighter plus approval of the Delta acquisition will drive significant synergies and new earnings capacity.

-Adverse weather leads Elders to miss on updated FY25 guidance
-FY26 should see improved conditions
-Approval of Delta acquisition brings boost from synergies and earnings
-Buy ratings all round

By Greg Peel

Elders ((ELD)) is the go-to business for everything agricultural in Australia and New Zealand. Morgans calls Elders "the Bunnings of the Bush" in term of agri-products.

The business extends into real estate, insurance, financing and other services.

As an agricultural company, Elders' fortunes are very much beholden to the weather. Based on earlier BOM forecasts, the big dry being suffered in the south, particularly South Australia and western Victoria, did not ease as expected in the third quarter, but the fourth quarter is looking more promising.

Elders accounts on a September year end, hence its third quarter ended in June.

Due to the persistent dry, Elders' recent trading update provided FY25 earnings guidance -9% below consensus expectation.

Tractor-Fertilize-Field

Approval Finally Received

Overshadowing the weak update was the announcement the ACCC has finally approved Elders' takeover of (unlisted) Delta Agribusiness after an extended delay.

Delta Agribusiness is a leading independent rural inputs and advisory service in regional Australia, with a strategic footprint across NSW, Queensland, Victoria, Western Australia and South Australia.

The similarities are eerie, which is likely why the ACCC agonised over its decision. Ultimately, the regulator demanded only the divestment of six Delta outlets in Western Australia, which analysts note earned less than a combined $0.3m in FY25 (June year-end) -- immaterial given the synergies on offer.

Delta will expand Elders' network by a net 62 locations post divestments and 40 wholesale customers and, importantly, Morgans suggests, fills key gaps in NSW, Victoria, South and Western Australia. Additionally, it will enhance Elders' technical expertise and offering in ag-tech and precision agriculture.

Delta is a strong brand, Morgans notes, and is well managed. Elders' expectations of synergies of $12m over three years should prove to be conservative given they are solely around backward integration benefits.

Morgans also expects there are benefits from increased buying power as a larger group. Over time, there is an opportunity to expand Delta's network, product and services offering. In addition, there will be benefits from placing Delta on Elders' new IT systems.

Given the delay in receiving ACCC approval, Morgans thinks Elders will now fast track this timeline.

While Canaccord Genuity held the view that ACCC approval was likely, the drawn-out process and residual uncertainty was weighing on the share price.

The acquisition rationale is compelling, in Canaccord's view, led by the complementary nature of Delta's strengths in Retail Products in NSW with Elders' strengths elsewhere on the east coast, as well as margin expansion synergies via backward integration.

The -$475m acquisition will be funded by last year's $246m non-renounceable entitlement offer; a new $110m debt facility; and $190m of scrip issued to Delta shareholders at $8.52, who will own 10.45% of Elders.

Delta is owned and managed by the people that work within the business.

Things Can Only Get Better

Delta's FY25 performance was equally negatively impacted by dry conditions in Southern Australia, Macquarie notes. Margins were also impacted by heightened competitive pricing from a later season and crop protection traders seeking to avoid carry-over inventory. Macquarie highlights minimal lift in agchem prices over the last six months.

Yet, the outlook for Delta remains in line with the acquisition case from back in December last year.

Conditions in South Australia and western Victoria improved from June, resulting in increased crop protection demand in the September quarter, Macquarie notes, however this has not completely offset June quarter weakness.

The Agency business should benefit from a lift in livestock pricing which is being driven by a supportive backdrop for protein, particularly from the US where Australian beef is seeing strong demand as the US herd plumbs 70-year lows and prohibitive tariff rates (50%) have been applied to Brazilian imports.

Volumes will likely be lower, given restocking activity across northern states on optimal seasonal conditions offsetting some of benefit from higher pricing.

Elders' softer guidance reflects a materially softer outcome in crop protection margins in the second half, which has more than mitigated the stronger trends visible in Agency. While disappointing, Bell Potter notes most forward indicators of activity are starting FY26 with double digit year-on-year gains in areas such as livestock, wool, fertiliser and crop protection pricing.

Given the inherent risk around unpredictable weather patterns, Citi thinks it is prudent to err on the side of caution when it comes to a progressive recovery pertaining to crop protection in FY26. Citi is factoring in partial recovery in FY26 versus FY25 but acknowledges the risk is likely to the upside.

The key question for Elders are its earnings for a "normal" year. While momentum in the September quarter is encouraging, first half and June quarter drags are stark reminders of inherent volatility across the industry, Citi warns.

On that basis, Citi thinks a “normal” year should factor in potential perseverance of challenging conditions in some regions. The broker estimates earnings headwinds from a dry South Australia and western Victoria in FY25 to be around -$24m. Instead of simply adding the full $24m back to FY26 earnings, Citi thinks it is prudent to assume partial recovery in FY26 for now and err on the side of caution.

The closing of the Delta transaction is clearly a positive development, Bell Potter suggests, given the elongated acquisition timeline and in isolation is expected to be some 10% earnings per share accretive.

In addition, Bell Potter sees encouraging indicators heading into FY26, with crop input prices (fertiliser and glyphosate tech), livestock prices (cattle, lamb and mutton) and wool prices all demonstrating double digit year-on-year gains.

A more normal selling pattern in FY26, delivery on systems modification and backward integration initiatives, sector activity tailwinds and consolidation of Delta are expected to drive high double-digit earnings growth in FY26-27.

This view does not look reflected in the current share price, Bell Potter believes, with Elders trading at around an 11x PE on its forward projections. (for FNArena's consensus forecasts and PE multiple, see Stock Analysis).

While it is disappointing that FY25 guidance materially missed expectations, Morgans notes the seasonal break came late in Elders’ financial year. Importantly, FY26 should be a big year for the company and Elders has many growth projects in place to deliver strong earnings growth over coming years.

The ACCC approval now provides certainty and Elders can get on with merging the businesses and delivering the targeted synergy benefits. Elders is one of Australia’s leading agribusinesses, Morgans notes. It has an iconic brand and is diversified by product, service, market segment and geography.

The stock’s trading multiples are seen as undemanding and it also offers an attractive dividend yield.

Forecasts Adjusted

Weaker FY25 guidance has led analysts to trim earnings forecasts, offset by an initial contribution from Delta earnings in FY26, partially offset by only eleven months of contribution instead of a previously assumed earlier start (ACCC delay). Forecasts have largely been shuffled about.

All agree Elders’ forecast Delta synergies appear conservative, and general confidence results in all cited brokers retaining their prior Buy ratings, despite Citi’s “err on the side of caution” stance, except for Macquarie, which is on research restriction.

Target price movements are nonetheless mixed.

Canaccord Genuity has cut its target to $8.15 from $8.22 to be the low marker.

Citi has cut to $8.45 from $8.60, while Morgans has increased its target to $8.50 from $8.45.

Bell Potter stands head and shoulders above, with an unchanged target of $9.45.

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

AUSTRALIA

Enthusiasm For Treasury Wine Runs Dry

Caught in a nexus of falling Chinese demand and Californian distribution travails, Treasury Wine withdraws earnings guidance.

- **The bad news just keeps coming for Penfolds, as Chinese demand falters**
- **Cailfornian distributor transition turns into a bigger inventory headache**
- **Uncertainy and lack of earnings visibility drive substantial earnings downgrades**

By Danielle Ecuyer

Major investor disappointment as guidance withdrawn

As the saying goes, “when it rains, it pours,” and in the case of Treasury Wine Estates ((TWE)) the bad news just keeps coming.

Trade disputes with China, a pandemic, a major US acquisition (DAOU), and shifting demographic consumption patterns for wine and alcohol have structurally altered the shape of what was once one of the top-performing, quality Australian exporters.

A strategy of premiumisation both in the Americas and with the Penfolds brand in major Chinese markets was considered a pathway to offset excess supply in the lower-tier wine segments, as well as to address younger demographics shifting away from alcohol and wine.

The share price, having reached a high of $14-plus in January 2023, received another blow yesterday post the company’s 1Q26 trading update. The stock traded down just over -15%, the biggest loser on the day inside the ASX300.

The trading update brought forth a combination of largely **“disappointing”** news, Morgans bemoans, across its China and Americas operations.

For starters, the overarching setback was management withdrawing earnings guidance for the current fiscal year and FY27, as well as putting a $200m share buyback on hold, having completed just $30.5m, or 15%, since the August result.

Citi believes the decision to pause the buyback strengthens the case around the company’s level of uncertainty about the outlook and the volatility in business performance.

For both investors and analysts, a lack of earnings visibility always leaves an uncomfortable taste of uncertainty as to whether the issues creating the problems are cyclical, structural, or a combination of both.

Ancient-bottles-of-wine

Chinese restaurant revenues under pressure

Penfolds' earnings (EBIT) growth of around 15% for FY26 has been withdrawn.

While Macquarie and Ord Minnett had already pointed to downside risks, the extent of the disappointment clearly surprised even the more cautious analysts.

Ord Minnett had previously proffered management’s guidance was too upbeat given the well-known challenges in both the American and Chinese markets, as well as the new incoming CEO, Sam Fisher, seeking to “clear the decks” and reset market expectations, as is so often the case with new management.

As described by Macquarie, Penfolds is basically an “Asian” brand, with two-thirds of revenue generated from Asia. Within that region, China represents two-thirds.

Depletions, being the volume of wine shipped out of a distributor’s inventory and sold, remained weak in China after similar weakness in June. September depletions advanced on the prior year but remain weak and below management’s projection.

Early signs from the Mid-Autumn Festival show volumes continue to face challenges and, should the trend be sustained, Penfolds will not achieve FY26 targets, hence the withdrawal of guidance.

The Macquarie analyst attributes the depletion miss to lower demand, with fewer people dining out and spending less, as well as the Chinese government’s alcohol ban for employees, which has lowered business entertaining.

The government’s measures commenced in May this year, with business and government “elites” representing around 50% of the food and beverage industry’s revenue.

According to the National Bureau of Statistics, restaurant revenue growth moderated by -3.6% in the June half-year, with noticeable declines in Shanghai and Beijing.

Both planning and forecasting for a weak market is challenging, prompting Macquarie to assume a fall of -50% in Chinese volumes in FY26. Stock will be re-allocated to other markets at lower net sales revenue per case.

In FY25, Asia net sales revenue per case was $418 compared to $257 per case for the balance of global volumes. This results in a forecast decline in Penfolds revenue for FY26 by -$40m, or -$11 per case. A FY27 recovery in Chinese volumes is anticipated by Macquarie.

The analyst at UBS points to the historical trend of Penfolds being re-allocated to other markets as a working solution.

In the current case, there is less support due to the scale of China for Penfolds, at around 70% of net sales revenue for Asia, with increased risk of parallel imports back to China and more moderate success in developing demand in other markets.

California distribution wows weigh

Treasury Americas ex-California is performing well, Morgan Stanley observes, while also pointing to the unknown scale of impact from the transition of distributor as an ongoing threat to volumes.

Treasury Wines is continuing to negotiate with Republic National Distributing Company (RNDC) while transitioning to Breakthru Beverage. The size of the impact could equate to around -$100m, or the equivalent of RNDC's California inventory position, above the previously cited -$50m impact from the change in regional distribution.

Morgan Stanley notes the ability to offset some of these impacts remains dependent on the outcome of negotiations, hence why management has withdrawn guidance.

Morgans emphasises ex-California, which represents around 25% of Treasury Americas' net sales revenue, the luxury category of depletions rose 5%, led by Daou, Frank Family, and Stags' Leap.

UBS details how the US alcohol market is experiencing what the analyst refers to as a **"step-change down,"** with softer demand and less effective marketing of wine to the new consumer.

The company is believed to be in a better position as the number one player in the number one luxury market globally.

Brokers struggle to be more upbeat until the outlook improves

Citi remains the most downbeat on the stock out of FNArena's daily monitored brokers, almost audibly sighing across the research page with **"Another earnings downgrade into this week's AGM,"** which is scheduled for October 16.

The analyst reiterates its Sell rating and drops its target price to $5.50 from $7, the lowest amongst the brokers.

Earnings risks across Treasury's major markets, China and the Americas, as well as further uncertainty regarding the incoming CEO's strategic plans, overwhelm what some may view as an undemanding valuation of around 10 times FY26 downgraded earnings.

The analyst's earnings downgrades are relatively modest given the lower expectations pre-1Q26 update.

By contrast, Morgans, Ord Minnett, and UBS have taken a more aggressive stance in lowering their EPS forecasts post-update, with UBS slicing -22% and -29% from FY26/FY27 estimates, resulting in a stock downgrade to Neutral from Buy and a -35% reduction in target price.

As the comparative between the analyst's EPS and target price would infer, multiple compression or a decline in ascribed valuation is evident.

Morgans also downgraded the stock to Hold from Buy, with a new target price set at $6.35, down from $10.10.

FNArena's consensus price target has fallen around -25% post update to $6.08 from $8.878. Post downgrades there are five Hold-equivalent ratings and one Sell rating.

Uncertainty and concerns over what aspects of the business are impacted cyclically (think inventory oversupply) versus structurally (changing alcohol consumption patterns) lead brokers like Morgan Stanley to envisage risks of further downgrades.

While Morgans stresses the quality of the assets and brand portfolio, these are overshadowed by uncertainty.

For Ord Minnett, a re-rating is on hold until the new CEO outlines his strategy, which is not expected until first-half results in February or an investor day down the track.

Despite the downbeat outlook, Treasury's management stressed liqudity for the company remained more than sufficient around $1bn with "significant headroom to the financial covenants under its borrowing arrangements".

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AUSTRALIA

Unique, Predictable And Stable Dalrymple Bay

Investors are being drawn to Dalrymple Bay Infrastructure's predictability and stability in an uncertain world, offering dividend growth ahead.

- **Dalrymple Bay Infrastructure operates the world's largest met coal port**
- **Ongoing investment in port efficiency drives earnings upside**
- **Revenue upside implies dividend growth**
- **Private equity divestment now complete**

By Greg Peel

Cargo-Ship-Loading-In-Coal

Dalrymple Bay is a multi-user export terminal located within the Port of Hay Point, approximately 38km south of Mackay, capable of handling up to 84.2Mtpa of coal, mined in the vast Bowen Basin and transported via the Goonyella rail system.

Originally constructed by the Queensland government in 1983, the Dalrymple Bay Terminal has been expanded over seven different phases in the meantime to become the world's largest met coal export terminal. 80% of coal passing through the terminal is metallurgical coal used in steelmaking.

The terminal's user portfolio includes a diversified list of some of the world's leading global mining companies and coal producers.

The Queensland government still owns Dalrymple Bay, but has leased the terminal for 50 years to listed entity Dalrymple Bay Infrastructure ((DBI)), previously Babcock & Brown Infrastructure.

Dalrymple Bay does not have a monopoly on Bowen Basin coal. The North Queensland Export Terminal (NQXT) lies 25km north of the town of Bowen, south of Townsville, and has a 50Mtpa capacity.

Since 2009, Dalrymple Bay Infrastructure, which for sake of simplicity we'll refer to as DBI, has been implementing a non-expansion capital works program (NECAP) at the terminal, comprising projects which ensure the terminal remains in a safe and efficient operating condition, but which do not increase terminal capacity.

Most NECAP projects are related to safety and environmental improvements or compliance with various regulations and standards. Major NECAP projects are also undertaken from time to time.

Positive Interim Surprise

In August, DBI reported first half 2025 earnings in line with consensus, but Citi noted a positive surprise to medium term revenue guidance, which the broker was “not used to” from the company.

Citi highlighted -$406m in capital works underway at the time, and -$511m total (from -$471m previously). The $40m increase represents NECAP 8X (eighth phase), which should raise the DBI‘s terminal infrastructure charge (TIC) uplift to 0.63c/t from $0.62c/t previously.

Additionally, Citi noted a non-TIC revenue increase through optimisation/capacity pooling. This increases other revenue to $4m-plus annualised, which is relatively material, Citi suggested, as there are no costs and/or capital attached.

Along with non-TIC revenue, which should flow into free cash flow, Citi highlighted an announced capital allocation review. The estimated combination from both should lead to higher near-term distributions and drive value in a market that is pricing in lower cash rates.

Citi retained a Buy rating.

Sell-Down

DBI’s IPO foundation shareholder was private equity firm Brookfield, which sold down -23% in June for $3.72ps and the final -26% last month for $4.05. The significant sell-down unsurprisingly weighed on DBI’s share price.

In response, Morgans last month upgraded DBI to Accumulate from Hold given share price weakness, noting Brookfield’s exit implied no fundamental change to the business. On September 22, DBI was added to the ASX200.

Morgans’ base case is for DBI to grow earnings at an 8% compound annual growth rate over FY25-28, with a step-change from major project commissioning in mid FY27. Dividend growth is assumed to remain within guidance of 3-7%pa, with stronger growth in the early years. Morgans’ forecasts do not include the 8X expansion, M&A, or changes arising from the capital allocation option review.

An outcome of that review is expected to be published with DBI’s full-year 2025 result next February. Keeping the status quo would see DBI continue to part-fund its capex with operating cashflows, Morgans notes, leaving it with strong credit metrics and debt capacity within its target credit rating.

The alternative would be to entirely debt fund capex, allowing a greater amount of cashflow to be paid out to investors. The downside of this option would be relatively weaker credit metrics compared to the status quo, albeit still within the constraints of the target credit rating.

Predictable and Stable

Last week Macquarie initiated coverage of DBI with an Outperform rating, describing the company as a unique infrastructure business, with a predictable base income growing with inflation.

Replacement/NECAP investment of some -$0.7bn becomes the near-term growth driver in the next five years, Macquarie suggests, adding around 27% to earnings, which “comfortably” translates to 5%pa sustainable dividend growth.

Re-contracting with miners in 2031 could see DBI move from the current light-handed regime to an unregulated regime, Macquarie notes, in which it can price relative to alternative ports like NQXT.

This could bring material upside ($1.00ps on the broker’s estimate). Even if the current regime continues, there is scope to reprice access to reflect higher bond rates compared to 2022, and recovery for future remediation costs.

8X is a $0.5-1.5bn NECAP opportunity that could add $0.16-0.48ps to DBI's valuation, Macquarie calculates. Timing of the investment decision is 2026 or 2027, with clarity around NQXT, Goonyella to Abbot Point rail expansion (GAPE) demand and miner Anglo America's unused capacity contracts potentially deferring the decision.

Medium term, NECAP will grow as further major reinvestment is required.

M&A Risk

When Citi retained its Buy rating on DBI post the interim result in August, it came with the caveat "we are cautious about potential M&A discussions", with regard to the announced capital allocation review.

In September, Morgans suggested DBI may appeal to investors seeking dependable and growing yield and defensive elements for their portfolio. However, said Morgans, a key risk is a value-dilutive capital raising and/or M&A.

Last week, Macquarie noted acquisition risk is emerging as DBI seeks to move from being a single asset, noting green steel is the substitute for metallurgical coal and port demand. The government's Net Zero by 2050 policy aids this.

However, in Macquarie's view the quantum of sunk capital in blast furnaces, Goonyella's lower cost and better-quality coal position means the 20-year outlook remains robust.

Unique Investment

Macquarie believes DBI is a unique investment with dividend growth of 5% and an enterprise value to earnings multiple of 13x, which is below comparable port multiples.

The main upside event for Macquarie is the 8X development, and medium-term repricing to capture more of the difference between NQXT and Dalrymple Bay.

Citi noted in August that as we move past peak ESG, management is seeing borrowing markets open up. With $474m in undrawn debt facilities, headroom to investment grade credit ratings and minimal risk to revenue/cashflow, DBI is flagging the potential to fund more NECAP with debt.

This is not insignificant to potential distributions in FY25/26. Following a review to capital allocation, Citi estimated there is potential upside to near term returns.

("Peak ESG" implies the strong focus on ESG factors impacting listed companies which Citi suggests is not now as stringent as it was. Clearly, in Trump's America ESG no longer exists.)

Citi has set a price target of $5.20 for DBI, up from $4.20 prior to the interim result. Last month, Morgans retained its $4.73 target.

Macquarie has initiated with a target of $4.91.

The consensus forecast dividend yield is 5.6% in 2025 and 5.7% in 2026.

COMMODITIES

Paladin Energy Powering On

Record quarterly production, a promising new project, and surging global demand for nuclear energy is injecting renewed excitement for the prospects of Paladin Energy.

-Paladin Energy posts record September quarter production
-Grades at Langer Heinrich set to step up
-World class asset in Patterson Lake South
-Green energy transition and AI growth driving nuclear demand

By Greg Peel

Uranium is making a come-back as a 'green' power source

The price of uranium has endured a rollercoaster ride in the twenty-first century. From the depths of the post-Chernobyl era, the uranium price surged to over US$130/lb in 2007 as the world began to wake up to climate change and nuclear energy was seen as a great saviour.

It was a 'bubble' fit to burst, and a year later the price was back around US$30/lb. Another attempt to rally was then thwarted by the Fukushima disaster, which sent the price back down below US$20/lb, when nuclear was once again a *dirty* word.

Thereafter, another rally, led by financial entities stockpiling physical uranium, another bubble, and another burst. But, yet again, the uranium price has been on the rise in 2025, currently around US$82/lb.

The share price of Australian-listed uranium miner Paladin Energy ((PDN)) has tracked a similar path over the period. Historically, Paladin shares peaked at $10 back in 2007, but corrected for a 1-for-10 consolidation in 2024 historical charts now put that peak at the equivalent of $100.

The share price post consolidation is back near $10 today, but that is, effectively, still -90% down from the prior peak.

What is driving the uranium price and the share prices of uranium miners now?

Demand for uranium is likely to double over the next decade, Shaw and Partners points out. Nuclear reactors are being restarted, AI/data centre demand for energy is surging, governments around the world (with one notable exception) have realised nuclear is a vital part of decarbonising power grids, insatiable Chinese energy consumption is driving the fastest nuclear rollout in history, and the US has hit the nuclear accelerator to power its AI arms race with China.

On the supply-side, the world's two largest uranium miners –-Canada's Cameco and Kazakhstan's Kazatomprom-– have recently lowered production guidance. At the same time, ramp-ups from mining juniors have simply not progressed as expected.

Amidst this demand/supply imbalance, and having to shutter its two producing mines post-Fukushima (ultimately selling one and selling a stake in the other), Paladin has re-emerged as a globally significant uranium producer.

Record Quarter

Paladin saw a solid operational September quarter result from its flagship Langer Heinrich mine in Namibia, achieving record U3O8 production of 1.07mlb, consistent with management guidance and consensus. Unit costs of US$41.6/lb were impressive, Ord Minnett suggests, though below consensus, as mining volumes increased 63% quarter on quarter to 5.3mt.

Sales volumes were the only blemish at 533klb, a big miss to consensus of 908klb, however, uranium sales are typically lumpy, Shaw notes, and a shipment delayed in the September quarter has been pushed into the December quarter. Paladin has also received a US$30m pre-payment for a shipment scheduled this quarter.

Paladin is beginning to demonstrate steady, reliable production at Langer Heinrich, Bell Potter suggests, which bodes well for building confidence in management's forward guidance. Repeating the performance of the June quarter FY25 into the first half of FY26 creates a platform for the miner to hit the upper end of its 4.0-4.4mlbs production guidance, with increased mining rates expected over the second half.

The plant is continuing to be predominantly fed by the previously stockpiled ore with feed grade in the quarter of 477ppm, in line with the June quarter. Once the plant is fed with fresh ore in 2026, Shaw expects production to step up. Paladin is not disclosing the grade of the material it will be initially mining, but it should be higher than the current stockpiles, Shaw believes.

The Langer Heinrich plant recovery is continuing to run in the high 80%s (86% in the September quarter). The plant never ran this well historically, Shaw notes, with recoveries down in the 60s/70s. The better performance is due to the plant enhancements that were made as part of the post-Fukushima restart; particularly adding surge capacity between the front end and the leach circuit.

With the balance sheet bolstered in the wake of a September equity raise, the focus for UBS remains the ramp-up of Langer Heinrich to nameplate in FY27 as well as advancing Paladin's Patterson Lake South (PLS) project through to FID (final investment decision) against an improved commodity backdrop.

The PLS project is a world class asset, which adds an additional 11mlb U3O8 on Ord Minnett's numbers by FY33. But it does face risks (eg lengthy approvals and high capex).

Pricing

In Macquarie's view, the marginal greenfield projects in the current market are the lower grade pre-FID Namibian projects Tumas and Etango.

Macquarie believes these projects may require US$85/lb floor pricing in market-related contracts, which was the broker's prior long-term price assumption, still needing to lift beyond the current US$70-75/lb level indicated by industry.

Macquarie has raised its long-term uranium price forecast to US$95/lb, a level that allows for an adequate rate of return for investors in these marginal projects when all costs are considered.

Nuclear's expanding role in global energy and the AI race will require significant investment in new uranium mines, Macquarie notes. With a largely exhausted restart queue and production challenges at major producers, contract floors should lift to incentive levels for the two new Namibian projects.

It would be remiss to ignore the increased focus placed on western critical minerals availability (such as rare earths), UBS suggests, and ask whether uranium should be included in this basket of commodities, acknowledging the supply concentration into less accessible jurisdictions uranium exhibits, as well as (Western) conversion/enrichment bottlenecks.

While there is perhaps more work as it relates to this particular thematic, UBS is still incrementally positive on the commodity outlook from a traditional demand-supply perspective, with increased US/Western policy support for nuclear combining with continued supply disappointments.

One Bad Apple

Of the seven brokers monitored daily by FNArena covering Paladin Energy, all bar one have a Buy or equivalent rating on the stock, chorusing a preferred sector exposure.

Ord Minnett retains a view that Paladin is perhaps the highest-quality ASX-listed uranium stock for long-term capital growth linked to future nuclear energy demand. But despite the stock's more than 100% rally in the past six months, spot uranium prices have only risen from US$67/lb to US$82/lb (22%).

Term prices have lifted even less so, by 4% to US$83/lb. Ord Minnett estimates the movement in the spot price may only translate to an 8% gain on Langer Heinrich's average realised price (from US$65/lb to US$70/lb). In the broker's view, this does not warrant a doubling of the share price.

Ord Minnett considers Paladin's recent $300m capital raise to accelerate the development of PLS may have excited investors given some of its common features with NexGen Energy's ((NXG)) Rook I project. Hence, the higher multiple.

Ord Minnett considers investors must be prepared to take a much longer than twelve-month investment horizon to capture the value of this project, and invest at these higher prices, and has cut its target price to $7.50 from $7.60, downgrading to Sell from Hold.

The next lowest target among the six brokers rating Buy is $9.00 (Citi and UBS). The highest is Bell Potter's $11.35, up from $$10.30 prior to the quarterly report.

The consensus target price among the seven brokers is $9.71. Ex-Ord Minnett, that rises to $10.08.

Outside of the seven, Canaccord Genuity has a Buy rating and $12.50 target.

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ESG FOCUS

Quenching Growth: How New Desalination Plants Could Boost ASX Stocks

FNArena's dedicated ESG Focus news section zooms in on matters Environmental, Social & Governance (ESG) that are increasingly guiding investors preferences and decisions globally. For more news updates, past and future:
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Australia has a dry climate, making it the second driest continent in the world, prompting the country to rethink how it sources its most essential resource: water.

FNArena reviews the desalination plant boom alongside the ASX companies poised to benefit most.

By Jason Collins

The solution to this growing problem is billion-dollar desalination plants. In recent times, Australia has begun investing heavily in desalination projects, such as Perth's $2.8bn Alkimos Seawater Desalination Plant and Rio Tinto's planned facility in the Pilbara.

Both of these plants are designed to secure long-term water independence, which is something the country desperately needs.

Desalination investments are reshaping public infrastructure and creating new opportunities for ASX-listed companies. The companies set to benefit the most in terms of financial gains and contracts include those involved in engineering, construction, materials, and water technology.

Additionally, as the government moves towards desalination plants becoming a permanent investment rather than an emergency solution, the market for large-scale water treatment and resilience infrastructure is quietly but quickly becoming one of Australia's most significant growth frontiers.

Today's piece will look into the desalination plant boom alongside the ASX companies poised to benefit the most.

Water - making a splash for Australian businesses

Desalination Boom Driven by Climate Change

Australian states are increasingly seeking new water sources as droughts persist and the effects of climate change intensify.

Around 80% of the country receives less than 600mm of rainfall per year, and in states like Western Australia, where rainfall has been exceptionally scarce, dam inflows have declined since the 1970s. Growing populations are also placing additional strain on already limited supplies.

As fears of water scarcity escalate, seawater desalination projects are gaining traction as reliable, rainfall-independent solutions, especially the Alkimos Seawater Desalination Plant (ASDP) and the Dampier Seawater Desalination Plant.

The ASDP, now under construction, is expected to deliver 50bn litres of drinking water annually by 2028 while creating hundreds of jobs.

Meanwhile, Rio Tinto's Dampier Seawater Desalination Plant in the Pilbara will generate 4GL per year in its first stage, which is underway and expected to be enough to support both local communities and industrial operations.

With these facilities and others on the horizon, Australia's desalination investments are positioning the sector, and the ASX-listed companies behind it, for steady, long-term growth.

With this in mind, let's have a look below at how these plants and others can boost ASX stocks and which companies are seemingly the most ready to capitalise:

Engineering and Construction Beneficiaries

As expected, major desalination projects translate into significant contracts and groundbreaking alliances for engineering and construction companies.

For example, an alliance between Acciona Construction and Jacobs Group Australia (NYSE: J) has been formed to design, build, and operate the Alkimos plant.

This is not the only partnership or engineering and construction company to benefit. Perth-based engineering contractor **Monadelphous Group** ((MND)) has recently secured a three-year panel contract for water management across **Rio Tinto**'s ((RIO)) Pilbara mines.

The company also won a contract in 2010 to construct the intake and outfall pipelines for CITIC Pacific Sino Iron's desalination plant in WA. With the recent panel contract win, Monadelphous is positioned to capitalise on miners' moves to build climate-resilient water sources.

Downer EDI ((DOW)) is leveraging its utilities expertise to capitalise on the momentum of water projects. For years, Downer EDI has provided water and wastewater services across Australia, and recently the company won a 10-year contract with Urban Utilities in Queensland.

The agreement features a five-year base term, with subsequent three- and two-year options, under which Downer will design, build, and manage water treatment and network assets across South East Queensland.

As desalination and recycling initiatives multiply, firms like Downer stand to gain steady revenue streams through construction and long-term maintenance contracts.

In short, Australia's push for water security is boosting engineering groups' and contractors' order books, supporting their growth outlook.

Materials and Infrastructure Suppliers

Like with engineering and construction firms, the desalination build-outs lift prospects for construction materials and infrastructure suppliers. A prime example of this is **Boral** Ltd, now part of **SGH Ltd** ((SGH)).

Boral is Australia's largest building materials company, and it was awarded a vital package on the Alkimos project to supply and manufacture more than 31,000 precast concrete segments for the plant's underground tunnels.

Once awarded this package, Boral set up and operated an on-site batching plant in alliance with Acciona Construction to churn out concrete segments around the clock. For Boral, this level of involvement not only generates immediate revenue, but also positions it for future stages and other water projects.

As Boral noted, Alkimos is "another milestone" and the company is "well-positioned to support Stage 2 of the ASDP and other major water infrastructure projects across Australia."

What this means is that government spending on desalination plants is translating into multi-year demand for Borals quarry products, cement, and expertise on large-scale pours.

Beyond concrete, big desal projects require steel pipelines, pumps, filters, and more – engaging a supply chain of manufacturers. For instance, Water Corporation's contract with Steel Mains will see giant 1.6m-diameter steel pipes manufactured locally for Alkimos, supporting jobs and reducing transport costs.

While Steel Mains is not publicly listed, the broader infrastructure supplier category benefits from these commitments. Investors can expect materials firms and equipment providers to see an uptick in orders as Australia builds out desalination capacity and related water networks.

Water Technology Innovators

Another sector quickly gaining momentum, benefiting from desalination plants and boosting ASX stocks, is water treatment technology. In Australia, **Clean TeQ Water** ((CNQ)) might be a small-cap innovator, but it's delivering advanced filtration and desalination solutions, and investors are starting to take notice.

The company explicitly frames its mission around the world's "most pressing water treatment challenges," and notes that climate change and urbanisation are driving the water market to become one of the fastest-growing industries. Industry growth aside, investors see Clean TeQ Water as a viable investment because of its proprietary technologies.

The company has developed membrane-free desalination (DESALX) and graphene-based filtration purification, both of which desalination plants can use, opening the company up to future investment opportunities.

After all, as more communities turn toward desal and recycling, demand rises for systems like Clean TeQ Water's, whose portfolio includes low-carbon treatment solutions and high-recovery desalination that can handle brine, recover resources, and minimise costs.

Even though Clean TeQ Water is an emerging company, it represents how ASX-listed tech firms can ride the wave of infrastructure investment by offering innovative tools that can make big desal plants viable and sustainable.

It's worth noting that Clean TeQ is not alone, as the global push for better water tech includes peers like **Fluence** ((FLC)) in decentralised treatment and various private firms.

Experts believe that in the long run, successful water technology deployments could lead to licensing deals or international expansion, adding another dimension of growth beyond the initial construction phase of desal plants.

Water Rights and Utility Plays

Water rights and utility plays can also be of interest to investors, considering companies that own or manage water assets could offer opportunities.

For example, **Duxton Water** ((D2O)) benefits from the same conditions that make desal necessary, even though it is not involved in building desalination plants.

Currently, Duxton is Australia's only listed vehicle for direct exposure to water entitlements or 'rights.'

At a time when Australia is experiencing several 'dry years', the value of water holdings rises since scarcity drives prices up. Proving this theory is Duxton's reported 4% increase in water entitlement valuations in late 2024.

This slight uptick in valuations was driven by strong irrigation demand at the time and limited supply following a 'dry start' to the year.

To put it simply, high water prices boosted the companies' leasing revenues and net asset value, which, in turn, supported the share price.

Investor Outlook: Tapping the Wellspring of Resilience

Evidently, government-backed desalination plants and water projects offer multi-year visibility and relatively stable funding, which can support contractors' earnings, such as Monadelphous or Downer, through economic cycles.

Likewise, materials suppliers like Boral gain steady demand, while specialty tech players like Clean TeQ can leverage the push for sustainability. Even niche plays like Duxton Water remind us that water is an invaluable commodity in a drying land and solutions to scarcity, whether infrastructural or market-based, carry tangible value.

In summary, "quenching growth" in the context of desalination refers to securing water for communities and to the new growth opportunities flowing to ASX-listed companies.

As these firms help build and operate the next generation of desalination plants and water systems, their stocks could be buoyed by the rising tide of investment in climate resilience.

Investors, in turn, might consider adding water-related exposure to their portfolios as it could be potentially lucrative to the balance sheet.

Each contract won or technology deployed to keep the taps running also, in effect, refills the well of value for shareholders in this burgeoning market segment.

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ESG FOCUS

$2.3bn Battery Subsidy Reshaping Australia's Energy Stocks

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Australia's clean energy landscape is being reshaped by the federal government's $2.3bn Cheaper Home Batteries program.

- **Australia's $2.3bn battery subsidy marks a turning point in the nation's transition to clean energy**
- **Investment opportunities are opening up across a new value chain that spans manufacturing, financing, and grid management**
- **Multiple ASX-listed small cap companies stand to benefit**

By Jason Collins

Re-published to highlight Genex Power is no longer listed on the ASX.

The country's clean energy landscape is being reshaped by Australia's new $2.3bn Cheaper Home Batteries program.

This battery subsidy was launched on the 1st of July 2025 as part of the federal government's push to stabilise the grid and cut household energy costs.

The scheme offers a significant -30% upfront discount on battery systems up to 50 kWh.

According to Con Hristodoulidis, a General Manager at Distributed Energy at the Clean Energy Council, the day the scheme was announced was a "defining moment in Australia's clean-energy development."

He went on to say, "Home batteries are no longer unaffordable. With the new rebates and no-interest loans, they are now within reach for everyday Australians, driving energy independence and lowering household costs."

Perhaps unsurprisingly, since its launch, uptake has been extraordinary, with more than 11,500 applications being lodged within the first three weeks of the subsidy taking effect.

In addition, it's estimated that around 19,000 home batteries were registered in the first month alone of the subsidy's existence.

Considering it has been a few months since the battery subsidy took effect, analysts now expect more than 220,000 installations in the first year.

This figure is roughly triple 2024's total, and by 2030, there might be more than a million battery installations.

This could represent about 10 GW of distributed storage capacity, roughly half of Australia's coal-fired output. This wave of installations is doing far more than simply cutting power bills.

In today's article, we've explored in more detail how the subsidy is transforming Australia's energy market, what this means for investors, and which lesser-known ASX-listed companies stand to benefit as storage becomes the next growth engine of the clean-energy economy.

A Market Undergoing Structural Change

There has been a slow, unfolding shift from centralised generation to consumer-owned energy systems, as evidenced by the adoption rates of rooftop solar, smart meters, and behind-the-meter storage. The $2.3bn battery subsidy is accelerating this pace of evolution.

Now, decades of gradual change have been compressed into just a few years, as power is increasingly generated, stored, and managed at the household level with consumers acting more like micro-utilities.

Pre-subsidy households would average 10 to 12 kWh, whereas now, with households installing larger batteries, the average is 17 kWh. This move to store daytime solar for evening use eases grid strain and reduces exposure to volatile tariffs, which is a win for most households.

Additionally, early insights indicate the subsidy is reshaping capital flows across the ASX and forcing financiers, energy providers, and technology developers to adapt to a distributed model.

For investors, the change isn't only about new hardware but also about a re-allocation of profit pools. It seems that growth is emerging in integration, financing, and software, which are undoubtedly the connective layers that turn thousands of small-scale consumer-owned energy assets into a cohesive network.

In the grand scheme of things, major utilities are adjusting business models to accommodate these market changes. Still, a growing number of smaller ASX-listed firms are now sitting at the centre of this decentralised momentum. We've discussed a few of these firms that are best positioned to capitalise on market changes with the subsidy in effect below:

1. HPP Group — Red Earth Energy Storage Ignites the Home Market

HPP Group is in the midst of transitioning from a packaged-food company to a clean-energy manufacturer.

On the 28th of August 2025, the company entered into a legally binding agreement to acquire Red Earth Energy Storage, a Brisbane-based producer of modular lithium battery systems.

Per an ASX filing, it's confirmed the "merger", in which HPP Group is offering a loan of up to $2.5m, is intended to help Red Earth meet demand created by the federal Cheaper Home Batteries Program.

Red Earth Energy's hardware and software systems give it a pathway into virtual power plant (VPP) networks, which retailers across Australia are now expanding.

Red Earth assembles its systems locally and develops proprietary software for monitoring and market participation. It has also recently unveiled a '**Microgrid-in-a-Box'** platform that cleverly integrates solar, storage, and EV charging.

Given these technologies, it shouldn't be surprising that HPP Group has seen battery enquiries increase since July, positioning the company to benefit from the expected domestic-manufacturing preference of rebate-eligible customers.

For investors, HPP's strategic shift signals an early-stage opportunity in domestic battery manufacturing, with exposure to one of the fastest-growing sectors of Australia's clean-energy market.

Note: **Health and Plant Protein Group Limited (ASX: HPP)** was **removed from the official list effective the close of trading on Thu, 28 Aug 2025** under Listing Rule 17.15 (non-payment of annual listing fees).

HPP later said it intended to merge with RedEarth Energy Storage and apply to re-list before end of Q1 2026, but as of today it remains delisted.

2. Plenti Group — Financing the Battery Uptake

The Plenti Group ((PLT)) is playing a significant role in helping Australia transition toward a more resilient energy system. The fintech lender, which focuses on renewable energy and EV finance, is at the helm of enabling households to adopt battery use.

This is in part thanks to the Western Australian Government appointing the Plenti Group as the administrator and financier of the state's Residential Battery Scheme, which complements the federal $2.3bn battery subsidy.

It's believed the initiative is offering rebates of up to $3,800 and interest-free loans of up to $10,000. According to Adam Bennett, the Chief Executive Officer at Plenti, they are "proud to support the Western Australian Government to deliver this landmark battery initiative."

Bennett further went on to say, "With up to 100,000 rebates available, this is one of the most significant programs of its kind, and we're excited to facilitate its impact. With our proven track record of running government funding programs that help Australian households decarbonise, we're confident in our ability to support the successful rollout of this scheme and play our part in accelerating Australia's transition to a smarter, more resilient energy system."

Plenti Group's involvement is crucial as battery installations increase and financing demand grows. Since systems often cost between $6,000 and $10,000, even after the rebate, Plenti, as a lender, is well-positioned to fill the financing gap.

With this in mind, Plenti's clean-energy and EV loan portfolios are expanding rapidly. The company's total loan book reached around $2.5bn in FY25 and is targeting $3bn by March 2026, with renewable-energy finance remaining one of its fastest-growing segments.

It's important to note operational risks and bottlenecks remain with Western Australia's rollout, resulting in payment delays.

Still, Plenti Group's well-established systems and government partnerships position the ASX-listed company to capitalise on sustained federal demand.

What this means for investors is Plenti offers exposure to the financing backbone of Australia's energy transition, a segment poised for long-term growth as clean-energy adoption accelerates nationwide.

3. Genex Power — Grid-Scale Storage for a Distributed Future

Although Genex Power's revenue isn't directly tied to the household battery subsidy, the larger distributed-storage base is increasing the need for grid-scale stabilisation, and this is where Genex Power factors in and indirectly benefits, as it can provide large-scale balancing assets.

This ASX-listed company operates the 50 MW/100 MWh Bouldercombe Battery in Queensland, which is fully operational and grid-connected. It is also developing a 250 MW Kidstone Pumped Storage Hydro Project designed to provide renewable energy storage and peaking capacity.

These assets allow Genex to absorb surplus generation, particularly daytime solar, and release it during evening peaks. Additionally, since millions of small batteries will be in households thanks to the subsidy, this will reduce short-term volatility, making long-duration systems like Kidston more valuable for managing broader supply cycles.

Benefit-wise, Genex will be positioned to meet rising demand for grid-firming capacity, and investment-wise, investors stand to benefit from growing interest in assets that provide stable, infrastructure-like returns within Australia's evolving energy mix.

Note: Genex Power was acquired by Japan's Electric Power Development Co., Ltd. (J-POWER) and is no longer ASX-listed since 1 August 2024.

The Wrap-Up On How The $2.3bn Battery Subsidy Is Reshaping Australia's Energy Stocks

It's evident that Australia's $2.3bn battery subsidy marks a turning point in the nation's transition to clean energy. Based on what we now know, it is creating investment opportunities across a new value chain that spans manufacturing, financing, and grid management.

However, beyond HPP, Plenti, and Genex Power, the ripple effects of the Cheaper Home Batteries program are extending across the broader battery value chain.

It's also apparent that other lesser-known companies from component manufacturers like Novonix ((NVX)) to emerging vanadium flow-battery developers such as Australian Vanadium ((AVL)) are poised to benefit.

So, when you look at the big picture, these companies showcase how government policy is translating into a structural re-rating of Australia's clean-energy sector.

Then, of course, for investors, the challenge is timing and execution.

However, the direction of things is clear; storage is moving from niche technology to core infrastructure, and the companies aligned with that reality are beginning to define the next phase of Australia's energy investment story.

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INTERNATIONAL

The Long View: Bubble Or Boom?

"As firms or households see others making profits from speculative purchases and resales, they tend to follow. When the number of firms and households indulging in these practices grows larger, and the belief spreads that the object of speculation can only go up, speculation for profit leads away from normal, rational behavior to what have been described as 'manias' or 'bubbles'." - Charles Kindleberger; Manias, Panics, and Crashes

Key Takeaways

• Whether or not a stock market bubble is forming has become a key debate for investors. We believe a boom may be on the horizon, driven by a favourable policy mix and a healthy consumer that should support earnings growth

• Despite recent U.S. labor market weakness, the economy remains on solid footing with the ClearBridge Recession Risk Dashboard still flashing a green signal, with a positive signal change in ISM New Orders offsetting a deterioration in Housing Permits this month

• While equity valuations are elevated, they are backed by healthy earnings and strong cash flows. Historically, global equities have fared well once the Fed embarks on a cutting cycle that coincides with a soft landing, which we believe will play out once again in the coming year

By ClearBridge Investments

The velocity of the S&P500 Index's 35% rally from the April lows has taken many investors by surprise, including us.

Nearly all traditional valuation metrics suggest the market is expensive: the forward (next-12-month) P/E now stands at 22.8x, a level previously only witnessed during the tech bubble of the late 1990s.

While some signs of froth are certainly evident, other factors suggest the market's recent advance is grounded in a favourable policy mix that supports improving fundamentals, or perhaps even a boom, into 2026.

As a result, whether a bubble is forming has become a key debate for equity investors.

Is a Bubble Forming?

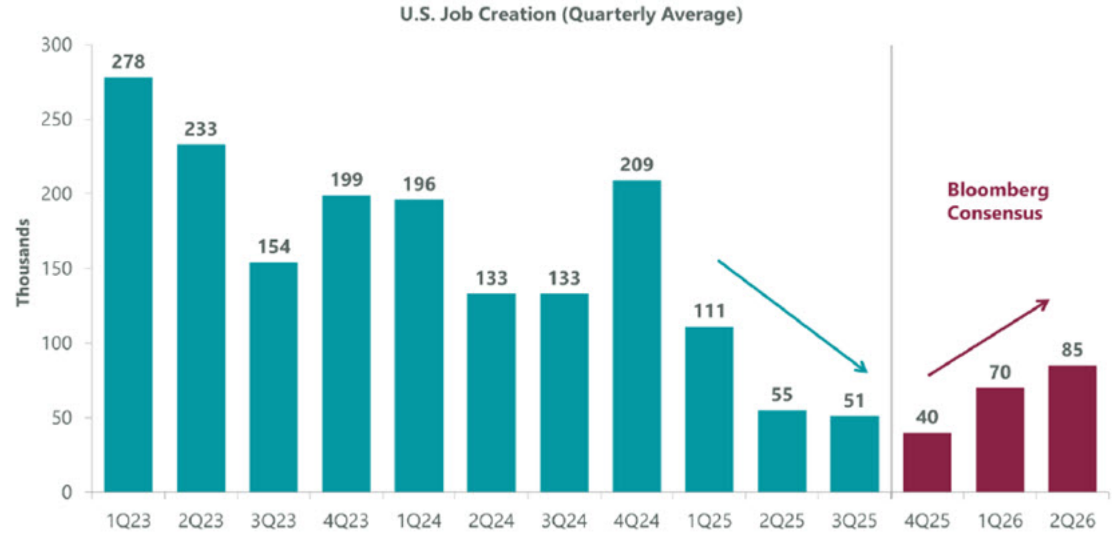
One example of a decoupling between stock prices and underlying fundamentals that bears watching is recent U.S. labor market weakness, the argument being that slowing job creation is a sign that the economy is on shaky footing. By extension, equities should be lower as reduced labor income weighs on overall consumer spending.

However, job creation remains in positive territory and is expected to rebound into 2026 as fiscal stimulus from the One Big Beautiful Bill (OBBB) comes online and trade/immigration policy headwinds abate.

Importantly, the index of Aggregate Weekly Payrolls —a good proxy for overall U.S. labor income— continues to show solid gains and has expanded at a 4.2% annualised pace through the first eight months of the year, which should power future consumption.

Furthermore, with uncertainty waning and hiring expected to rebound, it would not be a surprise to see this metric accelerate toward 2024's 4.6% pace in the coming months.

Exhibit 1: U.S. Labor Market Slowdown



Clearbridge - Bubble or Boom - Chart 1

Note: Quarterly average change in nonfarm payrolls. The term "consensus" within the capital markets industry refers to the average of earnings estimates made by professionals. As of 30 September 2025. Sources: Bloomberg, U.S. Bureau of Labor Statistics (BLS), Macrobond.

A key reason we remain less concerned about the recent labor malaise is the strong overall green expansionary signal emanating from the ClearBridge Recession Risk Dashboard.

The dashboard saw two signal changes in September, with ISM New Orders improving from red to yellow as the metric remained above 48 in September following the August spike, while Housing Permits deteriorated from green to yellow.

With these mixed signal changes, the overall reading remains firmly in green territory.

Exhibit 2: U.S. Recession Risk Indicators

		September 30, 2025	June 30, 2025	March 31, 2025
Consumer	Housing Permits	Caution	Expansion	Expansion
	Job Sentiment	Recession	Recession	Recession
	Jobless Claims	Expansion	Expansion	Expansion
	Retail Sales	Expansion	Expansion	Expansion
	Wage Growth	Expansion	Expansion	Expansion
Business Activity	Commodities	Expansion	Expansion	Expansion
	ISM New Orders	Caution	Recession	Recession
	Profit Margins	Caution	Caution	Expansion
	Truck Shipments	Expansion	Expansion	Caution
Financial	Credit Spreads	Expansion	Expansion	Expansion
	Money Supply	Expansion	Expansion	Expansion
	Yield Curve	Caution	Caution	Recession
	Overall Signal	Expansion	Expansion	Expansion

Expansion · Caution · Recession

Clearbridge - Bubble or Boom - Chart 2

Data as of 30 September 2025. Sources: BLS, Federal Reserve, Census Bureau, ISM, BEA, American Chemistry Council, American Trucking Association, Conference Board, Bloomberg, CME, FactSet and Macrobond.

The ClearBridge Recession Risk Dashboard was created in January 2016. References to the signals it would have sent in the years prior to January 2016 are based on how the underlying data was reflected in the component indicators at the time.

Housing permits have been sluggish for much of the past two and a half years but have declined in each of the past five. The dashboard focuses on housing permits because they tend to move ahead of actual "shovels in the ground" metrics such as housing starts.

While housing starts remain within the range experienced since late 2022, housing permits have been steadily slipping over the past three months and are now nearing a 1.3 million annual pace, a drop of -12% from the recent peak in late 2024.

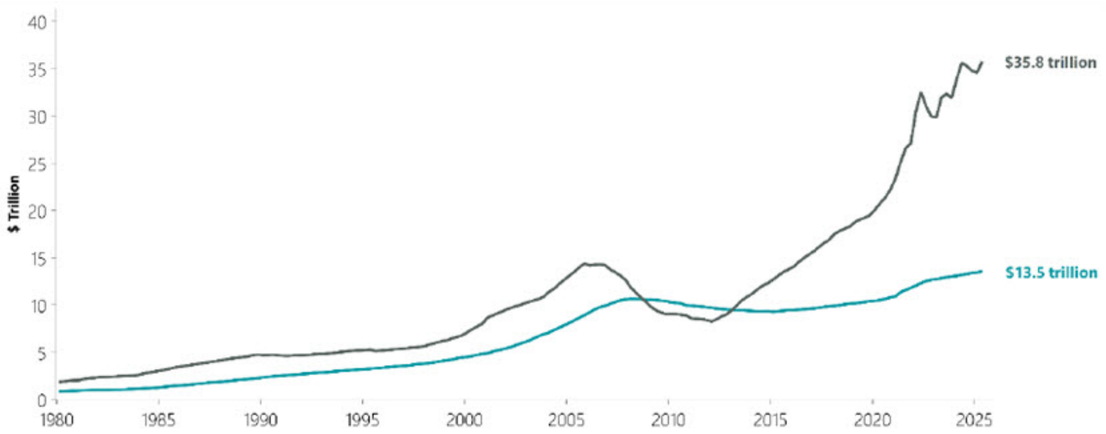
High home prices and interest rates have strained affordability and housing market activity metrics have plunged in response. The good news is that it does not appear that homeowners are overextended as lenders have maintained stringent underwriting terms over the past 15 years.

In fact, consumers appear to have the ability to add leverage if desired given strong balance sheets, providing a buffer and source of funds if needed.

Aggregate homeowners' equity has skyrocketed to US$35.8trn according to Federal Reserve data. With mortgage liabilities of just US$13.5trn, consumers appear to have ample room to tap home equity lines of credit (HELOCs).

Total HELOC borrowing outstanding peaked in 2009 according to FDIC data and troughed -61% lower in 2022, with a modest 8% rise occurring over the past three years. This lack of consumer leverage suggests that to the extent a real estate bubble may be forming, it bears little resemblance to the last one.

Exhibit 3: Home Equity Boom



Clearbridge - Bubble or Boom - Chart 3

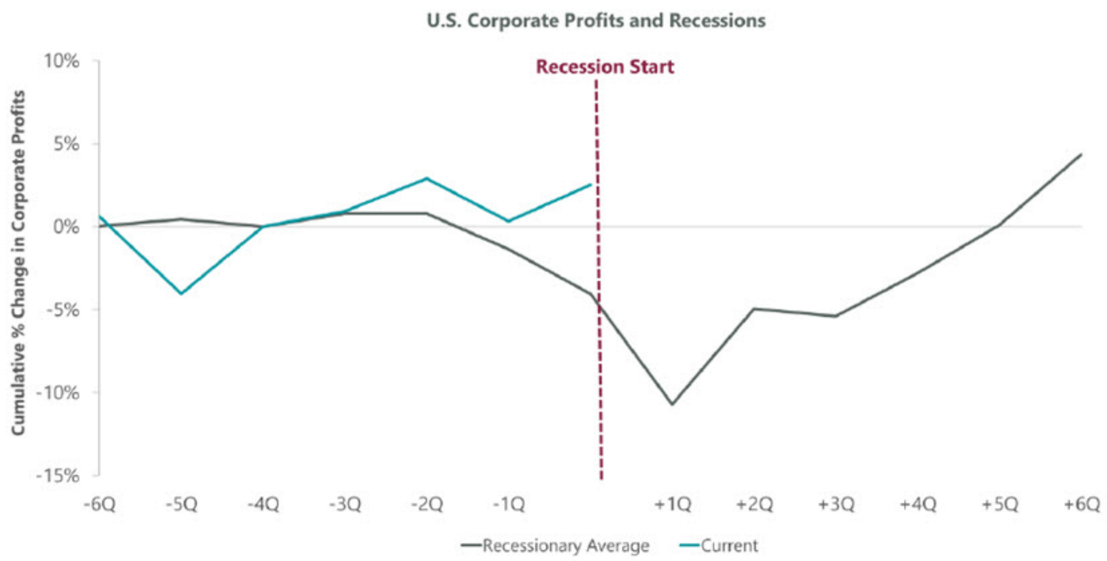
Data as of 11 September 2025, latest available as of 30 September 2025. Sources: Federal Reserve, Macrobond.

Another area where fundamentals are not suggestive of bubble territory is corporate profits. Earnings picked up in the second quarter, and forward guidance from companies suggests that they are finding ways to offset the costs from higher tariffs with margins and profits expected to continue to rise in the third quarter and into 2026.

Accelerating earnings are a harbinger of a healthy labor market, whereas they tend to plateau and then decline beginning two quarters on average ahead of historical recessions dating back to 1965.

With the consensus expecting continued profit growth in the year to come, the recent trajectory also bears little resemblance to these past periods. Put differently, corporate profits are arguing against a decoupling between equity prices and underlying fundamentals.

Exhibit 4: Profits Don't Look Recessionary



Clearbridge - Bubble or Boom - Chart 4

Note: Nonfinancial Corporate Profits w/IVA and CC Adj (Gross Value Add), 1965-Present. Data as of 30 June 2025, latest available as of 30 September 2025. Source: BEA, Bloomberg, NBER.

Is a Boom Forming?

Many of the disconnects between rising equities and underlying fundamentals that the bubble camp highlights are more nuanced than they initially appear.

This begs the question if, instead of a bubble, is a boom on the horizon?

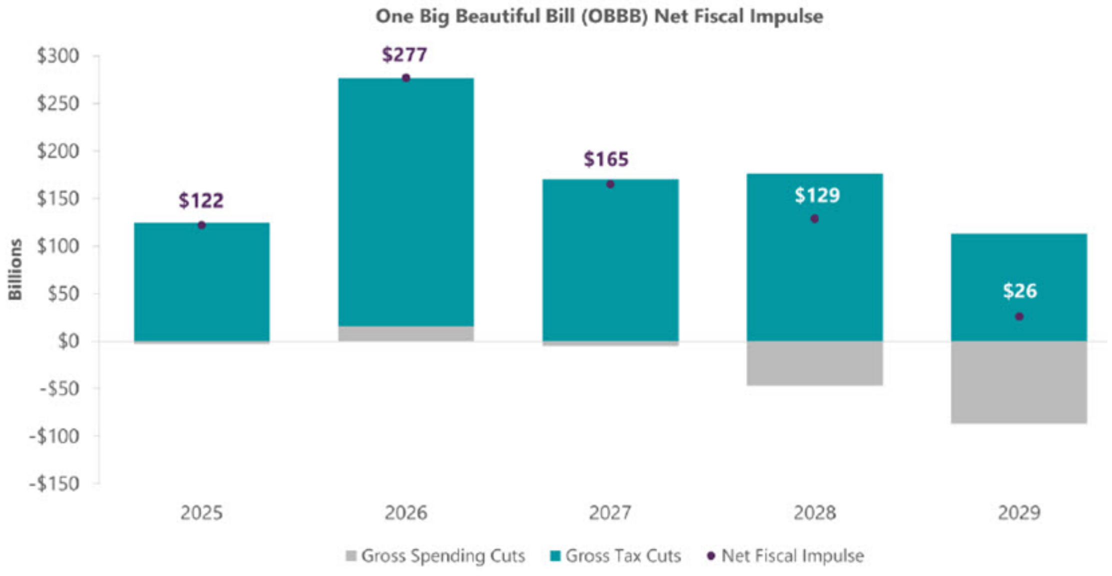
The fiscal and monetary policy backdrops are more suggestive of a boom, with the potent policy mix of a Fed cutting cycle and a fiscal stimulus package. This combination is typically only seen in the wake of economic downturns in an effort to lift the economy out of the doldrums.

Although the Fed may ultimately under-deliver on the expectations of an additional four-plus cuts priced into futures markets by the end of 2026, we believe that multiple cuts will occur.

If the Fed ultimately ends up cutting less than the market expects, we believe this would be treated as a positive by investors given it would likely come amid a healthier economic backdrop.

With the passage of the OBBB, the boost from fiscal policy is more certain than the Fed’s path in 2026. Fiscal stimulus in the form of consumer and corporate tax cuts will arrive in 2026, with the Congressional Budget Office (CBO) estimating the impact at nearly 1% of GDP.

Exhibit 5: Tax Tailwind



Clearbridge - Bubble or Boom - Chart 5

Data as of 30 September 2025. Based on final CBO Scoring of the One Big Beautiful Bill Act. Source: Wolfe Research. There is no assurance that any estimate, forecast or projection will be realised.

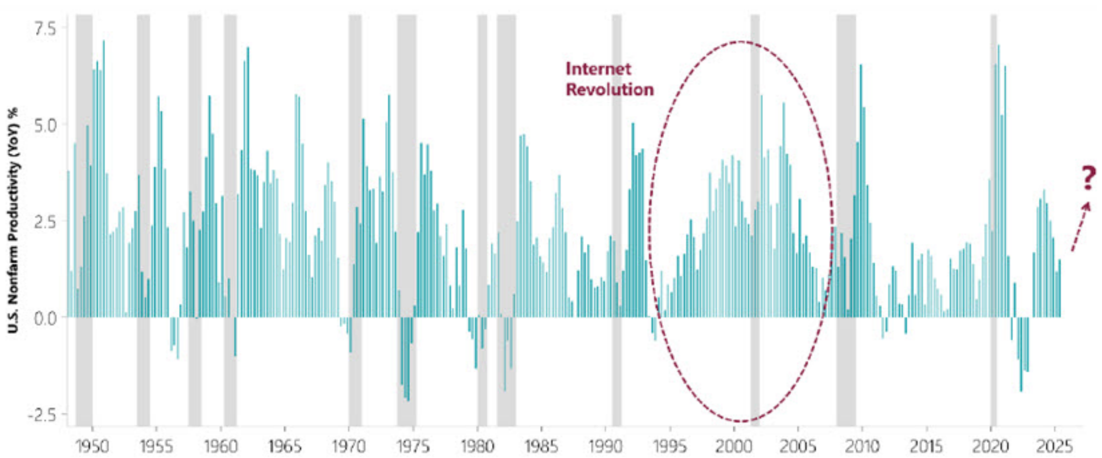
The improved outlook for 2026 is not just a function of government policy, however. Economists expect consumer spending to remain robust while business investment accelerates on the back of continued strength in artificial intelligence (AI) infrastructure.

Already, some investors point to hundreds of billions of dollars in infrastructure capex (chips, power, data centres) and sky-high pay packages for leading AI researchers as signs of irrational exuberance reminiscent of the late 1990s tech bubble.

However, it is important to note that while equities did form a bubble during this period, the underlying economy also saw benefits. With the benefit of hindsight, this is clear in productivity data from the Internet revolution.

The key question at present is whether strong productivity gains can be sustained and move higher from here in a similar fashion. Put differently, will AI ultimately live up to the hype — and, even if not fully, will enough benefits materialise that can drive upside to economic growth and a boom?

Exhibit 6: The Productivity Pickup



Clearbridge - Bubble or Boom - Chart 6

Note: Gray shading marks recessionary periods. Data as of 4 September 2025, latest available as of 30 September 2025. Sources: U.S. Bureau of Labor Statistics (BLS), NBER and Macrobond.

Stocks vs. The Economy

A common adage is that “the stock market is not the economy.” The two are closely related but can disconnect at times and in certain areas.

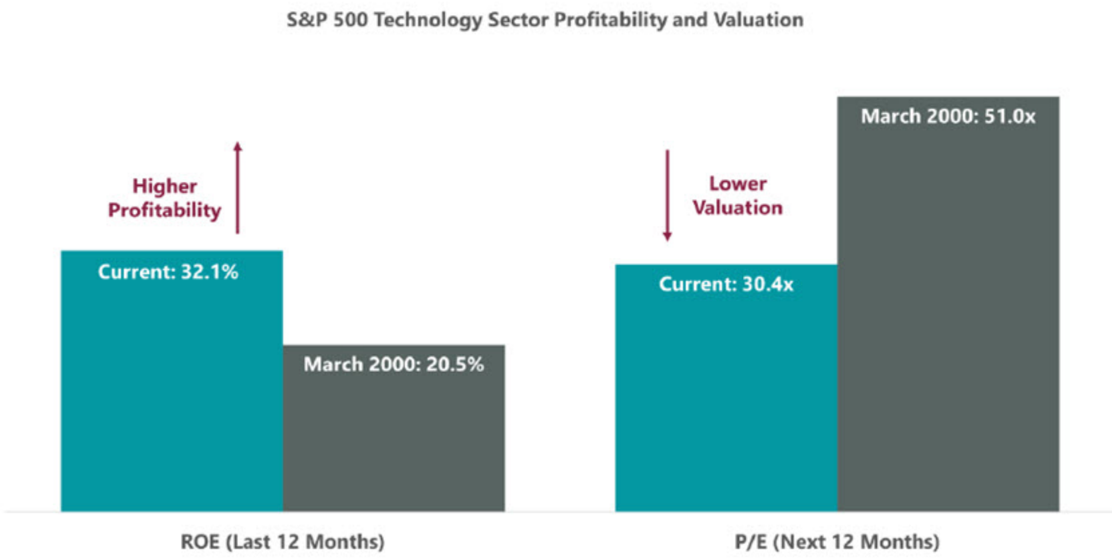
As of late this rings most true with regard to AI, with signs of froth evident in some areas of the equity market. One example is the 52% advance in the Goldman Sachs “Non-Profitable Tech” index year to date, where investors are placing significant emphasis on potential earnings of these companies.

However, many of the current tech leaders that have powered the index higher in recent years are delivering strong profits and free cash flow.

This is a stark difference from the tech sector lead by the Four Horsemen —Intel, Cisco, Microsoft and Dell— of the late 1990s.

While investors are assigning lofty multiples to the potential leaders of tomorrow, the sector still trades materially below the multiples seen during the peak of the tech bubble while delivering superior (50% better) returns on equity.

Exhibit 7: Not the Dot Com



Clearbridge - Bubble or Boom - Chart 7

Data as of 30 September 2025. Sources: FactSet, S&P.

There is no guarantee that the current tech-driven bull market will reach the size of previous bubbles before encountering problems or collapsing. However, this reminds us of another time-tested market adage, “Bull markets don’t die of old age, they’re killed by the Federal Reserve.”

With that in mind, if a bubble is indeed forming, we could be witnessing its early days because the Fed is working to support the economy and financial markets, not slow their ascent.

The Fed began to cut rates last month. Historically, equities have fared well in the year after the Fed began a soft landing rate cut cycle, rising 18.3% on average over the next year and 48.6% over the next two.

If sell-side consensus expectations of 12.9% EPS growth over the next 12 months are realised, it would be consistent with a soft landing as one-year forward earnings historically decline double digits on average in recessionary outcomes.

Exhibit 8: Not All Cuts Are Equal

				S&P 500 Price Change		
Initial Cut Date	Economic Outcome	-1Y EPS Growth	+1Y EPS Growth	6-Month	12-Month	24-Month
Apr. 1980	Recession	12.2%	-3.0%	22.8%	33.1%	9.6%
June 1981	Recession	0.5%	-5.6%	-4.6%	-15.5%	22.6%
Oct. 1984	Soft Landing	22.5%	-9.4%	10.4%	11.3%	41.4%
June 1989	Recession	16.4%	-15.7%	7.4%	12.2%	21.1%
July 1995	Soft Landing	33.8%	20.3%	11.2%	21.1%	59.8%
Sept. 1998	Soft Landing	3.6%	5.5%	18.0%	25.9%	44.7%
Jan. 2001	Recession	11.0%	-16.8%	-9.1%	-14.8%	-34.7%
Sept. 2007	Recession	10.6%	-8.9%	-12.4%	-15.6%	-32.8%
July 2019	Recession	9.5%	-12.1%	8.2%	9.8%	47.5%
Sept. 2024	Soft Landing	6.9%	10.8%	6.0%	15.0%	???
Recessionary Average		10.0%	-10.3%	2.0%	1.5%	5.5%
Soft Landing Average		16.7%	6.8%	11.4%	18.3%	48.6%
Sept. 2025	???	10.8%	12.9%*	???	???	???

Clearbridge - Bubble or Boom - Chart 8

**Sell-side consensus expected next-12-month EPS growth. Rate-cut cycles of at least 75bps. The term "consensus" within the capital markets industry refers to the average of earnings estimates made by professionals. Sources: FactSet, Shiller, S&P.*

It is not just U.S. equities that have done well following the commencement of a soft landing rate cut cycle.

Both developed and emerging market equities have also delivered strong returns historically during these periods, with average returns of 24.3% and 27.6% respectively in the year following the first soft landing cut.

Exhibit 9: International Equity Leadership Following the Cut

		Subsequent 12-Month Price Return			
Initial Rate Cut	Economic Outcome	MSCI EAFE	MSCI EAFE Growth	MSCI EAFE Value	MSCI Emerging Markets
Apr. 1980	Recession	32.5%	32.4%	32.5%	--
June 1981	Recession	-7.0%	-11.0%	-4.2%	--
Oct. 1984	Soft Landing	40.7%	41.5%	40.6%	--
June 1989	Recession	2.4%	-0.3%	5.5%	22.3%
July 1995	Soft Landing	13.3%	11.6%	15.4%	5.4%
Sept. 1998	Soft Landing	25.7%	20.3%	30.7%	51.4%
Jan. 2001	Recession	-21.2%	-24.2%	-18.4%	-1.2%
Sept. 2007	Recession	-24.0%	-20.3%	-27.6%	-28.4%
July 2019	Recession	-0.4%	10.5%	-11.1%	6.2%
Sept. 2024	Soft Landing	17.6%	10.7%	24.7%	26.2%
Average		8.0%	7.1%	8.8%	11.7%
Recessionary Average		-2.9%	-2.2%	-3.9%	-0.3%
Soft Landing Average		24.3%	21.0%	27.9%	27.6%

Clearbridge - Bubble or Boom - Chart 9

Note: Rate cut cycles of at least 75bps. Sources: FactSet, MSCI, NBER.

Although strong gains on the back of rate cuts would seem to play into the bubble narrative, one key bubble ingredient that we believe remains missing is speculative excess.

Although signs of froth exist, classic bubbles typically see rapid price acceleration driven by investor euphoria, indiscriminate buying and a detachment from financial realities.

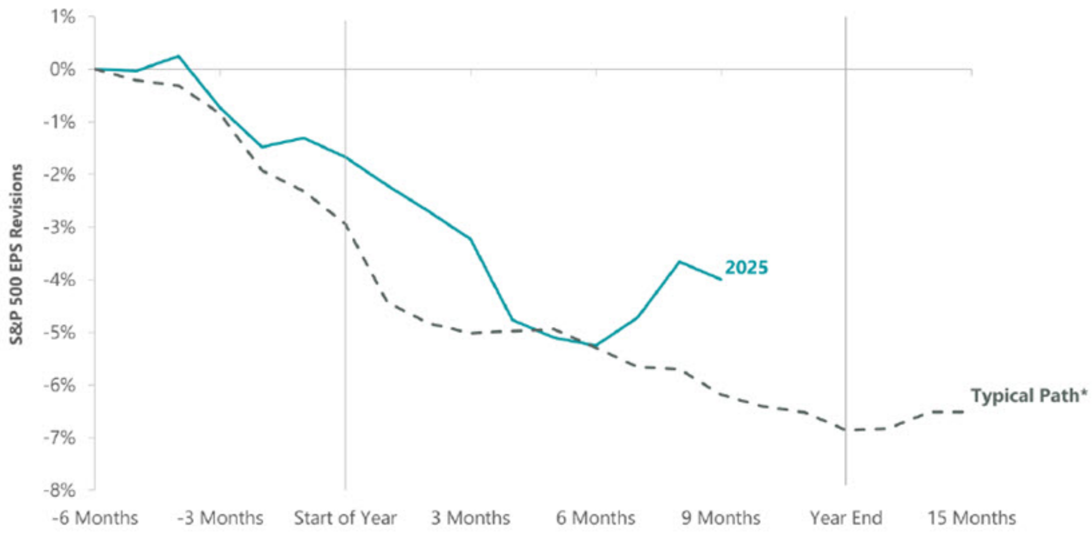
At present, investor sentiment remains cautious with the number of bullish and bearish respondents to the AAII Sentiment Survey being nearly balanced (+3.7 bullish, a mid-pack reading).

Widespread indiscriminate buying does not appear to be playing out and the rally in equities has coincided with an improving fundamental outlook, which suggests a lack of detachment from financial reality.

To that end, economist expectations for 2026 GDP have risen by 40bps from the mid-May lows, while sell-side EPS expectations for the S&P500 took an unusual turn higher during the third quarter following passage of the

OBBB and as trade policy visibility improved.

Exhibit 10: EPS Revisions Resilient



Clearbridge - Bubble or Boom - Chart 10

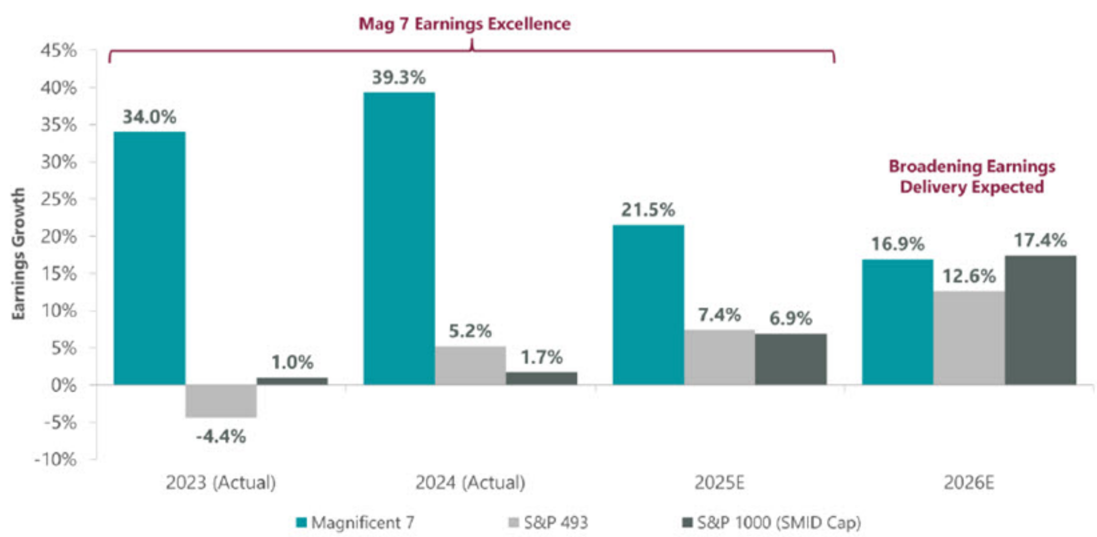
**Typical Path is 2012-2017, 2019, and 2022-2024; 2018 is excluded due to TCJA (Tax Cuts and Jobs Act) distortion; 2020-2021 is excluded due to COVID-19 pandemic distortion; Percent change in $ EPS expectations. Data as of 30 September 2025. Sources: FactSet, S&P.*

Because the improved fundamental outlook is not simply the result of AI, a broader group of companies are expected to benefit in 2026.

Sell-side EPS expectations show a broadening, with the S&P493 and small and mid cap companies in the S&P1000 Index poised to close the gap to the Magnificent Seven in terms of earnings delivery in 2026.

With the Magnificent Seven's EPS growth advantage dissipating, market leadership could rotate with less expensively priced laggards of this cycle such as SMID cap and value catching up on a relative basis.

Exhibit 11: Closing the Gap



Clearbridge - Bubble or Boom - Chart 11

The term "consensus" within the capital markets industry refers to the average of earnings estimates made by professionals. Magnificent 7 data refers to the following set of stocks: Microsoft (MSFT), Amazon (AMZN), Meta (META), Apple (AAPL), Google parent Alphabet (GOOGL), Nvidia (NVDA), and Tesla (TSLA). Data as of 30 September 2025. Sources: FactSet, S&P.

Bubble or Boom?

Historically, bubbles have formed when overly ample liquidity has encouraged excessive risk-taking behavior.

While liquidity is certainly ample at present, excessive risk-taking behavior does not appear to be playing out in our view, given the improving fundamental outlook that has coincided with recent equity market strength.

This is not to say that signs of excess do not exist nor that pockets of weakness aren't apparent. However, these remain somewhat isolated or are explainable, such as reduced immigration being a primary contributor to slower job creation.

Looking ahead, we believe that the usual linkage between output and employment is likely to be weaker than is generally believed. The Atlanta Fed's GDPNow tool currently projects third-quarter GDP to be 3.8%, while net job creation has been below 25K in three of the past four months.

While some of the factors driving this decoupling are policy-driven, such as immigration, this dynamic could persist if AI begins to more meaningfully boost productivity.

Fewer workers doing slightly more (with improved tools) can deliver economic and corporate profit upside, allowing continued economic and EPS gains even in a sluggish hiring environment.

This scenario would likely see equity markets surge to even higher levels in the coming year, as companies would get the benefits from higher sales while keeping costs in check, further expanding margins and lifting profits.

Over the long run, changes in earnings expectations explain the vast majority —about two-thirds over one-year periods and three-quarters over two-year periods— of stock price movement.

Only time will tell if equities are currently discounting an overly optimistic "bubbly" future or an underappreciated "boom" in earnings, but the broadly improving outlook leads us to believe that the boom scenario is more likely.

Should a pullback emerge in the coming quarter, we believe investors will move to quickly buy the dip given ample liquidity and the powerful fiscal and monetary policy tailwinds in place.

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About ClearBridge Investments

ClearBridge Investments is an active equity manager offering a broad range of strategies across global developed and emerging markets, local markets, and real assets. Our local market capabilities serve clients in the U.S., U.K., Canada and Australia. The firm manages more than US $200 billion (as of September 30, 2025).

ClearBridge manages diversified, high-conviction portfolios through collaborative fundamental research to meet the needs of some of the world's largest asset owners and financial intermediary platforms. We invest as long-term, risk-aware business owners and seek to deliver consistency of process and performance for our clients through market cycles. A focus on durability drives everything we do; from the business models of the companies we own, to the holding periods of our portfolios, to the stability and longevity of our investment professionals.

As Franklin Templeton's largest equity specialist, ClearBridge operates with investment autonomy from headquarters in New York and offices in Baltimore, Calgary, Edinburgh, Fort Lauderdale, Leeds, London, Melbourne, and Sydney.

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

RUDI'S VIEWS

Rudi's View: Tech1 Delivers AI First

In this week's Weekly Insights:

-Tech1 Delivers AI First
-Trade Tension Flares Up? UBS Responds

By Rudi Filapek-Vandyck, Editor

Ladies & gentlemen, today is 9th of October 2025, and I have seen the future of AI.

It was built and developed in Brisbane, Australia. How cool is that!

On Thursday last week, having attended TechnologyOne's ((TNE)) Showcase event in Melbourne, that was the message I sent to the FNArena team.

Australia is very much playing an active part in the 21st century industrial revolution and it should surprise no-one that one of the highest quality companies on the ASX has created a leading role for itself -- globally.

Tech1 Showcase Melbourne 2025

A Look Into The Future

So what does tomorrow's AI future look like?

It's nothing like your average futurist would have us believe. There's no imminent threat to humanity and there are no agile robots waiting to displace us all.

Tech1, as they like to call themselves, assists local councils and universities with rather boring daily back-office chores such as project management, budgeting, data analysis, hiring people and cleaning up graffiti.

All genuinely boring stuff for people like you and me who are not directly involved. Yet, on Thursday, the room packed with customers, staff and financial analysts became visibly excited about next year's AI-driven product upgrades.

The Big Leap forward is **Plus**, best described as the intelligent assistant we all wish for during busy days.

Key players in the international development of AI, including ChatGPT, Claude and Gemini, have started launching services and applications dedicated to corporate users.

Assuming Tech1's Plus is not that different from what is developed elsewhere, the future of AI, at this point, is very much tied in with **making time-consuming tasks less onerous**, with some added intelligence on top.

Imagine being part of management at a local council or business. While commuting on your way to the office, your mobile tells you two emails received overnight require your attention.

One is from a supplier who needs your signature, the second is from HR inquiring whether everything is in place to accommodate the new staff member joining on Monday.

Your dedicated assistant knows you haven't signed the contract yet, but it can sign off electronically and drop a copy in your folder?

It also has selected a new desk, chair and desktop equipment, in line with company preferences, and is waiting for your approval to send the orders to Procurement for immediate processing.

Your assistant also informs you the sales team is currently running -2% below target, but the leadership team had a meeting yesterday and has worked through multiple scenarios to get back on top.

Would you like to see a detailed overview of prospects and sales to date?

All this can be done by the time you arrive at the office by simply talking to your mobile phone.

Tech1 Showcase Melbourne 2025

Executing Boring Tasks Faster

None of the above suggests agentic AI is about to shift return on investment (ROI) for early adopters or cause mass replacement of human capital, but it's easy to see the attraction.

People will be able to do more in less time.

Tech1's agentic Plus only runs on its own platform of ERP software products. The portfolio currently consists of 19 other products that are being upgraded with embedded AI.

The official launch is scheduled for February/March next year.

One of the demonstrations given concerned online applications for modifications to existing properties.

Next year's software upgrade promises AI guidance and support during the application process, as well as faster processing for local council approvals.

Given the political focus on getting more houses built and renovated across Australia, one can but assume this latest upgrade enjoys all the support possible from elected politicians.

Spoiler alert: while Tech1 is the local market leader in this segment, with circa 73% of all Australian and New Zealand residents living in a council serviced by its software, there are plenty of councils yet that do not use its products.

Tech1 Showcase Melbourne 2025

Fast Adoption, Slow Monetisation

To report that expectations and enthusiasm regarding Plus and AI-driven product upgrades internally at Tech1 are running high is without doubt an understatement.

For good measure: existing users won't be able to upgrade until the official launch in 2026 and they will do so at no extra cost on all existing products (not including Plus).

New onboarding clients will bear a 10% pricing increase.

Early signals from existing users have been positive with the University of Hertfordshire in the UK calling Plus "revolutionary for our industry".

Tech1 has already received a number of pre-launch sales, underpinning management's forecast this will be the **best-selling new product** in the company's 38-year history.

Tech1 was founded in 1987 by Adrian Di Marco who left the board in June 2022.

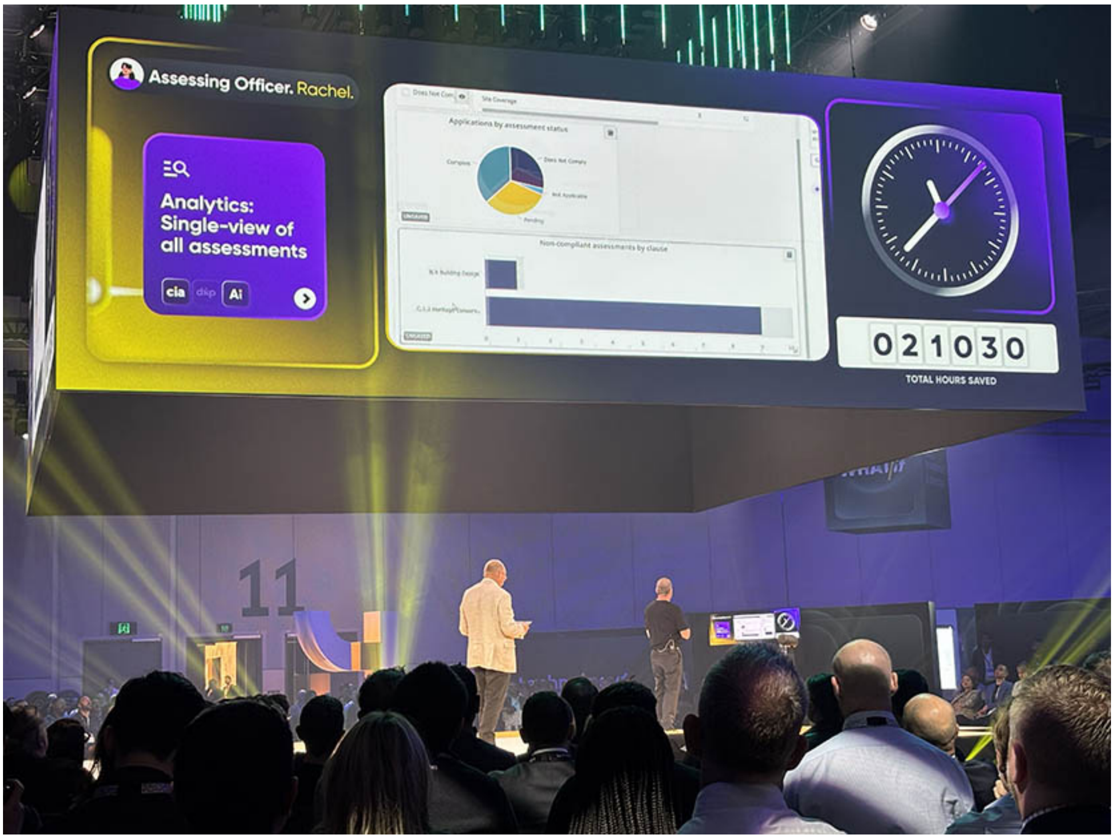
By this time next year, management is expecting an uptake of 10%-15% for Plus among customers, with that percentage to grow to 80% by FY29.

The first priority is broad adoption of Plus, through a relatively cheaper price tag, with management counting on the principle that 1 plus 1 becomes 3 through additional product sales.

Tech1's products are currently used by more than 1300 customers (organisations) but most subscribe to a limited suite only.

The expectation is Plus will stimulate demand for additional products as that delivers better service and more value (remember it only works with Tech1 software).

Additionally, the introduction of AI also introduces transaction-related income above standard allocations of AI enquiries.



Tech1 Showcase Melbourne 2025

No Guidance Upgrade

Equally important: management has cautioned against too high expectations in the short term, emphasising its key target remains accumulating annual recurring revenues (ARR) to above $1bn by FY30.

The growth run rate since announcing this target in 2024 has been better-than-expected and most analysts covering the company would expect this target can be achieved sooner, possibly by FY29 already, if not in the second half of FY28.

At the half-yearly result in May, FY26 guidance for pre-tax profit growth had been upgraded to 13%-17%, including a softer outlook for the second half.

Traditionally, guidance was usually for 12%-16% growth.

Thursday's Q&A with financial analysts was well-attended, including by many a fund manager, and I'd be surprised if post event many are not toying with the idea this company should see growth accelerate in the years ahead, all else remaining equal.

Thus far, only UBS has updated post Showcase presentations among brokers monitored by FNArena. Its forecasts (unchanged) are for $1bn ARR to be achieved by FY29 and for pre-tax profit growth to accelerate to 18% this year (above guidance), 19% in FY26 and to 20% in FY27.

While valuation tends to screen as expensive (see also ongoing positive expectations), UBS views this as "defendable in the context of its long duration future growth and improving competitive advantage".

Certainly, management at the helm is convinced the addition of AI upgrades and Plus to the product suite will further increase the company's competitive moat.

Tech1 is scheduled to release its **FY25 result on November 18**. UBS expects it to be a positive catalyst for the share price.

Management's long-standing ambition is to double the size of Tech1 every five years. Since 2004, it has outperformed on that ambition, and so has the share price.

Tech1 has been a cornerstone holding for the **FNArena/Vested Equities All-Weather Model Portfolio** since inception in 2015, and continues to be exactly that.

Tech1 Showcase Melbourne 2025

Trade Tension Flares Up? UBS Responds

The Australian share market started the fresh week with a 'Sell first, ask questions later' approach as tensions resurfaced between the Trump administration and China.

Strategists at UBS have been equally quick to respond.

Their advice to investors is to not get spooked into worst case scenario fears, but instead buy the dip in equities.

Portfolios should ideally be balanced around AI, power and resources with investors advised to pay close attention to US technology companies reporting quarterly results in the coming weeks.

UBS equally favours a re-rating of healthcare companies and also singles out gold for its safe-haven appeal.

Review All-Weather Model Portfolio

The financial year ending on June 30th 2025 featured the return of Donald Trump in the White House and of extreme market volatility.

The second half of the year also saw doubt creeping into general sentiment towards AI and demand for data centres.

All in all, a gain of 13.85% (pre-fees) for the twelve months is not something to be unhappy about, right?

FY25 review of the All-Weather Model Portfolio: https://fnarena.com/index.php/download-article/?n=4B38C0EF-A173-8CE6-736A7AFC7B19FC49

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.

Dividend Investing, The Smart Way 250

Investing in GenAi

(This story was written on Monday, 13th October 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: Small Caps, Quality, Gold, Balance & Maximum Diversification

Updates on Most Favoured, Best Buys, Conviction Calls and Model Portfolio changes.

By Rudi Filapek-Vandyck, Editor

Morgan Stanley

Morgan Stanley is tempering investors' enthusiasm for the year ahead as US economic growth is forecast to slow in 2026 while inflation is expected to remain sticky.

No recipe for disaster, as the in-house view is equally that all market talk about AI bubbles and pending sell-offs is too bearish.

The number of rate cuts from the Federal Reserve will probably disappoint and yield curves will stay biased toward steepening.

All in all, Morgan Stanley's favour rests with **larger cap and quality companies**, as well as with **gold**.

'Maximum portfolio diversification' is the new buzzword. Expectation is for 5%-10% gains for US equities in 2026, placing the S&P500 at 7200.

One statement stands out: *"it's an active trader's market, not an investor's market"*.

And also: "*We do NOT think that we are in an AI capex bubble yet but we are closer to the seventh inning than the second*".

In terms of portfolio exposures, the recommendations are to be Underweight unprofitable technology as well as Underweight small caps.

Instead the preference lays with midcap growth companies insulated from tariffs, as well as financials, energy, domestic industrials, healthcare, and media.

Morgan Stanley's regional allocations are Overweight US and Emerging Markets and Underweight other developed markets (this would include Australia).

T Rowe Price

Portfolio managers at T Rowe Price are not buying the small caps hype that has erupted since August, led by the US.

Sure, they can see some reasons to back some smaller cap companies in the US following the recent passing of the One Big Beautiful Bill, a resurgence in M&A activity, and the Trump administration's push on deregulation, among other factors, but what about economic growth slowing?

T Rowe Price suggests a more balanced approach will probably work best, combining some smaller caps with tested and proven large cap performers.

The asset manager currently has a Neutral stance on equities, again, on trying to balance "decent fundamentals" with "expensive valuations".

Potentially, the better opportunities might well be outside US equities, albeit not necessarily in Australia.

The lack of corporate earnings growth locally in combination with signs of peaking economic momentum -and this was before the latest hawkish statements from RBA representatives—suggests to T Rowe Price the ASX might well be relatively more "expensive" than US markets.

T Rowe Price prefers to remain Underweight the Australian market, with Overweight portfolio positions reserved for Europe and Emerging Markets.

Bell Potter

Strategists at Bell Potter have no such hesitation; they are fully on board with ‘Smalls is the new Large’.

It’s been predominantly about resources thus far this year, but momentum can still broaden into industrials, in their view, also carried by ongoing expectations of RBA rate cuts and better economic momentum next year.

Four nominations for attractively priced, undervalued small cap stocks are:

- Centuria Capital Group ((CNI))
- Macmahon Holdings ((MAH))
- Generation Development ((GDG))
- Praemium ((PPS))

Bell Potter’s preferred small cap stocks:

- AMA Group ((AMA))
- Bega Cheese ((BGA))
- Cuscal ((CCL))
- Centuria Capital Group
- Cedar Woods Properties ((CWP))
- Develop Global ((DVP))
- Elders ((ELD))
- Generation Development
- Integral Diagnostics ((IDX))
- Kinatico ((KYP))
- Macmahon Holdings
- Nickel Industries ((NIC))
- Praemium
- Universal Store ((UNI))

UBS

Analysts at UBS have –yet again—upped their gold pricing forecasts and with the public debate raging about yet another ‘bubble’ forming, or not, UBS remains firmly on the ‘ not’ side of the debate.

“We believe conditions for gold to drop are unlikely.” Instead, the analysts see ongoing support from de-dollarisation and macroeconomic/geopolitical risks.

UBS’s **key gold picks** on the ASX:

- Northern Star ((NST))
- Perseus Mining ((PRU))
- Genesis Minerals ((GMD))
- Vault Minerals ((VAU))

Elsewhere, UBS’s selection of Most Preferred ASX-listed stocks has seen the addition of Newmont Corp ((NEM)), Telstra Group ((TLS)) and Westpac ((WBC)).

Have been removed: Dexus ((DXS)) and Steadfast Group ((SDF)).

The list of **Most Preferred ASX-listed stocks**:

Resources

- BHP Group ((BHP))
- BlueScope Steel ((BSL))
- Genesis Minerals ((GMD))
- Newmont Corp
- Orica ((ORI))
- Origin Energy ((ORG))

Financials & REITS

- Goodman Group ((GMG))
- Insurance Australia Group ((IAG))
- Mirvac Group ((MGR))
- nib Holdings ((NHF))
- Westpac

Industrials

- Cochlear ((COH))
- Coles ((COL))
- Harvey Norman ((HVN))
- Metcash ((MTS))
- NextDC ((NXT))
- REA Group ((REA))
- ResMed ((RMD))
- SGH Ltd ((SGH))
- Superloop ((SLC))
- TechnologyOne ((TNE))
- Telstra
- Virgin Australia ((VGN))
- WiseTech Global ((WTC))

UBS also compiles a list of Least Preferred ASX-listed stocks.

Here Charter Hall Group ((CHC)) and Evolution Mining ((EVN)) have been removed, with no fresh inclusions.

Least Preferred ASX-listed stocks:

- ANZ Bank ((ANZ))
- APA Group ((APA))
- Aurizon Holdings ((AZJ))
- ASX Ltd ((ASX))
- CommBank ((CBA))
- Inghams Group ((ING))
- Reece ((REH))
- Temple & Webster ((TPW))

Wilsons

Strategists at Wilsons Advisory are zooming in on high quality ASX-listed companies for whom the post-August results season has turned into a disappointing experience.

This, they emphasise, has occurred despite robust underlying fundamentals.

Companies that are firmly on the radar include:

- Pinnacle Investment Management ((PNI))
- Xero ((XRO))
- Car Group ((CAR))
- ResMed ((RMD))

Wilsons equally nominates Stockland ((SGP)) for attractive exposure to the Australian housing cycle.

Wilsons' Model Portfolio is currently slightly Underweight both local and international equities in favour of fixed income and alternatives, including private credit and gold.

In light of UBS's comment earlier, here's Wilsons' view: "*While the recent price action in gold hints at the potential for a pullback or consolidation, we continue to see the medium to longer-term outlook for gold as favourable and maintain our allocation*".

Wilsons' view on equities: "*We remain a touch underweight global equities, indicating some ongoing tactical caution. However, we are also cognisant that the twin drivers of strong corporate profitability and Fed easing could continue to support equities for an extended period*".

And locally: "*We have trimmed our Australian equity position marginally due to likely headwind from stretched valuations, alongside less scope for RBA easing to stimulate earnings growth over the coming year*".

Morgan Stanley

Morgan Stanley's **Australia Macro+ Focus List** currently consists of the following ten:

- Aristocrat Leisure ((ALL))
- AMP Ltd ((AMP))
- ANZ Bank ((ANZ))
- BlueScope Steel ((BSL))
- GemLife Communities Group ((GLF))
- Goodman Group ((GMG))
- Iluka Resources ((ILU))
- Seek (((SEK))
- The Lottery Corp ((TLC))
- Xero ((XRO))

The **Australia Macro+ Model Portfolio**:

- ANZ Bank ((ANZ))
- CommBank ((CBA))
- National Australia Bank ((NAB))
- Westpac ((WBC))
- Macquarie Group ((MQG))
- AMP Ltd ((AMP))
- Generation Development ((GDG))
- Suncorp Group ((SUN))
- GemLife Communities Group ((GLF))
- Goodman Group ((GMG))
- GPT Group ((GPT))
- Scentre Group ((SCG))
- Stockland ((SGP))
- Aristocrat Leisure ((ALL))
- Eagers Automotive ((APE))
- Car Group ((CAR))
- Domino's Pizza ((DMP))
- The Lottery Corp ((TLC))
- Wesfarmers ((WES))
- Xero ((XRO))
- James Hardie ((JHX))
- Orica ((ORI))
- Qube Holdings ((QUB))
- Seek ((SEK))
- Coles Group ((COL))
- CSL ((CSL))
- ResMed ((RMD))
- Telstra ((TLS))
- Transurban Group ((TCL))
- Tuas Ltd ((TUA))
- BHP Group ((BHP))
- BlueScope Steel ((BSL))
- Iluka Resources ((ILU))
- Newmont Corp ((NEM))
- Rio Tinto ((RIO))
- South32 ((S32))
- Santos ((STO))
- Woodside Energy ((WDS))

(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.)

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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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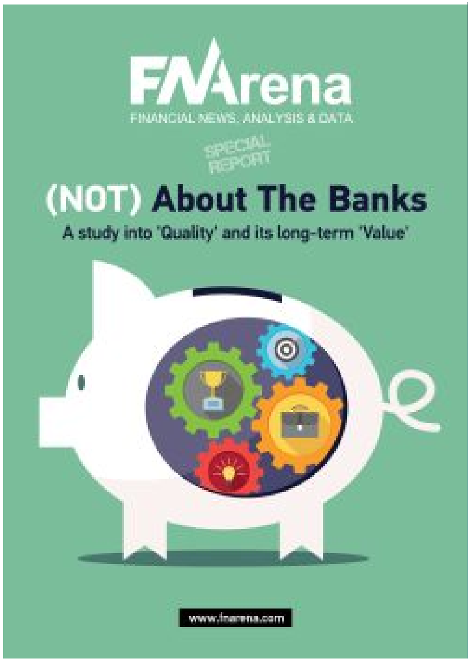

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SMALL CAPS

DigiCo Deals Diminish Doubts

Shares in DigiCo Infrastructure REIT have been re-invigorated following new contract wins and updated FY26 guidance by management.

- **New contract wins for DigiCo Infrastructure REIT**
- **Inaugural FY26 guidance boosts market confidence**
- **Shares still trading at relative discounts to valuation and industry peers**
- **Debt levels high by infrastructure standards, highlights Ord Minnett**

By Mark Woodruff

Data centres are currently the most attractive commercial property subset

After a challenging period since the December IPO last year, data centre real estate investment trust DigiCo Infrastructure REIT ((DGT)) has secured multiple new contracts, increasing its contracted Australian capacity well above the FY25 exit run-rate, and significantly ahead of the previous FY26 target.

While most analysts remain upbeat, some still harbour concerns around balance sheet risk, perhaps best reflected in heightened market short positioning in the company's shares.

Capitalising on soaring demand for exposure to data centre assets, DigiCo stock was issued at $5.00 in the biggest float of 2024 but proceeded to fall to a low of $2.28 in April this year. Shares closed yesterday at $2.95, materially above trading levels prior to the good news. The REIT's market capitalisation is $1.67bn.

Previously the market was hesitant around the timing of new contract commencements, renewals, and the remixing of existing capacity, Macquarie explains. The announcement removes this uncertainty and provided management with confidence to issue inaugural FY26 earnings guidance.

For FY25 results in August, DigiCo's revenue came in 9% above consensus and earnings 3% above, though shares slid when management failed to provide specific earnings guidance.

Bolstering the REIT's appeal to government and defence clients, just prior to FY25 results the Sydney SYD1 data centre was granted "Certified Strategic" status in August, recognising it at the highest tier of secure hosting facilities. This status is the highest level of assurance under the Australian Government Hosting Certification Framework.

In Morgans' view, the latest contract wins strongly validate DigiCo's strategy to reposition SYD1 and demonstrate management's capability to successfully lease the expanded high-density capacity.

While UBS acknowledges several positives, this broker also notes the REIT's projected FY27 earnings remain broadly aligned with consensus, suggesting only modest upgrade potential despite materially higher activated capacity of 85MW versus the consensus average of 68MW (excluding LAX).

LAX refers to its Los Angeles data-centre sites. LAX1 in California is in advanced stages of obtaining approvals and is expected to begin construction in 2025 (completion by 2028), while LAX2 is planned in Monterey Park, near Los Angeles, with development approval processes expected to start in 2025.

The analysts suggest just achieving consensus may indicate either existing capacity has been recontracted at significantly lower rates, new contracts are delivering reduced earnings per megawatt and lower returns on development costs, or more likely, a combination of both.

Details of contract wins and new guidance

DigiCo secured 14MW of new customer contracts across its Australian data centres, mainly at the SYD1 flagship asset with additional deals in Brisbane and the upcoming Adelaide site.

The wins occurred across hyperscale, neocloud, enterprise and government contracts at SYD1, Adelaide and Brisbane, raising DigiCo's projected contracted IT load to 41MW by June 2026, up from the 27MW run-rate target provided just two months earlier.

Previously, the FY25 exit run-rate and the FY26 exit target were respectively 21MW and 27MW.

DigiCo has now raised its planned installed capacity at SYD1 for FY26 to 13MW from 9MW previously. This Ultimo data centre is now effectively fully committed, observes Ord Minnett, based on expected billing capacity as of 30 June 2026.

To accommodate this demand, DigiCo fast-tracked expansion plans at SYD1, leveraging its large 120 megavolt amperes (MVA) power capacity; the ongoing 9MW build-out was "reshaped and materially expanded" to deliver additional high-density capacity by mid-2026.

MVA is essentially the total electrical capacity available to a facility like a data centre. Given power is the core constraint for data centre growth, the more MVA available, the more IT load (computing equipment) the facility can host.

By leveraging this capacity, DigiCo can expand incrementally. The current 9MW expansion project uses only a fraction of its total 120MVA allocation, leaving room for significant future buildouts without needing new grid connections.

New guidance

On the back of these contract wins, DigiCo issued inaugural FY26 guidance, forecasting underlying earnings (EBITDA) of $120-125m, still -14% below the consensus estimate and - 21% below Morgans' forecast. The difference is largely attributed to remixing of existing and new tenants, explains the broker.

Management is now forecasting group contracted IT capacity to increase 30% to 85MW, delivering annualised group earnings of at least $180m (run-rate).

For context, Morgans explains management was targeting proforma EBITDA of $163m on 67MW of contracted capacity ($2.4m/MW) in December last year. The latest announcement sees that increase to greater than or equal to $180m on 85MW of contracted capacity ($2.1m/MW).

FY26 capex guidance is in the range of -$160-180m, funded from existing cash and debt facilities, compared to prior guidance of between -$100-120m.

Bell Potter explains Australian platform capacity growth is being driven by the accelerated expansion of SYD1, which will deliver additional capacity by mid-2026, with preparations already underway to bring forward further capacity additions in FY27.

The new contracts are scheduled to commence revenue in the second half of FY26, which would lift the group's billed capacity to at least 85MW by July 2026 and drive an annualised EBITDA run-rate of circa $180m beyond that point.

More on the DigiCo business and shareholder returns

HMC Capital ((HMC)), which holds a 19.7% stake, formally launched DigiCo Infrastructure REIT in November 2024, establishing an initial $4.3bn portfolio of data centre assets spanning Australia and the US.

Around 40%-50% of DigiCo's portfolio is spread across three data centres generating revenue with average contracted rental increases of 3%, in combination with 15-year leases.

Morgans likes the blend of stabilised, mature assets such as DigiCo's Chicago hyperscale data centre asset CHI1, along with more value-add (SYD1 and iseek) and development properties, noting the data centre sub-sector is one of the most attractive amongst the wider commercial real estate industry.

iseek is an Australian co-location data centre operating platform which DigiCo acquired via HMC Capital. At acquisition, iseek had seven operating facilities across Queensland, South Australia, and New South Wales.

DigiCo aims to pay out 90-100% of its funds from operations as distributions. For FY26, management has guided to a 12 cents per security distribution, balancing investor income with reinvestment for growth.

While distributions are expected to decline relative to the prior period, this is likely to be largely offset by the stronger forward outlook, suggests Morgans.

Gearing

Ord Minnett notes DigiCo's debt levels are elevated by infrastructure standards, with gearing the highest in the REIT sector, contributing to market concerns around a potential capital raise.

As per FNArena's weekly Short Report https://fnarena.com/index.php/2025/10/09/the-short-report-09-oct-2025/ short interest for DigiCo stands at around 7.9%, which may have contributed to the share price bounce following the contract announcement as shorters bought back shares.

Elevated borrowing could be addressed through the partial sell-down of equity stakes in key assets, suggests Ord Minnett.

Based on this analyst's FY26 forecast net debt to underlying operating earnings (ND/EBITDA) multiple of 12.7x, selling -50% interests in both SYD1 and the US portfolio would reduce the ratio to around 6.7x.

Management continues to engage with potential capital partners and has stated it is "well placed to advance these discussions" as it relates to SYD1.

Outlook

Despite the above-mentioned gearing concerns, Ord Minnett maintains a positive investment view on DigiCo and expects both net asset value (NAV) and funds from operations (FFO) to deliver low double-digit growth over the coming years.

Macquarie sees further upside, noting the stock continues to trade at a -20% discount to net tangible assets (NTA) and around -13% below peers on a comparable enterprise value (EV)/EBITDA multiple.

Of the five daily covered brokers in the FNArena database, four have Buy (or equivalent) ratings and Bell Potter sits on Hold.

The average target price eased by -10 cents to $4.09 following the contract wins, implying 41% upside to the $2.91 share price at the close of trade on October 14.

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WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 10-10-25

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 October 6 to Friday October 10, 2025
Total Upgrades: 6
Total Downgrades: 6
Net Ratings Breakdown: Buy 59.39%; Hold 31.64%; Sell 8.96%

For the week ending Friday, October 10, 2025, FNArena tracked six upgrades and six downgrades for ASX-listed companies from brokers monitored daily.

The size of percentage increases in average target prices outweighed reductions for the seventh week in a row led by rises for Meteoric Resources and Synlait Milk of 31% and 22%, respectively.

Bell Potter raised its target for Meteoric Resources to 25c from 14c and upgraded to Speculative Buy from Speculative Hold.

These changes followed receipt of formal consent from Brazil's municipal environmental council to commence operations at the company's Caldeira ionic clay rare earth project specifically within the 3km buffer zone, after an earlier block to operations was overturned in August.

This decision cleared a key hurdle ahead of the Preliminary Licence decision, noted the broker, with pilot plant construction and mixed rare earth carbonate production expected by late November.

Impacting negatively on short-term earnings forecasts, Synlait Milk will sell its North Island assets to US-based Abbott Laboratories for around NZ$307m, with completion expected in April 2026.

Bell Potter's earnings forecasts are under review following the sale and a2 Milk Co's shift of English-label product volumes to Yashili New Zealand Dairy Co. The broker's Hold rating was kept, and its target raised to 72c from 58c.

UBS views the sale as balance-sheet accretive and a key step toward stabilising earnings by FY27, though weaker ingredient margins and lower infant formula volumes will weigh on profit. This broker raised its target to NZ79c from NZ58c and maintained a Sell rating.

NRW Holdings, Ramelius Resources, and Minerals 260 also received increases in respective average targets by brokers of 12%, 11%, and 10%.

Following the acquisition of Australian engineering and building services group Fredon, NRW Holdings lifted its

FY26 revenue guidance to over $4bn from $3.4bn and earnings (EBITA) to $255-265m from $218-228m.

UBS estimated a $7m uplift in the core business, supported by mining margins improving to 9%, and raised its earnings forecast to $263m. The broker's target was raised to $5.15 from $4.50 (Buy).

Citi (Buy) also noted a strong FY26 start for NRW, with dry Queensland conditions and Fredon synergies driving upside. This broker viewed guidance as conservative and raised its target to $5.50 from $4.05.

The average target for Ramelius Resources benefited from Morgans raising its gold price projections by around 20% over the next three financial years, in line with consensus, supporting stronger earnings potential for both producers and developers.

Among producers, the broker's large-cap, mid-cap and small-cap preferences are respectively Northern Star Resources, Ramelius Resources, and Meeka Metals. Pre-production favourites are Minerals 260, Turaco Gold, and Tesoro Gold.

Morgans upgraded Ramelius to Buy from Accumulate and lifted its target to $5.00 from $4.00, citing strong cash generation from established operations and a high-grade asset base including Mount Magnet and Edna May, and the Rebecca gold project, all in WA.

Morgans also lifted its target for Minerals 260, reflecting the higher gold price assumptions. Open-pittable gold resources exceeding 2moz are increasingly rare, stressed Morgans, adding significant economic appeal. Accordingly, the Bullabulling Gold Project in Western Australia is seen as offering strong potential returns for investors.

Significant resource growth potential was also noted, along with clear merger and acquisition appeal. The broker's target was increased to 50c from 38c. Speculative Buy retained.

Eagers Automotive is next after investors welcomed its first offshore acquisition (in Canada) and strategic partnership with Japan's Mitsubishi Corporation, which is investing -$70m for a 20% stake in the company's' used-car business, easyauto123.

While offshore adventures by several ASX-listed companies have recently resulted in heartache, analysts highlighted structural industry advantages in Canada for Eagers, as well as aligned vendor interest to mitigate execution risks.

For broker views on the acquisition of CanadaOne Auto Group and the Mitsubishi partnership see https://fnarena.com/index.php/2025/10/08/canadian-purchase-lifts-eagers-into-global-top-5/

For another week, rises in average earnings forecasts were largely propelled by higher commodity pricing forecasts.

Only two of the ten positions on the table for positive change to earnings below are filled by stocks in the Industrial sector; Abacus Storage King and James Hardie Industries.

Due to a data glitch, the change for Abacus Storage King should be ignored as Citi maintained its forecasts for the REIT.

Citi's July Self-Storage Website Tracker continues to show strong growth momentum through July 2025.

National Storage REIT delivered the standout performance with website traffic up 31% year-on-year, well above the peer average of 7.3%, while Abacus Storage King recorded an -18% decline over the same period.

Both REITs reported stable revenue per available metre (REVPAM) and occupancy growth during the FY25 reporting season.

While industry traffic has expanded strongly over the past 12 months up to July, performance has been mixed in 2025 to date, noted the broker. National Storage REIT achieved 7.1% growth year-on-year from January to July, whereas Abacus and peers declined by -11.3% and -2.3%, respectively.

James Hardie Industries enjoyed its first positive new week for some time.

Morgan Stanley assessed preliminary second quarter earnings (final earnings are due on November 19) as strong, with sales and earnings well above guidance. The share price rose around 8% upon the news.

The earnings improvement was due to more stable demand, assessed Morgans, along with less material destocking and an improved outlook. The recently acquired Azek performed well in the US, in the broker's view, with mid-single digit growth in both net sales and sell-through for deck, rail and accessories versus the prior period.

Less positively, Ord Minnett noted distributors kept more inventory on board than anticipated, while UBS felt housing softness will continue, noting new construction and renovation activity remains weak.

The most material falls in average earnings forecasts belonged to DigiCo Infrastructure REIT, Synlait Milk (discussed above), and IGO Ltd.

DigiCo announced new contracts across Sydney, Brisbane, and Adelaide, lifting contracted Australian capacity to around 41MW by June 2026 from prior guidance of 27MW.

UBS noted customers span various segments from hyperscale, neocloud, enterprise, and government, with the SYD1 data centre now expected to grow to an additional 15MW from 9MW growth planned earlier.

The group billed IT capacity target was also raised by management to 85MW by July 2026 (US 44MW, Australia 41MW), which infers an annualised earnings run rate of at least $180m by FY27.

While the analyst was positive on the deals, concerns were raised around upgraded earnings being almost in line with current forecasts. In the broker's view, this suggested existing MW has been re-contracted at a lower rate and newly contracted earnings/MW is also lower.

While positive on the stock, Ord Minnett highlighted high leverage, though this could be mitigated if management sells partial stakes in SYD1 or US assets to reduce gearing.

Morgans observed the FY26 distribution will be cut to 12c, down from the prior 20c forecast by the broker, but still within the 90-100% of funds from operations payout range. Payouts are still positioned to grow over time, the broker notes.

Regarding IGO Ltd, here Morgan Stanley last week noted a shift toward greater inflation tolerance signals an environment of lower rates, higher inflation, and a softer US dollar, all supportive for commodities and miners.

ASX-listed miners remain undervalued versus industrials, in this broker's opinion. Strong battery electric vehicle and energy storage demand in China should continue to support lithium, with Mineral Resources the preferred exposure.

The fall in average FY26 earnings for IGO was exaggerated by the small forecast number involved. In fact, the Underweight-rated broker’s target price was raised to $4.60 from $3.90.

As was the case for IGO Ltd, near-term forecasts for Chalice Mining were negatively impacted while longer-term estimates rose as UBS raised its short to medium-term gold price forecasts by 9-12% across FY26-28 to US$3,825, US$3,650, and US$3,350/oz, respectively. The broker's long-term estimate was kept at US$2,800/oz.

These forecast price changes resulted in EPS upgrades across the broker's coverage of gold stocks of between 18-29% in FY26 and FY27. UBS' target prices jumped 6-25% higher.

The analysts see more opportunity in mid-cap growth names such as Genesis Minerals, Perseus Mining, and Vault Minerals.

Exploration and development company Chalice Mining is best known for its nickel, copper, cobalt, and platinum group elements (PGE) discoveries.

Gold exposure arises from the company’s flagship Julimar Nickel-Copper-Platinum Group Element Project in Western Australia. Julimar hosts the Gonneville deposit, one of the largest nickel-copper-PGE sulphide discoveries in recent decades, containing significant nickel copper, cobalt, platinum, palladium, and gold resources.

Average earnings forecasts for agriculture-related stocks Elders and Select Harvests fell by -14% and -13%, respectively.

Elders announced disappointing FY25 guidance, coming in below consensus forecasts at the midpoint by -9.3%.

Elders’ fourth quarter outlook appears stronger, with the approved Delta Ag acquisition expected to deliver meaningful synergies and expand the company’s earnings base as explained at

https://fnarena.com/index.php/2025/10/13/elders-to-fly-with-delta/

Select Harvests cut its FY25 guidance, now expecting a 24,700mt crop and almond pricing of between $10.14-10.20/kg.

Ord Minnett described the downgrade as modest, with focus shifting to an expected FY26 recovery to around 28,250mt. The broker lowered its FY25-26 earnings forecasts by -10%, retained a Buy rating, and reduced its target to $4.95 from $5.65.

Returning to the Resources sector, earnings forecasts for Pilbara Minerals, Mineral Resources, and Whitehaven Coal received a boost from Morgan Stanley’s new commodity price forecasts.

Greater tolerance for inflation signals the onset of an environment characterised by lower interest rates, higher inflation, and a softer US dollar, all favourable for commodities and the mining sector, highlighted the broker last week. It’s felt miners continue to trade at appealing valuations relative to industrials.

Iron ore has historically benefited from periods of US dollar weakness, observe the analysts. While new supply remains a potential headwind, it's felt consensus forecasts are reasonable.

Regarding lithium, the broker expects battery electric vehicle (BEV) and energy storage system (ESS) sales in China to continue exceeding expectations.

Metallurgical and thermal coal prices remain low but steady, note the analysts. Both are seen as well positioned to benefit from China’s “anti-involution” policies aimed at improving industrial efficiency.

Rising steel demand in India, supported by new blast furnace capacity is expected to underpin the seaborne met coal market, while thermal coal could see upside from a La Nina-driven cold winter across North-East Asia.

The broker’s target for Overweight-rated Mineral Resources (the analysts’ preferred iron ore and lithium exposure) was raised to $49.00 from $41.50.

Both Pilbara Minerals and Whitehaven Coal are rated Overweight by Morgan Stanley, with Pilbara’s target raised to $2.85 from $2.30 while Whitehaven’s eased to $8.00 from $8.30.

Total Buy ratings in the database comprises 59.39% of the total, versus 31.64% on Neutral/Hold, while Sell ratings account for the remaining 8.96%.

Upgrade

CATALYST METALS LIMITED ((CYL)) Upgrade to Buy from Accumulate by Morgans .B/H/S: 1/0/0

Morgans raises its gold price assumptions by around 20% over the next three financial years, in line with consensus, supporting stronger earnings potential for both producers and developers. Long-term gold price assumption of US$2,500/oz is maintained.

Macro tailwinds continue to support the gains in spot gold prices, explains Morgans, with prospective rate cuts, shifting US policy, ongoing de-dollarisation, and heightened geopolitical uncertainty underpinning gold’s resilience.

Among producers, the broker's large-cap, mid-cap and small-cap preferences are Northern Star Resources, Ramelius Resources, and Meeka Metals, respectively. Pre-production favourites are Minerals 260, Turaco Gold, and Tesoro Gold.

With no hedging and a debt-free balance sheet, Catalyst Metals offers enduring value through its pipeline of low-cost organic growth and significant upside potential across the broader Plutonic Gold Belt, suggests Morgans.

Target rises to $11.00 from $9.26. Rating upgraded to Buy from Accumulate.

IMDEX LIMITED ((IMD)) Upgrade to Accumulate from Hold by Morgans .B/H/S: 2/3/0

Morgans upgrades Imdex to Accumulate from Hold with a higher target of $3.80 from $3.45 ahead of the company's 1Q26 sales update at the AGM next week, which the analyst believes will come in above expectations.

Junior raisings have increased to record levels in September of US$1.5bn, up 260% on the prior year, with Morgans pointing to a pick-up in other commodities, including sustained gains in the gold price..

Non-precious metals raisings grew 345% on last year versus precious metals up 44% over the same period, marking the fourth consecutive month of raisings over US$1bn. Trailing 12-month raisings are up 72% to US$11.1bn on the prior period.

The analyst raises Imdex's revenue growth forecast to 16% for FY26 from 14%, and to 7% from 5% in FY27, with an associated rise in NPATA estimates by 3% in FY26 and 7%-9% in FY27-28, respectively.

METEORIC RESOURCES NL ((MEI)) Upgrade to Speculative Buy from Speculative Hold by Bell Potter .B/H/S: 3/0/0

Bell Potter raises its target for Meteoric Resources to 25c from 14c and upgrades to Speculative Buy from Speculative Hold.

Brazil's Council of Management for the Environmental Protection Area of Pedra Branca (CONGEAPA) has provided consent to commence operations of its the Caldeira ionic clay rare earth project within the 3km environmental buffer zone.

This follows a previously blocked vote in August 2025, notes the broker, and clears a key hurdle ahead of the Preliminary Licence (LP) decision from the Minas Gerais Environmental Protection Agency.

Management expects pilot plant construction and production of mixed rare earth carbonate to begin by late November or early December.

The analysts view this outcome as a major de-risking event, signaling progress toward the pilot plant completion, and definitive feasibility study delivery.

PALADIN ENERGY LIMITED ((PDN)) Upgrade to Overweight from Equal-weight by Morgan Stanley .B/H/S: 6/1/0

Greater tolerance for inflation signals the onset of an environment characterised by lower interest rates, higher inflation, and a softer US dollar, all favourable for commodities and the mining sector, highlights Morgan Stanley.

In this context, the broker reiterates its Attractive industry view, upgraded last quarter, as miners continue to trade at appealing valuations relative to industrials.

Regarding uranium, Morgan Stanley turns more constructive. The target for Paladin Energy is increased to $9.50 from $7.30 and the rating is upgraded to Overweight from Equal-weight. Industry View: Attractive.

RAMELIUS RESOURCES LIMITED ((RMS)) Upgrade to Buy from Accumulate by Morgans .B/H/S: 3/1/0

Morgans raises its gold price assumptions by around 20% over the next three financial years, in line with consensus, supporting stronger earnings potential for both producers and developers. Long-term gold price assumption of US$2,500/oz is maintained.

Macro tailwinds continue to support the gains in spot gold prices, explains Morgans, with prospective rate cuts, shifting US policy, ongoing de-dollarisation, and heightened geopolitical uncertainty underpinning gold's resilience.

Among producers, the broker's large-cap, mid-cap and small-cap preferences are Northern Star Resources, Ramelius Resources, and Meeka Metals, respectively. Pre-production favourites are Minerals 260, Turaco Gold, and Tesoro Gold.

Morgans raises its target for Ramelius Resoures to $5.00 from $4.00 and upgrades to Buy from Accumulate. It's noted the company's high-grade asset base is complemented by established operations, which are generating strong cash flow.

TRANSURBAN GROUP LIMITED ((TCL)) Upgrade to Hold from Trim by Morgans .B/H/S: 2/3/0

Morgans upgrades Transurban Group to Hold from Trim and lifts the target to $13.39 from $12.88. This follows the September quarter traffic data and USD bond issue at 4.92%pa, replacing Feb 2026 maturing bonds at 4.1% coupon.

Average daily traffic for September was up 2.4%, with the ramp-up of WestConnex up 8.2%, CityLink up 3.2%, and ongoing Brisbane growth of 2.6%. North America rose 6.8%, while Sydney roads were impacted by rain in 1Q25, lowering traffic growth by around -1%.

Morgans anticipates mid-single digit DPS growth from FY25-FY28, which aligns with management's targets. The troublesome West Gate Tunnel Project is due to be completed by the end-2025, with both cost and timing overruns already noted at the FY25 result.

Downgrade

COG FINANCIAL SERVICES LIMITED ((COG)) Downgrade to Hold from Accumulate by Ord Minnett .B/H/S: 2/1/0

COG Financial Services has agreed to purchase for -$23.9m an incremental 12.1% stake in the novated leasing and salary packaging provider FleetNetwork, lifting ownership to 92.4%.

The purchase will be funded via a $20m equity raising at $2.00 per share and existing debt facilities.

Ord Minnett says the investment aligns with management's strategy to expand its exposure to salary packaging and novated leasing, with the deal expected to be around 6% earnings per share accretive in FY26.

The purchase price implies a trailing 6.1x earnings (EBITDA) multiple, viewed by the analyst as reasonable versus peers.

Ord Minnett lifts its target to $2.40 from $2.04. Given the recent share price rally, the broker's rating is downgraded rating to Hold from Accumulate.

CAPSTONE COPPER CORP. ((CSC)) Downgrade to Accumulate from Buy by Morgans .B/H/S: 3/1/0

Morgans downgrades Capstone Copper to Accumulate from Buy with a lift in the target to $16 from $12.10.

The stock remains one of the preferred leveraged plays to a higher copper price, with the broker raising its copper price forecasts by 3% for 2025 and 5% each for 2026-27. This is on the back of supply challenges and an improved demand backdrop.

Capstone is expected to lift production in 2025 by 28% despite issues at both Mantoverde and Pinto Valley in 3Q, as previously announced. Management has guided to a decline in unit costs of -15% for 2025.

A partial sell down of Santo Domingo is anticipated before the end of 2026.

ILUKA RESOURCES LIMITED ((ILU)) Downgrade to Sell from Hold by Ord Minnett .B/H/S: 1/3/1

A visit to Iluka Resources' Eneabba rare earths refinery and meeting with the team reinforced Ord Minnett's confidence in the technical expertise and project execution.

However, the broker notes the share price rally is driven by "REO mania," with NdPr prices implied above US$110/kg unlikely to sustain.

A surprise was the timeline with the Eneabba plant, due to start production mid-2027, which is expected to take 3 months to produce NdPr and 9 months for heavy rare earth oxides.

On the positive side, the broker highlights the plant's versatile design allows processing of various monazite/xenotime feedstocks and potential third-party refining opportunities.

Rating downgraded to Sell from Hold on share price rally. Target rises to $6.00 from $5.50.

LYNAS RARE EARTHS LIMITED ((LYC)) Downgrade to Equal-weight from Overweight by Morgan Stanley .B/H/S: 0/3/3

Greater tolerance for inflation signals the onset of an environment characterised by lower interest rates, higher inflation, and a softer US dollar, all favourable for commodities and the mining sector, highlights Morgan Stanley.

In this context, the broker reiterates its Attractive industry view, upgraded last quarter, as miners continue to trade at appealing valuations relative to industrials.

Regarding rare earths, Morgan Stanley notes pricing is increasingly bifurcated, a trend reinforced by growing government support for strategic mineral projects.

While this backdrop remains constructive, Morgan Stanley sees value in taking some profits on Lynas Rare Earths as the share price approaches $20.

The broker raises its target to $19.45 from $14.75 but downgrades to Equal-weight from Overweight, despite noting Lynas trades on multiples well below US-based MP Materials. Industry View: Attractive.

PANTORO GOLD LIMITED ((PNR)) Downgrade to Trim from Hold by Morgans .B/H/S: 1/1/0

Morgans raises its gold price assumptions by around 20% over the next three financial years, in line with consensus, supporting stronger earnings potential for both producers and developers. Long-term gold price assumption of US$2,500/oz is maintained.

Macro tailwinds continue to support the gains in spot gold prices, explains Morgans, with prospective rate cuts, shifting US policy, ongoing de-dollarisation, and heightened geopolitical uncertainty underpinning gold's resilience.

Among producers, the broker's large-cap, mid-cap and small-cap preferences are Northern Star Resources, Ramelius Resources, and Meeka Metals, respectively. Pre-production favourites are Minerals 260, Turaco Gold, and Tesoro Gold.

Given Pantoro Gold's Norseman gold project is now fully consolidated and there is no hedging or debt, Morgans anticipates strong free cash flow while management unlocks access to higher-grade mining areas.

Target rises to $5.96 from $5.22. After a strong share price performance, the broker downgrades to Trim from Hold.

VEEM LIMITED ((VEE)) Downgrade to Accumulate from Buy by Morgans .B/H/S: 1/1/0

Veem's nine-year supply deal with Northrop Grumman marks a major step, Morgans suggests, following Level 1 supplier approval with Huntington Ingalls Industries-Newport News Shipbuilding.

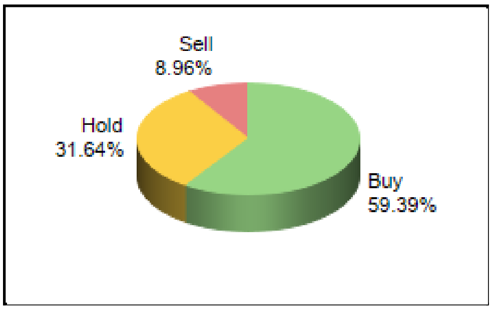
These partnerships expand VEEM's role in the US submarine program, explains the broker.

The company is raising $14m at $1.30 a share, cutting pro forma net debt to around $0.6m from $13.7m at end-FY25.

Management expects 1H26 earnings to be slightly below 1H25, with stronger 2H26 growth as new defence orders ramp up.

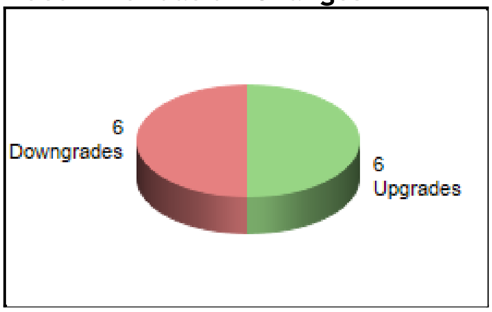
Morgans cuts its FY26 earnings forecast by -13% and lifts FY27 and FY28 by 2% each. The target price is raised to $1.66 from $1.30. The rating is downgraded to Accumulate from Buy on valuation.

Total Recommendations



3dpie

Recommendation Changes



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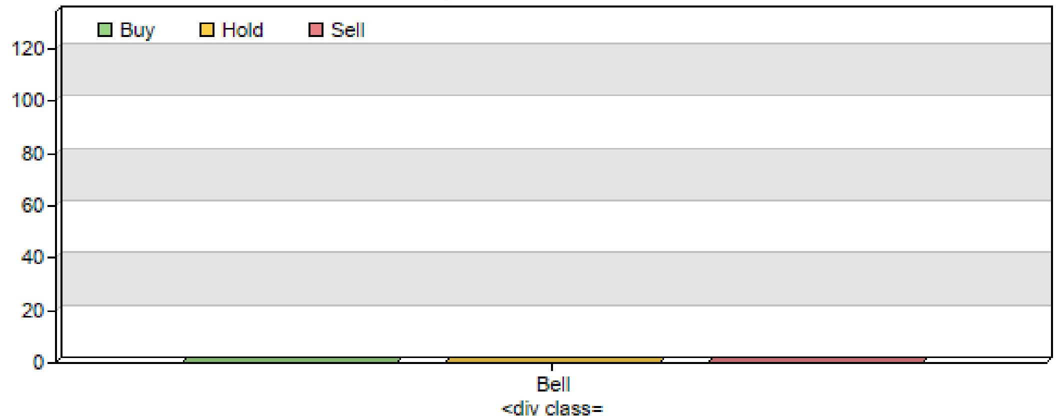
Broker Recommendation Breakup



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Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	CATALYST METALS LIMITED	Buy	Buy	Morgans
2	IMDEX LIMITED	Buy	Neutral	Morgans
3	METEORIC RESOURCES NL	Buy	Neutral	Bell Potter
4	PALADIN ENERGY LIMITED	Buy	Neutral	Morgan Stanley
5	RAMELIUS RESOURCES LIMITED	Buy	Buy	Morgans
6	TRANSURBAN GROUP LIMITED	Neutral	Sell	Morgans
Downgrade				
7	CAPSTONE COPPER CORP.	Buy	Buy	Morgans
8	COG FINANCIAL SERVICES LIMITED	Neutral	Buy	Ord Minnett
9	ILUKA RESOURCES LIMITED	Sell	Neutral	Ord Minnett
10	LYNAS RARE EARTHS LIMITED	Neutral	Buy	Morgan Stanley
11	PANTORO GOLD LIMITED	Sell	Neutral	Morgans
12	VEEM LIMITED	Buy	Buy	Morgans

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	MEI	METEORIC RESOURCES NL	0.297	0.227	30.84%	3
2	SM1	SYNLAIT MILK LIMITED	0.720	0.590	22.03%	3
3	NWH	NRW HOLDINGS LIMITED	4.900	4.375	12.00%	4
4	RMS	RAMELIUS RESOURCES LIMITED	3.885	3.513	10.59%	4
5	MI6	MINERALS 260 LIMITED	0.430	0.390	10.26%	3
6	APE	EAGERS AUTOMOTIVE LIMITED	29.380	26.763	9.78%	6
7	ILU	ILUKA RESOURCES LIMITED	6.390	5.850	9.23%	5
8	CSC	CAPSTONE COPPER CORP.	13.425	12.450	7.83%	4
9	NST	NORTHERN STAR RESOURCES LIMITED	23.813	22.208	7.23%	7
10	IDX	INTEGRAL DIAGNOSTICS LIMITED	3.567	3.350	6.48%	3

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	SHV	SELECT HARVESTS LIMITED	5.233	5.467	-4.28%	3
2	PNI	PINNACLE INVESTMENT MANAGEMENT GROUP LIMITED	24.233	25.033	-3.20%	4
3	NWL	NETWEALTH GROUP LIMITED	32.576	33.376	-2.40%	7
4	KAR	KAROON ENERGY LIMITED	2.080	2.130	-2.35%	5
5	DGT	DIGICO INFRASTRUCTURE REIT	4.092	4.190	-2.34%	5
6	BOQ	BANK OF QUEENSLAND LIMITED	6.380	6.464	-1.30%	5
7	WHC	WHITEHAVEN COAL LIMITED	7.443	7.486	-0.57%	7
8	ABG	ABACUS GROUP	1.330	1.337	-0.52%	4
9	BEN	BENDIGO & ADELAIDE BANK LIMITED	11.350	11.400	-0.44%	5
10	ASX	ASX LIMITED	62.717	62.967	-0.40%	6

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	PLS	PILBARA MINERALS LIMITED	-0.080	-0.680	88.24%	7
2	MEI	METEORIC RESOURCES NL	-1.000	-2.767	63.86%	3
3	MI6	MINERALS 260 LIMITED	-0.300	-0.500	40.00%	3
4	MIN	MINERAL RESOURCES LIMITED	141.920	115.260	23.13%	7
5	WHC	WHITEHAVEN COAL LIMITED	18.614	16.900	10.14%	7
6	ASK	ABACUS STORAGE KING	6.450	5.900	9.32%	3

7	JHX	JAMES HARDIE INDUSTRIES PLC	132.722	124.475	6.63%	6
8	NEM	NEWMONT CORPORATION REGISTERED	967.055	907.736	6.53%	5
9	RRL	REGIS RESOURCES LIMITED	67.567	63.467	6.46%	7
10	SFR	SANDFIRE RESOURCES LIMITED	74.771	70.396	6.21%	6

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	DGT	DIGICO INFRASTRUCTURE REIT	-0.750	13.100	-105.73%	5
2	SM1	SYNLAIT MILK LIMITED	2.041	127.993	-98.41%	3
3	IGO	IGO LIMITED	-1.550	-0.800	-93.75%	5
4	CHN	CHALICE MINING LIMITED	-5.400	-4.700	-14.89%	4
5	ELD	ELDERS LIMITED	43.725	50.650	-13.67%	3
6	SHV	SELECT HARVESTS LIMITED	21.900	25.033	-12.52%	3
7	ABG	ABACUS GROUP	7.967	8.733	-8.77%	4
8	ILU	ILUKA RESOURCES LIMITED	20.320	21.120	-3.79%	5
9	PNI	PINNACLE INVESTMENT MANAGEMENT GROUP LIMITED	68.250	70.700	-3.47%	4
10	GTK	GENTRACK GROUP LIMITED	12.830	13.086	-1.96%	4

Technical limitations

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WEEKLY REPORTS

Uranium Week: Price Frenzy Fades

The U308 spot price took a breather last week as buying from funds subsided and volumes contracted.

-Uranium's longer term outlook back in focus
-US uranium supply rises over 2024 as Russian imports fall
-U308 spot price slips as buyers step back from market

By Danielle Ecuyer

Supply challenges boost longer-term outlook

Longer-term demand/supply dynamics continue to look favourable for supporting the U308 price.

Petra Capital highlighted the growing tailwinds for demand trends while emphasising the supply challenges as recently noted by the World Nuclear Association (WNA) Fuel Report, which estimates U308 supply will be down -7% in 2040.

Both Cameco and Kazatomprom have lowered production guidance in recent market updates. Concurrently, none of the uranium mining juniors' ramp-ups have progressed as analysts predicted.

The WNA has lifted the anticipated nuclear generating capacity by 60GW in 2040 which, as Petra Capital explains, represents a **NexGen Energy** ((NXG)) worth of uranium demand added in two years.

For Petra, NexGen and **Aura Energy** ((AEE)) remain the top uranium stock picks on the ASX. Both have Buy ratings.

Aura is considered as having the best exploration upside potential on the ASX, including a rise in the resource at Tiris which will support an increase in the project's potential production output. The explorer is anticipated to become the first company on the Australian market to become a greenfield producer.

Sweden is also noted for the removal of its uranium mining ban come January 1, 2026, with the country's draft budget looking at allocating US$23bn in capital to 5GW of new nuclear plants.

Aura's Häggån project in Sweden is viewed as a secondary asset, but it has around an 800mlb U308 resource, making it globally "significant". Target price is set at 38c for Aura.

NexGen is perceived by Petra as one of the most "strategic" companies in the sector. At the end of June, it had a cash balance of CA$372m with recent equity raisings of CA$400m and CA$600m, upsized from CA$400m in Australia to fund the Rook 1 project past approval. Target price is set at $17.14.

Canaccord Genuity remains positively disposed to the sector, pointing to the robust levels of activity in September as one of the most active months in recent years.

The rise in activity can be attributed to the Sprott Physical Uranium Trust, which acquired around 3.4mlbs from the spot U308 market post raising circa US$300m. With a further circa 0.9mlbs acquired into the start of October, the fund has bought year-to-date nearly 7mlbs of U308.

The rise in buying support was countered by the flagged supply disruptions at Cameco and Kazatomprom.

Canaccord Genuity re-iterates its Buy rating on **Paladin Energy** ((PDN)) while lowering its target price to $12.50 from $13.05. The analyst believes Patterson Lake South will position Paladin as a major player in the industry, sustaining annual production of around 9.1mlbs with all-in-sustaining-costs of US$15.2/lb.

Langer Heinrich is in the final stages of ramping up. Paladin has cash and cash equivalents of around US$302m, which are anticipated to support both Patterson Lake South and Langer Heinrich. The latter reported production of 727lbs for July-August.

As part of the broker's U308 September quarter review, the analyst notes the U308 spot price rose 5% to US$82/lb from US$78/lb. The term price moved out of its 15-month trading range of US$79-US$81/lb to US$82/lb, the highest since May 2008.

Morgan Stanley upgraded the stock to Overweight from Equal Weight last week, raising its target to $9.50 from $7.30 on a more constructive view on the outlook for uranium.

Bell Potter, another daily monitored broker here at FNArena, raised its target on Paladin to $10.30 from $9 and retained a Buy rating ahead of the 1Q26 production report scheduled for October 14 (today).

This broker forecasts around 1mlbs, up 1% on the prior quarter, and mill throughput of 1.2mt at 450ppm and 81% recovery.

Boss Energy ((BOE)) has maintained its FY26 production guidance of 1.6mlbs, with potential challenges to East Kalkaroo not anticipated to impact production until 3Q26. Grades are expected to fall as the current wellfields are exhausted.

The outlook for Boss will depend on the results from the operational review of Honeymoon's mineral resource update, which is anticipated in the December quarter this year under the new CEO, Matt Dusci. The new CEO took up his role on October 1.

The producer remains very exposed to spot U308 prices with only three contracts in place, which equate to less than 3.5mlbs through to 2033.

Canaccord retains a Speculative Buy rating and $3.65 target price.

Morgan Stanley retains an Underweight rating on Boss but raised its target to $1.85 from $1.65 over the week.

US boosts locally sourced U308 supply in 2024

According to the latest annual report from the US Energy Information Administration, 55.5mlbs of U308 was acquired by owners and operators of US nuclear power reactors in 2024, composed of both US and foreign suppliers, at a weighted average price of US$52.71/lb.

The report noted an 8% rise in volumes over 2023 at 51.6mlbs of U308. Canada was the largest supplier in 2024 at 38% of total deliveries, with Kazakhstan and Australia at 24% and 17%, respectively.

Material from Uzbekistan represented 9% of total deliveries, with Namibia and Russia-origin material at 4% each. At 2,301mlbs of U308 of 2024 deliveries, Russian materials declined from 6,042mlbs the prior year. US material amounted to 8% of total 2024 deliveries, up from 5% in 2023.

US commercial inventory across plant owners, operators, brokers, enrichers, fabricators, producers, and traders was 167mlbs of U308, a rise of 6%.

Commercial inventory levels for plant operators and owners were 126mlbs, up 11% on 2023. The inventories held by the balance stood at 41mlbs, down -5% on the end of 2023.

Spot U308 price eases on lower volumes

After sustained positive tailwinds from Sprott Physical Uranium Trust and Yellow Cake buying in the spot market, both activity levels and price eased over the last week.

Industry consultants TradeTech's U308 spot price fell -US$2.25/lb on the week to US$79/lb and has slipped by -6% post reaching a year high on September 24 of US$84/lb.

Transaction volumes have also slipped, with 1.8mlbs over 19 transactions conducted in the last two weeks, compared to 38 deals or 4.3mlbs of U308 in the prior two weeks.

Six transactions took place last week with some considerable price volatility. Sprott entered the spot market last Tuesday after the price fell to US$80.50/lb and acquired 160klbs of U308 at US$80/lb for delivery in November at Honeywell's ConverDyn facility, lifting inventory for the trust to 72.9mlbs.

Two transactions were noted after a quiet day on Wednesday after the close for 50klbs, one transaction for delivery in October at ConverDyn and the other for delivery in November at Orano's facility in France.

With a decline in the price by -US$3/lb, buyers returbed to the spot market on Thursday, with one buyer picking up 100klbs at US$77.15/lb for delivery at Cameco's Canadian facility, followed by 50klbs at US$77.50/lb for delivery in November at ConverDyn.

One transaction was conducted on Friday for 100klbs of U308 at US$79/lb for December delivery at ConverDyn. No transactions were conducted in the term market.

TradeTech's Mid-term U308 price indicator stands at US$87/lb and the Long-term U308 price indicator at US$84/lb.

Boss Energy regains top spot as most shorted ASX stock

As at October 7, Boss Energy was the most shorted stock on the ASX at 18.83%, up slightly from the prior week at 18.31%.

Paladin was in sixth position at 12.07%, down from 12.31% a week earlier, and Silex Systems ((SLX)) in fifteenth position at 8.76%, up from 8.68%.

More reading

For more updates on uranium see FNArena's weekly reports:

https://fnarena.com/index.php/2025/10/07/uranium-week-september-spot-price-rips/

https://fnarena.com/index.php/2025/09/16/uranium-week-buyers-strike-pre-major-deals/

https://fnarena.com/index.php/2025/08/26/uranium-week-kazatomprom-sparks-a-rally/

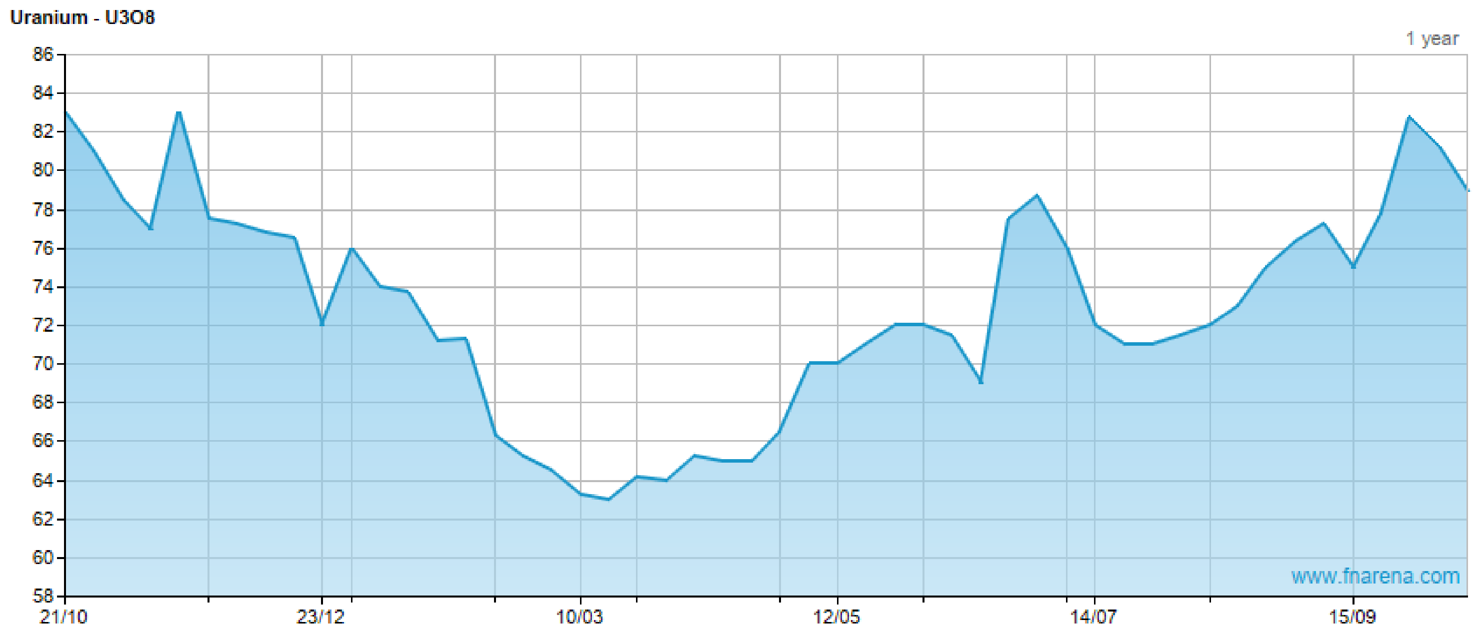
https://fnarena.com/index.php/2025/08/05/uranium-week-supply-challenges-are-mounting/

https://fnarena.com/index.php/2025/07/22/uranium-week-utilities-swing-into-gear/

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	10/10/2025	0.1100	▼ - 8.33%	$0.12	$0.03			
AEE	10/10/2025	0.2400	▼ - 8.00%	$0.28	$0.10			
AGE	10/10/2025	0.0300	0.00%	$0.05	$0.02		$0.070	▲ 133.3%
AKN	10/10/2025	0.0100	0.00%	$0.01	$0.01			
ASN	10/10/2025	0.0900	▼ - 5.26%	$0.13	$0.04			
BKY	10/10/2025	0.5900	▼ - 5.08%	$0.70	$0.31			
BMN	10/10/2025	3.6600	▼ - 0.27%	$4.01	$1.76		$4.700	▲ 28.4%
BOE	10/10/2025	1.9300	▼ - 2.51%	$4.75	$1.57	10.2	$2.371	▲ 22.9%
BSN	10/10/2025	0.0660	▲ 11.86%	$0.08	$0.01			
C29	10/10/2025	0.0200	0.00%	$0.13	$0.01			
CXO	10/10/2025	0.1100	▲ 4.76%	$0.14	$0.06		$0.110	
CXU	10/10/2025	0.0200	0.00%	$0.02	$0.01			
DEV	10/10/2025	0.1400	0.00%	$0.18	$0.07			
DYL	10/10/2025	2.0800	▲ 2.49%	$2.11	$0.75	-410.0	$1.930	▼ - 7.2%
EL8	10/10/2025	0.4300	▼ -10.42%	$0.49	$0.19			
ERA	10/10/2025	0.0020	0.00%	$0.01	$0.00			
GLA	10/10/2025	0.0400	0.00%	$0.05	$0.01			

GUE	10/10/2025 0.0700	0.00%	$0.10	$0.05			
HAR	10/10/2025 0.1700	▲30.77%	$0.20	$0.04			
I88	10/10/2025 0.5600	▲152.17%	$0.76	$0.08			
KOB	10/10/2025 0.0800	▲33.33%	$0.12	$0.03			
LAM	10/10/2025 0.7700	▲8.11%	$0.90	$0.55			
LOT	10/10/2025 0.2300	▲2.27%	$0.32	$0.13		$0.295	▲28.3%
MEU	10/10/2025 0.0700	▲30.77%	$0.08	$0.03			
NXG	10/10/2025 13.5400	▲1.58%	$14.00	$6.44		$12.925	▼- 4.5%
ORP	10/10/2025 0.0400	▼-20.00%	$0.06	$0.02			
PDN	10/10/2025 8.8800	▲2.67%	$13.27	$3.93	69.5	$9.171	▲3.3%
PEN	10/10/2025 0.5900	▼- 6.98%	$2.20	$0.28		$1.330	▲125.4%
SLX	10/10/2025 7.2400	▲5.21%	$7.43	$2.28		$6.500	▼-10.2%
TOE	10/10/2025 0.4400	▼- 7.04%	$0.48	$0.15			
WCN	10/10/2025 0.0200	▲5.26%	$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 - 16 Oct 2025

FNArena's weekly update on short positions in the Australian share market.

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

Summary:

Week Ending October 9th, 2025 (most recent data available through ASIC).

10%+

BOE	19.07%
PLS	17.09%
DMP	13.26%
IEL	12.57%
GYG	12.55%
PDN	12.07%
ILU	11.74%
FLT	10.51%
PWH	10.41%
MIN	10.12%

Out: E200 (SPDR S&P/ASX 200 ESG ETF)

9.0-9.9%

CTD	9.81%
PNV	9.75%

Out: CUV

8.0-8.9%

TLX	8.76%
SLX	8.56%
NAN	8.50%
VUL	8.40%
DGT	8.01%

In: DGT

7.0-7.9%

LOT	7.40%
LIC	7.29%
DYL	7.03%

In: LOT, DYL
Out: DGT

6.0-6.9%

IPH	6.95%
KAR	6.86%
MSB	6.61%
TWE	6.49%
ARB	6.35%
RIO	6.25%
BRG	6.25%
CUV	6.17%

In: IPH, TWE, ARB, CUV
Out: DYL, LOT, CU6, NXT, CIA

5.0-5.9%

NXT	5.83%
ELD	5.72%
CIA	5.71%
IPX	5.69%
CU6	5.37%
GMD	5.36%
DRO	5.36%
NEU	5.13%

In: NXT, ELD, CIA, CU6, GMD
Out: ARB, IPH, TWE, LTR

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.3	0.3	NAB	0.5	0.6
ANZ	0.7	0.6	QBE	0.3	0.2
BHP	1.0	1.0	RIO	6.3	6.3
BXB	0.6	0.7	STO	0.2	0.2
CBA	0.6	0.7	TCL	0.3	0.2
COL	0.3	0.3	TLS	0.4	0.4
CSL	0.4	0.4	WBC	0.6	0.6
FMG	1.6	1.6	WDS	3.7	3.4
GMG	0.4	0.4	WES	0.5	0.4
MQG	0.7	0.6	WOW	0.8	1.1

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.

WEEKLY REPORTS

In Brief: Dicker Data, SRG Global & ResMed

In Brief has three analyst favourites this week across a cross section of sectors and themes.

-US competitor supports outlook optimism for Dicker Data
-A favourable and earnings accretive acquisition for SRG Global
-Too many concerns holding back ResMed shares, says Canaccord

By Danielle Ecuyer

This week's quote comes from Nilesh Jasani from Geninnov

"There is a certain rhythm to progress, a pattern often best captured not in dense treatises but in simple, slightly odd sayings.

"They are the sort of thing one might overhear in a quiet London pub, where understatement is the highest form of wit; or perhaps, the sort of profound thought that only strikes after consuming one's body weight in Diwali sweets, forcing the mind to find a new use for all that energy.

"We want innovations to be a grand, singular symphony. The reality, as one discovers, is a cacophony of like four different string quartets playing four different tunes in four different rooms, all at once."

Peer review promising for Dicker Data

Synnex Corporation, a US information and communications technology distributor which offers hardware, software, cloud services and the like, reported a record 3Q2025 result which included a relatively robust contribution from its Asia-Pacific and Japanese businesses.

Synnex also highlighted a rise in spending from its small-medium business (SMB) and its managed service provider operation (MSP). Petra Capital explains it is not clear whether this applies to A&NZ or to what extent.

While software and PCs, the latter due to a refresh rather than AI upgrade, were the main sectoral drivers of sales growth, SMB and MSP contributed with enterprise noted as "stable". No regional comments across the segments were offered.

The latest outlook offered by ASX-listed Dicker Data ((DDR)) provided 2025 revenue growth of 10%-13% which, the analyst explains, is above system growth of 8.7%. Petra forecasts Dicker Data to announce gross revenue growth of 8.7% in 2H2025, bringing 2025 growth to 11.9% on the prior year.

Dicker Data's outlook update aligns with Synnex's commentary and results. Petra is "upbeat" about the company's growth potential, boosted by its robust competitive position in A&NZ and good exposure to any recovery in IT spending for the SMB sector.

The stock is Buy rated with a $11.85 target price.

FNArena's daily monitored brokers have a consensus target price of $9.983 with latest updates at the August earnings report. Two Buy-equivalent ratings combine with one Hold.

Moelis upbeat on SRG Global

Moelis is the latest broker to join the positive chorus around SRG Global's recent acquisition, Total Tams Pty Ltd, for ~$85m in consideration.

Tams is an end-to-end diversified marine infrastructure services partner with over twenty-five years of history behind it. The company is detailed as having expertise in design, engineering, construction, maintenance, and remediation services.

The geographic exposure is described as "strategic," including Pilbara, Fremantle, and Gladstone, and encompasses sectoral exposure to the resources, energy, transport, water and defence sectors. This includes 500-plus employees, viewed as "skilled technical specialists," and a well-regarded management team.

The acquisition price infers a prospective FY26 earnings (EBIT) multiple of 3.2 times, and SRG anticipates it will be around 25% accretive to FY26 EPS pre-synergies.

Funding is split between $57.3m of on-balance-sheet cash and available debt facilities, while 13.9m shares or $27.7m of SGR shares will be issued to the vendors with a two-year earn-out opportunity.

The earn-out is set at 100% of Tams' annual earnings (EBITDA) above $30m and up to $40m, and 50% of Tams' annual earnings (EBITDA) above $40m in each of the following two years.

SRG's pro forma gearing is estimated at only 0.3 times in FY26.

The analyst commends the strategic rationale of the acquisition with two very aligned and complementary businesses that have the potential for cross-selling opportunities across both new and existing customers.

Moelis raised its EPS forecasts by 21% for FY26, 30% for FY27, and 32% for FY28. A Buy rating is maintained. Target price rises to $2.81 from $2.

Daily monitored brokers have been no less enthusiastic about the acquisition, with four equivalent Buy ratings including one upgrade from Accumulate, with a consensus target price of $2.975.

Competition concerns overblown for ResMed?

Canaccord Genuity came up with a very catchy title for its research update on ResMed ((RMD)): *"Buy ResMed, You'll sleep better."*

Can't argue with that proposition for your average apnoea sufferer. But of course, the analyst is inferring a lot more in recognition of the almost -8% pullback in the stock since late July from around $45.

Tackling investors' concerns head on, three main issues were identified which seemingly are keeping the stock "range bound".

The key issue is around the extent to which gross margins can rise, which in large part reflects the medtech's ability to retain its dominant market share position at an estimated 86% in FY26 due to the feedback loop to pricing and possible competitive pressures.

Importantly, Dutch competitor Philips has not been operating in the US market for much longer than expected, still banned from selling products. This is believed to have had two impacts:

The analyst proposes the threat of the second-largest supplier of equipment coming back to market has deferred expansion and investment from the smaller number three, four, and five manufacturers into scaling up capacity. ResMed in comparison scaled up capacity straight away.

Secondly, the customers for durable medical equipment are viewed as liking the idea of Philips returning, although increasingly it is likely the key competitor will not be returning in any substantial way.

Thirdly, few are discussing how ResMed has acted both reasonably and not abused its market power.

The CMS is likely to propose a restart of competitive bidding for 2026, which allows durable medical equipment suppliers to submit bids to supply CPAP machines at the lowest possible price.

The CMS then applies those bids to reset reimbursement rates under Medicare. Historically, it has resulted in price pressure on manufacturers like ResMed because the durable medical equipment suppliers had less reimbursement revenue to spend.

Canaccord believes the threat of supply instability in isolation will influence CMS towards retaining the existing situation, and as such the pricing outlook for ResMed remains supportive of a 63% gross margin even without any price rises.

The pricing outlook is described as the best in a decade and feasibly could underwrite a 65% gross margin given the right circumstances, such as competitive bidding not eventuating. The analyst posits “competitive” has a very different meaning in 2025 than it had in 2013, given what has transpired in the US obstructive sleep apnoea market.

ResMed is forecast to report FY26 non-GAAP EPS around US$11 per share which is in line with consensus and represents 15% growth on the previous year.

For the upcoming Q1 update, non-GAAP EPS is forecast at US$2.51 versus consensus at US$2.54, as the analyst acknowledges to be more conservative on US mask growth at 12% while also anticipating a slower rise in gross margin improvement.

ResMed’s current gross margin guidance is between 61%-63%.

Canaccord’s target is $50 with a maintained Buy rating on the stock.

Daily monitored brokers have a consensus target of $49.15 with six Buy-equivalent ratings.

The author owns ResMed shares.

WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 17-10-25

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

Broker Rating Changes (Post Monday)

Upgrade

LIFESTYLE COMMUNITIES LIMITED ((LIC)) Upgrade to Buy from Hold by Canaccord Genuity.B/H/S: 0/0/0

Lifestyle Communities reported steady net new home sales of 50 in 1Q26, with strong forward indicators ahead of the spring sales period. This compared with 48 net new home sales in 4Q25, Canaccord Genuity notes.

Inventory of unsold completed homes fell -16% to 216, while development spend remains minimal. The broker highlights the new “Way to Live” brand platform has lifted appointment rates, supporting sales momentum.

Net debt reduced to $347.7m from $460.5 in FY25, and is ahead of December guidance of $345-355m, driven by accelerated land sale settlements.

No changes to forecasts. The VCAT deferred management fee appeal remains ongoing with $78m provision already booked.

Rating upgraded to Buy from Hold. Target rises to $6.50 from $6.00.

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	LIFESTYLE COMMUNITIES LIMITED	Buy	Neutral	Canaccord Genuity

Price Target Changes (Post Thursday Last Week)

Company		Last Price	Broker	New Target	Old Target	Change
ACE	Acusensus	$1.79	Canaccord Genuity	2.00	1.65	21.21%
CSL	CSL	$220.29	Jarden	304.17	298.13	2.03%
D2O	Duxton Water	$1.53	Petra Capital	2.08	2.07	0.48%
ELD	Elders	$7.68	Canaccord Genuity	8.15	8.22	-0.85%
KCN	Kingsgate Consolidated	$4.07	Canaccord Genuity	5.50	4.95	11.11%
LIC	Lifestyle Communities	$5.48	Canaccord Genuity	6.50	6.00	8.33%
MM8	Medallion Metals	$0.57	Petra Capital	0.89	0.88	1.14%
NWH	NRW Holdings	$4.90	Canaccord Genuity	5.20	4.77	9.01%
PDN	Paladin Energy	$9.87	Canaccord Genuity	12.50	13.05	-4.21%
SRG	SRG Global	$2.74	Moelis	2.81	2.00	40.50%
Company		Last Price	Broker	New Target	Old Target	Change

More Highlights

AEE AURA ENERGY LIMITED

Energy – Overnight Price: $0.24

Petra Capital rates ((AEE)) as Buy (1) –

Petra Capital continues to be upbeat on the uranium outlook and sector, pointing to positive demand tailwinds and rising headwinds to supply, including a reduction in 2025 production guidance from Cameco and Kazatomprom lowering its production capability for 2026.

The World Nuclear Association (WNA) estimates known supply for U308 will be down by -7% in 2040, with a forecast lift in expected nuclear generating capacity by 60GW in 2040.

This equates to a NexGen Energy worth of U308 demand added in two years, the analyst states.

Aura Energy remains a preferred ASX exposure with a Buy rating and a 38c target price. Petra Capital believes the market doesn't value the likely future expansion to Tiris or the potential regional upside with other Tiris-like projects to eventuate.

The report suggests Aura offers real "provincial scale" and Haggan, although a secondary asset, should benefit from a change in stance from Sweden.

This report was published on October 9, 2025.

Target price is **$0.38** Current Price is **$0.24** Difference: **$0.14**
If **AEE** meets the Petra Capital target it will return approximately **58%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

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

BRE BRAZILIAN RARE EARTHS LIMITED

Rare Earth Minerals – Overnight Price: $5.00

Canaccord Genuity rates ((BRE)) as Speculative Buy (1) –

Canaccord Genuity highlights Brazilian Rare Earths' Amargosa bauxite project in Bahia as a large-scale development opportunity. Acquired from Rio Tinto ((RIO)) for -US$3.9m, the project covers 748sqkm.

A maiden Resource of 567.8mt at 29.8% total available alumina (TAA) has been defined, including 97.9mt of high-grade direct shipping ore (DSO) at 41.9% TAA, note the analysts, which compares favourably with existing DSO products.

The broker sees potential for a low-cost, near-term DSO operation of 5mtpa using existing infrastructure, estimating a post-tax internal rate of return (IRR) of 41% and a two-year payback.

Further upside exists from beneficiation, gallium by-products, and future rail access, highlights Canaccord. The Speculative Buy rating and $5.65 target price are unchanged.

This report was published on October 8, 2025.

Target price is **$5.65** Current Price is **$5.00** Difference: **$0.65**
If **BRE** meets the Canaccord Genuity target it will return approximately **13%** (excluding dividends, fees and charges).

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

CSL   CSL LIMITED

Pharmaceuticals & Biotech/Lifesciences – Overnight Price: $216.45

Jarden rates ((CSL)) as Overweight (2) –

CSL reported the loss of a large NHS Ig contract, offset by a tender victory in Australia for Ig supply worth $1.1bn.

Jarden expects the pricing for this contract extension will be better than the original contract pricing negotiated pre-covid in 2020, and the volume may offer gross margin upside to Behring.

The biotech has also won a tender with the National Blood Authority to supply $73.6m of Idelvion over three years from July 2025.

Jarden highlights none of the tender wins are included in current forecasts, with the contract extension only at the end of September, but views there to be upside potential for management's FY26 net profit after tax guidance in constant currency terms.

Target rises to $304.17 from $298.13. Overweight rating retained.

This report was published on October 13, 2025.

Target price is **$304.17** Current Price is **$216.45** Difference: **$87.72**
If **CSL** meets the Jarden target it will return approximately **41%** (excluding dividends, fees and charges).
Current consensus price target is **$275.39**, suggesting upside of **27.2%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY26:

Jarden forecasts a full year **FY26** dividend of **366.31** cents and EPS of **846.79** cents.
At the last closing share price the estimated dividend yield is **1.69%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **25.56**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **1114.6**, implying annual growth of **N/A**.
Current consensus DPS estimate is **504.6**, implying a prospective dividend yield of **2.3%**.
Current consensus EPS estimate suggests the PER is **19.4**.

Forecast for FY27:

Jarden forecasts a full year **FY27** dividend of **508.48** cents and EPS of **1130.66** cents.
At the last closing share price the estimated dividend yield is **2.35%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **19.14**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **1255.0**, implying annual growth of **12.6%**.
Current consensus DPS estimate is **554.4**, implying a prospective dividend yield of **2.6%**.
Current consensus EPS estimate suggests the PER is **17.2**.

This company reports in **USD**. All estimates have been converted into AUD by FNArena at present FX values.
Market Sentiment: **0.7**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

D2O   DUXTON WATER LIMITED

Agriculture – Overnight Price: $1.53

Petra Capital rates ((D2O)) as Buy (1) –

Petra Capital scans across the latest winter rain updates, noting the winter period has failed to refill dam levels ahead of the season drawdown.

The robust snow season will provide some offset in terms of melt, but above-average rainfall is now required to lift dam levels, and the BOM has recently forecast a weak La Niña in spring.

Duxton Water continues to be well positioned to reap the benefits of ongoing dry conditions. The analyst proposes the company's earnings and cash flow should benefit as Australia moves away from a period dominated by La Niñas.

Buy rating retained with a $2.08 target price.

This report was published on October 13, 2025.

Target price is **$2.08** Current Price is **$1.53** Difference: **$0.55**
If **D2O** meets the Petra Capital target it will return approximately **36%** (excluding dividends, fees and charges).
The company's fiscal year ends in December.

Forecast for FY25:

> Petra Capital forecasts a full year **FY25** dividend of **7.40** cents and EPS of **18.40** cents.
> At the last closing share price the estimated dividend yield is **4.84%.**
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **8.32**.

Forecast for FY26:

> Petra Capital forecasts a full year **FY26** dividend of **7.70** cents and EPS of **10.00** cents.
> At the last closing share price the estimated dividend yield is **5.03%.**
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **15.30**.

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

GMG GOODMAN GROUP

Infra & Property Developers – Overnight Price: $32.89

Jarden rates ((GMG)) as Buy (1) –

Jarden believes the market is pricing in the broker's most "bearish" outcome for Goodman Group, which is considered very conservative and assumes a decline of -5% in the group's book value when logistics cap rates are starting to compress.

The market also appears to be discounting only $19.6bn of cumulative development profits over the next decade, against what the analyst expects to be at least $35-$40bn to be sourced from the data centre pipeline "alone."

Management anticipates logistics to generate 30%-40% of the future development mix, inferring cumulative development profits could beat $35bn-$40bn again over the next decade.

Jarden's bear case assumes management income will grow at a CAGR of 3.9% for FY26-FY29 versus a 21% CAGR achieved from FY15-FY25. Retain Buy with $41.10 target price.

This report was published on October 13, 2025.

Target price is **$41.10** Current Price is **$32.89** Difference: **$8.21**
If **GMG** meets the Jarden target it will return approximately **25%** (excluding dividends, fees and charges).
Current consensus price target is **$37.82**, suggesting upside of **15.0%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY26:

> Jarden forecasts a full year **FY26** dividend of **30.00** cents and EPS of **130.40** cents.
> At the last closing share price the estimated dividend yield is **0.91%.**
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **25.22**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **130.0**, implying annual growth of **52.2%**.
Current consensus DPS estimate is **30.0**, implying a prospective dividend yield of **0.9%**.
Current consensus EPS estimate suggests the PER is **25.3**.

Forecast for FY27:

Jarden forecasts a full year **FY27** dividend of **30.00** cents and EPS of **146.70** cents.
At the last closing share price the estimated dividend yield is **0.91%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **22.42**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **143.3**, implying annual growth of **10.2%**.
Current consensus DPS estimate is **30.0**, implying a prospective dividend yield of **0.9%**.
Current consensus EPS estimate suggests the PER is **23.0**.

Market Sentiment: **0.5**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

NWH NRW HOLDINGS LIMITED

Mining Sector Contracting - Overnight Price: $4.98

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

Post completion of the Fredon acquisition, NRW Holdings has given a trading update which beat Canaccord Genuity's expectations and points to a robust 1Q26 operating performance.

Against a positive mining macro backdrop, the company experienced better activity levels across all segments of the business as well as better weather in Qld.

FY26 guidance is for revenue over $4bn versus the analyst's $4.1bn forecast and earnings (EBITDA) of $255m-$265m. At the midpoint, the new guidance infers a 4% earnings upgrade to the previous Canaccord estimate.

Buy rating maintained with a rise in the target price to $5.20 from $4.77. Although a material contract is concluding in FY27, the analyst points to a very strong pipeline.

This report was published on October 8, 2025.

Target price is **$5.20** Current Price is **$4.98** Difference: **$0.22**
If **NWH** meets the Canaccord Genuity target it will return approximately **4%** (excluding dividends, fees and charges).
Current consensus price target is **$4.90**, suggesting downside of **-1.6%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **20.60** cents and EPS of **34.70** cents.
At the last closing share price the estimated dividend yield is **4.14%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **14.35**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **34.5**, implying annual growth of **469.3%**.
Current consensus DPS estimate is **19.5**, implying a prospective dividend yield of **3.9%**.
Current consensus EPS estimate suggests the PER is **14.4**.

Forecast for FY27:

Canaccord Genuity forecasts a full year **FY27** dividend of **22.40** cents and EPS of **37.90** cents.
At the last closing share price the estimated dividend yield is **4.50%**.

At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **13.14**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **37.8**, implying annual growth of **9.6%**.
Current consensus DPS estimate is **20.7**, implying a prospective dividend yield of **4.2%**.
Current consensus EPS estimate suggests the PER is **13.2**.

Market Sentiment: **0.9**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

PNR PANTORO GOLD LIMITED

Gold & Silver – Overnight Price: $6.19

Moelis rates ((PNR)) as Hold (3) –

Moelis is encoraged by Pantoro Gold's underground drilling results from the Bullen Decline at its Norseman project, including intercepts of 0.68m at 137.2g/t gold and 1.37m at 15.7g/t.

These results come from outside historically mined areas, highlights the analyst, and confirm the high-grade tenor of mineralisation near the Bullen West stoping zone.

The broker sees ongoing exploration upside, with Pantoro holding a 6.2mt underground resource at 11.2g/t gold for 2.2moz.

Moelis remains cautious ahead of the September quarter results following Pantoro's 103% share price rally, suggesting any short-term weakness could present a buying opportunity.

Hold rating. Target $5.25.

This report was published on October 13, 2025.

Target price is **$5.25** Current Price is **$6.19** Difference: **minus $0.94** (current price is over target).
If **PNR** meets the Moelis target it will return approximately **minus 15%** (excluding dividends, fees and charges – negative figures indicate an expected loss).
Current consensus price target is **$5.99**, suggesting downside of **-3.3%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY26:

Moelis forecasts a full year **FY26** dividend of **0.00** cents and EPS of **48.22** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **12.84**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **65.8**, implying annual growth of **7463.2%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **9.4**.

Forecast for FY27:

Moelis forecasts a full year **FY27** dividend of **0.00** cents and EPS of **36.98** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **16.74**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **69.9**, implying annual growth of **6.2%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **8.9**.

Market Sentiment: **-0.2**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

SOM SOMNOMED LIMITED

Medical Equipment & Devices – Overnight Price: $0.86

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

Canaccord Genuity maintains a Buy rating and $1.00 target price on SomnoMed with no changes to forecasts, believing the stock remains the best medtech turnaround on the ASX in "living memory".

Under new management, the broker highlights FY25 revenue of $111.5m, up 22% with $9.2m earnings (EBITDA), the first meaningful profit in its coverage history, supported by improved order fulfilment, US demand, and market share gains.

FY26 guidance of $119–126m revenue and $10–12m EBITDA is ahead of prior forecasts, with margin expansion expected as corporate and R&D costs stabilise.

RestAssure, a connected care initiative, is progressing at negligible incremental cost, offering potential to address US physician hesitancy towards oral appliance therapy.

This report was published on October 10, 2025.

Target price is **$1.00** Current Price is **$0.86** Difference: **$0.14**
If **SOM** meets the Canaccord Genuity target it will return approximately **16%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **1.10** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **78.18**.

Forecast for FY27:

Canaccord Genuity forecasts a full year **FY27** dividend of **0.00** cents and EPS of **1.50** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **57.33**.

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

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