WEEK 30

STORIES TO READ FROM FNArena

Friday, 25 July 2025

Rudi's View: Bega Cheese, Cettire, Harvey Norman, Sigma, SiteMinder & More

Partnerships Enhance Atturra’s Digital Prowess

Can Virgin Succeed This Time?

CONTENTS

FNArena
Financial News, Data & Analysis

GPO Box 3145 - Sydney NSW 2001
info@fnarena.com

Your editor:
Rudi Filapek-Vandyck

Your dedicated team of journos:
Danielle Ecuyer, Greg Peel & Mark Woodruff

FNArena
Financial News, Data & Analysis

GPO Box 3145 - Sydney NSW 2001
info@fnarena.com

Your editor:
Rudi Filapek-Vandyck

Your dedicated team of journos:
Danielle Ecuyer, Greg Peel &
Mark Woodruff

AUSTRALIA

The Market In Numbers - 19 Jul 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	19 Jul 2025	Week To Date	Month To Date (Jul)	Quarter To Date (Jul-Sep)	Year To Date (2025)	Financial Year To Date (FY26)
NZ50	12880.400	1.53%	2.20%	2.20%	-1.76%	2.20%
All Ordinaries	9006.80	2.11%	2.66%	2.66%	6.96%	2.66%
S&P ASX 200	8757.20	2.06%	2.52%	2.52%	7.33%	2.52%
S&P ASX 300	8690.60	2.10%	2.55%	2.55%	7.31%	2.55%
Communication Services	1888.80	2.31%	1.93%	1.93%	16.06%	1.93%
Consumer Discretionary	4224.00	1.53%	1.96%	1.96%	8.00%	1.96%
Consumer Staples	12146.50	0.90%	0.23%	0.23%	3.21%	0.23%
Energy	8944.90	2.32%	3.11%	3.11%	3.74%	3.11%
Financials	9566.40	1.55%	0.39%	0.39%	11.05%	0.39%
Health Care	43971.10	4.80%	5.69%	5.69%	-2.04%	5.69%
Industrials	8435.90	1.89%	1.41%	1.41%	10.33%	1.41%
Info Technology	2983.00	5.19%	2.83%	2.83%	8.83%	2.83%
Materials	16796.00	1.31%	5.91%	5.91%	4.16%	5.91%
Real Estate	3997.90	2.75%	2.55%	2.55%	6.29%	2.55%
Utilities	9721.10	1.38%	6.34%	6.34%	7.62%	6.34%
A-REITs	1843.00	2.84%	2.91%	2.91%	7.25%	2.91%
All Technology Index	4207.80	4.14%	4.05%	4.05%	10.57%	4.05%
Banks	4037.30	1.09%	0.37%	0.37%	11.95%	0.37%
Gold Index	11145.90	1.27%	-3.56%	-3.56%	32.32%	-3.56%
Metals & Mining	5549.30	1.70%	6.29%	6.29%	5.59%	6.29%

The World

Index	19 Jul 2025	Week To Date	Month To Date (Jul)	Quarter To Date (Jul-Sep)	Year To Date (2025)	Financial Year To Date (FY26)
FTSE100	8992.12	0.57%	2.64%	2.64%	10.02%	2.64%
DAX30	24289.51	0.14%	1.59%	1.59%	22.00%	1.59%
Hang Seng	24825.66	2.84%	3.13%	3.13%	23.76%	3.13%
Nikkei 225	39819.11	0.63%	-1.65%	-1.65%	-0.19%	-1.65%
DJIA	44342.19	-0.07%	0.56%	0.56%	4.23%	0.56%
S&P500	6296.79	0.59%	1.48%	1.48%	7.06%	1.48%
Nasdaq Comp	20895.66	1.51%	2.58%	2.58%	8.21%	2.58%

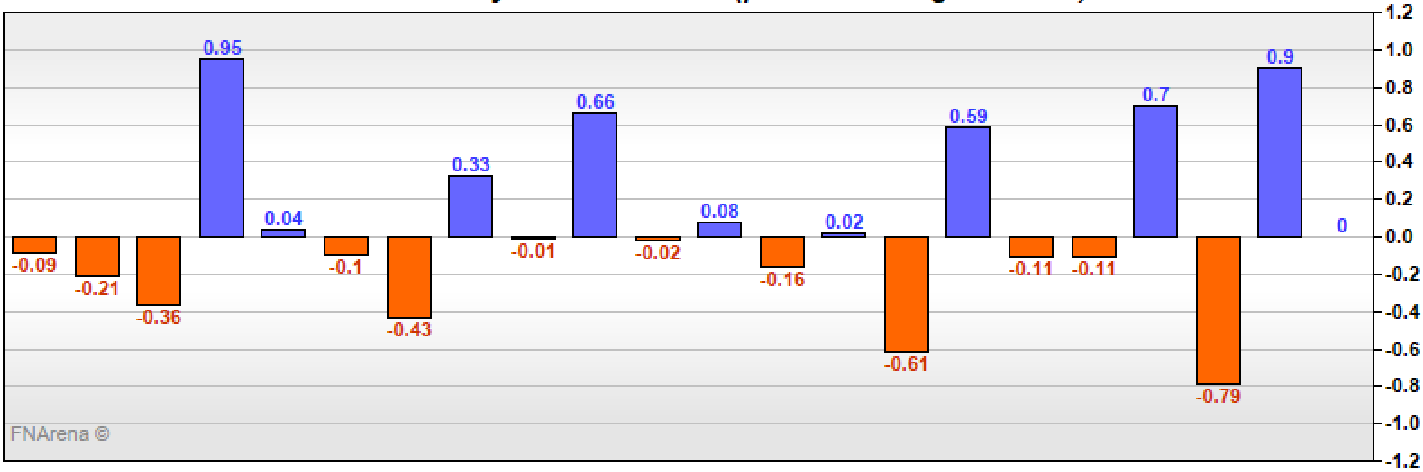
Metals & Minerals

Index	19 Jul 2025	Week To Date	Month To Date (Jul)	Quarter To Date (Jul-Sep)	Year To Date (2025)	Financial Year To Date (FY26)
Gold (oz)	3345.30	0.36%	1.30%	1.30%	27.36%	1.30%
Silver (oz)	38.43	2.12%	6.14%	6.14%	27.14%	6.14%
Copper (lb)	5.4993	-2.20%	7.92%	7.92%	34.24%	7.92%
Aluminium (lb)	1.1743	-0.81%	-0.42%	-0.42%	2.73%	-0.42%
Nickel (lb)	6.7151	-1.99%	-1.53%	-1.53%	-6.02%	-1.53%
Zinc (lb)	1.2433	-1.50%	-1.52%	-1.52%	-7.99%	-1.52%
Uranium (lb) weekly	72.00	-5.26%	-8.46%	-8.46%	0.00%	-8.46%
Iron Ore (t)	97.18	0.43%	2.85%	2.85%	-6.41%	2.85%

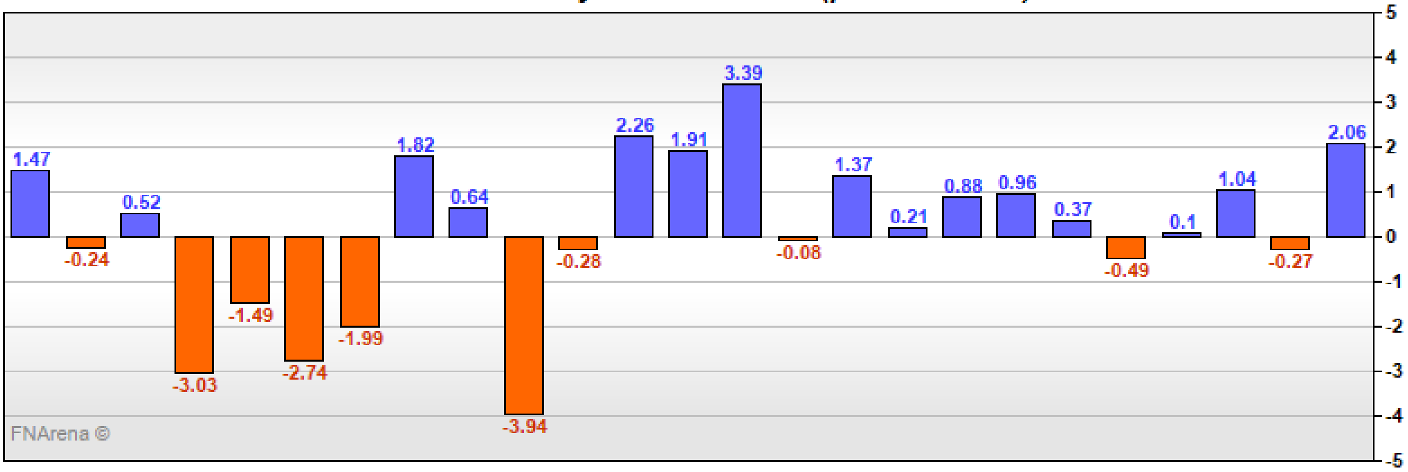
Energy

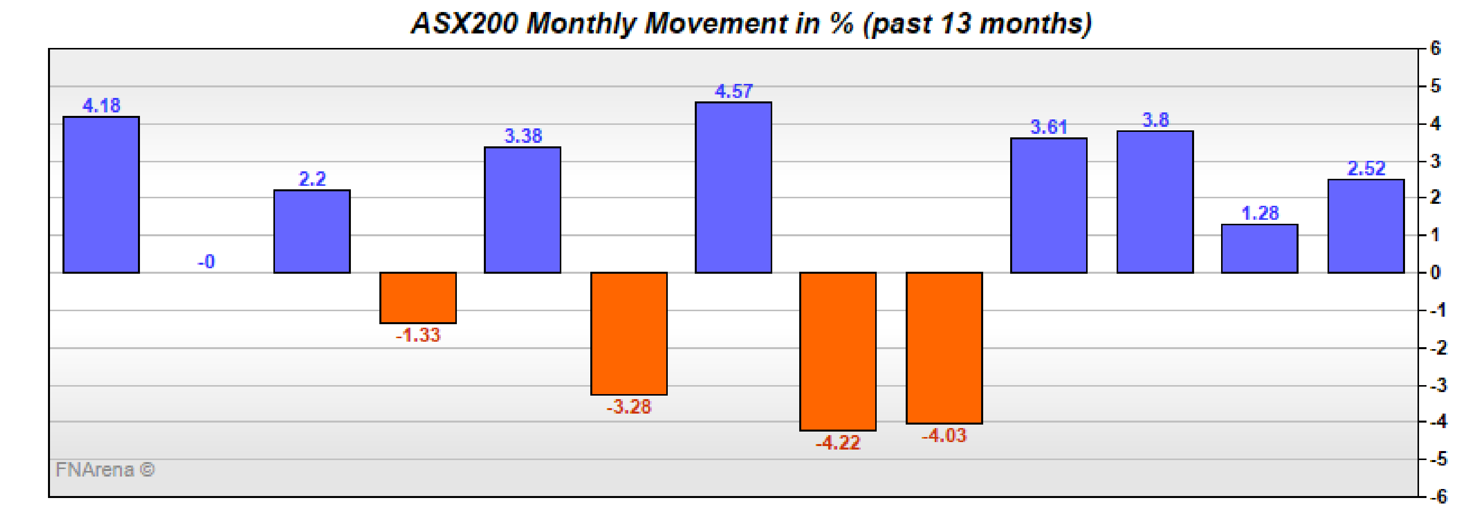
Index	19 Jul 2025	Week To Date	Month To Date (Jul)	Quarter To Date (Jul-Sep)	Year To Date (2025)	Financial Year To Date (FY26)
West Texas Crude	67.62	1.11%	3.21%	3.21%	-2.68%	3.21%
Brent Crude	69.62	1.12%	4.22%	4.22%	-4.05%	4.22%

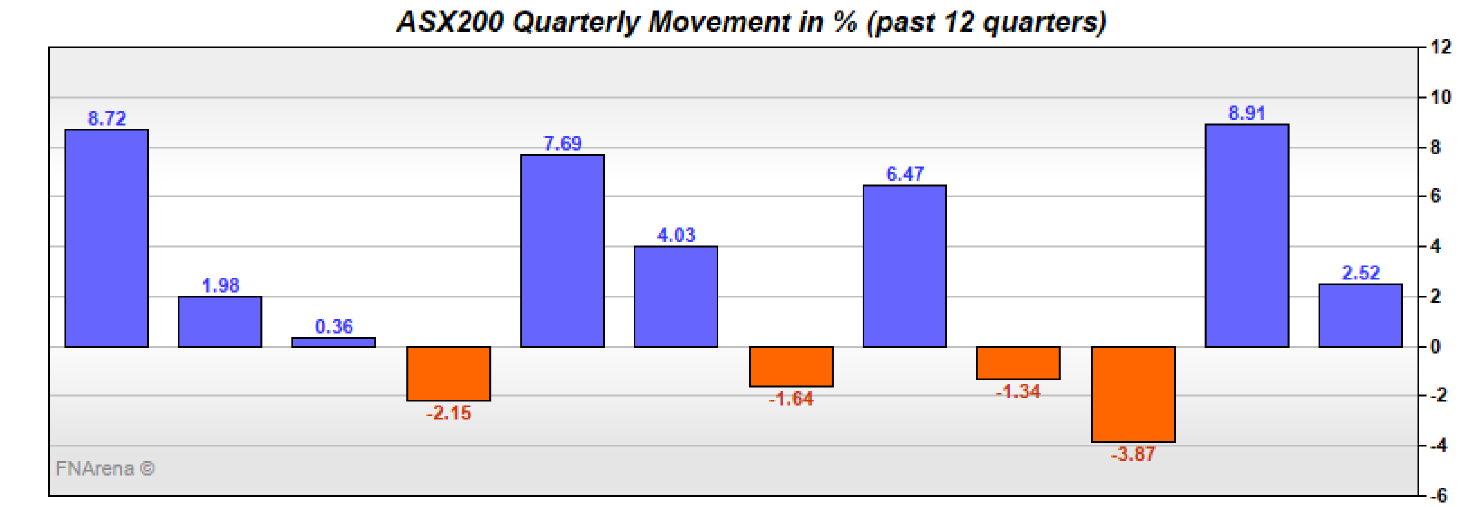
ASX200 Daily Movement in % (past 22 trading sessions)



ASX200 Weekly Movement in % (past 25 weeks)







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

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

FNArena welcomes comments and suggestions at info@fnarena.com

COMMODITIES

BHP Battling Rising Costs, Production Challenges

BHP Group's fourth quarter operational report resulted in record iron ore and copper production for FY25. Weaker commodity pricing and delays at Jansen potash provided negative offsets.

-BHP Group's record FY25 iron ore & copper production
-Jansen: delays and escalations cloud potash strategy
-Rising costs at WA iron ore, has copper production peaked?
-Ongoing downward pressure on dividends

By Mark Woodruff

Ahead of last week's BHP Group ((BHP)) fourth-quarter operational market update, Morgans highlighted sector-leading balance sheet strength and attractive exposure to copper and potash, noting upside at the time was not yet fully reflected in consensus estimates.

Offsetting this assessment, the broker also felt near-term softness in iron ore pricing and a relatively full valuation limited near-term upside potential and thus recommended accumulating BHP stock on pullbacks.

UBS had also recently lowered its 2025/26 demand and price forecasts for key commodities, citing the anticipated impact of the ongoing trade war between the US and the rest of the world. Significant uncertainty remains around the broader implications for global growth and how China will respond, noted the broker.

Over the next six months, UBS sees downside risk to spot copper and iron ore prices as physical markets continue to soften.

Following release of the quarterly activities report, Morgan Stanley notes lower realised prices did indeed offset production beats across all businesses, leading to a neutral impact on this broker's second half FY25 earnings forecast.

Unfortunately, there was also a cost blowout at the Jansen potash project in Canada, but (as explained later) some brokers take a positive view on deferred capital expenditure at a time of sliding profits and downward pressure on dividends. Back in February, the interim dividend was trimmed to an eight-year low.

Now the June quarter volumes are known, we know BHP delivered record iron ore and copper production in FY25. The WA iron ore (WAIO) operations set multiple records with the South Flank mine exceeding nameplate production capacity in its first full year of operation.

More than two million tonnes of copper have been produced across the group in FY25. In Chile, Escondida achieved its highest production in 17 years, while Spence also delivered record volumes.

Back in Australia, Copper SA finished the year strongly, with copper production records in June and for the June quarter.

Copper SA encompasses the Olympic Dam smelter and refinery, underground mines (Olympic Dam, Carrapateena, Prominent Hill), upstream exploration (Oak Dam), and downstream logistics (rail).

<u>The importance of iron ore and copper</u>

In a recent interview with FNArena, Chief Financial Officer Vandita Pant noted BHP has "the best iron ore business in the world, which is our Western Australia iron ore business, operating at the lowest cost and highest coming from copper".

Smaller contributions come from metallurgical coal, thermal coal, and nickel. The group's coal operations are now focused on steelmaking (metallurgical) following recent divestments.

Fourth quarter met coal production lifted by 4% year-on-year to 5mt on improved truck productivity and strong performance across all open cut mines, explains UBS. Thermal coal production also increased 4% to 4mt, exceeding the top end of guidance.

Management said it remains on track to achieve FY25 unit cost guidance at Escondida, Spence, Copper SA and WAIO, though revised guidance at the BHP Mitsubishi Alliance, which produces met coal.

Compared to FY24, Citi highlights FY25 copper production and Western Australian iron ore (WAIO) rose by 8% and 1%, respectively. Now that a second concentrator at Samarco in Brazil has ramped-up, production of iron ore pellets rose by 34% in FY25.

Overall, Barrenjoey observed FY25 production results were largely at the top end of guidance ranges (Ord Minnett whitelabels their research), with FY26 production guidance largely in line with market expectation.

The net debt balance at year end is expected to be around US$13bn.

Copper

BHP produces copper from giant Chilean mines, Escondida and Spence, alongside newer South Australian assets.

UBS notes Escondida delivered its highest annual production in 17 years in FY25 at 1.3mt, despite a maintenance-related curtailment in June. Spence also achieved record output, while Copper South Australia met guidance despite a two-week weather-related power outage in 2Q.

This broker also believes FY26 guidance points to slightly weaker copper volumes year-on-year. Flat iron ore volumes and stronger metallurgical coal output were broadly in line with the broker's expectations.

Barrenjoey sees FY26 guidance for copper as signaling FY25 is likely to mark the production peak, with future volumes destined to decline.

Management expects production to fall by -6% year-on-year due to declining grades in Chile, with further reduction projected for FY27.

Barrenjoey suggests a recovery is unlikely until later this decade, contingent on the potential ramp-up of Copper SA and approval and development of the Josemaria copper project in Argentina.

Unit cost guidance remains broadly unchanged, Escondida at the low end, South Australia at the high end, explains UBS, while realised prices were strong in the quarter at US$4.43/lb.

Iron ore

The company shipped 287.6mt of iron ore in the year to June, flat year-on-year iron ore volumes.

Higher capex and delays at Jansen

Management has increased the expected capital expenditure at Jansen by approximately -US$1.7bn to around

-US$7.2bn.

As a result, the start-up of Stage 1 has been delayed by roughly six months. First production from the second stage is now expected in 2031 rather than 2029 and the -US$4.9bn cost estimate has been withdrawn pending further studies.

UBS explains the delay largely reflects industry wide real cost escalation, and changes to scope/design. No change has been made to nameplate capacities.

Despite these adjustments, this broker highlights FY26 capex guidance remains unchanged at around -US$11bn, in line with FY25 spend of circa -US$10bn.

Adopting a glass half full mindset, Morgan Stanley suggests the delay will allow higher spend in other parts of the business, likely copper.

Macquarie explains deferral of stage 2 adds back circa US$4.5bn into BHP's capital allocation bucket this decade and the removal of circa -4.4mtpa of production should protect Stage 1 returns.

This broker notes -US$4.5bn has been spent to date, with a remaining -US$2.5-2.9bn required to complete the project by the end of FY27. While much of the cost overrun is already sunk, Morgan Stanley does comment the late emergence of the cost variance raises concerns about execution risk across BHP's broader capital program.

Analysts at Barrenjoey suggest Jansen Stage 2 now appears uncertain as management juggles returns in the face of lower earnings and reduced free cash flow.

Management plans to provide an update on capex and timing for both Jansen Stage 1 & 2 in FY26.

Targets and Ratings

Six daily monitored brokers in the FNArena database conduct research on the Big Australian.

Given recent iron ore strength and BHP's strong share price performance, Macquarie has downgraded its rating to Neutral, anticipating iron ore weakness in FY26-27. While BHP remains preferred over Rio Tinto ((RIO)) due to superior asset quality, a narrower valuation gap, and a more aligned growth outlook, this broker sees greater value in sector alternatives with less iron ore exposure.

Morgan Stanley and Citi have Buy ratings, while Morgans and Ord Minnett stick with Accumulate, midway between Buy and Hold in their rating hierarchy.

After downgrading from Outperform, Macquarie joins UBS with a Hold (or equivalent) rating.

Following the fourth quarter operational update, the average target price of the six brokers has risen to $42.15 from $41.23, broadly equating to the closing $41.85 share price on July 23.

On current updated forecasts, shareholders should expect another firm cut to their dividend this year with consensus from these six brokers projecting a decline by -32.3% to US98.8c. BHP's dividend peaked in FY22 and has been in decline year after year since.

Current forecasts are for further decline in FY26, though only by -2.6%.

BHP's earnings per share are expected to improve by circa 28% on FY24's bottom performance, but consensus has penciled in a tough year with no growth from FY25's performance.

For more details: see FNArena's Stock Analysis on the website.

COMMODITIES

Material Matters: Steel, Iron Ore & Lithium

A glance through the latest expert views and predictions about commodities: Steel demand for China's mega-dam; pending iron ore oversupply; temporary blip in lithium prices.

-China stimulus might be structurally more copper and aluminium intensive
-Structurally softer demand for iron ore? The debate is on
-Rio Tinto's Simandou project a case of bad timing?
-Lithium enthusiasm seems based on immaterial supply reduction

By Greg Peel

Chinese Infrastructure and Steel Demand

Over the past one to two weeks, China's oversupplied commodity markets have experienced a notable rebound. This recent rally appears to be mainly driven by expectations of supply-side reform, Citi notes, targeting "anti-involution" and capacity reduction.

An American anthropologist described, in 1963, involution as "a greater input (an increase in labour) does not yield proportional output (more crops and innovation)". A Chinese anthropologist has more recently described involution as "the experience of being locked in competition that one ultimately knows is meaningless. It is acceleration without a destination, progress without a purpose".

Citi suggests the announcement of the planned 1.2trn yuan Yarlung Tsangpo hydropower project in Tibet reflects a renewed government focus on the execution --not just the planning of-- major infrastructure projects. Positioned as potentially the largest hydropower station in the world, the project reminds the market of China's historical reliance on infrastructure investment to stabilise growth.

Wilsons notes that earlier this week, the iron ore price rose to a four-month high of around US$104/t, having been rangebound between US$95-100/t this year, after China unveiled the hydropower project, which has provided a boost to an otherwise subdued outlook for materials demand. Separately, there are hopes Beijing's continued efforts to curb excess capacity in the steel sector could improve mill margins and support raw materials pricing.

The construction timeline is long, Citi notes, and frontloaded demand is limited, implying any meaningful material usage will likely be spread over many years. The project is estimated to drive 6mt of steel consumption. Assuming it's evenly spread out over a ten year consumption period, this project is expected to add 600kt steel demand per year.

it is still too early to say whether this mega infrastructure project marks the beginning of a broader infrastructure-driven stimulus, Citi ponders, likely focused on clean energy and the energy transition, or if China will announce more similar projects in the future.

These projects would likely differ markedly from the traditional iron-steel heavy infra stimulus model. The emphasis may shift towards energy transition or new production force related that are structurally more copper and aluminium intensive, Citi concludes.

Meanwhile…

The Pilbara Killer

The medium/long-term outlook for iron ore demand faces structural headwinds, Wilsons points out, including China's housing oversupply and unfavourable demographic changes, which continue to be reflected in key economic indicators.

In China, manufacturing and steel PMIs (purchasing managers' indices) have been below the 50 threshold --indicating contraction-- for most of the past year. Meanwhile, steel production remains subdued, housing starts are down -20% year on year, and new home prices have been in a two-year downtrend.

The recent China Urban Work Conference marked a shift in urbanisation policy, with an emphasis on upgrading existing housing and infrastructure rather than building new cities, Wilsons reports. As upgrades typically require less steel than new construction, this shift points to structurally softer demand for iron ore.

And then there's Rio Tinto's ((RIO)) Simandou project in Guinea, which has been referred to as the "Pilbara Killer", being the world's largest and highest-grade undeveloped iron ore deposit. The project is set to materially increase global supply over the medium-term, with first production expected by the end of the current calendar year.

Divided into Simandou North and South, the asset contains an estimated four billion tonnes of recoverable ore, with planned production capacity of 120mtpa and grades of 65–67% Fe.

When the project reaches full capacity, expected around 2030, it is projected to account for 6-7% of global seaborne iron ore supply. This represents a substantial influx of new supply into an already oversupplied market.

The project's high-grade output is likely to compress the premium historically enjoyed by Australian high-grade producers, Wilsons warns, being BHP Group ((BHP)) and Rio itself, which could result in lower realised prices.

That said, Wilsons notes since FY20, BHP's earnings composition has shifted meaningfully. Copper's contribution has more than doubled, rising from 19% to a forecast 40% in FY25, while iron ore has declined from 64% to 57%. Rio has undergone a similar transformation, with iron ore's earnings share falling to 57% from 76%, while copper and aluminium have each doubled to 20% and 18%, respectively.

This has resulted, over the past two years, in the total returns of both companies broadly tracking their underlying commodity baskets, rather than moving in lock-step with the iron ore price.

Lithium: Nothing to See Here

Over the June quarter, lithium spodumene prices averaged US$670/t, Morgans notes. Spodumene traded at around US$800/t at the beginning of the quarter but prices collapsed rapidly over May and June to US$610/t.

Since the end of the quarter, spodumene prices have rebounded 24%, currently sitting at around US$757/t, following restocking trends and announcements of supply disruptions in China, but Morgans notes this is still too low a price for Australian producers.

According to an announcement by Zangge, its brine lithium production ceased due to outstanding resource development permits. While the company aims to resume production once all necessary approvals are secured, no restart timeline has been provided.

The suspension came as a surprise to Macquarie. More importantly, the stoppage took place at a brine operation, which tend to be more cost-competitive than hard rock operations. Macquarie notes the operation has an annual production of 11kt, which represents less than 2% of China's annual lithium output.

In 2024, Australia alone exported some 470kt of spodumene, with 95% of that exported to China.

Morgans view of the recent -11ktpa reduction in lithium carbonate equivalent supply in China due to regulatory non-compliance is that it is likely temporary and, when compared to global supply, very immaterial.

Macquarie notes lithium futures and equities rallied on a brine operation stoppage, and these analysts, too, suggest the impacted volume is immaterial.

Macquarie sees the lithium market remaining oversupplied in the near term, with potential catalysts emerging in the December quarter.

FYI

The Importance Of Financial News For Investors

For anyone actively managing investments, staying updated with the latest finance news in Australia can mean the difference between spotting opportunities early or reacting too late.

Why Financial News Matters for Investors

Discover why staying updated with finance news in Australia is crucial for smart investing. Learn how financial newspapers help you stay ahead of market shifts.

In today's fast-paced markets, knowledge isn't just power; it's a competitive edge. For anyone actively managing investments, staying updated with the latest finance news in Australia can mean the difference between spotting opportunities early or reacting too late.

Whether you're investing in equities, property, ETFs, or superannuation, timely access to accurate and analytical news is vital.

But why exactly is financial news so important, and how can investors ensure they're consuming the right information at the right time?

In this article, we'll dive into the role financial news plays in investment decision-making, the benefits of reliable reporting, and how to cut through the noise using a trusted financial news website.

Why Financial News Matters More Than Ever

The Australian financial landscape is more connected to global markets than ever before.

News from Wall Street, Beijing, or the Reserve Bank of Australia can cause ripple effects across the ASX in minutes. As an investor, staying on top of Australian finance news isn't optional; it's a necessity.

Here's why:

1. Markets Move on News, Not Just Numbers

Price charts and ratios may tell you what has happened, but news tells you what is happening and what's likely to come. Economic announcements, geopolitical developments, company earnings, and monetary policy decisions all shape investor sentiment and market direction.

2. News Helps You React Faster

Investors who follow reputable finance news in Australia can respond to changes in market conditions more quickly.

For example, if you read that a major tech company missed earnings expectations, you can reconsider your position before the broader market catches up.

3. News Builds Context

Smart investing isn't about reacting blindly to headlines; it's about understanding context.

Is that interest rate hike already priced in? Is the mining sector responding to demand in China or domestic regulation?

Regular financial news consumption helps you interpret market moves in real time.

The Risks of Ignoring Financial News

Investors who don't keep up with the news risk falling behind. But it's not just about missing opportunities; ignorance can lead to costly mistakes.

Here's what can happen when investors tune out:

-Delayed reactions to market shifts
Stocks can drop sharply after a negative earnings report or policy change. If you're not informed, you might be the last to react.

-Following outdated strategies
Market conditions change, and so should your portfolio. News helps you stay aligned with current realities.

-Falling for hype or misinformation
Without a solid base of factual news, you're more likely to be swayed by social media, speculation, or "hot tips."

What to Look For in a Reliable Financial News Source

Not all financial news is created equal. In the age of clickbait, paywalls, and 280-character hot takes, choosing the right financial newspaper or platform matters more than ever.

Here are the qualities of a trustworthy source of Australian finance news:

-Credibility

Does the platform have a track record of accurate reporting and in-depth analysis? Are the writers experienced financial journalists or analysts?

-Timeliness

Markets move fast. You want news delivered in real-time or with minimal delay, not recycled content a day late.

-Depth and Insight

Surface-level reporting doesn't cut it. Great finance news goes beyond the headlines to explain what the news means for investors.

-Local and Global Perspective

The best outlets combine sharp coverage of finance news in Australia with awareness of how global developments affect local markets.

-Accessibility

Complex topics should be explained clearly, even when covering technical subjects like monetary policy or earnings forecasts.

How to Stay Ahead Using Financial News

Staying informed doesn't mean you need to spend hours reading every newspaper or listening to every finance podcast. It's about creating a smart routine that fits your investment style.

1. Set a Daily News Habit

Even 1530 minutes a day spent reading financial headlines and market updates can keep you well-informed. Check first thing in the morning or during market close.

2. Use News Alerts

Set up Google alerts or subscribe to a premium financial news service that provides push notifications on market-moving developments.

3. Diversify Your Sources

Use a combination of national outlets, global platforms, and independent financial newspapers in Australia for a balanced view. A service like FNArena offers both timely updates and detailed analysis tailored to serious investors.

4. Follow Analyst Commentary

Look for platforms that include insights from economists, fund managers, and industry insiders. These opinions often add valuable nuance.

5. Filter the Noise

Not every headline needs a reaction. Learn to distinguish between news that informs your strategy and noise that distracts you.

News You Can Trust: The FNArena Difference

At FNArena, we know investors don't just need news; they need insight. That's why we go beyond reporting and offer curated financial content that helps you understand the "why" behind market moves.

Whether you're tracking ASX-listed companies, exploring macroeconomic policy, or watching sector performance, our news and research help you connect the dots.

What sets us apart?

-Proprietary tools and data that support our independent market analyses and insights

-Real-time updates on broker ratings and views in Australia

-Deep-dive reports into company & sector outlooks

-Performance tracking for indices, sectors and stocks

-A team of journalists with decades of market experience

-No ties with large financial institutions, so our commentary and insights can remain impartial and independent

Our platform bridges the gap between mainstream reporting and professional-grade financial tools, without overwhelming you with jargon or opinion-based content.

For anyone directly making investment decisions, staying informed about what's happening in Australia's finance world can be about finding out about opportunities early versus reacting too late.

Whether you invest in equities, property, ETFs, or superannuation, having access to prompt and accurate news and analysis is invaluable.

But why is it that financial news is so important, and how do investors ensure that they are receiving accurate information in good time?

Financial news's place in investment decision-making, its value in accurate reportage, and how you separate the noise through reliance on reliable sources like a reputable financial newspaper in Australia are what we examine here.

Final Thoughts: Staying Ahead Requires Effort, But the Right News Helps

Investing is part data, part psychology, and part discipline. In all three areas, quality financial news plays a role. It keeps you informed, helps you manage risk, and gives you confidence in your decisions.

If you're serious about building wealth, don't leave your decisions to chance or guesswork. Make Australian finance news a core part of your toolkit. And most importantly, choose a news source that works as hard as you do.

Ready to take control of your investment knowledge? Explore FNArena today and see how informed news can lead to smarter investing.

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

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

INTERNATIONAL

Healthcare's Challenge: Antimicrobial Resistance

Surging Antimicrobial resistance is expected to cost US$3bn to US$4bn over the next decade and lower GDP of low-and middle-income countries, Federated Hermes warns.

Surging Antimicrobial Resistance hitting the long-term value of healthcare, pharmaceutical and food-related companies

Expected to cost US$3bn to US$4bn over the next decade and lower GDP of low-and middle-income countries - Federated Hermes warns.

By Michael Yamoah, Director Engagement at EOS at Federated Hermes

Antimicrobial resistance (AMR) is often framed as a public health crisis. But for investors, it represents a systemic, underappreciated risk that can quietly erode value across sectors and portfolios.

As bacteria and viruses evolve to resist treatment, the effectiveness of antibiotics diminishes. This increases the risk of medical procedures, leading to prolonged hospital stays, higher healthcare costs, and a loss of economic productivity.

This isn't a hypothesis thought, it is happening now, and the financial consequences are already affecting the long-term value of healthcare, pharmaceutical and food-related companies.

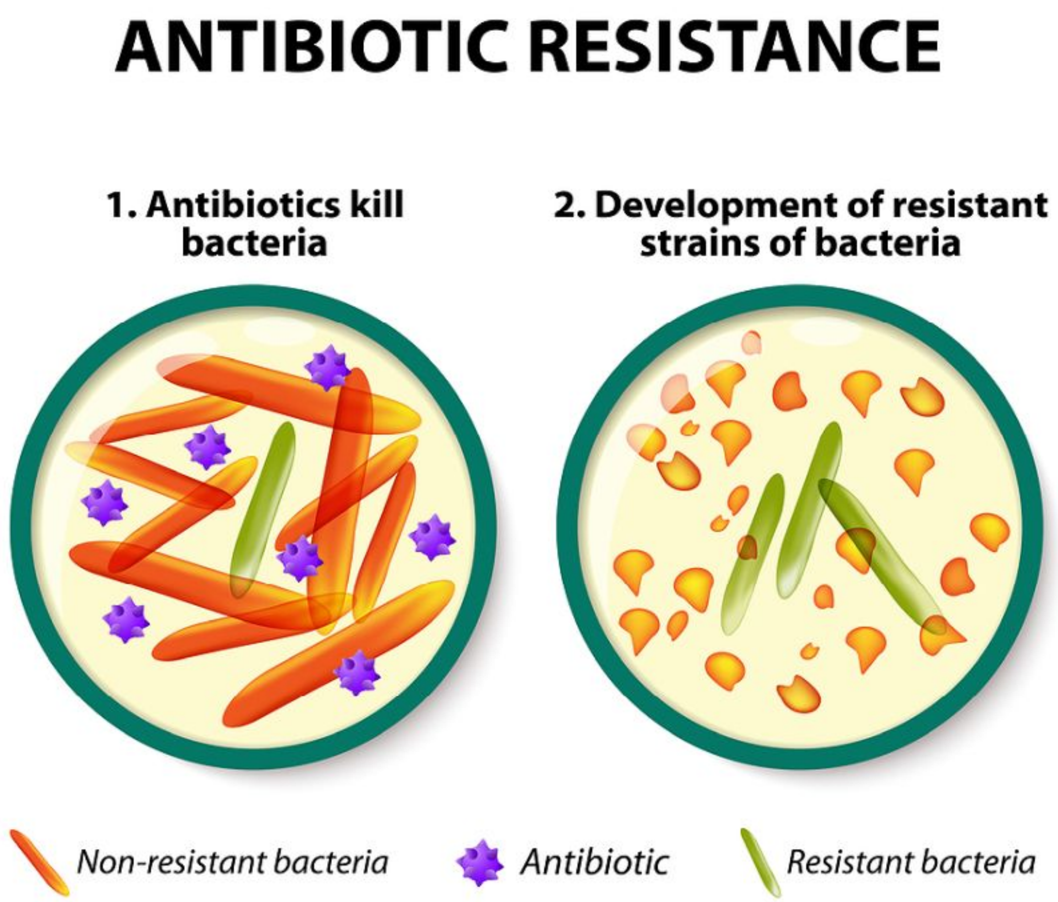
A complex, global risk

The drivers of AMR are many. Overuse and misuse of antibiotics in both human medicine and agriculture are accelerating resistance.

In many developed markets, antibiotics are still prescribed for viral infections where they offer no benefit. In agriculture, they're used not just to treat illness, but to promote growth and prevent disease in intensive farming systems.

Meanwhile, the pipeline for new antibiotics is drying up, as the health economics simply don't add up. Antibiotics have development costs, see limited sales volumes, and uncertain pricing power have made antibiotics commercially unattractive.

In 2024, only three of the 50 new drugs approved by the FDA were antibiotics.



The impact on long-term value

The implications for investors are significant. In healthcare, resistant infections are driving up treatment costs, increasing hospital stays, and straining insurance systems. For healthcare providers and REITs, this translates into higher operational costs and margin pressure.

In the food and agriculture sectors, regulatory shifts and changing consumer preferences are reshaping business models. The EU's Farm to Fork Strategy, for example, aims to halve antibiotic sales for animal use by 2030. Producers who are reliant on routine antibiotic use face rising costs, longer production times, and potential reputational damage.

Resistant infections already increase treatment costs by 30-53% per patient. And AMR is projected to contribute to global financial losses of US$3bn to US$4bn over the next decade, with GDP impacts in low- and middle-income countries potentially exceeding -5% by 2050.

Un-priced systemic risk

Despite its scale, AMR remains largely invisible in most valuation models. It's a classic un-priced risk which undermines the foundations of healthcare and food systems, and by extension, the broader economy.

As resistance grows, so too does the potential for disruption across global supply chains, particularly in sectors where margins are already tight and resilience is limited.

Conclusion

For investors, the key is to understand where AMR intersects with long-term value.

-Pharmaceutical companies face a paradox. Developing new antibiotics is essential, but stewardship practices limit their commercial viability. Investors should scrutinise R&D pipelines, access strategies, and risk exposure to resistance trends.

-The financial burden of AMR is rising for healthcare providers and insurers. Monitoring cost structures and diagnostic capabilities can offer insight into operational resilience.

-Antibiotic stewardship, supply chain transparency, and animal welfare practices are becoming material differentiators for food retailers. Companies that fail to adapt may face regulatory penalties and consumer backlash.

-Water utilities, insurers, and even real estate could face indirect exposure as AMR reshapes public health infrastructure and economic productivity.

Bottom line

AMR is not just a health issue but a material systemic risk that demands attention from the investment community. It challenges assumptions about resilience, sustainability, and long-term value creation.

Investors have a unique vantage point. By engaging companies, encouraging transparency, and supporting advocacy for timely and effective public policy, they can help drive the systemic change needed to address this global threat.

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

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

RUDI'S VIEWS

Rudi's View: Extreme Bifurcation Ahead Of August

In this week's Weekly Insights:

-Ask FNArena
-Extreme Bifurcation Ahead Of August
-For Financial Advisors Ready to Make an Impact

By Rudi Filapek-Vandyck

Ask FNArena

Tuesday, the 29th of July at 4.30pm.

Put it in your agenda to participate in FNArena's online Zoom meeting, featuring your Editor ready to answer your questions.

We welcome questions in advance though there will be opportunity to ask on the day and during the session, of course.

Keep an eye out for follow ups in Weekly Insights and Rudi's View stories.

Yes, there will be a video recording to view and listen afterwards.

Send your questions to Editor@fnarena.com

Extreme Bifurcation Ahead Of August

There was a time when 13.80% total return for the financial year would be welcomed by all and sundry as a pleasant outcome, but not so in mid-2025 when the strong rally in CommBank ((CBA)) shares has been responsible for 38% of those returns.

Prospects for CommBank and the broader bank sector in general have improved throughout the year, but only slightly so. As the share price rallied and kept on rising (up 22% in the June quarter alone) pushing the implied forward-looking dividend yield to a paltry 2.8%, many domestic shareholders have been selling their exposure.

The rise and rise of CommBank relative to the rest of the ASX200 (now weighing 12% of the index) has triggered lively debates among Australian investors, and still does.

Some investors have sold exposure and recycled the proceeds into other, cheaper-priced major bank shares, but UBS for one doesn't think this will prove the best protection against CBA's coming back to earth - something that surely must happen at some point?

Whatever will pull back the CommBank share price is likely going to be a sector-wide impact, UBS suggested a few weeks ago. Meaning: it'll impact the rest of the sector too, in all likelihood.

Indeed, share prices in financials broadly, and in banks specifically, have performed well in FY25 with three major banks ending up in the Top Five of highest contributions for the index since mid last year.

CommBank shares simply outclassed everyone and everything with a total return of... wait for it... 49.8%, adding more than three times more to index gains than number two, Westpac ((WBC)).

As to whom is responsible, the second half of last year featured steady buying orders from superannuation funds while in 2025 large US institutions seeking shelter from potential US tariff impacts have compensated for local sellers.

For more background, investors might revisit some of FNArena's recent background stories and explanations:

https://fnarena.com/index.php/2025/07/18/in-brief-sks-technologies-banks-qpm-energy/

https://fnarena.com/index.php/2025/06/10/geopolitical-hedging-a-boon-for-commbank/

The Local FY25 Top Ten

It is likely more of Australia's large cap bluechips with similar tariff agnostic characteristic might have enjoyed some of the unexpected international fund inflows as well.

The Top Ten of highest index contributors for the twelve months to June 30th is as follows:

1. CommBank
2. Westpac
3. Wesfarmers ((WES))
4. Telstra ((TLS))
5. National Australia Bank ((NAB))
6. Brambles ((BXB))
7. Macquarie Group ((MQG))
8. QBE Insurance ((QBE))
9. Aristocrat Leisure ((ALL))
10. Evolution Mining ((EVN))

Combined, these ten stocks represent 76.6% of all index returns in FY25.

Equally noteworthy: gold miner Evolution Mining shares needed to rally by 127.7% to make it into the Top Ten, just.

That list, and its importance for the local market, serves as a timely reminder for just how polarised the share market has been, and still is.

While large caps such as BHP Group ((BHP)), CSL ((CSL)) and Woodside Energy ((WDS)) have been prominent laggards throughout the year past, the market segment that has mostly disappointed investors is without any doubt the legion of small cap companies.

The (Ongoing) Small Cap Challenge

This market polarisation in favour of larger cap companies is not new and neither has it been ASX-specific.

A recent US markets update by Jason Zweig at the Wall Street Journal revealed the larger-cap S&P500 has returned on average 13.2% since 2014 while the Russell2000 index of smaller cap companies has lagged severely with an annual return of 7.2% only.

That is one mighty gap between the two opposing ends of the market in terms of company size.

For good measure: in Australia, the technology sector has mimicked its offshore peers by outperforming all other sectors locally, but despite large cap representatives such as Block ((XYZ)), Pro Medicus ((PME)), REA Group ((REA)), WiseTech Global ((WTC)) and Xero ((XRO)) its index relevance remains quite benign still.

Equally worth highlighting is that Australia's sweet spot --the MidCap50-- remains the best performing segment, including a total return of 16.45% in FY25.

Most of the pain/disappointment locally mimicks the US with the Small Ordinaries returning 12.26% in FY25, an annualised 10% for the past three years, on average 7.37% over five years and only 7.64% on average in total return for the decade past.

Australia being one of the world's commodities centres, some of the small cap underperformance is likely related to the many explorers and developers in mining and energy, but that can only be a partial explanation, at best.

Also worth noting: the relative gap between banks and resources in Australia has blown out to a multi-year high (market weight of 35.2% versus 19.5%).

A deeper dive below the surface of today's share prices and index level, into FNArena's proprietary market data, confirms just how polarised the Australian share market is; possibly a lot more than most investors, including myself, realise.

Comparing share prices with price targets set by stockbroking analysts is far from a perfect guide --both can change instantly and dramatically-- but for the general purpose of assessing today's status for the ASX and painting a general picture, it can enlighten and explain a lot that otherwise remains hidden underneath biased opinions and outdated perceptions.

FNArena's forward-looking data universe currently includes 531 ASX-listed companies, of which only 102 share prices are trading above their consensus target. This number will be smaller post Monday's general off day.

Ahead of results releases in August, we should be keeping in mind that forecasts will be updated in the weeks ahead, with potential positive impact on valuations and price targets.

If we raise the bar to share prices trading at least 5% above target, that number of elevated looking share prices shrinks to 70.

This is still a sufficiently large selection for investors to pay attention to, and it includes all the usual suspects, including the Top Ten mentioned, as well as Netwealth Group ((NWL)), Megaport ((MP1)), Eagers Automotive ((APE)), Harvey Norman ((HVN)), Origin Energy ((ORG)), and Charter Hall ((CHC)).

Of course, there are also plenty of small and micro cap stocks in this group, including Opthea ((OPT)), Arafura Rare Earths ((ARU)), Alcidion Group ((ALC)), HighCom ((HCL)), and Doctor Care Anywhere ((DOC)). I'm specifically not mentioning those under merger or take-over interest.

Not all of these elevated-looking share prices are doomed for immediate disaster, of course, but 531 stocks minus 102 still leaves us with nearly 80% (429 companies) that cannot be accused of trading on fumes and over-inflated market momentum, not until that implied profit disappointment comes out or analysts downgrade their target (usually in response to operational disappointment).

Obvious question: with such a heavily lopsided market set-up, is it still justified to worry about the index trading on a higher-than-usual valuation?

History suggests the answer is 'yes' as lower valued shares might not necessarily hold their ground if/when the popular winners sell off, but it does suggest there's potential for outsized investment returns if positive earnings and/or market momentum spreads out to larger parts of the local bourse.

For good measure, sustained market momentum for ASX-listed companies splintered into polarised extremes during the global covid pandemic and has to date never recovered from it.

Calls for a decisive catch-up by smaller cap companies to their outperforming larger peers have been made ever so regularly over the past three-four years, both internationally and in Australia, but here we are mid-year 2025 and smaller cap underperformance and market polarisation remain as prominent as ever.

Maybe not getting carried away with too high expectations simply because share prices look under-priced and have lagged sustained market momentum to date might be the best approach at this stage?

The August results season is still expected to see the average earnings per share for the ASX200 retreat for a third successive year, to end up -18% below the peak of FY22.

This suggests there remains plenty of room for disappointments next month, even though forecasts are signalling better times might be ahead and some forecasters believe corporate Australia might --finally-- enjoy an upgrade cycle throughout FY26/FY27.

One can but wonder if that is the prerequisite requirement to see momentum for the Australian share market broaden out significantly in the months/years upcoming.

Should we all send Christmas cards to Michele Bullock at the RBA and to federal Treasurer Jim Chalmers?

(Don't think Trump cares much about what happens in Australia).

Digging Into The 80%

Below are some selective snippets from the 80% of share prices for whom trading at or above broker price targets has remained a bridge too far (a starting point for further research and assessment, maybe?).

In the category of absolute bottom-of-the-barrel, smashed-to-smithereens, seemingly crazily undervalued disappointments, we find the likes of:

-Hastings Technology Metals ((HAS))
-Bowen Coking Coal ((BCB))
-Australian Vanadium ((AVL))
-Cettire ((CTT))
-Playside Studios ((PLY))
-Step One Clothing ((STP))

Stocks trading with suggested upside potential between 50%-100%:

-Mitchell Services ((MSV))
-Macquarie Technology ((MAQ))
-DigiCo Infrastructure REIT ((DGT))
-Vault Minerals ((VAU))
-Bannerman Energy ((BMN))
-Viva Leisure ((VVA))
-PolyNovo ((PNV))
-Cosol ((COS))
-Austin Engineering ((ANG))
-Avita Medical ((AVH))

Stocks trading with suggested upside potential between 30%-50%:

-Regal Partners ((RPL))
-Elders ((ELD))
-Macmahon Holdings ((MAH))
-Worley ((WOR))
-Guzman y Gomez ((GYG))
-SiteMinder ((SDR))
-Southern Cross Electrical Engineering ((SXE))
-Lindsay Australia ((LAU))
-NextDC ((NXT))
-Telix Pharmaceuticals ((TLX))

Stocks trading with suggested upside potential between 10%-30%:

-Car Group ((CAR))
-Virgin Australia ((VGN))
-BlueScope Steel ((BSL))
-Collins Foods ((CKF))
-Paladin Energy ((PDN))
-WiseTech Global ((WTC))
-Seek ((SEK))
-AGL Energy ((AGL))
-Flight Centre ((FLT))
-GQG Partners ((GQG))

Stocks trading at less than -10% from their target:

-Woodside Energy ((WDS))
-Challenger ((CGF))
-Waypoint REIT ((WPR))
-Pinnacle Investment Management ((PNI))
-Iluka Resources ((ILU))

-Orica ((ORI))
-Woolworths Group ((WOW))
-EVT Ltd ((EVT))
-NRW Holdings ((NWH))
-Aristocrat Leisure ((ALL))

More than two decades of experience suggests this kind of information should not be interpreted in a static, set-in-stone manner.

A positive surprise in August can significantly widen upside potential, just as a negative development can work its magic to the downside.

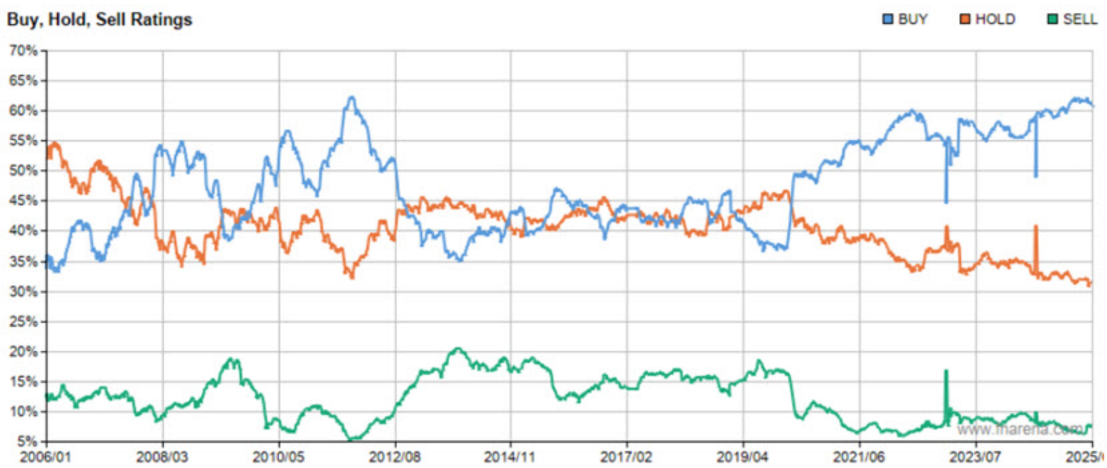
A hefty discount might be the market telling us the risk level is too high and probably skewed to the downside, just as a big premium might signal upgrades are coming.

Post-Covid Is Different

The extreme polarisation in market momentum is equally reflected in stockbroker ratings for individual stocks.

Historically, a share market near an all-time high corresponds with more Neutral/Hold ratings and less Buys, but not in the post-covid era as clearly shown in the graphic below.

(The blue line represents the total Buy ratings).



Trading on a forward-multiple of 18.9x forecast earnings, the ASX200 is trading more than two standard deviations from its historical average of 14.7x.

Even if we limit today's comparison to the past ten years (accepting that share price averages are higher in more recent times than they have been throughout the preceding decades) the current situation still compares unfavourably with an average multiple of 16.1x.

Possible explanations/justifications include better growth momentum ahead, also on the back of more rate cuts from the RBA, ongoing strong growth momentum for the AI megatrend, and a general broadening of AI benefits to broader sections of the economy (higher margins, more efficiency).

Many of these assumptions will be put to the test in August. Consensus forecasts are currently indicating EPS growth of circa 5% for the year ahead (FY26), followed by another near 8% in FY27.

Investors will be keeping their fingers crossed that outlook will not deteriorate in the same manner as it has done throughout all three years post FY22.

FNArena publishes a monthly update to the Australian Super Stock Report, which facilitates assessments such as the ones mentioned in today's story. This report is included in paying subscriptions (6 and 12 months) and can be downloaded from the website.

As per tradition, FNArena will keep a close tab on corporate results in August.

For the coming two weeks or so, FNArena's Results Monitor will still display its overview of results released post

February: https://fnarena.com/index.php/reporting_season/

Next week's edition of Weekly Insights shall dig deeper into expectations and forecasts ahead of August results for sectors and individual companies.

For Financial Advisors Ready to Make an Impact

New Advisor Add-On: Built for Speed & Simplicity

Over the past year, we collaborated with a select group of financial advisors to co-create a smart new tool that makes navigating FNArenas insights faster and more intuitive.

Its already streamlining workflow and could be a perfect fit for your practice.

Contribute Your Perspective: Become an FNArena Contributor

We also welcome financial advisors who enjoy writing or commentary to share their knowledge with our growing audience of self-managed investors.

Whether it's a market view, a professional story, or insight from the front lines if youve got something to say, well help amplify it.

Email us at Editor@FNArena.com

Model Portfolios, Best Buys & Conviction Calls

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

FNArena Subscription

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

(This story was written on Monday, 21st July 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: Bega Cheese, Cettire, Harvey Norman, Sigma, SiteMinder & More

In today's edition:

-Ask FNArena
-Review All-Weather Model Portfolio
-Recent Updates On Expert Views
-Best Buys & Conviction Calls

By Rudi Filapek-Vandyck, Editor

Ask FNArena

FNArena's pre-August **online Q&A** over Zoom will take place on **Tuesday, the 29th of July at 4.30pm**.

To join, use the following link: https://us06web.zoom.us/j/87384243239

Your Editor will be ready to answer your questions.

We welcome questions in advance though there will be opportunity to ask on the day and during the session.

A video recording to view and listen afterwards will be made available.

Send your questions to **Editor@fnarena.com**

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

Recent Updates On Expert Views

Share markets have not been equally kind to smaller caps, cyclicals and lower-quality business models since, let's call it, 2014.

But nothing is necessarily forever, right? **Morgan Stanley** recently offered the following on this matter:

"(...) we don't think that American Exceptionalism is necessarily over. But we do think a new investment regime is approaching.

"If American Exceptionalism was premised on tailwinds like negative real interest rates and outsized policy accommodation, we think that's now being supplanted by an economy facing constraints and radical imbalances.

"Specifically, we're likely to see a new setup characterized by higher real rates, positive term and risk premiums, greater volatility and a much weaker dollar.

"A new regime likely calls for a new kind of portfolio. For one thing, investors should be thinking about more comprehensive diversification across sectors, asset classes and geographies.

"We're likely to see relative value outside of the US, with potentially attractive opportunities in countries like India, Japan, Brazil and Mexico.

"Global yield dynamics may also foster opportunities among global financials and other cyclical industries like energy, materials and industrials."

****

Strategists at Bell Potter offered the following prediction for the local share market:

"An easing monetary policy, along with supportive fiscal policy, is a positive backdrop for Australian equity markets where both growth and value can perform.

"What it does mean, however, is that we remain convicted in our view that the current environment requires a "Micro over Macro" approach.

"This is not a rising tide that lifts all boats market; stock selection will be important in delivering returns."

And also:

"High-quality businesses will still likely be able to grow earnings in excess of GDP growth. This is particularly true in the Industrials (Ex-Financials) part of the market."

****

Wilsons' Model Portfolio has increased its exposure to Sandfire Resources ((SFR)) and downgraded the weighting of Macquarie Group ((MQG)).

****

Macquarie sees an improving outlook for consumer spending on the horizon, but share prices appear to be already priced for it.

Macquarie's **Key Picks among consumer stocks** in Australia are Coles Group ((COL)), Harvey Norman ((HVN)) and Bega Cheese ((BGA)).

The broker would buy shares in JB Hi-Fi ((JBH)) and Metcash ((MTS)) following share price weakness.

Best to avoid, according to this broker, are Sigma Healthcare ((SIG)) and Endeavour Group ((EDV)).

****

Citi's top picks in **discretionary retail** are JB Hi-Fi ((JBH)), Harvey Norman ((HVN)) and Super Retail ((SUL)).

****

Previewing August results, **UBS** analysts have nominated their **key preferences among A-REITs**, all are Buy-rated: Goodman Group ((GMG)), Dexus ((DXS)), Lifestyle Communities ((LIC)), HMC Capital ((HMC)), Centuria Industrial REIT ((CIP)), National Storage ((NSR)) and BWP Trust ((BWP)).

Least preferred are Vicinity Centres ((VCX)) and Charter Hall ((CHC)) --both are Sell-rated-- as well as Neutral-rated Centuria Office REIT ((COF)), Centuria Capital Group ((CNI)), Stockland ((SGP)), Mirvac Group ((MGR)) and Region Group ((RGN)).

****

Analysts at **RBC Capital** are also looking forward to August. Their **Top Picks among small cap industrial companies** in Australia are Temple & Webster ((TPW)), SiteMinder ((SDR)) and Hub24 ((HUB)).

Only two stocks under their coverage are currently rated Underweight; Cettire ((CTT)) and Lovisa Holdings ((LOV)).

Over at the **Technology** desk, RBC Capital analysts have selected NextDC ((NXT)) and Macquarie Technology ((MAQ)) as their two Key Picks.

****

Bell Potter's update on the **REITs** sector showed the following Buy ratings:

-Aspen Group ((APZ))
-Centuria Industrial REIT ((CIP))
-Cedar Woods Properties ((CWP))
-Dexus Convenience Retail REIT ((DXC))
-GDI Property Group ((GDI))
-Goodman Group ((GMG)), fresh initiation of coverage
-HealthCo Healthcare and Wellness REIT ((HCW))
-HMC Capital ((HMC))
-Region Group ((RGN))

Best Buys & Conviction Calls

Bell Potter's Buy-rated ASX-listed **agricultural stocks**:

-Australian Agricultural Company ((AAC))
-Bega Cheese ((BGA))
-Elders ((ELD))
-Noumi Ltd ((NOU))
-Nufarm ((NUF))
-Rural Funds ((RFF))
-Select Harvests ((SHV))

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

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

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

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

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

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

Retail

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

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

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

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

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

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

Energy
-Boss Energy ((BOE))

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

****

favourites inside the local small cap retail space (in order of preference) as selected by **Retail sector** analysts at **Citi:**

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

****

Crestone's Best Sector Ideas:

-Ampol ((ALD))
-APA Group ((APA))
-Aristocrat Leisure ((ALL))
-Beach Energy ((BPT))
-Brambles ((BXB))
-Cochlear ((COH))
-CSL ((CSL))
-Goodman Group ((GMG))

-IGO Ltd ((IGO))
-James Hardie Industries ((JHX))
-Lottery Corp ((TLC))
-Macquarie Group ((MQG))
-Metcash ((MTS))
-Monadelphous Group ((MND))
-REA Group ((REA))
-ResMed ((RMD))
-Suncorp Group ((SUN))
-Xero ((XRO))

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

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

****

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

-Goodman Group ((GMG))
-ResMed ((RMD))
-Worley ((WOR))

Unibail-Rodamco-Westfield ((URW)) is also included for its Paris listing with the local listing about to disappear.

****

Jarden's 18 Best Ideas among Australia's **small caps** ("emerging companies") includes the following **Key Picks** considered offering the highest potential return, in order of projected total investment reward:

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

The other ten stocks selected:

-Aussie Broadband ((ABB))
-Arena REIT ((ARF))

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

****

Macquarie's **small caps** desk nominated its favourites (**Best Picks)** ahead of the August results season.

-Aussie Broadband ((ABB))
-Amotiv ((AOV))
-AUB Group ((AUB))
-Alpha HPA ((A4N))
-Bega Cheese ((BGA))
-Capstone Copper ((CSC))
-Codan ((CDA))
-Genesis Minerals ((GMD))
-Iluka Resources ((ILU))
-Integral Diagnostics ((IDX))
-Harvey Norman ((HVN))
-Jumbo Interactive ((JIN))
-Lovisa Holdings ((LOV))
-Maas Group ((MGH))
-Megaport ((MP1))
-Monadelphous ((MND))
-Neuren ((NEU))
-Nick Scali ((NCK))
-oOh!media ((OML))
-Pinnacle Investment Management ((PNI))
-Qualitas ((QAL))
-Reliance Worldwide ((RWC))
-SiteMinder ((SDR))
-Summit Minerals ((SUM))
-Universal Store Holdings ((UNI))
-Ventia Services ((VNT))
-Web Travel Group ((WEB))

****

Morgans' selection of **Best Ideas** consists of the following 29 ASX-listed companies:

Acrow ((ACF))
ALS Ltd ((ALQ))
Amotiv ((AOV))
BHP Group ((BHP))
Collins Foods ((CKF))
Corporate Travel Management ((CTD))
CSL ((CSL))
Dalrymple Bay Infrastructure ((DBI))
Dexus Convenience Retail REIT ((DXC))
DigiCo Infrastructure REIT ((DGT))
EBR Systems ((EBR))
Elders ((ELD))
Goodman Group ((GMG))
Guzman y Gomez ((GYG))
James Hardie Industries ((JHX))
Light & Wonder ((LNW))
Lovisa Holdings ((LOV))
MA Financial Group ((MAF))
Megaport ((MP1))

Orica ((ORI))
Pinnacle Investment Management ((PNI))
ResMed ((RMD))
South32 ((S32))
Treasury Wine Estates ((TWE))
Qualitas ((QAL))
Universal Store Holdings ((UNI))
Whitehaven Coal ((WHC))
WiseTech Global ((WTC))
Woodside Energy ((WDS))

****

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

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

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

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

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

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

-Macquarie Group ((MQG))

-Suncorp Group ((SUN))

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

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

-James Hardie ((JHX))

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

-Coles Group ((COL))

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

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

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

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

****

Morningstar's Equity Best Ideas (Conviction Buy Calls by any other name, mostly chosen because of under-valuation).

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

****

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

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

****

Shaw and Partners' Large Caps Model Portfolio:

-ANZ Bank ((ANZ))
-Aristocrat Leisure ((ALL))

-BlueScope Steel ((BSL))
-Brambles ((BXB))
-Dexus ((DXS))
-Macquarie Group ((MQG))
-Newmont Corp ((NEM))
-South32 ((S32))

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

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

****

UBS's Most Preferred Stocks in Australia

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

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

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

UBS's Least Preferred Stocks in Australia

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

****

Wilsons' Key Investment Opportunities:

-Goodman Group ((GMG))
-Pinnacle Investment Management ((PNI))
-ResMed ((RMD))
-WiseTech Global ((WTC))
-Woolworths ((WOW))

High conviction investment ideas:

-ARB Corp ((ARB))
-Maas Group ((MGH))
-Nanosonics ((NAN))
-Ridley Corp ((RIC))
-SiteMinder ((SDR))

Speculative idea:

-Clarity Pharmaceuticals ((CU6))

Wilsons' Focus Portfolio currently contains the following:

-ANZ Bank ((ANZ))
-Aristocrat Leisure ((ALL))
-BHP Group ((BHP))
-Brambles ((BXB))
-Car Group ((CAR))
-Collins Foods ((CKF))
-CSL ((CSL))
-Evolution Mining ((EVN))
-Goodman Group ((GMG))
-HealthCo Healthcare & Wellness REIT ((HCW))
-Hub24 ((HUB))
-James Hardie ((JHX))
-Macquarie Group ((MQG))
-Northern Star Resources ((NST))
-Pinnacle Investment Managers ((PNI))
-ResMed ((RMD))
-Sandfire Resources ((SFR))
-Santos ((STO))
-South32 ((S32))
-TechnologyOne ((TNE))
-Telix Pharmaceuticals ((TLX))
-The Lottery Corp ((TLC))
-Westpac Bank ((WBC))
-WiseTech Global ((WTC))
-Woolworths Group ((WOW))
-Worley ((WOR))
-Xero ((XRO))

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

(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.

FNArena Subscription

A subscription to FNArena (6 or 12 months) comes with an archive of Special Reports (20 since 2006); examples below.

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

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

SMALL CAPS

Partnerships Enhance Atturra’s Digital Prowess

New research on IT services group Atturra points to shares trading at a discount to valuation despite sustained organic growth supported by strategic partnerships and acquisitions.

-IT services group Atturra undervalued, Ord Minnett concludes
-Sustained organic growth, ongoing M&A activity
-Margins managed despite FY25 revenue shortfall
-Future organic growth supported by strategic partnerships

By Mark Woodruff

Ord Minnett has initiated coverage on IT services group Atturra ((ATA)) arguing the stock trades at an unjustified discount to both the broader market and sector peers, particularly as the proportion of highly valued recurring revenue continues to grow.

Broker Moelis previously highlighted the company's distinct strategy, targeting 20% annual top-line growth through a balanced mix of organic expansion and acquisitions.

Shaw and Partners supports the positive undertone expressed by its two peers, basing its own investment thesis on Atturra's ability to harness specialist capabilities to deliver sustained organic growth while actively consolidating a fragmented sector.

The Sydney-based group listed on the ASX in December 2021 at 50c and last traded at 85c. By late 2024, Atturra had shares more than doubled from the IPO level, reaching a 52-week high of around $1.28. Since then, the stock pulled back, and over the past year has traded as low as around 70c at one point.

Highlighting the company's significant presence in the Australian IT services market, at the time of its IPO, Atturra had over 600 clients and around 500 staff.

Now the federal election is over and interest rate cuts are expected, the analyst at Ord Minnett anticipates a recovery in revenue growth from both government and private-sector clients in the years ahead.

Providing cloud services, data & integration, as well as managed services and business applications, Atturra has grown rapidly (via multiple acquisitions) and now serves diverse sectors such as local & federal government, utilities, education, defence, financial services, and manufacturing.

The company has formed strategic partnerships with leading global technology providers including Microsoft, Software AG, Boomi, OpenText, Nuix ((NXL)), HPE, QAD, Cisco, PureSystems, HP, and Smartsheet.

Moelis explains these alliances enhance Atturra's ability to deliver digital transformation by broadening its offerings in data integration, advanced analytics, automation, artificial intelligence, and machine learning.

According to this broker, future organic growth will be supported by expanding these partnerships, strengthening capabilities in high-demand technologies, targeting priority industry verticals, and deploying specialised, niche solutions.

Recent acquisitions include North American Boomi partner Kitepipe in March 2025 and specialist SAP consultancy DalRae in June.

Kitepipe helps businesses streamline operations and enhance data connectivity, explains Morgans, while DalRae was the inaugural recipient of the SAP Business AI Award and is a multi-time SAP Industry Disrupter Award winner.

Morgans believes Atturra operates in attractive market niches which exhibit strong growth characteristics typical of high-performing IT services businesses.

This broker also highlights Atturra's increasingly defensive profile, supported by a growing share of recurring managed services revenue and a high-quality customer base.

Atturra operates with two core strategic pillars: a technology and an industry focus.

The technology strategy involves focusing on high growth technologies or technologies where Atturra can have a market dominant position, while the industry strategy targets industries in which there is either a high barrier to entry or no clear market leader.

Driven by both levers, Ord Minnett highlights strong earnings growth prospects, forecasting a 7% compound annual growth rate (CAGR) in organic earnings over the next two fiscal years. CAGR could rise to 13%, suggest the analyst, should management meet its ambitious 10% annual revenue growth target.

July 15 trading update and FY26 prospects

As part of last week's trading update, management revealed unaudited FY25 revenue will exceed $300m, up more than 20% on FY24, though marginally lower than the guidance range of $305m-320m.

For FY26 overall revenue and earnings growth is forecast to exceed 20%, based on the combination of organic growth and acquisitions already completed in FY25, with a return to historic organic growth rates of around 10%.

In addition to the forecast 20% growth, Atturra remains well positioned to undertake additional acquisitions, with over $89m in cash and $35m in undrawn debt facilities at the end of FY25.

Encouragingly, Ord Minnett points out management's long-term incentives are tied to ambitious targets.

These targets include an EPS CAGR of 9-17% from FY24 to FY27 and a share price range of $1.03 to $1.30 by August 2027.

Both targets represent significant upside relative to Ord Minnett's current estimates.

Margins

Atturra's recent trading update for FY25 showed operating earnings in line with Ord Minnett and market expectations despite revenue falling short. This outcome highlights the company's ability to manage its margins, suggests the broker.

Revenue was impacted by lower-than-normal organic growth, noted management, and an around -$15m year-on-year reduction in revenue in Federal Government and Defence-related businesses.

Post interim results in February, Shaw and Partners observed the earnings (EBITDA) margin had dipped below 10% to 9.6% for the first half.

Just prior to the interim results, management highlighted several temporary factors affecting margins, including the extension of a major project timeline from the originally planned 6 months to 18 months, as well as bid costs associated with a multi-year recurring project.

Given Atturra's revenue was gaining scale, and Managed Services were growing as a proportion of the business (with higher-than-average margins), Shaw was eager to see signs of operating leverage.

This will be a key point to watch when management presents FY25 full year results on August 27.

Proprietary offerings offer potential material upside

Management has been steadily rolling out three product-style' offerings, which Shaw believes could become key value drivers, or potential crown jewels, if successfully scaled.

These include: Scholarion, a Student Information System for K12 education; the Atturra Cloud Platform, an end-to-end cloud solution compatible with products such as Nuix's Neo; and a tailored version of the Atturra Cloud Platform specifically designed for Boomi.

In the broker's view, these products could support recurring revenue, justify a higher valuation multiple, and act as a potential catalyst for re-rating.

Ratings and targets

Ord Minnett joins Shaw and Partners among daily covered brokers in the FNArena database with a Buy rating on Atturra, while Morgans has an Accumulate stance (one notch below Buy).

The average target price of the three is $1.05, suggesting around 24% upside to the 85c closing share price on July 21.

Outside of daily coverage, Moelis has a Buy rating and $1.07 target.

SMALL CAPS

Can Virgin Succeed This Time?

Three Brokers initiating coverage of a resurrected Virgin Australia compare Australia's second airline to arch-rival Qantas.

?**-Virgin Australia is back post a private equity-led transformation**
-'New' Virgin has abandoned long-haul international ambition
-Favourable outlook for domestic airlines
-Citi less enthusiastic, prefers Qantas, the local market leader

By Greg Peel

Virgin Australia ((VGN)) is back for another go (which brings the name into question), having entered administration as a result of covid before being revived under private equity ownership.

Australia's second airline has returned to listed life with a simplified portfolio and strategy that, Ord Minnett believes, should resonate well with investors attracted to the relatively high quality/low risk Australian domestic aviation market. The broker sees a compelling earnings outlook into FY26, with relatively stable fares, falling fuel expenses, and transformation benefits.

The difference between the new Virgin and the old include abandonment of previous loss-making long-haul international flights. Other benefits identified by UBS include no further third airline competition (Tiger Airways went the way of all predecessors), an almost single fleet type, more differentiation versus domestic competitors, market share no longer the priority, and lower gearing.

The transformation has happened, but UBS believes further opportunities are ahead.

Stacking up to Qantas

UBS posits domestic and short-haul operations are lower risk and higher returning than long-haul international. The Australian domestic market is particularly attractive with three differentiated value propositions (including Jetstar), and centralised populations separated by long distances with no high-speed rail.

Meanwhile, long haul international flying equals higher risk greater capital investment, longer lead times for planning and marketing, more sensitivity to the oil price and exchange rate, plus other macro volatility. Airlines with significant long-haul operating mix have historically achieved lower returns and traded on lower multiples.

Even if you believe that Virgin's segments warrant a discount to Qantas Airways' ((QAN)) like-for-like segments, the mix benefit of no long haul international provides a meaningful offset, in UBS' view.

Ord Minnett also picks up on Australia's lack of high-speed rail that other countries enjoy, which provides a market for air travel supported by a lack of long-distance alternatives. Hence, Australians are averaging 3.5 flights per annum, around double the developed world average.

This is underlined by 10% growth in passenger numbers since 2019 (pre-covid) but only a 2% increase in seat capacity, Ord Minnett notes, which has pushed load factors to record high levels. Ord Minnett expects those strong load factors, along with its shrunken cost base, to continue supporting Virgin's earnings outlook.

Yet, Citi suggests the two growth pockets in Australia appear to be international and the low-cost carrier market (i.e. Jetstar). Compared to Virgin, the Qantas group has better options in both segments and generates a higher relative return on this capacity as well.

Additionally, Western Sydney airport appears the most probable source of a step-change in capacity in the near term. As it stands, Jetstar and Qantas are committed, unlike Virgin, increasing their ability to capture any growth and/or be better able to offset any cannibalisation.

Virgin is nonetheless well-placed in terms of fleet renewal requirements, Ord Minnett notes, its aircraft having an average age of 13 years, versus 16 years for Qantas and a typical commercial aircraft life span of around 24 years.

But Virgin's limited lease liability disclosures imply an average duration of 4-5 years, Citi points out. This suggests circa 15-20% of its fleet may be up for renewal each year in a rising rate/plane price environment.

Virgin does have sufficient balance sheet capacity as gearing sits at 1.2x, the bottom end of the company's 1-2x target range to fund any new aircraft and expansion. Ord Minnett's expectation is for capital expenditure of -$800-900m over FY26-FY28 that would drive growth in seat numbers of 3% per annum.

State of Play

UBS' Australian fare purchase data showed a positive trend in growth for both the domestic and international markets, signalling solid demand through capacity increases. Bookings observed now more likely provide a lead indicator on fare growth to start FY26.

Revenue per average seat kilometre (RASK) is also supported by higher load factors, UBS notes, a highlight of Qantas' most recent results. Brent oil has been volatile, pressuring A$ fuel on refining margin and currency in June-July although still down year on year, which UBS thinks will provide some margin expansion for domestic airlines.

Ord Minnett believes a resurrected Virgin can grow unit revenue at a faster rate than inflation as it makes the most of low oil prices and a structurally lower cost base post its administration, in what is a favourable broader environment for Australian airlines.

Yet, Citi again takes a more circumspect view. While the domestic market remains robust with strong load factors and disciplined capacity, higher-than-historical fare growth intuitively implies passenger volumes may slow below trend rates Citi warns.

In this regard, Virgin's forward flight schedule is largely equal to its historical cancellation rate, which may suggest the market may not be able to have both price and volume growth at or above average.

Differing Views

In this environment, Citi is attracted to Qantas' international and low-cost carrier exposure, which should support a stronger top line while benefitting from the same fuel tailwinds. As a result, Qantas is Citi's preferred airline in the space, and the broker has upgraded to Buy.

Citi's initiation of coverage of Virgin Australia starts off with a Neutral rating and a price target of $3.30.

On UBS' estimates, Virgin's valuation looks appealing relative to Qantas, with Virgin currently trading on a PE of 6.5x (-29% discount to Qantas) and enterprise value to earnings multiple of 2.9x (-30% discount), but with a stronger growth outlook and a portfolio mix benefit of predominantly higher return on invested capital domestic operations.

UBS has initiated with a Buy rating on Virgin and a $3.90 target, and has a Neutral rating on Qantas.

Ord Minnett also initiated with Buy, and has arrived at a $3.65 target by valuing Virgin on a one-year forward price-earnings multiple of 8x, which aligns with the airline's global comparable peer valuations.

Ord Minnett has an Accumulate rating on Qantas (which sits between Hold and Buy).

Virgin Australia originally listed in 2002 but the covid pandemic forced the board to voluntarily call in administrators in April 2020. Investors holding the equity at that time, or high yielding corporate debt, were left licking their financial wounds (both assets shrank to zero value).

Following restructuring and recapitalisation, the airline relisted on the ASX on 24 June 2025, raising $685m in its IPO. All of Goldman Sachs Australia, UBS Securities and Barrenjoey Markets were joint lead manager and underwriter of the float.

Ord Minnett whitelabels Barrenjoey research.

WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 18-07-25

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

By Mark Woodruff

Guide:

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

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

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

Summary

Period: Monday July 14 to Friday July 18, 2025
Total Upgrades: 6
Total Downgrades: 20
Net Ratings Breakdown: Buy 60.76%; Hold 31.52%; Sell 7.71%

For the week ended Friday, July 18, 2025, FNArena tracked six upgrades and twenty downgrades for ASX-listed companies from brokers monitored daily.

Nearly half of the downgrades resulted from a prereview to the upcoming reporting season for Australian REITs by Macquarie.

The broker believes FY26 guidance will likely be a key differentiator, with some REITs poised to return to growth while others continue to face structural and market headwinds.

Macquarie's assessment suggests the sector remains expensive, with asset values still exposed to downside risk given stretched relative returns and wide bid-ask spreads amid limited transactional evidence.

As a result, downgrades ensued for Goodman Group, Scentre Group, Vicinity Centres, Charter Hall Group, Centuria Capital, Charter Hall Long WALE REIT, Charter Hall Retail REIT, Centuria Industrial REIT, and Growthpoint Properties Australia.

Macquarie's preferred exposures are Mirvac Group, GPT Group, Dexus, DigiCo Infrastructure REIT, Arena REIT, and Qualitas.

Least preferred are Scentre Group, Vicinity Centres, Charter Hall Group, Charter Hall Long WALE REIT, and Charter Hall Retail REIT.

For the week, rises in average target prices generally outweighed falls while the tables below show decreases in average earnings forecasts held sway over increases.

The average target for Johns Lyng rose by nearly 14% after management entered into a Scheme Implementation Deed with an entity controlled by Pacific Equity Partners at $4.00 per share.

Morgans views the offer as reasonable in light of recent share price weakness and near-term earnings softness as the company works to rebuild business-as-usual (BAU) volumes in its NSW Insurance Building and its Restoration Services (IB&RS) division.

Investors are advised to await the required approvals from FIRB, ASIC, and the ASX, or maybe a superior offer might emerge?

Morgan Stanley notes CEO and Managing Director Scott Didier, who holds approximately 17.6% of Johns Lyng shares, intends to vote in favour of the Scheme and will roll his stake into the new entity via scrip.

Other key members of management have also signalled their support and intention to participate on the same terms.

Oil and gas exploration and production company Amplitude Energy's average target price jumped by just over 13%, as fourth quarter FY25 results came in slightly ahead of Macquarie's expectations. While some concern centred on weaker cash conversion, the broker attributed this to timing rather than underlying performance.

Production and sales were 16% higher than the prior quarter, mostly on strong performance at Orbost and the impact of maintenance in the prior quarter, explained Bell Potter.

With utilisation rising at the company's two Victorian gas plants amid a tight market, the analyst at Macquarie sees a clear path to 38c (shares closed last Friday at 24.5c).

Following this month's June quarter update, the average target for digital wealth platform provider Hub24 also rose by 10%.

UBS expects Hub24's stronger net inflow momentum will drive further market share gains over the medium term, reinforcing the broker's relative preference for the company over competitor Netwealth Group.

Morgan Stanley highlighted the company's strong net revenue retention (NRR) metric, which is highly correlated with a premium multiple for software stocks, as a foundation for years of durable growth.

More broker views on the relative merits of both Hub24 and Netwealth Group are available at https://fnarena.com/index.php/2025/07/18/june-quarter-hub24-outgrows-netwealth/

Regarding positive changes to average earnings forecasts, here Hansen Technologies (a global provider of software and services to the energy, water, and communications industries) led the pack with a 19% increase in response to an upgrade in management's FY25 guidance.

New research by broker Moelis highlighted the turnaround of the 2024 acquisition of German software platform acquisition powercloud as a meaningful near-term earnings growth opportunity, setting a 12-month target price of $6.00 and starting with a Buy rating.

Hansen offers a differentiated investment case among Australian software stocks under Morgan Stanley's coverage due to consistently strong earnings and free cash flow generation over an extended period.

More broker views can be accessed via https://fnarena.com/index.php/2025/07/16/market-embraces-hansens-powercloud-surprise/

Specialist alternative investment manager Regal Partners enjoyed a nearly 15% rise in average earnings forecast.

Morgans updated its earnings estimates to reflect the announcement of at least $35m in first half 2025 performance fee revenue. The broker had forecast no performance fee for the period.

The uplift was driven by strong performance from global long/short equity strategies, notably PM Capital's global equities strategy and the new Regal Global Small Companies Fund.

Bell Potter highlighted a strong rebound in the second quarter across funds under management, management fees, and future performance fee potential.

While the share price has recovered from its lows, the broker felt recent momentum is not yet fully reflected in the valuation, which remains well below historical highs.

On the flipside, 29Metals, Iluka Resources, and South32 experienced material declines in average earnings forecasts.

Following June quarterly reporting, Citi noted 29Metals is currently tracking just below the lower end of its annualised production guidance, though output is expected to be second half weighted.

Given the company's high leverage to base metal prices, the broker maintains its view further liquidity raising events are likely in the medium term to meet significant upcoming debt repayments. This broker raised its target to 16c from 15c.

29Metals is primarily focused on copper, with significant base and precious metals by-products. With a bearish outlook on copper, forecast to fall below US$9,000/t in the near term, Citi retains a Sell rating.

Iluka Resources shares rallied last week following a US Department of Defence deal with US-based MP Materials, which includes a 10-year price floor of US$110/kg for NdPr versus spot of US$63.6/kg.

Unfortunately, the deal was exclusive to MP Materials, highlighted Ord Minnett, reflecting the US's strategic interests and "America First" policies and doesn't have implications for other companies, such as Iluka.

This broker cut its target to $5.50 from $5.90 on revisions to price forecasts for rare earth oxides and mineral sands and downgraded to Accumulate from Buy.

Management at South32 withdrew FY26 production guidance for the Mozal aluminium smelter due to unresolved power supply negotiations. A potential asset impairment was also flagged for FY25 results, noted Macquarie.

The Mozambique government also pointed to possible power supply impacts from drought conditions, and FY26 production guidance is now being reviewed by management.

UBS increased its expected power costs at Mozal, which resulted in a valuation reduction of around -US$400m.

The only material negative change to average target price (-8%) last week befell Helloworld solely because Morgans resumed coverage with a target price of $1.76, below the existing targets of Ord Minnett and Shaw and Partners in the FNArena database for $1.90 and $2.70, respectively.

Analysts at Morgans have revised their FY25 earnings forecast down by -7%, now sitting at the lower end of management's guidance range of $52-56m, to reflect softening second-half trends and lower interest income.

Forecasting accuracy remains limited, cautioned the broker, until there is clearer evidence of a return to organic earnings growth.

Total Buy ratings in the database comprise 60.76% of the total, versus 31.52% on Neutral/Hold, while Sell ratings account for the remaining 7.71%.

Upgrade

BREVILLE GROUP LIMITED ((BRG)) Upgrade to Buy from Neutral by UBS .B/H/S: 4/2/0

UBS upgrades Breville Group to Buy from Neutral, with a higher target of $35.50 from $33.10, following analysis of the global coffee machine market, which gives the analyst confidence the group can double sales over the next decade.

Coffee machines represent around 50% to 60% of sales, with an estimated total addressable market of US$13bn in Breville's main markets. The segment has been growing at a compound annual rate of approximately 7% per annum.

The analyst points to additional TAM from new markets, such as Korea, China, and the Middle East, at an estimated US$2bn, with "significant" upside as coffee culture takes hold and evolves.

Korea's direct distribution model has increased market share to around 7% in FY24 from 4%, and the group is pursuing a go-direct strategy in China, which is viewed as a major opportunity.

The market is growing at 16% per annum, with coffee machine penetration per capita at around one-tenth of Korea's.

CATALYST METALS LIMITED ((CYL)) Upgrade to Buy from Accumulate by Morgans .B/H/S: 2/0/0

Morgans updated its model for Catalyst Metals ahead of the June quarterly, with the biggest change being unit cost estimates for both FY25 and FY26, and capex for FY25.

Revenue forecast for FY25 declined by -1% while FY26 was left unchanged. The broker is forecasting FY25 production of 105koz, at the low end of guidance and vs consensus of 106koz.

Cost forecast for FY25 lifted to $2,433/oz from $2,390/oz and compares with the consensus of $2,449/oz.

Target cut to $6.93 from $7.15. Rating upgraded to Buy from Accumulate.

IKEGPS GROUP LIMITED ((IKE)) Upgrade to Buy from Speculative Buy by Bell Potter .B/H/S: 2/0/0

ikeGPS Group has launched a capital raise via an $18m placement at 81 cents (a -4.1% discount to the last close) and a $2m share purchase plan (SPP).

Bell Potter explains proceeds will fund further development of two subscription module products and bolster sales and marketing initiatives aimed at embedding its platform more deeply with utility and communications clients.

Product development receives -NZ$10.9m, with targeted productivity improvements of 5 times and a doubling of average revenue per user (ARPU). Sales and marketing acceleration is allocated -NZ$2.2m, while NZ$8.8m supports working capital and offer costs.

Pro forma cash rises to NZ$32.1m, highlights the broker.

The analysts make no changes to earnings forecasts but incorporates updated share count and cash position. Positive operating cash flow and a stronger balance sheet support the removal of the Speculative designation.

Bell Potter upgrades to Buy from Speculative Buy and sets a target price of $1.14, down from $1.17.

QANTAS AIRWAYS LIMITED ((QAN)) Upgrade to Buy from Neutral by Citi .B/H/S: 3/3/0

Citi prefers Qantas Airways over Virgin Australia citing superior exposure to international and low-cost carrier segments, which are viewed as key growth drivers in the current market.

Qantas is better positioned to capture incremental demand from Western Sydney Airport, highlight the analysts, with commitments already in place, unlike Virgin.

Also, Qantas is expected to benefit from fuel cost tailwinds and its new distribution strategy, launched in July, which Citi believes will offer a relative cost advantage.

Domestic market growth is seen as modest, with top-line gains largely price-driven, notes the broker.

Citi upgrades Qantas to Buy from Neutral. Target price lifts to $12.20 from $9.60.

REGION GROUP ((RGN)) Upgrade to Neutral from Underperform by Macquarie .B/H/S: 3/2/1

In a preview of the August earnings season, Macquarie sees limited earnings risk for Australian REITs, with FY25 EPS growth for the sector forecast at 4.3%. For FY26, the broker believes headwinds are reducing and expects EPS growth of 5.8%, with an acceleration to 10.6% growth in FY27.

Revised expectation for the cash rate is a key driver as Macquarie strategists now expect -125bps of rate cuts in this cycle vs -75bps forecast in January. Within the sector, the broker expects retail and logistics to be the top performers in terms of earnings, driven by income growth, low maintenance capital expenditures, and reduced lease incentive leakage.

The broker lifted the FY25 EPS forecast for Region Group by 0.1% and by 0.7% for FY26.

Target rises to $2.16 from $2.03. Rating upgraded to Neutral from Underperform.

TELSTRA GROUP LIMITED ((TLS)) Upgrade to Hold from Sell by Morgans .B/H/S: 3/3/0

Morgans upgraded Telstra Group rating to Hold from Sell as it now believes the share could stay expensive for some time, given management's optimism about medium-term growth targets.

The broker also notes its previous assumption mobile pricing will decline after three years of increases no longer appears valid as prices continue to increase, with discounting also fading.

EPS forecast for FY26 are slightly trimmed as the analyst incorporated the on-market share buyback (now completed) into estimates. Target rises to $4.70 from $4.00 due to a valuation change.

Downgrade

ABACUS STORAGE KING ((ASK)) Downgrade to Hold, Medium Risk from Buy by Shaw and Partners .B/H/S: 1/2/0

Abacus Storage King received an upwardly revised takeover offer from a consortium of Ki Corporation and Public Storage for $1.65/unit, up from the previously rejected $1.47/unit less distribution of 3.1c.

Shaw and Partners notes the revised proposal continues to undervalue the company as it is below NTA of $1.73. The broker notes there is a risk National Storage REIT ((NSR)) could block the deal because it recently increased its stake (currently 9.51%).

The analyst doesn't think the REIT is interested in fully acquiring Abacus Storage King but may want to ensure it is bought at a fair price by a well-capitalised US competitor.

Target unchanged at $1.65, with the risk the share price will decline as the transaction doesn't go through. Rating downgraded to Hold, Medium Risk from Buy.

BRICKWORKS LIMITED ((BKW)) Downgrade to Neutral from Buy by UBS .B/H/S: 1/3/0

Noting the merger between Brickworks and WH Soul Pattinson ((SOL)) to form a new ASX-listed company TopCo, UBS flags the removal of around 148m shares cross-held between the two companies, with Brickworks, WH Soul Pattinson and new shareholders to own around 72%, 19% and 9%, respectively.

The broker points to the TopCo equity raising of $1.4bn for 34m shares, which will be used to pay down some of Brickworks' debt and fund transaction costs.

UBS views the Australian building products market has bottomed, but US conditions are expected to remain challenging.

With the market giving the nod of approval to the deal and both Brickworks and WH Soul Pattinson shares up around 13% and 24%, respectively, UBS downgrades Brickworks to Neutral from Buy.

Target price rises 18% due to the mark-to-market of listed investments and is set at $34.25.

CHARTER HALL GROUP ((CHC)) Downgrade to Underperform from Neutral by Macquarie .B/H/S: 2/1/2

In a preview of the August earnings season, Macquarie sees limited earnings risk for Australian REITs, with FY25 EPS growth for the sector forecast at 4.3%. For FY26, the broker believes headwinds are reducing and expects EPS growth of 5.8%, with an acceleration to 10.6% growth in FY27.

Revised expectation for the cash rate is a key driver as Macquarie strategists now expect -125bps of rate cuts in this cycle vs -75bps forecast in January. Within the sector, the broker expects retail and logistics to be the top performers in terms of earnings, driven by income growth, low maintenance capital expenditures, and reduced lease incentive leakage.

The broker lifted the FY25 EPS forecast for Charter Hall by 0.5%, and FY26 by 1.0%.

Target rises to $17.31 from $17.15. Rating downgraded to Underperform from Neutral on valuation.

CENTURIA INDUSTRIAL REIT ((CIP)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 2/4/0

In a preview of the August earnings season, Macquarie sees limited earnings risk for Australian REITs, with FY25 EPS growth for the sector forecast at 4.3%. For FY26, the broker believes headwinds are reducing and expects EPS growth of 5.8%, with an acceleration to 10.6% growth in FY27.

Revised expectation for the cash rate is a key driver as Macquarie strategists now expect -125bps of rate cuts in this cycle vs -75bps forecast in January. Within the sector, the broker expects retail and logistics to be the top performers in terms of earnings, driven by income growth, low maintenance capital expenditures, and reduced lease incentive leakage.

The broker cut the FY25 EPS forecast for Centuria Industrial REIT by -0.3% but lifted the FY26 forecast by 4% on higher income growth following under-renting in the portfolio.

Target falls to $3.22 from $3.34. Rating downgraded to Neutral from Outperform.

CHARTER HALL LONG WALE REIT ((CLW)) Downgrade to Underperform from Neutral by Macquarie .B/H/S: 1/2/1

In a preview of the August earnings season, Macquarie sees limited earnings risk for Australian REITs, with FY25 EPS growth for the sector forecast at 4.3%. For FY26, the broker believes headwinds are reducing and expects EPS growth of 5.8%, with an acceleration to 10.6% growth in FY27.

Revised expectation for the cash rate is a key driver as Macquarie strategists now expect -125bps of rate cuts in this cycle vs -75bps forecast in January. Within the sector, the broker expects retail and logistics to be the top performers in terms of earnings, driven by income growth, low maintenance capital expenditures, and reduced lease incentive leakage.

No change to the broker's FY25 EPS forecast for Charter Hall Long WALE REIT but a 2.6% lift to the FY26 forecast.

Target falls to $3.52 from $3.73 as the broker forecasts 20bps of cap rate expansion vs before. Rating downgraded to Underperform from Neutral on valuation.

CENTURIA CAPITAL GROUP ((CNI)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 2/3/0

In a preview of the August earnings season, Macquarie sees limited earnings risk for Australian REITs, with FY25 EPS growth for the sector forecast at 4.3%. For FY26, the broker believes headwinds are reducing and expects EPS growth of 5.8%, with an acceleration to 10.6% growth in FY27.

Revised expectation for the cash rate is a key driver as Macquarie strategists now expect -125bps of rate cuts in this cycle vs -75bps forecast in January. Within the sector, the broker expects retail and logistics to be the top performers in terms of earnings, driven by income growth, low maintenance capital expenditures, and reduced lease incentive leakage.

The broker lifted the FY25 EPS forecast for Centuria Capital by 0.2% but lowered the FY26 forecast by -1%.

Target rises to $1.79 from $1.78. Rating downgraded to Neutral from Outperform on valuation.

COMPUTERSHARE LIMITED ((CPU)) Downgrade to Underweight from Equal-weight by Morgan Stanley .B/H/S: 0/4/2

Morgan Stanley lowers its target for Computershare to $33.70 from $34.40 and downgrades to Underweight from Equal-weight, noting limited EPS growth beyond FY25. Industry View: In-Line.

The analysts also see downside risk to margin income (MI), which has comprised over 70% of profit (PBT) since FY23.

The broker forecasts FY26 earnings Management EPS growth of just 3%, down from 15% in FY25, driven by an around -8% fall in MI, moderating yields and weaker balance growth.

While improved capital markets may benefit event-driven and transactional revenues, weak issuance in trust services and falling rates present further risk to balances, suggests the broker.

CHARTER HALL RETAIL REIT ((CQR)) Downgrade to Underperform from Neutral by Macquarie .B/H/S: 1/1/1

In a preview of the August earnings season, Macquarie sees limited earnings risk for Australian REITs, with FY25 EPS growth for the sector forecast at 4.3%. For FY26, the broker believes headwinds are reducing and expects EPS growth of 5.8%, with an acceleration to 10.6% growth in FY27.

Revised expectation for the cash rate is a key driver as Macquarie strategists now expect -125bps of rate cuts in this cycle vs -75bps forecast in January. Within the sector, the broker expects retail and logistics to be the top performers in terms of earnings, driven by income growth, low maintenance capital expenditures, and reduced lease incentive leakage.

The broker cut the FY25 EPS forecast for Charter Hall Retail REIT by -0.4% and by -1% for FY26.

Target unchanged at $3.51. Rating downgraded to Underperform from Neutral for valuation reasons.

DRONESHIELD LIMITED ((DRO)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 0/2/0

Bell Potter downgrades DroneShield to Hold from Buy due to the re-rating of listed peers, both domestically and globally, which is viewed as overdone, with risks to the stock price due to valuation.

The analyst notes an additional $9.7m contract from a LatAm customer and a two-year $11.7m R&D contract with a Five Eyes Department of Defence, on top of the $61m order announced in June 25, bringing the estimated total contracted revenue for 2025 to around $175m.

The company is investing -$13m in a multi-year lease and fit-out for an additional Sydney facility, which is flagged to open in December and lift annual production to $900m by mid-2026.

Bell Potter's earnings forecasts have been raised for longer-term revenue, with a "material" rise in operating expenses as DroneShield continues to scale its operations at a faster-than-anticipated rate.

The target price is raised to $3.80 from $2.60.

ENDEAVOUR GROUP LIMITED ((EDV)) Downgrade to Equal-weight from Overweight by Morgan Stanley .B/H/S: 1/6/0

Morgan Stanley downgrades Endeavour Group to Equal-weight from Overweight, as the Australian liquor market remains challenged amid increased promotions over 4Q25 and ongoing sluggish sales.

The analyst sees the group failing to increase market share and lowers the 2H25 retail forecast, now sitting -3% below consensus, with stronger hotel performance noted as a possible offsetting factor.

Morgan Stanley also highlights media reports that the group is assessing the postponement of aspects of the OneEndeavour program, which could elevate market uncertainty around strategic direction while lowering cost estimates for FY26.

The target price slips to $4.60 from $5.10. Industry View: In-line.

EVOLUTION MINING LIMITED ((EVN)) Downgrade to Trim from Hold by Morgans .B/H/S: 0/2/3

Evolution Mining met expectations on the FY25 report, with production, cost and capex all in line with the guidance. The highlight was the cashflow, Morgans notes, rising 49% q/q to $308m, leading to a -34% reduction in net debt vs December 2024 to $849m.

For FY26, the company flagged a 14% increase in cost due to inflationary pressures and non-cash items, and expects gold and copper production to be flat y/y. The broker cut its FY25 gold production estimate and lifted cost and capex forecasts.

Target cut to $7.00 from $7.40. Rating downgraded to Trim from Hold.

GOODMAN GROUP ((GMG)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 3/3/0

In a preview of the August earnings season, Macquarie sees limited earnings risk for Australian REITs, with FY25 EPS growth for the sector forecast at 4.3%. For FY26, the broker believes headwinds are reducing and expects EPS growth of 5.8%, with an acceleration to 10.6% growth in FY27.

Revised expectation for the cash rate is a key driver as Macquarie strategists now expect -125bps of rate cuts in this cycle vs -75bps forecast in January. Within the sector, the broker expects retail and logistics to be the top performers in terms of earnings, driven by income growth, low maintenance capital expenditures, and reduced lease incentive leakage.

The broker cut the FY25 EPS forecast for Goodman Group by -0.1% and by -0.7% for FY26.

Target falls to $35.24 from $36.06. Rating downgraded to Neutral from Outperform for valuation reasons.

GROWTHPOINT PROPERTIES AUSTRALIA ((GOZ)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 2/1/0

In a preview of the August earnings season, Macquarie sees limited earnings risk for Australian REITs, with FY25 EPS growth for the sector forecast at 4.3%. For FY26, the broker believes headwinds are reducing and expects EPS growth of 5.8%, with an acceleration to 10.6% growth in FY27.

Revised expectation for the cash rate is a key driver as Macquarie strategists now expect -125bps of rate cuts in this cycle vs -75bps forecast in January. Within the sector, the broker expects retail and logistics to be the top performers in terms of earnings, driven by income growth, low maintenance capital expenditures, and reduced lease incentive leakage.

Forecasts for Growthpoint Properties Australia largely unchanged.

Target falls to $2.40 from $2.57. Rating downgraded to Neutral from Outperform on valuation grounds.

ILUKA RESOURCES LIMITED ((ILU)) Downgrade to Accumulate from Buy by Ord Minnett .B/H/S: 4/1/0

Ord Minnett notes rare earths companies, including Iluka Resources (up 21%), rose after MP Materials signed a deal with the US Department of Defense guaranteeing US$100/kg for NdPr.

The broker highlights the deal was exclusive to MP Materials, reflecting the US's strategic interests and "America First" policies and doesn't have implications for other companies, including Iluka.

The broker assumes US$94/kg as sufficient to stimulate global supply.

Target price cut to $5.50 from $5.90 on revisions to price forecasts for REOs, mineral sands and AUD/USD. Rating downgraded to Accumulate from Buy.

JOHNS LYNG GROUP LIMITED ((JLG)) Downgrade to Equal-weight from Overweight by Morgan Stanley .B/H/S: 0/5/0

Johns Lyng has entered into a Scheme Implementation Deed with an entity controlled by Pacific Equity Partners at $4/share.

Morgan Stanley notes the CEO holds a 17.6% stake and will vote in favour of the deal, as will other key management members.

Rating downgraded to Equal-weight from Overweight. Target rises to $4.00 from $3.40. Industry View: In-line.

MATRIX COMPOSITES & ENGINEERING LIMITED ((MCE)) Downgrade to Speculative Hold from Speculative Buy by Bell Potter.B/H/S: 1/1/0

Ahead of Matrix Composites & Engineering's FY25 financial results, Bell Potter noted its expectation of $78.9m group revenue, in line with the company's guidance. The broker expects underlying net loss of -$1.0m.

No changes to forecasts but the broker has flagged the risk of delays in major contract wins in 1H26 that could lead to significant earnings downgrades.

Target unchanged at 28c. Rating downgraded to Speculative Hold from Speculative Buy following recent share price strength.

PEPPER MONEY LIMITED ((PPM)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 0/2/0

Macquarie believes the current RBA rate cut cycle and low funding costs are supportive for non-bank lenders, reflected in an increase in their market share of new mortgages.

While pressure from banks has generally stabilised, the analyst notes competition within the sector has increased.

For Pepper Money, the broker cut FY25 EPS forecast by -1% and FY26 by -4% mainly on reduced dilution from buybacks.

Target lifted to $1.70 from $1.65 on valuation roll-forward. Rating downgraded to Neutral from Outperform following share price rally.

SCENTRE GROUP ((SCG)) Downgrade to Underperform from Neutral by Macquarie .B/H/S: 3/1/1

In a preview of the August earnings season, Macquarie sees limited earnings risk for Australian REITs, with FY25 EPS growth for the sector forecast at 4.3%. For FY26, the broker believes headwinds are reducing and expects EPS growth of 5.8%, with an acceleration to 10.6% growth in FY27.

Revised expectation for the cash rate is a key driver as Macquarie strategists now expect -125bps of rate cuts in this cycle vs -75bps forecast in January. Within the sector, the broker expects retail and logistics to be the top performers in terms of earnings, driven by income growth, low maintenance capital expenditures, and reduced lease incentive leakage.

The broker lifted the FY25 EPS forecast for Scentre Group by 0.7% and by 1.7% for FY26. For 1H25, the analyst is forecasting EPS of 11.2c and DPS of 8.6c.

The stock is among the broker's least preferred in the REIT space.

Target falls to $3.18 from $3.34. Rating downgraded to Underperform from Neutral on valuation.

TECHNOLOGY ONE LIMITED ((TNE)) Downgrade to Sell from Hold by Bell Potter .B/H/S: 1/4/1

Bell Potter downgrades TechnologyOne to Sell from Hold, with a new target price set at $35.75 from $35.50, with no changes to earnings forecasts for the company.

The analyst estimates profit before tax growth of 19%, 20%, and 20% for FY25, FY26, and FY27, which is near consensus forecast growth.

Bell Potter details that the FY25 estimate assumes 10% profit before tax growth in 2H versus 33% in 1H, and there is upside risk if sales and marketing expenses are not as high as currently anticipated.

The current price target equates to a FY26 price-to-earnings ratio of 70 times, with a PEG ratio of around 3.5 times, which in the analyst's view more than discounts circa 30% profit before tax growth over the next three years.

VICINITY CENTRES ((VCX)) Downgrade to Underperform from Neutral by Macquarie .B/H/S: 1/1/3

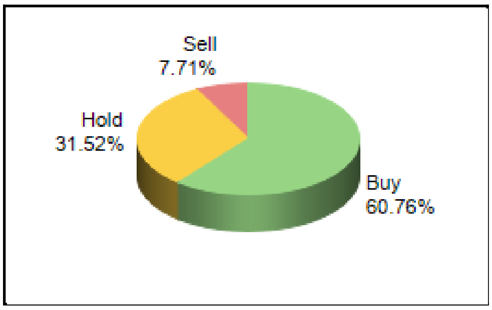
In a preview of the August earnings season, Macquarie sees limited earnings risk for Australian REITs, with FY25 EPS growth for the sector forecast at 4.3%. For FY26, the broker believes headwinds are reducing and expects EPS growth of 5.8%, with an acceleration to 10.6% growth in FY27.

Revised expectation for the cash rate is a key driver as Macquarie strategists now expect -125bps of rate cuts in this cycle vs -75bps forecast in January. Within the sector, the broker expects retail and logistics to be the top performers in terms of earnings, driven by income growth, low maintenance capital expenditures, and reduced lease incentive leakage.

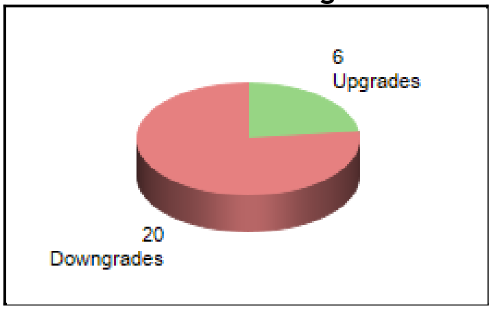
The broker lifted the FY25 EPS forecast for Vicinity Centres by 0.4% and by 1.6% for FY26 on revised economic forecasts and higher re-leasing spreads.

Target falls to $2.04 from $2.11. Rating downgraded to Underperform from Neutral on valuation.

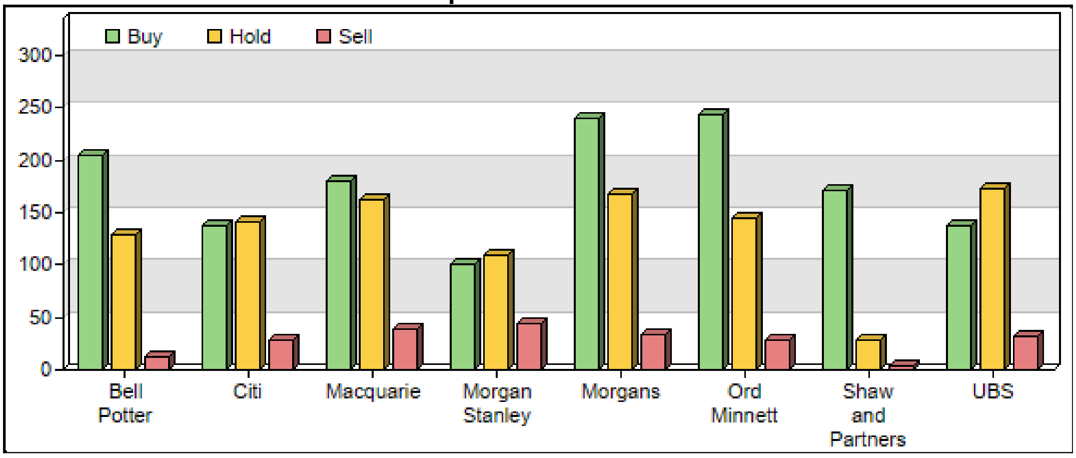
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	BREVILLE GROUP LIMITED	Buy	Neutral	UBS
2	CATALYST METALS LIMITED	Buy	Buy	Morgans
3	IKEGPS GROUP LIMITED	Buy	Buy	Bell Potter
4	QANTAS AIRWAYS LIMITED	Buy	Neutral	Citi
5	REGION GROUP	Neutral	Sell	Macquarie
6	TELSTRA GROUP LIMITED	Neutral	Sell	Morgans
Downgrade				
7	ABACUS STORAGE KING	Neutral	Buy	Shaw and Partners
8	BRICKWORKS LIMITED	Neutral	Buy	UBS
9	CENTURIA CAPITAL GROUP	Neutral	Buy	Macquarie
10	CENTURIA INDUSTRIAL REIT	Neutral	Buy	Macquarie
11	CHARTER HALL GROUP	Sell	Neutral	Macquarie
12	CHARTER HALL LONG WALE REIT	Sell	Neutral	Macquarie
13	CHARTER HALL RETAIL REIT	Sell	Neutral	Macquarie
14	COMPUTERSHARE LIMITED	Sell	Neutral	Morgan Stanley
15	DRONESHIELD LIMITED	Neutral	Buy	Bell Potter
16	ENDEAVOUR GROUP LIMITED	Neutral	Buy	Morgan Stanley
17	EVOLUTION MINING LIMITED	Sell	Neutral	Morgans
18	GOODMAN GROUP	Neutral	Buy	Macquarie
19	GROWTHPOINT PROPERTIES AUSTRALIA	Neutral	Buy	Macquarie
20	ILUKA RESOURCES LIMITED	Buy	Buy	Ord Minnett
21	JOHNS LYNG GROUP LIMITED	Neutral	Buy	Morgan Stanley
22	MATRIX COMPOSITES & ENGINEERING LIMITED	Neutral	Buy	Bell Potter
23	PEPPER MONEY LIMITED	Neutral	Buy	Macquarie
24	SCENTRE GROUP	Sell	Neutral	Macquarie
25	TECHNOLOGY ONE LIMITED	Sell	Neutral	Bell Potter
26	VICINITY CENTRES	Sell	Neutral	Macquarie

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs

1	JLG	JOHNS LYNG GROUP LIMITED	3.160	2.780	13.67%	5
2	AEL	AMPLITUDE ENERGY LIMITED	0.298	0.263	13.31%	4
3	29M	29METALS LIMITED	0.248	0.220	12.73%	4
4	HUB	HUB24 LIMITED	92.429	83.614	10.54%	7
5	ASK	ABACUS STORAGE KING	1.643	1.533	7.18%	3
6	AMP	AMP LIMITED	1.538	1.468	4.77%	5
7	QAN	QANTAS AIRWAYS LIMITED	11.183	10.700	4.51%	6
8	PDN	PALADIN ENERGY LIMITED	8.921	8.536	4.51%	7
9	CSC	CAPSTONE COPPER CORP.	11.875	11.450	3.71%	4
10	BKW	BRICKWORKS LIMITED	31.790	30.740	3.42%	5

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	HLO	HELLOWORLD TRAVEL LIMITED	2.130	2.315	-7.99%	3
2	FFM	FIREFLY METALS LIMITED	1.600	1.683	-4.93%	3
3	DGT	DIGICO INFRASTRUCTURE REIT	4.838	5.083	-4.82%	4
4	ATA	ATTURRA LIMITED	1.050	1.100	-4.55%	3
5	EDV	ENDEAVOUR GROUP LIMITED	4.313	4.515	-4.47%	7
6	SHV	SELECT HARVESTS LIMITED	5.417	5.667	-4.41%	3
7	INA	INGENIA COMMUNITIES GROUP	6.000	6.237	-3.80%	3
8	HCW	HEALTHCO HEALTHCARE & WELLNESS REIT	0.925	0.960	-3.65%	4
9	NST	NORTHERN STAR RESOURCES LIMITED	20.954	21.726	-3.55%	7
10	DXI	DEXUS INDUSTRIA REIT	2.937	3.043	-3.48%	3

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	HSN	HANSEN TECHNOLOGIES LIMITED	22.767	19.067	19.41%	4
2	RPL	REGAL PARTNERS LIMITED	15.000	13.100	14.50%	3
3	LOT	LOTUS RESOURCES LIMITED	-0.825	-0.875	5.71%	4
4	FFM	FIREFLY METALS LIMITED	-3.600	-3.800	5.26%	3
5	NXT	NEXTDC LIMITED	-8.225	-8.580	4.14%	6
6	SUN	SUNCORP GROUP LIMITED	123.780	119.900	3.24%	6
7	LNW	LIGHT & WONDER INC	932.345	904.953	3.03%	5
8	SLC	SUPERLOOP LIMITED	4.440	4.320	2.78%	5
9	ALX	ATLAS ARTERIA	33.767	32.933	2.53%	5
10	BHP	BHP GROUP LIMITED	297.542	292.106	1.86%	6

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	29M	29METALS LIMITED	-0.867	0.167	-619.16%	4
2	ILU	ILUKA RESOURCES LIMITED	35.600	40.280	-11.62%	5
3	S32	SOUTH32 LIMITED	24.470	27.283	-10.31%	6
4	COG	COG FINANCIAL SERVICES LIMITED	10.933	12.000	-8.89%	3
5	AEL	AMPLITUDE ENERGY LIMITED	0.900	0.967	-6.93%	4
6	SHV	SELECT HARVESTS LIMITED	24.467	25.967	-5.78%	3
7	CIA	CHAMPION IRON LIMITED	52.947	55.792	-5.10%	3
8	HLO	HELLOWORLD TRAVEL LIMITED	17.133	17.800	-3.75%	3
9	LYC	LYNAS RARE EARTHS LIMITED	4.683	4.850	-3.44%	6
10	EVN	EVOLUTION MINING LIMITED	51.386	53.102	-3.23%	7

Technical limitations

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

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

WEEKLY REPORTS

Uranium Week: Utilities Swing Into Gear

A decline in the U308 spot price belies interest emerging from utilities in the mid to long-term delivery windows to shore up supply security.

-Pennsylvania and Westinghouse push forward with nuclear energy for AI data centres
-U308 spot price softens but utilities have re-emerged seeking requests for proposals
-Uranium demand outlook increasingly linked to technology and AI
-Stocks in focus this week while short interests reverse course

By Danielle Ecuyer

Energy for AI-driven demand for data centres continues

From a macro perspective, it was a big week for the US nuclear energy industry. While discussions hinted at Pennsylvania becoming an AI-energy hub, last week President Trump attended an inaugural Energy and Innovation Summit in Pittsburgh, which was held at Carnegie Mellon University and is aimed at positioning the state as an AI leader.

Between US$90bn-US$100bn in private investment was announced for AI, data centres, and energy infrastructure using nuclear energy alongside coal, gas, and hydropower.

Westinghouse also announced plans to build ten large nuclear reactors in the US, with its AP1000 reactor capable of generating enough electricity to power more than 750k homes. Ten such reactors would underpin US$75bn in value across the US, with US$6bn to be invested in Pennsylvania.

In the last thirty years, the US has built two new reactors, both of which were Westinghouse AP1000s at Plant Vogtle in Washington, Georgia. That project was delivered seven years behind schedule and US$18bn over budget.

Google Cloud and Westinghouse are collaborating on AI applications to transform the construction of advanced reactors into an *"efficient, repeatable process"* and enhance operations of existing nuclear power plants using data-driven insights.

Utilities' requests for proposals take a step up

Utilities have re-entered the U3O8 mid- and long-term delivery windows, as highlighted by industry consultants TradeTech. A formal Request for Proposals for 400klbs U3O8 per annum between 2029 and 2033, with an optional 300klbs U3O8 annually between 2034 and 2036, was placed. Offers are due by July 31.

Another US utility is seeking 50k to 200klbs per annum of U3O8 between 2028 and 2031 and is evaluating offers, while another has a due date of July 22 for offers of 500klbs for delivery between 2029 and 2033.

These proposals come amidst a backdrop of rising geopolitical tensions with President Trump threatening tariffs on Russia and potential supply issues from Niger and Kazakhstan, against rising demand for energy and security.

The TradeTech U3O8 spot price indicator slipped by -US$1/lb last week to US$71/lb, bringing the decline to -9.7% from the 2025 high of US$78.65/lb on June 27.

The spot price is down -15.5% from the prior year and down -6.6% since the start of 2025.

Three transactions were undertaken in the spot market: one early last week for 100klbs for July delivery to Cameco's Canadian facility; another on Thursday for 50klbs for delivery at Orano's Comurhex facility in France; and another 100klbs at US$71/lb for Cameco in July.

TradeTech's U3O8 Mid-term price indicator is US$83/lb and Long-term price indicator is US$80/lb.

Australian uranium stocks remain in focus

RBC Capital's June quarter review emphasised the positive impact of Sprott Physical Uranium Trust's (SPUT) US$200m equity raising and the rally in the U3O8 spot price of almost 10%.

A resulting rally in **Paladin Energy's** ((PDN)) share price realised a gain of more than 67%, with **Boss Energy's** ((BOE)) gain over 96%.

RBC continues to envisage a floor in U3O8 prices in the low-mid US$70/lb due to the *"carry-trade economics"* and risks associated with supply from Kazakhstan and Niger.

In terms of stocks, Boss continues to be the broker's preferred pick in the sector because of its low-cost production and improved confidence in production ramp-up over the next year. RBC believes consensus expectations are too low for volumes to decline by -6%, given Boss has already guided to production rates for both Honeymoon and Alta Mesa.

At the upcoming June quarter update, management is expected to confirm construction of the three final NIMCIX columns at Honeymoon, with commissioning for the end of 2025. RBC forecasts peak production rates by the end of FY26 and has raised its target price to $3.90. Its rating is Sector Perform.

Paladin's production volumes are forecast to grow 7% in the June quarter on the prior quarter at Langer Heinrich to 796klbs, which sits above consensus at 791klbs due to higher ore grade from the G-pit. Cost of production is also anticipated to rise 12% over the quarter to US$45/lb from re-starting of activities in the G-pit. Target price has risen to $7.25.

Paladin's June quarter report is due on July 23 and Boss' on July 25.

Paladin was also in focus for Bell Potter this week. This analyst believes the stock will re-rate over the coming quarters, as the business shakes off negative earnings sentiment lingering throughout FY25.

Paladin's 4QFY25 result will be closely watched for mill performance on blended ore, any contract disruptions, and updated production and cost guidance for FY26.

Bell Potter forecasts 0.8mlbs production (up 6% quarter-on-quarter) and 0.7mlbs in sales, noting consensus expectations are likely conservative given recent operating headwinds, which creates scope for a 'beat'.

The achieved uranium price is likely to retreat slightly due to flexing under the CNNC spot-linked contract. There is an offtake agreement between Paladin and China National Nuclear Corporation.

The CEO transition is viewed positively, with incoming Paul Hemburrow seen as well-placed to lead Langer Heinrich through its next development phase. Target price is raised to $9.20 from $6.50. The stock is rated Buy.

Macquarie's equity strategy update adopted a more "constructive" view on equities, including the addition of Paladin to the model portfolio under Tech/AI exposure, alongside a Buy-equivalent rating and $8.45 target.

<u>More broker updates</u>

Ord Minnett notes **Lotus Resources** ((LOT)) continues to progress towards the restart of Kayelekera, with first U3O8 production still flagged for the September 2025 quarter and mining to commence in the December quarter.

The miner has less reliance on stockpiles than Paladin, the broker points out.

The company remains well capitalised with US$77m of cash, which is more than the broker's forecast of US$41m, with less cash employed in the June quarter than previously guided by management. The analyst suspects some capex spend has been deferred.

Ord Minnett now anticipates peak capex in the September quarter at -US$30m for the re-start. Lotus is Speculative Buy rated with a 36c target price, down from 37c.

Bell Potter pointed to the start of hot commissioning at the Kayelekera Mill, with mineralised waste ore running through the crushing and semi-autogenous grinding (SAG) circuits.

The next stages include commissioning the elution, precipitation, drying and packaging circuits, ahead of first U3O8 production targeted for the September quarter.

Stockpiled ore will be used initially, with fresh ore processing expected to begin by mid-September. The cash balance was US$77.3m at June-end, with US$48.5m in working capital facilities and a US$15m unsecured loan undrawn.

Bell Potter retains a Buy (Speculative) rating and 35c target believing the market remains sceptical but sees a successful restart as a catalyst for re-rating.

Bannerman Energy ((BMN)) raised $85m in equity via a $3.20 share placement to support construction at Etango, with first production targeted for 2027 and a final investment decision later in 2025.

Shaw and Partners noted early works are progressing in line with budget, including infrastructure installation and advancement on the heap leach pad and process plant design. Long-lead equipment also remains on schedule.

Shaw supports Bannerman's cautious development strategy, noting the company is avoiding premature contracting or debt financing while uranium term prices remain below long-term expectations.

With a $140m cash position and only $23m in residual early works commitments, management is well positioned to continue project development and benefit from future sector tailwinds, suggest the analysts.

Shaw retains a Buy rating and a $4.70 target price.

<u>Short interests start to creep up</u>

As of July 10, ASIC's updated short report showed Paladin remains the number one most shorted stock on the ASX, with Boss in second place. Short positions sat at 16.84% (up from 16.37%) and 14.63% (up from 13.47%), respectively.

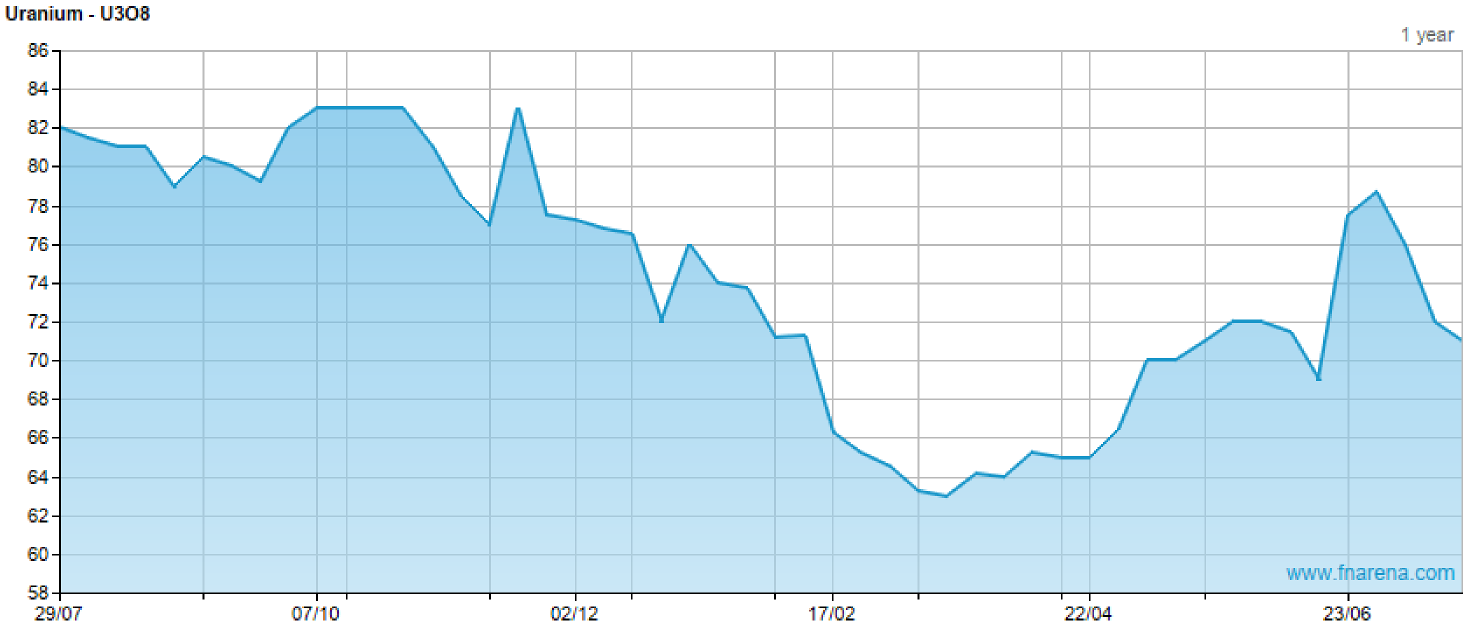
Deep Yellow Energy ((DYL)) sits in thirteenth place at 8.68% (up from 8.4%) and Lotus in fourteenth place at 8.30% (up from 7.88%).

Maybe the hedge funds are keen to reposition now that Sprott has almost completed its U308 spot inventory purchases?

<u>Uranium companies listed on the ASX:</u>

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	18/07/2025	0.0500	0.00%	$0.08	$0.03			
AEE	18/07/2025	0.1700	0.00%	$0.19	$0.10			
AGE	18/07/2025	0.0200	0.00%	$0.05	$0.02		$0.070	▲250.0%
AKN	18/07/2025	0.0100	0.00%	$0.02	$0.01			
ASN	18/07/2025	0.1100	▲42.86%	$0.13	$0.04			
BKY	18/07/2025	0.5700	▲ 3.64%	$0.67	$0.30			
BMN	18/07/2025	2.9500	▲ 3.96%	$3.68	$1.76		$4.700	▲59.3%
BOE	18/07/2025	3.7900	▲ 5.90%	$4.75	$1.99	220.1	$3.894	▲2.8%
BSN	18/07/2025	0.0200	0.00%	$0.06	$0.01			
C29	18/07/2025	0.0200	0.00%	$0.13	$0.01			
CXO	18/07/2025	0.1100	0.00%	$0.14	$0.06		$0.110	
CXU	18/07/2025	0.0100	0.00%	$0.03	$0.01			
DEV	18/07/2025	0.0900	▼-11.11%	$0.28	$0.07			
DYL	18/07/2025	1.8200	▲ 8.33%	$1.87	$0.75	-354.0	$1.807	▼- 0.7%
EL8	18/07/2025	0.2700	▼- 3.70%	$0.42	$0.19			
ERA	18/07/2025	0.0020	0.00%	$0.04	$0.00			
GLA	18/07/2025	0.0100	0.00%	$0.02	$0.01			
GTR	18/07/2025	0.0040	0.00%	$0.01	$0.00			
GUE	18/07/2025	0.0700	▲16.67%	$0.10	$0.05			
HAR	18/07/2025	0.0800	0.00%	$0.09	$0.03			
I88	18/07/2025	0.1100	▲22.22%	$0.80	$0.08			
KOB	18/07/2025	0.0300	0.00%	$0.18	$0.03			
LAM	18/07/2025	0.8200	▼- 5.88%	$0.90	$0.48			
LOT	18/07/2025	0.1800	0.00%	$0.32	$0.13		$0.328	▲81.9%
MEU	18/07/2025	0.0400	0.00%	$0.06	$0.03			
NXG	18/07/2025	10.6800	▲ 5.32%	$13.53	$6.44		$12.925	▲21.0%
ORP	18/07/2025	0.0400	0.00%	$0.07	$0.02			
PDN	18/07/2025	8.0200	▲ 9.68%	$13.27	$3.93	-215.5	$8.921	▲11.2%

PEN	18/07/2025	0.6200	0.00%	$2.20	$0.55	$1.000	▲61.3%
SLX	18/07/2025	4.2900	▲ 4.56%	$6.62	$2.28	$6.500	▲51.5%
TOE	18/07/2025	0.2000	▲10.53%	$0.36	$0.15		
WCN	18/07/2025	0.0300	▲50.00%	$0.04	$0.01		



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

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

WEEKLY REPORTS

The Short Report - 24 Jul 2025

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

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

Summary:

Week Ending July 17th, 2025 (most recent data available through ASIC).

10%+

PDN	16.64%
PLS	14.74%
BOE	14.60%
MIN	13.96%
IEL	12.39%
LTR	12.18%
LIC	11.84%
SLX	11.29%
PNV	11.07%
CTD	10.08%

In: CTD

9.0-9.9%

CU6	9.60%

In: CU6
Out: CTD

8.0-8.9%

DYL	8.53%
PWH	8.10%
LOT	8.01%

In: PWH
Out: CU6

7.0-7.9%

IGO	7.68%
NAN	7.32%
RMS	7.06%

In: RMS
Out: PWH

6.0-6.9%

NXT	6.93%
GYG	6.52%
IPX	6.51%
KAR	6.35%
BGL	6.17%
MSB	6.16%
VEA	6.04%

In: BGL, VEA
Out: RMS, LYC, DMP

5.0-5.9%

LYC	5.96%
WHC	5.74%
NCK	5.74%
CUV	5.70%
BRG	5.70%
DMP	5.61%
NEU	5.59%
VUL	5.58%
NVX	5.52%
CTT	5.50%
STX	5.43%
RIO	5.40%
FLT	5.40%
GMD	5.25%
PEN	5.19%
TLX	5.11%
IMU	5.04%
CHN	5.00%

In: LYC, WHC, DMP, VUL, CTT, IMU
Out: JLG, VEA, BGL, JHX, ZIP

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ANZ	0.5	0.5	QBE	0.3	0.3
BHP	0.7	0.6	RIO	5.4	5.5
CBA	0.7	0.7	STO	0.4	0.4
COL	0.3	0.4	TCL	0.5	0.4
CSL	0.5	0.6	TLS	0.3	0.3
FMG	1.3	1.4	WBC	0.6	0.5
GMG	0.7	0.7	WDS	3.6	3.6
JHX	3.2	5.4	WES	0.4	0.4

MQG	0.7	0.7	WOW	0.9	0.8
NAB	0.6	0.7		0.0	0.0

To see the full Short Report, please go to this link

Guide:

The Short Report draws upon data provided by the Australian Securities & Investment Commission (ASIC) to highlight significant weekly moves in short positions registered on stocks listed on the Australian Securities Exchange (ASX). Short positions in exchange-traded funds (ETF) and non-ordinary shares are not included. Short positions below 5% are not included in the table below but may be noted in the accompanying text if deemed significant.

Please take note of the Important Information provided at the end of this report. Percentage amounts in this report refer to percentage of ordinary shares on issue.

Stock codes highlighted in green have seen their short positions reduce in the week by an amount sufficient to move them into a lower percentage bracket. Stocks highlighted in red have seen their short positions increase in the week by an amount sufficient to move them into a higher percentage bracket. Moves in excess of one percentage point or more are discussed in the Movers & Shakers report below.

IMPORTANT INFORMATION ABOUT THIS REPORT

The above information is sourced from daily reports published by the Australian Investment & Securities Commission (ASIC) and is provided by FNArena unqualified as a service to subscribers. FNArena would like to make it very clear that immediate assumptions cannot be drawn from the numbers alone.

It is wrong to assume that short percentages published by ASIC simply imply negative market positions held by fund managers or others looking to profit from a fall in respective share prices. While all or part of certain short percentages may indeed imply such, there are also a myriad of other reasons why a short position might be held which does not render that position "naked" given offsetting positions held elsewhere. Whatever balance of percentages truly is a "short" position would suggest there are negative views on a stock held by some in the market and also would suggest that were the news flow on that stock to turn suddenly positive, "short covering" may spark a short, sharp rally in that share price. However short positions held as an offset against another position may prove merely benign.

Often large short positions can be attributable to a listed hybrid security on the same stock where traders look to "strip out" the option value of the hybrid with offsetting listed option and stock positions. Short positions may form part of a short stock portfolio offsetting a long share price index (SPI) futures portfolio – a popular trade which seeks to exploit windows of opportunity when the SPI price trades at an overextended discount to fair value. Short positions may be held as a hedge by a broking house providing dividend reinvestment plan (DRP) underwriting services or other similar services. Short positions will occasionally need to be adopted by market makers in listed equity exchange traded fund products (EFT). All of the above are just some of the reasons why a short position may be held in a stock but can be considered benign in share price direction terms due to offsets.

Market makers in stock and stock index options will also hedge their portfolios using short positions where necessary. These delta hedges often form the other side of a client's long stock-long put option protection trade, or perhaps long stock-short call option ("buy-write") position. In a clear example of how published short percentages can be misleading, an options market maker may hold a short position below the implied delta hedge level and that actually implies a "long" position in that stock.

Another popular trading strategy is that of "pairs trading" in which one stock is held short against a long position in another stock. Such positions look to exploit perceived imbalances in the valuations of two stocks and imply a "net neutral" market position.

Aside from all the above reasons as to why it would be a potential misconception to draw simply conclusions on short percentages, there are even wider issues to consider. ASIC itself will admit that short position data is not an exact science given the onus on market participants to declare to their broker when positions truly are "short". Without any suggestion of deceit, there are always participants who are ignorant of the regulations. Discrepancies can also arise when short positions are held by a large investment banking operation offering multiple stock market services as well as proprietary trading activities. Such activity can introduce the possibility of either non-counting or double-counting when custodians are involved and beneficial ownership issues become unclear.

Finally, a simple fact is that the Australian Securities Exchange also keeps its own register of short positions.

The figures provided by ASIC and by the ASX at any point do not necessarily correlate.

FNArena has offered this qualified explanation of the vagaries of short stock positions as a warning to subscribers not to jump to any conclusions or to make investment decisions based solely on these unqualified numbers. FNArena strongly suggests investors seek advice from their stock broker or financial adviser before acting upon any of the information provided herein.

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

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

WEEKLY REPORTS

In Brief: South32, Telix & Generation Development

A mixed bag for this week's In Brief, good and bad news characterised quarterly updates for a miner, biotech and wealth manager.

-South32: Diverging Views on Strong Quarter Despite Mozal Uncertainty
-Telix Pharmaceuticals Faces SEC Subpoena Amid Pricing Pressures
-Generation Development Posts Record Inflows, Tax Policy Tailwinds Build

By Danielle Ecuyer

This week's quote comes from Carolina Pinto, Strategic Intelligence Analyst at GlobalData:

"The uncertainty and unpredictability of US tariff policy is discouraging companies from making any long-term investment decisions.

"Instead, most companies intend to wait for the tariff situation to stabilize before finalizing any strategic shifts to their supply chains."

Mozal's energy contract the big uncertainty

It has been a big week for quarterly updates with South32 ((S32)) coming into our line of vision for In Brief this week with two contrasting takes on the report from non-daily monitored brokers. As our editor likes to say "that's what makes a market".

Barrenjoey sees the glass half full, with production well above forecasts in all segments excluding alumina. Group copper production came in 9% above consensus with both sales volumes and pricing better than expected. Unit costs were in line with guidance.

A winding back of working capital, some -US$225m, resulted in estimated realised cash at quarter end of US$193m, US$90m higher than prior forecast. Capex for FY25 of US$917m was lower than consensus by -US$82m.

Canaccord Genuity observed South32's operating metrics for the June quarter were within guidance and mostly in line with the broker's expectations.

Alumina and copper production were as anticipated with silver slightly below, aluminium marginally ahead and nickel described as a "beat" at 9.7kt against Canaccord's forecast of 8.7kt and consensus at 8.5kt.

Manganese volumes were also much better at 1060kwmt versus consensus at 873kwmt and the analyst at 861kwmt.

While investors are expected to be positive about the manganese result, Canaccord cautions the pricing environment is likely to offset the volumes.

Higher production costs in aluminium are also likely to negate the robust performance from alumina. In contrast, Barrenjoey explains the higher realised pricing in alumina means an increase in smelting costs but on balance South32 sees an "aggregate benefit" given the net long alumina position.

Canaccord remains cautious on the potential production loss at Mozal when the existing power agreement expires in March 2026. The base case is for an extension, however, until such time as when it is confirmed, FY26 earnings forecasts remain under review.

Canaccord retains a target price of $2.60 and a Hold rating.

Barrenjoey raises its FY25 earnings estimate by 13% due to the stronger sales volumes and higher realised prices. Management has slightly lowered FY26 guidance at Brazil alumina and Sierra Gorda by -1% and -2%, respectively. With Mozal guidance under review due to power contract uncertainty.

Barrenjoey tweaks FY26-FY27 earnings estimates for higher costs in aluminium and Cannington (silver). Target price is raised to $3.95 from $3.90 with an Overweight rating retained.

FNArena's daily monitored brokers generate a consensus target price of $3.60 with two Hold-equivalent ratings and four Buy-equivalent ratings.

A mixed quarterly update and a surprise from the SEC upset the apple cart

Biotech Telix Pharmaceuticals ((TLX)) has been a market darling but an unexpected subpoena from the SEC, which coincided with a June quarter update, saw the shares decline just over -10% this week.

Wilsons notes unaudited revenue for 2Q2025 of US$204m including US$154m from global Illuccix sales was below the analyst's forecast of 5% growth due to a more challenging pricing environment in the US and slower commercial rest of world sales, including the European launch.

The company pointed to US Illuccix's dose volumes rising 7% for the period on the previous quarter, implying a decline in average selling price of -5%.

Channel checks suggest to Wilsons, the market leader Lantheus remains "aggressive" offering significant rebates in return for 'share of practice' targets for large accounts. More will be revealed next week when Lantheus reports its 2Q2025 results.

Excluding the US market, Illuccix sales remain below forecasts resulting from uncertainty across launches in Europe.

Jarden highlights Telix's 1H2025 group revenue as 4.1% higher than forecast with 1H2025 global Illuccix also in line, composed of US Illuccix sales better than expected by 5.2% and EU sales missing expectations.

This analyst also points to pricing pressure for US Illuccix due to competition and discounting which are likely to continue into 3Q2025 as Illuccix moves off transitional pass-through payment and is reimbursed at a lower rate.

Both brokers concur RLS radiopharmacies performed above estimates. According to Jarden, 1H2025 revenue was 15.8% above forecast.

Management re-affirmed 2025 revenue guidance of US$770-US$800m which includes an eleven-month contribution from RLS. R&D 2025 guidance stands at growth between 20%-25%.

The "unfortunate" subpoena from the SEC seeking documents in relation to Telix's disclosures for its Prostate Therapeutic candidates will see management cooperate fully. The information request does not apply to its diagnostic tests with the biotech continuing with its clinical development programs related to prostate cancer therapy.

Jarden retains a Buy rating with $29.14 target price. Wilsons is reviewing earnings forecasts noting 1H2025 results are due out on August 21.

The transition to USD reporting is expected to create some disparity on consensus estimates, the latter analyst highlights, with the market also believed to be underestimating general and administrative expense growth in the medium term.

FNArena's two daily monitored brokers underpin a consensus target price of $35 with two Buy ratings.

Labor's proposed superannuation tax changes may be a super charger event

Wealth manager Generation Development Group ((GDG)) released its June quarter update with funds under management rising 33% on a year earlier to $4.4bn which was above Moelis' estimate of $4.01bn.

Sales inflows of $317m advanced 60% on the prior period, considerably above the broker's $250m estimate, with outflows lower than anticipated at -$61.1m. The inflows marked a record for the company.

Generation Development is actively increasing engagement with advisers and investors post the election and the growing possibility of changes to taxation of high superannuation balances with additional model portfolios and a rise in the number of tax optimised investment strategies, with improved estate planning features.

Lonsec products research rose 6% over the quarter and closed FY25 at 1836, underpinned by out-of-cycle or on-demand ratings, Moelis explains. Some 64% of new ratings in FY25 were on-demand basis, a rise of 46% on FY24.

Net flows post-performance for Lonsec investment solutions came in at $1.425bn, compared to the broker's estimate of $793m, with funds under management closing at $14.8bn, a rise of 39%.

Evidentia net flows post-performance proved disappointing at $1.3bn compared to Moelis' forecast at $4bn with funds under management rising to $14.8bn against $17.5bn estimate, although still up 60% on the previous period.

Overall, Moelis views the June quarter as "strong" with Evidentia's softness likely to result in a delay of the funds under administration ramp up by four to six months versus original expectations of February 2025.

The opportunities on the changes to Superannuation tax rules is now viewed as more likely which has the capacity to underpin "material revenue growth" over the medium term.

Opex investment is also expected to lift which may offset some margin expansion in FY26/FY27 but Generation Development is viewed as having a strong organic growth profile, justifying its valuation.

Moelis is Buy rated with its target price raised to $6.26 from $5.81.

FNArena's daily monitored brokers' consensus target price is $5.95 with two Buy-equivalent ratings.

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

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

WEEKLY REPORTS

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

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

Broker Rating Changes (Post Thursday Last Week)

Upgrade

BELLEVUE GOLD LIMITED ((BGL)) Upgrade to Neutral from Underweight by Jarden.B/H/S: 0/0/0

Jarden upgrades Bellevue Gold to Neutral from Underweight, with a higher target of 94c from 77c, supported by a lift in the long-term forecast gold price to US$2400/oz and recent underperformance of the stock providing valuation support.

Jarden also raises its gold price forecast in FY26 to US$3050/oz from US$2800/oz, and in FY27 to US$2800/oz from US$2500/oz, with an accompanying rise in estimates by the analyst for Bellevue's EPS for FY26 and FY27 by 22% and 19%, respectively.

The miner has flagged to produce 150koz at all-in-sustaining costs of $2405/oz by Jarden, which is lower than the consensus forecast for costs.

SYRAH RESOURCES LIMITED ((SYR)) Upgrade to Overweight from Neutral by Jarden.B/H/S: 0/0/0

Jarden upgrades Syrah Resources to Overweight from Neutral and lifts its target price to 40c from 28c. These changes follow imposition of minimum 105% anti-dumping and countervailing duties on Chinese active anode material (AAM) imports into the US.

These durable trade measures, which also apply to AAM within imported battery components, should significantly enhance the competitiveness of Syrah’s US-based Vidalia facility, explains the broker.

The facility produces AAM at unit costs of circa US$5,000-6,000/t versus Chinese landed AAM now priced at over US$8,300/t.

With the duties immediately effective and final determination due by December 2025, Jarden expects the development to rapidly accelerate Vidalia’s commercial momentum. It's also expected to eliminate Syrah’s pricing disadvantage versus Chinese supply.

The broker sees strategic value in Vidalia’s scalable 45ktpa capacity and latent supply potential from Balama. It's anticipated North American battery manufacturers will shift procurement away from China in response to cost and geopolitical pressures.

Downgrade

29METALS LIMITED ((29M)) Downgrade to Underweight from Overweight by Jarden.B/H/S: 0/0/0

Jarden has downgraded 29Metals to Underweight from Overweight with a reduced target price of 30c, citing ongoing operational setbacks at the compoany's Golden Grove mine.

29Metals suffered another seismic event, further delaying access to its high-grade Xantho Extended orebody. As a result, Jarden now expects 2025 production for copper and zinc to miss guidance, with group EBITDA for the year slashed by -35%.

The analysts expressed concern over persistent free cash flow challenges and a negative cash outlook, though they noted any strength in base metals prices could act as a key upside risk.

AMPLITUDE ENERGY LIMITED ((AEL)) Downgrade to Market Weight from Overweight by Wilsons.B/H/S: 0/0/0

Wilsons Advisory has changed its stance on Amplitude Energy to Market Weight from Overweight, with a price target of 25c.

The broker highlights Amplitude Energy is transitioning from exploration to production, with its key gas project reaching final investment decision stage.

Farm-down discussions and securing financing are the next steps. The analysts are confident about demand fundamentals for gas in Asia, but highlight execution risks.

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	BELLEVUE GOLD LIMITED	Neutral	Sell	Jarden
2	SYRAH RESOURCES LIMITED	Buy	Neutral	Jarden
Downgrade				
3	29METALS LIMITED	Sell	Buy	Jarden
4	AMPLITUDE ENERGY LIMITED	Neutral	Buy	Wilsons

Price Target Changes (Post Thursday Last Week)

	Company	Last Price	Broker	New Target	Old Target	Change
29M	29Metals	$0.35	Canaccord Genuity	0.16	0.12	33.33%
			Jarden	0.30	0.32	-6.25%
A1M	AIC Mines	$0.34	Moelis	0.40	0.43	-6.98%
ABB	Aussie Broadband	$4.25	Jarden	4.50	4.35	3.45%
AEL	Amplitude Energy	$0.25	Wilsons	0.25	0.24	4.17%
AMI	Aurelia Metals	$0.20	Moelis	0.31	0.32	-3.13%
AMP	AMP	$1.65	Jarden	1.55	1.40	10.71%
BGL	Bellevue Gold	$0.87	Jarden	0.94	0.77	22.08%
CMM	Capricorn Metals	$9.25	Jarden	9.75	9.04	7.85%
CU6	Clarity Pharmaceuticals	$4.20	Canaccord Genuity	9.00	6.74	33.53%
EVN	Evolution Mining	$7.41	Jarden	6.18	6.32	-2.22%
GMD	Genesis Minerals	$4.07	Canaccord Genuity	5.70	5.15	10.68%
HGO	Hillgrove Resources	$0.04	Moelis	0.06	0.07	-14.29%
NWS	News Corp	$50.93	Jarden	54.60	54.00	1.11%
PNR	Pantoro Gold	$3.87	Canaccord Genuity	3.75	3.82	-1.83%
			Moelis	4.00	3.44	16.28%
PPS	Praemium	$0.74	Canaccord Genuity	0.99	1.05	-5.71%
			Moelis	0.99	1.01	-1.98%
			Wilsons	0.75	0.71	5.63%
REA	REA Group	$233.36	Jarden	216.00	210.00	2.86%
RHC	Ramsay Health Care	$38.64	Jarden	44.58	44.05	1.20%
RMD	ResMed	$41.37	Jarden	40.55	40.54	0.02%
RRL	Regis Resources	$4.30	Canaccord Genuity	4.25	4.10	3.66%
RXL	Rox Resources	$0.32	Canaccord Genuity	0.67	0.61	9.84%
SHV	Select Harvests	$3.60	Wilsons	4.02	4.83	-16.77%
SLC	Superloop	$3.08	Jarden	3.10	3.00	3.33%
STK	Strickland Metals	$0.16	Canaccord Genuity	0.42	0.36	16.67%
SYR	Syrah Resources	$0.40	Jarden	0.40	0.29	37.93%
TLS	Telstra Group	$4.89	Jarden	4.90	4.70	4.26%
TPG	TPG Telecom	$5.53	Jarden	5.50	5.10	7.84%
Company		Last Price	Broker	New Target	Old Target	Change

More Highlights

29M 29METALS LIMITED

Copper – Overnight Price: $0.32

Canaccord Genuity rates ((29M)) as Sell (5) –

29Metals announced a lift in copper production of 37% to 5.6kt in the June quarter update, which met Canaccord Genuity's and consensus expectations.

Zinc volume declined by -28% on the prior quarter, which was below expectations for both the broker and consensus.

All-in-sustaining-costs rose 59% on the quarter at US$3.39/lb for copper against the broker's estimate of US$3.64/lb. Cash rose to $187m post a final insurance payout of $54m from the rain event at Capricorn Copper.

Canaccord remains concerned Golden Grove continues to generate negative free cashflow post capex of -$1m and will not be able to support the business.

No change to Sell rating and 16c target.

This report was published on July 18, 2025.

Target price is **$0.16** Current Price is **$0.32** Difference: **minus $0.16** (current price is over target).
If **29M** meets the Canaccord Genuity target it will return approximately **minus 50%** (excluding dividends, fees and charges – negative figures indicate an expected loss).
Current consensus price target is **$0.25**, suggesting downside of **-21.4%**(ex-dividends)
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 **0.00** cents.
>
> How do these forecasts compare to market consensus projections?
>
> Current consensus EPS estimate is **-0.9**, 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 FY26:

> Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **1.00** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **32.00**.
>
> 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**.

Market Sentiment: **0.0**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

CRD CONRAD ASIA ENERGY LIMITED

Crude Oil – Overnight Price: $0.77

Wilsons rates ((CRD)) as Overweight (1) –

Conrad Asia Energy finalised a key Gas Sale Agreement with PLN in Indonesia, with Wilsons highlighting the deal paves the way for a strategic sell-down of its Mako asset.

Wilsons rates Conrad Asia Energy Overweight with a price target of $1.52, seeing this as a turning point for the company.

The Mako project is positioned to benefit from strong regional gas demand, but commentary suggests the focus now shifts to financing and farm-down execution.

This report was published on July 18, 2025.

Target price is **$1.52** Current Price is **$0.77** Difference: **$0.75**
If **CRD** meets the Wilsons target it will return approximately **97%** (excluding dividends, fees and charges).
The company's fiscal year ends in December.

Forecast for FY25:

> Wilsons forecasts a full year **FY25** dividend of **0.00** cents and EPS of **minus 4.64** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 16.60**.

Forecast for FY26:

> Wilsons forecasts a full year **FY26** dividend of **0.00** cents and EPS of **minus 13.92** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 5.53**.

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

CU6 CLARITY PHARMACEUTICALS LIMITED

Medical Equipment & Devices – Overnight Price: $3.91

Canaccord Genuity rates ((CU6)) as Buy (1) –

Following discussions with industry experts, Canaccord Genuity is more positive about the commercial potential of Clarity Pharmaceuticals' 64Cu-SAR-bisPSMA ahead of the upcoming Co-PSMA head-to-head trial readout.

The broker notes current PSMA scans show only 38-53% detection rates in patients with PSA levels between 0.2–1.0 ng/mL, a significant limitation. This could materially improve with the company's agent, and result in wider adoption, better outcomes, and larger addressable market share.

Buy. Target lifted to $9.00 from $6.74.

This report was published on July 21, 2025.

Target price is **$9.00** Current Price is **$3.91** Difference: **$5.09**
If **CU6** meets the Canaccord Genuity target it will return approximately **130%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

> Canaccord Genuity forecasts a full year **FY25** dividend of **0.00** cents and EPS of **minus 18.60** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 21.02**.

Forecast for FY26:

> Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **minus 27.40** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 14.27**.

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

sources

HGO HILLGROVE RESOURCES LIMITED

Copper – Overnight Price: $0.04

Moelis rates ((HGO)) as Buy (1) –

Hillgrove Resources' 2Q copper production of 2.59kt fell short of the forecast by Moelis for 3.01kt and tracks toward the lower end of 2025 guidance of 12-14kt.

Processed grades declined to 0.78% from 0.96% in the prior quarter due to the deferral of higher-grade stopes, explains the broker. This led to reduced sales and elevated costs (AISC) of $6.69/lb versus the analyst's forecast of $5.41/lb.

The cash balance declined to $10.6m from $22.3m, impacted by both softer operational performance and unanticipated development spend at Nugent, explains the broker.

Moelis believes no specific cost items drove the miss and attributes the result to volume-related impacts, adding that cash flow is unlikely to improve materially before the Nugent development is completed.

Buy rating. Target 7c.

This report was published on July 18, 2025.

Target price is **$0.07** Current Price is **$0.04** Difference: **$0.03**
If **HGO** meets the Moelis target it will return approximately **75%** (excluding dividends, fees and charges).
The company's fiscal year ends in December.

Forecast for FY25:

> Moelis forecasts a full year **FY25** dividend of **0.00** cents and EPS of **0.37** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **10.81**.

Forecast for FY26:

> Moelis forecasts a full year **FY26** dividend of **0.00** cents and EPS of **0.93** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **4.30**.

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

PLT PLENTI GROUP LIMITED

Business & Consumer Credit – Overnight Price: $0.95

Wilsons rates ((PLT)) as Overweight (1) –

At first inspection, Wilsons highlights Plenti Group's 1Q26 revenue of $73.3m, a rise of 20% on the prior year, which infers 2Q26 revenue of $76.3m is needed to reach the analyst's 1H26 forecast of $150m.

The estimate is viewed as achievable, with momentum from the National Australia Bank ((NAB)) partnership increasing loan originations.

The broker also points to growth in personal and auto lending, while the Federal government's $2.3bn Cheaper Home Batteries Program should be a further tailwind for loan origination growth.

Wilsons sees the quarterly update as validation of Plenti's "profitable growth" trajectory. The analyst's earnings forecasts are under review.

This report was published on July 23, 2025.

Target price is **$1.32** Current Price is **$0.95** Difference: **$0.37**
If **PLT** meets the Wilsons target it will return approximately **39%** (excluding dividends, fees and charges).

The company's fiscal year ends in March.

Forecast for FY26:

Wilsons forecasts a full year **FY26** dividend of **0.00** cents.

Forecast for FY27:

Wilsons forecasts a full year **FY27** dividend of **0.00** cents.

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

SLC SUPERLOOP LIMITED

Telecommunication – Overnight Price: $3.12

Jarden rates ((SLC)) as Buy (1) –

Ahead of August reporting season, Jarden lifts the target price on Superloop to $3.10 with no change to Overweight rating or earnings forecasts.

The company is due to report on August 20.

This report was published on July 17, 2025.

Target price is **$3.10** Current Price is **$3.12** Difference: **minus $0.02** (current price is over target).
If **SLC** meets the Jarden target it will return approximately **minus 1%** (excluding dividends, fees and charges – negative figures indicate an expected loss).
Current consensus price target is **$3.50**, suggesting upside of **12.2%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Jarden forecasts a full year **FY25** dividend of **0.00** cents and EPS of **5.50** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **56.73**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **4.7**, 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 **66.4**.

Forecast for FY26:

Jarden forecasts a full year **FY26** dividend of **0.00** cents and EPS of **9.60** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **32.50**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **6.9**, implying annual growth of **46.8%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **45.2**.

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

TERMS AND CONDITIONS OF USE, AND DISCLAIMERS

These Terms and Conditions of Use, and Disclaimers constitutes your agreement with FNArena Ltd with respect to your use of its FNArena website, its weekday news periodical, Australian Broker Call, as well as any other publications (including articles) FNArena may publish on its website, or anywhere else, from time to time.

Please read the contents of this page carefully as it contains important legal information and disclaimers. By entering and perusing the website, reading the Australian Broker Call, or, if you are subscriber, by entering the password protected part of the website, you acknowledge that you have read, understood and accept this agreement.

By accepting this agreement you acknowledge, understand and accept the following:

1. Reference to “FN Arena” and “FNArena” means reference to FNArena Ltd, its journalists, directors, other employees, affiliates, agents, associates and subsidiaries.

2. FNArena Ltd is the owner of the FN Arena website and brand name.

3. Reference to “we” or “us” is reference to FNArena.

4. Reference to “this website” or the “FNArena website” means reference to www.fnarena.com, and includes reference to FNArena’s weekday news periodical, Australian Broker Call, as well as any other publications (including articles) FNArena may publish on this website, or anywhere else, from time to time.

5. Reference to “news periodicals” means reference to FNArena’s weekday periodical, Australian Broker Call, as well as any other periodicals FNArena may publish from time to time on this website, or anywhere else, from time to time.

6. Reference to “publications” in this agreement means any material, including articles, published or put in print on the FNArena website, or anywhere else, whatsoever, and includes FNArena’s weekday periodical, Australian Broker Call, and any other periodicals FNArena may publish from time to time.

7. Reference to a “visitor” means, you, a visitor to this website, and includes a subscriber to Australian Broker Call as well as any other publications or periodicals FNArena may, from time to time, publish through its website.

8. FNArena is a media company which employs financial journalists to report financial news. FNArena’s journalists perform the required research and collect the information that is, ultimately, each day, published on this website and in FNArena’s news periodicals. As is obvious, the process by which the information is collected and delivered to you is a purely journalistic one and, therefore, the comments, opinions and recommendations FNArena reports on this website are not the opinions of FNArena or any of its journalist or other employees. FNArena is ONLY and specifically a

matter-of-fact reporter of industry signals suggesting price direction probability of some shares. FNArena simply delivers the information – it does not create it.

9. Although FNArena obtains the information published herein from sources deemed to be reliable, and given and received in good faith, it cannot and does not guarantee its accuracy. FNArena does not take any responsibility either for the financial soundness or for the correctness of statement made or opinion expressed in the data or content reported by FNArena, and cannot and does not guarantee the reliability and accuracy of the opinions of the brokers whose opinions, recommendations and forecasts it reports.

10. FNArena publishes this website, all publications and its periodicals strictly for convenient personal, non-commercial, educational and informational purposes of its subscribers only. Our goal is to provide the subscribers with a convenient starting point of potentially useful, but not comprehensive, content that can educate or otherwise enhance a visitor's knowledge base and frame of reference.

11. FNArena is NOT a stock broker or financial or trading advisor, nor is it an advisory service of any kind, and no advice or recommendations on investments or trading are made nor implied on this website. Nothing contained in this website is intended to be, nor shall it be construed as, advice or recommendation. Any investment or other decisions made by you must be based solely on your own evaluation of the targeted subject for investment, and your financial circumstances and investment objectives, and FNArena will not be held liable for any such investments and decisions.

12. It is distinctly understood and accepted that the shares referred to in the FNArena website, FNArena's publications and/or periodicals have not been recommended by FNArena. The content and or any comments found of this website, including the content and/or comments published in any publication and/or periodicals published by FNArena, do not constitute a recommendation or endorsement by FNArena with respect to any company, security, share or investment or any financial or investment product.

13. This website makes no representations, and, to the extent allowed by the law, specifically disclaims all warranties, express, implied or statutory, regarding the accuracy, timeliness, completeness, merchantability or fitness for any particular purpose of any material contained in the website.

14. Before making an investment decision, you must do your own research and rely on your own examination of the share, and the risk involved, and not on what you read on the FNArena website, or in any publication or periodical. The content of this website is provided strictly for convenient personal, non-commercial educational and informational purposes only and FNArena shall not be held liable for any investment decisions, sales or purchase decisions, which you may have made based on what you have read on this website or in the periodicals published by FNArena from time to time, or in any other publications FNArena may publish on its website, or anywhere else, from time to time. Anyone who makes investment decisions based on what they read on this website does so at their own risk, and agrees that they cannot hold FNArena responsible and/or liable for any loss whatsoever.

15. It is your responsibility to evaluate the completeness, accuracy and usefulness of any content made available on this website. If you are unsure, or in doubt about the meaning of any information, you should consult your financial advisor.

16. FNArena does not guarantee any returns on investments made in any share mentioned on this website by the visitors. As any investor well knows, any investment opportunity, strategy or concept involves a degree of risk and investors should not invest any funds unless they can afford to take the risk of losing their investment. FNArena strongly suggests that you consult your own financial advisors regarding the soundness of any intended investments, strategies or concepts, and discuss with such advisor your individual investment needs and goals. You may also wish to consult the broker who expressed the opinion we have reported on in the news periodicals we publish.

17. FNArena shall not be held liable to any visitor of the FN Arena website, or any reader of its periodicals and/or publications, or anyone else who may have relied on this website, directly or indirectly, for any inaccuracies in the printed material found on the FN Arena website, in the periodicals and/or other publications, any typing errors, omissions, interruptions, timeliness, completeness, deletions, defects, failure of performance, computer virus, communication line failures, alterations of, or use of any content herein, regardless of cause, for any loss or damage resulting therefrom.

18. Under no circumstances, including, but not limited to negligence, shall FNArena be liable for any direct, indirect, incidental, special or consequential damages that result from the use of, or the inability to use, the FNArena website, and any or the FNArena's publications and/or periodicals.

19. As a condition of use of the FNArena Website, FNArena's publications and periodicals, you agree to indemnify FNArena and all those affiliated with it from and against any and all liabilities, expenses (including legal costs) and damages arising out of claims resulting from your use of the FNArena website, FNArena's publications and periodicals. If you are uncertain about this agreement or the contents of the FNArena's website, or are dissatisfied in any shape or from, with the content of the FNArena website, or any of the publications or periodicals, or you do not agree with these terms and conditions, your sole and exclusive remedy is to discontinue using the FNArena website, FNArena's publications and periodicals.

20. FNArena may, from time to time, publish advice, opinions and statements of various third parties, other than the ten stock brokers, and various other information and content providers. FNArena does not represent or endorse the accuracy or reliability of any advice, opinion, statement or other information provided by these third parties. Reliance upon any such opinion, advice, statement, or other information is at your own risk.

21. The FNArena website may contain links and pointers to websites maintained by third parties. FNArena does not operate or control in any respect any information, products or services on such third-party websites. Third party links are included solely for the convenience of visitors, and do not constitute any endorsement by FNArena of any products or services provided by the third party link owners or operators. FNArena has no control over any websites that we might link to and does not

take responsibility for their quality, content or suitability.

22. FNArena is not responsible for claims made by advertisers on the FN Arena website or in any of its periodicals. Such advertisements are included solely for the convenience of visitors, and do not constitute any endorsement by FNArena of any products or services advertised. FNArena does not check the accuracy of the statements made by the advertisers. You assume sole responsibility for the access and use of third party links and pointers from the FN Arena website, as well as any purchases you may make from those third parties (including advertisers).

23. All the content, information and material made available on this website are provided to you "as is" and without warranty of any kind from FNArena whether express or implied, including, but not limited to, implied warranties of merchantability and fitness for a particular purpose, title, non-infringement, security or accuracy, nor does FNArena endorse or take any responsibility for the accuracy or reliability of any opinion, advise or statement made through the FN Arena website, its periodicals, or for making good all or part of any loss and/or damage that may have been caused by the visitor's reliance on any information, advise, product or service obtained from a linked website.

24. FNArena is not liable for any copyright infringements incurred by any outside content or information contributors, or by third parties who have links to this website, or advertise on this website.

25. FNArena reserves the right to make any and all changes to the FN Arena website, including the publications and periodicals, at its sole discretion without notice to you. FNArena reserves the right to deny access to this website or its information to anyone at any time.

26. This agreement shall be deemed to include all other notices, policies, disclaimers, and other terms contained in the FNArena website, provided, however, that in the event of a conflict between such other terms and the terms of this agreement, the terms of this agreement shall prevail.

27. FNArena shall have the right, at its discretion, to change, modify, add or remove terms of this agreement at any time. Changes shall be effective immediately. Notification of any such changes shall be made herein, therefore, you are strongly advised to read these terms each time you wish to access the FN Arena website or any periodical.

28. No permission is granted to copy, distribute, modify, post or frame any text, graphics, video, audio, software code, or viewer interface design or logos. The entire FNArena website, including the publications and periodicals, is subject to copyright with all rights reserved. The information contained in the website, including the publications and periodicals, shall not be published, rewritten for broadcast or publication or redistributed in any medium, or for any other reason whatsoever, without prior written permission from FNArena.

29. All original content is the copyrighted property of FNArena.