WEEK 28

STORIES TO READ FROM FNArena

Friday, 11 July 2025

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SRG Global: Building Australia

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AUSTRALIA

The Market In Numbers - 5 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	05 Jul 2025	Week To Date	Month To Date (Jul)	Quarter To Date (Jul-Sep)	Year To Date (2025)	Financial Year To Date (FY26)
NZ50	12766.600	1.45%	1.30%	1.30%	-2.62%	1.30%
All Ordinaries	8841.90	1.12%	0.79%	0.79%	5.00%	0.79%
S&P ASX 200	8603.00	1.04%	0.71%	0.71%	5.44%	0.71%
S&P ASX 300	8533.50	1.02%	0.70%	0.70%	5.37%	0.70%
Communication Services	1842.60	-0.12%	-0.56%	-0.56%	13.22%	-0.56%
Consumer Discretionary	4182.70	1.94%	0.96%	0.96%	6.94%	0.96%
Consumer Staples	12264.00	1.25%	1.20%	1.20%	4.20%	1.20%
Energy	8795.30	1.34%	1.39%	1.39%	2.00%	1.39%
Financials	9413.50	-0.74%	-1.21%	-1.21%	9.28%	-1.21%
Health Care	42302.80	3.28%	1.68%	1.68%	-5.75%	1.68%
Industrials	8272.90	0.44%	-0.55%	-0.55%	8.19%	-0.55%
Info Technology	2892.50	-0.16%	-0.29%	-0.29%	5.53%	-0.29%
Materials	16447.10	2.91%	3.71%	3.71%	2.00%	3.71%
Real Estate	4018.90	2.95%	3.09%	3.09%	6.85%	3.09%
Utilities	9269.80	1.11%	1.40%	1.40%	2.62%	1.40%
A-REITs	1848.40	3.07%	3.21%	3.21%	7.57%	3.21%
All Technology Index	4055.50	0.99%	0.28%	0.28%	6.57%	0.28%
Banks	3965.90	-1.56%	-1.41%	-1.41%	9.97%	-1.41%
Gold Index	11594.10	0.99%	0.32%	0.32%	37.64%	0.32%
Metals & Mining	5415.20	2.51%	3.72%	3.72%	3.04%	3.72%

The World

Index	05 Jul 2025	Week To Date	Month To Date (Jul)	Quarter To Date (Jul-Sep)	Year To Date (2025)	Financial Year To Date (FY26)
FTSE100	8822.91	0.27%	0.71%	0.71%	7.95%	0.71%
DAX30	23787.45	-1.02%	-0.51%	-0.51%	19.48%	-0.51%
Hang Seng	23916.06	-1.52%	-0.65%	-0.65%	19.22%	-0.65%
Nikkei 225	39810.88	-0.85%	-1.67%	-1.67%	-0.21%	-1.67%
DJIA	44828.53	2.30%	1.66%	1.66%	5.37%	1.66%
S&P500	6279.35	1.72%	1.20%	1.20%	6.76%	1.20%
Nasdaq Comp	20601.10	1.62%	1.14%	1.14%	6.68%	1.14%

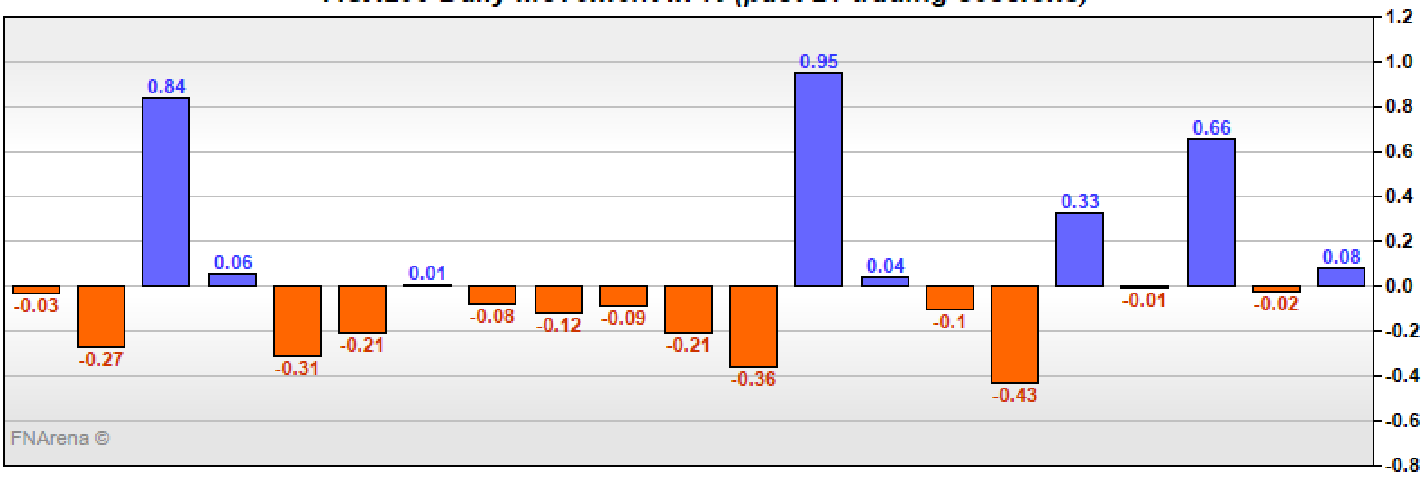
Metals & Minerals

Index	05 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)	3336.50	-0.18%	1.04%	1.04%	27.02%	1.04%
Silver (oz)	37.05	1.34%	2.33%	2.33%	22.57%	2.33%
Copper (lb)	5.1310	1.60%	0.70%	0.70%	25.25%	0.70%
Aluminium (lb)	1.1834	0.61%	0.36%	0.36%	3.53%	0.36%
Nickel (lb)	6.9192	1.94%	1.46%	1.46%	-3.16%	1.46%
Zinc (lb)	1.2457	-1.12%	-1.33%	-1.33%	-7.81%	-1.33%
Uranium (lb) weekly	78.65	1.48%	0.00%	0.00%	9.24%	0.00%
Iron Ore (t)	96.24	1.86%	1.85%	1.85%	-7.32%	1.85%

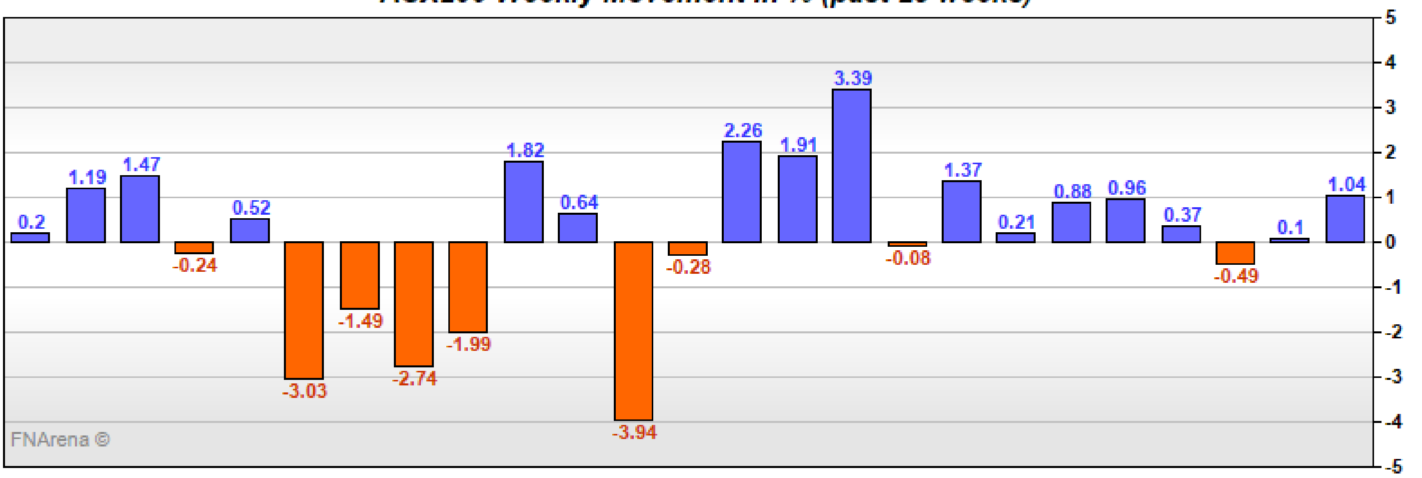
Energy

Index	05 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	67.15	3.02%	2.49%	2.49%	-3.35%	2.49%
Brent Crude	68.88	3.36%	3.11%	3.11%	-5.07%	3.11%

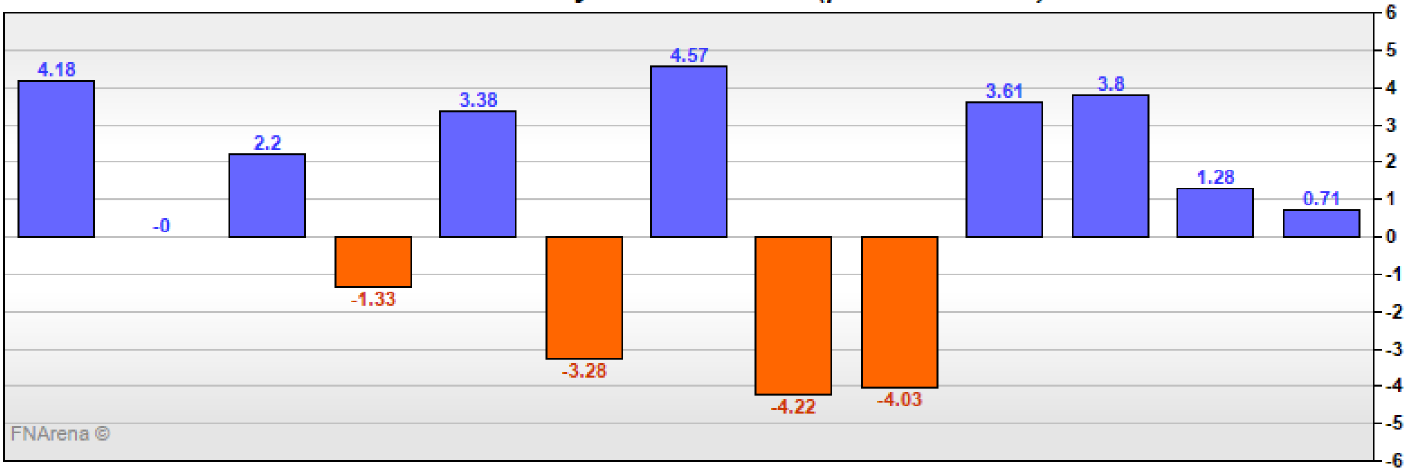
ASX200 Daily Movement in % (past 21 trading sessions)



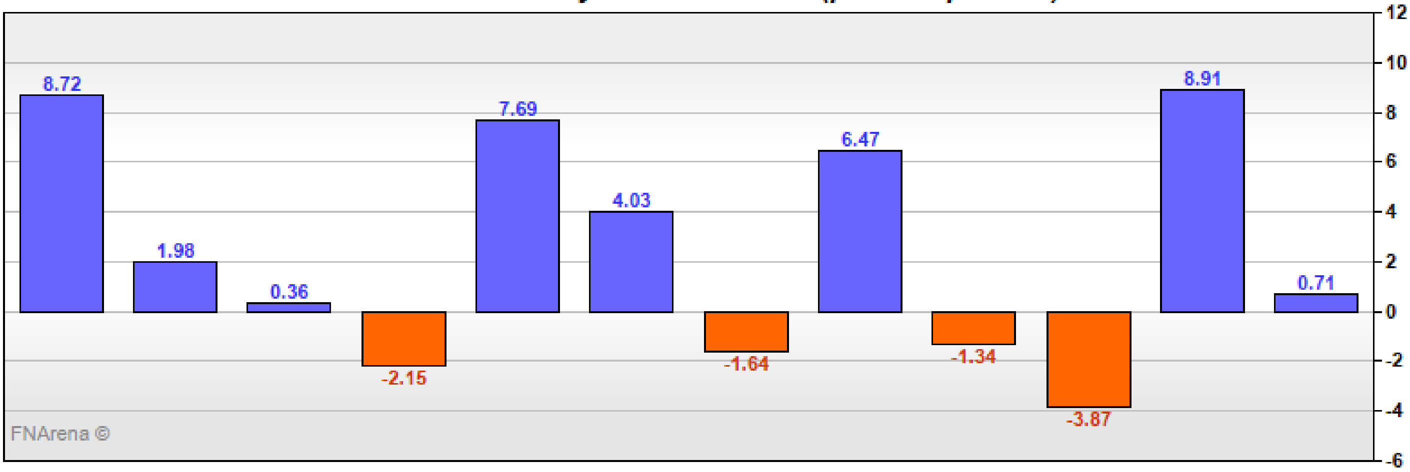
ASX200 Weekly Movement in % (past 25 weeks)



ASX200 Monthly Movement in % (past 13 months)



ASX200 Quarterly Movement in % (past 12 quarters)



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

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FNArena welcomes comments and suggestions at info@fnarena.com

AUSTRALIA

ALS' Transition Towards More Diversified Future

New research on ALS Ltd highlights the benefits of its hub & spoke model, along with rising testing from regulatory requirements and a recovery in mining exploration.

-ALS Ltd's hub & spoke model provides flexibility & scale
-PFAS regulation sparks testing demand
-Sales rising from new services and downstream activities
-Recent capital raise surprised and seen as 'opportunistic'

By Mark Woodruff

Leveraged to rising societal expectations for green environmental testing practices, ALS Ltd ((ALQ)) should benefit from rising regulatory requirements and greater scrutiny, according to broker Citi. The company operates in the global Testing, Inspection and Certification (TIC) space.

Citi's positive investment thesis, presented via new research coverage last week, is based on the company's expansive global footprint, seen providing both operational flexibility and scale. These advantages are complemented by a diversified business model supporting earnings resilience across changing market conditions.

Over the last 16 months, the ALS Ltd share price has risen by just over 45% to yesterday's closing price of $17.38.

Bell Potter began coverage when shares were trading at $15.78 last December, noting the business offered "compelling value".

In this broker's view, ALS is well-placed to benefit from stricter enforcement of per- and polyfluoroalkyl substances (PFAS) remediation and monitoring programs.

PFAS are a group of synthetic chemicals used in products like non-stick cookware, firefighting foams, waterproof clothing, and food packaging. Remediation involves identifying, managing, and removing or neutralising these contaminants from the environment, and testing is a key growth market for the company's Life Sciences division.

Additionally, a recovery in global mining exploration testing volumes and increased Contract Research Organisation (CRO) activity in Europe further support Bell Potter's upbeat outlook for ALS.

Founded as Campbell Brothers in 1863, the company is headquartered in Brisbane and provides services across a wide array of industries including, but not limited to, resources, industrial, pharmaceutical, food, environment, and life sciences.

Two divisions

The Commodities division provides geochemistry, metallurgical, coal, oil and lubricants testing services for mining, energy, and industrial clients. These analytical services support resource exploration and production by ensuring quality and efficiency in extraction and processing.

As per Citi's report, ALS is achieving greater diversification as mining majors increasingly seek analytical methods with enhanced precision and granularity. This plays to the strengths of ALS's value-added service, High-Performance Methods (HPM), which commands higher margins than standard testing techniques.

While still in its early stages, ALS is also exploring expansion into downstream activities, which analysts believe will strengthen the company's resilience across the cycle via more robust and sustainable growth.

Already, Bell Potter points out sales from new services and downstream activities contributed 26% of interim Mineral revenue in FY25, up from 13% in FY18.

Offering environmental, food, pharmaceutical, and other analytical testing services, the Life Sciences division assists industry and government clients with public health, regulatory compliance, and product safety decisions.

This includes testing of water, soil, air, food quality assurance, and pharmaceutical R&D and quality testing.

Environmental, Food, and Pharmaceutical testing markets are expected to grow at a mid-to high-single-digit compound annual growth rate (CAGR) over the near to medium term.

Bell Potter explains ALS operates one of the largest global environmental testing networks within the Life Sciences division, with a presence in over 35 countries.

Its Pharmaceutical segment is focused on building regional leadership in key markets such as Western Europe, offering services including CRO support, beauty and cosmetics claims testing, as well as batch release testing.

In food testing, ALS serves clients across the entire value chain (from farm to retailer) primarily concentrated in Western Europe.

The hub and spoke model

ALS operates a global network of over 385 hub-and-spoke facilities (where a central location is supported by smaller, decentralised sites) enabling efficient, scalable, and localised service delivery, explains Citi.

There are six Minerals hubs and 20 Environmental hubs spread across the Americas, Europe, Africa, and the APAC region, supported by around 80 Minerals spoke laboratories (i.e., excluding mine site laboratories) and circa 135 Environmental spoke laboratories.

Spokes are typically positioned near the company's customer base, serving as both sample collection centres and sites for basic testing or sample preparation before more complex analysis is conducted.

The low-cost, rapid-deployment model of spokes ensures faster turnaround times and allows management to flex capacity in line with demand.

This structure is particularly effective in managing sample volume volatility in Commodities as it moves through the exploration cycle, and accelerating growth in Life Sciences as spokes can be set up quickly.

To support future expansion, ALS plans to upgrade major hubs in Peru, Australia, Thailand, and the Czech Republic, with new capacity expected to come online between FY27 and FY30. Spokes require minimal set-up and operating costs.

Recent reporting and capital raise

A month ahead of its full-year results in May, ALS issued FY25 profit guidance of $310-313m, marginally ahead of consensus.

Management also forecast mid-teens profit growth in FY26, underpinned by organic earnings (EBIT) growth in

Life Sciences and Commodities, favourable currency movements, and lower net interest costs.

While FY25 profit was broadly in line with expectations, UBS noted the company surprised the market with a $350m institutional placement (plus a $40m share purchase plan) to support organic growth capex and balance sheet flexibility.

Life Sciences delivered 12% EBIT growth, led by Environmental and Food. Commodities earnings declined -4% year-on-year, missing consensus by -1% amid subdued volumes.

Jarden viewed the raise as opportunistic, given the strong share price and modest leverage, but flagged a -4.0% second-half decline in price/mix for Geochemistry.

Management attributed the trend to a temporary lag behind volume recovery, though Jarden questioned whether it reflected competitive pressure, market share shifts, or weaker operating leverage in Commodities.

Notably, the analysts at Jarden criticised management for again withholding quantitative FY26 guidance, sticking to its 'building blocks' approach.

On the other hand, Morgans' confidence increased as FY26 began with a 15% rise in Minerals sample volumes and signs of tightening domestic supply, often a precursor to pricing upside.

This broker also argued the assumed 5-6% revenue growth in Commodities embedded in management's 5-7% group guidance seemed too conservative.

A final partially franked dividend of 19.7 cents (30% franked) was declared.

Outlook

Citi forecasts the Life Sciences division will deliver 40bps of margin improvement in FY26. For the group, the broker forecasts FY26 earnings of $577m, largely in line with the consensus view.

After Citi initiates coverage with a Buy rating and $19.45 target, the average target of six daily covered brokers in the FNArena database climbs to $18.85 from $18.73, implying circa 8.5% upside to the latest share price (dividends not included).

There are now five Buy ratings, while Ord Minnett sits midway between Buy and Hold with an Accumulate rating.

Outside of daily coverage, Jarden has a $14.60 target with an Underweight rating, which sits between Neutral and Sell in its system of classification.

AUSTRALIA

Strength To 'AI' Strength For Pro Medicus

Pro Medicus shares surge on major contract wins and growing AI momentum, reinforcing its position as a high-margin healthcare tech leader against a background of eternal valuation debate.

-April's stock dip reversed with major contract wins -Cardiology expansion signals strategic depth -Earnings accretion a longer term story -Valuing Pro Medicus remains a challenge -AI Momentum Adds Future Tailwinds

By Danielle Ecuyer

April's sell-down has faded to gray

The April Liberation Day inspired sell-off in the Pro Medicus ((PME)) share price might seem like an eternity ago, as the company's latest two contract announcements have further ignited buying interest and broker upgrades for the stock.

Having declined to a low of $160 in early April, as general risk-off sentiment and uncertainty instilled a 'sell-everything' stance, the shares are now trading over $310, which equates to a FY26 forecast earnings (using FNArena consensus EPS data) of just over 200 times.

While some analysts are drawing a line in the sand over valuation notably Morgans who states *"The math ain't mathing"*, other analysts have upgraded earnings and price targets by one extra notch (or more).

The conundrum over valuation is not a recent issue, as highlighted by FNArena's recent updates, but more on that vexing topic later.

https://fnarena.com/index.php/2024/12/19/pro-medicus-a-global-software-super-star/
https://fnarena.com/index.php/2025/02/19/pro-medicus-valuation-predicament/

Flexing the Pro Medicus muscle

On July 3, Pro Medicus announced two contract updates: a renewal for $20m over five years at $4m per annum with Franciscan Missionaries of Our Lady Health System (FMOLHS), based in Louisiana. The original contract from 2016 was $7m over seven years.

The second contract for UCHealth, for $170m over ten years or $17m per annum, is notable for several reasons, including being the second-largest contract win for the company post-November 2024's Trinity deal for $330m over ten years, and exceeding the September 2023 contract for Baylor Scott & White for $140m over 10 years.

The UCHealth contract brought forth a 14-hospital network, which will go live next calendar year in 2Q 2026. Wilsons stresses UCHealth signifies the type of contract it envisages for Pro Medicus: a large, not-for-profit network where the complex nature and scope involve sizeable investment in IT infrastructure.

As highlighted by Bell Potter, this contract includes PLUS Visage 7 Cardiology (ultrasound images) and the Visage 7 cloud platform, including the full stack: Viewer, Workflow and Archive, and is the second deployment of cardiology into a contract.

Moelis explains this is substantial as a reference for Pro Medicus' cardiology product suite and validates management's strategic direction in expanding into cardiology imaging.

Cardiovascular disease is an important area of medicine in hospitals; thereby extending Visage's strategic reach into cardiology enhances the depth of the service offering as well as the potential scale of the addressable market.

Ord Minnett estimates cardiology represents around 10%-15% of the UCHealth contract, which may extend beyond ultrasound to MRI and PET scans, which would boost cardiology to 15%-20% of the contract. This analyst stresses the tender process for this contract was very competitive and emphasises the "strength" of the Visage

7 products, as it is notably more expensive than competing systems.

Wilsons believes the UCHealth contract reinforces the ability of Pro Medicus to disrupt legacy PACS (Picture Archiving and Communication Systems) on longer-term contracts for large customers. The contract length of ten years compares to the previous rate of five to seven years.

This broker details how UCHealth has been in an expansionary/acquisitive phase, with Visage 7 being applied to its Colorado, Wyoming and Nebraska sites. The not-for-profit is planning a doubling of capacity at Colorado Springs across its Loveland, Longmont facility, and the group's flagship University Colorado Hospital at a combined investment of US$702m.

Pro Medicus' deal with UCHealth is structured on projected imaging usage, but if UCHealth ends up doing more scans than estimated, which often happens, Pro Medicus stands to earn more than the contract headline suggests, which could achieve significant coverage upside.

This is a core feature of Pro Medicus' scalable, high-margin SaaS business model, where growth in imaging volumes directly drives additional revenue beyond the initial contract size.

<u>Impact on earnings and pondering the stock's valuation</u>

Since 1H25 results, Pro Medicus has announced these two contracts plus the contract renewal of University of Iowa at $20m for five years, making the UCHealth contract accretive to revenue forecasts from analysts.

The renewal of FMOLHS included higher pricing on Visage than the original contract and conversion to the cloud offering including new services. Moelis expects multiple contract maturities and renewal opportunities over 2026, with activity expected to pick up in 2028.

Bell Potter expects the exam revenue impacts to emerge in FY27, which includes a forecast rise in FY26 exam revenue to around $299m from $230m currently. With scope for 10% organic growth, the FY27 exam revenue forecast is already seemingly within reach.

This analyst suggests the company's earnings transparency and growth will underpin ongoing momentum.

Morgan Stanley has turned to Lifetime Value (LTV) to assess the valuation of Pro Medicus, which is a measure of the total gross profit a business is expected to earn from a customer over the life of the relationship.

The lifetime value for a Pro Medicus customer is calculated by multiplying the annual recurring revenue by the gross margin, divided by the churn rate.

Software companies like WiseTech Global ((WTC)) and Xero ((XRO)) have shown a strong correlation between this valuation and the market capitalisation over time.

In the case of the recent ten-year contracts with Trinity and UCHealth, Morgan Stanley estimates when the contracts are grossed up for 100% of volumes they represent around $60m in annual revenues.

What is more significant to the value of Pro Medicus shares is its near-zero churn rate alongside gross margins of 99%.

The analyst calculates the combined value of the two contracts could be above $5bn if a 1% churn rate is applied to the valuation formula. This is circa 20% of the current market capitalisation of nearly $25bn.

Before one becomes too carried away, the valuation estimate can easily decline if, for example, a new competitor takes market share away from Pro Medicus and/or the churn rate rises.

At current prices, Pro Medicus shares are trading at 130 times FY26 earnings (EBITDA), with around an 8%-9% market share in the US, which infers the market is pricing in a 25%-30% market share by FY32. Morgan Stanley believes this range of share is achievable and ignores any possible uplift from cardiology or AI.

An additional earnings boost comes from increases in the price per scan, which seems likely as at current levels of $3-$4/scan as a percentage of CT or MRI billable cost, that price remains very low.

Ord Minnett errs on the conservative side for EPS forecasts, leaving FY25 unchanged and raising FY26 and FY27 estimates by 0.8% for both years, noting additional contract wins can underwrite a lift in forecasts.

Wilsons points to a rise in FY27 revenue forecast by 5% for the UCHealth contract, and alongside Trinity, margin expansion is flagged to lift by around 200bps to 55% for forecast net profit after tax in FY27. Overall, the updates result in the analyst increasing net profit after tax forecast by 8% for FY26 and 9% for FY27.

The conservative Morgans analyst estimates the UCHealth contract sits just under the top 40 hospital systems in the US, but is larger than the Baylor Scott & White Health contract, with only 30% of the number of hospitals in its network.

While acknowledging there are some potential large hospital contracts as part of the total addressable market, which Morgans refers to as "monsters", this analyst is quick to caveat the $3bn rise in the stock's market capitalisation on the day of the announcement for an additional $17m in annual recurring revenue does not "compute".

Moelis believes these contracts and higher value renewals are indicative of Pro Medicus' growth strategy, and the analyst stresses the market is valuing upward earnings revisions whereas few companies can deliver that.

Using FNArena data as supplied by FactSet, Pro Medicus' compound EPS growth rate from FY19 to FY24 has been 33.79%. Applying FNArena daily monitored brokers' forecast EPS consensus data, the compound rate rises to 35.29% from FY19 to FY26.

Turning to the brokers' ratings, the elevated valuation dissuades analysts from ascribing Buy-equivalent ratings. Morgan Stanley is the only daily monitored broker with an Overweight rating and a $320 target price. Bell Potter downgraded the stock to Hold from Buy with also a $320 target price.

Morgans, which doesn't believe the math adds up in terms of valuation, has a Sell-equivalent rating and a $280 target price.

Research house Morningstar has raised its fair value for what the analyst states is a "narrow-moat" Pro Medicus by 5% to $50 and --surprise, surprise-- sees the shares as "materially" overvalued.

Non-daily monitored brokers Wilsons and Moelis have respective target prices of $325 (up from $297) and $323.69, with ratings of Hold or equivalent.

<u>The benefits of AI integration are yet to be seen</u>

As the AI narrative and investment spend from hyperscalers shows no signs of ebbing, if anything, the competition for AI-related engineers and capex on data centres in the US continues to accelerate.

The trickle-down impacts of companies applying AI to their workloads is still at an embryonic stage. Second-order impacts, terms applied to the application of AI tools to improve products and service offerings, are on the rise.

Goldman Sachs highlighted in June last year Pro Medicus was one of a few companies that **"has the potential to benefit from AI monetisation"** with its technology well-suited to integrating AI tools in medical imaging.

Dr. Sam Hupert, CEO of Pro Medicus, stated:

"Radiologists have told us they don't want separate systems when it comes to AI, so we developed an open API that allows our customers to choose the algorithms that best suit their needs, all fully integrated into the

Visage 7 Enterprise Imaging Platform."

Malte Westerhoff, Global CTO of Visage Imaging, highlighted:

"Our AI Accelerator program was designed to closely align Visage's engineering and product development capability with clinical research partners such as UCSF (University of California, San Francisco), who have a depth of clinical knowledge and extensive research expertise."

It is readily acknowledged service companies, including those in financial and healthcare sectors, are among prime AI beneficiaries. Pro Medicus is actively seeking out AI-driven solutions to support its cloud-native IT infrastructure in digital diagnostics and imaging.

While skeptics would say evidence of productivity improvements and margin expansion in terms of second-order effects remains limited to date, AI certainly has the scope for considerable earnings accretion for those companies successfully employing and embedding it.

For more in-depth details on past, present and future (also supported by FactSet data), see FNArena's Stock Analysis: https://fnarena.com/index.php/analysis-data/consensus-forecasts/stock-analysis/?code=PME

FNArena's dedicated section to GenAI might be worth visiting too: https://fnarena.com/index.php/tag/gen-ai/

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COMMODITIES

Material Matters: Commodities And Tariffs, Chinese Steel, Critical Minerals

A glance through the latest expert views and predictions about commodities and Trump tariff impact; Chinese steel efficiency; and zircon/titanium.

By Greg Peel

Following the failure of the Trump administration to secure "90 deals in 90 days" post the pause in Liberation Day tariffs, Trump has pivoted once more, dropping the July 9 pause expiry date in favour of an extension to August 1 as letters are mailed out to relevant countries, some with human populations, advising of new tariff levels and a new opportunity to negotiate.

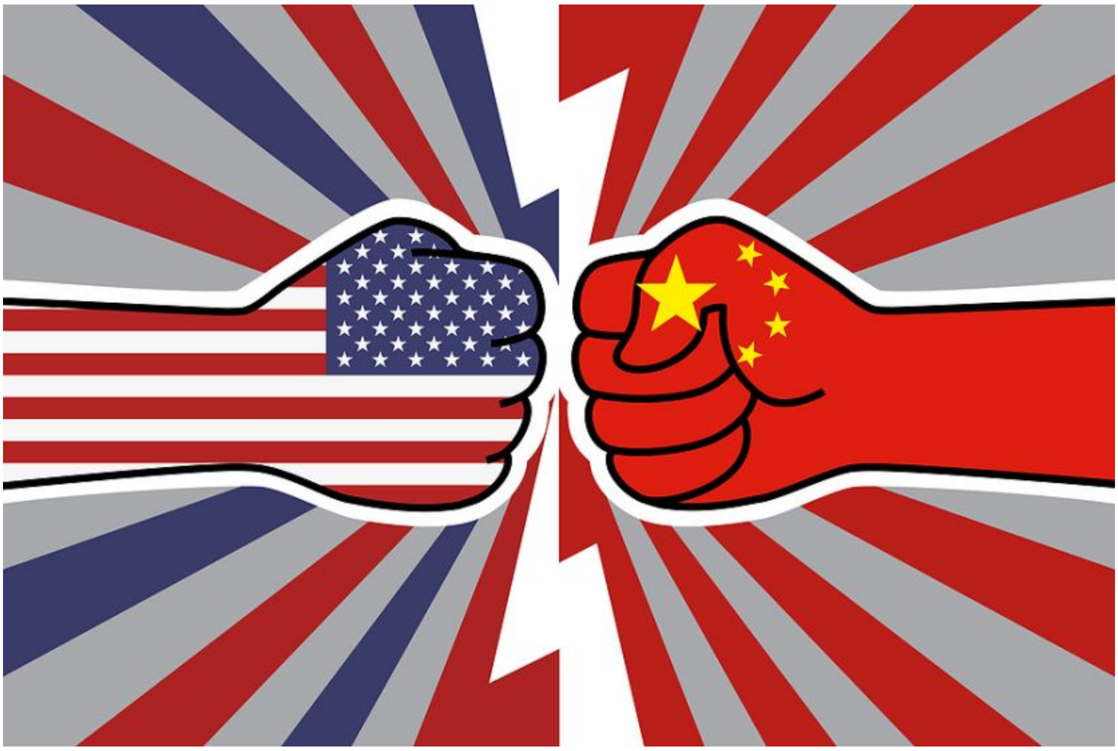
To that end, letters to date have most notably set 25% tariffs on the major economies (and US allies) of Japan and South Korea, along with 25% on Malaysia, 30% on South Africa, 32% on Indonesia, 36% on Thailand and a range of tariffs on smaller economies from Bosnia to Kazakhstan, Myanmar to Tunisia.

Vietnam has come off best in this round with only 20%, but with a 40% tariff on "trans-shipments" of Chinese goods channelled through Vietnam.

Updates on tariffs on the likes of the EU, Canada, Mexico and, importantly, Australia, remain pending.

Still no tariffs on Russia.

Prior to what was still assumed to be a July 9 deadline, locally-based commodity analysts had been updating their outlooks. The pivot nonetheless makes little difference to those views.



Metals, Minerals and Tariffs

Industrial metal prices and miners' shares have largely recovered following trade war de-escalation, UBS notes, easing fears of a recessionary demand collapse. However, lingering uncertainty post Liberation Day is expected to lead to some near-term softening in demand despite solid secular fundamental drivers such as electrification and Chinese stimulus.

UBS remains constructive on a 12-month view on commodities with supportive supply-side dynamics and secular demand drivers including for copper and aluminium. UBS also remains positive on gold. The analysts see limited downside for coal and nickel with prices to consolidate, but supply/demand fundamentals do not point to tight markets near-term.

UBS remains cautious on the outlook for lithium and iron ore.

From a stock perspective, UBS is Neutral-rated diversified miners BHP Group ((BHP)), Rio Tinto ((RIO)), South32 ((S32)), Fortescue ((FMG)) and Mineral Resources ((MIN)).

While recent softness in share prices might signal emerging value, the analysts see risk/ reward remaining muted in iron ore, expecting Rio's Simandou start-up to pressure prices lower towards US$90/t in 2026. On copper, UBS is cautious near-term on potential US investigation of copper import tariffs (in line with specific tariffs in place on aluminium and steel) to weigh on LME pricing in the short term.

On aluminium, the analysts remain cautiously optimistic but highlight trade negotiation, Russia geopolitics and Indonesian supply risks. UBS prefers BHP over Rio due to emergent geopolitical risk in Mongolia (Oyu Tolgoi) and Guinea (Simandou, delays likely), questions surrounding the company's lithium strategy, and the recent CEO changeover.

In gold, Newmont Corp ((NEM)) is UBS' current preferred pick, and following the extended period of deal indigestion (Newcrest) and production underperformance, should trade on a superior free cash flow yield (8%) in 2026.

Meanwhile, Northern Star Resources ((NST)) has been downgraded to Neutral (slowing growth trajectory, Hemi delayed 12 months) and Evolution Mining ((EVN)) to Sell (mostly due to year-to-date outperformance, plus increasing capex estimates and trimmed production).

This has presented opportunities lower down the market cap spectrum, UBS singling out Perseus Mining ((PRU)) and Genesis Minerals ((GMD)).

With ASX copper exposure about to shrink even further since MAC Copper was snapped up, Sandfire Resources' ((SFR)) portfolio of producing assets with large resource bases remain highly attractive in UBS' view. The analysts are strong believers in the structurally-positive copper thematic.

UBS continues to see the lithium market as oversupplied and remains cautious, especially as EU demand is delayed (with carbon emissions penalties deferred) and US demand at risk with EV's de-prioritised. The analysts expect an extended period of low prices ahead of further supply cuts and remain broadly underweight the sector.

Amongst its coverage, UBS prefers the longer-dated developer Patriot Battery Metals ((PMT)) but maintains Sell ratings on IGO Ltd ((IGO)), Liontown Resources ((LTR)) and Pilbara Minerals ((PLS)).

While UBS is still cautious on uranium's near-term fundamentals with supply growth outstripping demand, policy support continues to improve, and recent Sprott Physical Uranium Trust buying has served to improve sentiment/momentum for the sector. UBS is Buy-rated on Paladin Energy ((PDN)) which it prefers in the space, while recently downgrading Boss Energy ((BOE)) to a Sell following strong performance.

Finally, UBS remains positive on the long-term demand thematic for rare earths though acknowledge the nuance of China-influenced NdPr pricing and overall geopolitical risk in the thematic.

Lynas Rare Earths ((LYC)) remains Buy-rated given plenty of catalysts ahead.

<u>LNG and Tariffs</u>

Ahead of what was to be the July 9 tariff pause expiry, ANZ Bank commodity analysts expected energy to be a key element in negotiations, but suggested "the US may bite off more than it can chew".

Since removing export restrictions in 2015, the US has become the world's biggest oil producer and one of the top three exporters of LNG. For its energy-deprived trading partners, such as Europe and Asia, imports of more US energy could be a way to reduce trade surpluses in exchange for lower tariffs, ANZ suggests.

Europe seems the logical buyer of more US LNG, with demand surging as it looks to replace lost Russian gas, while Asia is the world's largest LNG-consuming region and considers energy security as a major issue. However, China could be a sticking point, ANZ believes. Domestic demand has been tepid of late and the last US-China deal involving LNG didn't go to plan.

The problem for the US, ANZ perceives, is that a 50% rise in US LNG purchases by Europe, Japan, South Korea and India, and a doubling of Chinese imports, would take up almost all the country's LNG export capacity. And this relies on US LNG export projects coming online as expected, and there are risks of project delays amid rising costs and a tight US gas market.

Such an outcome would certainly increase the depth and liquidity of the global LNG market, but, ANZ warns, it would also lead to higher global gas prices.

Chinese Steel Consolidation

The 6th Meeting of China's Central Finance and Economics Commission was held on July 1 with President Xi in attendance.

Citi's key takeaways include: (1) government discourages disorderly competition and encourages the acceleration of phasing-out of inefficient capacity; (2) the supply-side discipline might extend from single industry to multi-industries or the whole national market; and (3) steel is definitely within the scope of supply reform, given its over-supply dynamics and low-margin status quo.

Iron ore futures lifted on the expectation that China would push to eliminate competition with lower steel output to mean improved mill profitability, but sadly, Citi notes, history does not support this view. Lower Chinese steel production has, ultimately, sent iron ore prices lower.

Citi recalls Chinese steel production rates in May of 2021 were 100mt and fell to a reported 69mt in November of 2021, down -22% year on year. In May 2021, steel rebar was near break-even with iron ore at around US$220/t. Iron ore prices remained high through to the end of July meaning rebar margins remained low until August/September, at which point iron ore retreated to US$86/t in mid-September.

Could it be different this time? Citi doesn't think so but can be sure that improved China mill margins would favour higher grade Fe over lower grade.

Critical Minerals

When listing critical minerals, mineral sands do not leap to mind, but Macquarie begs to differ.

While demand for ceramic glaze (on tiles) represents some 50% of zircon demand, zirconia's use in solid-state batteries offers demand upside in the late 2020s, Macquarie suggests, while growth is also notable in refractories and the nuclear sector.

Titanium feedstock demand, tied to economic trends (titanium oxide makes whitegoods white), benefits from aviation growth, with titanium comprising circa 10-15% of aircraft weight in some models.

Macquarie believes the mineral sands market will maintain a relatively high level of free market competition, with a low risk of market dominance by a single producer or country. Africa is the second-largest zircon producing region after Australia, and Macquarie notes the rapid growth in volumes from Mozambique has been a concern for many investors, as it is seen as a potential disruptor to the zircon market balance.

Macquarie highlights there are only two (Chinese) major producers in the region.

Iluka Resources ((ILU)) remains the broker's top pick, supplying some 20% of global zircon and 10% of high-grade titanium feedstocks. Macquarie retains an Outperform rating.

Macquarie reports Image Resources ((IMA)), a WA-based Heavy Mineral Concentrate (HMC) producer, shipped its first concentrate in April, with ramp-up expected in 2025, while Sovereign Metals ((SVM)) offers tier-one rutile and graphite assets, supported by strategic investors providing funding and technical expertise for project studies and pilot mining.

COMMODITIES

Aurelia Metals' Shift To Copper Excites

The current share price for Aurelia Metals represents "compelling value" according to new research by Shaw and Partners as the company transitions to a greater focus on copper.

-Aurelia Metals transitions to a higher copper exposure
-New Federation mine ramps-up, Great Cobar in development
-Shaw sees compelling value

By Mark Woodruff

Even before the latest volatility triggered by President Trump's proposed 50% tariff on US copper imports, Aurelia Metals' ((AMI)) share price had already begun to soften. The company's mid-June investor day had delivered underwhelming FY26 guidance.

Regardless, Ord Minnett's positive investment thesis remains largely intact, anchored by the key value drivers of the business, the Federation mine and development at Great Cobar, which together comprise approximately 90% of the broker's net asset value.

The smaller Peak South operation was responsible for a large portion of the guidance downgrade as zinc/lead grades are expected to be lower for the remaining life-of-mine.

Overall, Ord Minnett anticipates upside for the share price from near-term delivery of projects and free cash flow (FCF) inflection around FY27.

In similar vein, newly released research from Shaw and Partners describes Aurelia's current valuation as a "compelling" entry point for investors into a multi-metal producer with multiple growth catalysts.

Operating a portfolio of base metal and gold assets in the Cobar Basin, NSW, management is actively shifting its production profile toward a copper-dominant mix, transitioning away from its previous focus on gold, zinc, and lead.

Primarily driven by the ongoing ramp-up of the high-grade Federation mine and the development of the Great Cobar project, Shaw highlights the company's revenue mix will become approximately 50% copper-gold and 50% zinc-lead. Management plans to maximise gold recovery in the near term to fund the transition.

In FY24, Aurelia reported a revenue composition of approximately 56% from precious metals (primarily gold) and 44% from base metals (copper, lead, and zinc).

The company is leveraging existing infrastructure at its Peak Operations and sequencing Great Cobar ore with current New Cobar sources. Great Cobar is a copper-gold deposit located around three km north of the Peak processing plant, within the Peak North mine corridor.

The Great Cobar project (representing a return to the historic Great Cobar mine, the origin of copper discovery in the region in 1869) is a satellite underground operation at the Peak Mine producing up to 500ktpa of mill feed over an eight-year period.

As recent market concerns emanating from the investor day are now largely priced in, Shaw believes the investment case for Aurelia is strengthened by a clear strategy and an improving growth trajectory.

Moelis noted during its initiation of coverage in May the company is well capitalised, with no debt and around $107m in cash, and is positioned to grow through the delivery of multiple organic projects.

At interim results in February, CEO Bryan Quinn credited "robust operating performance" for a 53% jump in underlying earnings, noting operating cash flow fully funded capital needs for growth.

Thus, management may internally finance its growth pipeline, explains Shaw, which includes the ongoing development of Federation, the Great Cobar project, and optimisation initiatives at the existing Peak operations.

A "strong" balance sheet differentiates Aurelia from peers, highlighted Macquarie following the investor day, noting management was effectively unfairly penalised (via the share price) for providing a detailed level of disclosure.

A brief history

Originally operating under the name YTC Resources Limited, and listed on the ASX in May 2007, the company was subsequently renamed Aurelia Metals Limited in June 2014.

In 2009, the company entered the Cobar Basin in New South Wales through the acquisition of the Hera Mine from CBH Resources.

Aurelia acquired its now flagship Peak mine in 2018, including the Nymagee and Great Cobar development projects. The Federation deposit was identified in April 2019.

In October last year, management released its Cobar Basin Optimisation update, outlining the expansion of the Peak processing plant to 1.1-1.2mtpa, effectively allowing Peak to process all Federation ores.

First ore was processed at the Peak plant in December 2024, and in April this year the company formally sanctioned the Great Cobar project.

The Cobar region is "ripe for corporate consolidation," suggests Moelis, due to its cluster of mid-tier producers and developers with both operating assets and latent processing capacity. Recent M&A and infrastructure access agreements have only reinforced this strategic potential, suggests the broker.

Aurelia is seen as positioned for growth through the execution of several organic projects, including an expansion of the existing processing circuit at Peak. In addition, management aims to develop the copper-rich Great Cobar mine to the north of the existing workings underground at Peak, while exploration potential across the tenements remains high.

Recent activities include the ramp-up of the high-grade Federation mine, receiving board approval for development of the Great Cobar project, and ongoing exploration to expand resources.

Shaw highlights Aurelia's extensive tenement portfolio, underpinned by numerous historical workings, pointing to substantial untapped resource potential. At the Federation deposit the company advanced from discovery to production in just four years.

Peer comparison

Relative to domestic peers, Aurelia offers greater operational diversification than Hillgrove Resources ((HGO)), suggests Moelis. Hillgrove is similarly focused on copper production, primarily through its flagship Kanmantoo Copper Mine located about 55 km from Adelaide in South Australia.

Aurelia also shares key similarities with AIC Mines' ((A1M)) Eloise and Jericho operations in North Queensland, particularly the potential for significant earnings growth from FY27 as new projects come online, explains the broker.

Significantly, Aurelia benefits from stronger near-term cash flow than peers, supported by its current exposure to gold.

FY25 production guidance

Yesterday's performance and guidance update showed Aurelia has achieved production guidance for all metals in the fourth quarter of FY25.

Management also noted the balance sheet remains strong with cash on hand at $110m while the US$23.6m Loan Note facility remains available and undrawn.

Production of gold, copper, and lead came in below expectations held by Moelis, while zinc production beat this broker's estimate.

FY25 production landed within guidance across all metals, broadly aligning with midpoints.

Shaw retains its bullish stance and now awaits the release of costs and capital in the June report scheduled for release on July 21, before making any changes to its forecasts.

Outlook

Over the medium term, Moelis anticipates the delivery of the Great Cobar mine and incremental expansion of overall capacity should capture investor interest.

Apart from the development and ramp-up at Great Cobar, Shaw and Partners suggests upcoming catalysts are the operational performance at the Federation mine and the plant optimisation and water management upgrade at the Peak plant.

Once Shaw began coverage on July 8 with a target price of 50c, the average target in the FNArena database rose to around 35c, up from 28c, given Ord Minnet and Macquarie had prior targets of 31c and 25c, respectively. The Aurelia share price closed at 20c yesterday.

All three of these daily covered brokers have a Buy or equivalent rating, with Shaw affixing an additional High-Risk descriptor.

Outside of daily coverage, Moelis is also Buy-rated with a target of 32c.

INTERNATIONAL

Investing In AI & Growth; A Personal Experience

A personal experience about picking winners in today's emerging megatrends.

Preamble

Two years ago already FNArena started a dedicated section on the new megatrends emanating from Generative Artificial Intelligence (GenAI) to highlight important thematics investors should be invested in.

In practice, this is easier said than done. Staying on board of companies such as Goodman Group ((GMG)) and NextDC ((NXT)), early beneficiaries from the gigantic infrastructure build to support tomorrow's future, requires conviction beyond the short-term volatility and valuation metrics that the long-term growth runway has only just started.

While US stocks are not normally the focus for FNArena, Nicki Bourlioufas' experience below addresses some of the challenges investors in Australia are battling with when considering early AI beneficiaries or popular growth stocks such as Pro Medicus ((PME)), WiseTech Global ((WTC)) and Xero ((XRO)).

Bourlioufas' personal approach and experience might assist others with overcoming that initial (mental) hurdle in a rapidly changing world.

For more stories check out FNArena's GenAI section at https://fnarena.com/index.php/tag/gen-ai/

I made 100% on Broadcom in 12 months

By Nicki Bourlioufas

I've backed computer chip company Broadcom to be the next Nvidia for some time; and those bets are paying off handsomely as it overtakes Tesla and targets Meta to become one of the biggest companies in US and the world.

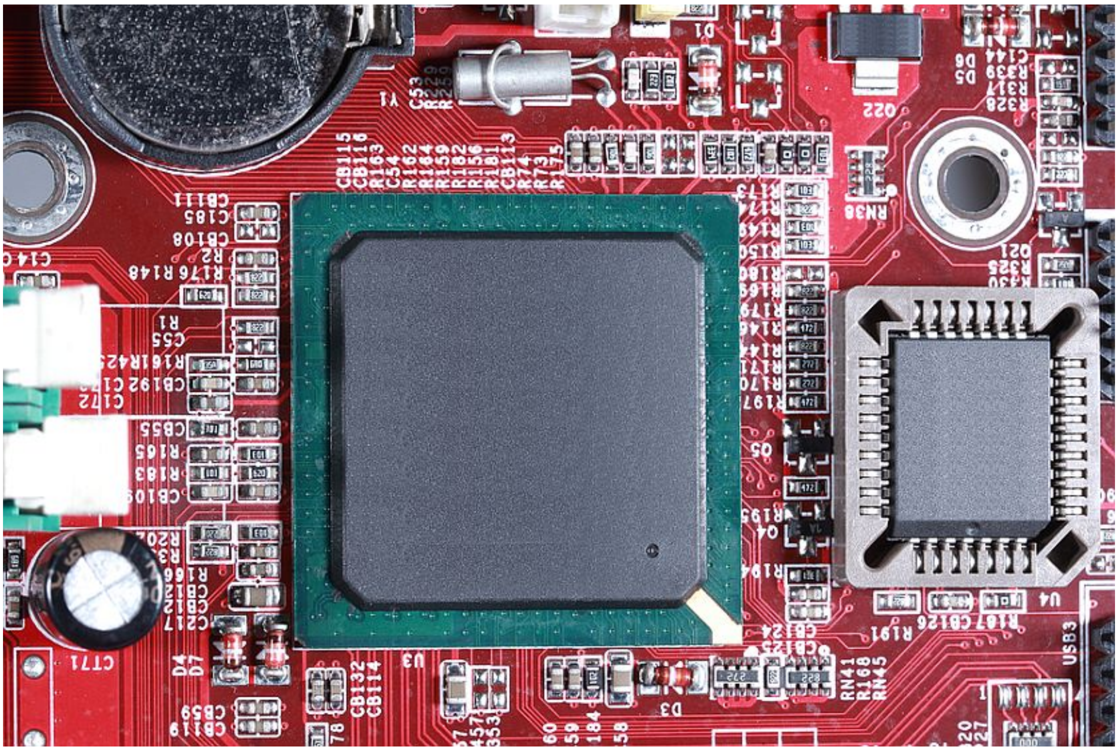
Broadcom recently became the 7th largest company in the US, and it is closing in on Meta, mimicking Nvidia's rise to become one of the world's largest companies. Broadcom is a leading semiconductor company generating huge wealth gains in the US stock market.

Broadcom's rise has been even more spectacular than Nvidia's over the past 12 months. Its shares are up around 63% over the year to July 2 compared to Nvidia's gain of 28%, and the Nasdaq Composite and S&P500 Indexes' 13% gain, and 11% for the S&P/ASX200.

Yet many Australians have never heard of it, so I'm sharing my investment experience with Broadcom, buying up for myself and two children.

Broadcom is now the No. 2 chip maker in the US behind Nvidia, having gone from being one-third the size of Intel to five times as large in under 10 years. While Broadcom's brand is largely unknown, unlike Tesla's or Facebook's, it is now bigger or about to get bigger, with internet traffic, along with the AI boom, perpetuating its growth. More than 99% of all internet traffic crosses through some type of Broadcom technology.

Its technology powers smartphones, broadband access, data centre networking and industrial automation.



<u>Why did I become a buyer?</u>

Late in 2023 and early 2024, searching around for the next Nvidia, I was drawn to Broadcom, attracted by its significant profit margins, which were then 50%-plus, and wider than Nvidia's.

I looked at its revenue growth in the semiconductor and tech infrastructure space (impressive), and profit margins (wide), and used Google Finance to draw earnings and profit charts (exponential growth).

I looked up broker calls on WSJ.com and various other websites to back my gut feeling about the company's attractive prospects, decision I came to on my own looking at the numbers and fundamentals.

So I started average cost buying in Broadcom in early 2024, linked as it was to the AI and digital boom. Broadcom has since returned more than 100%. With Meta now in sight, I'm still a buyer on dips, for myself and my two children.

Common sense has been key to investing in both companies. You may have heard the analogy that computer chips are the "oil" of the 21st century. We need ever-increasing numbers of faster computer chips to serve our digital world, much like the world needed oil last century to drive industrialisation.

Before investing, I asked is Broadcom a market leader (yes), is its leadership protected (yes, high barriers to entry), and if its products and services are essential (yes), and so I invested. I'd also been burned by investing in smaller companies that had fallen over, so I've directed the build of my investment dollars to large cap US and European computer chip companies, that still have lots of growing to do.

Indeed, Nvidia and Broadcom remain on my watch list still after I bought Nvidia at around US$18-US$22, and started with Broadcom at roughly half its current price today. The profit margins on Nvidia remain at 50%-plus and it is going to be a long time before GPUs become redundant; until then, there is one clear market leader, Nvidia, producing GPUs, the product of the world most complex manufacturing process, with AMD a long way behind.

Momentum is behind these companies, and clear fundamentals; that is, a growing need for chip technology and AI infrastructure.

I think any investor can do it; that is, use common sense to make sound decisions to invest in companies that make a lot of money producing goods and services that we all need. I research all options vigorously, checking key details such as market shares, profit margins and earnings growth, all information that is freely available online. I ask important questions, such as: is the market growing? For GPUs, computer chips and AI infrastructure, it certainly is.

While there is a lot of uncertainty out there, and markets are volatile, there is also a lot of certainty too, like the ongoing need for computer chips and IT infrastructure to power our digital lives. The world will need ever-increasing numbers of computer chips and faster ones as we move into an increasingly digital world.

We need chips to drive all computer applications, not just AI functions. While I have drawn a comparison between computer chips and oil, I admit that's crude; oil is a commodity and GPUs are the product of the world's most complex manufacturing process.

The statistics on the website of Dutch computer chip equipment supplier, ASM International (ASM), help us all understand Nivida and Broadcom's amazing runs: 1.1 trillion computer chips are sold each year globally; 140 chips are sold per person, per year on average with a 3 months-approximate time required to make one advanced chip and 2000-plus chips needed for one electrical vehicle.

Moore's Law too tells us that computer chips are constantly evolving, so new products are always being developed, and necessary, to improve the productivity of chips and all digital processes.

That's why I remain a buyer of both companies on dips, including most recently in April.

Stay up to date on the hottest megatrend of our lifetime: https://fnarena.com/index.php/tag/gen-ai/

RUDI'S VIEWS

Rudi's View: The Megatrend You Simply Cannot Ignore

In this week's Weekly Insights:

-The Megatrend You Simply Cannot Ignore -FNArena Talks -Ask FNArena

By Rudi Filapek-Vandyck, Editor

<u>The Megatrend You Simply Cannot Ignore</u>

Two and a halve years have passed since financial markets, and the world at large, woke up to a new technological break-through labeled Generative Artificial Intelligence.

By now, it seems initial investor euphoria has been replaced with general skepsis about true importance and impact duration of the new technology promise, as also shown in share prices dipping lower and not necessarily revisiting the levels that featured at the start of 2025.

Look no further than HMC Capital's DigiCo Infrastructure REIT ((DGT)) spin-off which made its ASX debut on 13 December last year on a minor discount to the $5 per share IPO pricing, but whose share price is nowadays trading closer to $3 for a concrete example of how sentiment has turned for what seemed the no-brainer momentum trend to jump on over the past two years.

For good measure, not all those share prices locally and internationally have left a gap over the past six months, but many have. And from where I am sitting and observing, it seems many investors would rather buy into Aurizon Holdings ((AZJ)), Iluka Resources ((ILU)), Lendlease ((LLC)) or Monash IVF ((MVF)), and wait for better times to arrive for such market laggards, than grab the opportunity in less ebullient share prices from obvious AI beneficiaries.

Ironically, today's wait-and-see approach in Australia contravenes the rush by astute investors globally, including private equity and large pension funds, to grab their slice of what is promised to deliver the next economic and societal in-depth transformation.

So why isn't there a lot more local enthusiasm for owning shares in Goodman Group ((GMG)) and other AI beneficiaries on the ASX?

<u>Reasons To Be Skeptical</u>

It's not as if the promise of a different world tomorrow hasn't arrived previously on Australian shores, and on most occasions the initial hype has quickly turned to dust or the true winners are mostly listed overseas. Think 3D printing and legalised cannabis as examples of the former and smartphones and social media platforms for the latter.

Online shopping and retailing has delivered on its promise of transformative migration, but for investors there are at least as many success stories as disappointments because, underlying, any outcomes are still defined by consumer spending, costs and competition.

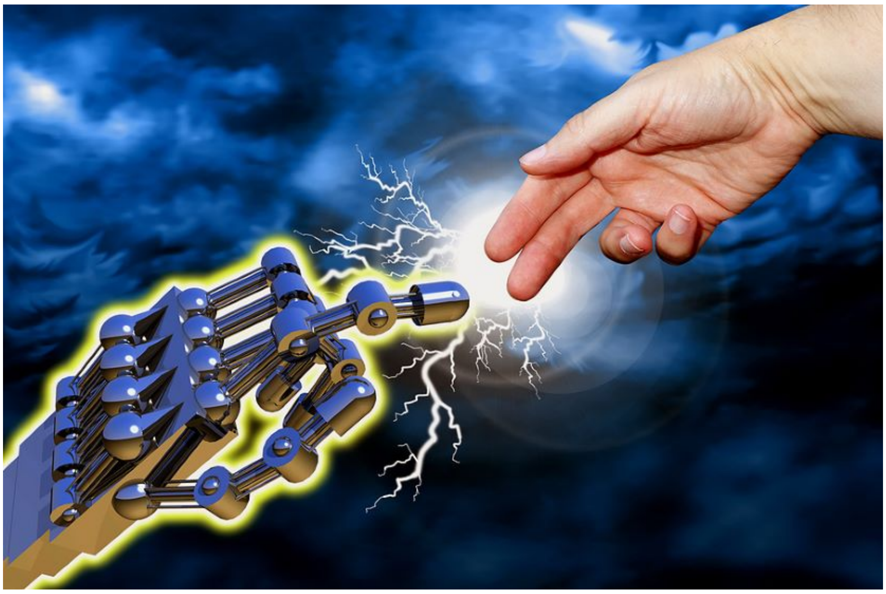
Those old enough might still have nightmares about that Great Promise of the late nineties; the Internet.

In between, of course, we also witnessed the emergence and implosion of the Commodities Super Cycle thesis, which got interrupted by the Global Financial Crisis (late 2007-March 2009) but then died a silent death in 2012.

GenAI, carried by chip manufacturers and megacap companies in the US and mostly by data centre builders and operators on the ASX, is now in its third year running, which already is a long time in share market terms. Share prices in Goodman and the like more than doubled from the lows in late 2022 into late-2024/at the start of this calendar year.

So with share prices not the cheapest in an expensively priced market and with critics reminding us many hundreds of billions of investments into GenAI have yet to deliver the killer app everybody wants to purchase, maybe common sense dictates the time to chase this trend has now well and truly passed?

As per always, it all depends on how best to assess this new phenomenon, and whatever is the most accurate background and general context.



GenAI Is Developing A Brave New World

According to former Google CEO and Executive Chairman, Eric Schmidt, the development of GenAI is still only embryonic, with many more stages of development on the horizon, and truly transformative outcomes along the way.

In a recent TED Talk interview (link below) released in April, Schmidt argued the advent of AI is, contrary to investor hesitance, still "wildly underhyped" as general understanding is not yet fully appreciative of what is yet to be achieved through this new technology.

The emergence of non-human intelligence, which is what AI essentially embodies, is likely to turn into the most significant development for the last 500 or even 1000 years, he boldly suggests, leaving all other technological revolutions throughout that period in its shadow.

I encourage investors to watch the interview. Technologist turned AI evangelist Schmidt is far from a lonely voice on this matter. In October last year, FNArena interviewed Nilesh Jasani, who runs his own global innovation fund (link included below). The following paragraphs are from Jasani's latest update for investors:

"Generative AI now orchestrates half the product recommendations on the internet, and a quarter of travel bookings start with a chatbot. Governments, not just hyperscalers, are pouring hundreds of billions of dollars into data-center infrastructure. Money that once paved highways now paves inference lanes.

"As consumers, what we buy, how we buy it, and even why we buy it is being rewritten. A decade from now, 10-20% of global consumption could be in products and services that barely exist today. The world around us is changing at a speed that is difficult to comprehend. It is not our intention here to repeat the refrains sung in every journal and presentation. But there are shifts occurring that are often under-discussed in their magnitude. Every major number hinted at in this section would have been a revolution on its own. Here, they are happening simultaneously and building on each other.

"Not just the Internet is in flux or collectively global consumers, corporates, and governments are spending on a new sector like nothing ever seen, but the capabilities and use cases continue to explode in a way unimaginable even a few months prior. Cars are delivering themselves. The skies are witnessing the first flying taxis. Machines can talk in human languages and process vision perfectly: these feats are so staggering that after Elon Musk, Jensen Huang has also felt the need to state that Robotics could become the biggest industry humanity has ever built.

"One can keep going breathless about the potential in diagnostics, or drug discovery, or in climate management, or in material sciences, or in finance. The opera approaches its crescendo. The world is forging tools so powerful they change the ask of humanity itself.

"We can chase every candlewisp of price volatility, or we can learn to breathe through it. The real risks are not recurring double-digit market corrections every few quarters. The real risk is dedicating one's attention to managing them and, in the process, straying away from truly historic real-world transformation."

The message from both Schmidt and Jasani, and from many others, is those investors who keep thinking this boat has sailed, or share prices are too expensive, or there's risk for another sell-off, are likely to miss out on a once-in-a-lifetime opportunity to be on the right side of history in the making.

Of course, there will be winners and losers, as well as many Grand Successes and Deep Failures. But no matter what type of investor you are, or what horizon your portfolio is set-up for, if GenAI reaches only a quarter of the size predicted by these experts, it will be impossible to escape its impacts on life, societies, economies, businesses, and financial markets.

From this perspective, achieving a better understanding of what is this new technology, and what is its promise, is no longer a choice for active investors.

It's a necessity.

GenAI Is Electrifying Global Efficiency

As developments accumulate in quick succession, it is increasingly dawning upon AI afficionados any comparison with the smart phone, the Internet, or even personal computers is a sign of not genuinely appreciating the transformation that has already started.

GenAI's transformative powers are so broad-based across segments, sections and sectors, a more apposite comparison is with the advent of electricity in the early 1900s. By 1920 about 35% of US homes were electrified, giving birth to new industries manufacturing refrigerators, vacuum cleaners, washing machines and radios.

By the end of that decade, that percentage had risen to 68% (90% for the major cities), fueling a consumer spending boom that supported a golden era for equities. Yes, that ultimately ended with an historic disaster at the turn of that decade, but should one worry about such an outcome already?

More than one hundred years later, the development and adoption of GenAI is occurring at much faster, break-neck pace. Its impact on businesses and the economy will be equally broad-based, but profoundly different.

My personal LinkedIn feed suggests people are embracing new AI tools with seldom witnessed gusto. HR departments are receiving perfect job applications. Complaints are drafted in perfect legal lingo. AI is creating high-quality presentation slides, writing standard emails and advising on where to holiday and which recipe or daily exercise seems best.

Investment banking and consultancies are lauding the rapid execution time, without the need for hiring more staff. Fund managers are stunned by the quick execution and the detailed information gathering to support their research.

My prediction is GenAI will be a lot more mentioned throughout the upcoming August reporting season. Critics waiting for the next killer app are missing the point; large corporations like CommBank ((CBA)) and Telstra ((TLS)) awaits the opportunity to become a whole lot leaner and more efficient, which means higher margins, higher profits and (potentially) higher dividends for shareholders.

If investors can be convinced such margin increases are sustainable, this also translates into structurally higher valuations for companies that successfully integrate this new technology throughout their operations. Others will still be forced to make the investment, lest they be sidelined by a successful competitor or new market disruptor.

Nothing in history ever moves in an uninterrupted, straight trajectory, and it is most likely GenAI won't do it either. This is a positive, as it gives investors time and opportunity to read up and to study, and to get truly acquainted with what tomorrow's world might look like, starting from today's likely winners and opportunities.

Time to get crackin', or to repeat the advice by Eric Schmidt: don't waste this unique opportunity.

In the same vein, if GenAI truly is a once-in-a-lifetime phenomenon that is changing the world as profoundly as now is believed, there will be an ongoing conga line of opportunities (and misses) for many years to follow.

This still is not an excuse to risk missing out altogether.

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For more reading:

-FNArena's dedicated section on GenAI: https://fnarena.com/index.php/tag/gen-ai/

-Rudi's Views: https://fnarena.com/index.php/analysis-data/rudis-views/

Plus also:

-Video TED Talk interview Eric Schmidt: https://youtube.com/watch?v=id4YRO7G0wE

-Video Interview with Nilesh Jasani:
https://fnarena.com/index.php/fnarena-talks/2024/10/17/interview-with-nilesh-jasani-founder-of-geninnov-global-innovation-fund/

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

FNArena Talks

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

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

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

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

Apple Podcasts:
https://podcasts.apple.com/au/podcast/all-weather-portfolio-rudi-filapek-vandyck-fnarena/id1451778025?i=1000715348354

Ask FNArena

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

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

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

Model Portfolios, Best Buys & Conviction Calls

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

FNArena Subscription

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

(This story was written on Monday, 7th 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: Gold stocks & Miners, DigiCo, Pinnacle & More

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

By Rudi Filapek-Vandyck, Editor

Market strategists at Goldman Sachs are preparing their clientele for a different cycle ahead. Don't worry, if their research is correct, investors still have circa two years to amend current strategy and portfolio composition.

The next economic cycle, on Goldman Sachs' assessment, will be characterised by higher inflation, elevated interest rates and heightened macroeconomic volatility, driven by six key factors which are captured through the acronym of 'Change'.

Change stands for Climate transition, High level of debt, Ageing demographics, New finance, Global fragmentation, and Evolving technology.

Shorter term, it is the strategists' view high valuations, trade uncertainty and geopolitical concerns warrant a more cautious asset allocation until year end. Goldman Sachs is neutral on equities, underweight credit and overweight rates (bonds) for the time being.

Given heightened policy risk in the US, the forecast is for continued outperformance of Developed Markets ex-US equities. The US dollar is expected to weaken. Small caps globally (outside of the US) are in focus.

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One place where expectations for a revival of the global mining sector remains alive and kicking is at **RBC Capital Markets**, headquartered in Canada, itself one of the world's commodity power houses, albeit with more of an energy skew than is the case for Australia.

Mining analysts at RBC are keeping an Overweight portfolio allocation for base metals, precious metals and uranium, and a Market Weight allocation for diversifieds and bulk miners, as well as for fertilisers.

Their selection of **Global Mining Best Ideas** also includes several ASX-listed stocks:

-Bellevue Gold ((BGL))
-Capstone Copper ((CSC))
-Champion Iron Ore ((CIA))
-Firefly Metals ((FFM))
-NextGen Energy ((NXG))
-Pilbara Minerals ((PLS))
-South32 ((S32))
-Westgold Resources ((WGX))

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Zooming in on the local **gold sector**, **Bell Potter**'s latest sector update suggests the best value opportunities are with developers and explorers, with the report specifically highlighting Santana Minerals ((SMI)) and Minerals 260 ((MI6)).

Chalice Mining ((CHN)) is equally Buy-rated by the broker.

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Morgans' selection of **Best Ideas** has been expanded with Pinnacle Investment Management ((PNI)) and DigiCo Infrastructure REIT ((DGT)) in compensation for the removal of Rio Tinto ((RIO)), QBE Insurance ((QBE)) and GQG Partners ((GQG)).

The list now consists of the following 29 Best Ideas:

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

In a separate sector report on ASX-listed **REITs** Morgans analysts expressed their preference for data centres, retail and private credit.

A closer look into the broker's ratings for individual trusts reveals only two Buy ratings overall; for Digico Infrastructure REIT ((DGT)) and Eureka Group ((EGH)).

One notch below Buy, three A-REITs are currently rated Accumulate; Dexus Industria ((DXI)), HomeCo Daily Needs REIT ((HDN)), and Qualitas ((QAL)).

****

Wilsons' analysts have identified the following **Key Investment Opportunities**:

<u>Newly added:</u>

-Pinnacle Investment Management ((PNI))
-Woolworths ((WOW))

Have kept their inclusion:

-ResMed ((RMD))
-Goodman Group ((GMG))
-WiseTech Global ((WTC))

High conviction investment ideas:

-Maas Group ((MGH)), newly added
-Nanosonics ((NAN))
-Ridley Corp ((RIC))
-ARB Corp ((ARB))
-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))

Best Buys & Conviction Calls

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

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

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

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

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

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

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

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

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

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

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

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

Energy
-Boss Energy ((BOE))

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

****

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))

****

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

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

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

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

****

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

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

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

****

Morgan Stanley's 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))

****

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

FNArena Talks

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

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

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

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

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

Ask FNArena

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

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

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

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

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

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

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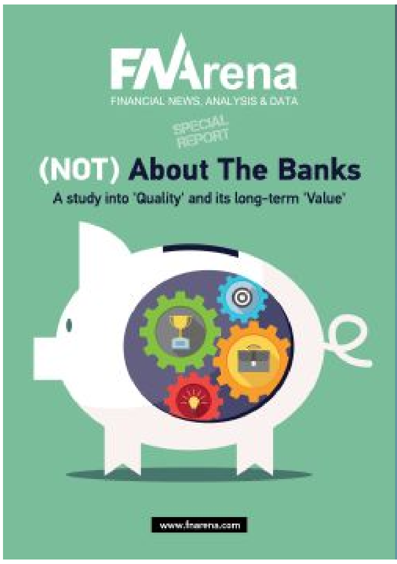


Find out why FNArena subscribers like the service so much: "Your Feedback (Thank You)" - Warning this story contains unashamedly positive feedback on the service provided.

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

SMALL CAPS

Tasmea's Secret Sauce For Higher-Margin Growth

New research illustrates Tasmea's high margins derive from a unique operating model, small acquisitions and cross-selling between subsidiaries.

-Tasmea's margins exceed many industry peers
-Distinctive operating model, boosted by acquisitions
-Recent increase to FY26 guidance
-Strong structural advantages, notes Shaw

By Mark Woodruff

Tasmea ((TEA)), a diversified specialist trade services provider, listed on the ASX in April 2024 and has since delivered strong organic growth, complemented by steady bolt-on acquisitions, a trend analysts expect to persist.

With its focus on specialist maintenance and a high-quality, blue-chip customer base, the company consistently generates strong recurring revenue, lower operational risk, and superior margins compared to many industry peers, explains broker Morgans.

Offering further insight into Tasmea's specific margin advantages, new research coverage by Ord Minnett highlights the company's distinctive operating model.

Ensuring an owner-operator culture, the company structures its operations as 24 separate businesses, with a corporate arm providing strategy advice, financing, and back-office services.

This approach allows individual subsidiaries, whose services are highly specialised, to operate with maximum focus on each business's own clients and employees.

Services offered

Tasmea delivers specialist maintenance and shutdown services for fixed plant assets across six key sectors: mining and resources, oil and gas, defence, infrastructure and facilities, power, and renewable energy.

Maintenance of fixed assets, usually in remote locations, generates higher margins, and accounts for around 80% of group revenue.

Additionally, services are provided for telecommunications, retail, and water and waste management.

Importantly, Tasmea's subsidiaries specialise in maintenance, as distinct from construction, production, or exploration. This, according to company management, effectively insulates the group from direct exposure to commodity price volatility.

Acquisition strategy

Tasmea has a nationwide footprint with a workforce of over 1,500 employees, expanded through strategic acquisitions to meet rising demand for its services.

Emboldened by funds raised in the April 2024 IPO, companies such as Dingo Concrete Services, West Coast Lining Systems, and Future Engineering Group were acquired during FY24.

Management has continued to invest in growth during FY25, completing further bolt-on acquisitions and expanding capacity. These acquisitions have been funded via a mix of equity and debt.

The company targets **acquisitions in the $10-40m range**, where competition from other buyers is typically limited, explains Ord Minnett.

One such example is the acquisition of Kalgoorlie-based civil & maintenance services provider Flanco Group in April this year for an initial -$27m outlay.

In line with strategy, Morgans notes management anticipates **unlocking revenue synergies by cross-selling Tasmea's specialist maintenance services** through its expanded customer base.

The transaction is expected to be 12% EPS accretive for Tasmea, yet still preserves strong incentives for the vendors, explains Shaw and Partners.

If the acquired business delivers EBIT above $16.2m per annum for four consecutive years under Tasmea's ownership, the former owners stand to receive up to $50m in total consideration.

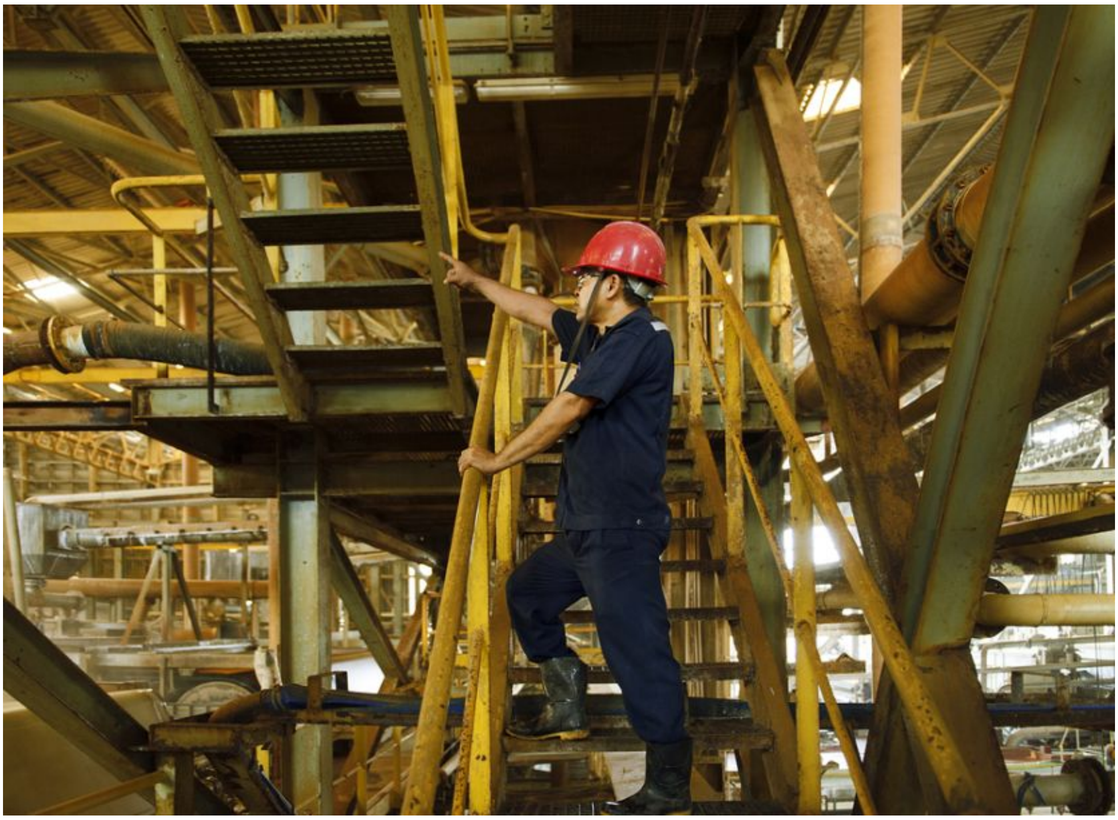
Acquired businesses continue to operate independently, while benefiting from the strategic, financial, and operational support of the central management team.

Given management's proven track record, Ord Minnett anticipates at least one, and potentially up to four, bolt-on acquisitions each year.

Alignment to shareholders

Ord Minnett research highlights the strength of Tasmea's leadership, noting a high-calibre management team with meaningful alignment to shareholders which fosters a strong performance-driven culture across the organisation.

Founders Stephen Young (Managing Director) and Mark Vartuli (Executive Director) hold approximately 60% of the company, while around 100 employees participate in Tasmea's long-term incentive (LTI) plan.



Recent boost to FY26 guidance

While FY25 profit (NPAT) guidance for $52m was retained on June 25, management expected to achieve FY26 earnings (EBIT) of $110m and $70m for profit, tracking one year ahead of its Long-Term Incentive plan (LTI) earnings target.

Broker Morgans comments a record contracted order book of $600m provides strong visibility into future earnings.

This strong outlook implies 34% profit growth for FY26 compared to FY25, prompting this broker to raise its 12-month target price to $4.35 from $3.80.

Management noted the FY26 pipeline points to $711m in potential revenue, 6% ahead of the consensus forecast.

The company is experiencing robust tender activity and sustained demand from its blue-chip customer base, especially in the iron ore sector.

The outlook is further strengthened as Rio Tinto ((RIO)) has only just received all approvals to proceed with its US$1.8bn Hope Downs 2 project. This comes just a few months after Rio announced it had received all approvals for its US$1.8bn Brockman Syncline project. Tasmea serves as a key contracting partner for both projects.

The company has consistently delivered sustained compound earnings growth, highlights Shaw, achieving a five-year net profit compound annual growth rate (CAGR) of over 50%.

The broker adds multiple structural advantages include the expansion of high-quality, recurring revenue streams from long-term maintenance contracts, also pointing to strong revenue synergies across the company's national network of businesses and robust organic performances from already-acquired operations.

Outlook

Ord Minnett, which commenced research coverage on Tasmea with a Buy rating and 12-month target of $4.75, forecasts a compound annual growth rate (CAGR) of 27% for revenue and 28% for EPS across FY24-FY28.

Following record first half revenue and earnings, along with upgraded profit guidance in February, Shaw (Buy, High Risk; target $4.10) noted numerous positive catalysts for the Tasmea share price including further accretive acquisitions, liquidity improvement as stock comes out of escrow, and potential inclusion in the ASX300 index.

Buy-rated Morgans has a $4.35 target, bringing the average target price of three daily covered brokers in the FNArena database to $4.40, implying circa 25% upside to the $3.51 closing price on Friday, July 4.

SMALL CAPS

ikeGPS Positioned For Multi-Decade Tailwinds

Sales of ikeGPS Group's suite of products are benefitting from structural trends. New research explains these tools remain critical for a range of large customers, with the current focus on North America.

-New research highlights structural tailwinds for ikeGPS Group
-Strong data capture, analytics, and AI capabilities
-Subscription ARR growth outpaces key peers
-Sales to North America remain the focus

By Mark Woodruff

Leveraging broad structural thematics, ikeGPS Group ((IKE)) delivers software and data solutions that enable utilities and infrastructure owners to efficiently plan, analyse, and execute capital upgrades.

Rising demand from decarbonisation, the electrification of transport, and the growth of data centres is reshaping electricity supply and demand patterns. These are areas where ikeGPS Group's tools are critical for managing distribution assets such as poles and wires, according to freshly released research by Moelis.

Management has invested heavily in developing its data capture, analytics, and AI capabilities to support long-term growth.

Bell Potter sees ikeGPS as a key beneficiary of multi-decade tailwinds from electrification and grid hardening, forces expected to accelerate with the rapid rollout of power-hungry AI infrastructure.

While the business is not yet earnings-positive, Moelis feels sustained momentum could see the company achieve positive earnings and cash flow by FY27.

At recent FY25 results in May (March year-end), management forecast FY26 subscription revenue would achieve growth levels of 35% or greater, with earnings to break even on a run-rate basis within the second half of FY26.

These projections reflect existing contracts and broader business momentum.

Headquartered in Denver, Colorado, ikeGPS serves electric utilities, telecommunications companies, and engineering service providers, primarily in North America but also elsewhere.

Solutions help these clients accelerate infrastructure deployment, improve asset data quality, support regulatory compliance, and reduce costs.

Revenue derives from platform subscriptions, transaction-based usage, and associated services, with a growing focus on recurring software revenue.

When initiating research in April, Shaw and Partners estimated the group was growing three times faster than its peers. Subscription annual recurring revenue (ARR) at circa 40% compares to 13% for US-based Bentley Systems.

ikeGPS Group is still less than 10% penetrated, noted the broker.

<u>The US opportunity</u>

Bell Potter.highlights management's focus will remain on embedding the company as the industry standard in the North American market.

The US is home to an estimated 200 million above-ground power poles, notes Moelis, spread across millions of kilometres of network infrastructure.

Inadequate maintenance of these assets can lead to serious consequences, including power outages, property damage, and public safety risks.

Shaw notes ikeGPS' platform is currently being standardised in eight of the ten largest utilities in North

America.

Rejected takeover

Strong industry fundamentals have driven increased consolidation activity, including interest from private equity, with Moelis noting partnerships or M&A could unlock meaningful synergies.

In late 2024, a private equity firm submitted an acquisition proposal at NZ$1.00 per share, representing an around 60% premium to the prevailing share price.

Following a brief due diligence process, the board declined the offer, venturing that shareholders were unlikely to support a transaction at that valuation.

Bell Potter anticipated the rejection on the basis key shareholders were likely anticipating multi-decade tailwinds in upgrading critical distribution networks for utilities and communication networks across North America.

The approach indicated significant value creation potential, suggested the broker, as management continues to acquire new customers and transition existing ones to its higher-value, next-generation products.

It also demonstrated the strategic appeal of integrating the group's software platform into a broader energy transition and digital infrastructure portfolio.

SaaS solution

ikeGPS' software suite supports end-to-end utility pole life cycle management, from data collection and engineering to compliance and permitting. The company is increasingly focused on recurring SaaS revenue, particularly from IKE Office Pro, IKE PoleForeman, and IKE Insight.

IKE Office Pro is a cloud-based platform for pole data capture, measurement, and analysis, enabling field engineers to collect and manage pole-related data such as height, span, attachments, and condition.

The company acquired PoleForeman in 2019 and, in late FY24, launched an enhanced SaaS version, IKE PoleForeman, featuring expanded functionality and modern cloud-based delivery.

This is a structural analysis tool which simulates pole load capacity under different conditions, ensuring safe and efficient network design. It is fully aligned with the standards and regulations set out in the US National Electrical Safety Code (NESC).

Offered on a per-user subscription model, the new platform has driven a significant acceleration in recurring revenue growth over the past 12 months as customers transition to the upgraded solution.

During the FY25 results presentation, management noted total contract value (TCV) closed for the product had surpassed NZ$17m, driven by adoption of tier-1 electric utilities in the US market.

An AI-powered image analysis engine, IKE Insight automates feature recognition from unstructured imagery or Light Detection and Ranging (LiDAR) data.

While there can be rapid capture of vast volumes of field data through digital imagery and LiDAR surveys, much of these data remains unstructured and time-consuming to manually process, especially across networks spanning thousands of kilometres.

IKE Insight addresses this challenge, highlights Moelis, with an automation tool trained to recognise and extract features from unstructured image and LiDAR datasets. It supports a wide range of image formats, including thermal, LiDAR, photographic, video, drone, and street-level imagery.

Accounting for the majority of the company's transaction-based revenue, IKE Analyze launched in late-FY18. This service aims to take field data and perform the detailed desktop measurement, annotation, engineering, and analysis for each pole.

The IKE team will perform pole load analysis in the proprietary software, PoleForman.

Use cases

Applications include Utility Pole Inspections and Audits, Network Planning and Upgrades (e.g., 5G, fiber broadband rollouts), Regulatory Compliance and Safety, and Asset Management and Maintenance.

Modern technologies now enable large-scale data collection, making it feasible to create digital twin' models of distributed network infrastructure.

These virtual models allow asset owners to plan, optimise, and coordinate operations more efficiently across complex, geographically dispersed systems.

Moelis offers one example: programs accelerating 5G and fibre broadband rollout can proceed more quickly and cost-effectively by sharing existing above-ground pole infrastructure with other utilities.

The group's platform enables engineers to assess structural suitability and generate the required documentation for these joint-use connections efficiently.

Outlook

Daily covered brokers in the FNArena database, Bell Potter and Shaw and Partners have respective Speculative Buy and Buy ratings with 12-month targets of $1.17 and $1.20.

Outside of daily coverage, Moelis has initiated with a Buy rating and $1.01 target, which compares to the 85.5c share price today.

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

SRG Global: Building Australia

In just about any infrastructure sector one could name, SRG Global is involved through its many recurring maintenance, engineering and construction contracts, and analysts see nothing but solid growth ahead.

-SRG Global delivering solid compounding growth -Recurring revenues and big-name clients -Expansion into new and growing sectors -Further contract wins underscore appeal

By Greg Peel

When Morgans initiated coverage of SRG Global ((SRG)) in May with a Buy rating, the broker was drawn to the company's track record of delivering strong and consistent earnings growth at an 33% compound annual growth rate from FY21-24 -- through a combination of organic sales growth, margin expansion and acquisitions.

With organic growth supplemented by a prudent acquisition strategy from its net cash position, at a forecast 13x FY25 PE, Morgans believed this was not being factored into the share price, and set a $1.80 price target.

Ord Minnett set a price target of $1.41 back in February, with an Accumulate rating on the basis of a perceived fullish valuation.

At the time, the stock was trading at $1.30, on the rise again after drifting lower post SRG's first half result which, while in line with analysts' expectation, did not fire up much interest. Most recently, SRG shares traded around the $1.70 mark.

SRG is an Australian diversified infrastructure services company that provides maintenance, industrial services, and engineering and construction services. It employs over 4,300 people and services more than 20 industries.

80% of its earnings are recurring/annuity style and the business is relatively evenly split across the Australian east coast (50%) and west coast (45%), with New Zealand making up the balance (5%). The business is split into two broad segments: Maintenance & Industrial Services (Maintenance) and Engineering & Construction (E&C).

Cyclical Drivers

Bell Potter updated its view on SRG Global in early June, focusing on cyclical drivers and upcoming catalysts.

One of the many pies in which SRG has its fingers is mining, specifically gold mining. Clearly, the gold price has soared since the re-election of you know who.

For the Maintenance division, elevated gold prices are incentivising growth in near-term, Bell Potter noted, through greenfield and brownfield expansions that should ultimately drive demand for SRG's drill and blast fleet and geotechnical service offering.

At the recently acquired Diona (which was responsible for the bulk of SRG's first half earnings growth on Ord Minnett's assessment) the backlog of work in the East Coast Water and Electrical infrastructure markets are currently at record levels and materially exceed the industry's capacity to deliver.

In Bell Potter's view, this backlog of work is encouraging for Diona's short-to-medium term outlook. A large South Australian Water contract awarded in late 2024 should be ramping up over the second half of FY25 to support sequential earnings growth versus the first.

For E&C, non-residential building approvals have demonstrated double-digit year on year growth since December 2024, Bell Potter noted, with significant project approvals in the months of March and April 2025 not seen since mid-2023. This trend is highly encouraging for new E&C contract wins, with contract volume and value to potentially surprise in the next contract update.

Bell Potter also saw rising sustaining capex intensity across the iron ore majors as a positive for medium-term project deliveries.

At the time, the broker expected SRG to provide a periodic update on recent contract wins and renewals given six months had passed since the last update, retaining a Buy rating and lifting its target to $1.70 from $1.65.

A-Listers All

Late last month SRG did exactly that, announcing it had secured $850m of contracts with blue-chip, repeat clients across A&NZ, spanning the Water, Energy, Oil & Gas, Industrial, Resources, Health, Education, Defence, Transport, Data Centres and Commercial sectors.

Contract wins in FY25 total circa $1.8bn, more than double the circa $780m won in FY24. The company nonetheless made no changes to its FY25 guidance.

So who are these clients?

Across aforementioned multiple pies, SRG secured contracts with Seqwater (Qld), Hunter Water (NSW), Origin Energy ((ORG)), Genesis Energy ((GNE)), Genesis Minerals ((GMD)), BHP Group ((BHP)), Alcoa ((AAI)), Anglo American, South32 ((S32)), Lendlease ((LLC)), the Defence Department (WA), Western Sydney Airport, Sydney Metro, River Torrens Project (SA), and NextDC ((NXT)).

Yes, SRG has infiltrated the data centre sector as well.

In response, Shaw and Partners lifted its target on SRG Global to $1.80 from $1.60 and retained Buy.

In May, Morgans suggested SRG should benefit from a continuation of a recent trend whereby customers are demonstrating a preference towards specialist maintenance providers over generalists. Water infrastructure spend is expected to grow at a CAGR of 7% over the next four years and energy (oil & gas and energy transition) spend growth is expected to be 4.6% over the same period.

SRG's drill & blast and geotechnical services, which sit within Maintenance, are leveraged to gold production volumes with its key customers, Evolution Mining ((EVN)) and Northern Star Resources ((NST)). These miners are expected to lift second half volumes by at least 6% on first half, with volumes expected to grow by more than 10% year on year in FY26 and 7% in FY27.

This sub-segment is high margin, noted Morgans, and should therefore have a positive mix effect on SRG's Maintenance division and group overall. In relation to E&C, SRG is positively exposed to significant infrastructure investment in Australia.

Oxford Economics expects Infrastructure and construction spend in Australia to grow at more than a 3% CAGR over the next six years, with a total of $1.8trn to be spent across FY24-30.

Strong and Stronger

Last week Moelis joined the party, initiating coverage of SRG Global with a Buy rating and $2.00 target.

Moelis cites increased earnings quality with recurring maintenance order book complementing a strong growth history and a focus on critical production services, on top of strong industry tailwinds with an expanding asset base, ageing infrastructure, and continued outsourcing trend for necessary upkeep to maintain asset life, utility, and output production levels.

Execution in new addressable markets including water and utilities infrastructure have contributed to growth, Moelis notes, and the company enjoys robust free cash generation and a solid balance sheet.

SRG offers strong earnings growth, strong margin, and growing share in stable markets, which in Moelis' view positions the business well to continue its growth trajectory. Management's "excellent" track record in piloting the business through a strong growth period should be viewed in concert with an opportunistic and disciplined approach to inorganic growth options to support further growth.

Moelis is anticipating faster growth than consensus currently suggests over FY24-27 because of the highly recurring revenue base, improved visibility, and excellent management track record in delivery and execution.

SRG shares closed at $1.69 yesterday. They have been in a firm uptrend since May. In October last year the price was 63c. On current consensus forecasts, which do not include Moelis, EPS is projected to grow from 6.6c in FY24 to 8.8c in FY25 and to 9.9c in FY26.

The annual dividend is expected to grow from 4.5c in FY24 to 5.4c in FY25 and to 5.9c in FY26.

See Stock Analysis on the FNArena website for more details: https://fnarena.com/index.php/analysis-data/consensus-forecasts/stock-analysis/?code=SRG

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WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 04-07-25

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 June 30 to Friday July 4, 2025
Total Upgrades: 14
Total Downgrades: 16
Net Ratings Breakdown: Buy 61.18%; Hold 31.30%; Sell 7.52%

In the week ending Friday, July 4, 2025, FNArena tracked fourteen upgrades and sixteen downgrades for ASX-listed companies from brokers monitored daily.

Average target price reductions outpaced rises for the majority of entries in the table below, while upgrades to earnings forecasts were on the whole materially larger in percentage terms than downgrades.

Technology heavyweights WiseTech Global and Pro Medicus had a strong week finishing first and second respectively on the positive change to average earnings and target price tables.

WiiseTech's average earnings forecast received a boost after Citi reinstated research coverage with a Buy rating and $127.40 target price, factoring in the recent E2open acquisition into estimates from the second half of FY26.

E2open is a US-based supply chain management software company offering end-to-end solutions to help businesses manage their global supply chains more effectively and collaboratively.

Near-term gains are expected from enhancing WiseTech's existing Cargowise software for current customers, particularly in Container Transport Optimisation, Compliance, and Neo using E2open's data and platforms.

While medium-term upside is also anticipated from expanding into Beneficial Cargo Owners (BCOs) for logistics execution, the analysts noted heavier go-to-market investment and execution risk.

Citi can also see potential for WiseTech to monetise payments through E2open's existing products and partnerships, adding further upside to the broker's forecasts.

The average target price for Pro Medicus in the FNArena database jumped by nearly 9% last week after two new US contract wins highlighted both a widening total addressable market and management's ability to raise pricing.

Morgans Stanley estimated the lifetime value (LTV) of the new 10-year contract with UC Health and Mercy Health ($98m announced last October) to exceed $5bn, equating to roughly 20% of the company's current equity market capitalisation.

Apart from the $170m contract size, the contract with Colorado-based UC Health included the first licensing of the company's cardiology suite of its Visage 7 enterprise imaging platform.

For the Franciscan Missionaries of Our Lady Health System in Louisiana, management renewed its existing contract at $20m over five years ($4m annually), a substantial uplift from the original 2016 agreement of $7m over seven years, or $1m annually.

Morgans explained the increase reflects higher fees per transaction, an updated minimum contracted volume, and the addition of Visage 7 Open Archive to the offering, expanding the scope beyond the original viewer-only contract.

Ahead of Pro Medicus, Superloop's around 13% lift in average target price last week resulted from management's 6% upgrade to earnings guidance for FY25. Analysts are still updating for recent announcements.

While Macquarie also pointed to potential upside to consensus forecasts for FY26, much of the good news is already discounted in the share price, according to this broker.

As detailed further at https://fnarena.com/index.php/2025/07/04/in-brief-austal-superloop-motorcycle-holdings-nanosonics/, UBS highlighted the latent incremental value from Superloop Smart Communities, which the analyst views as being underappreciated by the market.

Smart Communities represents the "last mile" fibre for new residential single and multi-dwelling units, which UBS assesses could be worth as much as $1.00 per Superloop share. The company receives a monthly fee of around $40 once the service is activated.

Next up were financial services provider Hub24 and biopharmaceutical company Clinuvel Pharmaceuticals with increases in average targets of around 8% apiece.

Hub24's earnings forecasts were upgraded by Bell Potter and Citi to reflect market movements and stronger flows. Bell Potter explained all major global indices closed higher on the prior quarter.

Citi also anticipated upside risk to medium-term flows as management looks to expand into adjacent market opportunities such as the broker segment by offering tailored platform, technology, and data solutions.

The average target for Clinuvel Pharmaceuticals received a boost after Ord Minnett initiated coverage with a $22.60 target, highlighting the established profitability of Scenesse, the only FDA-approved treatment for erythropoietic protoporphyria (EPP).

While Scenesse has been on the market for a decade, Clinuvel is also well-advanced in extending its use via a drug that works by inducing pigmentation of the skin, thus reducing the level of photosensitivity to a much larger market in treating vitiligo.

Vitiligo is a cosmetic condition in which the skin loses pigment in patches, which typically enlarge over time.

Further details on prospects for Scenesse and a summary of interim results is available at https://fnarena.com/index.php/2025/07/03/the-enigma-surrounding-clinuvel/

Elsewhere, pure copper play Capstone Copper and graphite miner and processor Syrah Resources follow WiseTech on the earnings upgrade table.

Capstone holds four operating assets: Pinto Valley in Arizona, USA; Cozamin in Mexico; Mantos Blancos; and Mantoverde in Chile, plus a development project also in Chile, Santo Domingo.

The company's average earnings forecast received a boost after Morgans initiated coverage with a Buy rating and $11.50 target.

The views of this broker and several others on Capstone are summarised at https://fnarena.com/index.php/2025/07/02/capstones-copper-evolution-continues/

Regarding Syrah Resources, here UBS noted an improved outlook for the company's flagship Balama graphite mine, which outweighs the broker's negative stance on the natural graphite sector.

Near-term graphite price forecasts have been reduced on a lower electric vehicle (EV) demand forecast and stubborn synthetic capacity.

Balama supplies natural graphite for battery anode material producers and is a key supplier to the global EV and battery industries.

On the flipside, AIC Mines and NextDC feature first and third, respectively, for negative changes to average earnings.

AIC Mines is funding the expansion of its Eloise copper processing plant in northwest Queensland and bringing the nearby Jericho deposit into production through a combination of $55m raised via a placement and a US$40m debt facility.

After taking these changes into account, Ord Minnett lowered its target to 50c from 62c and kept a Speculative Buy rating, while Shaw and Partners (Buy, High Risk) amended to 70c from $1.10.

NextDC's lower average earnings forecast was the product of ongoing, incidental updates by brokers.

After meeting with management, Citi last week noted the pipeline remains solid with further contract wins dependent upon development progress at both existing and new sites, especially in Sydney.

While a joint venture structure for the hyperscale facilities also reduces capital intensity, the broker continues to assume an equity raise in the second half of FY26.

AIC Mines also suffers the largest percentage fall in average target in the table below, followed by Reece, which downgraded FY25 earnings guidance to a level -6% below the consensus forecast.

Not only are governments both state and federal in Australia struggling to increase housing supply, and affordability issues are weighing on buyers, but also the US business is facing several challenges as detailed in https://fnarena.com/index.php/2025/07/01/reece-battling-tariffs-competition-cost-crises/

Bellevue Gold and Chalice Mining are next with falls in average target of more than -14%. The change for Bellevue should be ignored as UBS recently moved to research restriction on the stock, meaning the broker no longer has a target price or rating for the time being.

While Chalice Mining's pre-feasibility study (PFS) for its Gonneville project is progressing to plan for completion in the December quarter, Bell Potter lowered its target to $4.10 from $5.75 after updating commodity price forecasts.

The broker lowered its palladium price by -14% and factored in an 8% higher Australian dollar, partially offset by stronger platinum and nickel forecasts.

The project, 100%-owned by Chalice, is the largest undeveloped palladium-nickel-copper project in the western world.

Total Buy ratings in the database comprise 61.18% of the total, versus 31.30% on Neutral/Hold, while Sell ratings account for the remaining 7.52%.

Upgrade

ARB CORPORATION LIMITED ((ARB)) Upgrade to Buy from Neutral by Citi .B/H/S: 5/0/1

Citi upgrades ARB Corp to Buy from Neutral with a revised target price of $38.70 from $39.54 due to the decline in the stock price of -20% this year, which the analyst believes reflects the market already discounting weakness over 2H25 in domestic aftermarket sales and a lack of parts for the BYD Shark.

The outlook looks better with expectations of further interest rate cuts three -25bps over the rest of 2025 which should support a lift in new vehicle sales, with some momentum apparent towards the end of 2H25.

Parts are also anticipated for the BYD Shark to become available this year.

Citi lowers the FY26 EPS estimate by -3.3%, while FY25 is unchanged.

ARENA REIT ((ARF)) Upgrade to Buy from Accumulate by Ord Minnett .B/H/S: 2/2/0

Ord Minnett expects the Property sector to deliver operating EPS growth of 5.6% in FY26 and a three-year compound annual growth rate (CAGR) of 5.8%. Support is expected from falling interest rates, rising asset values, and limited supply of quality assets.

Property trusts are trading on a 12-month forward distribution yield of around 5%, notes the analyst.

Within large caps, the broker favours Vicinity Centres for net operating income (NOI) upgrades tied to rent growth and Scentre Group for lower interest costs on refinancing. GPT Group is also preferred for rising specialty sales and a capital-light model.

For Arena REIT, the $4.30 target is unchanged and the rating upgraded to Buy from Accumulate.

CAPRICORN METALS LIMITED ((CMM)) Upgrade to Accumulate from Hold by Ord Minnett .B/H/S: 1/2/0

Ord Minnett reviewed forecasts for mining companies ahead of the June quarterlies and marked-to-market commodity prices.

The broker believes there's a risk of FY26 capex and operating costs guidance exceeding expectations, with gold and lithium miners more at risk than others.

Strong iron ore volumes are likely for the June quarter due to improved weather conditions, and less so for coal.

Rating for Capricorn Metals upgraded to Accumulate from Hold. Target unchanged at $10.90.

DOMINO'S PIZZA ENTERPRISES LIMITED ((DMP)) Upgrade to Buy from Hold by Ord Minnett .B/H/S: 2/3/1

Following the surprise resignation of Domino's Pizza Enterprises' CEO Mark van Dyck, Ord Minnett has revisited its forecasts for the company.

The broker expects growth in store numbers to be minimal, which means lower capex needs. Focus on margins and profitability would slow same-store sales growth in the broker's view.

The analyst now forecasts no final dividend for FY25 and no dividend for FY26. EPS forecast for FY25 cut by -0.6%, FY26 by -1.1% and FY27 by -5.9%.

Target cut to $28 from $31. Rating upgraded to Buy from Hold following share price fall.

See also DMP downgrade.

DEXUS ((DXS)) Upgrade to Accumulate from Hold by Ord Minnett .B/H/S: 3/1/1

Ord Minnett expects the Property sector to deliver operating EPS growth of 5.6% in FY26 and a three-year compound annual growth rate (CAGR) of 5.8%. Support is expected from falling interest rates, rising asset values, and limited supply of quality assets.

Property trusts are trading on a 12-month forward distribution yield of around 5%, notes the analyst.

Within large caps, the broker favours Vicinity Centres for net operating income (NOI) upgrades tied to rent growth and Scentre Group for lower interest costs on refinancing. GPT Group is also preferred for rising specialty sales and a capital-light model.

For Dexus, the target falls to $7.20 from $7.40 and the rating is upgraded to Accumulate from Hold.

EMERALD RESOURCES NL ((EMR)) Upgrade to Hold from Lighten by Ord Minnett .B/H/S: 0/1/0

Ord Minnett reviewed forecasts for mining companies ahead of the June quarterlies and marked-to-market commodity prices.

The broker believes there's a risk of FY26 capex and operating costs guidance exceeding expectations, with gold and lithium miners more at risk than others.

Strong iron ore volumes are likely for the June quarter due to improved weather conditions, and less so for coal.

Rating for Emerald Resources upgraded to Hold from Lighten. Target cut to $4.00 from $4.10.

HELIA GROUP LIMITED ((HLI)) Upgrade to Neutral from Underperform by Macquarie .B/H/S: 0/1/0

Helia Group has lost its lender's mortgage insurance contract with ING Bank, which accounted for around 17% of FY24 gross written premiums (GWP), notes Macquarie.

This ING outcome follows an earlier loss of the CommBank ((CBA)) contract and changes to the Government Home Guarantee Scheme, highlights the analyst.

The broker estimates GWP will fall to roughly one-third of FY24 levels, but points out earnings impacts will be delayed until FY28-29 due to the slow revenue recognition of existing premium reserves.

Despite the weaker long-term outlook, Macquarie highlights capital generation from the back-book remains robust, supported by low claims, enabling potential returns through to FY28.

Reflecting slight changes to profitability, Macquarie upgrades its EPS forecasts by 47% across FY2527 and raises its target price to $3.35 from $3.25. The rating is also upgraded to Neutral from Underperform.

The business is now undertaking a strategic review, with potential risks to capital returns should Helia choose to stop writing new business, explains the analyst.

HMC CAPITAL LIMITED ((HMC)) Upgrade to Buy from Hold by Ord Minnett .B/H/S: 3/2/0

Ord Minnett expects the Property sector to deliver operating EPS growth of 5.6% in FY26 and a three-year compound annual growth rate (CAGR) of 5.8%. Support is expected from falling interest rates, rising asset values, and limited supply of quality assets.

Property trusts are trading on a 12-month forward distribution yield of around 5%, notes the analyst.

Within large caps, the broker favours Vicinity Centres for net operating income (NOI) upgrades tied to rent growth and Scentre Group for lower interest costs on refinancing. GPT Group is also preferred for rising specialty sales and a capital-light model.

For HMC Capital, the target falls to $6.00 from $6.30 and the rating is upgraded to Buy from Hold.

MEDIBANK PRIVATE LIMITED ((MPL)) Upgrade to Overweight from Equal-weight by Morgan Stanley .B/H/S: 2/3/0

Morgan Stanley expects strong FY25 results from both Medibank Private and nib Holdings ((NHF)) but upgrades the former to Overweight from Equal-weight.

The analysts believe hospital claims are running below expectations, supporting margin expansion for private health insurers in FY2526.

The broker cites Medibank Private's ability to sustain margins through easing competition and lower claims inflation.

It's also felt management's pivot toward broader health services, including specialist and primary care, supports multiple expansion.

Morgan Stanley raises its target price to $5.57 from $4.50. Industry View: In-Line.

See also MPL downgrade.

MOTORCYCLE HOLDINGS LIMITED ((MTO)) Upgrade to Buy from Accumulate by Morgans .B/H/S: 1/0/0

Morgans raises its target for Motorcycle Holdings to $4.10 from $2.75 and upgrades to Buy from Accumulate. These changes follow the acquisition of seven profitable dealerships from Peter Stevens Motorcycles, including four Harley-Davidson outlets, for -$7-9m.

The broker expects the acquisition will lift the company's national market share to around 20% and be EPS accretive from 1H FY26, with additional upside from operational synergies.

Peter Stevens Motorcycles delivered FY24 revenue of $144m and profit (PBT) of $2.5m, with management at Motorcycle Holdings assuming $150m and $3m respectively in FY26. Gradual margin improvement toward group levels is also expected.

Morgans lifts its FY26 and F27 EPS forecasts by 10.5% and 11.6%, respectively, and suggests the group is well-positioned for further organic and inorganic growth.

NIB HOLDINGS LIMITED ((NHF)) Upgrade to Buy from Neutral by UBS .B/H/S: 2/3/1

UBS has upgraded nib Holdings to Buy from Neutral and raised the target price to $7.85 from $7.35.

The analyst believes the stock's valuation discount relative to Medibank Private ((MPL)) has become too wide, and sees this as unjustified.

UBS also anticipates a better outlook for nib's Australian Residents Health Insurance (ARHI) division.

Private health insurance statistics for the March quarter showed solid policy growth of 2%-3%, with market share reaching an eight-year high, alongside signs of weakening hospital claims inflation per person.

Between FY25 and FY28, the analyst forecasts compound average EPS growth of 10%.

PERPETUAL LIMITED ((PPT)) Upgrade to Buy from Neutral by UBS .B/H/S: 2/3/0

UBS marks-to-market wealth managers for June Qtr with an upgrade in FY26 EPS estimates across the broker's coverage, up between 1%-27% due to robust equity markets, boosting companies with higher operating leverage, gearing, and fee performance exposure.

Preferred stocks in funds are GQG Partners ((GQG)) with Insignia Financial ((IFL)) a special situation.

UBS lifts EPS estimates for Perpetual by 2.4% for FY25 and 36.6% for FY26.

The analyst upgrades Perpetual to Buy from Neutral, with the stock viewed as oversold and trading below the upgraded target price of $22.50 (from $18.50) due to higher FUM, operating leverage, and cost controls.

PLATINUM ASSET MANAGEMENT LIMITED ((PTM)) Upgrade to Neutral from Sell by UBS .B/H/S: 0/2/0

UBS marks-to-market wealth managers for June Qtr with an upgrade in FY26 EPS estimates across the broker's coverage, up between 1%-27% due to robust equity markets, boosting companies with higher operating leverage, gearing, and fee performance exposure.

Preferred stocks in funds are GQG Partners ((GQG)), with Insignia Financial ((IFL)) a special situation.

UBS upgrades Platinum Asset Management to Neutral from Sell with a target of 47c (down from 50c), as the stock is down -30% since the proposed merger with L1 was announced. The merger terms continue to appear more favourable for L1 shareholders than Platinum minorities, the broker asserts.

EPS forecasts are lowered by -4.2% for FY25 and raised 16.8% for FY26.

REECE LIMITED ((REH)) Upgrade to Buy from Accumulate by Ord Minnett .B/H/S: 1/3/2

Ord Minnett lowers its target for Reece by -$2.00 to $18.40 but upgrades to Buy from Accumulate, expecting returns to improve as the company moves through a cyclical low.

The broker notes FY25 earnings (EBIT) guidance of $548$558m (midpoint: $553m) is -5% below its forecast and -6% under consensus, reflecting ongoing weakness in both A&NZ and US construction markets.

In A&NZ, volumes remain soft and interest rate cuts have yet to spur activity, while in the US, Reece's exposure to residential construction and heightened competition continue to weigh on performance, explains the broker.

Despite the downturn, the analysts highlight Reece is continuing to invest through the cycle, positioning the company well for a rebound in building activity.

A modest recovery is expected in A&NZ in FY26, with a more significant improvement anticipated in FY27.

See also REH downgrade.

Downgrade

AUSTRALIAN FINANCE GROUP LIMITED ((AFG)) Downgrade to Neutral from Buy by Citi .B/H/S: 1/1/0

Citi points to the strong performance of Australian Finance Group and Pepper Money ((PPM)) with the stocks up between 40%45% year-to-date.

The analyst views the re-rating of the share prices as due to the change in the interest rate narrative, with expectations the cash rate will decline to 3.1%.

Much of the good news is believed to be understood by the market and discounted in the prices with an expected uplift in credit demand.

A consolidation in the share prices is flagged before expectations for an earnings recovery in FY26 become more apparent.

Target price for Australian Finance Group is set at $2.10 and the company is downgraded to Neutral from Buy.

CENTURIA INDUSTRIAL REIT ((CIP)) Downgrade to Hold from Accumulate by Ord Minnett .B/H/S: 3/2/0

Ord Minnett expects the Property sector to deliver operating EPS growth of 5.6% in FY26 and a three-year compound annual growth rate (CAGR) of 5.8%. Support is expected from falling interest rates, rising asset values, and limited supply of quality assets.

Property trusts are trading on a 12-month forward distribution yield of around 5%, notes the analyst.

Within large caps, the broker favours Vicinity Centres for net operating income (NOI) upgrades tied to rent growth and Scentre Group for lower interest costs on refinancing. GPT Group is also preferred for rising specialty sales and a capital-light model.

For Centuria Industrial REIT, the $3.10 target is unchanged and the rating is downgraded to Hold from Accumulate.

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

Citi expresses surprise at the announced departure of Domino's Pizza Enterprises' CEO while acknowledging his position was more of a "turnaround specialist" than a longer-term prospect.

Alongside other management changes, the analyst infers some of the turnaround strategies in Japan and France are not reaping the desired results.

Due to the uncertainty about a new CEO and ongoing high leverage of over two times on the balance sheet, Citi downgrades the stock to Sell from Neutral and lowers net profit after tax forecasts by -4% for FY25 to -11% out to FY27.

Target price is almost halved to $14.20, down -40% due to the valuation discounts applied to the A&NZ and European businesses.

See also DMP upgrade.

G8 EDUCATION LIMITED ((GEM)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 0/2/0

Macquarie cut rating and target price on G8 Education after downgrading the occupancy forecasts for FY25-27 and uncertainty regarding the potential impact of the incident at its Creative Garden Cook Point centre.

A man who met with all employment-related checks and employed at the centre was charged with offences related to children. The broker reckons there's uncertainty about how this incident will impact the company's reputation and financials.

The broker also cut occupancy forecast for FY25 to 65% from 65.7%, and for FY26-27 to 70.5% and 71%, from 71.4% and 71.9%, respectively.

Target cut to $1.15 from $1.53. Rating downgraded to Neutral from Outperform.

HUB24 LIMITED ((HUB)) Downgrade to Neutral from Buy by Citi .B/H/S: 2/4/0

Citi downgrades Hub24 to Neutral from Buy due to valuation, with the stock trading at more than 60 times FY26 earnings estimates, which the analyst has lifted by 3% to 13% for FY25FY27. Target price set at $89.80.

The broker forecasts 4Q25 net flows of around $4.9bn, which is 1% above consensus and down -2% on a year earlier and -1% on the previous quarter, including $900m from the Equity Trustees transition, compared to $1.8bn the previous quarter and $1.3bn from Clearview in 3Q25.

Excluding the large transactions, Citi expects net flows of circa $4bn, a rise of 26% on last year and up 9% on the March quarter.

A rise in hiring, with total headcount up 7% from a year ago versus 2% growth in the December quarter, infers some pressure towards further margin gains, the report highlights.

JAMES HARDIE INDUSTRIES PLC ((JHX)) Downgrade to Accumulate from Buy by Morgans .B/H/S: 3/3/0

James Hardie Industries announced it has completed the acquisition of Azek following approval from Azek's shareholders for the transaction.

Morgans factored in the business in its forecasts, but its sales estimates are conservative vs the forecasts presented by both Azek and the company.

While positive on the acquisition, the analyst expects FY26 to be soft due to high interest rates and a decline in new housing sales.

The broker also expects synergies of US$200m by FY31, far less than the US$500m-plus by FY30 flagged by the company. EPS forecasts for FY26/27/28 cut by -3%/-8%/-7%, respectively.

Target trimmed to $49 from $50. Rating downgraded to Accumulate from Buy.

LOVISA HOLDINGS LIMITED ((LOV)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 3/3/1

Bell Potter notes the retail sector has lagged behind peer markets in 2025 due to the delayed start of the RBA easing cycle but a meaningful pickup is likely from the third rate cut expected next week.

The broker sees potential for a trend shift in the September quarter and reflected in the AGM season updates. For the FY25 reporting season in August, the broker sees gross margin pressure as a key risk due to higher promotional activity.

In the case of Lovisa Holdings, the broker believes the seasonal period discount was the highest among its retail coverage, but pressure on gross margin was low due to low-cost product advantage.

The analyst lifted FY26/26/27 net profit forecasts by 1.7%/1.9%/2.2%, respectively.

Rating downgraded to Hold from Buy. Target lifted to $31 from $30.

LYNAS RARE EARTHS LIMITED ((LYC)) Downgrade to Hold from Accumulate by Ord Minnett .B/H/S: 2/1/3

Ord Minnett downgrades its recommendation on Lynas Rare Earths to Hold from Accumulate, following a strong share price run, while retaining a target price of $8.70.

The broker acknowledges Lynas stands to benefit from Western efforts to reduce reliance on Chinese rare earth exports, especially given geopolitical risks.

Still, a lack of downstream magnet manufacturing capacity in the US and Europe may constrain sales volumes, despite the company targeting 11.5ktpa NdPr output under its "Lynas 2025" plan.

Ord Minnett also notes high costs at the new Kalgoorlie plant (which is operating below capacity) weigh on near-term earnings, with valuation multiples considered stretched.

While Western buyers are likely to pay a premium for supply security, the broker cautions the timing and extent of price realisation remains unclear due to limited visibility on Western pricing benchmarks.

MEDIBANK PRIVATE LIMITED ((MPL)) Downgrade to Neutral from Buy by UBS .B/H/S: 2/3/0

UBS marks-to-market insurers and brokers for the June Qtr quarter with an across-the-board EPS uplift in estimates by 0%-9% for the sector, due to a recovery in markets and a more subdued CAT period over the June quarter.

The broker prefers QBE Insurance ((QBE)) and nib Holdings ((NHF)) for the private health insurers.

UBS downgrades Medibank Private to Neutral from Buy, with a target set at $5.45 (from $5.10), as the stock is offering more limited upside to the target price.

The analyst tweaks EPS estimates up 4.4% for FY25 and down -1.6% for FY26.

See also MPL upgrade.

NETWEALTH GROUP LIMITED ((NWL)) Downgrade to Neutral from Buy by Citi .B/H/S: 1/5/0

Citi downgrades Netwealth Group to Neutral from Buy due to valuation, which exceeds 60 times FY26 earnings estimates, post a rise in the forecast for net profit after tax by 2% to 7% for FY25FY27. New target price is set at $33.65.

The analyst views consensus forecasts for net flows in 4Q25 as too high for the platform and forecasts growth of 7% annually and up 12% on the March quarter at $3.9bn, which assumes gross inflow of $8.1bn (up 18% on the previous year) and gross outflow of -$4.3bn, a rise of 29% annually.

Citi expects gross outflows to be higher in 4Q25 due to market volatility in April, especially for high net worth accounts, and the broker is positioned below consensus by -12%.

Looking ahead, opex is anticipated to advance by 17% in FY26, which sits 2ppts higher than consensus.

PRO MEDICUS LIMITED ((PME)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 1/3/1

Pro Medicus announced two contracts, with the first being the renewal and extension of the contract with Franciscan Missionaries of Our Lady of Health System in Louisiana.

The second contract with the University of Colorado Health is the second-largest in revenue terms. Bell Potter highlights the drivers of the company's Visage systems remain in place, noting key selling points are swift deployment, radiologist shortages and upload speed.

The broker expects exam revenue to grow to $299m in FY27 from an estimated $230m revenue in FY26, with upcoming contract renewals providing further upside potential.

Target price lifted to $320 from $280. Rating downgraded to Hold from Buy.

PEPPER MONEY LIMITED ((PPM)) Downgrade to Neutral from Buy by Citi .B/H/S: 1/1/0

Citi points to the strong performance of Australian Finance Group ((AFG)) and Pepper Money with the stocks up between 40%45% year-to-date.

The analyst views the re-rating of the share prices as due to the change in the interest rate narrative, with expectations the cash rate will decline to 3.1%.

Much of the good news is believed to be understood by the market and discounted in the prices with an expected uplift in credit demand.

A consolidation in the share prices is flagged before expectations for an earnings recovery in FY26 become more apparent.

Target price for Pepper Money is set at $1.75 and the stock is downgraded to Neutral from Buy.

QBE INSURANCE GROUP LIMITED ((QBE)) Downgrade to Neutral from Outperform by Macquarie .B/H/S: 4/3/0

Macquarie flags upside risk to catastrophe claims for QBE Insurance in 1H25, estimating $575m in events due to Northern NSW floods versus the company's $549m allowance.

The broker expects FY25 gross written premium (GWP) growth of 5.7% in constant currency, consistent with guidance, supported by UK volumes and new underwriting deals with Youi and Sure.

The analyst's forecast imply a combined operating ratio (COR) of 92.7%, slightly above 92.5% guidance due to modest catastrophe over-runs. (Note: The insurer is making an underwriting profit at less than 100%)

As the group trades at a 15.7% premium to global peers on a two-year forward PE, Macquarie downgrades to Neutral from Outperform as the valuation multiple is no longer considered attractive. The $23 target is unchanged.

REECE LIMITED ((REH)) Downgrade to Hold from Buy by Morgans .B/H/S: 1/3/2

Morgans cuts its target price for Reece to $14.80 from $18.70 and downgrades to Hold from Buy following a weak FY25 trading update and a subdued housing outlook in A&NZ and the US.

FY25 group earnings (EBIT) are guided at $548558m, with the midpoint around -5% below Morgans' forecast and -6% below consensus.

The broker lowers its FY2527 earnings forecasts by -5% to -7%, with second-half FY25 earnings expected to fall -35% year-on-year.

Ongoing softness in housing activity, persistent margin pressure, and rising competition, particularly in the US residential construction sector, are expected to weigh on profitability.

While Reece remains a quality business with a long-term growth track record, Morgans prefers to await further updates at the FY25 result on August 25 before reassessing its view.

See also REH upgrade.

SUNCORP GROUP LIMITED ((SUN)) Downgrade to Hold from Accumulate by Ord Minnett .B/H/S: 2/4/0

Ord Minnett notes Suncorp Group's review of reinsurance programs for FY26 showed a lower cost for general catastrophe coverage but more expensive options for additional coverage like quota share.

The broker is unsurprised, noting quota-share policies are not financially viable for the insurer or its key rival Insurance Australia Group ((IAG)).

However, other provisions for weather events along with reinsurance should provide sufficient coverage, the analyst reckons.

FY25 EPS forecast trimmed by -0.2% but FY26 lifted by 3.8% and FY27 by 2.6%. Target rises to $22 from $21. Rating downgraded to Hold from Accumulate for valuation reasons.

LOTTERY CORPORATION LIMITED ((TLC)) Downgrade to Sell from Buy by Citi .B/H/S: 3/2/1

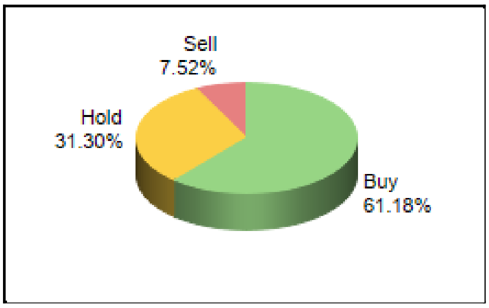
Citi downgrades Lottery Corp to Sell from Buy with the target price declining to $5 from $5.60.

The company is due to report FY25 earnings on August 20, and the analyst anticipates a fall in earnings before interest and tax of around -13% to $628m.

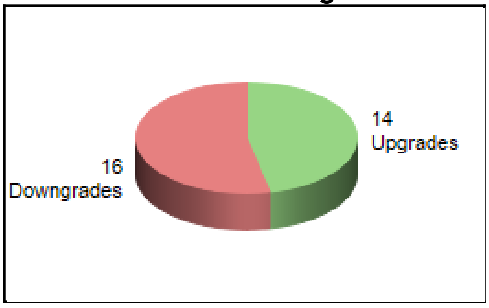
Ongoing declines in Powerballs in May and June, with like-for-like Powerballs down circa -9% to June versus down -4% to April, are in part due to cannibalisation with Oz Lotto and increased player interest in Oz Lotto.

Citi reduces EPS forecasts by -3.1% for FY25 and -4.3% for FY26.

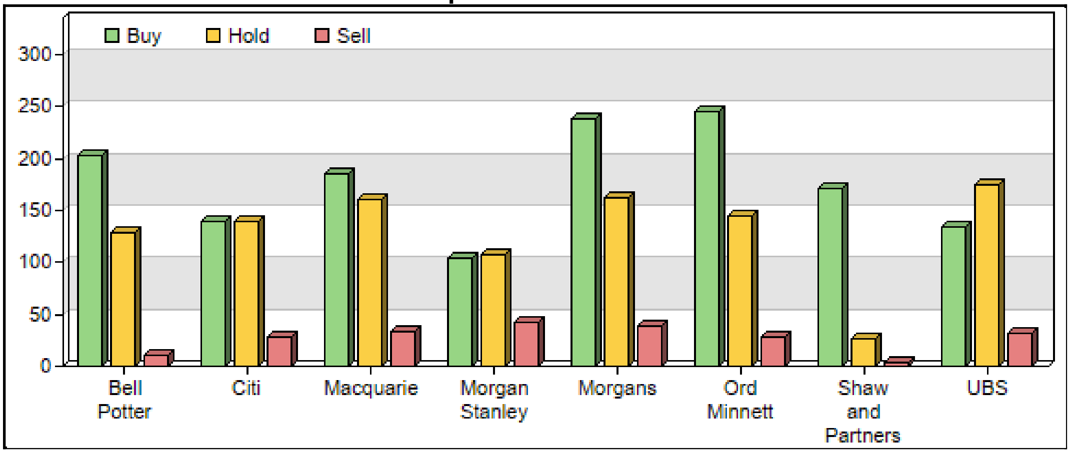
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	ARB CORPORATION LIMITED	Buy	Neutral	Citi
2	ARENA REIT	Buy	Buy	Ord Minnett
3	CAPRICORN METALS LIMITED	Buy	Neutral	Ord Minnett
4	DEXUS	Buy	Neutral	Ord Minnett
5	DOMINO'S PIZZA ENTERPRISES LIMITED	Buy	Neutral	Ord Minnett
6	EMERALD RESOURCES NL	Neutral	Sell	Ord Minnett
7	HELIA GROUP LIMITED	Neutral	Sell	Macquarie
8	HMC CAPITAL LIMITED	Buy	Neutral	Ord Minnett
9	MEDIBANK PRIVATE LIMITED	Buy	Neutral	Morgan Stanley
10	MOTORCYCLE HOLDINGS LIMITED	Buy	Buy	Morgans
11	NIB HOLDINGS LIMITED	Buy	Neutral	UBS
12	PERPETUAL LIMITED	Buy	Neutral	UBS
13	PLATINUM ASSET MANAGEMENT LIMITED	Neutral	Sell	UBS
14	REECE LIMITED	Buy	Buy	Ord Minnett
Downgrade				
15	AUSTRALIAN FINANCE GROUP LIMITED	Neutral	Buy	Citi
16	CENTURIA INDUSTRIAL REIT	Neutral	Buy	Ord Minnett
17	DOMINO'S PIZZA ENTERPRISES LIMITED	Sell	Neutral	Citi
18	G8 EDUCATION LIMITED	Neutral	Buy	Macquarie
19	HUB24 LIMITED	Neutral	Buy	Citi
20	JAMES HARDIE INDUSTRIES PLC	Buy	Buy	Morgans
21	LOTTERY CORPORATION LIMITED	Sell	Buy	Citi
22	LOVISA HOLDINGS LIMITED	Neutral	Buy	Bell Potter
23	LYNAS RARE EARTHS LIMITED	Neutral	Buy	Ord Minnett
24	MEDIBANK PRIVATE LIMITED	Neutral	Buy	UBS
25	NETWEALTH GROUP LIMITED	Neutral	Buy	Citi
26	PEPPER MONEY LIMITED	Neutral	Buy	Citi
27	PRO MEDICUS LIMITED	Neutral	Buy	Bell Potter
28	QBE INSURANCE GROUP LIMITED	Neutral	Buy	Macquarie
29	REECE LIMITED	Neutral	Buy	Morgans
30	SUNCORP GROUP LIMITED	Neutral	Buy	Ord Minnett

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	SLC	SUPERLOOP LIMITED	3.260	2.888	12.88%	5
2	PME	PRO MEDICUS LIMITED	274.567	252.480	8.75%	6
3	HUB	HUB24 LIMITED	79.186	73.000	8.47%	7
4	CUV	CLINUVEL PHARMACEUTICALS LIMITED	19.783	18.375	7.66%	3
5	PRN	PERENTI LIMITED	1.740	1.623	7.21%	3
6	MPL	MEDIBANK PRIVATE LIMITED	4.907	4.670	5.07%	6
7	DOW	DOWNER EDI LIMITED	5.967	5.710	4.50%	3
8	ASK	ABACUS STORAGE KING	1.533	1.467	4.50%	3
9	CHC	CHARTER HALL GROUP	19.132	18.332	4.36%	5
10	TEA	TASMEA LIMITED	4.400	4.225	4.14%	3

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	A1M	AIC MINES LIMITED	0.587	0.760	-22.76%	3
2	REH	REECE LIMITED	15.697	18.408	-14.73%	6
3	CHN	CHALICE MINING LIMITED	2.400	2.813	-14.68%	4
4	BGL	BELLEVUE GOLD LIMITED	1.150	1.338	-14.05%	3
5	HMC	HMC CAPITAL LIMITED	6.730	7.360	-8.56%	5
6	DMP	DOMINO'S PIZZA ENTERPRISES LIMITED	25.183	27.287	-7.71%	6
7	DGT	DIGICO INFRASTRUCTURE REIT	5.083	5.343	-4.87%	4
8	GOZ	GROWTHPOINT PROPERTIES AUSTRALIA	2.523	2.590	-2.59%	3
9	CRN	CORONADO GLOBAL RESOURCES INC	0.166	0.170	-2.35%	5
10	KGN	KOGAN.COM LIMITED	4.600	4.700	-2.13%	4

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	WTC	WISETECH GLOBAL LIMITED	128.865	86.345	49.24%	6
2	CSC	CAPSTONE COPPER CORP.	29.489	21.377	37.95%	4
3	SYR	SYRAH RESOURCES LIMITED	-7.771	-10.856	28.42%	3
4	NEM	NEWMONT CORPORATION REGISTERED	660.623	601.242	9.88%	5
5	BKW	BRICKWORKS LIMITED	129.820	122.560	5.92%	5
6	LYC	LYNAS RARE EARTHS LIMITED	4.850	4.617	5.05%	6
7	WDS	WOODSIDE ENERGY GROUP LIMITED	165.941	158.574	4.65%	6
8	NHF	NIB HOLDINGS LIMITED	42.240	40.520	4.24%	6
9	AEL	AMPLITUDE ENERGY LIMITED	0.967	0.933	3.64%	4
10	BPT	BEACH ENERGY LIMITED	20.483	19.917	2.84%	7

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	A1M	AIC MINES LIMITED	3.000	3.533	-15.09%	3
2	SLC	SUPERLOOP LIMITED	4.320	5.000	-13.60%	5
3	NXT	NEXTDC LIMITED	-8.580	-7.560	-13.49%	6
4	REH	REECE LIMITED	50.933	53.783	-5.30%	6
5	SDF	STEADFAST GROUP LIMITED	28.000	29.400	-4.76%	4
6	LLC	LENDLEASE GROUP	56.050	58.650	-4.43%	5
7	KGN	KOGAN.COM LIMITED	15.775	16.475	-4.25%	4
8	AMP	AMP LIMITED	9.633	10.000	-3.67%	5
9	JHX	JAMES HARDIE INDUSTRIES PLC	230.014	237.969	-3.34%	6
10	NST	NORTHERN STAR RESOURCES LIMITED	106.000	109.483	-3.18%	7

Technical limitations

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WEEKLY REPORTS

Uranium Week: U3O8 Spot Price Poised To Fall

After all of the good news in June, uranium equities might be heading for consolidation as the U308 spot price slips on Sprott completing its buying.

-Sprott Phyical Uranium Trust to the rescue in June
-Short interests race for cover in Australian uranium stocks
-Dwindling buying from Sprott could result in U308 price weakness
-Brokers stick to bullish longer-term outlook

By Danielle Ecuyer

<u>A great month in June with macro tailwinds</u>

June was a bumper month for the U3O8 spot price, which rose US$6.50/lb over the period to US$78.50/lb, equaling a 1.9% weekly gain.

There was a plethora of good news to support the longer-term macro picture for the nuclear energy industry and uranium, with industry consultant TradeTech highlighting Meta's 20-year power purchase agreement with Constellation and Amazon's US$20bn investment in two data centres, with one to be constructed next to the Susquehanna Nuclear Power Plant.

The World Bank also removed its long-standing ban on funding nuclear power projects and, on June 16, the Sprott Physical Uranium Trust (SPUT) announced its intentions to raise US$100m, which was up-scaled by underwriter Canaccord Genuity to US$200m, with the net proceeds used to acquire U3O8 in the spot market.

As at June end, Sprott had acquired over 1.4mlbs of U3O8 in eight transactions, including, TradeTech reports, 300klbs at US$78.50/lb on the last day of June, giving the Trust 67.7mlbs of U3O8 at a net asset value of US$5.4bn. An additional 1.2mlbs were acquired by other parties over June.

TradeTech's Mid-term price indicator rose to US$83/lb from US$75/lb at May 31, a rise of just over 10%, and TradeTech's Long-term price indicator remained at US$80/lb.

As last week ended on a quiet note due to the US July 4 holiday, TradeTech's July 4 U3O8 spot price indicator was US$76/lb, a decline of -US$2.65/lb on the previous week (June 27) and a decline of -US$2.50/lb from June 30.

There was one transaction for 100klbs at US$76/lb for delivery in July at Orano's Comurhex facility in France last Thursday.

<u>Short interests race for cover</u>

As indicated by the Betashares Global Uranium ETF ((URMN)), demand for exposure to uranium stocks continued in June, with the ETF up by over 12% at one stage. Underlying the ETF index, share price moves for specific stocks were considerably higher. **Deep Yellow** ((DYL)) shares advanced by 21.24%, **Boss Energy** ((BOE)) rose 17.66%, and **Paladin Energy** ((PDN)) gained 15.56% on June 16, coinciding with the Sprott Trust equity raising.

Short interest, according to the latest ASIC data as at June 26, shows Paladin has become the most shorted stock on the ASX200 at 16.08%, up from 15.79% a week earlier and 15.15% the month previously.

Boss has moved to second from first position at 15.07% against 16.33% and 19.75% respectively a week and a month prior.

Deep Yellow moved to twelfth position at 9.01% from 10.89% a month earlier, and shorts in **Bannerman Energy** ((BMN)) went down to 5.4% from 7.64% a week earlier and 8.48% a month ago.

<u>U308 spot price likely to fallback</u>

While Boss received a downgrade from UBS to Sell from Buy due to the 80% rise in the share price over the calendar year to date on June 25, Macquarie joined the chorus calling for a tactical downgrade on the stock to Neutral from Outperform, again emphasising the strong share price performance and a possible weakening in the U3O8 spot price, which is likely to weigh on ASX-listed uranium equities.

Boss's share price is currently discounting a US$75/lb U3O8 price, which the Macquarie analyst believes is too high, as the Sprott Trust's buying in the spot market completes over the next one to two weeks.

Macquarie suggests no more buying from the Sprott Trust is likely to result in the spot price moving back to levels at which utilities will re-emerge for carry trades, thought to be around the US$70/lb level, or some -8% to -10% below current pricing.

The target price on Boss is lowered by -3.2% to $4.45 on the back of a change in the analyst's valuation calculation.

Latest U308 price forecasts from brokers

On June 25, UBS raised its U3O8 price forecast by 7% for FY26 to US$75.50 from US$70/lb.

Barrenjoey is the latest broker to raise its long-term uranium price propjection to US$90/lb from US$80/lb, with expectations of a "tightening" between supply and demand.

The latter points to TradeTech's mid-term price indicator rising to US$83/lb at the end of June as a precursor to the long-term price advancing over the second half of 2025.

Again emphasising the recent spate of positive news for the sector, including announcements from China for ten new reactors; President Trump's Executive Orders in May to increase the rate of nuclear power deployment; and Westinghouse in discussions with the US Government for ten new nuclear plants.

France has also announced plans to extend the operational life of 20 of its 1,300 MW nuclear reactors beyond their original 40-year lifespan. This initiative follows approval from the French nuclear safety authority, ASN, and involves an estimated investment of EUR6bn by EDF, the state-owned utility.

The upgrades will enhance safety standards to align with those of newer European Pressurised Reactor (EPR) models and are part of President Macron's strategy to boost the country's nuclear capacity, including refurbishing existing reactors and constructing at least six new ones.

Barrenjoey highlights, as a rule of thumb, a standard AP1000 nuclear reactor consumes around 500klbs of U3O8 in addition to first fills of circa 1,000-1,500klbs.

Exacerbating supply issues, new producers are anticipated to experience ramp-up issues, including **Peninsula Energy** ((PEN)) downgrading production guidance for 2025-2027 at its March quarter update.

Other producers, Paladin and Kazatomprom, have issued their own downgrades in 2024/25. In total the industry's supply loss is approaching -15mlbs for 2024-2025, which equates to -8%-9% of global demand.

Global uranium demand stands at around 175mlbs currently and is forecast to grow at a 5% compound average growth rate to 230mlbs by 2030.

Mine supply is estimated to grow at circa 4% on a compound average rate to around 205mlbs by 2030, hence the expected deficit as new producers such as Deep Yellow and Bannerman defer investment decisions until the U3O8 price moves higher.

U3O8 spot price forecasts at Barrenjoey stand at US$81/lb in 2025, US$85/lb in 2026, and US$90/lb for the long term, sitting above consensus estimates by 4%, 4%, and 22%, respectively.

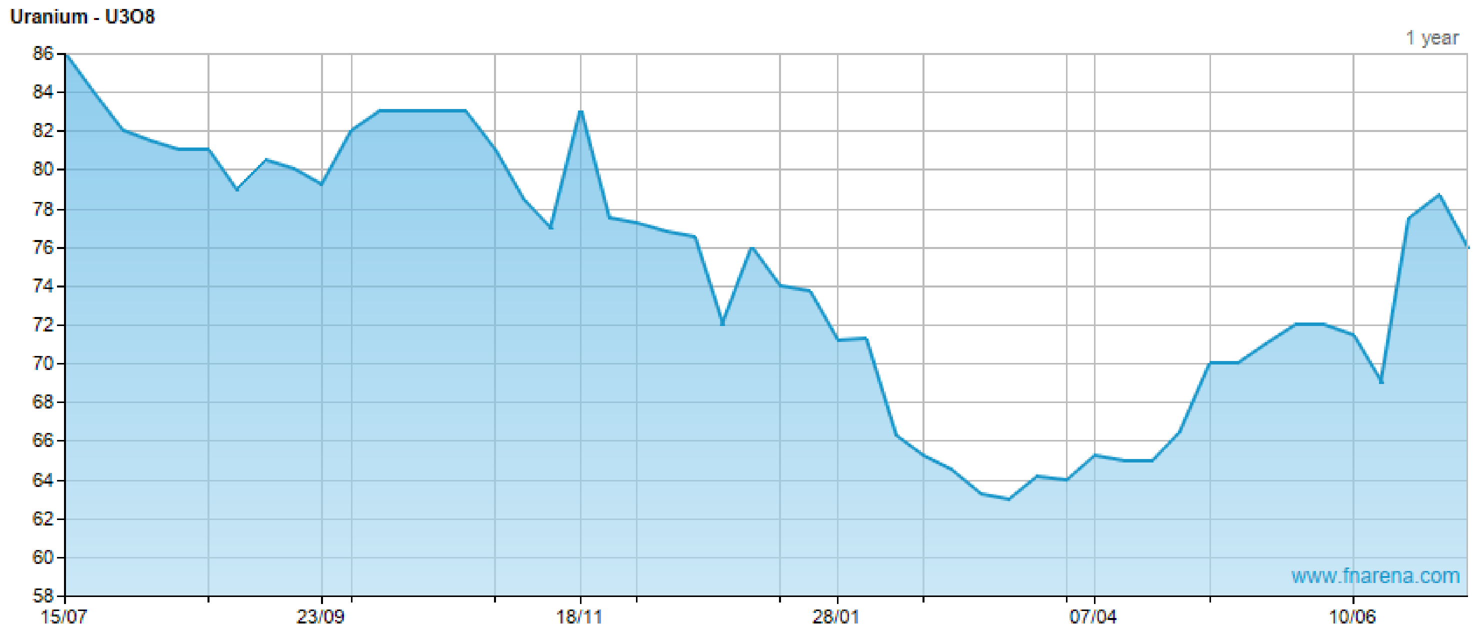
Barrenjoey's target price for Boss, which is rated Underweight, has lifted to $4.20 from $3.80, and Paladin is rated Neutral with a new target price set at $8.15, up from $7.10.

Deep Yellow is flagged as an emerging uranium play with a Neutral rating and a $1.80 target price.

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	04/07/2025	0.0500	0.00%	$0.10	$0.03			
AEE	04/07/2025	0.1600	▼- 5.71%	$0.19	$0.10			
AGE	04/07/2025	0.0300	▼- 6.90%	$0.05	$0.02		$0.070	▲133.3%
AKN	04/07/2025	0.0100	0.00%	$0.02	$0.01			
ASN	04/07/2025	0.0500	▲ 6.52%	$0.17	$0.04			

BKY	04/07/2025	0.5800	▼- 2.54%	$0.67	$0.30			
BMN	04/07/2025	3.1700	▼- 5.11%	$3.68	$1.76		$4.700	▲48.3%
BOE	04/07/2025	4.0200	▼-12.42%	$4.75	$1.99	229.9	$4.166	▲3.6%
BSN	04/07/2025	0.0180	▲12.50%	$0.06	$0.01			
C29	04/07/2025	0.0200	▼-30.00%	$0.13	$0.01			
CXO	04/07/2025	0.1100	▲12.24%	$0.14	$0.06		$0.100	▼- 9.1%
CXU	04/07/2025	0.0100	0.00%	$0.03	$0.01			
DEV	04/07/2025	0.0700	▲ 7.14%	$0.31	$0.07			
DYL	04/07/2025	1.7200	▲ 1.20%	$1.79	$0.75	-1700.0	$1.690	▼- 1.7%
EL8	04/07/2025	0.2900	▼- 6.25%	$0.42	$0.19			
ERA	04/07/2025	0.0020	0.00%	$0.04	$0.00			
GLA	04/07/2025	0.0100	0.00%	$0.02	$0.01			
GTR	04/07/2025	0.0030	0.00%	$0.01	$0.00			
GUE	04/07/2025	0.0700	0.00%	$0.10	$0.05			
HAR	04/07/2025	0.0900	0.00%	$0.09	$0.03			
I88	04/07/2025	0.0900	▲12.50%	$1.03	$0.08			
KOB	04/07/2025	0.0300	0.00%	$0.18	$0.03			
LAM	04/07/2025	0.7900	▲ 2.60%	$0.90	$0.48			
LOT	04/07/2025	0.1900	0.00%	$0.37	$0.13		$0.330	▲73.7%
MEU	04/07/2025	0.0400	▲ 7.89%	$0.06	$0.03			
NXG	04/07/2025	10.3800	▼- 2.17%	$13.53	$6.44		$12.300	▲18.5%
ORP	04/07/2025	0.0300	0.00%	$0.08	$0.02			
PDN	04/07/2025	7.7500	▼- 4.21%	$14.28	$3.93	-212.4	$8.536	▲10.1%
PEN	04/07/2025	0.6200	0.00%	$2.34	$0.55		$1.000	▲61.3%
SLX	04/07/2025	4.1700	▲ 1.66%	$6.62	$2.28		$6.500	▲55.9%
TOE	04/07/2025	0.1900	▲ 5.13%	$0.38	$0.15			
WCN	04/07/2025	0.0200	▼- 9.09%	$0.04	$0.01			



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WEEKLY REPORTS

The Short Report - 10 Jul 2025

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

Summary:

Week Ending July 3rd, 2025 (most recent data available through ASIC).

10%+

PDN	16.13%
BOE	14.41%
MIN	13.91%
PLS	13.09%
LTR	12.52%
IEL	11.89%
SLX	11.27%
PNV	10.64%
LIC	10.09%

9.0-9.9%

CTD	9.57%

Out: DYL

8.0-8.9%

DYL	8.33%
LOT	8.03%

In: DYL, LOT Out: IGO

7.0-7.9%

PWH	7.72%
IGO	7.59%
CU6	7.38%

In: IGO, CU6 Out: RMS, BMN, JHX, LYC

6.0-6.9%

NAN	6.93%
JHX	6.90%
LYC	6.88%
NXT	6.70%
IPX	6.57%
KAR	6.43%
MSB	6.31%

JLG	6.23%
RMS	6.18%
GYG	6.00%

In: JHX, LYC, MSB, RMS Out: DMP, CU6, WHC, BRG, BGL

5.0-5.9%

BRG	5.95%
DMP	5.79%
CUV	5.78%
AD8	5.75%
STX	5.71%
ZIP	5.65%
RIO	5.65%
VEA	5.60%
WHC	5.58%
NCK	5.55%
NEU	5.55%
CHN	5.46%
FLT	5.42%
BGL	5.37%
GMD	5.29%
NVX	5.27%
PEN	5.19%
TLX	5.11%

In: BRG, DMP, CUV, WHC, BGL, TLX Out: MSB, IMU

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.6	0.5	NAB	0.7	0.9
ANZ	0.4	0.5	QBE	0.3	0.3
BHP	0.6	0.6	RIO	5.7	5.7
CBA	0.8	0.8	STO	0.2	0.2
COL	0.3	0.4	TCL	0.4	0.5
CSL	0.5	0.4	TLS	0.3	0.4
FMG	1.4	1.5	WBC	0.7	0.9
GMG	0.7	0.8	WDS	3.7	3.9
JHX	6.9	7.4	WES	0.4	0.4
MQG	0.7	0.7	WOW	0.7	0.8

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

Guide:

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

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

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

IMPORTANT INFORMATION ABOUT THIS REPORT

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

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

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

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

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

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

Finally, a simple fact is that the Australian Securities Exchange also keeps its own register of short positions. The figures provided by ASIC and by the ASX at any point do not necessarily correlate.

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

WEEKLY REPORTS

In Brief: Playside Studios, CSL & Lifestyle Communities

This week's In Brief focuses on two stocks with robust upside potential as the adverse news cycle passes with CSL's US flu vaccine sales signaling resilience.

-After a challenging strategic reset in FY25, Playside's new offerings look set to boost earnings
-Initial channel checks infer CSL's 2025/26 flu vaccine sales are holding up
-Residents took on Lifestyle Communities and have won a favourable VCAT decision

By Danielle Ecuyer

This week's quote comes from Beth Kindig, I/O Fund

"Boston Consulting Group forecasts global data centre power demand to rise at a 16% compound average growth rate (CAGR) from 2023 to 2028, accelerating from a 12% CAGR. Hyperscalers are projected to account for 60% of this demand growth.

"Within the forecast, generative AI power demand is estimated to rise at a 65% CAGR, with AI training increasing at 30% CAGR and inference rising at a rapid 122% CAGR. By 2028, Boston Consulting Group estimates Gen AI will account for more than one-third of global data centre power demand."

Is PlaySide Studios receiving a Mouse boost?

As suffering shareholders might be all too aware of, PlaySide Studios' ((PLY)) share price has fallen to around 18c currently from 80c in August 2024 following a deterioration in financial performance and management's downgrade to the FY25 outlook.

The game developer reported a -21% year-on-year revenue fall and swung to an earnings (EBITDA) loss of -$2.8m in the first half, driven by a -44% slump in Original IP revenue and the absence of a major licensing deal.

Management cut full-year revenue guidance and warned of further cash burn, projecting reserves could fall to as low as $10m by June.

In better news, as highlighted by Canaccord Genuity, the company has announced Mouse: P.I. for Hire, the first major title to be released in its Original IP pipeline, has achieved 1m wishlists on the Steam platform. This ranks it as the 24th most wishlisted title globally, with management anticipating Mouse will be a "major revenue driver for the studio in FY26".

Wishlists are viewed as a reliable indicator for intent to purchase, with management aiming for 1.4m-1.5m wishlists towards the end of 2025.

Canaccord estimates around $20m in revenue based on 1m wishlists and around a $30-$50 unit price. The studio also has the upcoming release of PlaySide's Dumb Ways to Die multi-console title in 2H26/1H27 and Game of Thrones: War for Westeros in 1H27. Canaccord is talking about the most robust pipeline of original intellectual property ever. Mouse will be released ahead of these two.

If FY25 was a re-basing year for investor expectations, the recent 18% lift in the share price indicates improving sentiment around the release of Mouse and the strong pipeline.

With management having completed its restructuring process, including cost out of -$4m to -$5m and a reduction in headcount to 265 from 360 at the peak, the company is poised to generate positive free cash flow due to a lower cost cash burn. Canaccord forecasts free cash flow to rise to $2m in 1H26 from -$19m in 2H25.

The stock is rated Buy with a 50c target price.

Outlook for CSL's flu vaccine

With ongoing uncertainty over US tariffs on pharmaceuticals and scant details announced thus far, Jarden suggests management is unlikely to provide solid guidance at CSL's ((CSL)) upcoming FY25 earnings report release.

Orders for the FY26 flu season are rolling in and while CSL has cautioned the market on the outlook for vaccine division Seqirus, due to US vaccine policy and a trend away from vaccinations, latest channel checks with a vaccine distributor who accounts for around 15% of flu vaccines in the US market pointed to around a 10% lift in Seqirus forward orders for the 2025/26 flu season, with Sanofi at around 5% and GlaxoSmithKline at 3%, although the distributor has won more accounts and raised its market share.

Jarden views Seqirus as picking up market share, with Sanofi losing share due to disruption and the loss of sales representatives.

On balance, Jarden expects flu vaccine volumes will be flat in 2025/26 despite higher infection rates in 2024/25, with indications becoming more apparent in October/November.

The analyst has tweaked EPS estimates lower by -0.1% for FY25 and -3% for FY26 on the back of lower avian flu sales, reservation fees, and Biomedical Advanced Research and Development Authority (BARDA) contracts. The broker's target slips -1.4% to $313.12 with an Overweight rating retained.

FNArena daily monitored brokers have a consensus target price of $321.74 with seven Buy or equivalent ratings.

Lifestyle Communities in the unwanted limelight

Retirement living is big business with a bulging "ageing" demographic looking for appropriate downsized accommodation. Lifestyle Communities ((LIC)) was for several years a favourite company for many until a media report into resident concerns questioning the transparency over the company's deferred management fee model of up to 20% of a home's sale price on exiting resulted in 80 residents lodging complaints with VCAT (Victorian Civil and Administrative Tribunal), alleging the DMF structure violated consumer protection laws.

The share price has fallen to levels around $4.66 from $13 in August 2024 on this week's VCAT decision the company has the right to charge an exit fee in its contracts, but the existing contracts are void as they do not state the monetary amount at the time of purchase.

Moelis stresses VCAT's decision was a "material downside surprise" against expectations, with management seeking to appeal the judgement.

Lifestyle Communities will be amending its DMF contracts for new sales to a maximum of the entry price of the house, and existing homeowners will continue with the existing licences until orders from VCAT are forthcoming.

Moelis estimates the DMF represents around $1.50 of estimated net tangible asset at $7.12.

A revised trading update was also announced for 4Q24, with new home settlements at 268 against the analyst's previous forecast of 250, which is viewed as robust into fiscal year end.

Sales were also noted as improving into the FY25 end but came in below the replacement rate. Moelis estimates around 250 deposits on hand into FY26.

After adjusting earnings forecasts lower by -25% in FY26 and -32.2% in FY27, the FY25 forecast was lifted by 27.8%. The target price has been lowered to $7.90 from $11.60, the Buy rating remains in place (the share price is trading a sizeable gap lower).

FNArena daily monitored brokers have a consensus target price of $7.04, down -$2.01 post the announcement, with two rating downgrades to Hold-equivalent from Buy, alongside one Hold and one remaining Buy rating from UBS.

WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 11-07-25

Broker Rating Changes (Post Thursday Last Week)

Downgrade

ARISTOCRAT LEISURE LIMITED ((ALL)) Downgrade to Neutral from Overweight by Jarden.B/H/S: 0/0/0

Jarden revises its view on Aristocrat Leisure following a share price recovery post a weaker-than-expected interim result, marked by a drop in Gaming Ops Fee Per Day.

The broker believes the recent Monopoly licence acquisition is a tactical move in response to increased competition and efforts to sustain market-leading installations above historical averages.

While the analysts remain constructive on the gaming supplier sector and Aristocrat's long-term prospects, they highlight concerns around incremental returns from recent investments, particularly in the nascent Interactive business.

The broker cautions on the financial justification of recent high-profile licence acquisitions but acknowledges management's ability to leverage a strong balance sheet.

Jarden downgrades to a Neutral rating from Overweight on a risk/reward basis and retains a $64.00 target price.

BANK OF QUEENSLAND LIMITED ((BOQ)) Downgrade to Underweight from Neutral by Jarden.B/H/S: 0/0/0

Jarden downgraded Bank of Queensland to Underweight from Neutral due to valuation reasons. This follows a 13% rally in the stock price since the 1H25 result on April 16.

No change to forecasts or target price of $6.70.

G8 EDUCATION LIMITED ((GEM)) Downgrade to Hold from Buy by Moelis.B/H/S: 0/0/0

Moelis notes occupancy improvements were already looking challenging for G8 Education for the rest of 2025, and an additional headwind has emerged with the incident at its Creative Garden Point Cook childcare centre.

The broker believes there is high uncertainty about the potential impact of the incident in terms of occupancy and regulatory risks across the sector.

The analyst downgraded FY25/26/27 EPS forecasts by -3.5%/-4.7%/-5.6%, respectively.

Rating downgraded to Hold from Buy. Target cut to $1.15 from $1.49.

HUB24 LIMITED ((HUB)) Downgrade to Market Weight from Overweight by Wilsons and Downgrade to Underweight from Neutral by Jarden.B/H/S: 0/0/0

Wilsons revised 4Q25 forecasts for Hub24 to reflect the sharp reversal in the markets since the last update in April.

The broker now expects custodial funds under administration to end FY25 at $112.2bn from $107.3bn previous estimate. EPS forecast for FY25 lifted by 1% and by 4% for FY26.

Target price rises to $90.62 from $71.50 on EPS revisions and valuation roll-forward. Rating downgraded to Market Weight from Overweight on valuation.

Jarden marked-to-market investment movements for insurance and wealth stocks for the June quarter, noting a fall in risk-free rates, a strong rebound in global equities, USD depreciation and credit spread compression.

The sharp recovery in equity markets drove upgrades to FUA/FUM for wealth and diversified financials stocks.

EPS forecast for Hub24 lifted by 2.6% for FY25 and by 13.6% for FY26.

Target rises to $79.50 from $63.00. Rating downgraded to Underweight from Neutral.

NETWEALTH GROUP LIMITED ((NWL)) Downgrade to Market Weight from Overweight by Wilsons and Downgrade to Underweight from Neutral by Jarden.B/H/S: 0/0/0

Wilsons revised 4Q25 forecasts for Netwealth Group to reflect the sharp reversal in the markets since the last update in April. The broker now expects custodial funds under administration to end FY25 at $112.1bn, up 28% y/y.

EPS forecasts for FY26 and FY27 lifted by 4%.

Target price rises to $34.08 from $27.66 on EPS revisions and valuation roll-forward. Rating downgraded to Market Weight from Overweight on valuation.

Jarden marked-to-market investment movements for insurance and wealth stocks for the June quarter, noting a fall in risk-free rates, a strong rebound in global equities, USD depreciation and credit spread compression.

The sharp recovery in equity markets drove upgrades to FUA/FUM for wealth and diversified financials stocks.

EPS forecast for Netwealth Group lifted by 2.2% for FY25 and by 5.1% for FY26.

Target rises to $27.90 from $24.95. Rating downgraded to Underweight from Neutral.

QANTAS AIRWAYS LIMITED ((QAN)) Downgrade to Neutral from Overweight by Jarden.B/H/S: 0/0/0

In a preview of the transport and waste sector ahead of the FY25 result, Jarden observes share price gains in the last five months have been driven largely by earnings multiples rather than positive earnings expectations.

The broker believes this could mean an implicit expectation for a stronger earnings outlook. Such an expectation would drive greater share price volatility, should companies disappoint in their guidance, the broker notes.

The broker expects focus on Qantas Airways' FY26 guidance, and sees fuel cost guidance as a source of upside surprise. The analyst is forecasting $4.7bn vs the consensus of $4.89bn.

Additional positive catalysts come from growth outlook or the plan to distribute surplus capital, the broker notes.

Target cut to $10.20 from $10.50. Rating downgraded to Neutral from Overweight on strong share price gains.

Order	Company	New Rating	Old Rating	Broker
Downgrade				
1	ARISTOCRAT LEISURE LIMITED	Neutral	Buy	Jarden
2	BANK OF QUEENSLAND LIMITED	Sell	Neutral	Jarden
3	G8 EDUCATION LIMITED	Neutral	Buy	Moelis
4	HUB24 LIMITED	Neutral	Buy	Wilsons
5	HUB24 LIMITED	Sell	Neutral	Jarden
6	NETWEALTH GROUP LIMITED	Neutral	Buy	Wilsons
7	NETWEALTH GROUP LIMITED	Sell	Neutral	Jarden
8	QANTAS AIRWAYS LIMITED	Neutral	Buy	Jarden

Price Target Changes (Post Thursday Last Week)

	Company	Last Price	Broker	New Target	Old Target	Change
ALK	Alkane Resources	$0.67	Moelis	1.15	1.05	9.52%

AMI Aurelia Metals	$0.20	Moelis	0.32	0.31	3.23%
AMP AMP	$1.46	Jarden	1.40	1.20	16.67%
ASX ASX	$71.59	Jarden	69.20	68.25	1.39%
AUB AUB Group	$33.99	Jarden	38.25	36.75	4.08%
BGL Bellevue Gold	$0.95	Moelis	1.05	0.85	23.53%
BTR Brightstar Resources	$0.47	Canaccord Genuity	1.40	1.50	-6.67%
BWP BWP Trust	$3.55	Moelis	3.80	3.76	1.06%
BXB Brambles	$23.49	Jarden	21.65	19.80	9.34%
CGF Challenger	$8.11	Jarden	8.70	7.50	16.00%
CNB Carnaby Resources	$0.44	Moelis	0.87	0.80	8.75%
CSC Capstone Copper	$9.15	Moelis	12.50	12.00	4.17%
CWY Cleanaway Waste Management	$2.84	Jarden	3.20	3.10	3.23%
FFM FireFly Metals	$1.15	Moelis	1.40	1.50	-6.67%
GEM G8 Education	$0.93	Moelis	1.15	1.49	-22.82%
GMD Genesis Minerals	$4.12	Moelis	4.50	4.25	5.88%
HLS Healius	$0.75	Jarden	0.79	0.93	-15.05%
HUB Hub24	$93.95	Jarden	79.50	63.00	26.19%
		Wilsons	90.62	71.50	26.74%
IAG Insurance Australia Group	$8.50	Jarden	8.45	8.40	0.60%
LIC Lifestyle Communities	$4.83	Moelis	7.90	11.50	-31.30%
MAC MAC Copper	$18.21	Moelis	18.50	18.93	-2.27%
MFG Magellan Financial	$9.63	Jarden	8.85	8.55	3.51%
MPL Medibank Private	$5.08	Jarden	4.65	4.45	4.49%
NAN Nanosonics	$3.95	Canaccord Genuity	5.15	5.74	-10.28%
NHF nib Holdings	$7.16	Jarden	7.75	7.20	7.64%
NWL Netwealth Group	$34.26	Jarden	27.90	24.30	14.81%
		Wilsons	34.08	27.66	23.21%
OBM Ora Banda Mining	$0.73	Moelis	0.92	1.03	-10.68%
PME Pro Medicus	$317.69	Moelis	323.69	285.50	13.38%
		Wilsons	325.00	297.00	9.43%
PNI Pinnacle Investment Management	$20.98	Wilsons	25.75	23.50	9.57%
PNR Pantoro Gold	$3.03	Moelis	3.44	3.16	8.86%
PPS Praemium	$0.72	Wilsons	0.71	0.67	5.97%
PTM Platinum Asset Management	$0.56	Jarden	0.37	0.54	-31.48%
		Jarden	0.53	0.54	-1.85%
QAN Qantas Airways	$10.81	Jarden	10.20	10.50	-2.86%
QBE QBE Insurance	$22.96	Jarden	25.40	24.60	3.25%
RUL RPMGlobal	$3.33	Moelis	3.75	3.26	15.03%
SDF Steadfast Group	$5.94	Jarden	6.75	6.25	8.00%
SMI Santana Minerals	$0.54	Canaccord Genuity	1.40	1.56	-10.26%
STK Strickland Metals	$0.15	Canaccord Genuity	0.36	0.19	89.47%
THL Tourism Holdings Rentals	$1.96	Wilsons	2.12	2.18	-2.75%
VAU Vault Minerals	$0.40	Moelis	0.75	0.70	7.14%
Company	Last Price	Broker	New Target	Old Target	Change

More Highlights

AMI AURELIA METALS LIMITED

Gold & Silver Overnight Price: $0.20

Moelis rates ((AMI)) as Buy (1)

On the same day as Aurelia Metals' June quarter production release, an initial assessment by Moelis describes a mixed outcome. Production of gold, copper, and lead came in below the analyst's expectations, while zinc beat the estimate.

FY25 production landed within guidance across all metals, broadly aligning with midpoints, and costs and capital are expected to be in line.

The balance sheet remains sound, highlights the broker, supported by $110m in cash and an undrawn US$23.6m facility to fund key growth initiatives.

Moelis expects cash outflows of -$31m in FY26 as Great Cobar and plant expansion capex accelerates, with inflection targeted by mid-FY27.

The broker maintains a Buy rating and 32c target price.

This report was published on July 10, 2025.

Target price is **$0.32** Current Price is **$0.20** Difference: **$0.12** If **AMI** meets the Moelis target it will return approximately **60%** (excluding dividends, fees and charges). Current consensus price target is **$0.35**, suggesting upside of **76.7%**(ex-dividends) The company's fiscal year ends in June.

Forecast for FY25:

Moelis forecasts a full year **FY25** dividend of **0.00** cents and EPS of **3.50** cents. At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **5.71**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **3.0**, 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 **6.7**.

Forecast for FY26:

Moelis forecasts a full year **FY26** dividend of **0.00** cents and EPS of **1.30** cents. At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **15.38**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **1.8**, implying annual growth of **-40.0%**. Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**. Current consensus EPS estimate suggests the PER is **11.1**.

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

BTR BRIGHTSTAR RESOURCES LIMITED

Gold & Silver Overnight Price: $0.47

Canaccord Genuity rates ((BTR)) as Speculative Buy (1)

Brightstar Resources published a definitive feasibility study (DFS) for the staged development of the Menzies and Laverton gold projects in Western Australia.

Canaccord Genuity notes the company plans to use cash from the current operating Fish and Second Fortune underground mines to repay $14m debt and partially fund Menzies and Laverton capex. Peak funding is expected to be $120m

The Menzies and Laverton cash flow will be used to fund the flagship Sandstone gold project, which is expected to be in production by late 2028.

Speculative Buy. Target cut to $1.40 from $1.50.

This report was published on July 3, 2025.

Target price is **$1.40** Current Price is **$0.47** Difference: **$0.935**
If **BTR** meets the Canaccord Genuity target it will return approximately **201%** (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 2.00** cents. At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 23.25**.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **8.00** cents. At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **5.81**.

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

CEN CONTACT ENERGY LIMITED

Infrastructure & Utilities Overnight Price: $8.26

Jarden rates ((CEN)) as Buy (1)

Jarden believes wholesale electricity prices have likely peaked in NZ after four years of elevated prices, and will moderate towards the end of 2030 on rising supply and greater market certainty.

At the same time, the broker expects a recovery into the 2030s as widespread electrification drives an increase in structural demand growth of 32% through to 2040 from the current levels.

Underpinning this outlook is an improving price capture for hydro assets, economic challenges in solar due to seasonal mismatches, and the ongoing critical role of thermal generation for system security.

Contact Energy is the broker's top pick in the electricity sector. The broker, however, cut its target price on a worse-than-expected hydro price spread and after including the Manawa acquisition.

Buy. Target cut to NZ$10.83 from NZ$11.11.

This report was published on July 8, 2025.

Current Price is **$8.26**. Target price not assessed. The company's fiscal year ends in June.

Forecast for FY25:

Jarden forecasts a full year **FY25** dividend of **35.59** cents and EPS of **49.92** cents. At the last closing share price the estimated dividend yield is **4.31%**. At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **16.55**.

Forecast for FY26:

Jarden forecasts a full year **FY26** dividend of **36.50** cents and EPS of **46.91** cents. At the last closing share price the estimated dividend yield is **4.42%**. At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **17.61**.

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

CGF CHALLENGER LIMITED

Wealth Management & Investments Overnight Price: $8.04

Jarden rates ((CGF)) as Overweight (2)

Jarden marked-to-market investment movements for insurance and wealth stocks for the June quarter, noting a fall in risk-free rates, a strong rebound in global equities, USD depreciation and credit spread compression.

The broker believes Challenger offers compelling value at current levels, with further support to come from capital changes.

EPS forecast for FY25 lifted by 1.2% and by 4.3% for FY26.

Overweight. Target rises to $8.70 from $7.50.

This report was published on July 3, 2025.

Target price is **$8.70** Current Price is **$8.04** Difference: **$0.66**
If **CGF** meets the Jarden target it will return approximately **8%** (excluding dividends, fees and charges).
Current consensus price target is **$7.64**, suggesting downside of **-4.7%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Jarden forecasts a full year **FY25** dividend of **26.10** cents and EPS of **60.20** cents.
At the last closing share price the estimated dividend yield is **3.25%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **13.36**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **58.3**, implying annual growth of **207.2%**.
Current consensus DPS estimate is **28.9**, implying a prospective dividend yield of **3.6%**.
Current consensus EPS estimate suggests the PER is **13.7**.

Forecast for FY26:

Jarden forecasts a full year **FY26** dividend of **27.40** cents and EPS of **64.70** cents.
At the last closing share price the estimated dividend yield is **3.41%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **12.43**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **63.9**, implying annual growth of **9.6%**.
Current consensus DPS estimate is **30.0**, implying a prospective dividend yield of **3.7%**.
Current consensus EPS estimate suggests the PER is **12.5**.

Market Sentiment: **0.7**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

NAN NANOSONICS LIMITED

Medical Equipment & Devices Overnight Price: $3.85

Canaccord Genuity rates ((NAN)) as Buy (1)

Canaccord Genuity notes Nanosonics has underperformed in the past month, likely due to worries about FY25 results and fund outflows. The broker reviewed the company's outlook, noting a competitor for its Trophon technology, Lumicare, is gaining some traction in Australia but lacks FDA approval.

The analyst cut FY25 forecasts for new installed base additions to 2,207 and has upgraded units to 1,485, but expects services revenue per device to beat expectations and consumables sales to remain robust.

Overall, the broker cut FY25 revenue forecast to $188.6m (from $192.9m) vs the company's $188.7-193.8m guidance.

Buy. Target reduced to $5.15 from $5.74. The valuation comprises of $2.41 for Trophon, $0.51 cash and $2.23 for Coris.

This report was published on July 2, 2025.

Target price is **$5.15** Current Price is **$3.85** Difference: **$1.3**
If **NAN** meets the Canaccord Genuity target it will return approximately **34%** (excluding dividends, fees and charges).
Current consensus price target is **$4.66**, suggesting upside of **17.1%**(ex-dividends)

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 **5.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **77.00**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **6.2**, implying annual growth of **44.9%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **64.2**.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **7.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **55.00**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **7.4**, implying annual growth of **19.4%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **53.8**.

Market Sentiment: **0.1**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

RUL RPMGLOBAL HOLDINGS LIMITED

Mining Sector Contracting Overnight Price: $3.18

Moelis rates ((RUL)) as Buy (1)

RPMGlobal announced $64.5m of software total contract value in 2H25, taking FY25 sales to $100.8m, up 31% y/y. Annual recurring revenue (ARR) on July 1 stood at $69.1m vs Moelis' forecast of $68.3m.

The broker notes the company now has $200m contracted revenue to be recognised in future years, up 24.2% y/y.

The company didn't give guidance on group revenue, EBITDA or profit before tax, but the broker upgraded the ARR forecast. This pushed up the forecast for FY26 EPS by 5.5% and FY27 by 8%.

Buy. Target price $3.75.

This report was published on July 4, 2025.

Target price is **$3.75** Current Price is **$3.18** Difference: **$0.57**
If **RUL** meets the Moelis target it will return approximately **18%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

Moelis forecasts a full year **FY25** dividend of **0.00** cents and EPS of **5.10** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **62.35**.

Forecast for FY26:

Moelis forecasts a full year **FY26** dividend of **0.00** cents and EPS of **5.70** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **55.79**.

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

STK   STRICKLAND METALS LIMITED

Mining Overnight Price: $0.15

Canaccord Genuity rates ((STK)) as Speculative Buy (1)

Strickland Metals sold its Yandal gold project in Western Australia to Gateway Mining ((GML)) for $45m in exchange for shares, and will now fully focus on the Rogozna mine in Serbia.

Canaccord Genuity estimates the company has $41m in liquidity, and with seven rigs operating at the Rogozna project, it will be able to advance towards resource updates and mining studies.

The broker sees potential for 1Moz at 3g/t gold at Rogozna's Gradina deposit and has included it in its valuation modeling.

Speculative Buy. Target rises to 36c from 19c.

This report was published on July 7, 2025.

Target price is **$0.36** Current Price is **$0.15** Difference: **$0.21** If **STK** meets the Canaccord Genuity target it will return approximately **140%** (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 **0.00** cents.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **0.00** cents.

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

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