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Friday, 21 November 2025



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| [AI's Growth Meets Costs, Scale And Bottlenecks](#)



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AUSTRALIA

The Market In Numbers - 15 Nov 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	15 Nov 2025	Week To Date	Month To Date (Nov)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
NZ50	13464.460	-0.99%	-0.62%	1.29%	2.70%	6.84%
All Ordinaries	8907.00	-1.38%	-2.95%	-2.51%	5.78%	1.53%
S&P ASX 200	8634.50	-1.54%	-2.79%	-2.42%	5.83%	1.08%
S&P ASX 300	8583.90	-1.50%	-2.88%	-2.48%	5.99%	1.30%
Communication Services	1802.70	-2.45%	-2.00%	-3.15%	10.77%	-2.71%
Consumer Discretionary	4048.80	-1.46%	-3.77%	-10.39%	3.52%	-2.27%
Consumer Staples	11728.40	-0.20%	-0.29%	-0.13%	-0.35%	-3.22%
Energy	8891.70	1.91%	2.93%	6.71%	3.12%	2.50%
Financials	9246.20	-4.89%	-4.81%	-3.43%	7.33%	-2.97%
Health Care	35088.90	-0.24%	-1.46%	-6.22%	-21.83%	-15.66%
Industrials	8396.50	-0.17%	-2.16%	-0.87%	9.81%	0.93%
Info Technology	2331.50	-9.36%	-13.08%	-20.36%	-14.94%	-19.63%
Materials	19765.50	3.77%	0.70%	5.05%	22.58%	24.64%
Real Estate	3879.70	-2.58%	-4.85%	-4.33%	3.15%	-0.48%
Utilities	10053.20	1.16%	-0.11%	0.43%	11.30%	9.97%
A-REITs	1782.40	-2.58%	-4.89%	-4.34%	3.72%	-0.47%
All Technology Index	3592.50	-5.36%	-9.58%	-15.00%	-5.59%	-11.16%
Banks	3998.50	-6.05%	-4.96%	-2.77%	10.87%	-0.60%
Gold Index	17119.20	7.41%	6.85%	6.46%	103.23%	48.12%
Metals & Mining	6772.10	3.87%	1.02%	4.93%	28.85%	29.71%

The World

Index	15 Nov 2025	Week To Date	Month To Date (Nov)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
FTSE100	9698.37	0.16%	-0.19%	3.72%	18.66%	10.70%
DAX30	23876.55	1.30%	-0.34%	-0.02%	19.93%	-0.14%
Hang Seng	26572.46	1.26%	2.57%	-1.05%	32.47%	10.39%
Nikkei 225	50376.53	0.20%	-3.88%	12.12%	26.27%	24.43%
DJIA	47147.48	0.34%	-0.87%	1.62%	10.82%	6.92%
S&P500	6734.11	0.08%	-1.55%	0.68%	14.49%	8.53%
Nasdaq Comp	22900.59	-0.45%	-3.47%	1.06%	18.59%	12.42%

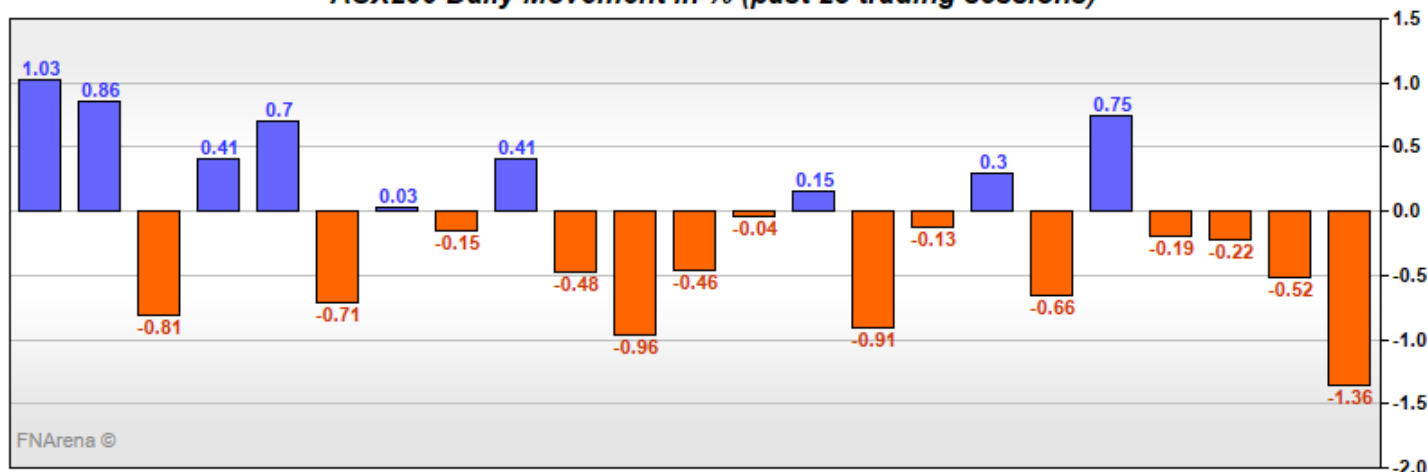
Metals & Minerals

Index	15 Nov 2025	Week To Date	Month To Date (Nov)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
Gold (oz)	4180.42	4.67%	6.05%	8.27%	59.15%	26.59%
Silver (oz)	52.39	9.51%	10.82%	11.34%	73.34%	44.71%
Copper (lb)	5.0600	1.71%	-2.71%	3.14%	23.52%	-0.70%
Aluminium (lb)	1.3063	1.23%	-0.19%	7.46%	14.28%	10.78%
Nickel (lb)	6.7348	0.06%	-1.89%	-1.47%	-5.74%	-1.24%
Zinc (lb)	1.3833	-0.13%	-1.04%	3.52%	2.37%	9.57%
Uranium (lb) weekly	76.63	-7.12%	-2.88%	-7.40%	6.43%	-2.57%
Iron Ore (t)	104.05	-0.98%	-1.52%	-1.23%	0.20%	10.12%

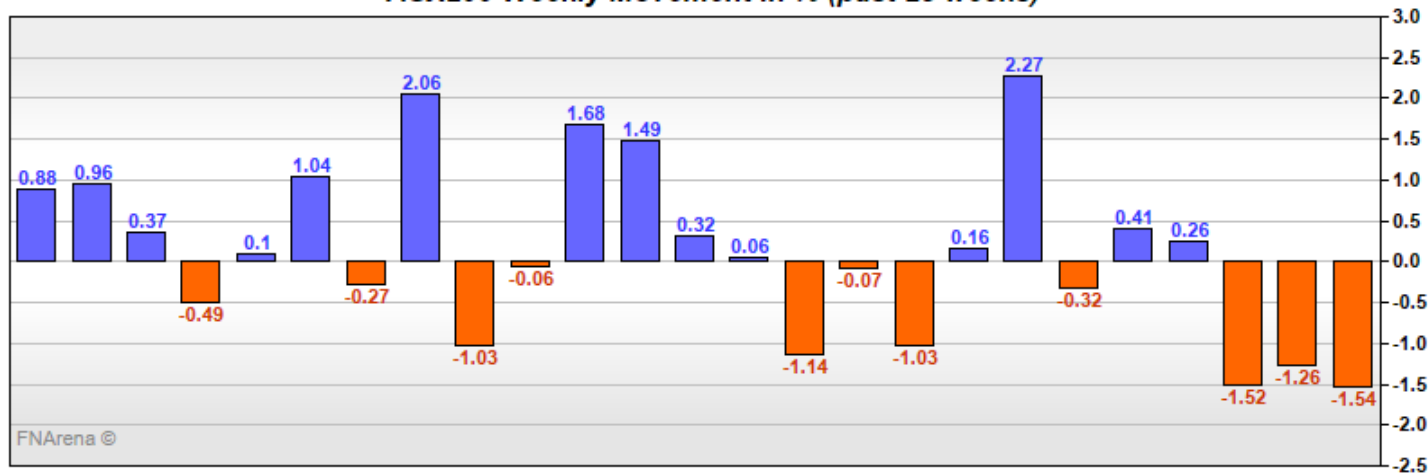
Energy

Index	15 Nov 2025	Week To Date	Month To Date (Nov)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
West Texas Crude	58.69	-1.49%	-2.82%	-7.05%	-15.53%	-10.42%
Brent Crude	63.01	-0.80%	-1.99%	-5.59%	-13.16%	-5.67%

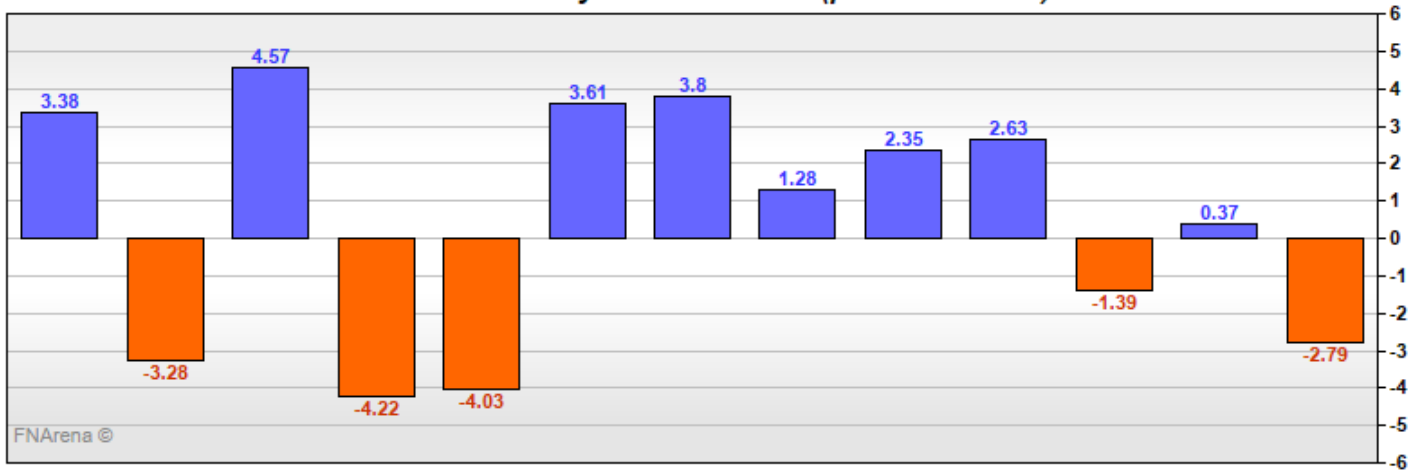
ASX200 Daily Movement in % (past 23 trading sessions)



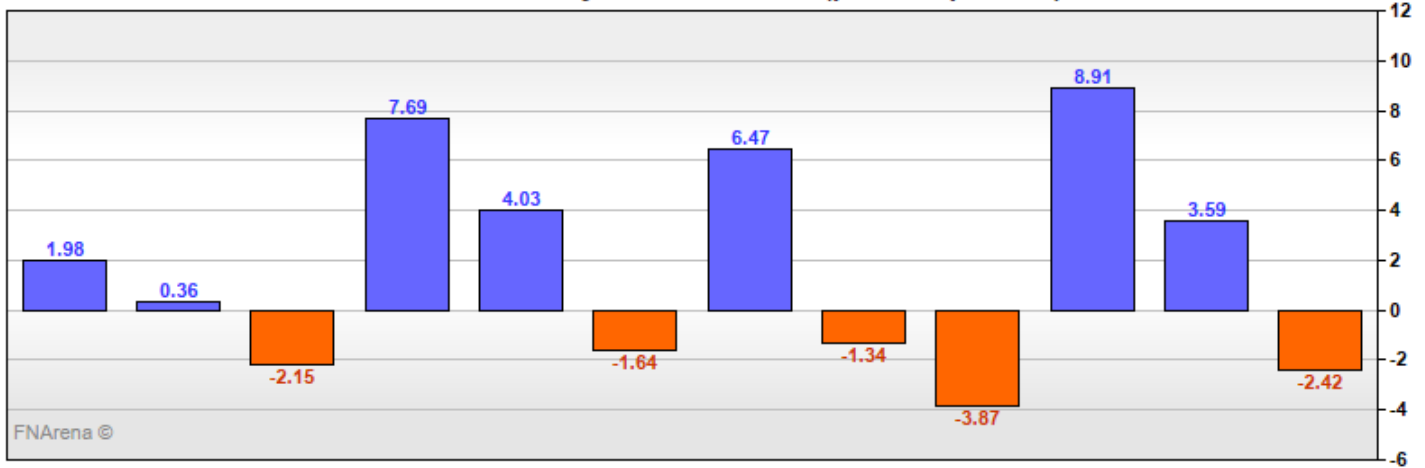
ASX200 Weekly Movement in % (past 25 weeks)



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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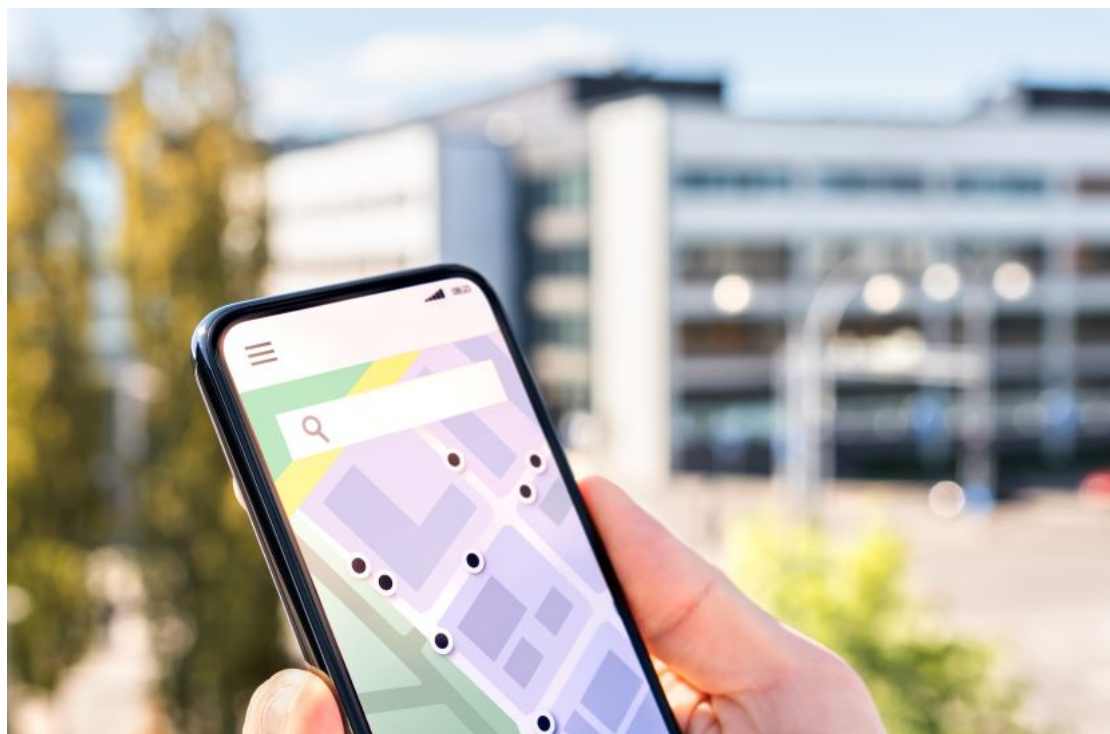
AUSTRALIA

Life360 Shares Hit On Slowing Growth Anxiety

Despite exceeding consensus expectations on most third-quarter metrics Life360's shares tumble on easing monthly active users.

- Life360's 3Q results largely met or exceeded consensus
- Share price weakened on slowing growth in monthly active users
- The issue of 'slowing' divides views and opinions in the aftermath
- Nativo acquisition may also have weighed
- Management is focused on improving monetisation metrics

By Mark Woodruff



Life360 is still growing strongly, but the market zoomed in on slowing growth in monthly active users

On Wednesday morning last week, shareholders in family safety and location-sharing company Life360 ((360)) would have awoken discomfited by news of a -22% fall in the company's share price overnight on the Nasdaq exchange in the US.

Only a keen eye would have discerned the cause buried in the details of third quarter results, which included upgraded guidance for most metrics.

Revenue, earnings, paying circles (families subscribed to paid plans), average monthly revenue (AMR), and average revenue per paying circle (ARPPC) were all broadly in line with or slightly ahead of consensus expectations.

Revenue of \$124m was up 34% year-on-year while adjusted earnings (EBITDA) increased by 15% to US\$24.5m. FY25 revenue guidance was raised by approximately 2% at the midpoint, driven by sustained momentum in Subscription and Other revenue streams.

Canaccord Genuity notes the FY25 adjusted earnings outlook has been raised by about 12% to a midpoint of US\$86m, reflecting improved operating leverage and continued efficiency gains.

A deceleration in monthly active users (MAU) appeared to be the main market concern, with International

and US growth of 24% and 15%, respectively, compared to 34% and 15% MAU growth in the prior quarter.

Global MAU reached 91.6m compared to the 94m forecast by consensus. Shares in Australia have continued to weaken; they closed at \$37.12 on Friday, down from \$45-plus prior to the quarterly update. The share price had peaked below \$55 in early October.

Life360 is best known for its mobile app allowing family members to keep connected and secure.

Real-time location sharing on a private family map is available, along with features like geofenced alerts (i.e. notifications when someone arrives or leaves a place), check-ins, and an SOS emergency button.

The app also offers driving behaviour reports and crash detection with automatic emergency dispatch, which are especially useful for families with teen drivers. These services provide peace of mind by helping parents and caregivers stay informed about their loved ones' whereabouts and safety.

The business model blends recurring subscription fees with device sales and ad-based monetisation.

The Life360 app is free with basic features, attracting a significant user base. Revenue comes from upgrading a fraction of users to paid subscriptions.

Paid membership tiers unlock advanced features, for example, longer location history, unlimited alerts, roadside assistance, and professional emergency help.

Top-tier plans bundle additional benefits like travel support or identity theft protection, extending Life360's scope beyond location tracking.

By offering multiple plans, at monthly rates from \$5 up to \$25, Life360 monetises those families who need comprehensive protection while keeping the core app accessible for free users.

Canaccord suggests the announced acquisition of the Nativio Inc advertising business may have also contributed to the share price softness, though the analysts view this and the relative MAU softness as temporary.

This broker feels Life360's expanding ecosystem, deepening monetisation, and improving unit economics will underpin a durable long-term growth trajectory.

Ord Minnett considers company guidance for 2025 and 2026 revenue and earnings to be conservative, along with broader market expectations.

For the December quarter, guidance implies subscription revenue of US\$100m, or 4% quarter-on-quarter growth.

Even if paying circles remain flat, a 1% lift in average revenue per paying circle, versus 1.5% achieved in recent quarters, would be sufficient to meet guidance, Ord Minnett points out.

MAU and subscriptions

Net additions of 1.2m MAU in the third quarter marks the smallest quarterly gain since the first quarter of 2023, highlights UBS.

While partly reflecting timing effects from marketing initiatives such as the late-second quarter back-to-school campaign, this broker suggests the slowdown may raise investor concerns about potential market saturation.

Bell Potter, however, remains unconcerned by the slower-than-expected MAU growth, viewing it as a result of a deliberate shift in marketing spend and noting it coincided with a meaningful rise in conversion rates, indicating improved monetisation efficiency rather than weakening demand.

While the latter broker has reduced its fourth-quarter MAU growth forecast, this is offset by a higher expected conversion rate, leaving an unchanged projected growth in paying circles.

Post results, CEO Lauren Antonoff stated there had been "an intentional shift in our marketing to focus paid media on users who are more likely to retain and convert".

Ord Minnett believes offshore investors are more focused on headline subscriber growth rather than the company's improving monetisation metrics.

Fourth quarter Subscription Revenue guidance of \$366-368m (previously \$363-367m) also reflects a quarter-on-quarter slowing versus last year.

The implied \$100.2m guidance at the midpoint ‘missed’ the consensus forecast by -1.3%, suggesting to UBS quarter-on-quarter growth is around -5.8 percentage points slower than the corresponding quarter in 2024.

One plank of the UBS upside thesis, advanced after second quarter results, involved durable US user growth, making the current slowdown in the core subscription business notable, in this broker’s view.

On the other hand, Ord Minnett expects subscription revenue growth will accelerate in 2026, supported by improving late-2025 momentum and increasing contributions from the pet-tracking business.

Advertising revenue is also seen as providing a greater contribution to group revenue growth.

Canaccord highlights subscription revenue growth decelerated by only -70 basis points quarter-on-quarter despite a significantly tougher comparison period, supported by stronger conversion in the US. Ongoing expansion of higher-priced membership tiers in markets outside the Triple Tier structure also assisted.

In the A&NZ region, Canada, and in the UK, the company has fully deployed its premium “Silver/Gold/Platinum” subscription structure and commands both higher pricing power and stronger monetisation dynamics.

Hardware, advertising, pets & valuables

Beyond the primary revenue source of subscriptions, management has added hardware and advertising streams to the business.

Through acquisitions, the company now sells Tile Bluetooth trackers and JioBit GPS wearables, integrating these devices so users can track not just people but also pets and valuables in the Life360 app.

Hardware guidance was raised by management at third quarter results to US\$46-50m from US\$42-50m. Hardware sales and related services provide additional income and deepen user engagement.

In 2024, Life360 also began to generate advertising revenue by carefully introducing in-app ads and partnering with brands.

The company leverages its large user data (in privacy-protected ways) to offer relevant, family-oriented ads such as promotions from insurance or transportation services. One early partner, Uber, offered ride-hailing promotions to Life360 families through the app at timely moments.

Management also raised guidance for Other revenue, which includes advertising, to US\$62-67m from US\$57-65m.

The company does not specifically disclose advertising revenue, but Bell Potter estimates it grew to US\$8m from US\$6m in the second quarter; its forecast is for around US\$12m in the current quarter.

UBS believes Life360 is experiencing stronger advertiser adoption driven by programmatic partnerships and the rollout of new ad formats.

As mentioned previously, management also announced an agreement to acquire Nativo, Inc for about -\$120m to strengthen Life360’s advertising capabilities and accelerate growth in ad revenue.

The analysts at UBS suggest Nativo could potentially accelerate the scaling of Life360’s advertising business by an estimated 12 to 18 months.

Additionally, the company licenses aggregated location data insights (e.g. traffic patterns, retail foot traffic) to partners.

In May this year, management extended its reach into online safety (helping acquire additional users) by forming a partnership with Aura, an identity theft protection firm. Life360’s services are now bundled with Aura’s digital security offerings.

In the September quarter management launched its Pet Tracker service, extending Life360’s hardware lineup to pet safety.

Early sales of the Pet GPS Tracker device exceeded expectations held by UBS, with units selling out across key launch markets including the US, UK, Canada, Australia, and New Zealand.

Management noted strong engagement from existing members and encouraging early conversion from free to paid users, reinforcing Life360’s strategy to expand its addressable market to the roughly two-thirds of US

households that own pets.

Outlook

Of the five daily covered brokers in the FNArena database researching Life360, four have Buy (or equivalent) ratings, while Ord Minnett sits on Accumulate, midway between Buy and Hold.

Following the September quarter results, the average target in the database (excluding UBS) rose to \$52 from \$49.50, implying 40% upside to Friday's closing share price.

Note: UBS lowered its target to US\$110 from US\$120. The Nasdaq shares are CHESS Depositary Interests (CDIs), where 1 Nasdaq CDI equals 3 ordinary ASX shares.

Outside daily coverage, Buy-rated Canaccord Genuity has stuck with its US\$115 target.

E&P has a Positive rating with a \$46.57 target.

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AUSTRALIA

Solid Momentum Drives Orica's FY26 Optimism

Orica posted a strong FY25 result and forecasts improving growth across all three business segments through FY26.

- Orica's FY25 result solid, slightly ahead of consensus
- Specialty Chemicals and Digital Solutions now primary drivers
- Around half of earnings stem from gold and copper sectors
- Adds incremental \$100m to recently completed \$400m buyback program

By Greg Peel



Orica is seen as well positioned to deliver earnings growth in the short-to-medium term, underpinned by cyclical tailwinds in mining and exploration markets

Orica ((ORI)) is not only the world's largest explosives company, it's the global leader in geotechnical and structural monitoring in mining and civil infrastructure and the world's largest producer of sodium cyanide.

Orica is leading the industry with its technology offering. Importantly, notes Morgans, this area is high growth and high margin work. Orica's management team continues to execute well and has a solid track record.

The company delivered a strong FY25 result (September year-end), with earnings growth across all segments reflecting improvements in mix and margin, ammonium nitrate re-contracting benefits, elevated mining exploration activity and record gold prices driving demand for sodium cyanide.

Earnings per share increased by 30% year on year, slightly ahead of consensus. Net operating cash flow was a standout, UBS suggests, increasing by 18% to \$949m. Leverage of 1.4x was therefore at the low end of the target range of 1.25-2.0x. As such, Orica has allocated an incremental \$100m to its recently completed \$400m buyback program.

In Morgans' view, this was a strong outcome given the geopolitical risks, economic uncertainty, adverse weather and weak demand for thermal coal. In FY25, Orica benefited from its continued commercial discipline, the uptake of its premium products and technology (mix benefits), which resulted in higher margins.

FY25 also benefited from new acquisitions (Terra and Cyanco), re-contracting benefits, less turnaround activity than FY24, and a general uptick in exploration activity.

Macquarie notes the composition of Orica's earnings growth is changing, with Speciality Mining Chemicals and Digital Solutions coming to the fore and the rate of growth in Australia-Pacific slowing after moving through the bulk of ammonium nitrate price re-sets.

Specialty Mining Chemicals is benefiting from strong demand from the gold mining sector for sodium cyanide, while Digital Solutions is benefiting from increasing global exploration activity.

Good momentum

Orica has started the year "with good momentum", according to management, which expects improved FY26 earnings across all three key segments.

Blasting Solutions earnings growth is now expected above that of GDP growth "through the mining cycle", supported by improved product mix, wider margins earnings and technology benefits, up from previous guidance of just "growth".

Digital Solutions' earnings growth is now forecast to be in the mid-teen percentage, up from low double-digits previously, as customer adoption accelerates and exploration activity increases.

Specialty Chemicals' earnings growth is now guided to high single-digits, up from mid single-digits prior, buoyed by strong mining sector activity, especially in the gold industry.

The gold and copper sectors now make up around half of Orica's group sales, Ord Minnett points out.

Blasting Solutions is forecast to see further re-contracting benefits, offset by weaker demand from the US and Indonesian thermal coal markets, the major Carseland ammonium nitrate facility (Canada) turnaround (scheduled for early second half FY26) and a non-repeat of a \$15m carbon credit benefit.

Expanding global exploration activity and further cross-selling opportunity conversion is expected to support Digital Solutions. Speciality Mining Chemical earnings are anticipated to strengthen on strong demand for sodium cyanide from gold customers and higher manufacturing facility output as Winnemucca (Nevada) ramps up.

Operational challenges at the Winnemucca facility have been progressively addressed with the planned critical safety upgrades completed successfully.

It's a blast

Despite Blasting Solutions volumes falling by -4.2% in FY25, earnings were up 14.9%. Morgans notes earnings per tonne increased to \$217.2/t versus \$181.1/t in prior year, proving Orica doesn't require rising ammonium nitrate volumes to grow but is now a mix and margin improvement story. Its premium products and advanced blasting technologies are gaining strong traction.

Blasting Solutions is in the driver's seat, Jarden suggests, despite disruptions. Orica saw its underlying earnings per tonne accelerate through the second half, driven by improving pricing dynamics (Asia-Pacific) and prudent cost control across its operations.

The outlook for FY26 starts the year mixed, Orica will cycle the \$15m of carbon credit benefits and will undergo a major turnaround in North Americas (Carseland), which has been well flagged to the market in Orica's disclosures.

The balance of the outlook for North Americas now swings on Orica's ability to offset any near-term supply chain disruptions for its North Americas distribution market where its major supplier, CF Industries, has declared force majeure.

Orica can likely offset these headwinds via its global sourcing, but that likely will come at the sacrifice of some near-term margin given higher transportation and route to market costs, Jarden points out.

Perfect score

It can be considered a kiss of death, but all seven brokers monitored daily by FNArena covering Orica have Buy or equivalent ratings, unchanged ahead of the FY25 result, as does Jarden.

The consensus target among the seven is \$26.58, up from \$23.65 prior, while Jarden retained its \$25.60 target.

Orica's balance sheet remains strong, its free cash flow and return on net assets outlook is improving and market dynamics remain supportive, Jarden believes. Overall, this broker thinks the strong earnings growth profile, prospects for further capital returns for shareholders and modest financial leverage provide considerable optionality and appeal for investors.

Management is not planning material M&A, Macquarie notes. There are bolt-on acquisition opportunities in specialist chemical areas (servicing the copper market) but nothing of large scale. Hence, the share buyback has been upsized by \$100m to \$500m.

Orica is trading at a -10% PE relative discount to the ASX100 versus a circa 5% long-term premium, Macquarie notes. On a 17.1x FY27 forward PE, Orica trades at a discount to Dyno Nobel's ((DNL)) 18.6x.

Leverage to attractive industry fundamentals, market leading positions, solid earnings growth, proven management team plus a strong balance sheet support Morgans' Buy rating.

Orica is positively leveraged to resilient global mine production activity, and supportive ammonium nitrate prices given relatively balanced global supply. UBS expects mix and margin improvements from the uptake of premium blasting solutions and technology services, plus the integration of recent acquisitions, to drive a three-year compound earnings growth rate of 8%. UBS sees ongoing PE re-rate potential.

Bell Potter suggests Orica is well positioned to deliver earnings growth in the short-to-medium term, underpinned by cyclical tailwinds in mining and exploration markets.

Earnings growth will also be supported by further premium product uptake, strong facility performance across ammonium nitrate and sodium cyanide supply networks and commercial discipline.

The upgraded target for medium-term return on net assets to 13.5-15.5% (previously 13.0-15.0%) and the \$100m buy-back extension (to be completed by March 2026) are considered positive developments.

Ord Minnett has also retained its Buy rating and Morgan Stanley an Overweight rating (Buy-equivalent).

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AUSTRALIA

Sceptics Want Xero To Prove Melio's Added Value

Despite strong underlying growth in the core accounting business, lower cost guidance and the general approval of analysts, shares in Xero fell after first-half results.

- Xero's interim reveals strong growth for the core accounting business
- Operating expense guidance down, Melio aspirations confirmed
- Loss-making Melio to keep Xero's growth below Rule-of-40 level until FY28
- Re-rating likely requires tangible evidence of successful Melio integration and execution

By Mark Woodruff



Xero's largest acquisition ever comes with proof of successful execution

Cloud accounting software provider Xero's ((XRO)) value proposition continues to resonate strongly across the A&NZ region, which accounts for over half of group revenue, but the key question remains whether this success can be replicated across the United Kingdom and North America.

Xero's core accounting business delivered strong underlying growth in the first half, with faster-than-expected execution across several near-term growth initiatives. Gusto (payroll) went live ahead of schedule and the recent acquisition of digital payments platform Melio closed earlier than anticipated, with the US rollout slated for December.

Full-year FY26 operating expense guidance improved to 70.5% versus the previous 71.5%, and management reiterated longer-term aspirations tied to the Melio acquisition. FY25 revenue is expected to more than double by FY28 while maintaining "greater than Rule-of-40" outcomes.

Melio enhances Xero's product suite, expands its payments capabilities, and will hopefully accelerate scale across the North American market.

Subscriber growth is gradually improving from a low base in the larger North American market, Morgans observes, while the UK's mandatory 'Making Tax Digital' program is providing a structural tailwind.

Negative reaction to results

The recent sell-off in high-growth stocks like Xero has been broad-based, driven by rising bond yields, macroeconomic uncertainty, and a market rotation into value sectors.

Given the -28% share price fall since the Melio acquisition announcement in late-June, and the -11% decline in the four weeks prior to first half results, analysts at Jarden were surprised by the additional -9% drop after the release, noting it came despite solid operating momentum.

Ord Minnett believes investors reacted to higher-than-expected guidance for the operating expenses-to-revenue ratio, which was interpreted as implying roughly a -5% downgrade to FY26 earnings (EBIT).

Also, A&NZ's lifetime value-to-customer acquisition cost (LTV/CAC) ratio declined to 10.7 in the period from 11.6 in the prior year.

While this is mathematically correct, Jarden notes the 8% rise in lifetime value per subscriber to \$4,899 more than offsets the -17% deterioration in acquisition cost to -\$458, underscoring continued efficiency in customer economics.

Although revenue recognition in the International segment was around 90% due to higher discounting, Macquarie explains the six-month discount period reduces subscriber lifetime value by only -0.8%, while effectively supporting subscription growth.

North America revenue 'missed' which RBC Capital attributes to weakness in Canada and ARPU discounting, given North America subscriptions were in line with expectations.

Despite the above real or imagined disappointments, Macquarie now has increased confidence in management's ability to achieve its FY28 target of more than doubling sales.

In a more cautious take, Morgans believes it may take time for management to rebuild investor confidence in Melio's strategic value and to restore Xero to Rule-of-40 growth levels.

Revenue, subscribers and ARPU

Xero's growth is driven by both subscriber volume increases and rising ARPU via the introduction of new products and price rises.

The company's cloud-based small business accounting platform, which brings together core business tools such as accounting, payroll, and payments, generates revenue primarily through recurring subscription fees.

Xero's SaaS model is supported by an extensive ecosystem of third-party app integrations and bank connections, allowing small businesses and their advisors to manage finances and automate processes.

In the first half, operating revenue grew 20% year-on-year (18% in constant currency) to NZ\$1.194bn driven by a combination of subscriber expansion and higher ARPU.

Total subscribers reached 4.59m, up 10% year-on-year, with net subscriber additions of 176,000 in the half versus just 26,000 in the prior period, which had been depressed by a one-off purge of long-idle accounts.

A&NZ delivered NZ\$663.7m in revenue, up 17% year-on-year, with subscriber numbers reaching about 2.7m.

The International segment (which encompasses the UK, North America and Rest of World) grew even faster, with revenue rising 24% to NZ\$530.5m as subscribers climbed to 1.9m.

ARPU expanded in both segments, especially internationally where higher-value offerings and price changes drove a 19% year-on-year increase in ARPU to NZ\$54.08.

Group ARPU climbed to NZ\$49.63 per month, a 15% increase reflecting price increases and uptake of higher-tier offerings. Australian, UK and New Zealand price rises within the half contributed more than 50% to this increase, Macquarie highlights.

Subscriber growth in A&NZ has remained steady over the past three halves, Morgans highlights, while the UK continues to record year-on-year improvement in subscriber additions. Management now also discloses US subscribers and revenue, and these operations continue to improve on an underlying basis.

Costs versus revenue

Healthy top-line growth, combined with disciplined cost control, improved Xero's operating leverage.

Management guided to an expenses ratio of 70.5% for FY26 (including Melio) and the market has interpreted this to mean an underlying earnings (EBIT) outcome of NZ\$364m for FY26 versus the consensus estimates for NZ\$410m, explains Ord Minnett.

Operating expenses accounted for 72.8% of revenue in the first half (excluding one-time acquisition costs), down from the mid-70s range a year earlier.

In June this year, management announced Xero's largest-ever acquisition, a deal to buy the US/Israeli small business payments platform Melio, to accelerate the company's North American expansion.

At the time, management noted the transaction would fill a critical gap by integrating bill pay capabilities into Xero's accounting software.

Melio's revenue grew 68% year-on-year to around NZ\$183m, while customers rose by 7,000 in the half.

Management plans to roll out Melio's bill pay services to all US customers by December to begin realising synergies from the deal.

While Xero continues to improve cost control, Citi notes overall revenue growth has moderated, with constant-currency growth easing to 18% year-on-year in the first half, down from 23% a year earlier.

Subscription revenue growth slowed from 20% in the second half of FY25 to 18%, though the broker expects momentum to recover as front-book mix improves and the Melio integration drives expansion.

Profitability metrics improved alongside growth. Adjusted earnings (which excludes one-off items) came in at NZ\$350.9m, up 12% from the first half of FY25. On a reported basis, earnings were NZ\$377.9m (up 21%) aided by a foreign exchange gain related to the Melio funding.

Net profit after tax jumped 42% to NZ\$134.8m buoyed by that currency gain and the higher revenue.

Xero's subscriber churn remained low at around 1.09% monthly. Macquarie explains a churn increase was expected given plan price changes, noting the level still remains below the pre-covid average of 1.15%.

Xero also generated NZ\$321.1m in free cash flow (FCF) for the half, expanding its free cash flow margin to 26.9% from 21% a year prior.

Morgan Stanley highlights the combination of slightly higher ARPU and improving FCF generation helped lift the Rule-of-40 metric to 44.5% (excluding Melio) in the half versus 44% last reported.

Including Melio's impact, Xero is expected to return to Rule-of-40 performance by FY28, following two years of temporary dilution from integration-related losses, the broker explains.

Outlook

Macquarie describes Xero as a great growth story, noting the share-price reaction to the first-half results does not reflect the strength of the business while the stock trades at around 25 times this broker's two-year forward earnings forecast.

Morgan Stanley acknowledges Xero may have paid a premium for Melio but considers the acquisition strategically sound, with clear long-term value potential.

This broker adds tangible evidence of successful integration and execution will be needed before the shares can meaningfully re-rate.

UBS remains positive on Xero's medium-term growth outlook and considers the current share price an

attractive entry point for investors. The revenue outlook is for a 22% revenue compound annual growth rate (CAGR), with 17% for core accounting.

This broker expects ARPU growth to be supported by annual price rises along with higher product attachments.

There are six daily covered brokers in the FNArena database generating research on Xero, of which five have a Buy (or equivalent) rating, while Morgans sits at Accumulate, midway between Buy and Hold.

The average target price of the six brokers fell to \$200.05 from \$211.67 prior to the interim results, implying nearly 70% upside to the share price of around \$118 on Tuesday, November 18th.

While most price targets are set between \$230.30 (Macquarie) and \$194 (UBS), Morgans is the outlier with \$141, which has a negative impact on the average.

Outside of daily coverage, buy-rated Jarden reduced its target to \$183 from \$196, while RBC Capital is at Sector Perform with a \$185 target.

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AUSTRALIA

The Hidden Cost Of Corporate Transformation

- Digital transformation and AI are forcing companies to increase their spending
- Short-term costs are certain, but future benefits are not
- Corporate transformation spending in Australia projected to hit US\$84.7bn by 2033
- Potential limits for dividend payments

By Lily Brown

	31.12.2023	31.12.2022
Assets		
Goodwill	2,807,000	-
Intangible Assets	4,144,000	7,278,000
Long Term Investments	52,180,000	3,800,000
Property, Plant and Equipment	3,120,000	34,811,000
Other Assets	48,331,000	2,268,000
Other Assets	180,307,000	98,853,000
Other Long Term Assets	16,126,000	16,260,000
Total Assets	394,200,000	163,429,000
Liabilities		
Current Liabilities	80,550,000	47,638,000
Long Term Debt	4,918,000	7,669,000
Other Liabilities	92,000	83,000
Other Long Term Liability Charges	55,561,000	55,390,000
Minority Interest	36,401,000	34,549,000
Total Liabilities	179,522,000	145,739,000
Stockholder's Equity		
Minority Interest	5,508,000	6,014,000
Preferred Stock	2,180,000	1,794,000
Common Stock	39,650,000	39,650,000
Retained Earnings	378,000	397,000
Treasury Stock	66,638,000	63,660,000
Capital Surplus	3,803,000	3,920,000
Other Stockholder Equity	(70,000)	(2,688,000)
Total Stockholder Equity	70,749,000	65,285,000
Net Tangible Assets	54,623,000	50,025,000

Increased investments do not by default guarantee higher quality results

For much of the past decade, “digital transformation” has been a familiar slogan. For Australia’s major industrial companies, it has turned into a significant capital commitment.

Across logistics, transport, packaging and manufacturing, automation, predictive analytics and cloud-based systems have shifted from optional upgrades to essential tools for staying competitive.

But the financial impact of this shift is starting to appear in more places than simple capex lines – through delayed amortisation, higher capital intensity and tighter free cash flow.

Investors who still view digitalisation as a straightforward growth driver may need to rethink that assumption.

The transition is real, but the payoff is slow and financially disruptive in many cases.

The Macro Backdrop: Digital Spend Outpacing Plant Investment

Australian industrials are directing more capital toward technology than ever. The Australia digital transformation market reached US\$18.5bn in 2024, and IMARC Group expects it to hit US\$84.7bn by 2033 at a

CAGR of 18.4%.

Meanwhile, expected growth in global manufacturing and transportation infrastructure sits at just 5-9%.

The pace of technology investment is clearly overtaking traditional plant and equipment spend.

Brambles ((BXB)) noted in its FY25 result it completed its 2023 goal of deploying analytics systems to identify stray assets and predictive models to recover lost assets across five markets.

But achieving this requires companies to commit significant upfront spending. Brambles, for instance, reported digital transformation costs in FY25 were -US\$111.7m, up -US\$11.4m year-on-year, reflecting continued investment in technology and analytics.

Such costs are something investors need to scrutinise.

Where the Costs Hide

Digital transformation doesn't leave behind physical assets. Costs are spread across capitalised software, expensed items and restructuring charges, making them harder to spot.

- Downer EDI ((DOW)) reported -\$19.1m in amortisation of IT assets in its FY25 results.
- Aurizon Holdings ((AZJ)) recorded about -\$30m in transformation capital, mostly linked to automation and ERP spending, with limited disclosure on productivity gains or payback timelines.

The underlying message is that near-term profitability may be overstated.

Companies are paying for these projects now, but benefits may take years to materialise.

Margin Risk and Deferred Payoffs

PwC estimates automation projects, particularly AI, require several years to deliver full payback.

Meanwhile, training, system downtime and parallel operations push margins lower before benefits appear.

Winners and Laggards: Spotting the Difference

Digital spend varies dramatically in quality. Some ASX industrials can quantify their gains; others offer vague promises.

Clear execution examples include:

- Brambles increased return on capital invested to 21.9% (up 1.4 percentage points year-on-year) and lifted operating cash flow by US\$152m through asset-efficiency programs.
- Cleanaway Waste Management's ((CWY)) route optimisation has delivered measurable savings in fuel and logistics costs.
- Amcor's ((AMC)) adoption of digital twin technology has sped up sustainable packaging development and reduced costs.

Investors should prioritise companies that provide quantifiable digital payback data. Historically, those that do —like Brambles, Cleanaway and Amcor— tend to outperform in both free cash flow (FCF) and valuation stability.

Capital Markets Implications

For yield-focused investors, digital investment is increasingly visible in cash conversion.

In FY25, Brambles demonstrated how digital transformation investments can be reflected positively in cash conversion metrics despite ongoing transformation costs.

The company reported free cash flow before dividends of US\$1.095bn, up US\$212 million year-on-year, driven by higher earnings and lower capital expenditure timing effects linked to asset efficiency investments.

This strong free cash flow generation underwrote a 17% increase in total dividends and supported a US\$400m on-market buyback plan announced for FY26.

Brambles specifically highlighted its digital initiatives enhanced asset efficiency and productivity, contributing to cash flow stability and enabling shareholder value creation while continuing to invest heavily in transformation.

For yield investors, this demonstrates how robust free cash flow can coexist with significant digital capital and operational investments, making digital spend materially visible in cash conversion outcomes.

Meanwhile, Citi expects global AI compute demand to require US\$2.8trn in spend by 2029. If amortisation and recovery lag expectations, companies may face pressure to slow or reduce cash returns to shareholders.

Dividend investors should note: rising digital investment with flat earnings guidance could squeeze payout capacity in FY26-27.

The New Industrial Premium

Digital transformation is no longer a strategy project but a core part of industrial cost structures. The key for investors is assessing the *quality* of digital spend, not the size.

Digital investment remains essential for long-term competitiveness, but today it is a quiet drag on cash flows.

Investors who adjust for hidden digital capex and delayed returns may find that the real advantage lays not with the companies spending the most, but with those executing the best.

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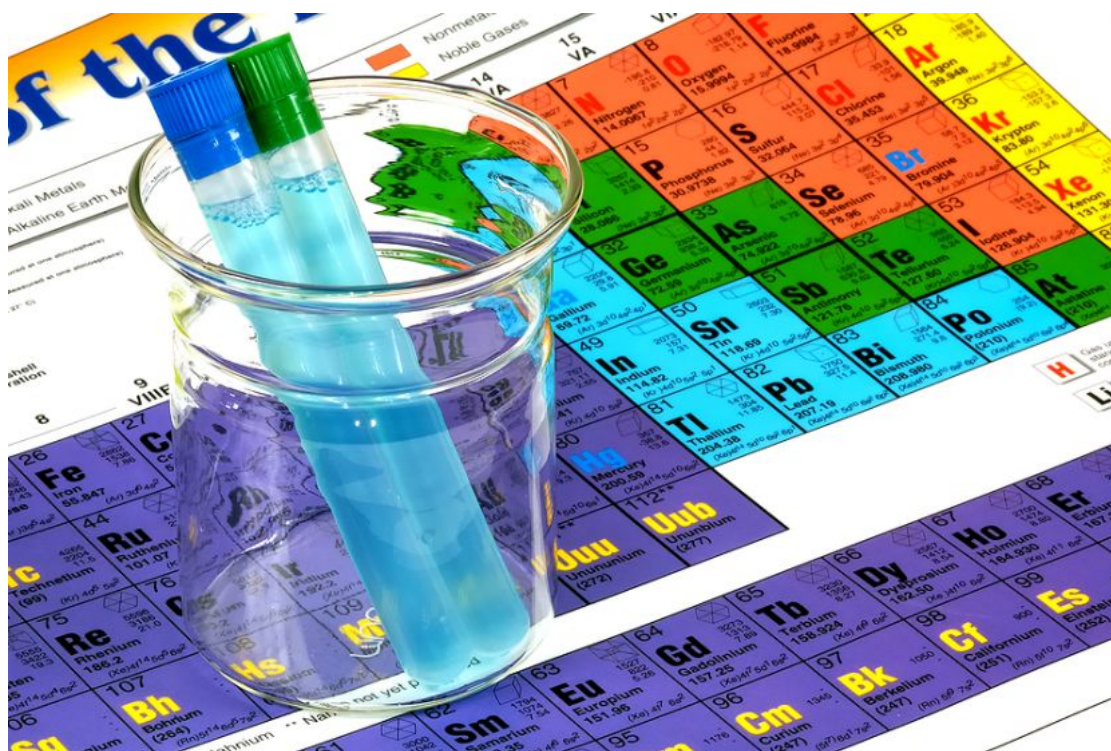
AUSTRALIA

ALS Strikes Gold, With Upside Potential

Rising demand for commodities testing, supported by the soaring gold price, provided a strong first half for ALS Ltd, and it appears there's more to come.

- ALS Ltd first half beat expectations
- Better than expected growth in minerals testing
- Junior miners set to begin exploration, increasing demand
- Guidance seen as conservative

By Greg Peel



ALS Ltd is the dominant global leader in geochemistry testing with a circa 50% market share

ALS Ltd ((ALQ)) falls within the Testing, Inspection and Certification (TIC) sector, providing laboratory testing across two segments; Commodities and Life Sciences.

The Commodities division provides geochemistry and metallurgy testing of that which miners pull out of the ground at newly developed sites, as well as equipment reliability.

The Life Sciences business provides testing of food, pharmaceuticals and personal care products --referred to as the "legacy" business-- and the subsequently added environmental testing business (water/air quality, site remediation etc) which has grown to 80% of the Life Sciences segment.

ALS Ltd's first half FY26 result was ahead of expectations. Profit was up 17% year on year and earnings up 15%.

Divisionally, both Commodities and Life Sciences exceeded expectations, partly offset by higher corporate costs and FX.

Commodities

In the middle quarters of FY25 (March year-end), weaker demand and lower commodities testing volumes forced ALS to discount its pricing, but that trend swung the other way in the final quarter and continued into the first half of FY26 (to September).

While there has been a general increase in volumes across commodities, this year's surging gold price in particular, along with the copper price, have been primary drivers,

In the Minerals sub-segment, volumes and mix drove a 220 basis point improvement in the margin in the first half. However, this was weighed down by a -120bps impact from pricing as the price discounting from second and third quarters of FY25 continued to wash through.

The good news is those legacy contracts at lower prices have now largely expired.

Importantly, UBS notes, Minerals sample volumes were up low double digits throughout the half, given supportive commodity prices (gold/copper) and demand from onshoring and mineral security trends.

Analysts specifically note volume growth to date is still being driven (75%) by major and mid-tier miners.

Here Come the Juniors

On a trailing 12-month basis, resource capital raisings are up 60%, Macquarie notes. In Morgans' view, equity raisings are the most powerful key lead indicator for geochemistry sample volumes and therefore the share price of ALS.

Morgans' data, which the broker notes have reached unprecedented levels over the last few months, imply that volumes will grow 25-35% year on year during the December quarter and will be up around 40% in January.

The data have an 86% correlation with ALS' sample volumes over nearly a ten-year period, which gives Morgans confidence volumes will be there or thereabouts.

Juniors represented some 20-30% of overall activity levels in the past, Citi notes, so momentum in Geochemistry could increase from here on.

The company has, however, called out that the time lag between capital raised and sample volumes has increased, which makes sense given lengthy approval processes.

Morgans sees this as a timing issue.

Life Sciences

Life Sciences earnings beat by 4% on better margins despite weaker demand in the US and challenges regarding the York acquisition integration, Macquarie notes. US-based York is an environmental testing company with a particular focus on PFAS.

The previously acquired Nuvisan (Europe pharma testing) is finally starting to hit its straps, Macquarie points out, with positive revenue growth and earnings margins up 475bps on a material cost-out.

Life Sciences earnings were up 19% year on year on margins of 15.1% (up 74bps). Excluding acquisitions, margins rose by 57bps, Morgans notes.

Life Sciences' margin was 30bps higher than assumed as cost-out continued at Nuvisan and legacy Life Sciences operations delivered margin expansion ahead of the 20-40bps FY26 target.

Notwithstanding this strength, the outlook for Life Sciences is considered more mixed. Concerningly for Jarden this appears, at this stage, to be focused on the Environmental business in the Americas (Latam and US) where legacy earnings margins are guided to decline -25bps to -40bps through the second half.

Tempering Jarden's positive view on the outlook for Commodities is concern that fundamentals have deteriorated for ALS' legacy Life Sciences business and, more specifically, its Environmental operations. Operating conditions remain challenging and competitive intensity has built, based on Jarden's assessment of the market.

Brokers aren't prepared to call it out specifically but clearly Trump's environmental policies (or lack thereof) and deregulation will impact on demand for testing. Tariffs are also a drag. Then there's the upending of the US Department of Health, which is not a positive for the legacy business either.

Ord Minnett points out the earnings beat in the Life Sciences division was supported by both revenue growth and margin expansion, although a slowing in the rate of revenue growth to 4.5% from 9.3% a year ago in its legacy business caused some concern.

Ord Minnett expects the 4.3% rate to hold in the second half of FY26 before picking up in FY27 and later years.

Conservative Guidance

At the group level, ALS' FY26 organic revenue guidance has been upgraded to 6-8% growth from 5-7% with steady margin improvement reiterated. The seasonality is expected to be 48:52 between the first and second halves.

Profit guidance is slightly trimmed incorporating the impact from costs pushed above the line (restructuring and greenfields), for which a decision was taken to drive improved accountability given these costs are often recurring for TIC businesses.

ALS is now anticipating Commodities organic revenue growth of 12-14% in FY26 (up from 5-7%). To Morgans, this feels conservative given Commodities delivered 12% growth in the first half, pricing is turning favourable in the second half and, in Morgan's view, volumes are set to accelerate.

In everyone's view actually.

Citi believes ALS' upgraded Commodities organic revenue growth guidance purely factors in the observed run-rate in the first six-seven weeks of the second half. In other words, a meaningful return of juniors or any progressive uptick in exploration levels are not fully factored in.

Citi also thinks risk to the margin for Commodities is likely to the upside, underpinned by higher sample volumes and continued high-performance metal take-up.

There are healthy signs for the Commodities business heading into second half, Jarden agrees. Geochemistry sampling flows have lifted by "early double digits" in the first half FY26, an "impressive" acceleration from the 5% achieved in the second half FY25.

More importantly, in Jarden's view, this coincided with price/mix lifting from a negative -4% in the prior half to positive 2% in this half. Jarden anticipates "double digit" sampling flow growth to continue in the second half and for price/mix benefits to be retained.

The broker notes this outlook is not presently captured in guided half-on-half improvement in underlying Commodities earnings margins of 100 to 125bps. Accordingly, Jarden's forecasts sit at greater than double this guidance (320bps) boosted by price/mix leverage.

There is also a degree of conservatism in FY26 Life Sciences margin guidance, Citi suggests, implying a sequential deterioration in margin, despite full-year organic revenue growth being expected to remain flat or 1-2ppt higher versus the first half.

Views All Positive (Almost)

Citi expects momentum to continue to accelerate particularly with respect to Commodities. On this basis, Citi maintains a Buy rating.

The stock has had a strong run, Macquarie notes, and the PE multiple is not cheap, but the shares should be supported by ALS' strong earnings per share growth profile which is above both the market and global TIC peers.

2026 exploration budgets should trend positively and there's potential for the juniors to co-join the senior driven exploration recovery.

Macquarie retains Outperform.

Bell Potter retains Buy, expecting Commodities to deliver strong earnings growth and margin expansion over

the next 12 months as exploration market activity strengthens, and with profitability also improving at Life Sciences, Bell Potter estimates ALS could deliver an attractive 17.5% compound annual earnings growth rate over FY26-27.

Accelerated M&A also represents upside, although Macquarie highlights the potential for bolt-on acquisitions across Commodities and Life Sciences but nothing transformational.

ALS is the dominant global leader in geochemistry testing (circa 50% market share), Morgans notes, which is highly cash generative and has little competition for a variety of reasons. The excess capital from Commodities is used to fund capital-driven earnings growth in Life Sciences.

Morgans retains Buy.

UBS also maintains a Buy rating with the stock trading at a one-year forward enterprise value to earnings multiple of 14x, in line with where the stock has traded at during previous exploration upcycles, albeit the current gold price is some 2.5x higher.

UBS' Buy thesis is underpinned by the view that the record gold price should drive a recovery in exploration activity.

Ord Minnett has an Accumulate rating.

That leaves a full suite of Buy or equivalent ratings among the six brokers monitored daily by FNArena covering ALS (although Ord Minnett's "Accumulate" is actually one rung below "Buy" in this broker's five-tier system).

The consensus target among the six has risen to \$24.26 post the FY25 result from \$22.29.

Jarden has made a substantial increase to its target, but only to \$18.40 (from \$14.85). While in full agreement with other brokers with regard upside for the Commodities division, Jarden is not as confident as others with regard Life Sciences.

ALS is a well-managed business, Jarden acknowledges, with a competitive edge in key markets. However the stock's PE expansion to date has created a need for earnings delivery to be ahead of the market, which keeps this broker cautious.

Jarden retains an Underweight rating.

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INTERNATIONAL

The Market Has Left GARP Behind. What Can Change That?

Current change in equity market conditions might revert investors' focus back to Growth-at-a-Reasonable-Price (GARP), one of the best performing styles longer term, according to Josh Nelson, Head of Global Equity at T. Rowe Price.



GARP has been one of the outperforming investment styles longer term, though not recently

Innovation and technological upheaval, spurred by artificial intelligence's (AI) growth as a source of profits and productivity gains, are untethering markets from their past.

There have been booms before, many with messy endings, but the belief that this AI-driven one is different has allowed noise and narrative to take over.

Imagination can lead to speculation, and the perception of winners and losers —both idiosyncratic and thematic— drives market movement.

A lottery ticket mentality is taking over for fundamental analysis. That can stretch valuations, challenge fundamentals, and temporarily widen the gap between companies that benefit from these momentum sources and those that do not.

Amid these dynamics, some left-behind companies still offer the prospect of steady earnings, cash flow, and dividend growth at a reasonable price (GARP).

These traits give them the potential to be long-term winners, and they are attractive for their tendency to grind higher and compound over time to deliver strong returns in down markets, flat markets, and even modest up markets—just not the frothiest ones¹.

So, as we see evidence of market broadening and earnings growth accelerating outside of just big tech, these forgotten GARP names stand to return to favor and be rewarded for the durable growth they're known for.

Unprecedented risk concentration: Can it persist?

In the meantime, the market has been anything but broad. Narrow leadership, particularly concentrated among the “Magnificent Seven” (Alphabet, Amazon.com, Apple, Meta Platforms, Microsoft, NVIDIA, and Tesla), hasn’t been completely unjustified.

Most have strong fundamentals and are not optically expensive.

But their growth has led to levels of concentration and other characteristics consistent with the peaks of two other extended growth bull markets, both of which ultimately reversed sharply: the “Nifty Fifty” market of the late 1960s and early 1970s, and the 1999-2000 run-up before the internet bubble burst.

The information technology sector in the S&P 500, plus the Magnificent Seven names not included in that cohort (Alphabet, Meta Platforms, and Tesla), accounted for 59.2% of the indexes’ predicted beta as of June 30.

The top 10 constituents account for 47.2% of the index’s beta. That peaked at 49.8% at the end of 2024. Before its current run, the highest level of predicted beta concentration in the index was 35.8%, reached in March 1966. At the turn of the century, it peaked at 32.9%.

Several other data points are consistent with the previous two extended growth bull peaks, as represented by the S&P 500², including:

- The weight of constituents with a trailing 12-month free cash flow/enterprise value ratio below 3% (59.7% as of June 30, down from 65.5% at year-end);
- The weight of companies with below a 2% dividend yield (76.3%);
- And the weight of companies in the index with a 35x or higher trailing 12-month price/earnings ratio (42.1%).

None of this, to be clear, is to suggest that we’re calling a top on the current regime. We think there’s still room for this market to run, but would note the unique circumstances that have both led to the current market winners and taken up much of the oxygen that could have gone to GARP companies.

While there have been signs of broadening recently, since the pandemic, earnings growth has been concentrated in tech and the Magnificent Seven.

The extent that they’re being rewarded with multiple expansion, however, does not always adequately reflect the fundamentals of the individual companies or the risk associated with the extended valuation and market concentration associated with these valuations.

What’s causing the extended valuations?

The speculative nature of these valuations has many drivers. One is simple excitement around AI and its perceived benefits, with network effects and intense capital expenditure requirements for its buildout creating a system where the biggest, most successful companies can invest and widen their competitive moats.

This has led to increased concentration at the top of the market. Further down the capitalization spectrum, it sparked investor demand for more speculative and lower-quality companies, particularly those levered to in-favor themes such as AI, quantum computing, and space technology.

The rise of passive investment exacerbated these trends. Since the start of 2007, passive assets have grown US\$5.14trn; actively managed assets are down US\$3.35trn in the same period for equities.

Whether small-caps or large-caps, as companies’ weightings grow in their respective benchmarks, those stocks must be purchased by passive funds tracking them, further bidding up prices.

The same goes for thematic passive funds, which basket companies levered to similar themes—and they’re all growing.

Meanwhile, retail investors have also taken share from institutional investors, pushing recently to all-time

high³.

This means, broadly, that a more risk-tolerant, short-term market participant who is focused less on fundamentals and long-term returns is influencing markets and driving up valuation in companies and making factor moves in the market more pronounced.

These changes feel durable and, in this case, create dislocations where momentum and narrative drive the market.

And to this point, there haven't been any meaningful deterrents to change market patterns and cause any of these GARP names to receive the attention that we believe their fundamentals or durable growth characteristics suggest they should.

GARP investing, at its core, is about quality, and paying a fair price for it.

There's no denying the quality of many of the winners at the heart of the AI ecosystem, like NVIDIA and Microsoft at the top of the market, even if some down-cap winners don't fit that definition.

The reality is that only the market's thematic winners are being treated like quality growth assets, and in both large-cap and SMID (small/mid-cap) names, the trends propelling markets in terms of themes and participants aren't recognizing what GARP can bring to a portfolio, both now and if market conditions change.

GARP's path back to favor

In this decade, we've seen that reversals in market sentiment can be swift, if not always enduring. When monetary policy appeared set to shift at the end of 2021 toward a rising-rate regime, the ensuing growth sell-off lasted for a full year, only reversing when AI started to spread.

More recently, both DeepSeek's launch of a lower-cost AI platform in early 2025 and concerns over global tariff implementation pulled markets down in the first quarter of 2025, with high-momentum, high-beta, and high-volatility baskets underperforming for the period.

It doesn't need to be a full market reversal that will bring GARP back into favor. We expect broadening to occur going forward, with the spread of earnings growth between the Tech+* and ex-tech sectors of the S&P500 Index at the end of September at its narrowest since the first quarter of 2023⁴.

This could bring some investor focus back to the attractive qualities that GARP names boast. They're well-managed and high-quality companies with cash-generative business models, durable moats⁵ and compelling growth outlooks across a variety of sectors.

Up-cap, these companies have not derated, nor have they participated in the market's recent run-up. Such opportunities feel particularly favorable in health care, where regulatory and policy headwinds combined with cyclical demand factors have discounted the prospects of high-quality businesses that can grow at attractive rates for the foreseeable future and benefit from AI.

In industrials, U.S. manufacturing purchasing managers' index (PMIs) has been in contraction for an extended period, suggesting that some high-quality industrials that trade at undemanding valuations could be coiled springs if the capital spending wave broadens.

Stumbles from the more extremely valued companies down-cap—where quality is historically cheap relative to large-caps—would similarly bring investors back to profitable companies that have had steady top-line growth and the potential to compound over time.

In the SMID space, having a unique view on secular growth and a focus on companies with a long track record of execution and durable moats that we think can stand the test of time and disruptive innovation is key.

This applies to software companies serving specific, highly regulated end markets; potential AI beneficiaries in the health care space that own their own data and can create new products for a loyal installed base; companies selling into the recovering pharmaceutical and life sciences space; and consumer franchises.

Long-term winners take many forms, and various market leaders are using the spoils from their near-term success to invest in AI and leave competitors behind. History has shown GARP stocks to be long-term winners, too.

We believe there's a place for them in every portfolio—and with manifold scenarios for the cohort to return to favor, these left-behind, historically compounding growers have the potential to be a source of ballast if

market conditions change.

[1] Dividends are not guaranteed and are subject to change. There is no assurance that any favorable characteristic exhibited by a company will continue in the future.

[2] Source: LSEG, Compustat, Analysis by T. Rowe Price.

[3] Source: Board of Governors of the Federal Reserve System (U.S.), Households and Nonprofit Organizations; Directly and Indirectly Held Corporate Equities as a Percentage of Financial Assets; Assets, Level [BOGZ1FL153064486Q], retrieved from FRED, Federal Reserve Bank of St. Louis.

[4] Sources: Standard & Poor's, Refinitiv, FactSet, and UBS.

[5] Companies that have a defensible moat, or barriers to entry against competitors around their business. It is considered a competitive advantage that should help companies maintain strong profit margins.

*Tech+ is the Technology sector including Interactive Media & Services, Interactive Home Entertainment, Netflix from Movies & Entertainment, and Amazon.

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INTERNATIONAL

AI's Growth Meets Costs, Scale And Bottlenecks

Artificial intelligence is the most significant change to humanity in the 21st Century but the complexity, scale and needs for the technology create both opportunities and risks.

- Bubbles past and present, how the media handles the narrative
- Gen AI collides with national security and corporate imperatives
- How the adoption of AI is progressing and what are the fiscal benefits
- Funding the biggest tech revolution in history
- Constraints around infrastructure for potential winners
- Challenges for investors, juggling the narrative versus the facts

By Danielle Ecuyer

Framing the central tension

"Two things can be true at the same time: a) the data centers to power AI could be as economically worthwhile an investment as railroads, and b) we could still experience at least one stock market crash along the way to its general adoption."

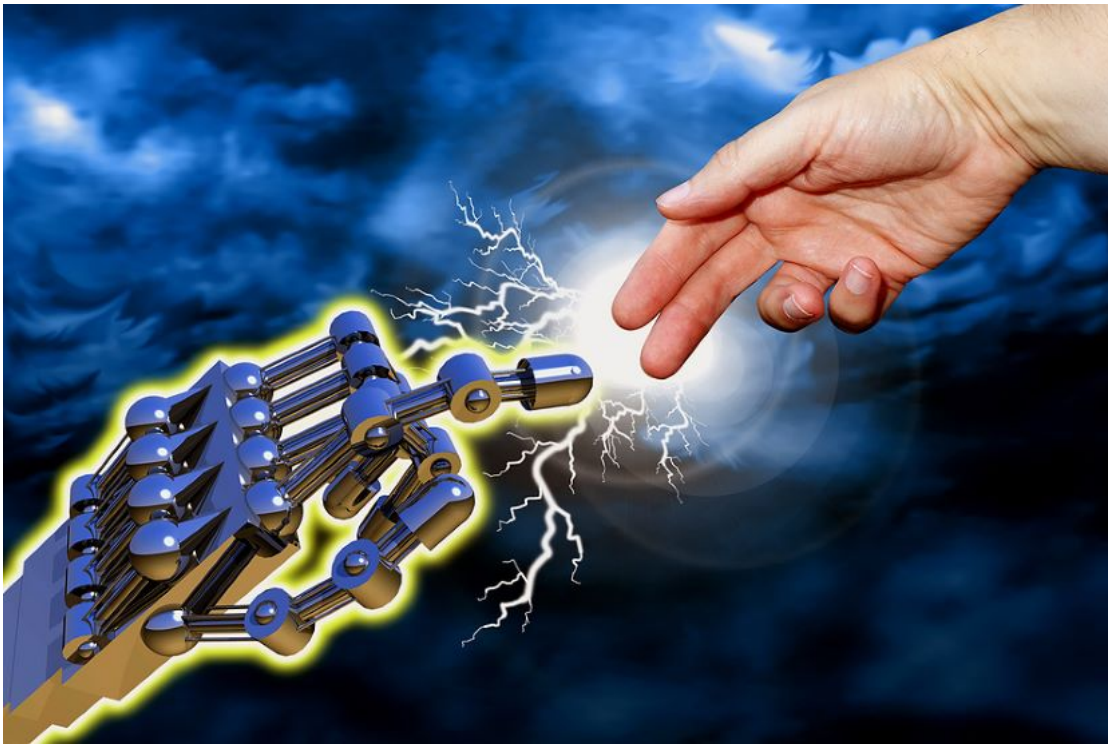
[historian and economic commentator Niall Ferguson]

One's memory often delivers flawed historical reality, so gleaning from personal experience is potentially fraught with erroneous signals.

Maybe it is investing muscle memory around the turn of the century Dotcom crash that brings forth a plethora of concerns, anxieties and 'bubble' narratives around AI and the associated infrastructure spend in 2025?

As noted by US advisory firm Carson Group, there has been so much talk about the "AI Bubble" that there are now articles on the **"bubble in articles about the AI bubble"**.

Bubblicious, if it wasn't such an important topic for both investors, governments and companies.



The emergence of AI has triggered global debate about risks and opportunities

Lessons from the Dot-Com Era according to ChatGPT

In the years leading up to the dot-com crash, mainstream media outlets were largely swept up in the euphoria of the internet age, celebrating innovation while downplaying risk.

Between 1994 and 1998, publications such as Wired, Forbes and BusinessWeek painted a techno-utopian vision of the “New Economy”, where traditional valuation metrics no longer applied. Analyses of New York Times and Wall Street Journal archives from that period show more than 80% of coverage on internet stocks carried a positive or neutral tone.

It wasn't until 1998, following the Asian Financial Crisis and the collapse of Long-Term Capital Management, that scepticism began to creep into the financial press. Barron's was one of the first to warn of “The Internet Bubble”, highlighting start-ups with no profits and inflated market capitalisations.

Yet, these early warnings were drowned out by an avalanche of bullish commentary, as cable business networks and glossy magazines continued to glorify tech founders and IPO millionaires.

Meanwhile, the Federal Reserve's policy stance added fuel to the fire. After cutting rates aggressively in late 1998 to stabilise markets during the crisis caused by Long Term Capital Management's demise, the Fed's easy-money environment encouraged risk-taking and speculative inflows into technology stocks.

The liquidity surge helped push the Nasdaq up more than 80% in 1999 alone. When the Fed reversed course, hiking rates six times between June 1999 and May 2000 to contain inflation and curb exuberance, the tide quickly turned. The same cheap capital that had inflated valuations began to dry up, exposing the fragility of profitless tech ventures.

By 1999, valuations had reached dizzying heights, but even then the media's cautionary notes remained rare.

A 2002 Journal of Communication study found fewer than 10% of technology-related stories adopted a negative or cautionary tone that year. It wasn't until early 2000 —just as the Nasdaq reached its all-time high— that major outlets like The Economist, The Wall Street Journal and The New York Times began openly questioning whether the frenzy had gone too far.

Headlines such as “How High Can Tech Go?” and “When Will the Bubble Burst?” reflected a shift from hype to hesitation, but the warnings arrived only months before the crash.

Subsequent research from Columbia Journalism Review and Harvard's Shorenstein Center found that by early

2000, nearly half of technology-market coverage had turned negative, a dramatic reversal that coincided with, rather than anticipated, the bursting of the bubble.

The lesson was clear: far from acting as an early warning system, the media largely mirrored investor sentiment, amplifying optimism until it collapsed under its own weight. And while journalists were slow to sound the alarm, the Fed's pivot from accommodative to tightening policy provided the spark that pricked the bubble.

Today, as headlines once again oscillate between the promise and peril of artificial intelligence, the dot-com era remains a cautionary reminder of how liquidity, sentiment and media narratives can converge to inflate, and then unravel a market mania.

Today's media cycle and bubble narratives

In contrast, in this present cycle the media, US and notably Australian flagship publications are positively tripping over themselves to quote the bears and the naysayers.

The latest have transcended everything from Michael Burry's apparent shorts on Nvidia and Palantir (apparent because the data he tweeted on options activity was from the rear-view mirror) and Bank of America's Michael Hartnett who is pointing to Big Tech corporate bond issuance in the last week as signs capex spending for Big Tech has transcended past free cash flows.

A concern around all bubbles is that spend is being debt funded that cannot be financed, i.e. insufficient cash flow is generated and the returns on AI-related spend do not come forth from revenue generation with sufficient margins and a failure for earnings growth to materialise.

All the while the opportunity cost of not doing enough hangs potentially like the Sword of Damocles over Big Tech if they do not invest.

Mark Zuckerberg was quoted as saying in September *"If we end up misspending a couple of hundred billion dollars, I think that is going to be very unfortunate, obviously ... But what I'd say is I actually think the risk is higher on the other side"*.

Larry Page, co-founder of Google, stated, *"I'm willing to go bankrupt rather than lose this race"*.

It is not a stretch that America's Big Tech companies see AI as an existential risk to their existence.

As a result, they are all investing heavily and for some, increasingly, beyond their potential payback cash flow generation to be part of the AI 'revolution'.

AI as a geopolitical imperative

Arguably the US government sees the AI race as one of the most significant geo-political risks to its supremacy, national security, and the global order.

"If China reaches advanced AI first, it will surge ahead in autonomous weaponry, cyber warfare, and intelligence analysis. Economically, Chinese firms with the world's best AI would dominate critical industries from biotech to finance."

"Beijing could set global rules for AI, exporting authoritarian standards and undermining freedom worldwide. Chinese deepfakes and propaganda could compromise the very integrity of information itself. Losing this race would irreparably harm America's security and prosperity."

Robert O'Brien, the former 27th United States National Security Advisor from 2019-2021 and Chairman of American Global Strategies LLC.

The race for AI dominance for both Big Tech and the US does not obviate and/or extinguish the risks for investors around earnings, valuations and share prices, it does however imply at some level AI-related large-scale companies could well be backstopped by the US Administration in an event of a 'too big to fail' crisis.

One such example which has been reported in the media concerns OpenAI, given its ginormous capex spend and unprofitable business model.

As we have written about previously, the AI investment cycle is heavily reliant on OpenAI and the increasingly cross-sectional investments and shareholders.

For more details see, <https://fnarena.com/index.php/2025/10/09/australias-data-centre-boom-marches-on/>

Adoption, productivity & compute cycles

Morgan Stanley continues to stand in contrast to the bearish narratives around AI. Looking at the potential impacts of AI, the broker conducted a deep dive into the S&P500 in terms of AI adoption benefits.

The broker's latest proprietary research exercise revealed an ongoing rise in share of companies with "quantifiable" benefits from AI adoption.

In 3Q2025 24% of US companies identified as "adopters", up from 21% in 2Q2025 and 15% a year earlier. Most of the quantifiable benefits related to "productivity gain".

Inside the S&P500, 15% of member companies cited measurable benefits, up from 14% in 2Q2025 and 11% a year earlier. The gains are across all sectors; from financials to consumer discretionary.

The net benefits where the technology is now would be a little over US\$900bn and that can translate to well over 20% increased earnings power that could generate over US\$13trn of market cap upon adoption.

The broker estimates, as a base case, AI-driven efficiency will generate incremental net margin expansion for the S&P500 of 30bps in 2026 and 50bps in 2027.

The Global Head of Thematic Research stresses that is where the technology is at now and it is evolving "very, very quickly".

Is the rate of AI moving in a non-linear fashion?

A topic that Morgan Stanley continues to pursue with several big American labs developing large language models that are gathering about ten times the computational power to train their next model, which would result in models that are twice as capable as they are now if the scaling laws hold true.

Like JP Morgan, Morgan Stanley is embracing AI internally and the Head of AI stated, **"I've often made the analogy that we own a Ferrari, and we are driving around in circles in the parking lot."**

Inferring AI technology has already advanced so far beyond most people's capacity to leverage it. That makes humans' own capacity and awareness and education a limiting factor.

The Head of Firmwide AI explains what keeps him up at night is educating people at Morgan Stanley how to prompt and teaching people how to speak to the machine. Until people know how to do that, they do not understand the art of the possible.

The Global Head of Research, who was a former IT analyst, outlines whether an AI bubble is forming as is being reported in the media.

The AI cycle is viewed as developing along a similar path to previous compute cycles including the minicomputer, the PC, internet, mobile and cloud. Each compute cycle is around ten times larger in terms of installed compute.

The pattern is the same even if the numbers are bigger by transcending from millions to billions and now trillions.

There are trillions of installed CPU compute. With the historical pattern the same, some US\$10trn of installed GPU compute will be required, which suggests to Morgan Stanley the cycle is in its "early innings".

Note: the first refers to the general-purpose 'brain' of a computer (CPU), the Graphics Processing Unit, or GPU, is designed to render graphics by performing the same operation on many pieces of data at once.

Hyperscaler capex and the AI investment boom

As highlighted by ClearBridge Investments, four major hyperscalers —Microsoft, Amazon, Alphabet and Meta—

are forecast to spend a combined US\$378bn in 2025, a rise of 65% on 2024.

Current estimates are for capex spend to rise again in 2026.

Post the recent quarterly results, UBS notes hyperscalers are spending US\$500bn, and nearly US\$600bn by 2026.

Clearview's spending estimate does not include Oracle, or the neo-clouds like CoreWeave or Nebius.

Carson Group detailed how AI-related capex spend is running at around 1.3% of US GDP in 2025, more than double the 0.5% in 2023, and over four times the size it was in 2019 at 0.3%. It's expected to rise to circa 1.6% of GDP in 2026.

While much talk focuses around how AI is going to impact business and the economy, arguably AI is already having a considerable impact.

In real, inflation-adjusted terms AI-related hardware and software spending contributed on average 10.5%-points (105bps) across the first two quarters of 2025 to GDP -- this is as much as consumer spending.

The latter makes up 70% of the economy versus circa 4% for AI-related investment.

Compared to 1995-2009, investment in processing equipment and software contributed an additional 68bps average per quarter; for the 24 years after that from 2001-2024 an additional 27bps average per quarter.

Investment spending begets revenue generation for other segments of the economy with the world's largest listed company, Nvidia, in top spot.

Hence, the significance of the major tech companies investing in AI needing to generate returns on their capex.

JP Morgan forecasts US\$6-US\$7trn of AI capex by 2030 which will require US\$650bn in perpetual annual revenue generation to produce a 10% return.

McKinsey estimates the technology (GenAI) has the potential to unlock US\$2.6trn to US\$4trn in additional value above the estimated value potential of traditional AI between US\$11trn to US\$18trn.

When looking back at Morgan Stanley's historical work and forecasts, the broker observes the potential is always underestimated. This would infer upward earnings revisions for the AI enablers --and soon the AI adopters-- are likely to continue.

Looking at the nearly 4,000 companies analysed globally by Morgan Stanley, one third covered by the analysts are saying AI has an impact on the investment case.

Funding the AI revolution, bond issuance

Increasingly, the issuance of corporate bonds by US Big Tech is fraying on the nerves of some strategists. Over the US summer, Morgan Stanley estimated credit markets will fund over US\$1trn of global data centres spending through to 2028.

Comparing to past cycles, the broker points to several factors which differentiate the current cycle:

- Credit quality, for example Microsoft holds a AAA rating, higher than the US government.
- The cash generative characteristics of Big Tech mean they are underrepresented in credit relative to equity markets. Five of the large firms represent around 3% of the investment grade corporate bond market versus 19% of the equity market.
- Compared to previous capex booms, the credit profile is considerably stronger, whether it was the shale investment cycle or the late 1990s telecom boom.
- Credit markets are notably deeper which facilitates a healthier distribution of credit risk.

Mike Wilson, head of Global Strategy at Morgan Stanley, continues to see momentum gaining around AI adoption with sizable return on investment and efficiency gain opportunities for companies.

An estimated additional 40bps of net margin expansion in 2026 is flagged, up from 30bps previously and 60bps in 2027, up from 50bps previously.

Fielding investor questions on the parallels to the late 1990s, some distinctions remain. Current equity indices participants are viewed as higher quality than the late 1990s including free cash flow yield for median large

cap stocks approaching three times above the level it was in 2000.

Valuations also appear less stretched. When the S&P500 forward price-to-earnings are adjusted for profit margins; the index is trading around a -35% discount to the 2000-2001 tech bubble.

Morgan Stanley emphasises operational efficiency, strong profitability and free cash flow generation are all important aspects of a higher quality index than the late 1990s.

UBS noted the hyperscalers are now impacting US debt markets with recent record capital raises, including US\$30bn for Meta, US\$24bn for Alphabet, and US\$18bn for Oracle, with Amazon the latest with a US\$12bn announcement.

Ex the latest from Amazon, UBS points to a rise of US investment grade debt of 115% y/y to US\$211bn year-to-date of which the hyperscalers represent US\$80bn.

If current capex forecasts remain, UBS anticipates a further US\$140-US\$175bn in new issuance in public investment grade credit markets and some US\$100-US\$125bn in private market financing.

The broker does not consider there to be any meaningful impact on the investment grade index and technology sector spreads.

UBS estimates 90bps impact for US investment grade and 325bps for US high yield by year end.

Depreciation schedules, obsolescence & the value cascade

Tech-industry analyst Beth Kindig noted recently "Big Tech's capital spending, the core metric for the AI cycle, continues to impress".

The latest quarter capex was up 19% q/q and 75% y/y; the strongest growth we've seen this year.

Amazon's Andy Jassy captured the sentiment on his latest earnings call: *"The faster we grow, the more capex we end up spending... We don't procure it unless we see significant signals of demand"*.

One of the new concerns as stressed by GFC-famed Michael Burry relates to the depreciation schedules for GPUs in data centres and concerns the cadence of new higher compute GPUs from Nvidia (annual iteration) is leading to swifter obsolescence of older chips.

If depreciation schedules as adopted by the hyperscalers do not align with the real life of the chips, then earnings are potentially being overstated.

This narrative is countered by Yardeni Research as follows: hyperscalers substantiate longer chip depreciation cycles by using a *"value cascade model"*.

Simply put, older GPUs replaced by newer GPUs are cascaded down to other functions using less power or compute intensity but are still able to run models and tasks which can generate economic value for years.

In reality data centres have been in use much longer than AI spend accelerated, with Yardeni highlighting there were as many as 4000 data centres operating in the US as a result of rising cloud computing demand.

Case Example: ABB Ltd

With so much noise around AI, it's worth going back to basics and ABB Ltd in their recent Capital Markets Day presentation outlined some interesting takeaways around AI infrastructure.

ABB is a Swiss-based global industrial technology company specialising in electrification, automation, robotics and motion solutions.

CEO Morten Wierod stated in a CNBC interview when asked about AI and the build-out:

"We see very strong activity in the data centre segment, and the AI build-out is happening all over the world, of course, especially in the United States. We do not see any slowdown at the moment. It is more getting ready for what's to come in the next 2-3 years. And then we are talking about new technology."

“What we see is a massive trend towards electrification and automation overall. Electricity as an energy source is growing at more than double the pace of any other energy source. That goes across the board in the Americas, in Europe and also in Asia.

“Data centres is the fastest growing market for ABB but represents only 7% of the overall business.”

ABB estimates data centres are expected to have an annual need of one million metric tons of copper by 2030 and are anticipated to represent around 2% of global copper demand by 2030.

Data centres’ consumption of electricity in the US is expected to rise to a 12% share by 2030 from 4% in 2023 and globally to 3% by 2030 from 1.5% in 2023. Major grid investments and innovative technologies will be required for power availability and fast connections.

AI growth implies the need for over 30% additional wafer manufacturing per year (12.8m AI chips from 1.1m wafers are expected in 2026) which is equal to four times current capacity by 2030.

Morgan Stanley believes the US will face up to a -20% shortfall of power available for data centres or -44GWs through to 2028.

This broker believes there may be limiting factors or a *“set of cascading constraints facing the AI industry”* with power the greatest limiter.

On balance two factors –the speed of AI capabilities and “cascading shortages” across the AI infrastructure value chain– mean those players which can secure the highest “relief” for the most challenged bottlenecks, such as power, will deliver better value.

Mustafa Suleyman, head of Microsoft AI, recently wrote:

“Climbing the exponential slope. The rate of progress has been eye-watering. This year it feels like everyone in AI is talking about the dawn of superintelligence.

“Such a system will have an open-ended ability of ‘learning to learn’, the ultimate meta skill. It would therefore likely continue improving, going far beyond human-level performance across all conceivable activities.

“It will be more valuable than anything we’ve ever known.”

Conclusion, according to ChatGPT

AI’s breakneck speed, immense computational demands and multi-trillion-dollar capital cycle make it one of the most consequential technological revolutions in modern economic history.

The scale of investment is unlike anything seen in previous compute cycles and is already reshaping productivity, infrastructure, capital markets, and geopolitics.

Yet the rapid build-out also brings risks: rising debt issuance, bottlenecks in power supply and chip manufacturing, potential misalignment between depreciation schedules and real chip life, and the ever-present possibility of market corrections reminiscent of earlier technology booms.

For investors, the challenge lays in distinguishing between structural, long-duration value creation and periods of speculative excess.

The evidence suggests AI’s long-term trajectory remains powerful and economically transformative, but the journey is unlikely to be smooth.

A balanced approach requires acknowledging both the extraordinary potential of AI and the practical constraints and volatility that may punctuate its development.

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

RUDI'S VIEWS

Rudi's View: Buffett's Parting Message

Did Berkshire just buy exposure to AI? And why today's share market looks a lot like 2016.

By Rudi Filapek-Vandyck, Editor

Buffett's Parting Message

By Rudi Filapek-Vandyck, Editor

Only a few more weeks to go before Warren Buffett (95) hands over the chief-executive responsibilities at Berkshire Hathaway to Greg Abel (63) as of 1st January 2026.

Buffett is staying involved as chairman of the board. His final episode as CEO includes one additional pivotal signal to all the fans and the broader, global investment community as Berkshire's latest public filing revealed Alphabet (Google) has been elevated to a fresh top ten holding for the Berkshire US equities portfolio.

This signal is one of many indicators suggesting savvy investors are accumulating exposure to AI beneficiaries and technology companies, even if this is not yet apparent from related share prices on the ASX.

Another Wall Street legend, Stanley Druckenmiller's Duquesne Family Office, has offloaded all equity in Nvidia, but increased exposure to AI hardware and chip infrastructure more broadly.

This strategy pivot is widely seen as Druckenmiller turning less comfortable with crowded trades, such as Nvidia, but staying the course on the 2020's enduring megatrends.

In my humble opinion, the decision at Berkshire to purchase 17.8m shares worth US\$4.3bn in Alphabet and make this new investment one of the largest in the equities portfolio sends an incredibly strong signal to the rest of the world.



Alphabet is part of the Magnificent Seven group of megacompanies that dominates indices in the US, its shares are up 46% year-to-date, and 218% over the past five years.

Equally important to highlight: throughout all the volatility and share market turmoil of late, the Alphabet share price has only weakened by circa -5% from its all-time record high, and that retreat only occurred very recently, so Berkshire has been purchasing on the relentless trend upwards.

Let's not forget: Alphabet is not simply a happy participant in today's AI technology development, this company is one of the crucial drivers behind AI's global build-out and ongoing development.

The company is rolling out a "full-stack" AI strategy, including search, YouTube, Android, Google Cloud, custom chips and Gemini-branded foundation models. Investments include AI data centres and the acquisition of Windsurf, for AI-assisted coding.

Amidst all the angst and relentlessly repeated warnings about FOMO bubbles, over-valuations and likely sharp sell-offs awaiting US markets, what does this tell us about what Buffett & Co are thinking?

Time to roll out my absolute favourite observation covering the multiple decades past when Buffett and soulmate the late Charlie Munger would organise an annual 'love' fest for fans around the globe who would travel in large numbers to hear wise words spoken by both oracles at the AGM in Omaha, only to travel back home and then buy stocks in beaten-down, low-quality, micro-cap, hyper-cyclicals that neither Buffett or Munger would ever give two seconds of their attention.

Humans. We buy into a narrative and once we're in, we never ever want to separate from it, no matter what.

In this particular case, it's the myth that in order to emulate the most quoted and revered investor of our lifetime, we must concentrate our attention and portfolio allocations to the lowest priced assets on the market, no matter the specific reason or context.

Time to wake up. According to CNBC, Alphabet shares are trading on 27x times next year's (forward-looking) EPS forecast. While this is significantly lower than the multiples enjoyed by Nvidia (40x), Microsoft (38x) and Amazon (37x), it also is above the market average of circa 24x (S&P500).

I am certain I have now shocked a few readers off their chair. While I would never consider myself an expert on Berkshire or the Buffett style of investing, this one thing I do know: it never is about simply buying into cheaply-priced assets.

Back in 2009, I equally shocked a few investors by explaining the acquisition of the Burlington Northern Santa Fe (BNSF) railroad operator occurred on a forward-looking PE of 21x.

Maybe that one famous quote from Charlie Munger explains it all:

"It's far better to buy a wonderful company at a fair price than a fair company at a wonderful price."

I believe Buffett & Co have given us an insight into their thinking about equity bubble narratives and fears for a repeat of 1929-style of disasters.

Waiting For The Nasdaq Meltdown (Godot)

Nobody denies US markets are dominated by elevated valuations, but whether today's share prices have more upside left or simply are biding their time before a reset lower will likely be determined by what's on the horizon for 2026 and beyond.

In Australia, the prospect of a serious sell-off for US megacaps and technology stocks has been weighing on local share prices of quality growth and technology companies since mid-August.

Think ResMed ((RMD)) and TechnologyOne ((TNE)), but equally Car Group ((CAR)), Goodman Group ((GMG)) and Pro Medicus ((PME)).

Also remarkable: while financial result releases from the likes of Aristocrat Leisure ((ALL)), Xero ((XRO)) and Life360 ((360)) were by no means perfect, analysts (and shareholders, I assume) have been genuinely surprised by the extent of share price weakness that has ensued.

With notable exception of Life360, those share prices had already fallen quite the distance over the past three months.

But as everyone can observe daily: there's no appetite to proverbially catch these falling knives.

Instead, and this might be an indication of the growing impact of retail traders and investors, market **strategists at Macquarie** observe the best performers on the local bourse are made up of loss-makers and valuation traps, i.e. low quality exposures.

We all know this is but a temporary phenomenon as such high risk propositions tend to generate poor returns over the long term.

All the while, Quality Compounders, which includes the companies I mentioned, cannot catch a sustainable bid despite being one of the best investment styles longer term.

What exactly is happening here? Macquarie calls it the **Style Bizarro World**, with the added prediction: this won't last.

I wholeheartedly agree. The closest reference I can think of about what's happening on the ASX post-August is the pivot that dominated the local share market in the closing quarter of 2016.

Back then, fund managers and market commentators generally had been whinging about 'expensive defensives' that would not lay down for months on end, until the market finally made that switch into resources, banks and other cyclicals -- to the temporary detriment of the share prices that are equally feeling the pain this time around.

Open up a 10-year share price chart for, say, Cochlear ((COH)) and you can clearly see the dip in the second half of 2016.

It may not look like much given share prices for this type of companies have appreciated significantly since then, but as this was my first experience with significant portfolio switching out of prior Winners into share market laggards, I remember it well.

In simplistic generalised summary: shares of previous Winners went down by -15%-20% while those cheaply priced new heroes went up by similar percentages, creating a significant gap in relative performances.

Similar as the situation back then, I believe an important factor in this story is about **market positioning and the abrupt changing of it**.

The past three years have seen circa 40% of the local share market absorb all the positive momentum, while leaving those invested in the remaining 60% fuming and frustrated.

This automatically implies most portfolios are mostly positioned where all the action takes place.

Now enter the switch in momentum whereby money flows into the opposite direction.

Macquarie is absolutely right, this won't last, but exactly when this momentum switch normalises, nobody genuinely knows.

It's not as if there's a register somewhere where fund managers declare whether or when they've finalised their re-allocations.

Back in 2016, general portfolio rotation really started snowballing post the August results season, as it did this time around, and it lasted until early into the following year.

The good news is those beaten-down quality growth share prices by then were once again ready to command their share of the ongoing bull market.

By later in 2017, share prices were higher than before, in some cases substantially higher.

Strategy Is A Personal Choice

How one responds to current market dynamics is entirely dependent on one's own conviction and strategy, but if ever there is an opportunity to get set in some of the highest quality growth companies on the ASX at an

attractive-looking entry point... do I need to finish that sentence?

Portfolio switching because the grass is temporarily greener in commodities and cyclical in anticipation of better global growth momentum next year (and because of a misguided fear that everything technology is now forever in the doldrums) is not a reflection of fundamental valuations or future outlook for those Winners presently out of favour.

While share prices might have seemed a little too hot under the collar previously, with many share prices now down by -20%-30% (sometimes more) and in many cases still weakening, that argument belongs firmly into the past.

The key problem, as I see it, is share prices in Australia are very much priced for a Nasdaq meltdown that has not happened. The easiest scenario would be for US technology to quickly de-rate after which we can all resume and move on.

I have my doubts (whether that might actually take place). So what's the alternative?

I guess, in case of no such disaster scenario unfolding, investors outside of the US, including in Australia, will have to turn comfortable again with owning quality, high growth, AI-beneficiaries and technology stocks.

And that, as I like to describe it, is a process.

Which is why it's virtually impossible to predict how exactly this situation will normalise, or what might be the trigger. Maybe it'll be as simple as sellers running out of stocks to sell?

Of one thing I remain certain: this too shall pass, eventually.

Like it did in late 2016 and all other occasions in between.

More reading:

<https://fnarena.com/index.php/2025/11/12/rudis-view-new-trends-recurring-anxieties/>

<https://fnarena.com/index.php/2025/11/05/rudis-view-what-about-the-ai-bubble-anxiety/>

<https://fnarena.com/index.php/2025/10/29/rudis-view-identifying-quality-opportunities/>

<https://fnarena.com/index.php/2025/10/22/rudis-view-in-corporate-earnings-we-must-trust/>

Paying subscribers have 24/7 access to my curated lists of All-Weather performers and related selections:

<https://fnarena.com/index.php/analysis-data/all-weather-stocks/>

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).

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Dividend Investing, The Smart Way 250(1)



Cover Investing in GenAI - medium sized

(This story was written on Monday, 17th November 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: Banks, Gold, Lithium & US Equities

JP Morgan has updated its 10-year outlook for global assets, while brokers line up their preferred exposures to lithium and gold, and among Aussie banks.

- Not Too Shabby: The Ten Years Ahead
- Longview Sees Bull Market Bounce Ahead
- The Gold Opportunity
- Lithium's Re-Rating
- No Buy Ratings For Aussie Banks

By Rudi Filapek-Vandyck, Editor

Not Too Shabby: The Ten Years Ahead

US equities stand to lose some of their valuation premium vis a vis the rest of the world, but enduring 'US exceptionalism', led by AI and the Magnificent Seven, will keep profit margins high and growth among the world's best.

The result is ongoing positive investment returns for the decade ahead, despite a much higher starting point on historically above average PE multiples.

Such is one of the key conclusions from the **30th edition of JP Morgan's Long-Term Capital Market Assumptions**.

As explained during today's media presentation by Global Market Strategist Kerry Craig, the research behind the economic and financial markets' projections for the ten years ahead is much more than simply an academic exercise; these are the backbones and benchmarks from which investment teams and decision makers inside JP Morgan's global organisation take guidance.

At the macro level, the global economy is facing multiple growth constraints, including rising economic nationalism and growing labour constraints --both make economies less efficient-- but technology (AI) and more government spending are expected to compensate.

The technology narrative itself is expected to migrate from creators to users.

All in all, US large cap equities are projected to return an average of 6.7% per annum over the decade ahead, unchanged from a year ago, which is no longer significantly higher than non-US markets.

The US dollar is also expected to devalue further and this will have an impact on currencies and thus on investment returns when measured in local currencies.

The underlying message from JP Morgan's updated projections is thus not only is the relative gap between US equities and the rest of the world expected to narrow noticeably, national currencies will increasingly impact on foreigner's return from US assets and vice versa.

For example, on JP Morgan's projections US large cap equities will only return 6.2% on average when measured in Aussie dollars. The local market's projected return is 7% (ex franking).

Japanese equities are expected to return 8.3% in Aussie dollar terms, against 7.3% for Emerging Markets.

Today's starting point for US equities is at elevated multiples (25x trailing PE), but AI development and adoption, continued strong growth and above-average profit margins imply the coming PE de-rating should remain rather benign.

The high starting point in terms of valuation for US markets is projected to reduce future returns by -2.0% per annum over the next ten years, so the net effect is not immaterial.

Historically, the market multiple for US equities has averaged around 16x but modern times of Megacaps and

higher profit margins mean the equilibrium has probably shifted to a multiple of 19.5x, explained Leon Goldfield, Co-Head of Multi-Asset Solutions APAC.

The calculated corresponding multiple for non-US equities stands at 15x.

As stated, the implication is US equities will lose some of their premium relatively to the rest of the world, but they retain a relative valuation premium nevertheless.

In economic terms, JP Morgan's outlook assumes AI will add 0.1%-0.2% to annual GDP growth, based on conservative assumptions.

Virtually every country is now facing growth headwinds from labour constraints, except traditional immigration destinations such as Australia.

While successful AI implementation is expected to further increase profit margins, eventually increased competition is expected to shave off a net -0.5% over the decade ahead.

In revenue terms, US companies will continue growing above most of the rest of the world, except for Emerging Markets; 6.0% on average versus 6.8%.

Companies inside Emerging Markets are still less efficient (i.e. less profitable) and while this offers great opportunity further out (a la Japan more recently) for now this implies a relatively lower valuation and non-maximised returns.

Inflation is assumed to become more volatile and overall higher than pre-covid, but central banks are still expected to pull the numbers back inside their targeted range.

The main implication here is: bonds are back, offering attractive investment return.

The second conclusion drawn is that investment portfolios can achieve higher return on lower volatility by including alternative assets such as real estate, commodities, private equity, corporate credit, and gold.

Longview Sees Bull Market Bounce Ahead

In early November, Chris Watling, chief market strategist at **Longview Economics**, suggested to investors it was time to start rebuilding overweight portfolio positions in US and global equities.

Markets have been volatile and net weaker since, but Watling is sticking to that view, albeit with some caution.

It remains possible for markets to fall further and weaken the technical foundations underneath, but Watling remains of the view current tribulations are nothing but a temporary pullback of typically -5-10%, after which the bull market uptrend should resume.

By now, many of Longview's market timing models are moving back towards generating Buy signals and Watling expects these signals to improve further (and thus effectively start generating Buy signals).

In response to widespread angst about 'bubbles bursting', Watling's response is history shows this usually occurs when cheap money is removed.

In the current context, however, the Federal Reserve is still cutting interest rates and liquidity is about to become more plentiful.

"With cheap money likely to persist, the bubble should continue to inflate".

The Gold Opportunity

The price of gold has remained relatively stable around the US\$4000/oz level, stockbroker **Morgans** observes. In contrast, money has abandoned share prices in ASX-listed gold companies quickly and in droves.

This has created opportunity, the broker argues, with the price of bullion expected to start rising again and those share price will once again catch a bid.

Morgans' preferred small cap sector picks:

- Meeka Metals ((MEK))
- Minerals 260 ((M16))

- Turaco Gold ((TCG))
- Tesoro Gold ((TSO))
- Torque Metals ((TOR))

Sector analysts at **UBS** are of a similar mindset, and they have more **preferred stocks** to share:

- Northern Star Resources ((NST))
- Perseus Mining ((PRU))
- Genesis Minerals ((GMD))
- Ramelius Resources ((RMS))
- Regis Resources ((RRL))
- Vault Minerals ((VAU))
- Bellevue Gold ((BGL))

All are Buy-rated at UBS. Chalice Mining ((CHN)) is Neutral-rated, while the broker's sole Sell rating goes to Evolution Mining ((EVN)).

Lithium's Re-Rating

Despite the recent re-rate in equities, analysts at **Canaccord Genuity** reiterate their positive view on the **lithium** sector.

Best ideas include sector leader Pilbara Minerals ((PLS)), in addition to undervalued producers with operating leverage and/or production ramp ups:

- Elevra Lithium (((ELV))
- Lithium Argentina ((LAR))

and emerging producers and project developers:

- Core Lithium ((CXO))
- Galan Lithium ((GLN))
- Ioneer ((INR))
- Standard Lithium ((SLI))
- PMET Resources ((PMT))

No Buy Ratings For Aussie Banks

The quote that explains **Wilson's** enduring negative view on the banking sector in Australia:

"Overall, despite minor consensus revisions for individual banks, tying together each of the key EPS drivers, the sector-level earnings story remains broadly unchanged."

"We continue to expect the banks to deliver modest, not particularly compelling low- to mid-single-digit EPS growth over the medium-term."

The sector preference lays with ANZ Bank ((ANZ)), then Westpac ((WBC)).

Incidentally, both are also most preferred by sector analysts at **Citi** who believe both stand to benefit more from better growth in 2026 than National Australia Bank ((NAB)) and CommBank ((CBA)).

Citi has no Buy ratings for any of the Big Four. The first two mentioned are Neutral-rated, the latter two Sell.

ANZ Bank is equally **Macquarie's** preferred bank in Australia, with a Neutral rating, same as for National Australia Bank. Westpac and CommBank are both on Underperform (equivalent of Sell).

UBS has one lonely Buy rating for the sector; the chosen one is small cap challenger Judo Capital ((JDO)).

ANZ and CommBank are both rated Sell, as is Bank of Queensland ((BOQ)), while all others, including Macquarie Group ((MQG)), are on Neutral.

Morgan Stanley's order of sector preference is ANZ, then NAB, Westpac, and CommBank.

Additional reading:

<https://fnarena.com/index.php/2025/11/19/rudis-view-buffetts-parting-message/>

<https://fnarena.com/index.php/2025/11/13/rudis-view-antipa-computershare-iph-lynas-macquarie-rio-tinto-more/>

<https://fnarena.com/index.php/2025/11/06/rudis-view-amcor-charter-hall-challenger-goodman-woolworths-more/>

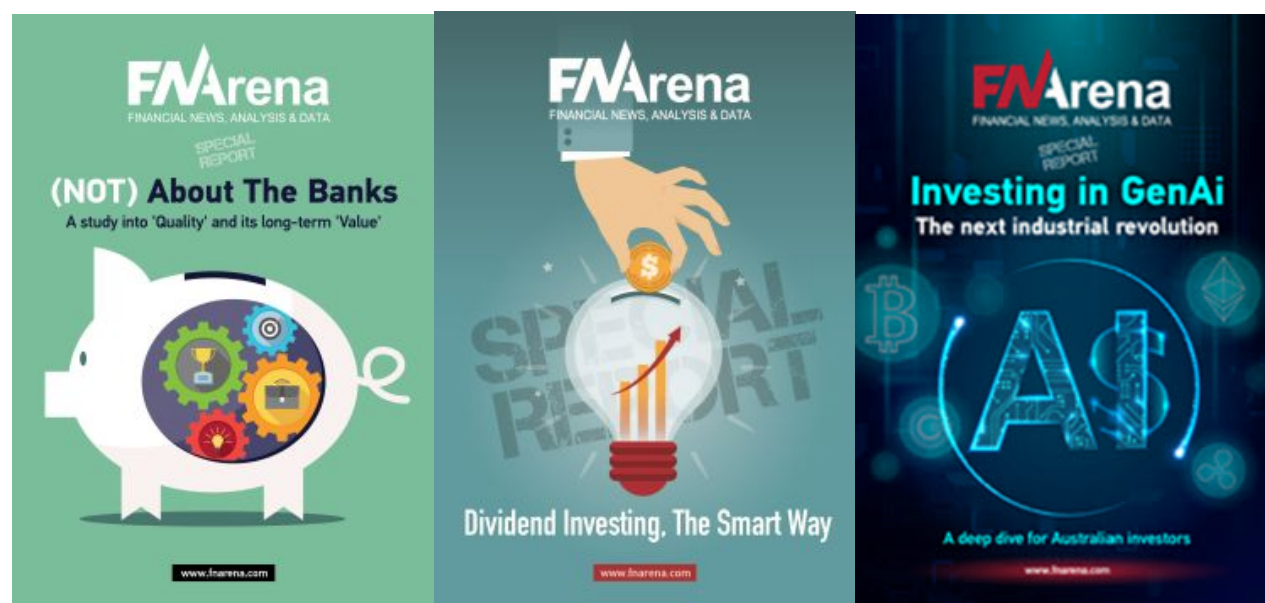
(Do note that, in line with all my analyses, appearances and presentations, all of the above names and calculations are provided for educational purposes only. Investors should always consult with their licensed investment advisor first, before making any decisions.)

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

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

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SMALL CAPS

Mader Group's Competitive Advantages

Mader Group's casual workforce model, diversification into segments beyond mining maintenance, and strong earnings growth rate, have Macquarie initiating with Outperform.

- Mader Group is Australia's largest provider of heavy equipment maintenance
- Yet underpenetrated in Australia's mining industry
- Attractive model for employees, solid growth trajectory
- Macquarie initiates with Outperform

By Greg Peel



Mader Group is seen offering a strong value proposition to customers

Mader Group ((MAD)) is Australia's largest independent provider of heavy mobile equipment maintenance services to resource companies.

The company specialises in providing diesel mechanics and auto electricians using a flexible "tap on, tap off" service model.

Mader employs largely casual employees, matching the flexible nature of its customer terms. The company offers a strong value proposition to customers, with rapid deployment of specialists, catering to all major brands and at a lower cost compared to original equipment manufacturers (OEM).

Mader's competitive advantage, Macquarie suggests, is the ability to attract, develop and retain its skilled labour pool.

Underpenetrated

You may have heard Australia's economy is reliant on mining, and particularly on iron ore. Bell Potter notes Australia's iron ore majors posted a solid set of September 2025 quarterly updates, headlined by strong growth in mining rates and shipments across their respective Western Australian iron ore businesses.

Key callouts include: record quarterly material mined by BHP Group ((BHP)), 9.0% higher year on year, Rio Tinto ((RIO)) achieving its second highest third quarter shipment volume since 2019, up 5.5% on the prior quarter, and Fortescue ((FMG)) delivering 5.3% year-on-year growth in total ore mined.

Importantly, Bell Potter points out, sector activity appears to be growing --the Australian government forecasts 2.0% growth in iron ore production in FY26-- a positive for Mader's core heavy mobile equipment service offering and implies workforce utilisation is supported.

Yet, despite its size, Mader is still underpenetrated in Australia's core mining market, where the ageing of mining equipment continues to support maintenance activity. In fact, notes Macquarie, Mader's entire WA iron ore exposure accounts for less than 1% of the majors' cash costs.

Mader is a “cog in the resources machine”, Macquarie suggests, and a vital one to keep the miners' gear running. Mader has a “surprisingly simple” but effective business model, providing heavy equipment maintenance services to resource companies, has built a reputable brand over the last 20 years and is known for its high quality service levels, geared to optimise mine productivity.

Mader's strong reputation, combined with the market's ageing mining fleet, rising mining production, and historically low productivity (in Australia) have all contributed to increased demand for outsourced maintenance services. The company has achieved an impressive earnings per share compound annual growth rate (CAGR) of approximately 22% since FY18.

Macquarie expects core growth to remain strong given low penetration of services with Australian miners.

Diversify to Grow

Mader has accelerated efforts to replicate its success in adjacent markets to mining, including infrastructure and road transport, as well as in North America. Macquarie forecasts circa 15% revenue CAGR to FY28, driven by commercial success in core and growth verticals.

Mader's FY25 result, reported in August, achieved guidance of \$870m in revenue and \$57m of profit and was broadly in line with consensus. The Australian segment continued to grow strongly at 17%, Moelis noted, with strong contributions from infrastructure, rail, and road transport, while the North America segment showed second half improvement, with 8% half-on-half revenue growth and a stable segment earnings margin of 19.2%.

Corporate costs were well controlled, Moelis noted. Mader's headcount exceeded 3,900 (quadrupling since FY18), of which 550-plus are located in North America.

New service lines in Australia, geared to road transport maintenance and infrastructure maintenance services, will contribute an increasingly large component of growth, Macquarie suggests. Mader's Canadian expansion should also aid future growth, while Macquarie thinks the US is a wait-and-see at this time.

Moelis notes the company's FY26 guidance, first announced with its FY25 result, implies continued growth and is in line with a previously announced five-year strategic plan. Management has guided to annual revenue of at least \$1bn and profit of \$65m, which Moelis calculates implies 14.6% revenue growth versus FY25.

Mader carried net debt of \$8m as at end-June, down from \$23.2m at the end of December. The business remains on track for net cash target in the next twelve months, Moelis notes, with leverage reduced further to 0.1x.

Skills Shortage

You may have heard Australia has a skills shortage problem. For Mader, Macquarie suggests a skills shortage is a tailwind, not a headwind.

Mader has become an employer of choice in the industry, which makes Macquarie confident the group can continue to deploy staff to a growing customer set. The ability to attract, develop and retain staff is Mader's competitive advantage, and that is not by chance. Macquarie points out founder and executive chair Luke Mader was once an apprentice at WestTrac ((SVW)), prior to starting Mader with John Greville, who is now COO of North America.

Further, the CEO and CFO have an extensive resources background which drives the strong employee and customer value proposition, Macquarie suggests. Mader's casual workforce is not just offered a strong culture of competitive pay, but also flexible rosters, as well as interstate and global secondment opportunities — all of which make for an attractive offering.

Mader is in a powerful position as a large independent provider of trades in structural shortage. Macquarie found 10 out of 47 occupations in structural shortage in Australia relate to Mader's talent pool, including heavy duty diesel mechanics that account for more than 50% of its workforce.

When pockets of the labour market do loosen, Mader expands ahead of new customer wins to strengthen its position.

A Matter of Value

The company has made excellent progress on its strategic plan milestones, Moelis noted in August, and the broker sees the unveiling of the next strategic plan as a potential catalyst for the direction of the business and the duration of the high-growth opportunity for the company.

Moelis maintains a view that Mader remains in a growth cycle with catalysts coming from: 1) continued expansion of the North American business; 2) increasing contribution from ancillary services, opening up new labour pools; 3) improving revenue mix contributing to expanding group earnings margin; and 4) net cash position.

Following the FY25 result, Moelis lifted its price target to \$8.29 from \$6.83, but moved to a Hold rating from Buy on valuation.

Bell Potter believes Mader's FY26 guidance is conservatively set, which is prudent given the business headwinds experienced during FY25.

The company entered FY26 with strong momentum across Australia and North America, and with a material net interest expense tailwind forecast, Bell Potter sees potential for profit outperformance versus guidance.

However, given share price strength to late October, the company traded at a 27.7x FY26 PE, and Bell Potter saw this valuation as full, with near-term upside limited.

This broker retained a \$9.00 target and downgraded to Hold from Buy.

We note Mader's share price did peak in October and eased into November.

But over to Macquarie.

Mader's strong focus on its niche service offering has resulted in a 28% organic revenue CAGR since FY18. The company's cost-plus pricing model and casual nature of its workforce has helped maintain relatively stable earnings margins, Macquarie notes, while its capital-light approach is also considered attractive.

Mader has delivered an average return on invested capital of circa 26% over the same period. Further, the founder, Luke Mader, still retains around a 50% personal stake in the company, resulting in strong shareholder alignment.

Mader trades at a premium (24x near term PE) to local contractors Downer EDI ((DOW)), Ventia Services ((VNT)) and Worley ((WOR)) (mid-teen near term PE), but with much better forward earnings growth and returns, Macquarie notes. Mader trades in line with high-growth global technical services peers, but with slightly stronger return on equity and earnings per share growth.

Macquarie uses a blended discounted cash flow/enterprise value model to arrive at a one-year forward valuation of 26x. The broker acknowledges this is "elevated", but suggests strong forward earnings growth (circa 17% per annum) offsets this.

Investors should own Mader, Macquarie believes, given industry tailwinds, a strong balance sheet, reducing capital intensity, industry-leading returns, and earnings growth, all of which are the result of a well-managed, founder-backed company.

Macquarie has initiated coverage with an Outperform rating and \$10.40 target.

Share price weakness in November has pushed the share price down to \$8.32 (today) which is -16.60% below the updated consensus target of \$9.70, pushed higher by Macquarie's initiation.

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SMALL CAPS

Navigator Global Investments Breaks The Mould

New research on Navigator Global Investments highlights a business model with structural advantages over listed peers and potential to lift earnings above market expectations.

- Navigator Global Investments set for compounding growth
- New research highlights performance fee leverage
- Management's M&A strategy provides a further boost
- UBS sees upside to current consensus forecasts

By Mark Woodruff



Navigator's diversification and relative earnings stability are yet to translate into a premium valuation

New research on asset manager Navigator Global Investments ((NGI)) highlights structural advantages over listed competitors and points to meaningful potential for earnings to exceed current market expectations.

UBS emphasises the appeal of the company's compounding growth model, noting that unlike many asset-management peers, Navigator's performance-fee profile avoids the typical 'feast-or-famine' dynamic.

Performance fees are generally regarded as volatile and non-recurring, yet the company's diversified exposure to uncorrelated alternative asset classes, low hurdle arrangements, and wide strategy breadth support a steady performance-fee profile through varying market conditions, the broker explains.

Not only does the business possess unique performance fee leverage, but management's M&A strategy has potential to lead to material EPS accretion over FY26-28, helping drive long-term value, suggests UBS.

Navigator provides investment management products and services worldwide through a dual-segment model: the Lighthouse Group, a global absolute-return funds manager, via wholly owned Lighthouse Investment Partners; and the NGI Strategic segment, which holds minority stakes in several alternative asset managers such as recent investments Marble Capital and Invictus Capital.

Macquarie noted at FY25 results in August, the contribution from these two investments alone has the potential to drive earnings upgrades.

Ord Minnett explains the breadth of partner firms provides a smoothing effect once performance fees are aggregated, and when combined with the high margins typical of alternative managers, produces high-quality recurring cash flows.

According to Ord Minnett, several partner firm principals spoke highly about Navigator's various value-add levers at last week's Investor Day, particularly the support delivered through Blue Owl's Business Services Platform.

A publicly listed alternative asset manager based in New York, Blue Owl Capital (formerly Dyal Capital Investors) originally sold a portfolio of minority stakes in leading alternative asset managers to Navigator, then received additional Navigator shares as part settlement.

Blue Owl acts as both a strategic partner and significant investor with a 46.5% stake in Navigator in a relationship which provides Navigator with capital, and access to Blue Owl's global alternative-asset network.

Navigator possesses a wholly owned hedge fund platform and minority equity stakes in ten boutique partner firms covering hedge funds, private credit, real estate, commodities, volatility arbitrage, and other niche strategies.

These affiliate managers are well-established, institutional-quality businesses diversified by investment style, products, and client base.

Management has outlined a clear and deliberate inorganic growth strategy, which UBS contends is not yet fully recognised by the market.

The company aims to leverage its balance sheet strength and around US\$90m per annum capital generation to pursue opportunities.

Upside to consensus

The consensus estimate indicates to UBS the market is assuming minimal organic growth (below 5% for FY27-28) and consensus is assigning no value to potential inorganic upside.

Ord Minnett sees Navigator well placed to achieve its 2030 target of a doubling of earnings (EBITDA) to greater than US\$200m from 2025.

UBS notes this target implies 12-13% per annum profit growth, comprising roughly 8.5% organic and 3.5-4% acquired. On the organic trajectory alone, earnings would reach about US\$145m by FY28, around 24% above the current circa US\$116m consensus forecast, before factoring in any M&A, explain the analysts.

Management is aiming for earnings growth of 5% and 10% per annum for Lighthouse and Strategic, respectively, supplemented by inorganic acquisitions generating a 10-15% return on around -US\$80m per annum of M&A spend.

The analysts point to management's proven M&A execution, with acquired partner firms achieving over 50% growth in assets under management (AUM) and generating returns above 15% per annum on invested capital since acquisition.

Relative to this broker's forecasts, there is considered scope for between 5-15% cumulative EPS accretion by FY28 under the company's current M&A framework.

Performance fees

Navigator earns management and performance fees aligned to each firm's success. UBS believes the latter is proving more recurring than consensus currently prices in.

Performance-fee exposure is increasing as the company expands further into private markets, supported by the change of control in NGI Strategic (Blue Owl's economic interest) and greater exposure to Lighthouse, explains the broker.

Within NGI Strategic, performance-fee asset under management (AUM) has lifted to about 80%, or circa US\$9.4bn, from around 70% in June 2023.

Strong performance-fee leverage is evident, with 47% of the AUM base eligible for performance fees, primarily driven by the NGI Strategic segment.

Given these fees are predominantly derived from absolute-return strategies and exhibit low correlation with equity markets, UBS contends a higher earnings multiple should be applied to Navigator.

Valuation premium?

UBS believes Navigator deserves a higher multiple because the performance-fee profile is both more stable and more recurring than peers.

NGI Strategic's performance fees show less than half the variability of comparable managers, implying greater predictability. The division's diversified alternatives exposure also produces fees that are far less pro-cyclical than those tied to public markets.

With a large share of fees earned on an absolute-return basis rather than benchmark-plus-high-water-mark hurdles, the revenue stream is structurally more consistent, due to avoiding long periods where fees drop to zero simply because markets fall or a benchmark outperforms.

FY25 results

In late August, Navigator released a robust FY25 financial performance.

Adjusted earnings (EBITDA) grew by 26% to US\$113.6m, exceeding management's upgraded guidance by about 5%, following strong profit distributions, ongoing investment performance momentum, and growth in assets under management (AUM).

Revenue grew by 20% to US\$203m, driven by increased recurring management fees and performance across partner firms, management explained.

Lighthouse earnings rose 58% to US\$39.1m, supported by US\$35.7m in performance fees, of which US\$31.7m was generated in 1H25.

NGI Strategic earnings increased 13% to US\$74.5m, with Navigator receiving US\$80.1m in distributions from its Strategic Partner Firms, up 9.7% year-on-year on the back of AUM growth and a strong 2024 performance.

This strong outcome was driven by improved operating performance, as net profit after tax jumped 80% to US\$119m. Management noted the profit leap reflected the positive impact of strategic investments and efficiency gains.

Total AUM across Navigator's affiliated managers climbed to US\$84bn, up 12% year-on-year, with NGI's ownership-adjusted share of FUM at US\$28bn, up by 6%.

Notably, the Lighthouse hedge fund unit saw its adjusted earnings rise about 18% in FY25, fuelled by higher management fees and a surge in performance fees from strong fund returns.

Navigator maintained a conservative balance sheet with substantial cash reserves (circa \$287m) and minimal debt, providing flexibility for further growth.

Management stated a review was pending of the dividend policy to consider "whether paying a dividend (circa US\$16m per year) is the best use of capital during the Group's current growth phase".

Outlook

The shares continue to trade on an undemanding 11x 12-month forward consensus PE, highlights UBS, despite solid organic growth prospects and meaningful optionality from inorganic opportunities.

A mid-teens multiple is seen as more appropriate when benchmarked against both alternative managers and domestic asset-management peers.

The initiation of coverage with a Buy rating on Navigator by UBS means there are now three daily covered brokers in the FNArena database with an equivalent rating.

UBS, Ord Minnett and Macquarie have targets of \$3.85, \$3.50, and \$2.61, respectively.

Their average target of \$3.32 implies nearly 14% upside to the \$2.92 share price at the time of writing.

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WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 14-11-25

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

By Mark Woodruff

Guide:

The FN Arena 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 November 10 to Friday November 14, 2025

Total Upgrades: 21

Total Downgrades: 5

Net Ratings Breakdown: Buy 61.41%; Hold 30.37%; Sell 8.22%

For the week ending Friday, November 14, 2025, FN Arena tracked twenty-one upgrades and five downgrades for ASX-listed companies from brokers monitored daily.

Average target price increases outpaced cuts for the nineteenth consecutive week, while rises in average forecasts by analysts also exceeded falls.

Share prices of lithium miners received a boost after Ord Minnett and Morgans raised their lithium price forecasts and Bell Potter pointed to a sentiment lift following a new agreement between Mineral Resources and South Korean-based Posco Holdings.

According to Ord Minnett, the lithium market is approaching an inflection point, with demand growth set to outpace supply after several years of surplus-driven price weakness.

The broker's updated energy storage system (ESS) forecasts suggest the current market surplus will narrow to just 1% in 2025 before shifting to deficits of -2% and -4% in subsequent 2026 and 2027.

Morgans also upgraded its near-term lithium price forecasts and lifted its market view to Neutral from Bearish, citing firmer demand from batteries and electric vehicles, alongside slowing new project development.

Average targets in the table below for Lontown Resources, Pilbara Minerals, Mineral Resources, PMET Resources, and IGO Ltd jumped by between 7-23%.

At a cost of around -\$1.2bn, Posco will acquire a 30% interest in a new incorporated joint venture which will hold Mineral Resources' existing 50% stakes in both the Wodgina Lithium Mine and the Mt Marion Lithium Mine projects, alongside existing joint venture partners Ganfeng for Mt Marion and Albemarle for Wodgina.

In effect, Posco's 30% stake in the new joint venture provides an indirect 15% interest in each of Mineral Resources' Wodgina and Mt Marion lithium mines.

Under a separate agreement with Mineral Resources, Posco will also receive its proportional share of product offtake from both operations.

Bell Potter views the transaction as a clear positive for lithium sector sentiment, noting an established

downstream participant is moving to secure long-term upstream supply exposure.

While Morgans upgraded its rating for Mineral Resources to Hold from Trim following the Posco deal, the analysts at Jarden (not monitored daily by FNArena) were surprised by the initial boost to the company's share price, as explained at <https://fnarena.com/index.php/2025/11/14/in-brief-black-cat-sun-silver-unico-minres/>

Following an AGM trading update, Domino's Pizza Enterprises appears second on the list for positive change to target price.

Morgans noted gearing metrics are improving and the business is on track to exceed the FY26 consensus net profit forecast. Transition to a new pricing strategy is expected to drive higher-margin sales for franchisees.

UBS upgraded its rating to Neutral from Sell partly as the recent debt refinancing has de-risked the balance sheet, but the analysts still noted ongoing challenges in France and Japan, as well as potential disruptions from cost-out initiatives. Management is aiming for around -\$100m in annualised cost savings, having identified -\$60-70m to date.

Morgans suggested the risk-reward proposition for Domino's remains attractive, noting the stock is still only trading on a FY26 forecast PE of 16x, a -30% discount to peer Collins Foods.

Average targets for engineering and contracting company Monadelphous Group and alternative asset manager Navigator Global Investments rose by 14% and 13%, respectively.

Ahead of its November 25 AGM, Monadelphous issued a strong trading update, Morgans commented, guiding to FY26 revenue growth of 20-25% (exceeding consensus by more than 20%) despite expectations for a second-half moderation following front-loaded oil and gas activity.

Macquarie noted broad-based strength across the group's Engineering and Construction (E&C) and Maintenance divisions.

Management highlighted a sharp increase in demand from energy clients, particularly in brownfield and turnaround services, supporting a strong first half for maintenance. The work pipeline remains robust, according to the company, with further contract awards anticipated by the company in the coming months.

Navigator Global Investments' Investor Day underscored meaningful long-term upside risk to consensus forecasts, suggested the analysts at UBS.

Management highlighted the resilience and diversity of performance fees, which are more recurring than peers (noted UBS), and a deep global pipeline of acquisition opportunities supporting its target of one to two deals per year.

Ord Minnett observed a combination of steady organic growth via Lighthouse and NGI Strategic, along with around US\$80m in planned strategic acquisitions, which positions the company well to achieve its goal of doubling earnings by 2030 from 2025 levels.

Following Orica's FY25 results, showing earnings growth across all divisions, the average broker target price for the commercial explosives and mining services group rose by nearly 11% last week.

UBS attributed FY25 strength to a stronger product mix and margins, benefits from ammonium nitrate re-contracting, heightened mining exploration activity, and record gold prices supporting demand for sodium cyanide.

Digital Solutions and Specialty Chemicals momentum is set to accelerate, suggested Citi, with new Axis products (part of its digital mining technology portfolio) doubling its total addressable market and rising gold, copper, and critical minerals activity boosting demand.

Among industrial stocks in the table below, GrainCorp and ANZ Bank received the largest boost in average FY26 earnings forecasts last week following FY25 result releases.

While forecasts for both companies benefited as FY25 forecasts rolled off broker financial models and were replaced by sunnier outlooks for FY26, FNArena's Corporate Results Monitor shows a 'shortfall' for GrainCorp and broadly in-line results for ANZ Bank at <https://fnarena.com/index.php/2025/11/14/fnarena-corporate-results-monitor-14-11-2025/>

Next up in the industrials space are Orica and Dyno Nobel with increases in average earnings forecasts of around 10%, backed up by FY25 performance 'beats', also explained in the Monitor.

oOh!media received the only materially negative fall in average target price from brokers last week due to softer adjusted earnings guidance (as part of last week's trading update) which came in -7% adrift of the

consensus estimate.

A slowing advertising spend and an unfavourable mix are weighing on margins, Macquarie noted. Still, it is thought the ad market is nearing its trough, with a gradual recovery expected, supported by digitisation, new assets, and the 2026 launch of Move 2.0, the next-generation audience measurement system being developed by the Outdoor Media Association (OMA) in Australia.

oOh!media's valuation is attractive, in the Overweight-rated broker's view, on a 10x 12-months forward P/E (versus 14x through the cycle average).

The three largest falls in average earnings forecasts in the week belong to Qoria, IGO Ltd, and Xero. For an explanation of Xero's FY25 result 'miss' refer to the previously mentioned Monitor.

Due to the small earnings forecast numbers involved, the percentage falls for Qoria (cyber safety and parental control platforms) and lithium miner IGO Ltd should be seen inside the proper context (of small numbers).

In the case of Qoria, Ord Minnett noted upside risk to FY26 annual recurring revenue from strong momentum for the company's Qustodio software, contingent on cash flow outperformance or additional cost savings.

The broker also highlighted potential for merger and acquisition activity, with management targeting accretive opportunities in real-world safety, security, and mental health adjacencies.

Last week, Morgan Stanley took time out to review its forecasts for Tabcorp Holdings after competitor updates indicated a weak start for the Australian wagering market in FY26.

While lowering its target to \$1.02 from \$1.15 in reaction, the broker maintained an Overweight rating, based on expectations of successful cost-out execution, a renewed focus on monetising retail licences, and continued outperformance relative to the market.

Total Buy ratings in the database comprise 61.41% of the total, versus 30.37% on Neutral/Hold, while Sell ratings account for the remaining 8.22%.

Upgrade

AERIS RESOURCES LIMITED ((AIS)) Upgrade to Buy from Hold by Bell Potter .B/H/S: 4/0/0

Bell Potter upgrades Aeris Resources to a Buy from Hold, with a lift in target to 65c from 52c.

This follows three positive catalysts in the broker's view, including \$80m equity raising, a maiden ore reserve for the Constellation deposit at Tritton, and the sale of small North Queensland copper assets.

A high-cost loan has been repaid (circa \$40m), and the placement removes an overhang on the stock.

The Tritton process plant is the largest plant in the Cobar region, and the Constellation mine now has visibility to produce 27-30ktpa copper from the start of 2026.

The analyst lowers its EPS estimates by -15% for FY26 and raises FY27 by 1%. Tritton will be the largest copper mine in Australia not owned by a major.

ARISTOCRAT LEISURE LIMITED ((ALL)) Upgrade to Buy from Accumulate by Morgans .B/H/S: 7/0/0

Morgans upgrades Aristocrat Leisure to Buy from Accumulate with a lowered target of \$73 from \$77 on the back of what is viewed as a "solid" result.

Revenue advanced 8% in constant currency, which met expectations and consensus for 9% topline CAGR over five years.

Sales in 2H25 boosted gaming with robust 2H cadence in North American ship share, which achieved around 31%, and the ops installed base lifted 4.1k units y/y with a circa 43% share.

Against a falling market, social slots grew 5% versus the market at 9%, while the direct-to-consumer mix rose 16% with margin growth of 380bps. Interactive came in below both the broker's and consensus expectations.

Morgans assumes \$750m in buybacks in FY26 and lowers its earnings (EBITA) forecasts by around -5% to -6% across FY26-FY27.

BENDIGO & ADELAIDE BANK LIMITED ((BEN)) Upgrade to Hold from Lighten by Ord Minnett .B/H/S: 0/2/3

Bendigo & Adelaide Bank's September-quarter update showed cash earnings below Ord Minnett's expectations, driven by higher costs, softer home lending, and weak business credit demand.

The broker explains the mortgage book fell -1.4% as the bank eased competition ahead of full rollout of its new lending platform, expected by November.

The analyst highlights a 3bps net interest margin (NIM) increase to 1.91% and stable asset quality but rising IT vendor costs.

Ord Minnett maintains its \$11.00 target and upgrades to Hold from Lighten on valuation grounds.

See also BEN downgrade.

BREVILLE GROUP LIMITED ((BRG)) Upgrade to Buy from Hold by Morgans .B/H/S: 5/1/0

Morgans notes Breville Group's share price has fallen around -16% since FY25 results, reflecting expectations of muted FY26 earnings amid tariff-related margin pressure and softer consumer demand.

It's thought the company's premium positioning, product innovation, and exposure to the coffee segment should help offset macro headwinds.

The broker highlights manufacturing diversification progress and ongoing resilience in premium markets.

Morgans views the recent weakness as a buying opportunity, upgrading to Buy from Hold with an unchanged \$36.05 target.

CHALLENGER LIMITED ((CGF)) Upgrade to Equal-weight from Underweight by Morgan Stanley .B/H/S: 5/2/0

Morgan Stanley upgrades Challenger to Equal-weight from Underweight, assessing the gap between statutory and underlying earnings should substantially narrow under new capital rules.

The broker asserts earnings quality impacts shareholder returns, and believes investors should consider rotating into stocks with strong or improving earnings quality, exercising care where there are persistent gaps.

Having said that, the broker believes benefits to Challenger from the narrowing earnings gap will take several years to emerge.

Target is raised to \$8.50 from \$7.00. Industry view: In Line.

CLINUVEL PHARMACEUTICALS LIMITED ((CUV)) Upgrade to Speculative Buy from Hold by Morgans .B/H/S: 3/0/0

Morgans observes the case for Clinuvel Pharmaceuticals remains polarising among the investment community despite solid cash generation and a market cap nearly half backed by cash.

The broker notes upbeat AGM commentary but limited new catalysts and ongoing shareholder frustration, with a third consecutive remuneration strike signalling discontent over capital deployment and transparency.

Valuation has become attractive, in the analysts' opinion, with near-term downside protected by strong free cash flow.

Morgans upgrades its rating to Speculative Buy from Hold, maintaining a \$14 target, noting a short-term trading opportunity.

CORE LITHIUM LIMITED ((CXO)) Upgrade to Buy from Hold by Ord Minnett .B/H/S: 1/0/0

Ord Minnett has sharply increased its lithium price forecasts, up 225% for 2026 for lithium spodumene to US\$3,250/t and 86% for 2027 to US\$2,325/t, following stronger-than-expected ESS and solid EV demand.

The broker notes ESS battery shipments have surged, prompting a 45% lift to its 2026 estimates to 840GWh and to 1010GWh in 2027, supported by improving economics, grid-arbitrage opportunities and policy incentives.

EV sales expectations are slightly trimmed for 2025 due to US/China policy impacts, but the broker notes global growth remains strong. 2026 growth is expected to slow to 15%, though commercial EV adoption is seen adding upside risk to lithium demand.

Overall, the broker expects the lithium market surplus to shrink sharply in 2025 to 1% and move into deficit by 2026-27 as demand growth (26%) overtakes supply growth (23%).

For Core Lithium, the new target price is 23c. Rating upgraded to Buy from Hold.

DOMINO'S PIZZA ENTERPRISES LIMITED ((DMP)) Upgrade to Neutral from Sell by Citi .B/H/S: 3/2/1

Citi has turned more positive on Domino's Pizza Enterprises post-AGM, noting improving franchisee profitability from the EDLP (everyday low pricing) shift. Two-thirds of the cost savings are expected to benefit franchisees,

further supporting earnings.

Additionally, WA menu trial is progressing well, and the recent debt refinance has de-risked the balance sheet.

While some caution remains due to ongoing challenges in France and Japan, as well as potential disruptions from cost-out initiatives, the broker upgraded to Neutral from Sell.

This reflects lower equity-raise risk, stable trading, and takeover speculation. Target rises to \$19.85 from \$13.25.

DYNO NOBEL LIMITED ((DNL)) Upgrade to Buy from Neutral by Citi .B/H/S: 1/4/0

After a thorough analysis of Dyno Nobel's FY25 results, Citi highlights its transformation into a pure explosives business is delivering strong growth.

This is supported by innovation, structural tailwinds, and the transformation program is targeting \$600m EBIT by FY28. The broker notes AN volumes remain important but the company's ability to shift to bundled end-to-end solutions underpins sustained profitability.

Target lifted to \$4.00 from \$3.50. Rating upgraded to Buy from Neutral.

At first glance, the broker wrote:

Citi views today's Dyno Nobel's FY25 result as solid, with group earnings (EBIT) of \$714m at the top end of guidance and ahead of expectations.

The Explosives division performed strongly, highlights the broker, guiding to FY26 EBIT of \$460-500m, around 4% above expectations, supported by continued growth at DNEL and progress on the Perdaman Offtake Agreement.

The broker notes Fertiliser separation is advancing and leverage of 1.4x remains below forecasts, though higher interest and tax costs led to a modest EPS miss. Citi expects the FY25 momentum to continue into FY26.

See also DNL downgrade.

IGO LIMITED ((IGO)) Upgrade to Buy from Accumulate by Ord Minnett .B/H/S: 2/1/2

Ord Minnett has sharply increased its lithium price forecasts, up 225% for 2026 for lithium spodumene to US\$3,250/t and 86% for 2027 to US\$2,325/t, following stronger-than-expected ESS and solid EV demand.

The broker notes ESS battery shipments have surged, prompting a 45% lift to its 2026 estimates to 840GWh and to 1010GWh in 2027, supported by improving economics, grid-arbitrage opportunities and policy incentives.

EV sales expectations are slightly trimmed for 2025 due to US/China policy impacts, but the broker notes global growth remains strong. 2026 growth is expected to slow to 15%, though commercial EV adoption is seen adding upside risk to lithium demand.

Overall, the broker expects the lithium market surplus to shrink sharply in 2025 to 1% and move into deficit by 2026-27 as demand growth (26%) overtakes supply growth (23%).

Target price for IGO Ltd rises to \$7.50 from \$5.50. Rating upgraded to Buy from Accumulate.

INGHAMS GROUP LIMITED ((ING)) Upgrade to Buy from Hold by Bell Potter .B/H/S: 1/3/0

Bell Potter upgrades Inghams Group to Buy from Hold with an unchanged \$2.75 target price post its AGM trading update, with FY26 earnings (EBITDA) guidance unchanged but pointing to a second-half skew.

While the 2H26 earnings slant concerns the analyst, if the group can achieve such a result, it would signify a notable change in financial performance going into FY27.

The market is not discounting such an outcome, and the share price has declined -30% since the initial FY26 guidance.

With so much market scepticism, the analyst states there is scope to re-rate the stock if management can execute on cost savings and better wholesale pricing in the 2H. This would have a more pronounced impact on the FY27 earnings outlook.

Bell Potter tweaks EPS forecasts lower by -3% for FY26 and -1% for FY27.

JAMES HARDIE INDUSTRIES PLC ((JHX)) Upgrade to Hold from Sell by Ord Minnett .B/H/S: 4/2/0

Ord Minnett re-assesses its James Hardie Industries model after US rival Louisiana Pacific posted stronger siding

sales, indicating it may be losing market share amid a softening US housing market.

The broker notes the stock has fallen -50% in 2025, pressured by macro weakness, competition, and legal risks tied to the US\$9bn Azek acquisition, which has also triggered governance turmoil.

FY26 EPS forecast lowered by -4.1% and FY27 by -8.4% to reflect weaker North American sales. Despite ongoing challenges and potential index weighting cuts, the broker believes these negatives are largely priced in, prompting an upgrade to Hold from Sell.

Target trimmed to \$31 from \$32.

LIONTOWN RESOURCES LIMITED ((LTR)) Upgrade to Hold from Sell by Ord Minnett .B/H/S: 1/1/4

Ord Minnett has sharply increased its lithium price forecasts, up 225% for 2026 for lithium spodumene to US\$3,250/t and 86% for 2027 to US\$2,325/t, following stronger-than-expected ESS and solid EV demand.

The broker notes ESS battery shipments have surged, prompting a 45% lift to its 2026 estimates to 840GWh and to 1010GWh in 2027, supported by improving economics, grid-arbitrage opportunities and policy incentives.

EV sales expectations are slightly trimmed for 2025 due to US/China policy impacts, but the broker notes global growth remains strong. 2026 growth is expected to slow to 15%, though commercial EV adoption is seen adding upside risk to lithium demand.

Overall, the broker expects the lithium market surplus to shrink sharply in 2025 to 1% and move into deficit by 2026-27 as demand growth (26%) overtakes supply growth (23%).

Target price for Liontown Resources rises to \$1.25 from \$0.75. Rating upgraded to Hold from Sell.

LYNAS RARE EARTHS LIMITED ((LYC)) Upgrade to Outperform from Neutral by Macquarie .B/H/S: 1/2/3

Macquarie upgrades Lynas Rare Earths to Outperform from Neutral following recent share price weakness.

The broker expects the market to remain tight as demand is "solid" and there are supply disruptions, highlighting the stock remains the largest ex-China rare earths producer and this deserves a premium.

Target is steady at \$17.

MINERAL RESOURCES LIMITED ((MIN)) Upgrade to Hold from Trim by Morgans .B/H/S: 3/2/2

Morgans lifted short-term lithium price forecasts and upgraded its market view to neutral from bearish due to firmer EV and BESS demand and slower new supply growth.

The broker is now forecasting FY26 spodumene (SC6 equivalent) price at US\$960/t, FY27 at US\$1,125/t and FY28 at US\$1,225/t, representing upgrades of 15%, 25% and 13%, respectively.

However, the impact on equity valuation is limited as they are still highly leveraged to an elevated long-term price assumption of over US\$1,300/t.

The broker notes Mineral Resources is selling 30% of its 50% stakes in Wodgina and Mt Marion to Posco for US\$765m (\$1.2bn), retaining 35% in each and using proceeds to reduce debt.

The deal, along with stronger lithium and iron ore prices, accelerates deleveraging, with ND/EBITDA below 2x expected by end-FY27.

Rating upgraded to Hold from Trim. Target rises to \$47.40 from \$40.70.

MACQUARIE GROUP LIMITED ((MQG)) Upgrade to Buy from Accumulate by Ord Minnett .B/H/S: 1/4/0

Ord Minnett notes Macquarie Group's 1H26 earnings missed expectations, with shares down -6%, mainly due to write-downs in green energy assets. Cero Solar and Corio Wind are now valued at \$900m and \$300m, respectively.

These assets have been moved out of Macquarie Asset Management (MAM) ahead of planned divestments, though realisable values remain uncertain, the broker highlights. Strong performance fees from asset sales (AirTrunk, DIG Airgas) were a key positive, with the Aligned Data Centre sale expected to drive future fees.

Macquarie Capital delivered strong earnings growth, while the banking arm grew loans, up 11%, and deposits, up 12%, albeit with margin compression.

Commodities revenue softened amid greater competition, offset partly by financial markets growth. The broker trimmed FY26 EPS forecast by -0.8% and FY26 by -1.2%.

Target unchanged at \$255. Rating upgraded to Buy from Accumulate following recent share price fall.

PILBARA MINERALS LIMITED ((PLS)) Upgrade to Hold from Sell by Ord Minnett .B/H/S: 1/3/3

Ord Minnett has sharply increased its lithium price forecasts, up 225% for 2026 for lithium spodumene to US\$3,250/t and 86% for 2027 to US\$2,325/t, following stronger-than-expected ESS and solid EV demand.

The broker notes ESS battery shipments have surged, prompting a 45% lift to its 2026 estimates to 840GWh and to 1010GWh in 2027, supported by improving economics, grid-arbitrage opportunities and policy incentives.

EV sales expectations are slightly trimmed for 2025 due to US/China policy impacts, but the broker notes global growth remains strong. 2026 growth is expected to slow to 15%, though commercial EV adoption is seen adding upside risk to lithium demand.

Overall, the broker expects the lithium market surplus to shrink sharply in 2025 to 1% and move into deficit by 2026-27 as demand growth (26%) overtakes supply growth (23%).

Target price for Pilbara Minerals rises to \$3.60 from \$1.35. Rating upgraded to Hold from Sell.

PRO MEDICUS LIMITED ((PME)) Upgrade to Buy from Hold by Bell Potter .B/H/S: 3/3/0

Bell Potter observes Pro Medicus announced three major US contracts in the first four months of FY26 versus one a year earlier followed by six new contract announcements over the remainder of the fiscal year.

The current slower pace is seen as typical given ongoing implementations. It's felt the Trinity, Lucid Health, and Franciscan Missionaries of Our Lady Health System projects are progressing well.

The Trinity 'Go Live' was the largest single Big Bang transition in recent history, note the analysts, and is expected to contribute around \$30m in annual recurring revenue once complete.

The broker attributes recent share weakness to profit taking despite strong earnings visibility. Bell Potter upgrades to Buy from Hold and maintains its \$320.00 target.

QANTAS AIRWAYS LIMITED ((QAN)) Upgrade to Buy from Neutral by UBS .B/H/S: 5/1/0

UBS upgrades Qantas to Buy from Neutral following recent share price weakness and what it views as a cleansing impact on earnings forecasts after the AGM trading update.

The broker notes resilient demand, with domestic revenue growth of around 8% in 1H26, industry-wide capacity discipline, and steady earnings growth from the Loyalty division. While cautious on cost pressures and upcoming capex, UBS believes these are offset by the attractive valuation.

The AGM update showed domestic RASK (revenue per available seat kilometre) growth of 3%, at the low end of prior guidance, suggesting slightly weaker load factors despite firm fares.

International RASK guidance was maintained at 2-3%, and capacity guidance was trimmed by about -1%, mainly in 2H domestic operations. Loyalty EBIT is expected to grow 10-12% in FY26.

UBS reduces its FY26 EPS forecast by -6% and FY27 by -4%, reflecting lower RASK, higher fuel costs, and updated opex assumptions.

Price target falls to \$11.50 from \$12.00.

QBE INSURANCE GROUP LIMITED ((QBE)) Upgrade to Outperform from Neutral by Macquarie .B/H/S: 5/2/0

Ahead of the 3Q25 update on November 17, Macquarie has a stronger outlook on QBE Insurance as the catastrophe season winds down in North America. As a result, the rating is upgraded to Outperform from Neutral.

The broker expects the update to show catastrophe and NA Crop performance in line with expectations, FUM up US\$500m, and running yield improving to 3.9% vs 3.8% at 1H25.

The expectations follow read-throughs from global peers, which showed modest US pricing (5-7% higher), flat Europe, weaker Australia, low catastrophe losses, and an average crop year.

FY25 combined operating ratio guidance is expected to be retained at around 92.5%. No FY26 outlook or capital return commentary is expected before February 2026.

FY25 EPS forecast lifted by 2.9% and FY26 by 1.7% on updated GWP and investment outlook.

Target rises to \$23.50 from \$23.30.

REA GROUP LIMITED ((REA)) Upgrade to Accumulate from Hold by Morgans .B/H/S: 4/3/0

Morgans upgrades REA Group to Accumulate from Hold as it sees a quality franchise business with levers to use as an offset to near-term volatility in new listing volumes.

1Q26 trading update showed a robust yield result, up 13%, which countered the weaker new listings backdrop, with volumes falling -8% on the prior year. Group revenue advanced by 4% and earnings (EBITDA) ex-associates rose 5% on the previous year.

The first quarter was well telegraphed as a challenging period, but this is seen easing as more favourable comps are cycled for the balance of FY26.

The analyst makes slight changes to the EPS forecasts, down -1% for FY26-FY27, and the target price slips to \$247 from \$254.

Downgrade

ALLIANCE AVIATION SERVICES LIMITED ((AQZ)) Downgrade to Hold from Buy by Morgans and Downgrade to Hold from Buy by Ord Minnett .B/H/S: 0/2/0

Alliance Aviation Services announced a profit downgrade at its trading update, with FY26 net profit after tax expected to come in around -40% lower than Morgans' prior forecast.

A rise in annualised cost increases of approximately -\$12m across repairs, maintenance, compliance, and logistics was attributed as the culprit. A further -\$3.5m cost for the Avian inventory agreement, which started sooner than anticipated, was also noted.

Post the expected rise in D&A of -\$15m due to the higher purchase price of aircraft, FY26 net profit after tax is guided at the midpoint to be -42% below FY25. Management stated it remains in compliance with its banking covenants and is implementing measures to improve performance.

Morgans sees structural challenges for the business, with ROIC of 6.3% for FY26, well below the estimated 10% cost of capital, and sees the company as an asset play, trading at a -50% discount to NTA.

The analyst downgrades net profit after tax forecasts by -42% for FY26, -50% for FY27, and -51% for FY28, and downgrades the stock to Hold from Buy. Target price slashed to \$1.50 from \$3.80.

Ord Minnett is disappointed with Alliance Aviation Services' trading update and FY26 guidance, noting the latest one is a clear continuation of a negative trend.

The broker notes the FY26 guidance cut of -7% at the EBITDA line and -41% at the profit before tax line comes just 11 weeks post-FY25 results, and has significantly weakened market confidence.

Key drivers include higher repair and depreciation costs, an unresolved contract dispute, and AVIAN system costs.

Net debt is now expected at \$392m vs \$360m prior, and the broker now awaits clarity on potential cost and asset initiatives before turning constructive.

FY26 profit before tax estimate lowered -44% to \$46m, to the low end of the guidance range.

Rating downgraded to Hold from Buy. Target cut to \$1.50 from \$3.60.

BENDIGO & ADELAIDE BANK LIMITED ((BEN)) Downgrade to Underweight from Equal-weight by Morgan Stanley .B/H/S: 0/2/3

After recently lowering Bendigo & Adelaide Bank's EPS forecasts by -3-4%, Morgan Stanley has again trimmed by -4-5% following what it describes as disappointing 1Q26 results.

The broker reckons it will take time for the bank to manage costs and margins while lifting growth. Mortgage balances fell in 1Q, and while the broker expects a return to growth, the overall FY26 growth is now expected to be flat.

The broker also expects below-system business and agri growth as restructuring continues. Margin rose 3bps q/q but is expected to drift lower through FY26.

The broker thinks Investor Day on December 4 could aim for -\$60-80m potential savings in FY26 and FY27, though maintaining cost growth below inflation looks difficult. The analyst's own forecast for "jaws" is -3.5%.

Rating downgraded to Underweight from Equal-weight. Target trimmed to \$10.00 from \$10.60. Industry View:

In-Line.

See also BEN upgrade.

DYNO NOBEL LIMITED ((DNL)) Downgrade to Hold from Accumulate by Ord Minnett .B/H/S: 1/4/0

Dyno Nobel delivered FY25 earnings at the top of guidance and guided to stronger-than-expected FY26 growth, led by robust explosives performance, Ord Minnett notes.

Management reaffirmed its FY28 EBIT target of \$600m, supported by strong demand in Australia, record high gold and copper prices, and balanced coal markets. The broker lifted its forecast to \$574m, up from \$562m.

The broker highlights Phosphate Hill EBIT more than doubled on favourable prices and production, though closure remains planned if unsold by March 2026.

The company announced a \$470m share buyback and the broker estimates \$400m in FY26. Post-result, Ord Minnett lifted FY26 EPS forecast by 7.1%, with minor adjustments for FY27-28.

Target unchanged at \$3.45. Rating downgraded to Hold from Accumulate following 11% share price gains since end-September.

See also DNL upgrade.

NEXGEN ENERGY LIMITED ((NXG)) Downgrade to Speculative Hold from Speculative Buy by Bell Potter .B/H/S: 1/1/0

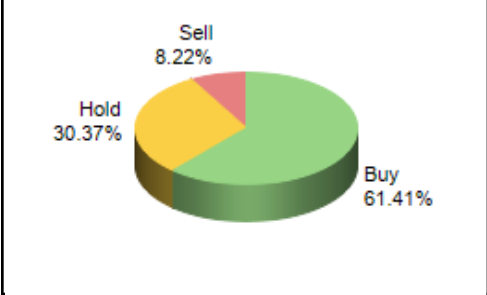
Bell Potter notes uranium explorer NexGen Energy reported a 3Q25 net loss of -CA\$129m, mainly from a -CA\$96m non-cash movement, ending the quarter with CA\$306m in cash and net debt of CA\$286m.

The broker highlights four signed offtake contracts and six more under negotiation above market pricing.

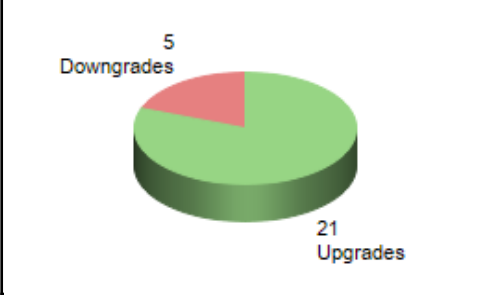
The recent CA\$949m equity raising will fund construction preparation and reduce the equity portion of the -CA\$2.2bn project cost, explain the analysts. Permitting is expected by February 2026 with construction to follow.

Bell Potter lowers its target to \$13.05 from \$13.55 and downgrades to Speculative Hold from Speculative Buy

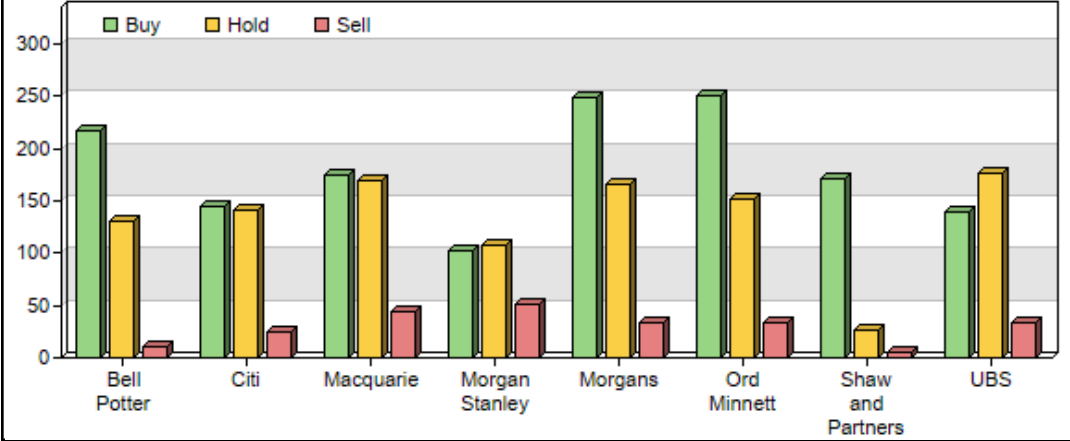
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order Upgrade	Company	New Rating	Old Rating	Broker
1	AERIS RESOURCES LIMITED	Buy	Neutral	Bell Potter

2	ARISTOCRAT LEISURE LIMITED	Buy	Buy	Morgans
3	BENDIGO & ADELAIDE BANK LIMITED	Neutral	Sell	Ord Minnett
4	BREVILLE GROUP LIMITED	Buy	Neutral	Morgans
5	CHALLENGER LIMITED	Neutral	Sell	Morgan Stanley
6	CLINUVEL PHARMACEUTICALS LIMITED	Buy	Neutral	Morgans
7	CORE LITHIUM LIMITED	Buy	Neutral	Ord Minnett
8	DOMINO'S PIZZA ENTERPRISES LIMITED	Neutral	Sell	Citi
9	DYNO NOBEL LIMITED	Buy	Neutral	Citi
10	IGO LIMITED	Buy	Buy	Ord Minnett
11	INGHAMS GROUP LIMITED	Buy	Neutral	Bell Potter
12	JAMES HARDIE INDUSTRIES PLC	Neutral	Sell	Ord Minnett
13	LIONTOWN RESOURCES LIMITED	Neutral	Sell	Ord Minnett
14	LYNAS RARE EARTHS LIMITED	Buy	Neutral	Macquarie
15	MACQUARIE GROUP LIMITED	Buy	Buy	Ord Minnett
16	MINERAL RESOURCES LIMITED	Neutral	Sell	Morgans
17	PILBARA MINERALS LIMITED	Neutral	Sell	Ord Minnett
18	PRO MEDICUS LIMITED	Buy	Neutral	Bell Potter
19	QANTAS AIRWAYS LIMITED	Buy	Neutral	UBS
20	QBE INSURANCE GROUP LIMITED	Buy	Neutral	Macquarie
21	REA GROUP LIMITED	Buy	Neutral	Morgans
Downgrade				
22	ALLIANCE AVIATION SERVICES LIMITED	Neutral	Buy	Morgans
23	ALLIANCE AVIATION SERVICES LIMITED	Neutral	Buy	Ord Minnett
24	BENDIGO & ADELAIDE BANK LIMITED	Sell	Neutral	Morgan Stanley
25	DYNO NOBEL LIMITED	Neutral	Buy	Ord Minnett
26	NEXGEN ENERGY LIMITED	Neutral	Buy	Bell Potter

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	LTR	LIONTOWN RESOURCES LIMITED	0.935	0.760	23.03%	6
2	DMP	DOMINO'S PIZZA ENTERPRISES LIMITED	20.158	17.358	16.13%	6
3	MND	MONADELPHOUS GROUP LIMITED	25.822	22.634	14.09%	5
4	PLS	PILBARA MINERALS LIMITED	2.979	2.614	13.96%	7
5	NGI	NAVIGATOR GLOBAL INVESTMENTS LIMITED	3.320	2.937	13.04%	3
6	MIN	MINERAL RESOURCES LIMITED	49.786	44.629	11.56%	7
7	ORI	ORICA LIMITED	26.150	23.646	10.59%	7
8	DNL	DYNO NOBEL LIMITED	3.506	3.202	9.49%	5
9	PMT	PMET RESOURCES INC	0.750	0.700	7.14%	5
10	IGO	IGO LIMITED	5.710	5.330	7.13%	5

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	OML	OOH!MEDIA LIMITED	1.817	2.000	-9.15%	3
2	NEC	NINE ENTERTAINMENT CO. HOLDINGS LIMITED	1.543	1.650	-6.48%	4
3	NWS	NEWS CORPORATION	59.000	62.650	-5.83%	3
4	XRO	XERO LIMITED	199.817	211.167	-5.37%	6
5	REA	REA GROUP LIMITED	257.893	270.321	-4.60%	7
6	ING	INGHAMS GROUP LIMITED	2.720	2.820	-3.55%	4
7	DGT	DIGICO INFRASTRUCTURE REIT	3.962	4.102	-3.41%	5
8	SLC	SUPERLOOP LIMITED	3.530	3.650	-3.29%	5
9	QAN	QANTAS AIRWAYS LIMITED	12.573	12.998	-3.27%	6
10	TAH	TABCORP HOLDINGS LIMITED	1.016	1.042	-2.50%	5

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
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1	PLS	PILBARA MINERALS LIMITED	1.317	0.850	54.94%	7
2	PMT	PMET RESOURCES INC	-8.253	-13.421	38.51%	5
3	GNC	GRAINCORP LIMITED	48.000	39.880	20.36%	5
4	ANZ	ANZ GROUP HOLDINGS LIMITED	245.180	203.800	20.30%	6
5	LTR	LIONTOWN RESOURCES LIMITED	-4.940	-5.900	16.27%	6
6	ORI	ORICA LIMITED	122.850	107.167	14.63%	7
7	MND	MONADELPHOUS GROUP LIMITED	101.740	88.920	14.42%	5
8	DNL	DYNO NOBEL LIMITED	25.360	22.200	14.23%	5
9	ALL	ARISTOCRAT LEISURE LIMITED	270.217	247.983	8.97%	7
10	SDF	STEADFAST GROUP LIMITED	33.425	31.433	6.34%	5

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	QOR	QORIA LIMITED	-1.067	-0.833	-28.09%	3
2	IGO	IGO LIMITED	-3.225	-2.850	-13.16%	5
3	XRO	XERO LIMITED	152.118	174.655	-12.90%	6
4	TAH	TABCORP HOLDINGS LIMITED	2.900	3.250	-10.77%	5
5	OML	OOH!MEDIA LIMITED	12.500	13.100	-4.58%	3
6	AIS	AERIS RESOURCES LIMITED	12.500	13.000	-3.85%	4
7	ING	INGHAMS GROUP LIMITED	19.450	20.225	-3.83%	4
8	MIN	MINERAL RESOURCES LIMITED	148.200	152.317	-2.70%	7
9	QAN	QANTAS AIRWAYS LIMITED	120.060	123.380	-2.69%	6
10	BPT	BEACH ENERGY LIMITED	17.100	17.567	-2.66%	7

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WEEKLY REPORTS

Uranium Week: Risk Off Rules

Uranium investors juggle the swings in U308 spot price versus fundamentals and risk off sentiment with Cameco the latest to attract broker attention.

- **Paladin shares pull back despite solid quarterly update**
- **Cameco coverage highlights strengths and constraints in uranium cycle**
- **TradeTech spot market activity signals risk-off tone**

By Danielle Ecuyer

Risk-off sentiment sweeps up U308 companies

As risk off sentiment has gyrated through equity markets. Uranium stocks have not been immune.

Take **Paladin Energy** ((PDN)) as a case in point, the stock price has pulled back from a high of \$10 in mid-October by around -15%, to current levels around \$8.

By comparison, the weekly spot price indicator from industry consultants TradeTech has vacillated in a range between the mid-US\$70s/lb and the low US\$80s/lb over the past three months, peaking at US\$82.75/lb in late September.

Last week TradeTech's spot price indicator came in at US\$76.90/lb, a slight rise of US\$0.27/lb on the week prior.

Compared to the recent high, the spot price has retraced by some -7% while short interests have fallen to 11.74% as of November 11 from 12.14% a month earlier. Last week, available data showed the shorters had lowered their reported positions by an additional -2.12%.

Fundamentally, the company delivered another strong quarterly update in the later part of October, with 1Q26 production up 7% y/y, which met expectations for Canaccord Genuity while costs beat guidance at US\$41.6/lb.

Although it might seem fanciful to draw too many conclusions from the price movements between the stock price and the U308 spot price, fundamentally Paladin delivered good news and short interests have lowered their positions as the share price weakened.

None of which is probably surprising, but the purpose of the exercise is to highlight how positive long term commodity themes like uranium and its associated adjacent, nuclear energy, are equally impacted by general market sentiment in the here and now.

Similar trends have been evident in the gold price and gold stocks.

Cameco, a quality exposure, just a but too pricey

Possibly an indication of how the U308 thematic is attracting attention is reflected in UBS initiating coverage of **Cameco** in the last week, stating the company offers *"high quality exposure to the uranium thematic"*.

UBS is yet another analyst to emphasise a positive outlook for uranium with the growth in demand expected to compound at an average rate of over 3.5% in the medium term, supporting an upside skew in U308 pricing.

As Cameco contracts at pricing above U308 spot, the company's earnings have scope to grow significantly with

volume optionality at McArthur River and Key Lakes via restarts and greenfield developments offering further upside.

Volume growth is not anticipated until the medium-term uranium price rises towards around US\$100/lb which would be sufficient to support bringing more volume capacity on stream.

By comparison TradeTech's Medium Term spot price indicator stands at US\$87/lb, some -13% below the benchmark price UBS considers as sufficient to act as an incentive.

TradeTech's Long Term price indicator stands at US\$86/lb as at the end of October.

Another lever for Cameco is Westinghouse, which is emerging as a more important contributor for the company.

Cameco owns 49% of Westinghouse which is expected to have at least 18 AP1000 units operational by the end of the decade and over 30 reactors with firm commitments either contracted or under construction. This includes 12 in China, 12 in the US and seven in Europe.

As outlined a couple of weeks ago, Washington's commitment to Westinghouse is another positive fillip to the story.

For more details check

out <https://fnarena.com/index.php/2025/11/04/uranium-week-washington-backs-westinhouse/>.

UBS forecasts around CA\$850m/yr in earnings in 2030 on the back of 6-8% compound average growth rate in revenue for the core business with margins at the top end of historical standards between 18-19%.

While Cameco's shares have retreated from a recent 52-week high of CA\$153.59 in late September, the analyst notes the price is still up 23% over the last three months and 72% year-to-date.

UBS does suggests at current levels around CA\$118, the stock looks fully valued and is discounting a U308 real price around US\$110/lb. UBS rates Cameco as Neutral with CA\$140 target price.

U308 spot market activity in the week that was

In the week that was, TradeTech recorded eleven transactions in the U308 spot market totaling 850klbs.

The first part of the week, between Monday and Wednesday, spot trades were settled at a US\$78/lb price, but as risk off sentiment flowed through, the spot price slipped with one 100klb transaction at US\$77.50/lb and another two 100klb transactions at US\$77.37/lb.

Four transactions last Friday included 100klbs for delivery at Cameco's Canadian facility at US\$76.50/lb and a second at US\$77.50/lb for delivery at Honeywell's ConverDyn facility.

Friday closed with 100klb for December delivery at Orano's facility in France at US\$79.90/lb.

Energy and energy security remained topics of interest for global organisations.

Geo-political risks highlighted again in the nuclear supply chain

The International Energy Agency's (IEA) World Energy Outlook 2025 highlighted the resurgence in nuclear power as governments look for reliable, low emissions energy to assist with decarbonisation.

Over 40 countries are now including nuclear into long-term strategies. The IEA also warned the nuclear sector is facing growing supply chain weakness with uranium mining, conversion and enrichment concentrated in a handful of countries and major investment will be needed across the fuel cycle to meet the expected growth in demand.

Small modular reactors (SMRs) were also noted as a central part of the future expansion and the UK government announced the selection of the Welsh island of Wylfa as the site for the first small modular reactor to generate up to 1.5GW of power.

The site originally had two gas-cooled reactors that were shut down in 2012 and 2015 and will now house the

UK's first three SMRs with potential to build up to eight.

Work is due to start in 2026 with completion scheduled by the mid-2030s (assuming no delays which have become the norm).

The latest update on ASX U308 short interests

Turning to short interests, Boss Energy ((BOE)) remains the most shorted stock on the ASX as at November 11 at 21.51%, up 0.69% over the week prior.

Paladin is in fourth position at 11.74%, while Lotus Resources ((LOT)) saw a slight uptick by 0.55% to 6.95%. Deep Yellow ((DYL)) shorts rose by 0.45% to 6.52%. Silex Systems' ((SLX)) slipped -0.47% to 6.48%.

Further reading from FNArena:

<https://fnarena.com/index.php/2025/11/11/uranium-week-biggest-spot-fall-since-march/>

<https://fnarena.com/index.php/2025/10/28/uranium-week-projecting-us150-lb-post-2026/>

<https://fnarena.com/index.php/2025/10/21/uranium-week-jpmorgans-us1-5trn-plan/>

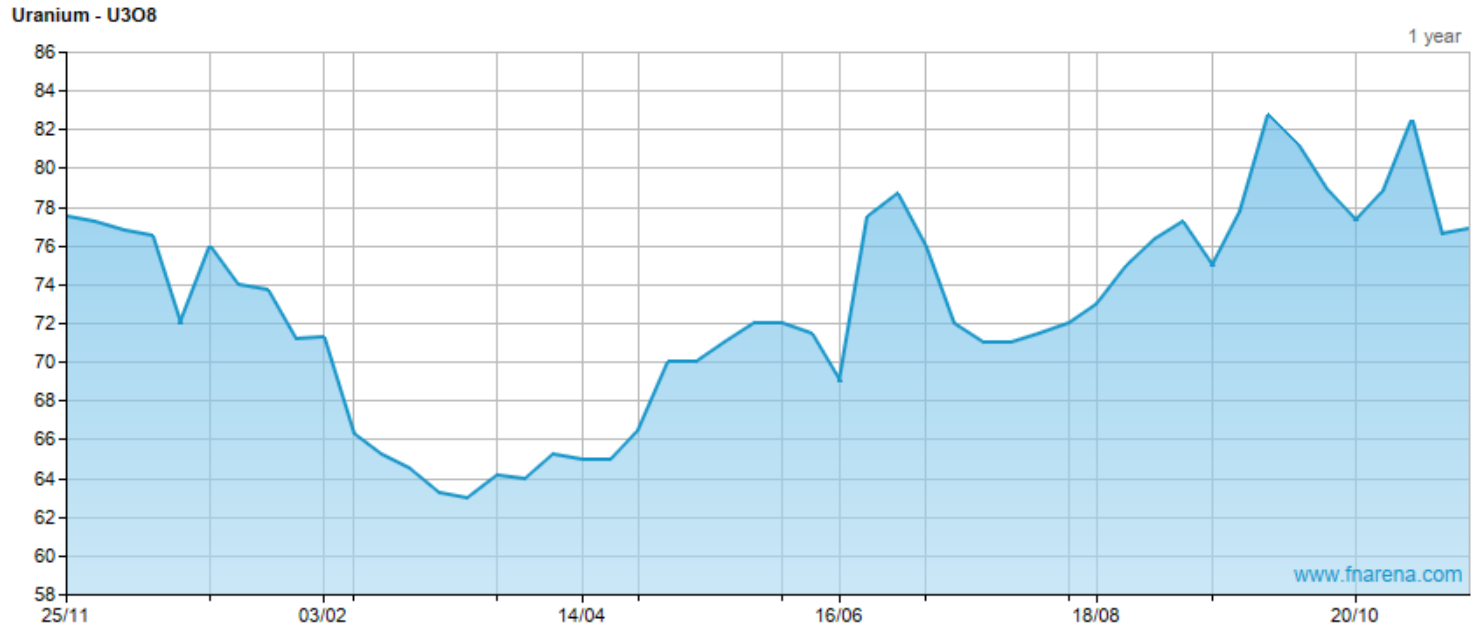
<https://fnarena.com/index.php/2025/10/14/uranium-week-price-frenzy-fades/>

<https://fnarena.com/index.php/2025/10/17/paladin-energy-powering-on/>

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	14/11/2025	0.1000	▼- 9.09%	\$0.12	\$0.03			
AEE	14/11/2025	0.2000	▼- 2.38%	\$0.28	\$0.10			
AGE	14/11/2025	0.0200	▼-14.29%	\$0.04	\$0.02		\$0.070	▲250.0%
AKN	14/11/2025	0.0100	0.00%	\$0.01	\$0.01			
ASN	14/11/2025	0.1000	▲ 8.24%	\$0.13	\$0.04			
BKY	14/11/2025	0.5200	▲ 0.94%	\$0.70	\$0.31			
BMN	14/11/2025	3.0900	▼- 6.38%	\$4.07	\$1.76		\$5.100	▲65.0%
BOE	14/11/2025	1.6900	▼- 7.69%	\$4.75	\$1.57	8.7	\$2.279	▲34.8%
BSN	14/11/2025	0.0550	▼- 1.79%	\$0.08	\$0.01			
C29	14/11/2025	0.0300	▼- 3.57%	\$0.13	\$0.01			
CXO	14/11/2025	0.2200	▲25.00%	\$0.23	\$0.06		\$0.230	▲4.5%
CXU	14/11/2025	0.0200	0.00%	\$0.03	\$0.01			
DEV	14/11/2025	0.1300	0.00%	\$0.18	\$0.07			
DYL	14/11/2025	1.6200	▼- 3.63%	\$2.49	\$0.75	-322.0	\$1.930	▲19.1%
EL8	14/11/2025	0.2700	▼- 6.90%	\$0.50	\$0.19			
ERA	14/11/2025	0.0020	▼-33.33%	\$0.00	\$0.00			
GLA	14/11/2025	0.0100	▲100.00%	\$0.05	\$0.01			
GUE	14/11/2025	0.0600	0.00%	\$0.09	\$0.05			
HAR	14/11/2025	0.1700	▲10.00%	\$0.25	\$0.04			
I88	14/11/2025	0.2700	▼- 6.67%	\$0.76	\$0.08			
KOB	14/11/2025	0.0700	0.00%	\$0.11	\$0.03			
LAM	14/11/2025	0.7200	▼- 1.39%	\$0.90	\$0.55			
LOT	14/11/2025	0.1700	▼- 8.33%	\$0.26	\$0.13		\$0.337	▲98.0%
MEU	14/11/2025	0.0700	▼- 1.49%	\$0.09	\$0.03			
NXG	14/11/2025	12.4900	▼- 6.04%	\$15.21	\$6.44		\$15.375	▲23.1%
ORP	14/11/2025	0.0500	▼-16.67%	\$0.06	\$0.02			

PDN	14/11/2025	8.1300	▼- 4.42%	\$9.95	\$3.93	67.3	\$9.843	▲21.1%
PEN	14/11/2025	0.4800	▼-13.21%	\$1.61	\$0.28		\$1.330	▲177.1%
SLX	14/11/2025	8.5200	▼-10.20%	\$10.85	\$2.28		\$11.200	▲31.5%
TOE	14/11/2025	0.4100	▼- 5.75%	\$0.52	\$0.15			
WCN	14/11/2025	0.0200	0.00%	\$0.04	\$0.01			



wp market price history u3o8

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WEEKLY REPORTS

The Short Report - 20 Nov 2025

FN Arena's weekly update on short positions in the Australian share market

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

Summary:

Week Ending November 13th, 2025 (most recent data available through ASIC).

10%+

BOE 21.98%

DMP 16.91%

PLS 13.49%

PDN 11.81%

GYG 11.66%

IEL 11.56%

PWH 11.15%

FLT 11.13%

PNV 10.71%

IPH 10.57%

TLX 10.43%

Out: **CTD**

9.0-9.9%

CTD 9.94%

CUV 9.35%

In: **CTD**

Out: **MIN**

8.0-8.9%

NAN 8.85%

ILU 8.54%

DGT 8.38%

LIC 8.20%

Out: **VUL**

7.0-7.9%

VUL 7.97%

GEM 7.79%

BRG 7.26%

MSB 7.19%

RIO 7.06%

In: VUL, GEM

Out: TWE, KAR

6.0-6.9%

BSL 6.88%

TWE 6.87%

LOT 6.86%

DRO 6.61%

DYL 6.47%

SLX 6.40%

MIN 6.28%

JHX 6.10%

In: TWE, DRO, MIN, JHX

Out: GEM, BRN, IPX

5.0-5.9%

IPX 5.94%

BRN 5.77%

NXT 5.75%

ING 5.44%

HMC 5.35%

ARB 5.33%

GMD 5.31%

NEU 5.20%

BPT 5.05%

In: IPX, BRN, ING, BPT

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.2	0.2	NAB	0.4	0.4
ANZ	0.8	0.8	QBE	0.3	0.2
BHP	1.0	1.0	RIO	7.1	7.1
BXB	0.5	0.4	STO	0.3	0.3
CBA	0.6	0.7	TCL	0.5	0.4
COL	0.4	0.2	TLS	0.4	0.4
CSL	0.4	0.3	WBC	0.6	0.6
FMG	1.7	1.6	WDS	4.0	3.7
GMG	0.4	0.3	WES	0.4	0.4
MQG	0.6	0.6	WOW	0.9	0.9

To see the full Short Report, please [go to this link](#)

Guide:

The Short Report draws upon data provided by the Australian Securities & Investment Commission (ASIC) to highlight significant weekly moves in short positions registered on stocks listed on the Australian Securities Exchange (ASX). Short positions in exchange-traded funds (ETF) and non-ordinary shares are not included.

Short positions below 5% are not included in the table below but may be noted in the accompanying text if deemed significant.

Please take note of the Important Information provided at the end of this report. Percentage amounts in this report refer to percentage of ordinary shares on issue.

Stock codes highlighted in green have seen their short positions reduce in the week by an amount sufficient to move them into a lower percentage bracket. Stocks highlighted in red have seen their short positions increase in the week by an amount sufficient to move them into a higher percentage bracket. Moves in excess of one percentage point or more are discussed in the Movers & Shakers report below.

IMPORTANT INFORMATION ABOUT THIS REPORT

The above information is sourced from daily reports published by the Australian Investment & Securities Commission (ASIC) and is provided by FNArena unqualified as a service to subscribers. FNArena would like to make it very clear that immediate assumptions cannot be drawn from the numbers alone.

It is wrong to assume that short percentages published by ASIC simply imply negative market positions held by fund managers or others looking to profit from a fall in respective share prices. While all or part of certain short percentages may indeed imply such, there are also a myriad of other reasons why a short position might be held which does not render that position “naked” given offsetting positions held elsewhere. Whatever balance of percentages truly is a “short” position would suggest there are negative views on a stock held by some in the market and also would suggest that were the news flow on that stock to turn suddenly positive, “short covering” may spark a short, sharp rally in that share price. However short positions held as an offset against another position may prove merely benign.

Often large short positions can be attributable to a listed hybrid security on the same stock where traders look to “strip out” the option value of the hybrid with offsetting listed option and stock positions. Short positions may form part of a short stock portfolio offsetting a long share price index (SPI) futures portfolio - a popular trade which seeks to exploit windows of opportunity when the SPI price trades at an overextended discount to fair value. Short positions may be held as a hedge by a broking house providing dividend reinvestment plan (DRP) underwriting services or other similar services. Short positions will occasionally need to be adopted by market makers in listed equity exchange traded fund products (EFT). All of the above are just some of the reasons why a short position may be held in a stock but can be considered benign in share price direction terms due to offsets.

Market makers in stock and stock index options will also hedge their portfolios using short positions where necessary. These delta hedges often form the other side of a client's long stock-long put option protection trade, or perhaps long stock-short call option (“buy-write”) position. In a clear example of how published short percentages can be misleading, an options market maker may hold a short position below the implied delta hedge level and that actually implies a “long” position in that stock.

Another popular trading strategy is that of “pairs trading” in which one stock is held short against a long position in another stock. Such positions look to exploit perceived imbalances in the valuations of two stocks and imply a “net neutral” market position.

Aside from all the above reasons as to why it would be a potential misconception to draw simply conclusions on short percentages, there are even wider issues to consider. ASIC itself will admit that short position data is not an exact science given the onus on market participants to declare to their broker when positions truly are “short”. Without any suggestion of deceit, there are always participants who are ignorant of the regulations. Discrepancies can also arise when short positions are held by a large investment banking operation offering multiple stock market services as well as proprietary trading activities. Such activity can introduce the possibility of either non-counting or double-counting when custodians are involved and beneficial ownership issues become unclear.

Finally, a simple fact is that the Australian Securities Exchange also keeps its own register of short positions. The figures provided by ASIC and by the ASX at any point do not necessarily correlate.

FNArena has offered this qualified explanation of the vagaries of short stock positions as a warning to subscribers not to jump to any conclusions or to make investment decisions based solely on these unqualified numbers. FNArena strongly suggests investors seek advice from their stock broker or financial adviser before acting upon any of the information provided herein.

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WEEKLY REPORTS

In Brief: Acrow, James Hardie & Pro Medicus

Three companies with appealing investment cases where share prices have been oversold or derated, offering investors another bite of the cherry.

- Acrow has yet to realise the contract wins from the Brisbane Olympics build out
- James Hardie signals a positive change in momentum post a torrid nine months
- Pro Medicus' latest contract in accelerating segment of radiology trends

By Danielle Ecuyer

This week's quote comes from DBS Group:

"We expect China GDP growth of 4.5% in 2026 as the first year of the 15th Five Year Plan unfolds.

"Manufacturing shifts to high-tech, with AI lifting innovation.

"Infrastructure will be supported by early 2025 local government bond issuance.

"Export upgrading toward higher-tech, higher-margin goods, deepening global links.

Weak property market, aggregate demand and uncertain jobs outlook will remain drags to growth."

Regional softness belies upside earnings growth potential

National engineering solutions company **Acrow ((ACF))** just can't find the investor love.

In contrast, brokers are almost tripping over themselves to espouse the attractive growth story as yet again highlighted in its trading update and 1H26 AGM guidance.

Moelis and Petra Capital have been quick on their feet to offer updates.

Petra saw the quantitative guidance as a tad weaker than expected but the qualitative commentary on the outlook remained upbeat.

Acrow is a story about near-term headwinds and constraints on earnings versus how upbeat the analysts are on the ramp-up in Brisbane Olympics contract-related work from 1H27.

The company has experienced a pick-up in pipeline work of 14% since August. Formwork which has been disappointing, notably with some weakness particularly around SE Queensland, is expected to recover over 2H26.

Moelis notes an increase in the pipeline year-to-date of 25% to \$248m, but softer conditions currently in Queensland are weighing on the analyst's enthusiasm, until.

This is the big story for the engineering services and equipment provided: the upcoming build-out for the 2032 Olympics. Management offered first commentary around the Olympics at the AGM with construction activity anticipated to pick up from 1H27.

Venue projects construction value stands at some \$7.1bn with peripheral work up to \$10bn-\$30bn.

Petra sees management as using the expected robust cash flows from Brisbane Olympics projects to lower debt and conduct opportunistic acquisitions in industrial access.

Further diversification into industrial access, including specialised scaffolding, access equipment, labour and

safety solutions used to support maintenance, shutdowns and capital works across heavy-industry sites in Australia, is viewed as making underlying earnings less cyclical and more consistent.

Net gearing for Acrow stands at 40.4% in FY25 and Petra forecasts it to fall to 23.9% in FY28.

Petra is Buy rated with a \$1.64 target price, while Moelis is also Buy rated with a \$1.31 target.

FNArena's daily monitored brokers have a consensus target price of \$1.263 with a further three Buy ratings.

Management and board changes, boost sentiment as inventory falls

Fallen building materials star, **James Hardie Industries ((JHX))** appears to have turned a corner with a reversal in negative earnings momentum.

Going into the 2Q26 results update, Jarden stressed the announcement had been essentially de-risked with most of the metrics pre-announced.

The major positive from the update was an upgrade in guidance, albeit off a low base.

From an operational standpoint, the results met expectations with the guidance upgrade related to subsiding US legacy fibre cement inventory issues rather than a pick-up in demand. Notably, fibre cement net sales were down around -3% y/y.

There were also indications of a slight improvement in operating leverage with raw material prices showing signs of easing and now expected to be mid-single digit, versus high-single digit before.

Management also pointed to improving asset utilisation from plant under-utilisation which had weighed on adjusted earnings (EBITDA) margins in the legacy North American fibre cement business by some -400bps.

Jarden continues to like the company, emphasises the quality of the James Hardie legacy business and the recently acquired Azek business. Overall, activity should be boosted by possible builder incentives, rate cuts in the US to assist with affordability, and ageing US housing stock.

The appointment of Nigel Stein to Chair of the Board is also considered a positive. Stein is an independent non-executive director who joined the board in May 2020 and whose current term is due to finish in August 2026.

Management was reshuffled with the succession of Ryan Lada to the CFO role, replacing Rachel Wilson who had been at James Hardie since August 2023. Lada was previously the CFO and Treasurer of Azek.

The broker tweaks EPS estimates by -1.5% for FY26 and raises FY27 by 3.3%, while retaining an Overweight rating.

From a sentiment perspective, investors and analysts were audibly relieved to see inventory de-stocking, possibly signalling the start of a turnaround. Target set at \$39.

New contract trends belie share price weakness

The latest contract announcement from **Pro Medicus ((PME))** brings the 1H26 year-to-date contract wins to \$234m.

The deal with Advanced Radiology Management (referred to as ARM) came after a four-month hiatus of no announcements, Canaccord Genuity points out, and brings forth \$44m over five years in what is described as a Viewer-only transaction.

The lack of new contracts coincided with or contributed to the share price sell-off, which the analyst attributes to one of the risks of investing in such a high-quality company with a valuation of over 100x enterprise value/earnings (EBITDA).

Share price volatility is part and parcel of a high valuation being ascribed to a stock like Pro Medicus, particularly during risk-off periods.

Equally, impatience around a lack of new “big” announcements could have further eroded sentiment with the market left wanting another \$100m-plus deal.

Potential impacts on the US healthcare system from President Trump’s One Big Beautiful Bill were also highlighted as a causal factor. Industry feedback suggests the Bill has negative implications for regional/rural hospitals from cuts in Medicaid.

Canaccord is conducting ongoing research into these concerns.

The latest contract brings forth momentum in an existing but accelerating trend in the US radiology market, which is the growth in decentralisation of radiology.

ARM is classified as a reading/teleradiology group, which are beneficiaries of decentralisation. Teleradiology presents a move of the radiology workflow from being tied to a single hospital or physical site towards a distributed, national network of radiologists who interpret scans remotely.

The analyst reminds investors it models a \$69m/half-year period deal run rate as a base case for new contract wins.

Since FY23, when the base rate was first applied, the rolling two-year average has advanced to around \$200m/half-year, but taking out the three mega deals (UCHealth, Trinity \$330m and BSWH \$140m), the rolling average remains above the analyst’s base case at \$75m/half-year.

The upcoming Radiological Society of North America’s annual conference in Chicago could be a positive catalyst. Canaccord assures investors there is enough potential depth in the pipeline to convert to new contract wins over FY26.

Canaccord maintains its Buy rating and \$350 target price.

The author owns Pro Medicus shares in a SMSF.

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WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 21-11-25

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

Broker Rating Changes (Post Thursday Last Week)

Upgrade

AVITA MEDICAL INC ((AVH)) Upgrade to Hold from Sell by Canaccord Genuity.B/H/S: 0/0/0

Canaccord Genuity upgrades Avita Medical to Hold from Sell, noting the business was affected by a change in reimbursement mechanics and the situation is now largely resolved.

The broker would still expect the balance sheet to be firmed up before becoming more constructive on the stock. The company has confirmed US\$17.1m in commercial revenue for the third quarter, down -13% on the prior corresponding period.

FY25 revenue guidance range is revised down to US\$70-74m. Target is steady at \$1.25.

ENDEAVOUR GROUP LIMITED ((EDV)) Upgrade to Neutral from Underweight by Jarden.B/H/S: 0/0/0

Jarden believes Endeavour Group's refreshed leadership team under CEO Jayne Hrdlicka is well placed to execute a strategy leveraging the company's brands, retail network, digital platforms and pubs to reignite top-line growth.

The broker highlights new hires Benjamin Ward (ex-Supercheap Auto) ((SUL)) and Catriona Larritt, ex-Qantas Airways ((QAN)) as pivotal to strengthening brand adjacencies and integrating data to enhance customer loyalty.

It's felt near-term pricing resets may pressure margins at the 1H26 result, though early signs point to improving momentum at Dan Murphy's.

The analysts see long-term potential for multiple expansion if execution succeeds. Jarden retains a Neutral rating and \$3.60 target.

READYTECH HOLDINGS LIMITED ((RDY)) Upgrade to Overweight from Neutral by Jarden.B/H/S: 0/0/0

Jarden upgrades its rating for ReadyTech Holdings to Overweight from Neutral, citing reduced downside risk, refreshed leadership, and an attractive valuation.

Shares currently trade on 6.2x FY26 forecast earnings (EBITDA), which the broker views as a valuation floor given prior takeover interest and sector positioning.

The analysts expect recent senior hires in the Government segment to reinvigorate growth following years of underperformance, with new leadership bringing strong public-sector and technology credentials.

It's thought the recent cyber incident involving the company's hosted student management system, VETtrak, has minimal financial impact given insurance coverage.

Jarden retains a \$2.60 target.

SUPERLOOP LIMITED ((SLC)) Upgrade to Buy from Overweight by Jarden.B/H/S: 0/0/0

Jarden upgrades Superloop to Buy from Overweight with a higher target of \$3.40 from \$3.20 post FY26 guidance was offered for earnings (EBITDA) up between 18-27% on FY25.

The recent share price weakness is considered an attractive entry point as a high growth, high margin business which is providing fibre infrastructure to greenfield developments, student accommodation, build to rent and retirement living, or smart communities.

The analyst estimates active lots can achieve a CAGR of around 16% over the next five years through to FY30. Near term Jarden's earnings forecast is tweaked lower by -1% for FY26 due to a lower wholesale price update and lower Origin Energy ((ORG)) subscribers past FY26.

Longer term the smart communities underpin EPS upgrades which generate a lift in longer term EPS estimates by 10%, hence the rise in target price.

Downgrade

ALLIANCE AVIATION SERVICES LIMITED ((AQZ)) Downgrade to Hold from Buy by Canaccord Genuity.B/H/S: 0/0/0

Canaccord Genuity was disappointed with the update from Alliance Aviation Services as FY26 pre-tax profit guidance was materially below forecasts. Operating performance was still impressive, reflecting the strong demand for the services.

The issue is margins and returns, which remain under pressure from historically low cash conversion. If such issues can be addressed the broker envisages potential upside, but given the current uncertainty downgrades to Hold from Buy. Target is lowered to \$1.49 from \$2.58.

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	AVITA MEDICAL INC	Neutral	Sell	Canaccord Genuity
2	ENDEAVOUR GROUP LIMITED	Neutral	Sell	Jarden
3	READYTECH HOLDINGS LIMITED	Buy	Neutral	Jarden
4	SUPERLOOP LIMITED	Buy	Buy	Jarden
Downgrade				
5	ALLIANCE AVIATION SERVICES LIMITED	Neutral	Buy	Canaccord Genuity

Price Target Changes (Post Thursday Last Week)

	Company	Last Price	Broker	New Target	Old Target	Change
ACF	Acrow	\$1.06	Moelis	1.31	1.32	-0.76%
			Petra Capital	1.64	1.68	-2.38%
ALL	Aristocrat Leisure	\$58.24	Jarden	74.00	75.00	-1.33%
AQZ	Alliance Aviation Services	\$1.25	Canaccord Genuity	1.49	2.58	-42.25%
AZY	Antipa Minerals	\$0.58	Canaccord Genuity	1.40	1.25	12.00%
BSL	BlueScope Steel	\$22.63	Jarden	24.60	24.50	0.41%
CAT	Catapult Sports	\$4.32	Canaccord Genuity	8.00	6.20	29.03%
CCR	Credit Clear	\$0.26	Petra Capital	0.46	0.49	-6.12%
CGS	Cogstate	\$2.58	Canaccord Genuity	3.20	2.19	46.12%
CPU	Computershare	\$34.96	Jarden	39.00	38.50	1.30%
CXL	Calix	\$0.59	Canaccord Genuity	1.95	1.90	2.63%
DMP	Domino's Pizza Enterprises	\$21.35	Jarden	19.00	18.00	5.56%
			Petra Capital	25.00	24.50	2.04%
EDV	Endeavour Group	\$3.64	Jarden	3.60	3.90	-7.69%
FFM	FireFly Metals	\$1.79	Moelis	2.20	1.60	37.50%
FLT	Flight Centre Travel	\$12.00	Canaccord Genuity	12.95	12.25	5.71%
			Jarden	18.00	17.20	4.65%
GNC	GrainCorp	\$8.44	Canaccord Genuity	8.71	9.05	-3.76%
HRZ	Horizon Minerals	\$0.07	Petra Capital	0.13	0.13	3.08%

ING	Inghams Group	\$2.44	Jarden	2.80	2.90	-3.45%
INR	ioneer	\$0.19	Canaccord Genuity	0.50	0.40	25.00%
IRE	Iress	\$9.05	Canaccord Genuity	11.52	10.00	15.20%
JIN	Jumbo Interactive	\$10.44	Jarden	13.40	13.70	-2.19%
KCN	Kingsgate Consolidated	\$4.22	Canaccord Genuity	7.70	7.65	0.65%
MIN	Mineral Resources	\$50.78	Jarden	17.30	15.60	10.90%
MP1	Megaport	\$13.21	Canaccord Genuity	17.80	16.75	6.27%
			Jarden	17.63	16.77	5.13%
NEC	Nine Entertainment	\$1.10	Jarden	1.25	1.30	-3.85%
OML	oOh!media	\$1.25	Canaccord Genuity	1.75	2.00	-12.50%
RRL	Regis Resources	\$7.01	Canaccord Genuity	7.05	5.45	29.36%
RXL	Rox Resources	\$0.39	Canaccord Genuity	1.10	0.93	18.28%
SHA	Shape Australia	\$6.40	Petra Capital	7.12	6.70	6.27%
SLC	Superloop	\$2.38	Jarden	3.40	3.20	6.25%
TNE	TechnologyOne	\$30.57	Canaccord Genuity	42.15	45.60	-7.57%
XRO	Xero	\$120.47	Jarden	183.00	196.00	-6.63%
Company		Last Price	Broker	New Target	Old Target	Change

More Highlights

ALK ALKANE RESOURCES LIMITED

Gold & Silver - Overnight Price: \$1.02

Moelis rates ((ALK)) as Buy (1) -

Moelis believes Alkane Resources is well positioned for a re-rating as its key projects advance and production metrics improve.

The broker highlights rising cash generation, declining costs (AISC), and increased confidence in the Boda resource as catalysts for valuation upside.

It's believed management's disciplined capital approach and exploration success underpin medium-term growth and potential resource expansion.

Project execution remains the focus, notes the broker, with feasibility milestones expected to drive sentiment into FY26.

Moelis retains a Buy rating and target of \$1.65.

This report was published on November 17, 2025.

Target price is **\$1.65** Current Price is **\$1.02** Difference: **\$0.63**

If **ALK** meets the Moelis target it will return approximately **62%** (excluding dividends, fees and charges).
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 **14.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **7.29**.

Forecast for FY27:

Moelis forecasts a full year **FY27** dividend of **0.00** cents and EPS of **16.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **6.38**.

Market Sentiment: 0.8

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

CAT CATAPULT SPORTS LIMITED

Medical Equipment & Devices - Overnight Price: \$4.46

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

Catapult Sports announced 1H26 numbers that were a slight 'beat' on largely pre-reported results.

Canaccord Genuity notes revenue rose 16% y/y in constant currency, with subscription revenue growth of 20% y/y which aligns with its 20% growth in annual contract value. Gross profit lifted 17% y/y with a 79% gross margin.

Management retained the positive outlook for FY26, flagging "strong annual contract growth and low churn".

The analyst highlights the rotation out of growth stocks over the last month and views the sell down in the share price at over -35% as overdone.

Buy rating retained with an unchanged target of \$8.

This report was published on November 18, 2025.

Target price is **\$8.00** Current Price is **\$4.46** Difference: **\$3.54**

If **CAT** meets the Canaccord Genuity target it will return approximately **79%** (excluding dividends, fees and charges).

Current consensus price target is **\$7.17**, suggesting upside of **60.7%**(ex-dividends)

The company's fiscal year ends in March.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **minus 0.47** cents. At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 955.03**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **-5.3**, implying annual growth of **N/A**.

Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.

Current consensus EPS estimate suggests the PER is **N/A**.

Forecast for FY27:

Canaccord Genuity forecasts a full year **FY27** dividend of **0.00** cents and EPS of **4.05** cents. At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **110.15**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **-0.3**, implying annual growth of **N/A**.

Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.

Current consensus EPS estimate suggests the PER is **N/A**.

This company reports in **USD**. All estimates have been converted into AUD by FNArena at present FX values.

Market Sentiment: **1.0**

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

CCR CREDIT CLEAR LIMITED

Diversified Financials - Overnight Price: \$0.28

Petra Capital rates ((CCR)) as Buy (1) -

The analyst at Petra Capital views Credit Clear's first-quarter update and ARC Europe acquisition as reinforcing the company's growth trajectory and transition to sustainable profitability.

Q1 revenue rose 10% year-on-year to \$13.2m, with FY26 guidance maintained at \$50-52m revenue and \$9-10m

underlying earnings (EBITDA).

The -\$10.9m ARC Europe acquisition provides entry into the UK market, explains the analyst, and potential for future margin upside through integration of Credit Clear's digital platform.

Petra Capital highlights strong cash of \$25.7m, no debt, and accelerating earnings growth. Target trimmed to 46c from 48c. Buy retained.

This report was published on November 14, 2025.

Target price is **\$0.46** Current Price is **\$0.28** Difference: **\$0.18**

If **CCR** meets the Petra Capital target it will return approximately **64%** (excluding dividends, fees and charges). The company's fiscal year ends in June.

Forecast for FY26:

Petra Capital forecasts a full year **FY26** dividend of **0.00** cents and EPS of **0.60** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **46.67**.

Forecast for FY27:

Petra Capital forecasts a full year **FY27** dividend of **0.00** cents and EPS of **1.20** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **23.33**.

Market Sentiment: **1.0**

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

EOS ELECTRO OPTIC SYSTEMS HOLDINGS LIMITED

Hardware & Equipment - Overnight Price: \$4.83

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

Electro Optic Systems' first commercial high-energy laser weapon (HELW) sale to the Netherlands positions the company as an early leader in directed-energy defence systems, suggests Canaccord Genuity.

The analysts highlight the company's full intellectual property ownership across the HELW value chain, underpinned by growing global demand for cost-effective anti-drone and counter-projectile technologies.

HELWs offer a game-changing cost advantage at -US\$1-10 per shot versus circa -US\$1m for conventional interceptors, explains Canaccord, driving adoption across NATO and allied markets.

It's thought EOS could capture up to 50% of non-US market share as new contracts materialise.

The broker retains a Buy rating and \$10 target.

This report was published on November 12, 2025.

Target price is **\$10.00** Current Price is **\$4.83** Difference: **\$5.17**

If **EOS** meets the Canaccord Genuity target it will return approximately **107%** (excluding dividends, fees and charges).

The company's fiscal year ends in December.

Forecast for FY25:

Canaccord Genuity forecasts a full year **FY25** dividend of **0.00** cents and EPS of **minus 23.10** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 20.91**.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **minus 6.10** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 79.18**.

Market Sentiment: 1.0

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

INR IONEER LIMITED

New Battery Elements - Overnight Price: \$0.17

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

Canaccord believes ioneer's optimisation update on its 100%-owned Rhyolite Ridge project in Nevada points to enhanced efficiency and project value.

Reducing leach time to 1.5 days lifts life-of-mine (LOM) lithium output to 20.4ktpa, with the first 25 years averaging 27.8ktpa. This outcome is around 10ktpa above current offtake commitments, which may support upcoming partnership negotiations.

Costs have improved, with mining and processing down -3% and -8%, respectively, and all-in sustaining costs (AISC) reduced -6% to -US\$6,712/t.

Canaccord raises its target to 50c from 40c and retains a Speculative Buy rating.

This report was published on November 11, 2025.

Target price is **\$0.50** Current Price is **\$0.17** Difference: **\$0.33**

If **INR** meets the Canaccord Genuity target it will return approximately **194%** (excluding dividends, fees and charges).

The company's fiscal year ends in December.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **minus 1.17** cents. At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 14.55**.

Forecast for FY27:

Canaccord Genuity forecasts a full year **FY27** dividend of **0.00** cents and EPS of **minus 0.83** cents. At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 20.61**.

This company reports in **USD**. All estimates have been converted into AUD by FNArena at present FX values.

Market Sentiment: 1.0

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

SLC SUPERLOOP LIMITED

Telecommunication - Overnight Price: \$2.31

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

Canaccord Genuity points to Telstra Group's ((TLS)) Black Friday sale including -50% off all speeds for three months whereas last year's was the same promotion but for two months.

Comparing between Telstra at \$99/mth ex modem and \$113/mth with modem with Superloop at \$95/mth including a modem subject to a 24-month connection and Aussie Broadband ((ABB)) also \$95/mth, the analyst believes "value" rarely chose Telstra, so the price change may have a limited impact on the competitive backdrop.

The broker suggests share price pullbacks offer a good opportunity for both Superloop and Aussie Broadband.

Superloop is rated Buy with a \$3.74 target price.

This report was published on November 18, 2025.

Target price is **\$3.74** Current Price is **\$2.31** Difference: **\$1.43**

If **SLC** meets the Canaccord Genuity target it will return approximately **62%** (excluding dividends, fees and charges).

Current consensus price target is **\$3.53**, suggesting upside of **52.8%**(ex-dividends)

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 **0.80** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **288.75**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **6.8**, implying annual growth of **2733.3%**.

Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.

Current consensus EPS estimate suggests the PER is **34.0**.

Forecast for FY27:

Canaccord Genuity forecasts a full year **FY27** dividend of **0.00** cents and EPS of **4.70** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **49.15**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **8.3**, implying annual growth of **22.1%**.

Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.

Current consensus EPS estimate suggests the PER is **27.8**.

Market Sentiment: **0.9**

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

TOR TORQUE METALS LIMITED

Gold & Silver - Overnight Price: \$0.26

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

Torque Metals posted step-out drill results from the HHH gold deposit, just north of the Paris deposit, which confirms mineralisation north-northwest and west of the existing resource, extending mineralisation by around 40m under and around 30m west.

Canaccord Genuity believes this demonstrates strong potential upside for the project. Speculative Buy rating and \$0.55 target maintained.

The broker envisages potential for the broader Paris gold project to host around 1.6m ounces over time in addition to the existing 250,000 ounces resource base.

This report was published on November 13, 2025.

Target price is **\$0.55** Current Price is **\$0.26** Difference: **\$0.295**

If **TOR** meets the Canaccord Genuity target it will return approximately **116%** (excluding dividends, fees and charges).

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

XRO XERO LIMITED

Accountancy - Overnight Price: \$118.25

Jarden rates ((XRO)) as Buy (1) -

Jarden notes, while operating momentum was strong in the first half, expectations for Xero were also high.

Yet given the share price underperformance leading into the result, the broker was surprised at the market reaction. Group revenue grew 20% with EBITDA up 13%.

Potential reasons behind the negative reaction in the share price include the possibility that product design and development capitalisation rates were unexpectedly high and subscriber momentum below expectations.

Disclosure of the Melio depreciation appears to have been a surprise to some which may have driven downgrades, the broker suggests.

Positive aspects of the company's performance appear to be overlooked, in the broker's opinion, and a Buy rating is maintained. Target is reduced to \$183 from \$196.

This report was published on November 14, 2025.

Target price is **\$183.00** Current Price is **\$118.25** Difference: **\$64.75**

If **XRO** meets the Jarden target it will return approximately **55%** (excluding dividends, fees and charges).

Current consensus price target is **\$200.05**, suggesting upside of **69.2%**(ex-dividends)

The company's fiscal year ends in March.

Forecast for FY26:

Jarden forecasts a full year **FY26** dividend of **0.00** cents and EPS of **141.86** cents.

At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **83.36**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **132.4**, implying annual growth of **N/A**.

Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.

Current consensus EPS estimate suggests the PER is **89.3**.

Forecast for FY27:

Jarden forecasts a full year **FY27** dividend of **0.00** cents and EPS of **158.18** cents.

At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **74.76**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **141.5**, implying annual growth of **6.9%**.

Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.

Current consensus EPS estimate suggests the PER is **83.6**.

This company reports in **NZD**. All estimates have been converted into AUD by FNArena at present FX values.

Market Sentiment: **0.9**

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

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