WEEK 43

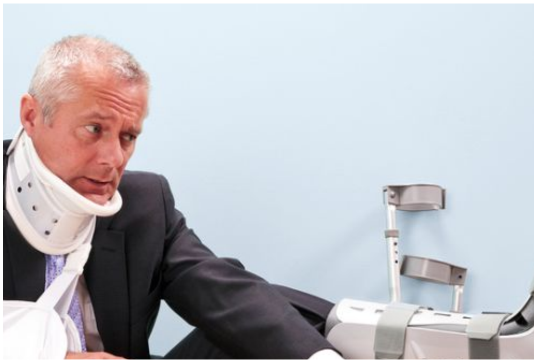
FNArena
FINANCIAL NEWS, ANALYSIS & DATA

STORIES TO READ FROM FNArena

Friday, 24 October 2025

The Casandra Cascade: Industrialisation Of Fear

Rudi's View: In Corporate Earnings We Must Trust



Re-Rating Ahead For Fineos Corp?

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AUSTRALIA

The Market In Numbers - 18 Oct 2025

The Market In Numbers: Look under the bonnet and what do you see?

For most investors, whatever goes on in financial markets is experienced through their own portfolio and personal matters of interest.

The below detailed overview in raw numbers and calculations might assist with assessing trends and currents that might not be apparent from daily volatility and movements.

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

Australia & NZ

Index	18 Oct 2025	Week To Date	Month To Date (Oct)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
NZ50	13289.210	-1.32%	-0.02%	-0.02%	1.36%	5.45%
All Ordinaries	9293.20	0.31%	1.72%	1.72%	10.36%	5.93%
S&P ASX 200	8995.30	0.41%	1.66%	1.66%	10.25%	5.30%
S&P ASX 300	8950.80	0.38%	1.69%	1.69%	10.52%	5.63%
Communication Services	1830.80	-1.18%	-1.64%	-1.64%	12.50%	-1.20%
Consumer Discretionary	4361.20	-1.89%	-3.48%	-3.48%	11.51%	5.27%
Consumer Staples	11686.60	0.16%	-0.49%	-0.49%	-0.70%	-3.57%
Energy	8073.20	-1.67%	-3.11%	-3.11%	-6.37%	-6.94%
Financials	9661.30	-0.55%	0.91%	0.91%	12.15%	1.39%
Health Care	39285.50	1.33%	4.99%	4.99%	-12.48%	-5.57%
Industrials	8639.50	-0.68%	1.99%	1.99%	12.99%	3.86%
Info Technology	2788.20	-4.29%	-4.76%	-4.76%	1.73%	-3.88%
Materials	20022.40	4.03%	6.41%	6.41%	24.17%	26.26%
Real Estate	4147.70	1.69%	2.28%	2.28%	10.27%	6.39%
Utilities	9964.90	-0.12%	-0.45%	-0.45%	10.32%	9.01%
A-REITs	1907.90	1.73%	2.40%	2.40%	11.03%	6.53%
All Technology Index	4077.80	-4.32%	-3.52%	-3.52%	7.16%	0.84%
Banks	4165.60	0.13%	1.29%	1.29%	15.51%	3.55%
Gold Index	17806.60	9.18%	10.73%	10.73%	111.39%	54.07%
Metals & Mining	6861.10	4.36%	6.31%	6.31%	30.55%	31.42%

The World

Index	18 Oct 2025	Week To Date	Month To Date (Oct)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
FTSE100	9354.57	-0.77%	0.04%	0.04%	14.46%	6.78%
DAX30	23830.99	-1.69%	-0.21%	-0.21%	19.70%	-0.33%
Hang Seng	25247.10	-3.97%	-5.99%	-5.99%	25.86%	4.88%
Nikkei 225	47582.15	-1.05%	5.90%	5.90%	19.27%	17.52%
DJIA	46190.61	1.56%	-0.45%	-0.45%	8.57%	4.75%
S&P500	6664.01	1.70%	-0.37%	-0.37%	13.30%	7.40%
Nasdaq Comp	22679.98	2.14%	0.09%	0.09%	17.45%	11.34%

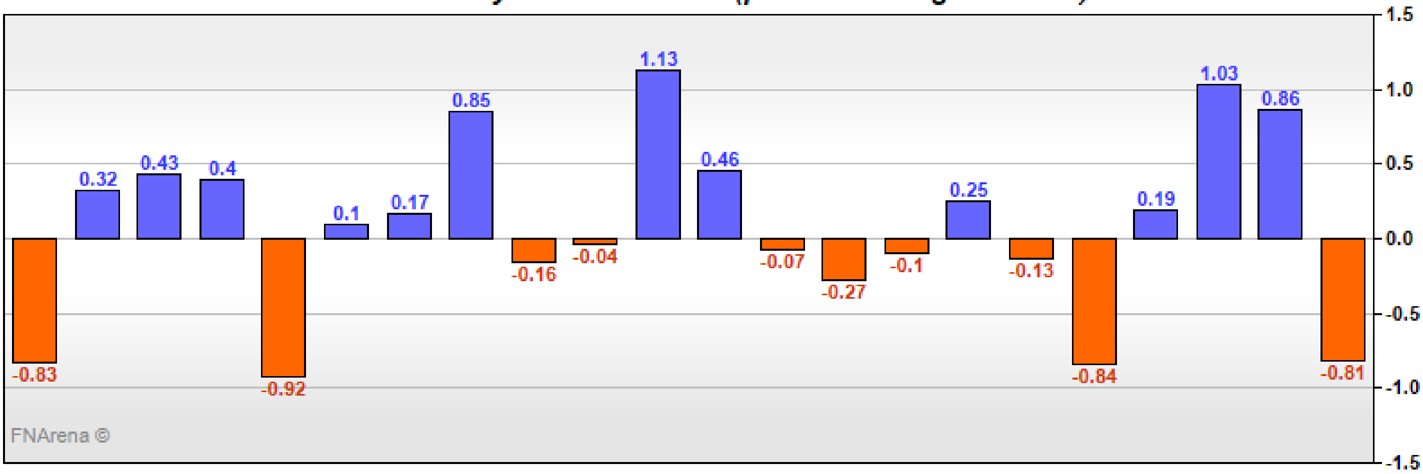
Metals & Minerals

Index	18 Oct 2025	Week To Date	Month To Date (Oct)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
Gold (oz)	4329.76	8.65%	12.14%	12.14%	64.84%	31.11%
Silver (oz)	53.29	11.68%	13.24%	13.24%	76.31%	47.18%
Copper (lb)	4.9848	-2.99%	1.61%	1.61%	21.68%	-2.17%
Aluminium (lb)	1.2701	0.48%	4.48%	4.48%	11.11%	7.71%
Nickel (lb)	6.8258	-0.95%	-0.14%	-0.14%	-4.47%	0.09%
Zinc (lb)	1.3488	-1.48%	0.94%	0.94%	-0.19%	6.84%
Uranium (lb) weekly	79.00	-2.77%	-4.53%	-4.53%	9.72%	0.45%
Iron Ore (t)	105.56	0.67%	0.20%	0.20%	1.66%	11.72%

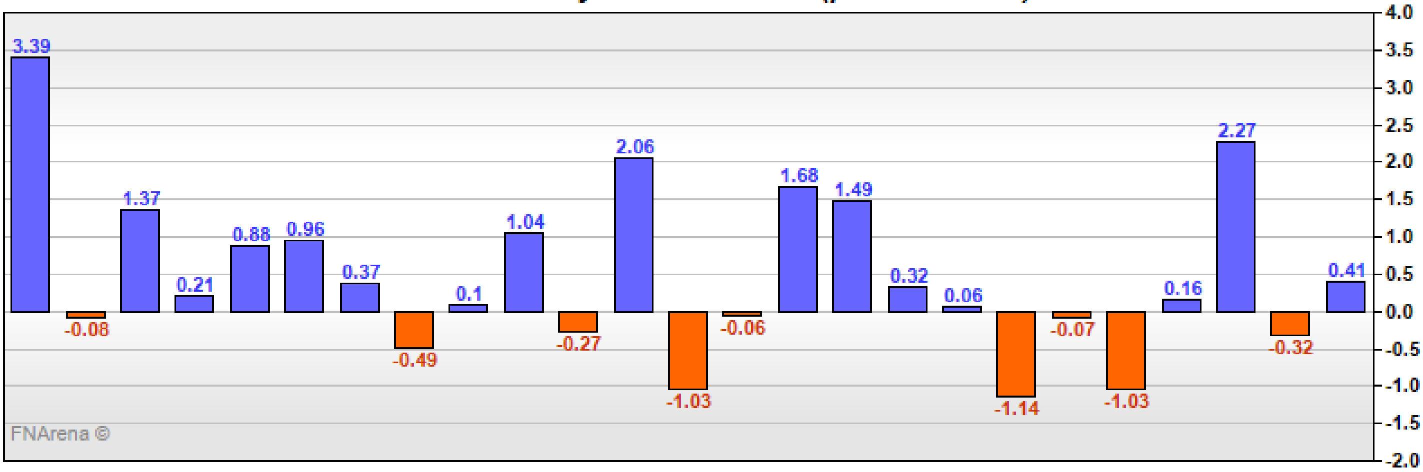
Energy

Index	18 Oct 2025	Week To Date	Month To Date (Oct)	Quarter To Date (Oct-Dec)	Year To Date (2025)	Financial Year To Date (FY26)
West Texas Crude	57.51	-6.41%	-8.92%	-8.92%	-17.23%	-12.23%
Brent Crude	61.08	-6.23%	-8.48%	-8.48%	-15.82%	-8.56%

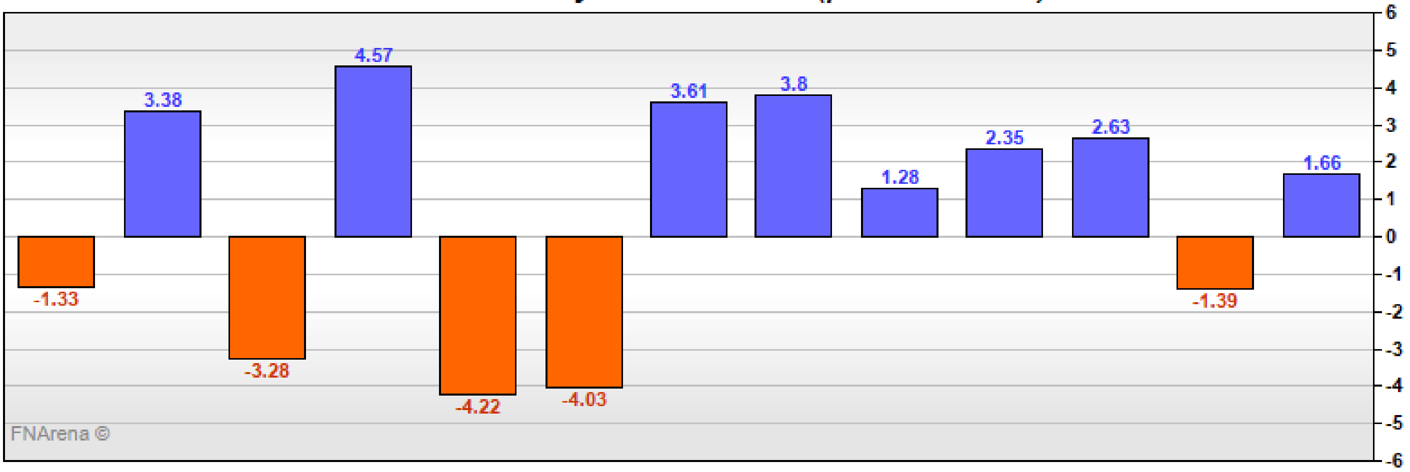
ASX200 Daily Movement in % (past 22 trading sessions)



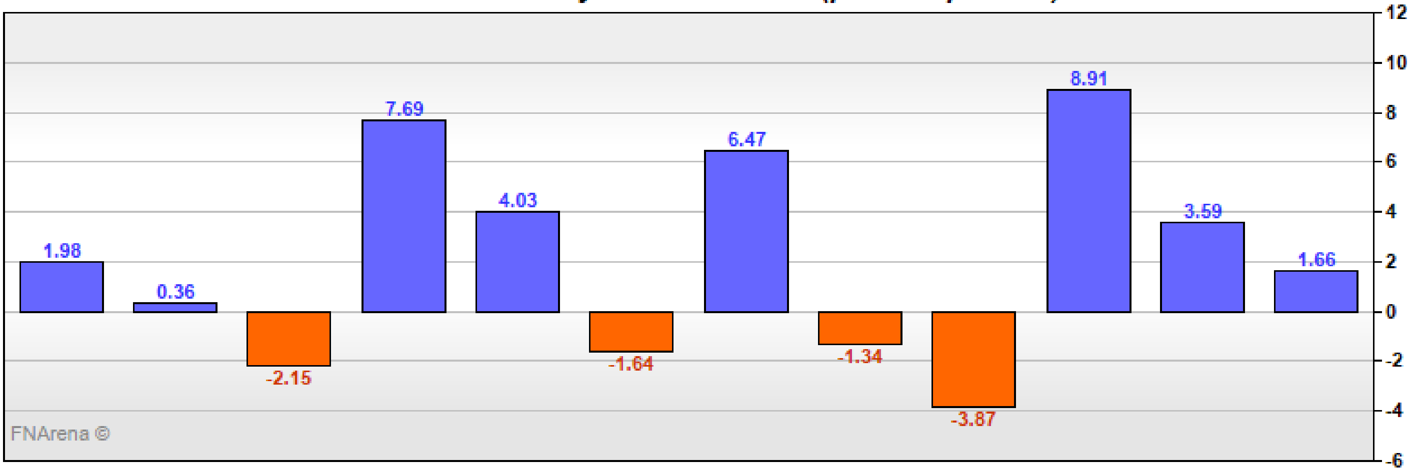
ASX200 Weekly Movement in % (past 25 weeks)



ASX200 Monthly Movement in % (past 13 months)



ASX200 Quarterly Movement in % (past 12 quarters)



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

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

FNArena welcomes comments and suggestions at info@fnarena.com

ESG FOCUS

ESG Focus: Real Estate's Changing Climate Threat

Property buyers are being confronted with two major issues, increasing development density and future impact from a changing climate.

- **Value of Australian properties can be impacted by a changing climate**
- **Buyer's agent advises buyers and owners to be risk aware**
- **Climate-risk report puts around 794,000 properties in “very high-risk” zones**
- **Insurance premiums on the rise, while some regions risk becoming uninsurable**

By Danielle Ecuyer

FNArena's dedicated ESG Focus news section zooms in on matters Environmental, Social & Governance (ESG) that are increasingly guiding investors preferences and decisions globally. For more news updates, past and future:
https://fnarena.com/index.php/financial-news/daily-financial-news/category/esg-focus/

A nation confronts property climate risk

The latest major climate-risk report for Australian property was released in September by the Australian Climate Service and found under a scenario of 3 degrees Celsius of global warming, the estimated loss in property values of around -$571bn by 2030 would rise to an estimated -$611bn by 2050 and up to -$770bn by 2100.

Such property value losses reflect the combined impacts of physical climate risks such as fires, floods, heatwaves and sea-level rise, as well as economic disruptions.

Currently, around 751,000 homes are located in “high-risk” zones. Around 794,000 are in “very high-risk” zones. By 2090, homes in “very high-risk” zones are estimated to number around 1.2m, with some inner-city and affluent coastal suburbs in Sydney and Melbourne noted as “primary hotspots” due to sea-level rise and storm surges.

The report also warns many homes in high or very high-risk zones may become “effectively uninsurable” by 2050.

At face value, this report has considerable implications for property owners. Even if some of the impacts don’t come to pass in the near term, a regulatory push to highlight the risks across councils and other government entities, as well as implications for insurance premiums, can have a pull-forward effect on property valuations.

For most Australians, buying a home is the largest and possibly one of the most important life decisions, so how should potential buyers and owners assess these and other emerging risks in 2025?

Development pressure and local resistance

In a recent discussion with Daniel Sofo, one of Australia’s leading buyer’s agents and the founder of Unicorn Buyer’s Agents, a boutique Sydney-based agency helping clients secure high-quality properties, FNArena explored some of Daniel’s insights and concerns for present day property owners and buyers.

As far as Sofo is concerned, there are two major factors his prospective clients should consider: development and climate change.

“Both are reshaping Australia's housing landscape faster than most people realise, and if you're not paying attention, you're putting your investment and your family's safety at risk.”

On the first issue, the National Housing Accord passed a mandate to build one million new homes by 2029, with state governments introducing major planning reforms aimed at increasing density, particularly in inner and middle-ring suburbs near transport and infrastructure such as railway stations.

Not all local councils are on board, with Sofo identifying push back from the likes of Sydney’s Inner West Council, which has proposed its own ‘Fairer Future’ plan as an alternative, while Woollahra Council is considering avenues to challenge the NSW State Government’s plan to reopen Woollahra’s abandoned train station with 10,000 additional apartments.

Meanwhile, Mosman residents are threatening legal action to block increased density, even as development applications reach all-time highs.

Sofo: *“Increased density is coming whether existing property owners like it or not”*.

Buyer's agent Sofo warns clients about development and climate change risks

Climate change and market awareness

For Sofo, climate change is the real and silent market shaker, as also highlighted by the National Climate Risk Assessment.

His wake-up call came when an elderly woman in Brisbane told him her insurance jumped from $700 to $13,000 in a year. Property owners are already experiencing *“skyrocketing insurance premiums, declining resale values and the very real threat of becoming uninsurable”*.

On that basis alone, Sofo argues climate risk has already arrived, as evidenced by how financial institutions are treating clients in high-risk flood and bush fire zones. Premium hikes of 30%-50% in a single year are being reported, while some have seen increases of up to 400% or more.

The risk, according to Sofo, is that un-affordable or unavailable insurance could price people out of certain areas and trigger a broader market correction. There is also anecdotal evidence of lenders seeking to quietly reduce exposure to risky postcodes.

“Don't buy in or near flood plains or bus fire zones. Don't rely on old assumptions about safe suburbs, and don't think councils, lenders and insurers are sitting idle—they're redrawing the housing map before your eyes”, Sofo warns.

Waverley Council drew the ire of existing homeowners a few years back when it produced flood maps for the local government area, highlighting which parts of the community would be impacted by severe wet weather events.

For Sofo, this is just one example of how councils are facing a widening gap between what ratepayers want and what good governance demands. When ratepayers are confronted with potential adverse risks associated with their properties, it's easy to see why they would be concerned about the potential impact on property values.

Climate planning and development are politically charged everywhere, with no easy answer as to how it will play out.

With a wide-ranging client base, from people in their 20s to their 80s, most of Sofo's clients want information, not denial, on climate change risks. *"They want honesty",* he says. *"If I tell them the property is in a flood zone, they listen."*

Rather than avoiding certain areas entirely, buyers are now asking what flood mitigation measures have been implemented. The anecdotal dynamic has shifted to awareness and preparation.

"Savvy buyers are those who look beyond the brochure and into the long-term viability of where they're investing."

For Sofo, the proposition is simple; forget ideology and think dollars and cents.

If someone buys in a risky area, the insurance, repair and maintenance costs will be higher.

"The numbers speak for themselves, and it comes down to whether a buyer is prepared to carry the costs and the stress that comes with them."

Energy Efficiency and Future Value

Another factor to consider is the energy performance of a property.

In the UK and EU, it is a requirement to issue an Energy Performance Certificate when a property is built, sold or rented.

Lower-rated properties face higher running costs, the risk of higher insurance premiums, and potentially lower resale values.

For more information on how your local government area will be impacted by a changing climate:

https://climatecouncil.org.au/resources/climate-risk-map/

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INTERNATIONAL

The Casandra Cascade: Industrialisation Of Fear

GenInnov Global Innovation Fund founder Nilesh Jasani counters today's doom and gloom environment when it comes to AI and the next technological revolution is primarily the result of lazy and ignorant commentary. Investors beware!

- **Why historical analogies fail in an age of exponential change**
- **Doomerism sells, but selective history misleads investors**
- **Generative AI is not tulips, railways, or dot-coms—it's crucial infrastructure**
- **Why betting on collapse could mean missing the next revolution**

By Nilesh Jasani, Founder of GenInnov Global Innovation Fund

Doom is turning into a crowded profession. Over the weekend, another wave of financial commentary washed ashore. Again, the tone was apocalyptic. Again, the references were antique: the South Sea Bubble, the Railway Mania, the Dot-Com Bust. Again, the conclusion was inevitable collapse.

In fact, it is now a cacophony of collapse. There is a palpable one-upmanship in pessimism. Merely predicting a standard market correction is passé. Absolute doomerism is the new currency.

Analysts compete to name the largest number. US$35 trillion in wealth, gone. A 1929-style crash, around the corner. One has to be squeamish or young to only invoke a TMT-level crash. The gold standard of displaying one's hold on history is through the invocation of the South Sea Bubble. There has to be a mandatory reference to the Tulip Mania, but ideally with new charts.

Every doomer speaks as if they are a lone voice, a prophet in the wilderness. Yet, the profession is more crowded today than all the bears preceding every major bubble combined. It appears as if there is not a financial journal or independent blog that has not joined this dirge. More has been written on manias, panics, and crashes in the last few weeks than perhaps in all the centuries leading up to 2000.

Effectively, history is turned into a haunted house, filled only with ghosts of failures past. This bias has a tailwind. Doomerism sells. We know this. An article we wrote on the Seven Sins of new technology was one of our most-read pieces. A follow-up, Seven Redeeming Virtues, was one of our most ignored.

If one has to use history to predict the future, the answer is not as assured as we are made to believe. This time, we will weaponize history to show how it is a tool to bolster one's pre-determined conclusions or pre-formed views. We will show that a selective reading of history is a game two can play. The same patchy, popular history can be used to draw a map to a completely different destination.

Our core view remains unchanged. History is a poor guide. These times are unique. The technological shift is of a different magnitude altogether.

This lazy analysis, this patchy history worn as a badge of honor, is a dangerous way to navigate the present. With a selective history as below, we can learn many different lessons, with the most important being to beware of folks waving history books and predicting apocalypses or dooms or anything in between.

Disasters are definitely possible, but not due to events that may have occurred centuries earlier.

In summary, do remember that the following is a tongue-in-cheek write-up to show how history can be read in multiple ways and does not have the lessons of any assurity.

The '640K' Error

There is a paucity of imagination at the heart of most pessimism.

A famous, apocryphal story claims Bill Gates once said, *"640K ought to be enough for anybody"*.

He denies it. Likely, not just him but no one involved with technology at the time ever said it. But the spirit of the quote, the tendency to misjudge a new technology's scale, is the most consistent error in history.

Ken Olsen, the founder of Digital Equipment Corporation (DEC), stated in 1977, *"There is no reason for any individual to have a computer in his home."*

He was an expert.

Western Union dismissed the telephone as an *"electrical toy"* with no commercial possibilities. They were the experts.

Cars were *"fool's contraptions"* according to some experts in the early 20th century, which would never replace the horse.

History is replete with these ghosts. They are the men who doomed their organizations by misreading a transformative shift. They analyzed a new technology through the lens of the old. IBM walked out of the PC and photocopying businesses. DEC was reduced to irrelevance as mainframes lost to small machines, and we all know about the BlackBerry.

The same error is likely made by those using history. Critics trivialize Generative AI as a **"statistical parrot".** They use flimsy examples of personal use cases to prove the technology is useless. They focus on user jadedness or disillusionment as if they are watching a social media app.

But the numbers tell a different story. In early 2022, global token processing was negligible. By late 2024, Google alone processed 1.4 quadrillion tokens in a single month. Projections suggest this could grow 100-fold within a decade.

This is not linear adoption. This is not hype. This is infrastructure-scale demand materializing in real time. Tulip bulbs did not go from zero to quadrillions in two years. Railway miles did not multiply a thousandfold in 24 months. The steam engine did not rewrite global logistics in a single business cycle.

The error lies in conflating current applications with ultimate utility. Early telephones couldn’t cross oceans. Early cars couldn’t survive winter. Early PCs couldn’t play video.

Yet each unlocked cascading second- and third-order effects that their inventors never foresaw.

Generative AI is not just a tool. It is a new layer of intellectual infrastructure. It will not merely automate tasks; it will redefine what tasks exist. Drug discovery, legal reasoning, scientific hypothesis generation, code synthesis: these are not edge cases. They are the foundation of a new productivity frontier.

To dismiss this because today’s models occasionally fabricate a date is like rejecting the internal combustion engine because the Model T stalled in the rain.

The cost of this failure of imagination is not a missed trade or a wrong forecast. It is strategic obsolescence.

It is becoming the next DEC, the next Western Union, the ghost in someone else’s cautionary tale.

The Myth of Shared Capacity: Your Car is Not a Bus

A new dogma is taking hold. It sounds rational. It is dangerously flawed. The logic is simple. Analysts calculate the total compute the future might need. They divide this by the power of a single GPU. They apply an optimum data center utilization rate of, say, 60%. The math screams one thing: overcapacity. A massive, wasteful build-out is underway.

This is spreadsheet logic. It is not human logic. It is certainly not the logic of power. It is a classic case of survivorship bias. During WWII, the statistician Abraham Wald was asked to analyze returning bombers. The military wanted to add armor to the areas most riddled with bullet holes.

Wald advised the opposite. He said to armor the places that had no holes. The holes in the surviving planes showed where a plane could be hit and still fly. The missing data, from the planes that did not return, showed where the fatal hits landed.

Analyzing current data center utilization is the same mistake. It only measures the survivors. It ignores the massive, unseen demand from applications and models that cannot exist yet due to a lack of compute.

Looking at it differently, if the demand were based on perpetual functioning of devices, the global car, PC, or even smartphone industries would be a fraction of their size. Calculate the world's total transport needs. Divide by the capacity of a single car. Assume optimum shared utilization. The result would demand a fleet a fraction of the one billion cars on the road today.

But people do not share their cars. The collective utilization of the global automobile fleet is in the single-digit percentages. The utility is personal, immediate, and sovereign, and this will be as true about the new compute as it has been for cars, home space, laptops, or smartphones.

The recent AWS outage is a case study in this reality. When a critical cloud service flickers, the world stumbles. It is a stark reminder. For a global enterprise, reliance on another's compute is a systemic risk. Excess capacity is not waste. It is resilience. It is survival.

The AI era is not an incremental step. It is a change in the nature of computation itself. This is not the shift from a horse to a faster horse. This is the invention of the internal combustion engine. The old hardware is becoming obsolete. What is being built is not a shared utility. It is a strategic asset. Nations and corporations are not building for efficiency. They are building for sovereignty.

The doomers see idle servers and cry *"bubble."* They are missing the point. They are counting the number of cars in 1910 and predicting the end of the road. They are using the logic of public transit to explain the rise of the private jet. The build-out is not about achieving perfect utilization. It is about owning the means of production for the next century. The goal is not to share. The goal is to win.

Simply put, the capacity utilization of this new asset class will not be 60%. It may well be 5-10%. Notwithstanding the change in the forms of this new compute, it is likely that even at the utilization, in the way it is counted in spreadsheets, of 5-10%, there could be huge demand in the future.

GenInnov

The 9.1 Quake: This Time is a Different Scale

Historic analogies are seductive. And, some can be catastrophically wrong. One such is the current popular sport of comparing the AI revolution to the railway boom of the mid-19th century. It is a willful ignorance of the difference in scales.

This is not a difference of degree. It is a difference of kind. The railway boom unfolded over 50 years in leading countries and nearly a century if one considers the global impact. The internet took 20. Generative AI rewrote medicine, law, and software in 24 months.

The pace is different. The models are moving so randomly and quickly that any 12-month detailed prediction is proven wrong almost immediately.

Consider the evidence. Google now processes 1.4 quadrillion tokens monthly. This figure was near zero just quarters ago. It could grow another hundredfold, or potentially even a thousand-fold, in a decade. This is not the slow, physical laying of track. This is an exponential-on-exponential kind of explosion, for the want of better descriptions.

The change is not just in scale, but in substance. The transformer architecture is a fundamental leap. It is bigger than the shift from analog to digital. It redefines the nature of computation itself.

This is not just more compute. It is a different kind of compute. It is a discontinuity event. It is the leap from sequential CPU-based processing to massively parallel GPU-based processing. Legacy hardware is not just slow for this new task. It is increasingly useless in the new world, similar to mainframes and electronic typewriters with the arrival of PCs.

Doomers trivialize this. They point to a student using AI to cheat on an essay. This is like pointing to the first car that broke down and declaring the automobile a fad. It is as if the telephone were just for gossip, or electricity just for lightbulbs.

They are blind to the revolution in every profession. Medicine, law, science, and art are being rewired from the inside.

This kind of lazy parallel that one draws comparing GenAI to railways is bad science. It is allowed only in financial journalism.

No scientist would use the average 19th-century tremor to predict the impact of an unprecedented 9.1 quake in a crowded, modern city.

The Peril and Promise of the Cherry-Picked Past

History is not a verdict. It is an argument. And like any argument, it can be cherry-picked to prove anything. The doomers have their canon: the South Sea Bubble, Tulip Mania, the dot-com bust.

These are their sacred texts, recited to prophesy doom. But this is a selective reading of a vast and contradictory library.

Let us open a different volume.

The South Sea Bubble was a financial disaster. This is true. It is not the whole truth. The bubble was also a massive act of state-level financial engineering. The British government used the mania to consolidate its crippling national debt.

The crash was brutal for speculators, but the state achieved its strategic goal. It emerged financially stronger. A mania, it turns out, can be a tool. And imagine if this is one of the lessons being examined in global government corridors, where the bigger worry is the seemingly unsolvable public sector debt trap.

The Nifty Fifty were a classic bubble. In 1972, fifty glamour stocks traded at insane P/E ratios. The subsequent crash eviscerated them. The narrative was sealed: a lesson in valuation hubris. But the full story is more revealing.

A famous 1998 study asked what would have happened if you bought these stocks at their absolute peak in 1972 and held them for 25 years. The result is stunning. That portfolio would have returned 12.2% annually, almost in line with the index returns in the period. The bubble was in the timing, not in the long-term value of the best companies.

Japan's bubble is another favorite. Yes, it crashed spectacularly. But it is also a warning against premature doom. For nearly three decades, from the 1960s to the late 1980s, Japan's market was overvalued by Western standards.

Doomers who called the top in 1970 were wrong for twenty years. The peak was only identifiable in hindsight. This example is a layup to not repeat one of the most quoted, worn-out phrases of all time: a market can remain irrational far longer than any skeptic can stay solvent.

This is the peril of the single story. For every bubble that popped, there is a boom that lasted for generations.

For every crash that caused pain, there is a crisis that cleared the way for a new era of growth. History is a Rorschach test.

The doomers see only skulls. But look again. You can just as easily see the foundations of the next empire.

Trained Firefighters in the Building: The Modern Policy Imperative

The doomers play with a historical deck that is missing its most powerful card: the modern state and utility of experience.

In simpler terms, there were no doomers armed with the consequences of a collapse when Tulip prices were rising. The policymakers of 1929 had no examples of deflationary doom to learn from. The emerging market policymakers would have behaved differently in 1997 if they were allowed to think that multilateral agencies could be wrong, or Japanese money managers of the 1990s had the lessons of 2008 response available.

The TMT-era monetarists did not have to worry about keeping their politicians' fiscal funding at reasonable levels.

Reading history differently and superficially, in 1720 or 1929, a financial crash was a natural disaster. Governments watched, helpless, as the contagion spread. The system was left to purge itself. This is no longer the case.

The firefighters are now permanently stationed in the building, hoses at the ready. The lesson of 2008 was learned, for better or worse. The systemic collapse of a major financial market is now a political impossibility. At the first sign of a seizure, central banks will open the liquidity valves.

They will do whatever it takes.

This creates a powerful, structural backstop. It is the policy put. It does not prevent corrections, but it fundamentally alters the nature of risk that cannot be captured by reading books of different times.

One cannot compare the tendencies of a driver behind the wheel for the first time with those of an F1 driver on the track. A 1929-style uncontrolled deflationary spiral, like any other risk, including a comet hitting the earth into oblivion, is possible, but unlikely, as the states globally will do their darnedest to prevent it, knowing what they know.

This imperative is compounded by a new, overriding geopolitical reality. AI is not just another industry. It is the new domain of national power. It is the engine of economic and military supremacy. No major government can afford to let its domestic AI capabilities falter.

A market crash that cripples the technological race would be viewed as a national security failure. The response would be swift and massive. Subsidies, direct investment, and protective measures would be deployed without hesitation.

This does not guarantee endless prosperity. It simply changes the game. The biggest risk is no longer a classic collapse. It is the risk of falling behind.

The forces driving investment are no longer just profit and loss. They are sovereignty and survival.

And in that game, the rules of 1720s do not apply.

The Cost of Being Wrong

Let us be clear. We are not unabashed bulls. There are massive financial excesses. There are lofty expectations. There will be gut-wrenching cycles and reversals.

Our point is that this is a messy reality. It is a reality of both amazing technology progress and absolute excesses. And it cannot be navigated with "South Sea bibles".

This, however, is not the most important point. The fixation on an imminent crash is a dangerous distraction. It is a sideshow.

The far greater sin is the trivialization of the change itself. It is the arrogance of dismissing a fundamental technological shift because one has read a book about tulips. It is the intellectual laziness of making the same time-invariant argument, quarter after quarter, while the world transforms beneath your feet.

The doomer's arrogance is twofold. First, a disdain for the innovators and investors who are building the future with their sweat and capital. Second, a refusal to engage with the messy, complex details of the present, preferring the comfort of a pre-digested historical narrative.

They operate with a false purity. They believe that by forecasting doom, they bear no responsibility for being wrong. If the boom continues, they are merely early. If a crash comes, they are prophets.

When a cyclical downturn inevitably happens, they will emerge from the crowd to say, "I told you so", behaving as if only those who read history are able to see what's happening.

In real life, the cost of this error is not just a missed investment return. The cost is strategic. It is the cost of inaction. A company that opts out of this race for fear of a bubble may become the next BlackBerry.

A nation that hesitates may cede technological leadership for a generation. Risks exist in every direction. The greatest risk of all may be in opting out, armed with nothing but a chart of a 19th-century railway.

Once again, our mandate is not blind optimism. Nor do we advocate joining a blind rat race out of the fear of missing out. It is nuance.

Articles like these could turn into dartboards when markets and economies crash with widespread pain sometime in the coming quarters.

We all will make mistakes with consequences. But we all need to find the courage and the grit to make decisions based on a fluid present, not a fossilized past.

We all will need to make our own, highly divergent decisions on personal journeys and constraints. Our point here is that few of these decisions should be based on glib tales of irrelevant times.

They should not start with the chants of prophets claiming how history always repeats, or at least rhymes.

Re-published with permission and, contrary to what we usually state, this time it's ok to assume that views expressed by the author are very much in line with our own stance, approach and assumptions here at FNArena.

RUDI'S VIEWS

Rudi Interviewed: Diary Of A Successful Investor

In today's Edition:

- **Interview: The Diary of a Successful Investor**

Key items of interview:

- **A Series Of Lucky Accidents**
- **Discovering All-Weather Stocks**
- **Managing Risk**
- **What's Happening With CSL?**
- **Books To Read**
- **Outlook For Equities**
- **People vs Corporate Quality**
- **Information vs Noise**
- **Find Thou Self**
- **Three Stocks To Like**

By Rudi Filapek-Vandyck, Editor

The Switzer Financial Group recently launched a new series of interviews, The Diary of a Successful Investor.

The inaugural interview, published on September 23, 2025, features FNArena Founder and Editor, Rudi Filapek-Vandyck.

The interview is available on YouTube: https://youtube.com/watch?v=75HCuFqCFbc

Below is an edited transcript.

Peter Switzer: thanks for joining us on the very first episode of The Diary of a successful investor.

Rudi Filapek-Vandyck: I am stunned. That title. I mean; the pressure on my shoulders.

Peter: Rudi, you've never been boastful about your investing, but I've known you a long time, and given what you've predicted and like me, you're not always right, but certainly some of your big calls have been fantastic.

What you've learned over the years is what I want you to share with others today in this interview.

I'll kick off in a more predictable way than I usually do with you, apart from saying if I can't interview Charlie Munger, as Charlie's now passed away, and I can't interview Warren Buffett because he's a little bit too hard to access, I want to do Rudi Filapek-Vandyck, so thanks for joining us.

Rudi: At least I'm more accessible than the other guys you were mentioning.

A Series Of Lucky Accidents

Peter: Rudi, what first drew you to investing and how did your approach evolve?

Rudi: Not that long ago I described my entrance and development in investment as basically a series of accidents, and luckily me, and maybe for other people as well, a lot of those accidents have worked out quite well.

I originally started off as a journalist who would simply chase news, and that wasn't necessarily in finance.

By pure and sheer luck, unplanned, I ended up on the business pages of a newspaper, and ultimately, I became the editor of an online news service in Amsterdam.

From there onwards, I developed my knowledge of markets, and ultimately, I ended up in Australia, where, by accident again, I founded FNArena.

It took until the GFC for me to change my focus towards which companies are better than others. And from then onwards, I developed a specific focus on high quality companies, which I've ultimately dubbed All Weather Stocks.

That has ultimately developed in an alternative view on the market, and I don't think that angle is wrong.

Let me put it this way; it definitely has taught me a lot. One of the things that has taught me is that simply because the share price looks cheap, it's not necessarily a good investment.

Nowadays I tend to emphasise more the quality of a company than the cheapness of the share price.

Peter: Rudi, was it your intention to create a business like FNArena that would effectively service your own investment goals as well? Or did you create the business and realise what you created was going to help you become a better investor?

Rudi: The latter. As I said, it's a series of lucky accidents, it just developed the way it did.

It was never the plan that FNArena would manage its own portfolio, or that we would even develop our own philosophy on investing.

Originally, it just started off as reporting on what the stockbrokers were doing, and from there onwards, it just developed into something more.

It wasn't planned, but that doesn't mean I'm unhappy with the end outcome.

Discovering All-Weather Stocks

Peter: Was there a defining moment or early investment that ultimately shaped your thinking, particularly around the All Weather approach to investing?

Rudi: I've witnessed the NASDAQ meltdown in 2000 and that left an impression on me. I've seen the Super Cycle coming to its end as well in commodities.

But the deepest impression on me was the GFC, where you would see the majority of the market going down by -50% and more.

That definitely left a big impression on me. Companies that previously were riding high on investor optimism, they were absolutely annihilated subsequently.

How bad things became, and how little foresight, how little knowledge there was amongst investors about what was happening in the United States and what was causing the trouble.

It taught me a lot and from that the All-Weathers were born.

Peter: It's funny because around the GFC, where you and I got closer because you're on my TV show, and we're both trying to work out what was going to happen.

I'm sure you've had the same kind of experience, but the person who taught me more about what was likely to happen was someone who's not really a stock market groupie like you and me, it was Phil Ruthven. You remember Phil who started IBIS World?

Rudi: yes.

Peter: Phil is a great analyst of the historical trends of businesses. He came on the show and I remember him saying the historical nature of stock markets is that they do recover. He gave me sort of parameters of times, and he pretty well got it right.

When that March of 2009 bounce started happening, he was on the money. He made the point: it's going to be our top 30 companies that will be the fast rebounders.

I found that really interesting and it made me look more outside of just the market.

People you and I often talk to, there are other people who can offer insights that you would never thought of before.

I'm sure you, over time, have learned that as well. You have to look beyond the people inside the industry.

Rudi: That's one thing I can definitely vouch for. You have to have a very broad view. Knowledge and insights can come from all corners. It doesn't have to be from the usual sources.

One thing maybe to point out here as well; **Matthew Kidman**, which, I'm sure you know, he published a book in 2008 from memory.

The last chapter of that book is where he asks the question: what makes a bear market and when will it end?

I particularly paid close attention to that. He was pretty close on the mark on when it would end.

I've always been surprised by those predictions that come true.

Peter: I think the book was called **Bulls, Bears**…

Rudi: **And a croupier**.

Managing Risk

Peter: That's right. So let's go to my next related question: how do you personally approach and or manage risk in your portfolios?

Rudi: There are a lot of insights I gather from reading a lot, so I'm piggybacking on other people's experiences. But nothing beats real experience when you manage your own portfolio.

So I've added real time, real life experiences to the insights I picked up from elsewhere.

I try to literally not take on risk. I try to manage it, and that, for example, has led to the fact that I always have some exposure to gold.

When other people are asking me: do you think gold is going to US$4000 or is it going to US$3000, I don't care, because to me, gold is insurance.

That's one way of managing risk.

What it also taught me is that lots of things that people do are actually counterproductive. They're not as smart as it might seem at face value.

A simple example: if I own shares in a particular company, and that company comes out with a big profit warning, its share price dives.

The last thing I do is immediately throwing more money at it.

A lot of people think that if the share price drops, you have to put more money in it. I have at least a few dozen examples where that would have bankrupted me.

In case it turns out to be the right thing to do, that has more to do with luck.

There are many other examples. You will hardly find me ever dabbling in micro cap stocks.

It's fine for people to do so, but it just doesn't suit my own risk profile.

I like to have a little bit more certainty, even though, at times, that is a very ephemeral, very naive proposition, because sometimes there is no certainty in the share market.

Nevertheless, I try to put the money where there is, at the very least, less uncertainty than there is in the most speculative corners of the market.

I'm very considerate in taking on new investments and adding to existing ones. And that's not always dominated by what the share price does.

What's Happening With CSL?

Peter: I have to ask you this question, because you and I have talked about this stock before. I bet you can even guess what I am about to ask you about.

Rudi: Something starting with a C?

Peter: Exactly right. What really annoys me is that you haven't lost a hair of your head. What's your current view on CSL ((CSL)), a company that both you and I've liked.

We know the recent report wasn't as good as people might have expected, but I think a lot of my investor audience would love to know what your current thinking is.

Rudi: I recently gave a presentation in Canberra to members of the Australian shareholders Association (ASA), and no surprise, CSL was at the front among the questions.

I think I shocked a few people in the audience. I've also written to FNArena subscribers about this.

In general terms, just 10 seconds ago, when I said I didn't throw more money at the share price that fell, CSL was the one that came to mind. I just didn't name them.

I don't believe that a weaker share price has now reduced the risk. I've been a shareholder in CSL for very long time. The portfolio made a lot of money out of it, although not in the past five years.

The August disappointment is probably the worst I've seen from CSL in at least the past two decades.

Clearly, they are struggling. There's probably a multitude in factors at play. The one that comes to mind is a very erratic and unpredictable administration in the United States, but there's also a healthcare department now that is, let's just call it for what it is, anti vaccinations.

CSL, unfortunately for them, is the number two player in vaccinations in the world. So they're under the pump.

There are other reasons as well, but it was a big disappointment in August. It definitely would have shocked quite a number of people, many institutional investors.

I'm not institutional, but I am with them on CSL; we felt quite comfortable holding the shares because management had guided they would get their margins back to pre-covid levels.

They've now abandoned that. They basically pulled the rug from under that and that's very disappointing.

They obviously don't do that without reason, but it has made me less comfortable now in predicting that CSL's share price and their operations will recover anytime soon.

I think at the very least, they're a bit in a pickle. Market sentiment now is extremely against them, which is what sometimes happens.

Let's be honest. Peter, in the good times, there was probably 30% in the market that absolutely hated CSL because they didn't understand it and the share price would perform year in-year out.

Those same people are still hating CSL today and there's now even a larger group, because now a lot of people have lost money on the stock.

The shares will have to work through that. Management hopefully works very hard. I have not increased the holding. I had decreased the holding already in an earlier stage in the portfolio.

CSL has for a long time been the largest allocation in the portfolio that I run, but it no longer is. I still own shares, and I haven't made up my mind on what to do.

I won't be throwing more money at it anytime soon, because I think there's still a risk that any sustainable recovery will take time.

There's a lot of insecurity with the divestment, the spin off of Seqirus, the vaccines, whether they can do it or not, and it places a lot of question marks about the strategy and the progress they'll be making.

Big question marks. The share price is cheap, that's a given. But as we both know from experience and from history, share prices can remain cheap for quite a while.

The market will need some tangible turnaround proof. I don't think we should expect any miracles.

Books To Read

Peter: What routines or habits help you stay informed and grounded. You're a really grounded guy. You know that.

Rudi: When I get too excited, I take a cold shower. Sometimes I need to do that, proverbially.

I've obviously made my own basket of mistakes over the years, but in many cases, when I look back at my mistakes, I simply acted too quickly, without overthinking it more.

So I try not to act hastily in either direction. Sometimes it means I might have acted too slowly, but those things happen.

You just weigh up the fact that for all the opportunities you've missed, you've also missed out on a lot of oopsie doopsies, and they are often as valuable as the other options you have at your disposal.

From the seat I'm sitting on, as Editor of FNArena, there are a lot of expert voices out there that I have access to and that I consult on occasion.

I think about it, and I read. Sometimes these expert voices bring some calm into my nerves. That's what we all need at times, isn't it?

Peter: Can I just clarify: Did you say whoopsie doopsies or oopsie doopsies?

Rudi: I said oopsie doopsies.

Peter: Always wondered how to spell that if we ever decide to write this interview out. Are there any books or thinkers who deeply influenced your strategy?

Rudi: Yes, and they might come from unexpected corners. This harks to what you said earlier that sometimes the voices to learn from are not necessarily the voices in finance.

I would highly recommend the book written by **Kahneman and Tversky**. The title escapes me, but it's an international bestseller.

I'm currently reading the books by **Nassim Taleb**; **Fooled by Randomness**, **The Black Swan** and **Antifragile**.

In particular Antifragile I can recommend. These are not your typical finance books, but what they do is explain how we, humans, think. We think in the wrong way.

It makes you realise that often the most straightforward thoughts you might have about the share market, about companies, about investing, they're simply wrong and that's good to realise.

It doesn't always mean that by thinking alternatively you get it right more often, but it helps with the thinking process.

It probably helps with avoiding lots of mistakes and with creating new angles to view things.

As I often say to people, the decision to invest in certain companies is often also related to how we view those companies and that sometimes requires taking a slightly different angle.

Peter: You remind me of what Charlie Aitken's daughter said to him one day when they were walking through Bondi Junction.

She said, Daddy, I want to be a fund manager, just like you. He laughed and said, okay, well, what would you invest in if you were a fund manager?

This is a few years ago. She said, JB Hi-Fi ((JBH)), I love JB Hi-Fi for the things we buy. I love Bunnings ((WES)), for the sausage sizzle. And I like Baby Bunting ((BBN)) for all the stuff we buy there for my little sister.

It was funny and that would have made a very good portfolio. I think.

Rudi: Absolutely. By the way, I just remembered the title of the book by Kahneman and Tversky, it's **Thinking, Fast and Slow**. That's a very good book.

Peter: And on Taleb, what is his first name?

Rudi: Nassim.

Peter: Yeah, he wrote The Black Swan. The only reason I never read that book, I concluded before I read it if you can't see a black swan coming by definition, why would I read a book that would tell me how to identify something you can’t identify, but obviously you can.

Can you improve my knowledge on that?

Rudi: It's essentially about risk management. What Taleb is trying to impress upon people, is that you should prepare for risk that may not have happened yet, but it will happen or might happen.

And when it does, at the very least you're prepared, or you will benefit from it. And that's basically the long and the short of the story.

Outlook For Equities

Peter: As a consequence of that, are you becoming more defensive in your portfolio as we are moving to 2026?

Donald Trump's leadership is unusual for us. One of the things I found very hard is normal political leaders are a lot easier to read.

Are you becoming more defensive or do you think there's more upside in the market?

Rudi: I have not become more defensive and I do think there's more upside for the market.

My focus in particular over the past two years or so has shifted towards the megatrend we all have come to know as AI; Artificial Intelligence.

Earlier in the year, those companies got sold off in the share market, because, apparently, everyone was convinced there was a bubble about to burst.

I've steadfastly said to people: this is your chance to scoop up those share prices, because they have much, much, much further to run.

I have noticed that over the past year and a half or so, the number of Doom and Gloom predictions about the share market has accumulated to quite a mountain.

Maybe dangerous for me to say, but I do think those people will be proven wrong.

There is no bubble waiting to burst. I think the share market in six to 12 months’ time will be higher than where it is today.

Peter: Let’s go back to one part of the question I asked: are there any habits you’ve developed around selecting stocks?

Rudi: As I said earlier, I don't make hasty decisions. I take my time.

I also tend not to worry about my portfolio on a daily basis and that serves me well.

Here’s a practical example: Earlier in the year, I added **Macquarie Technology** ((MAQ)) shares to the [All-Weather] portfolio because they had sold off; I thought to a ridiculously low level.

In August, the company came out with a very disappointing report. So those shares sold off again.

I had to remind myself why I bought the shares in the first place. First, there’s always disappointment, because you think that's not why I own these shares, but I've taken my time and did nothing.

To my delight, those shares are back in an uptrend now. So that's one practical, recent example how on many occasions doing nothing and staying the course is the best course of action.

I've seen this on multiple occasions, and that's a lesson in itself. Do not simply throw money at a share price that drops, but you also don't necessarily have to sell immediately, because of disappointment temporarily dominating the share price.

Peter: I think you might remember, Michael McCarthy was the guy who I put pressure on when BHP Group ((BHP)) shares were down at $14.

I asked Michael at the time: are you telling me, within three years, this is not going to be a $20 stock? If I can make $6 over 14 in three years, I'm happy to do it.

He kind of said, because of the short-term play, it wasn't a buy, but on a three-year basis… The share price was $20 by the end of the year.

Rudi: Actually, I think you're understating the story. I think the share price quickly went to $30.

Peter: You're right. I remember boasting at the time, so you reminded me of being boastful.

Rudi: Coming back, also in combining a few of your questions here, one of the interesting things Taleb describes in his books is that we think in straight lines as human beings, but we have to accept things do not happen in a straight line.

That's obviously where one of conflicts exists; when we watch our share prices, or when we have forecasts for our investments, they do not necessarily move into a straight line.

People vs Corporate Quality

Peter: Let's just talk about when you like a company. Do you think about the people running the company or not?

I guess an interesting one is **WiseTech Global** ((WTC)). I think a lot of people think: I like the company, but I worry a little bit about Richard's influence. He's been very good in the past, if you ignore some of his social behaviour, but certainly as a leader of that business, he's been very good. The business is good.

How do you deal with the people factor in your investing?

Rudi: I am well aware of human flaws. As humans we're far from perfect. So in my research, I try to identify the companies, the companies itself, without anyone running it, and see whether they have a moat or whether they are deserving of the high quality, All Weather label.

My favourite expression in this regard is that I rather buy a company that can be run by an idiot, because at some stage it will be run by an idiot, and then it will still be a good company.

If you invest in a cyclical company or in a low quality company, and the tide turns, in both cases, no matter how good management is, they cannot turn against the tide.

But on the other end, if it's a really great company, management almost has to do its best to destroy that company, or not do the right thing.

It's the quality of the company itself that is at the core of my research.

Information vs Noise

Peter: How do you separate noise from signal in volatile markets?

Rudi: That's definitely a difficult one. In times of social media, and dare I say also less experience amongst journalists in the mainstream media, so much noise is present on a daily basis.

There's noise, there's traders, there's price charts, there's the markets. Again, I'm a little bit privileged in that I have access to a lot of research.

Obviously, I tend to own companies for quite a while, which means you get to know those companies.

That's one of the things I definitely appreciate over time. For example: I've owned **ResMed** ((RMD)), I don't even know for how long, but for a very long time.

The same for **TechnologyOne** ((TNE)) and **CSL** as well. Over time, because you keep following those companies, you keep reading up on those companies, you read annual reports, etc, etc. you really get to know these companies.

There's a value in that, because, over time, it teaches you, or at least it helps you, to distinguish noise from information that really counts.

On many occasions I see other people literally jumping around like a chicken without a head on its shoulders, but it's just noise.

I know it impacts the share price at times, but whether that's important or not is also dependent on what's your horizon and what are you trying to achieve with your portfolio?

For example, the one thing I've also become more confident about over the years is: I don't get freaked out now when the portion of short positions in some of my stocks is increasing.

Up to the point sometimes I actually start using some derogative words about those shorters, because I don't think they know what they're doing, or they're doing it on different considerations then what is valuable to me as an investor in those companies.

Peter: And often their view is short term, where your view is long term. I totally get that. Rudi, what's the belief you hold about investing that most would disagree with?

Rudi: A cheaper share price is not by definition a better investment. For me, that just stands.

The other thing is you have to build conviction. Getting a tip from someone else leaves you with little conviction because you are simply trusting on the other person that gave you the tip.

You have to build the conviction yourself, and that helps in times of turbulence and in times of lots of noise.

Know your companies and know why you own them.

Sometimes I own a company and the share price doesn't move, but I'm confident because I know why I own that company.

Sometimes the reason can be because I realise it's cheap, it pays a good dividend, and I realise this too shall pass.

So I can be patient while collecting the dividends and wait for better things to come.

Find Thou Self

Peter: What mindset shifts would you recommend to someone wanting to get better at investing?

Rudi: I think it starts with finding yourself in the share market.

What I've come to realise over the years is there's no such thing as this is how you do it.

There's no one strategy that works. The share market is like the Olympics in one stadium. If you're good at throwing the javelin, don't join the guys on the rugby field.

Find what works for you. That doesn't have to be trading. It also doesn't have to be value investing. It can be something completely else.

If you are the kind of person who likes the adrenaline from jumping on and off micro cap stocks that nobody else is interested in and you become really good at it, by all means, it's not my thing, it's not your thing Peter, but if it works for you…

On the other end, if you're happy having your portfolio stacked with dividend stocks and you're underperforming the market on a total return basis, but you're happy with that, then again, right?

Do whatever makes you happy.

Three Stocks To Like

Peter: One last question, mate. And we know, I could ask you questions all day. What are the three stocks you like right now?

We've had reporting season. I too love buying quality companies, and the markets are bashing them up. But what are the three companies you think look really good value right now?

Rudi: The original knee jerk response is always to pick stocks whose share price has recently fallen.

I'm gonna pick one that hasn't really fallen by a lot, and that's **Goodman Group** ((GMG)).

I think people are still underestimating how high quality this company is, and how much money they're going to make over the years ahead from this thing called data centres and AI.

Again, people need to readjust their views. They need to understand how this business operates.

Goodman Group is valued as a growth stock now, and they will deliver.

One other that comes to mind, and they haven't reported in August, but they will report in about six or seven weeks from now, is **TechnologyOne**.

A lot of people can't get their head around the valuation, the share price, you name it.

But there's very little doubt in my mind they will come out with a cracker result. That's also the view by analysts such as Bell Potter.

It's written in the stars, so to speak, so anything that happens to the share price, that's simply on the basis of tech stocks in the US, or of sentiment locally.

The share price has come off. I think at one stage it temporarily reached $44 it's now 37.

In percentage terms, that's quite a lot. But I'm not worried, because I've owned this stock since forever.

And also that doesn't really count. I keep owning this stock because I'm still confident in what lays ahead.

Let me pick another one… Okay, let's pick **Car Group** ((CAR)).

Similar as with TechnologyOne, I think at one stage the share price was $44 [correction: it was $42] it has now gone to $37-$38.

It's not a spectacular grower, but it's in good nick. It's doing all the right things at the moment. Its acquisition in the US, which met a lot of sceptics at first, is working out well.

It's still in a very strong market positioning locally. Again, anything that happens to the share price is micro related. It's speculation about valuations, interest rates, sentiment, you call it.

But there's absolutely nothing wrong with that company. I think it'll be a good performer going forward.

Peter: Rudi, thanks for joining us. I know there'll be a lot of older investors who, on their deathbed, will be thanking God and Rudi Filapek-Vandyck for the divine inspiration you've given them over the years. Thanks for joining us on the program.

Rudi: It was a pleasure. Peter.

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

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

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

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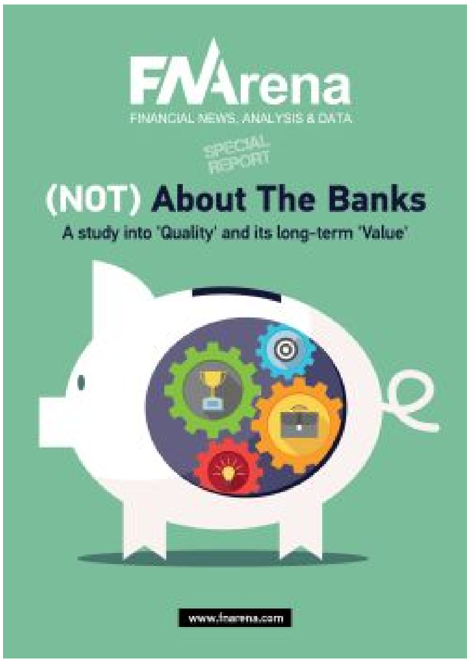

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FNArena is proud about its track record and past achievements: Ten Years On

RUDI'S VIEWS

Rudi's View: In Corporate Earnings We Must Trust

Is it possible general worries are simply too negative as equities continue their ascent?

By Rudi Filapek-Vandyck, Editor

This time last year the buzz around equity markets was all about expensive valuations, a narrow market breadth and concerns about AI momentum having rallied too quickly too far.

Sounds familiar?

There were a few stumbles here and there, including a weak start into the new calendar year, but equities kept on trending upwards until that shock announcement on tariffs from the new administration in the White House sent markets into a brief sell-off.

Would markets have sold off without the threat of unprecedented US import tariffs?

We don't know, of course, as we cannot simply run an alternative history from which we can judge, but if strong price action post that April sell-off is anything to go by, I think the answer is negative.

So here we are again, one year later and the ASX200 is more than 12% higher, including dividends, while US markets have performed even better.

The S&P500 has generated a total return of 15.50% since and for the Nasdaq100 the total gain amounts to a smidgen under 24%.

Twelve months on and the buzz around equity markets hasn't changed much. If anything, concerns about expensive valuations and hundreds of billions spent on AI infrastructure have only attracted more attention.

All of this raises the obvious question: are investors too worried about expensive looking valuations and therefore missing the reason(s) why shares continue to trend into higher highs?

Corporate Earnings Support

A lot has been written about US indices, carried by a limited selection of Champion stocks, setting fresh all-time record highs in the face of tariffs and other threats.

What is seldom highlighted is that US corporate earnings for the first two quarters have been better-than-expected with a similar outcome anticipated for the Q3 season that commenced last week.

In Australia, the underlying dynamic hasn't quite been as positive, but there should be little doubt investors here too are adopting an optimistic outlook on corporate earnings for the year(s) ahead.

This is why the focus has returned to miners and smaller cap companies. In many cases, the improvement in earnings hasn't shown up yet, which can make a stock look expensive in the here and now.

Whether 'expensive' leads to a higher or lower share price might well depend on what earnings growth looks like.

That investor dilemma was perfectly illustrated on Monday when fast-runner Zip Co ((ZIP)) released yet another better-than-forecast quarterly market update, after which its share price was rewarded with a further 4%-plus gain.

Zip Co shares had already rallied close to 50% year-to-date and more than 300% from the April low.

A much cheaper priced Bapcor ((BAP)), on the other hand, issued yet another profit warning and its shares are being punished in excess of -18% in the aftermath.

Those shares hardly budged back in April, believe it or not, but Monday's fall pulls this year's loss to more than -43%.

Loyal shareholders will not want to be reminded this share price once traded north of $8.

We can replace Zip Co with NRW Holdings ((NWH)) or Dyno Nobel ((DNL)) and Bapcor with Treasury Wine Estates ((TWE)), but the key principle remains the same.

Should equity markets sell-off when corporate earnings are poised for upside surprise?

The question applies as much to the US as it does to the local market.

Corporate earnings have supported US equities in 2025. Can it continue?

Return Of Earnings Optimism

As can also be observed from FNArena's weekly updates (every Monday morning), general optimism regarding corporate earnings is unmistakably in a renewed uptrend post the August results season.

While much of this stems from higher commodity prices, including rampant rallies for silver and gold, the likes of SRG Global ((SRG)), Telix Pharmaceuticals ((TLX)) and Regal Partners ((RPL)) are equally enjoying upgrades.

Thus far, corporate results in Australia post August are nothing to get excited about, but this can change dramatically in the weeks ahead when Newmont Corp ((NEM)), ResMed ((RMD)), Macquarie Group ((MQG)), Dyno Nobel, Orica ((ORI)) and three of the Big Four banks, among others, update on their financial performances.

But wait... there's also the local **AGM season** and **Macquarie strategists** have been predicting for weeks now the net outcome should be positive; i.e. we should see more of Zip Co-alike experiences and less disappointment a la Bapcor and Treasury Wine.

On Monday, those strategists updated their views for AGM outcomes, with positive updates expected from Codan ((CDA)) and Sigma Healthcare ((SIG)) this week.

Macquarie's list for positive market updates also includes:

- Ansell ((ANN))
- Downer EDI ((DOW))
- Harvey Norman ((HVN))

- Monadelphous ((MND))
- NRW Holdings
- and Propel Funeral Partners ((PFP)).

To add to the credibility of Macquarie's forecasts, the list of potentially negative AGM updates includes Fletcher Building ((FBU)) and Bapcor ((BAP)) and both have updated accordingly.

For the week ahead, Macquarie also nominated Australian Clinical Labs ((ACL)) for disappointment so watch this space on Thursday when that AGM takes place.

Others nominated for negative market updates this AGM season:

- Domino's Pizza ((DMP))
- Inghams Group ((ING))
- Regis Healthcare ((REG))
- Lovisa Holdings ((LOV))
- WiseTech Global ((WTC))
- and Temple & Webster ((TPW)).

Macquarie analysts have equally been upgrading earnings forecasts throughout the past weeks with resources attracting the lion's share of better forecasts.

Banks and REITs have been enjoying much smaller upgrades. Thus far, report the strategists, the improvement in growth outlook is eluding local industrials.

Something to watch?

FNArena's four-weekly calendar:

https://fnarena.com/index.php/financial-news/calendar/

December Index Changes

More changes are forthcoming with Standard & Poor's in December announcing the next set of index inclusions and exclusions.

Canaccord Genuity is predicting more changes for the ASX50, which tend not to have much impact for share prices but act more as an indicator for market momentum and trends generally.

Current data crunching by analyst Lachlan Woods suggests Mirvac Group ((MGR)) and Amcor ((AMC)) might well lose their status as a Top50 constituent in favour of Lynas Rare Earths ((LYC)) and WH Soul Pattinson ((SOL)).

Could well lose their status as a local large cap, assuming they're dropped from the ASX100, are Reece ((REH)) and Reliance Worldwide ((RWC)), with removal of Pinnacle Investment Management ((PNI)) considered as 'possible'.

Probable replacements are Eagers Automotive ((APE)) and Zip Co, while Capricorn Metals ((CMM)) could replace Pinnacle.

Potentially more impactful changes relate to the ASX200, with all of the following seen as potential candidates to be dropped from the index in December:

- Boss Energy ((BOE))
- IPH Ltd ((IPH))
- Inghams Group
- HMC Capital ((HMC))
- Domino's Pizza

The research also identified both Bapcor and Karoon Gas ((KAR)) as possible removals.

Are likely to be added:

- Resolute Mining ((RSG))
- Pantoro Gold ((PNR))
- NexGen Energy ((NXG))
- Clarity Pharmaceuticals ((CU6))

- Service Stream ((SSM))

Possible replacements for Bapcor and Karoon are Ora Banda Mining ((OBM)) and Aussie Broadband ((ABB)).

S&P will make its announcement on Friday 5 December with changes to be implemented after the market close on Friday 19 December.

Trends In The USA

One of the trends that stands out from US equities is market negativity towards homebuilders.

In isolation, this could be interpreted as simple confirmation it's likely too early yet to adopt a more constructive view for the likes of Reece, Reliance Worldwide, James Hardie ((JHX)) and Brickworks (now part of WH Soul Pattinson), but analysts at **RBC Capital** equally point out, historically, this does not bode well for smaller cap companies (still enjoying favour).

As one would expect, that particular part of corporate America (homebuilders) is confronted by a weak earnings outlook, currently still in a downtrend.

But there might be more to this story as earnings forecasts for the S&P500 outside of the Top Ten companies have started to deteriorate too.

Goes without saying, this divergence in earnings sentiment is a negative data point for the broadening market leadership thesis.

Yet another reason why the current Q3 earnings season in the US might prove all-important (also in the absence of official economic data).

Equally noteworthy: there's no indication capex in the US, outside of AI, is picking up.

Too much uncertainty because of on/off tariffs?

Yet again, I shudder by the thought of what would today's US economy --and by extension its equity markets--look like without the AI megatrend.

Too Much Negativity?

Not a day goes by or I am being reminded by how much cash is sitting on the sidelines, waiting for equities to "correct".

There's definitely more risk in this market, ranging from renewed tension between China and the US, the US government lockdown, deteriorating technical signals, pockets of over-exuberance and heavy reliance on AI and more central bank rate cuts -- all at a time when many worry about valuations.

But there are equally plenty of positive offsets, including better-than-forecast corporate earnings (and the promise of AI helping to widen margins further), lots of spending on AI infrastructure, and more rate cuts from central banks.

Today's markets are equally impacted by a younger generation of traders whose main strategy consists of buying the dip. And that's exactly what they do.

Turns out, hedge funds have been among the heaviest casualties of this new market dynamic in 2025.

I read elsewhere only about 20% of active managers are outperforming US markets thus far this year.

Short-term, even technical readings are far from uniform with equities seemingly 'overheating' on some indicators, but nowhere near the danger zone on other indicators.

One lesson I learned from more than three decades of covering financial markets is to never draw fixed conclusions from one or two indicators only.

As smart cookie **Alfonso Peccatiello** concluded last week:

"A healthy pullback amidst a strong rally in global risk assets makes sense, but I don't see the ingredients for a sustained macro sell-off unless the US and China really clash hard in a couple of weeks."

Given the tendency of markets to surprise the majority of (worried) participants, and with so many negative and worrying views out there, I don't think investors should discount the possibility that markets will continue their uptrend into year-end.

Still, it's probably best to remain disciplined and nimble. Any surprises can still occur in either direction.

(But I tend to agree, buying the dip seems but appropriate in case of a market draw down, plus, no, the AI megatrend is far from over and nowhere near resembling a bubble).

FNArena Talks

FNArena's **Danielle Ecuyer** appeared on A Rich Life's Claude Walker's **ASX Small Cap Wrap** and that video can be viewed through YouTube:

https://youtube.com/watch?v=g4EKkLGwnT8

Review All-Weather Model Portfolio

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

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

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

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

Model Portfolios, Best Buys & Conviction Calls

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

FNArena Subscription

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

Dividend Investing, The Smart Way 250(1)

Cover Investing in GenAi - medium sized

(This story was written on Monday, 20th October 2025. It was published on the day in the form of an email to paying subscribers, and again on Wednesday as a story on the website).

(Do note that, in line with all my analyses, appearances and presentations, all of the above names and calculations are provided for educational purposes only. Investors should always consult with their licensed investment advisor first, before making any decisions. All views are mine and not by association FNArena's see disclaimer on the website.

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

RUDI'S VIEWS

Rudi's View: ALS, Bega, Coles, Elders, Light & Wonder, Lovisa, Telix & More

Updates on Model Portfolios, Best Buys, Top Picks, Sector favourites and Conviction Buys.

By Rudi Filapek-Vandyck, Editor

Amidst all the attention about quarterly results in the US, investors better not forget corporate Australia has its own mini-results season in November.

It starts with Amcor ((AMC)), ResMed ((RMD)) and two mining companies on October 31st and ends with Metcash ((MTS)) and Collins Foods ((CKF)) in early December.

In between we'll hear from tech stalwarts such as TechnologyOne ((TNE)) and Xero ((XRO)), as well as from the likes of Elders ((ELD)), Fisher & Paykel Healthcare ((FPH)), Smartpay Holdings ((SMP)), Webjet ((WEB)) and numerous others.

The **FNArena Monitor** usually finishes the calendar year with circa 55 post-August financial result updates and thus far the teller shows 11 results monitored.

That'll become 12 by Friday when Newmont Corp ((NEM)) is scheduled to release Q3 financials, implying the coming six weeks or so will see more than 40 financial releases being updated.

Let's hope underlying trends and the final balance will turn out a lot better than what August had to offer (pretty disappointing).

Thus far, those 11 early updates haven't exactly been heartwarming either (five disappointments versus two positive surprises).

Local strategists at **UBS** are optimistic. The outlook continues to improve for **commodities** and producers and those companies operating in their slipstream (so to speak) should enjoy some of the benefits too.

For November results, UBS is thus expecting positive commentary from the likes of Orica ((ORI)), Dyno Nobel ((DNS)) and ALS Ltd ((ALQ)).

With US consumers still under pressure, the message is investors should probably not expect too much from the likes of Amcor and James Hardie ((JHX)).

The big revival in the price of gold (if we can call it that) is injecting a lot of momentum into capital raisings by miners and ALS Ltd's geochemistry testing volumes should be one logical beneficiary.

The ALS share price, the strategists highlight, is closely correlated with the pricing of gold and copper and both are reaching for record highs.

Extra observation: it is for this same reason analysts at Citi are toying with the idea ALS could be in the early stages of a multi-year upgrade cycle for its Commodities business.

Incidentally, Imdex ((IMD)) is equally often highlighted as a beneficiary of increased activity among gold explorers and producers.

UBS's three Key Buy recommendations for the season are ALS, Orica and Amcor.

Dyno Nobel's share price is not far off from UBS's price target ($3.35) and Amcor post-Berry merger is potentially cum double digit EPS growth over the next three years, but the market wants proof of execution.

Clearly, UBS thinks the market is too hesitant, which makes the share price look 'cheap' and attractive.

FNArena's Results Monitor: https://fnarena.com/index.php/reporting_season/

Aussie Healthcare

The ASX-listed healthcare sector only has a few companies participating throughout the November results season, most notably ResMed and Fisher & Paykel Healthcare ((FPH)).

Sector analysts at **Morgan Stanley** believe there are plenty of other potential catalysts on the short-to-medium term horizon, such as **CSL's** ((CSL)) capital markets day on November 5.

It's essentially a day of briefings to analysts who are hoping management has positive insights to share about the proposed Seqirus de-merger, the outlook for immunoglobulins and whatever the new plans are for further margin improvement.

Morgan Stanley rates the event as 'Highly Important', potentially providing investors with modestly positive insights.

For **ResMed**, apart from quarterly results, the attention shifts to February next year, when key competitor Philips in the Netherlands is organising its capital markets day.

Philips is still not allowed to sell competing CPAP machines in the US market and ResMed continues to reap the extra benefits in the meantime.

Post today's AGM update, well-received, **Cochlear's** ((COH)) share price direction could be impacted by quarterly results from competitor Med-El as well as trial data from Moderna's CMV vaccine.

Moderna's mRNA-1647 vaccine in development is focused on the prevention of CMV infection in females aged 16-40, which could impact on hearing loss and thus on Cochlear's addressable audience.

An update of the Fair Work Commission work value case is expected to be released before the end of the calendar year and Morgan Stanley believes there could be a negative flow on impact for **Ramsay Health Care** ((RHC)).

In the event of increased award rates, it is the analysts' understanding any wage increase should be funded by insurers, but a less than full offset has the potential to impact Australian earnings and margins for the private hospital operator.

Others, including Ansell ((ANN)) and Sonic Healthcare ((SHL)), should provide trading updates when addressing shareholders.

Elsewhere, Morgan Stanley has selected a2 Milk ((A2M)), Coles Group ((COL)), Harvey Norman ((HVN)) and JB Hi-Fi ((JBH)) for expected positive AGM updates over the weeks ahead.

Have been identified for likely not so positive AGM updates:

- Domino's Pizza ((DMP))
- Endeavour Group ((EDV))
- Woolworths Group ((WOW))

Sigma Healthcare ((SIG)) had equally been nominated for a positive AGM update that was duly delivered this week.

Wilsons On Healthcare

The local healthcare sector is equally in focus at **Wilsons Advisory** where portfolio strategists very much like Quality and Growth and local healthcare, despite years of underperformance, is still seen offering exactly that.

Three reasons why local healthcare's underperformance may not have that much longer to run:

-Valuations across the board look a lot more attractive, in particular relative to the rest of the market

-Earnings growth looks above-average for the three years ahead (Wilsons estimates double the market's average growth)

-Wilsons thinks the sector offers compelling bottom-up growth stories, including for its two sector favourites;

ResMed and Telix Pharmaceuticals ((TLX))

Wilsons' Focus Portfolio retains an Overweight allocation to the sector, also including CSL (together with the two mentioned favourites).

Bell Potter On Agriculture

GrainCorp ((GNC)) is no longer included in **Bell Potter**'s **Top Picks** selection for ASX-listed agricultural companies.

In its place has come **Select Harvests** ((SHV)) with Bell Potter commenting that share price has been flat lining recently despite softer US almond crop deliveries offering the potential for better pricing in AUD.

Remain on the Top Picks list:

- Bega Cheese ((BGA))
- Elders ((ELD))
- Nufarm ((NUF))
- Rural Funds Group ((RFF))

Elsewhere, Bell Potter's **Key Picks** for exposure to **consumer** budgets via the ASX are:

- Bega Cheese
- Coles Group ((COL))
- JB Hi-Fi ((JBH))
- Harvey Norman ((HVN))
- Universal Store Holdings ((UNI))
- Light & Wonder ((LNW))

Macquarie On Gaming

In contrast with the rather lackluster share price performance from gaming operators Aristocrat Leisure ((ALL)) and Light & Wonder, **Macquarie** analysts have returned from their US visit "with conviction" in both companies' outlook.

Having spent time in Las Vegas and after visiting venues in Kentucky, the analysts found improving trends/sentiment with some segments to benefit from regulatory/legislative tailwinds.

The conclusion: both Aristocrat and Light & Wonder deserve to trade on higher multiples, with Macquarie highlighting attractive earnings growth and specific catalysts.

Morgans' Best Ideas

Stockbroker **Morgans** recently updated its strategy update. In a broad overview, the preference is tilted toward superior risk/return opportunities among **mid/small caps and quality cyclicals**.

In contrast, Morgans' strategists would recommend reducing exposure to expensive defensives including banks and telcos.

Current preferred equity sectors include Industrials, Consumer Discretionary and Resources, extending to Healthcare and Energy when global macro-economic forces normalise.

In terms of individual **Best Ideas**:

<u>Financials</u>

- Pinnacle Investment Management ((PNI))
- Qualitas ((QAL))
- MA Financial ((MAF))
- Tyro Payments ((TYR))

Consumer Staples

- Treasury Wine Estates ((TWE))
- Collins Foods ((CKF))

Healthcare

- CSL ((CSL))
- ResMed ((RMD))
- EBR Systems ((EBR))

Infrastructure & Utilities

- Dalrymple Bay Infrastructure ((DBI))

A-REITs

- Goodman Group ((GMG))
- DigiCo Infrastructure ((DGT))
- HomeCo Daily Needs REIT ((HDN))

Consumer Discretionary

- Universal Store Holdings ((UNI))
- Lovisa Holdings ((LOV))
- Guzman Y Gomez ((GYG))
- Light & Wonder ((LNW))

Industrials

- Amcor ((AMC))
- ALS Ltd ((ALQ))
- Orica ((ORI))
- ARB Corp ((ARB))
- PWR Holdings ((PWH))

Travel

- Corporate Travel Management ((CTD))

Technology

- WiseTech Global ((WTC))
- Megaport ((MP1))

Agriculture

- Elders ((ELD))

Mining & Energy

- Woodside Energy ((WDS))
- Northern Star ((NST))
- Capstone Copper ((CSC))

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

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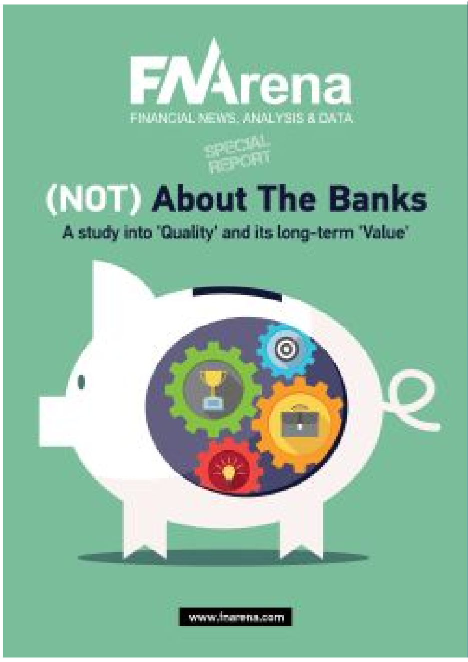

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SMALL CAPS

Acquisition Loads Up Catapult

In its latest acquisition, Catapult Sports has added the missing element to make it a globally competitive sports software company.

-Catapult acquires soccer scouting and recruiting software firm Impect
-Impect product can be expanded to other sports
-Preliminary interim result reflects strong momentum
-Post strong rally, investors expected to scrutinise November market update

By Greg Peel

Originally formed from a partnership between the Australian Institute of Sport and the Cooperative Research Centres to maximise the performance of Australian athletes ahead of the Athens Olympics, Catapult Sports ((CAT)) was officially founded in Melbourne in 2006, and listed on the ASX in 2014.

Initially, Catapult focused on wearables to track an athlete's performance but has since grown to include technology for sports recruiting and scouting, and video analysis. The company now has over 4600 elite teams as clients globally across more than 128 countries, representing sports including soccer, rugby, cricket, basketball, baseball, American football and ice hockey -- more than 40 sports in total.

In June, Catapult announced the -US$18m acquisition of Perch, a Boston-based sports technology company which offers off-field, AI-integrated athlete monitoring solutions, developed originally at MIT, combining a 3D camera with proprietary AI that tracks athletes in the weight room to offer insights for personalised training programs.

Last week, Catapult announced the -US$91m acquisition of Impect, founded in Germany in 2014 to support player scouting and tactical analysis for soccer teams. The SaaS provider collects and owns the data that is then presented through proprietary “packing” metrics to provide unique match and player insights.

The purchase price has a bit to unpack, UBS notes, including -US$46m upfront, -US$32m in Catapult shares that vest over four years and -US$12m in earn-out equity to be issued again over four years.

UBS views this as a pretty reasonable up-front price as well as providing founder lock-in and incentive over a number of years. The acquisition will be funded by an A$130m (US$84m) equity raising and A$20m (US$13m) share purchase plan (SPP) at $6.68 per share.

On Friday, the shares were trading at $6.78.

sports equipment

Filling the Void

It had been well flagged by Catapult and well understood by the market that a scouting platform was the key missing module to the company's overall video software platform, UBS notes. Catapult has now inorganically filled that void.

Clearly, the opportunity exists, UBS suggests, to drive revenue synergies in soccer and other flow sports through leveraging Catapult's at-scale global sales force and large customer base compared to Impect's 150 teams.

The key questions will be how Catapult can integrate this with its existing video suite, but more importantly how Impect Scouting could enable Catapult to better compete with current video incumbent and clear market leader, US-based Hudl and its Wyscout platform, which collects data and video from more than 600 competitions worldwide.

Impect, while small, is fast growing, Morgan Stanley notes. Annual contract value (ACV) has grown at a two-year compound annual growth rate of 68% from US$2.8m in July 2023 to US$8.1m in July 2025.

Morgan Stanley sees a strong strategic fit and expects Impect to be integrated seamlessly, augmenting Catapult's offering with scouting and tactical insights, including its unique and proprietary "Packing" metrics.

Morgan Stanley believes Impect can accelerate both the velocity and value of cross-sell opportunities, particularly across Catapult's existing base of around 1,500 soccer teams. Over time, there is potential to scale the technology across additional sports verticals.

Trading Update

Along with the acquisition announcement, Catapult provided preliminary first half FY26 (year-end March) results, featuring annual contract value (ACV) of US$115.3-115.6m, slightly above consensus.

Revenue came in at US$67.2-67.5m, management earnings US$9.0-9.5m and free cash flow US$3.7-4.0m. Bell Potter notes the free cash flow figure did not include -US$3m in transaction costs associated with the Perch acquisition. Without this the result would have been US$7.2-7.5m.

This is clearly a solid result and reflects ongoing strong top line momentum, UBS commented. Importantly, this represents another period of strong operating leverage with incremental margins of 52% being the fourth consecutive period in excess of 50%.

FY26 guidance was reaffirmed for ACV growth to remain strong (consensus 19%-plus), continued improvement in cost margins, and higher free cash flow.

The Risk

Financial disclosure with regard the Impect acquisition is limited, Morgan Stanley notes, other than ACV and the earnings margin of the target. Based on available information, the broker estimates the transaction will be dilutive to both earnings per share and free cash flow in the near term.

Catapult shares have materially outperformed the market over the last twelve months, up 204% to the ASX300's 7.75%, predominantly driven by surpassing the critical inflection point of positive earnings and free cash flow. Morgan Stanley warns any deviation from this ---if margins and/or free cash flow generation contract--- could see the multiple de-rate from current levels.

Morgan Stanley expects elevated scrutiny around these metrics and ACV growth at the November results. For now, the broker retains its Overweight rating and has lifted its price target to $7.90 from $6.00, noting Catapult has globally scalable software and is serving a growing total addressable market.

It is clear to UBS we are now in the midst of a wave of consolidation within the global sports tech marketplace. Within the last twelve months alone, we have seen major players undertake multiple transactions, including Hudl , Sony, Teamworks, and Catapult.

The significant growth in the money within sports is creating a transformational period of sports tech product adoption by pro-teams, UBS notes. Nonetheless, the challenge remains for these start-ups to go from initial adoption to profitable scale-up. This is where Catapult has a unique position to come out as a major player through this consolidation given its significant pro-teams penetration and scaled sales force footprint.

UBS retains Buy, despite an unchanged target of $7.00. Note that the share price shot up almost 8% on the announcement to $7.70 before settling back.

Bell Potter has rolled forward its enterprise value to revenue valuation on Catapult for a year given we are now in the second half of FY26 and to better capture the full year impact of both Perch and Impect.

This broker has increased the multiple it applies to 9.0x from 7.75x given the strategic value of Impect and the opportunity to both cross-sell and expand the products into other sports.

The net result is a target price increase to $7.50 from $6.00 which, as a modest premium to the share price, prompts an unchanged Hold rating.

SMALL CAPS

Another Step-Change In Growth For SRG Global

Infrastructure services company SRG Global has announced another step-change in growth with the acquisition of a marine infrastructure services business.

-SRG Global has acquired TAMS, a marine services company
-Acquisition supports FY26 EBITDA around $35m with upside from construction work
-Management and analysts laud attractive deal economics
-Step-jumps in valuation follow, with ongoing upside potential

By Greg Peel

SRG Global ((SRG)) provides comprehensive infrastructure services, encompassing Maintenance & Industrial Services and Engineering & Construction.

According to the company's website, SRG "…engages early with clients, offering consulting and engineering expertise to ensure efficient and cost-effective solutions. Our diverse capabilities cover a wide range of industries and applications, supported by innovative technology and a highly skilled workforce".

A year ago SRG acquired Diona. According, again, to the website, "Diona's market-leading position in program and asset management services in water security and energy transition with utilities/government agencies under long-term collaborative program and asset management agreements, complements SRG Global's current end-to-end full asset life cycle capability in water, defence, resources, transport and energy transition".

Last week SRG announced the 100% acquisition of Total AMS Pty Ltd (TAMS). TAMS is an end-to-end diversified marine infrastructure services partner with a 25-plus year history and full self-perform capability (all trades in-house), with expertise in design, engineering, construction, maintenance and remediation services.

The company has a strategic geographic footprint with exposure to Resources, Energy, Transport, Water & Defence sectors.

TAMS has a workforce of 500-plus highly skilled technical specialists accompanied by a highly regarded management team, Moelis notes.

TAMS adds marine infrastructure services to SRG Global

Attractive Price

SRG will fund the acquisition through $45m in debt, $28m in SRG shares (issued at $1.99 and subject to a two-year escrow), and $12m in cash. The earn-out structure provides for 100% of earnings (EBITDA) between $30-40m and 50% above $40m.

On a pro forma FY26 basis, TAMS is forecast to deliver $200m in revenue, $35m of EBITDA and $30m of EBIT, for an EBITDA margin of 17.5% and EBIT margin of 15.0%. Bell Potter previously had SRG Global on margins of 9.6% and 6.3% respectively.

On the investment case of TAMS delivering $35m of EBITA in FY26-27, Bell Potter calculates the deal is priced at 2.7x FY26 EBITDA and 3.2x EBIT.

Bell Potter previously had SRG on a valuation of 13.9x EBIT. Earnings per share accretion is expected to be 25%, with upside should TAMS outperform its investment case.

Shaw and Partners points out SRG now offers an FY26 EBITDA multiple broadly in line with peer Monadelphous ((MND)), though it has a market cap circa -$800m lower and trades at a circa -8-point FY26 PE discount.

The Opportunity

TAMS adds a highly complementary capability to SRG's existing business, Shaw suggests, with a sole-source, end-to-end marine infrastructure service offering.

The acquisition is consistent with SRG's strategy of driving step-change growth in recurring earnings underpinned by long-term collaborative maintenance and asset lifecycle agreements.

TAMS offers full lifecycle services across marine infrastructure, including design, engineering, construction and maintenance.

The acquisition adds scale, recurring revenue, and strategic exposure to markets with structural tailwinds, Ord Minnett notes, such as ageing port infrastructure and increased government investment in marine assets, including potential entry into the Defence sector.

Similar to SRG's Diona acquisition, Shaw expects the combined group to be able to chase larger opportunities that may not have been available on a standalone basis. The maritime defence sector is one such sector.

The Australian Defence Force has allocated 38% of its $330bn Integrated Investment Program budget to maritime expenditure over the next decade.

The Australian Government defence budget also includes $435bn to cover areas such as maintenance, sustainment and operational funding. Shaw expects the combined group to target wins in these categories from the second half FY26.

The TAMS acquisition rationale is to combine two highly complementary businesses that provide cross-selling opportunities with existing and new clients.

TAMS has a long history with strategic geographical footprint (including Pilbara, Fremantle, Gladstone) and blue chip clients, Moelis points out, along with an attractive 80%-plus recurring/annuity style earnings profile, and will add $600m of work in hand and a $3bn-plus opportunity pipeline.

In the last 4-6 weeks, TAMS delivered a large construction project (Broome floating wharf) which took up the entirety of the company's construction focus.

This means all the work at present is maintenance/annuity style work on term contracts. This underpins the $35m of EBITDA and $30m of EBIT.

However, management confirmed on the conference call TAMS had delivered up to $50m EBITDA and $45m EBIT previously, which reveals considerable upside when construction work resurfaces.

Additionally, management talked up the construction pipeline.

Valuation Step-Change

Suffice to say, brokers have materially upgraded their earnings forecasts for SRG Global. This has translated into sharp target price increases.

Shaw has lifted to $2.75 from $2.00, Moelis to $2.81 from $2.00, Bell Potter to $3.00 from $1.95 and Ord Minnett to $3.15 from $2.00. All four retain Buy ratings.

Morgans has lifted its target to $3.00 from $2.10, but downgraded to Accumulate from Buy. This broker does not qualify its move, but there is likely a clue in the 20% upside share price response to SRG's acquisition announcement.

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

Diversification Drives Jumbo Growth Outlook

The share market has signaled approval of Jumbo Interactive's UK acquisition as management diversifies away from lottery retailing.

-Jumbo Interactive acquires Dream Car Giveaways? in the UK
-FY26 guidance unchanged, forecasts raised
-Lower future volatility anticipated around jackpots
-Synergies via Oz Lotteries platform & UK B2C

By Mark Woodruff

Shares in digital lotteries marketing business Jumbo Interactive ((JIN)) have rallied sharply, reflecting market confidence in management's strategy to accelerate growth while broadening revenue and earnings streams.

The company is set to acquire Dream Car Giveaways, a leading business-to-consumer (B2C) brand and digital marketing proposition in the UK Prize Draw market.

Management anticipates double-digit EPS accretion a year after completing the purchase of what is already a high growth, profitable and cash generative business. The target's founders and team will remain in place.

While Jumbo's FY26 guidance remains unchanged, the acquisition is expected to contribute between $14.3-14.9m in underlying earnings in FY26, representing 20-25% growth.

The company sees significant opportunity to further leverage Dream Car Giveaways through its proprietary platform, which underpins Oz Lotteries and supports its software-as-a-service (SaaS) clients.

Additional growth is expected as Jumbo applies its established data-driven capabilities and best-practice marketing approach, honed across regulated lottery markets.

Jarden believes the acquisition should help reduce earnings volatility around jackpot sequences and lower the relative magnitude of earnings risk ahead of the renewal of Jumbo Interactive's reseller agreement, which expires in 2030.

Jumbo operates as a reseller of lottery products in Australia via OzLotteries, selling official lottery games such as Powerball, Oz Lotto, and others on behalf of The Lottery Corp ((TLC)).

Jumbo's operating margins in Lottery Retailing are partly affected by paying a service fee to Lottery Corp, especially as jackpot-driven revenue varies.

Bell Potter now expects around 45% of 2027 revenue for Jumbo will be generated from non-The Lottery Corp products.

Beyond the reseller role, Jumbo is developing software-as-a-service (SaaS) and platform licensing operations.

The Jumbo Oz Lotteries platform is well positioned to deliver synergies when integrated with the UK B2C market, in Bell Potter's view, which the company estimates to be worth approximately GBP1.3bn annually.

The new business

Not confined to car prizes, Dream Car Giveaways also conducts giveaways of cash, property, and lifestyle products.

Jumbo Managing Director, CEO, and founder Mike Veverka noted "the UK Prize Draw sector is meeting the rising demand from younger, internet-savvy consumers seeking unique products in an engaging digital format".

The acquisition cost is -$109.9m, comprising a -$75.2m cash upfront payment, a -$10.2m equity component, and an earn-out payment of up to -$24.5m, subject to achieving certain revenue growth and earnings hurdles.

Funding of the transaction will occur via -$17.9m in existing cash, the -$10.2m equity component, and the draw down of -$81.6m in debt under an upsized and amended debt facility with ANZ Bank ((ANZ)).

Diversification

The acquisition of Dream Car Giveaways helps bridge the potential earnings gap from non-Lottery Corp revenue streams, notes Morgans, while also accelerating Jumbo's strategic shift toward higher-margin B2C opportunities and away from its slower-growing international B2B operations.

The international B2B operations are part of Jumbo's diversification towards a more scalable, platform-oriented business model from being solely a reseller of lottery tickets, primarily in Australia.

These B2B arrangements offer recurring revenue streams, greater contractual stability, and a lower dependence on jackpot volatility in retail lottery operations.

Here, Jumbo has expanded beyond Australia into the UK via its subsidiaries Gatherwell and StarVale, which act as external lottery managers and service small-to-medium charities and non-profit lotteries in the UK.

In Canada, Jumbo is active in charity lottery and raffle operations through its arm Stride.

Also, the company markets its Jumbo Lottery Platform globally for charities and non-profits wishing to modernise their lottery operations digitally. The platform is licensed across multiple jurisdictions.

Regulatory concerns

Highlighting the Dream Car Giveaways business is still in its early days, Citi also cautions the acquisition carries risks due to the fragmented nature of the market, low barriers to entry, and the potential for increased regulatory oversight.

On this latter point, Morgan Stanley notes the UK government undertook a review of the Prize Draw market, and in June announced the introduction of a Voluntary Code of Practice.

This broker sees scope for further increases in regulation at some point (and a rebasing of earnings lower), which could restrict player access through age or problem-gambling limits.

It is thought restrictions may entail a cap on advertising and spending or payment options, and a mandate for minimum charitable contributions, as well as game taxation or a tightening of licensing requirements.

Execution and regulatory risks remain, but Morgan Stanley still concludes Jumbo is a **financially and strategically compelling investment**.

Lottery Tickets You May Be A Winner

More on the Jumbo business

Throughout FY24-25, Jumbo invested in product innovation and operational improvements. Management launched new proprietary games such as Daily Winners and optimised its digital platforms to increase customer engagement.

The company's focus on player experience and data-driven marketing has improved retention and reactivation of users, supporting revenue despite jackpot variability.

Locally, Jumbo has been actively expanding beyond its traditional consumer lottery resale business into B2B lottery software and services.

In September, the company signed a major SaaS agreement with RSL Queensland to power RSL's flagship "Dream Home Art Union" lottery program.

The Dream Home Art Union is Australia's largest prize home lottery with around $200m in annual ticket sales.

Dividend and outlook

A further update on Jumbo's FY26 dividend will be provided at the AGM on November 11.

Following the acquisition, Morgans expects the company's dividend payout ratio (currently 65-85% of profit) to be reduced to prioritise debt repayment and maintain balance sheet flexibility.

While the acquisition appears promising, Citi prefers to see tangible results before adopting a more positive stance. This broker also remains cautious about ongoing negative like-for-like trends in Powerball, which are expected to weigh on Jumbo's turnover in FY26.

The analysts at Morgan Stanley believe Jumbo's negotiating position for the upcoming Lottery Corp reseller renewal will be enhanced by the latest acquisition via a larger, faster-growing offshore earnings base.

Putting the acquisition to one side, this broker highlights other positives including game updates across key titles, easier FY25 jackpot comparatives, Jumbo's price increases in major games, strong Daily Winners growth, potential SaaS catalysts, and an undemanding valuation.

Morgans sees Jumbo Interactive as a quality defensive growth stock with a balance sheet to match.

This broker, after incorporating the Dream Car Giveaways acquisition, adding the newly announced RSL Art Union SaaS contract, and moderating Lottery Retailing growth assumptions, upgrades its rating to a Buy from Accumulate.

There is one other daily covered broker by FNArena with a Buy rating while three others are on Hold (or equivalent).

The average target of the five brokers has rises to $13.56 from $13.00 following the acquisition announcement, implying around 4% upside to the $13.02 share price today.

Outside of daily coverage, Jarden has a Buy rating and $14.10 target price.

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SMALL CAPS

Re-Rating Ahead For Fineos Corp?

Insurance software company Fineos Corp should become free cash flow positive this year – a milestone that typically triggers a multiple re-rating.

- **Fineos Corp a dominant SaaS player in the global insurance industry**
- **Heavy investment in R&D has weighed on valuation to date**
- **Extensive addressable market of insurers moving to the cloud**
- **Free cash breakeven expected in 2025**

By Greg Peel

Fineos Corp ((FCL)) is one of leading providers of insurance software to Life, Accident and Health (LA&H) insurers worldwide. Headquartered in Dublin, the company was listed on the ASX in 2019 at a price of $2.50 per share and closed last Monday at $3.06.

Fineos has established itself as a dominant SaaS player in the sector through extensive client relationships, with customers including seven of the ten largest employee benefits insurers in the US, the largest LA&H insurer in Canada, and 70% market share of employee benefits insurance in Australia.

The company is yet, however, to reach positive free cash flow.

Being Irish, the company reports in euro, and the EURUSD exchange rate has proven a headwind in recent months. But the real drag has been Fineos' heavy investment in R&D towards its purpose-built, cloud-based platform.

This was the issue for Moelis back in August ahead of Fineos' interim earnings result (December year-end). Moelis noted the company was maintaining its strategic trajectory, but longer-term growth was dependent on new client acquisition and deeper penetration of large accounts.

Caution led Moelis to downgrade Fineos to Hold from Buy, setting a target price of $3.27. (The 52-week high for the share price is $3.29, earlier this month.)

Fineos Corp services Canada's largest Accident and Health (LA&H) insurer

Seeking Guidance

Also reporting ahead of Fineos' interim result was Macquarie, who in early September drew upon US-based rival Guidewire's FY25 result to assess implications for Fineos.

In FY25, Guidewire's annual recurring revenue (ARR) grew 19%, revenue rose 23% and the cashflow margin was 25%, beating the top end of guidance. Initial FY26 guidance was for 22% ARR growth and a 52% rise in operating cash flow.

Macquarie suggested Guidewire's strong subscription-driven growth and profitability highlights the potential path for Fineos but also underscored the current gap. Fineos trades at a steep discount, justified by its slower growth and heavier R&D capitalisation, but offers optionality if execution on cloud transition accelerates, the broker believed.

Macquarie retained an Outperform rating on Fineos, lifting its target to $3.48 from $3.29.

Blood from a Stone

Whether it be a loss of interest, or the result of down-sized analyst teams being overstretched, neither Moelis nor Macquarie have updated on Fineos' result, maintaining radio silence to date.

Cit has stepped up, but noted by way of apology its late September update was rather belated.

Fineos added EUR5m of ARR in the first half 2025, the strongest half of incremental ARR since 2023, with ARR growth benefiting from three new wins towards the end of the half (as well as lower churn).

With stronger-than-expected first half cash flow removing concerns of a potential equity raise, and strong ARR growth, Citi reiterated its Buy call, hiking its target up to $3.25 from $2.35 to reflect earnings upgrades due to lower opex and higher peer multiples, as well as applying a lower discount to peers to reflect reduced probability of an equity raise after the stronger than first half cash flow.

However, said Citi, there is still more work to be done for Fineos to hit mid-term Subscription revenue targets.

The broker's forecasts assume Subscription revenue grows of 61% of group revenue (assuming Services is flat), which is below Fineos' target of 65% of group revenue. While Fineos is seeing good momentum in Absence/Claims deals, Citi sees winning larger Policy & Billing contracts as key for acceleration of subscription revenue.

Initiation

To fill the void, Canaccord Genuity last week initiated coverage with a Buy rating and $3.45 target.

The company has a deep understanding of the unique challenges faced by insurers, Canaccord suggests, having invested in excess of -EUR250m in R&D over the past five years. The broker believes the LA&H industry is an attractive vertical given the large proportion of insurance carriers still using legacy systems, representing an opportunity for Fineos.

The company estimates total annual spend on external core systems software of circa US$10bn by LA&H insurers, with an attainable addressable market of around US$2bn in North America from some 300 insurance carriers when including the direct-to-employer market.

Canaccord expects the ongoing structural tailwind of insurers moving from ageing legacy inbuilt systems to emerging purpose-built cloud-based platforms such as Fineos'.

Of the 300-odd addressable LA&H insurers in North America, less than 25% use third-party systems.

The company reports attractive unit economics, Canaccord suggests, with its mission-critical software resulting in negligible churn (1-2%), long-term customer relationships (average top ten customer length ten years) and high gross margins (greater than 75%).

The insurance industry has exited a period of under-investment, Canaccord points out, following the covid period that impacted carrier profitability and constrained investment in large transformational projects. Fineos reports a strong and improving pipeline of new, up-sell and cross-sell customers.

Canaccord believes Fineos is at an inflection point in its profitability and is on the cusp of achieving a positive free cash flow profile, given its most attractive pipeline of opportunities to date.

History Shows…

Canaccord's positive investment view on Fineos is driven by a view that company valuations often undergo multiple re-ratings as they pass through free cash flow breakeven, which Fineos is expecting to deliver in 2025.

The thesis is the company operates in a large addressable market with strong industry tailwinds and strong competitive advantages as the leading insurance software provider in the LA&H industry with technological advantage over its competitors as illustrated by its R&D spend and market positioning.

Canaccord expects Fineos to report an accelerating subscription revenue growth profile, and rising profitability.

Based on revenue forecasts (five-year revenue CAGR 8%) and expectations for rising earnings margins (20% rising to 24% by FY27) and free cash flow generation, Canaccord sees Fineos as an increasingly high-quality software company with a large moat trading at a low relative valuation.

SMALL CAPS

Kinatico Energises Compliance Technology

New research on compliance solutions business Kinatico highlights the step-change to operations provided by new product ComplianceX.

- **New research highlights Kinatico as an emerging, high-growth, high-quality business with accelerating free cash flow**
- **Company considered well positioned to capitalise on rising demand for compliance technology**
- **Transition into a SaaS-oriented compliance solutions firm on a low-cost base**
- **Newly released compliance platform ComplianceX to assist with margin expansion**

By Mark Woodruff

Australian-based Kinatico ((KYP)), a leading provider of “know your people” workforce compliance solutions in Australia and New Zealand, is well positioned to capitalise on rising demand for compliance technology, according to company management.

At face value, compliance technology appears a dry topic, but what’s not to like about an established legacy business with over 10,000 repeat corporate customers helping fund a new SaaS-based business driving revenue and profit growth, supported by a robust balance sheet and strong cash generation?

These fundamentals help underpin the investment thesis, suggest analysts at Canaccord Genuity in their initiation of research report.

The company’s technology enables organisations to automate employee verification, credential checks, and ongoing compliance management across sectors including aged care, mining, and government. This helps organisations streamline employee compliance across hiring, onboarding, and daily operations.

While the legacy business, CVCheck, provides employment screening and verification services, Kinatico is evolving into a SaaS-oriented compliance solutions firm. This transition fundamentally shifts Kinatico’s revenue profile and growth trajectory.

Listed on the ASX in 2015 as CVCheck at an IPO price of 20 cents, the evolution began in FY22 with the rebranding to Kinatico and the quick scaling of recurring software revenue to $15m in FY25.

Management has confidence in delivering more than 50% SaaS revenue growth in FY26, and a medium-term ambition of achieving 80% SaaS revenue as a percentage of total revenue by FY28, compared to 46% in FY25.

Bell Potter is forecasting 57% in FY26 and 66% in FY27.

Canaccord describes Kinatico as an emerging, high-growth, high-quality business with accelerating free cash flow (FCF) generation.

The numbers certainly support this view: in FY25, group revenue rose by 12% to $32.1m, with SaaS revenue surging by 54%. Kinatico’s free cash flow (FCF) is expected to grow to $4.0m by FY28 from about $1.0m in FY25.

The company’s SaaS revenue carries gross margins above 85%, which Canaccord expects will lift overall group margins to around 70% and cash earnings (EBIT) margins to 15% by FY28, up from the respective FY25 levels of 65% and 4%.

This margin expansion is expected to be driven by operating leverage, supported by a largely fixed cost base of around $16m.

Enterprise and small and medium-sized enterprise (SMEs) customers subscribe to Kinatico’s core products, being CVCheck, Enable, Cited, and most recently its newly released compliance platform, ComplianceX.

Kinatico targets under-served SMEs for workflow and compliance solutions

ComplianceX

According to Canaccord, ComplianceX marks a step-change in the company's revenue growth potential.

This product delivers a stronger customer value proposition by consolidating multiple compliance workflows into a single, streamlined platform, explains the broker.

Taylor Collison believes the company has a clear pathway to converting a significant portion of its existing customer base and sales pipeline to ComplianceX, noting the freemium-led go-to-market strategy is well positioned to capture growth in the SME segment.

Management's research and industry feedback indicate strong demand across Health (Aged Care and Day Surgery), Industrials, Manufacturing, and Financials sectors. These areas are characterised by fragmented compliance systems and increasing regulatory pressure, notes the broker.

SaaS growth so far for Kinatico comprises around 60% new customers and 40% conversions from existing clients, underscoring to Canaccord the significant opportunity to leverage the established base of around 10,000 legacy customers compared with approximately 200 SaaS customers today.

Taylor Collison anticipates limited go-to-market risk, noting this is not a test of product and market fit, but rather the measured rollout of a platform already validated through strong customer engagement.

Four revenue growth drivers

It is Shaw and Partners' view management has several growth levers to drive revenue expansion.

Migrating the company's $17.5m annual recurring revenue (ARR) base from the legacy platform to ComplianceX is expected to deliver a revenue uplift, though the magnitude is yet to be determined.

This broker also points to significant cross-sell potential with larger clients. For example, Kinatico currently services only BHP Group's ((BHP)) Iron Ore division, but is in discussions to expand across other business units.

No international revenue is included in internal forecasts, highlight the analysts, despite a go-live planned for next year, potentially providing additional upside.

Strong reference clients such as NSW Treasury are generating new leads, an effect Shaw expects to accelerate after ComplianceX launches.

Despite potential for strong revenue flows (in the absence of any M&A), Bell Potter continues to forecast no dividend payouts.

The cash balance is forecast to grow from $10.2m in FY25 to $12.8m in FY26 and $18.1m in FY27.

Competition

The Governance, Risk and Compliance (GRC) and Workforce Workflow Software market in Australia remains highly fragmented, with no dominant all-in-one provider.

Canaccord analysts list key participants including SafetyCulture (around $160m revenue), Kinatico ($32m), the previously ASX-listed Elmo Software ($91m), and SAI360, which focuses on enterprise Enterprise Governance, Risk & Compliance (GRC).

While global players such as ServiceNow, SAP, Oracle and Workday are also active, the broker explains these companies primarily target large enterprises.

ComplianceX offers seamless integration with over 50 leading Human Resources Information Systems (HRIS), Applicant Tracking System (ATS), and payroll systems, including Workday, Bullhorn, Employment Hero, HR Cloud, and Oracle Recruiting.

Kinatico differentiates itself, explains Canaccord, by pursuing the broader mass market rather than concentrating solely on enterprise software sales.

Management is targeting Australia’s circa one million SMEs, an under-served segment for workflow and compliance solutions.

Canaccord suggests the platform is competitively priced at $15-24 per user per month, positioning it as an affordable and scalable option for smaller businesses.

Legacy business funding the evolution of Kinatico

Formerly, Kinatico was solely a transactional screening provider, but that business is becoming increasingly commoditised. This market segment is also subject to seasonal fluctuations around recruitment cycles and compliance deadlines.

As explained further in FNArena’s recent article https://fnarena.com/index.php/2025/07/16/legacy-business-fuels-kinaticos-saas-ambition/ the existing division is cash generative and has allowed the company to invest in its product development (circa -$15m since FY22), in addition to serving as a customer acquisition channel and marketing tool for SaaS conversion.

To capitalise on this vast market, management is prioritising instant sign-up, user-friendly design, and minimal onboarding friction by offering no minimum-term contracts and a self-service model to drive rapid adoption across its addressable market.

Canaccord explains the SME segment complements Kinatico’s larger enterprise contracts, which typically involve longer sales cycles of around three months.

These enterprise agreements are more bespoke, requiring a high-touch sales approach and dedicated account management.

A prime example is Kinatico’s largest customer, BHP Group under a contract valued at $1.5m per annum, the analysts highlight.

Outlook

Canaccord Genuity’ begins research coverage of Kinatico with a 50c target boosting the average of (now) four brokers.

The two brokers covered daily by FNArena and two outside of daily coverage all have Buy (or equivalent) ratings, with Shaw and Partners affixing a High-Risk ranking.

The average target of these four is 37.25 cents, which compares to a current share price of around 33 cents.

The author owns shares in Kinatico.

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TREASURE CHEST

Treasure Chest: REA Group

FNArena's Treasure Chest reports on money making ideas from stockbrokers and other experts. Today's idea is REA Group.

-History suggests there is too much concern around Co-Star's entry into the Australian market
-RBC Capital suggests ACCC probe is likely to have a negligible outcome
-REA's competitive position, network effects and pricing model place remain robust
-The stock's valuation looks compelling within historical context

By Danielle Ecuyer

FNArena's Treasure Chest reports on money making ideas from stockbrokers and other experts.

Whose Idea Is It?

RBC Capital

The subject:

REA Group ((REA)).

RBC Capital has concluded market concerns over the ACCC probe and competition from Co-Star have been overly discounted.

More info:

REA Group remains one of Australia's most recognisable names, dominating both the Australian property search market as well as the local share market.

Post August results, investor sentiment has noticeably softened, weighed down by concerns over increased competition, regulation, valuation, and weaker listing volumes.

This morning, RBC Capital initiated coverage, arguing the company is "No Fading Star".

The broker directly addresses the bearish narratives, contending REA's fundamentals and business model remain intact and resilient.

REA Group still dominates the Australian property search market

Pushing back on Co-Star threat

The most prominent concern is the entry of US giant Co-Star via its acquisition of Domain Holdings from Nine Entertainment. Investors fear Domain, backed by Co-Star's financial firepower, could chip away at REA's dominance locally.

RBC notes Co-Star has a mixed record in residential markets, contrasting success in commercial property with a failure to secure share in UK residential via its OnTheMove acquisition.

Moreover, Co-Star's acquisitive approach has often decimated margins through heavy marketing and sales costs. Without scale, differentiated pricing, or an entrenched data platform in Australia, RBC argues Co-Star is unlikely to mount a material challenge.

At worst, the broker sees heightened marketing spend rather than a price war.

At the August FY25 results, Morgan Stanley acknowledged potential risks from Co-Star's deep pockets and aggressive strategy but, like RBC, emphasised REA's robust management, pricing power, and positive structural growth story.

Network effects and VPA drive pricing power

REA continues to command network effects, capturing around 85% of buyer engagement and 72% of website visits. Its strength is amplified by Australia's vendor-paid advertising (VPA) model, which shifts the cost of premium advertising to vendors, giving REA unique pricing power.

This has underpinned depth revenue growth, with premium upgrades like "Premiere" listings driving yield expansion.

Despite listing volumes falling by about one-third since 2012, REA has grown depth revenue more than 15-fold. RBC highlights the success of the group's tiered, value-based pricing model, translating housing price appreciation and traffic into higher revenue per transaction.

Listings Dip, brokers eye 2H26 recovery

Macquarie recently highlighted residential listings fell -4% in September year-on-year, with 1Q26 volumes down -8%. Sydney and Melbourne listings declined -6% and -4% respectively, though September showed modest improvement.

At its AGM, REA reiterated FY26 guidance, pointing to *“strong underlying fundamentals and the potential for further interest-rate cuts”* to support buyer demand.

Morgans echoed this, noting 1H26 listings are forecast to be down -4% year-on-year, but a rebound is likely in 2H26 thanks to easier comparables.

This broker sees REA achieving mid-teens EPS growth, forecasting a 16% compound growth rate to FY28, supported by yield growth of 12% against volume growth of just 1%.

While competitive threats from Co-Star remain to be seen, they could influence valuation.

Citi, Macquarie, and Morgans —three of FNArena’s daily monitored brokers— all sit on Hold-equivalent ratings but with higher target prices. Citi remains at $279.25, Macquarie at $255, and Morgans at $257.

Citi also recently highlighted regulatory changes in India that led REA to shut down its Housing Edge business, which had contributed $60m in revenue and $12m in earnings in FY25.

Citi considers a sharpened strategic focus on the core Housing.com platform as positive, given the Indian market remains highly competitive.

ACCC probe dismissed as low risk

The Australian Competition and Consumer Commission’s probe into REA has also unsettled sentiment.

RBC is dismissive, calling it a “nothing to see here” distraction, noting previous ACCC reviews produced no adverse outcomes.

The broker believes REA’s vendor pricing model is sustainable because it delivers superior outcomes for customers.

Yield growth and diversification in focus

A recurring concern is whether REA can continue to grow yield.

RBC points to a decade of yield expansion despite structurally lower property turnover driven by affordability issues, aging demographics, and high stamp duty.

The broker forecasts low-teens yield growth in the medium term, with a five-year compound growth rate of around 12%.

Revenue forecasts for FY26 and FY27 sit 1% and 3% above consensus.

Beyond listings, REA is expanding into adjacent markets such as financial services, data analytics, and agent workflow tools, which RBC views as underappreciated opportunities to diversify revenue streams.

History suggests valuation is attractive

Valuation remains a sticking point for many investors. RBC argues REA trades at a discount to its own historic averages, with the stock on about 15 times EV/Sales versus a five-year average of 16, and 25 times FY26 EV/EBITDA versus 27 historically.

Meanwhile, RBC Economics is forecasting a 7% rise in national property values over the coming year, which would reinforce the outlook for residential yields.

Among FNArena’s daily monitored brokers, the consensus target price sits at $275.036, with three

Buy-equivalent ratings and four Holds.

RBC has joined the more bullish camp, initiating with an Outperform rating and a $270 target.

Despite short-term jitters over Co-Star, regulation, and listings weakness, analysts agree REA retains leadership, pricing power, and structural growth momentum.

The author holds a position in REA Group.

WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 17-10-25

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

By Mark Woodruff

Guide:

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

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

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

Summary

Period: Monday October 13 to Friday October 17, 2025
Total Upgrades: 13
Total Downgrades: 11
Net Ratings Breakdown: Buy 59.66%; Hold 31.55%; Sell 8.79%

For the week ending Friday, October 17, 2025, FNArena tracked thirteen upgrades and eleven downgrades for ASX-listed companies from brokers monitored daily.

Average target price increases outpaced cuts, a trend that has been in place since early July, a period of 15 consecutive weeks.

On a number of occasions, these rises have been due to brokers upgrading commodity price forecasts, but a surprising number of target price increases have related to stocks within the Industrial sector due to stronger earnings forecasts or other triggering events.

Returning to last week, here average targets in the table below show seven of the ten rises relate to ASX Resources stocks, supported by higher commodity price forecasts by UBS or Ord Minnett (or both).

Despite this dominance, Industrial exposures SRG Global and Catapult Sports featured most prominently with increases in average targets of 48% and 26%, respectively, due to M&A activity.

The four daily covered brokers in the FNArena database which research SRG Global all ventured opinions on the acquisition of Total Tams Pty Ltd for -$85m, an end-to-end diversified marine infrastructure services partner with a 25-year history.

The deal will be funded via $45m in debt, $28m in SRG Global shares (issued at $1.99 and subject to a two-year escrow), and $12m in cash.

Morgans considered the transaction strategically aligned and highly accretive, estimating FY26 earnings of $35m from Total Tams, while Shaw and Partners forecasts the acquisition will add roughly 25% to EPS for SRG and free access to larger contracts.

SRG deserves a premium valuation, suggested Ord Minnett, citing its strong strategic positioning, solid earnings growth outlook, and capacity for further value-accretive acquisitions.

Catapult Sports announced the acquisition of proprietary soccer analytics software company Impect for up to

-US$91m, including upfront cash of -US$46m and the remainder deferred and contingent over four years.

A fully underwritten institutional placement of US$84m, with a share purchase plan aiming to raise US$13m, will assist with funding.

Impect, while small, is expanding rapidly, noted Morgan Stanley, with average contract value growing at a 68% compound annual growth rate (CAGR) from July 2023 to July 2025.

UBS updated its forecasts, bringing forward the expected timing of Catapult's first profit to FY27, while Bell Potter observed Catapult's simultaneous trading update showed preliminary first-half FY26 results broadly in line with expectations. FY26 guidance was also reaffirmed.

Specialist alternative investment manager Regal Partners' average target also rose by around 13% last week, after issuing a September quarter funds under management (FUM) and performance fee update.

Regal manages about $17.70bn in funds across hedge funds, private markets, real and natural assets (such as water rights), along with credit and royalties.

Boutique managers in the stable include Regal Funds Management, PM Capital, Merricks Capital, Taurus Funds Management, Attunga Capital, Kilter Rural, Argyle Group, Ark Capital Partners, and VGI Partners.

FUM rose by 13% to $20bn, driven by outperformance across small-caps and resource strategies.

Morgans called the update "exceptionally strong," with hedge fund strategies up 17% and performance fees well above the broker's expectation. Bell Potter noted it was the strongest update since the VGI Partners merger (completed in June 2022), highlighting 85% of FUM is near fee-earning levels.

Ord Minnett described a "standout" performance, materially outperforming expectations across all key metrics including FUM, net inflows and performance fee accruals. Performance fees for the second half of FY25 are now expected to reach $70m, well above the consensus estimate for between $22-52m.

Staying with the Industrial sector and moving to average earnings forecasts, the tables below show brokers delivered an around 13% boost (on small forecast numbers) for Telix Pharmaceuticals but sliced around -11% from Treasury Wine Estates (post yet another profit warning).

Citi's forecasts for Telix Pharmaceuticals' prostate-specific membrane antigen (PSMA) revenue were rendered conservative after the company's strong third quarter and upgraded FY25 sales guidance.

The company's radiopharmaceutical products are Illuccix, used for imaging prostate cancer via PSMA PET scans, and Gozellix, which targets kidney cancer.

Management reported sales of US$206m, with PSMA revenue 2% above Citi's estimate. Revenue grew 1% quarter-on-quarter and 17% year-on-year, with 3% dose volume growth, suggesting to UBS ongoing Illuccix uptake.

Full-year 2025 revenue guidance was lifted to US$800-820m from US$770-800m, reflecting inclusion of Gozellix sales.

According to Ord Minnett, the granting of full TPT for Gozellix will support revenue growth in the PSMA PET business in the December quarter.

Following Treasury Wine Estate's first quarter trading update, the stock traded down just over -15%.

Overall, Chinese demand is weakening, and the Californian distributor transition has evolved into a bigger-than-expected inventory headache.

Management withdrew earnings guidance for the current fiscal year and the next, as well as putting a $200m share buyback on hold.

Both Morgans and UBS downgraded their ratings to Hold (or equivalent) from Buy. For further broker views see https://fnarena.com/index.php/2025/10/15/enthusiasm-for-treasury-wine-runs-dry/

Higher commodity price forecasts by Ord Minnett and UBS resulted in many stock beneficiaries with materially higher average earnings forecasts or targets, or both, as can be seen in the tables below.

Higher copper price forecasts benefited averages for Aeris Resources, AIC Mines, and Sandfire Resources, while gold price estimates lifted averages for Vault Minerals, Pantoro Gold, Genesis Minerals, Evolution Mining, and Ramelius Resources (among others).

It should be noted Evolution Mining, Genesis Minerals, and AIC Mines also released September quarter operational results. In all cases, management maintained FY26 production guidance.

Ord Minnett marked its forecasts to market for the September quarter, noting higher gold prices, modest gains across base metals, and mixed movements elsewhere.

The broker lifted its 2026 gold price estimate by 5%, resulting in higher target prices for key gold producers.

Across UBS's ASX gold coverage, equities imply gold prices between US$2,900/oz and US$3,675/oz, compared with the current spot price of around US$4,100/oz. The broker's new long-term assumption is US$3,250/oz; an increase of US$450/oz.

This broker kept its Overweight stance on the ASX gold mining sector, noting a compelling case for investors to increase gold allocation amid ongoing tariff uncertainty, weaker growth, higher inflation, and persistent geopolitical risk.

On average, target prices for gold stocks under coverage by UBS rose by 20-35%.

Average broker earnings forecasts fell materially for miners 29Metals and Stanmore Resources.

Macquarie described 29Metals' September quarter as disappointing, citing in-line copper production but sharply weaker zinc, gold, and silver output after another seismic event at Golden Grove.

Management has reduced 2025 zinc, gold, and silver guidance by -42%, -22% and -9%, respectively for the remainder of 2025.

Ord Minnett now expects -$60m less free cash flow and trimmed its earnings forecasts for 2025 and 2026 by -20% and -30%, respectively.

Regarding Stanmore Resources, here Ord Minnett noted metallurgical coal pricing remains weak, though futures point to a potential recovery.

The company produces almost exclusively premium metallurgical coal, primarily hard coking coal and PCI coal, across its three operational hubs in Queensland's Bowen Basin.

September quarter output from Stanmore Resources is expected to rise 13% quarter-on-quarter due to improved conditions at South Walker Creek in the Bowen Basin, with higher sales volumes forecast to lift cash by about US$13m from June 30.

Regarding the 'hot' topic of the week, Morgan Stanley observed China is expanding export controls to cover most medium and heavy rare earth elements, as well as selected production and processing equipment.

Despite a neodymium-praseodymium (NdPr) focus by Lynas Rare Earths, it's felt Lynas Rare Earths may benefit as it is well placed to build a US magnet manufacturing presence via its memorandum of understanding with Noveon Magnetics.

Last week, Macquarie also raised its long-term NdPr price forecast to US$110/kg (real) from US$95/kg, suggesting the price floor set between US-based MP Materials and the US Department of Defence will act as a future benchmark.

Ahead of the company's September quarterly report, Ord Minnett expects Lynas Rare Earths to report production of 2,100t NdPr.

This broker will be looking for commentary on rare earth oxide (REO) demand and pricing trends, plus updates on the company's -$750m capital deployment plans.

Total Buy ratings in the database comprises 59.66% of the total, versus 31.55% on Neutral/Hold, while Sell ratings account for the remaining 8.79%.

Upgrade

AUSSIE BROADBAND LIMITED ((ABB)) Upgrade to Buy from Accumulate by Ord Minnett .B/H/S: 5/0/0

Ord Minnett highlights Aussie Broadband's reaffirmed FY26 EBITDA forecast and capex guidance in a positive AGM update.

Subscriber growth re-accelerated in October after a temporary slowdown ahead of the NBN Accelerate program. Enterprise and government momentum remains strong, with major contract wins supporting double-digit profit growth through FY27.

The broker expects the wholesale migration of More Telecom and Tangerine Telecom in 2H26 to further boost FY27 earnings visibility.

Residential subscriber additions of over 3.2k early October imply over 25k December quarter run-rate. This poses an upside risk to the broker's FY26 subscriber forecast.

Rating upgraded to Buy from Accumulate. Target rises to $6.29 from $5.72.

ADORE BEAUTY GROUP LIMITED ((ABY)) Upgrade to Buy from Hold by Bell Potter .B/H/S: 1/0/0

Adore Beauty’s store rollout is progressing well, notes Bell Potter based on its channel checks, with five new Adore banners and one iKOU banner opened in 1H26. This brings the total to 13 of the 15 stores targeted for 2025.

The broker expects 10 stores to contribute fully to the first quarter, with the remaining two to open ahead of the key Christmas trading period.

Web traffic rose 8% quarter-on-quarter, while the mobile app continues to drive strong customer engagement, supported by around 440,000 Adore Rewards members, the analysts note.

Bell Potter makes no forecast changes, maintaining FY26 revenue forecast at $225.4m and earnings (EBITDA) at $12.1m.

The broker keeps its $1.25 target and upgrades to Buy from Hold after -17% share price retreat since September 17.

BANK OF QUEENSLAND LIMITED ((BOQ)) Upgrade to Hold from Trim by Morgans .B/H/S: 0/3/2

Morgans upgrades Bank of Queensland to Hold from Trim and lifts its target price to $6.87 from $6.20 post 2H25 cash earnings which came in at the upper end of the bank's guidance range.

The broker attributes this to revenue growth. The 20c 2H25 dividend was a beat.

A rise in NIM by 12bps boosted revenue growth of 9% versus 1H25, with the slowdown in home lending balances expected to ease in FY26.

FY25 costs came in flat as anticipated, including a notable decline in investment spending, with costs expected by management to advance at less than CPI in FY26. Credit quality also remains good.

Morgans downgrades EPS in FY27 by -7% but upgrades by 1% for FY28, with the dividend payout ratio retained at 65%.

COMPUTERSHARE LIMITED ((CPU)) Upgrade to Neutral from Sell by UBS .B/H/S: 1/3/1

UBS lowers its target for Computershare to $39.00 from $41.20 and upgrades to Neutral from Sell. The stock’s -13% underperformance since August is thought to have priced in downside risk from potential US rate cuts under a Trump administration.

The broker sees improved risk/reward supported by resilient margin income (MI) balances and higher transactional revenue.

FY26 is viewed as a transitional year, with elevated FY25 transactional income normalising and merger opportunities still 6-12 months away.

UBS trims FY26 and FY27 earnings forecasts by -1.3% and -2.6%, respectively.

IMDEX LIMITED ((IMD)) Upgrade to Buy from Neutral by Citi .B/H/S: 2/3/0

Imdex's 1Q performance impressed Citi, with the broker highlighting 10% year-on-year revenue growth and a more positive industry tone suggesting exploration activity may be turning higher.

The broker expects margin improvement will continue through FY26, supported by a favourable business mix and rising activity across most regions.

Citi observes improving sentiment, underpinned by higher junior raisings, supportive commodity prices, and ongoing industry consolidation, indicating a potential upcycle.

The broker's earnings margin forecast is raised to 30.5% for 1H26 from 28.5% in 2H25. Citi raises its target price to $4.20 from $3.70 and upgrades to Buy from Neutral.

See also IMD downgrade.

JUMBO INTERACTIVE LIMITED ((JIN)) Upgrade to Buy from Accumulate by Morgans .B/H/S: 3/3/0

Jumbo Interactive has made its first international business-to-consumer (B2C) move, acquiring UK-based Dream Car Giveaways for -$109.9m.

The transaction will accelerate Jumbo's strategic shift from slower B2B operations toward higher-margin consumer markets, notes Morgans.

Dream Car Giveaways provides immediate scale and profitability in the fast-growing UK prize draw market, explains the analyst. It's expected to contribute $14.3-14.9m in FY26 earnings (EBITDA), equal to 20-25% growth.

Following the acquisition, Morgans lifts FY26 and FY27 earnings forecasts by 6% and 11%, respectively. Potential is seen for further UK and US expansion and stronger cash flow generation.

Morgans raises its target price to $15.90 from $12.90 and upgrades to Buy from Accumulate.

NORTHERN STAR RESOURCES LIMITED ((NST)) Upgrade to Buy from Neutral by UBS .B/H/S: 5/2/0

Across UBS's ASX gold coverage, equities imply gold prices of between US$2,900/oz and US$3,675/oz, compared with the current spot price of around US$4,100/oz. The broker's new long-term assumption is US$3,250/oz, an increase of US$450/oz.

UBS remains Overweight on the ASX gold mining sector. The broker believes a compelling case remains for increasing gold allocations amid ongoing tariff uncertainty, weaker growth, higher inflation, and persistent geopolitical risk.

On average, the broker's target prices for gold stocks under coverage rise by 20-35%.

The target for Northern Star Resources rises to $28.20 from $21.10, and the rating is upgraded to Buy from Neutral.

NETWEALTH GROUP LIMITED ((NWL)) Upgrade to Buy from Neutral by Citi .B/H/S: 2/4/1

Following a deeper analysis of Netwealth Group's 1Q26 net flow which was 2% above its forecast, Citi has upgraded FY26 net flow estimate to $16bn from $15.8bn.

The broker assumes 2H flow will be same as 1H, with 1H flow expected to slow from the very strong start in 1Q. FY26 revenue margin was also lifted to account for higher proportion of cash balance but FY27-28 margin trimmed on admin-fee tiering.

FY26-27 EBITDA increased by 2% while FY28 trimmed by -1% on higher operating expenses.

Rating upgraded to Buy from Neutral. Target cut to $35.00 from $35.50 on lower multiple.

PRO MEDICUS LIMITED ((PME)) Upgrade to Hold from Trim by Morgans .B/H/S: 2/4/0

Morgans upgrades Pro Medicus to Hold from Trim with a lift in the target price to $290 from $285.

Post FY25 result failed to establish any new updates for the company to justify an upgrade in the stock then. Heightened volatility in growth-related companies with high valuations has seen momentum ebb for the likes of Pro Medicus.

Given the stock's pullback, the analyst believes there is a more favourable risk-reward profile for one of the highest quality companies on the ASX.

Positively, Pro Medicus announced an Authority to Operate from the US Department of Veterans Affairs for its Visage 7 CloudPACS platform, which will permit the company to transition its current on-premise implementation to the cloud.

The $10m enterprise contract with the University of Heidelberg is the first ex-US contract since 2020. The analyst highlights Europe remains a large market with significant opportunities.

QUBE HOLDINGS LIMITED ((QUB)) Upgrade to Overweight from Equal-weight by Morgan Stanley .B/H/S: 3/1/0

Morgan Stanley transferred coverage of Qube Holdings to Samantha Edie.

The broker forecasts FY26 adjusted-EPS growth of 12% supported by solid tailwinds across containers, autos, agri, and energy, which is expected to more than offset short-term softness in Ports & Bulk.

Patrick's earnings are seen up 4% in FY26 (after flat FY25) on a conservative assumption. The broker highlights operational momentum remains positive with major port container volumes up 5% FY26 to-date and vehicle imports up 5% y/y in 1Q26.

The company's long-term incentives focus on adjusted-EPS and and relative total shareholder return, which could help close the gap between fundamentals and valuation, in the broker's view.

Rating upgraded to Overweight from Equal-weight following share price weakness since the FY25 result. Target rises to $4.50 from $4.40.

Industry View: In-line.

REGIS RESOURCES LIMITED ((RRL)) Upgrade to Buy from Sell by UBS .B/H/S: 2/2/3

Across UBS's ASX gold coverage, equities imply gold prices of between US$2,900/oz and US$3,675/oz, compared with the current spot price of around US$4,100/oz. The broker's new long-term assumption is US$3,250/oz, an increase of US$450/oz.

UBS remains Overweight on the ASX gold mining sector. The broker believes a compelling case remains for increasing gold allocations amid ongoing tariff uncertainty, weaker growth, higher inflation, and persistent geopolitical risk.

On average, the broker's target prices for gold stocks under coverage rise by 20-35%.

The target for Regis Resources rises to $7.25 from $5.40, and the rating is upgraded to Buy from Sell.

SANTOS LIMITED ((STO)) Upgrade to Accumulate from Trim by Morgans .B/H/S: 5/1/0

Santos announced 3Q2025 production at 21.3mmboe, around -4% down on the prior quarter and below consensus by -3% and Morgans forecast.

Sales of US$1,129m fell -12% on the prior quarter and missed consensus/Morgans by -5% and -7%, respectively.

The miss was attributed to maintenance in WA and Cooper flood recovery. On a positive note, Barossa delivered first gas and the initial LNG cargo is still targeted for 4Q2025.

Production guidance for 2025 also declined to 89-91mmboe from around 92mmboe, with higher second half capex in WA due to maintenance.

Morgans highlights sentiment has been hit by the failure of the Adnoc deal, and the share price is viewed as oversold. The stock is upgraded to Accumulate from Trim with a lower target of $6.80 from $7.20.

VAULT MINERALS LIMITED ((VAU)) Upgrade to Buy from Neutral by UBS .B/H/S: 3/0/0

Across UBS's ASX gold coverage, equities imply gold prices of between US$2,900/oz and US$3,675/oz, compared with the current spot price of around US$4,100/oz. The broker's new long-term assumption is US$3,250/oz, an increase of US$450/oz.

UBS remains Overweight on the ASX gold mining sector. The broker believes a compelling case remains for increasing gold allocations amid ongoing tariff uncertainty, weaker growth, higher inflation, and persistent geopolitical risk.

On average, the broker's target prices for gold stocks under coverage rise by 20-35%.

The target for Vault Minerals rises to 90c from 72c, and the rating is upgraded to Buy from Neutral.

Downgrade

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

AMP's September quarter update shows strong momentum, assesses Citi. Net inflows into the North platform increased 60% year-on-year and were only slightly below the typically strong second quarter.

Adviser engagement is increasing and a potential reduction in competition from a major rival could further support growth, highlights the broker, although wealth and superannuation & investments flows turned negative.

Citi points to improved retention efforts and a growing likelihood of a FY25 capital return.

The broker raises its FY25, FY26, and FY27 earnings forecasts by 1%, 2%, and 2%, respectively. The target is raised to $2.10 from $2.00 and the rating is downgraded to Neutral from Buy after a strong recent share price performance.

AROA BIOSURGERY LIMITED ((ARX)) Downgrade to Accumulate from Speculative Buy by Morgans .B/H/S: 2/0/0

Morgans points to a "solid" 2Q26 cash flow report for Aroa Biosurgery, which equates to a fourth consecutive quarter of positive operating cash flow. FY26 guidance was reiterated, a further positive, in the analyst's view.

The stock is downgraded to Accumulate from Speculative Buy with a lift in target to 80c from 77c. There are no changes to the analyst's earnings forecasts.

The biotech is due to report 1H26 results on November 25, with a randomised control trial for Symphony anticipated to conclude in November for peer review.

BABY BUNTING GROUP LIMITED ((BBN)) Downgrade to Hold from Buy by Ord Minnett .B/H/S: 2/2/0

In a trading update, Baby Bunting reaffirmed FY26 net profit guidance of $17-20m but expects earnings to be heavily 2H-weighted. Ord Minnett notes this is mainly due to significant store network restructuring and related costs.

Comparable store sales rose 2.2% FY26 year-to-date (to 12 Oct) in line with the 1.5-3.0% growth expected in 1H26. The company will invest $7m in new/annualising stores and $4m in refurbishments and relocations, with earnings split 27%/73% between 1H and 2H.

Given execution risk, the broker lowered FY26-27 earnings forecasts by -7.4% and -4.8%, respectively.

Rating downgraded to Hold from Buy. Target trimmed to $2.95 from $3.00.

GRAINCORP LIMITED ((GNC)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 3/2/0

Bell Potter downgrades its rating on GrainCorp to Hold from Buy due to the recent share price appreciation, which has approached the broker's target price of $9.10, which remains unchanged.

The broker had upgraded the rating in July on expectations of a positive September 2025 ABARE crop report and improved oilseed margins.

The current 2025-26 indicators for east coast crop size, canola crush margins, and grain trading margins are considered in line with Bell Potter's range of outcomes for FY26 earnings estimates.

No change to the analyst's earnings forecasts.

IMDEX LIMITED ((IMD)) Downgrade to Hold from Buy by Bell Potter .B/H/S: 2/3/0

Imdex's first quarter performance impressed Bell Potter, with revenue rising 10% year-on-year to $123.2m and a favourable shift in mix as sensors, services, and software rose to 68% of total sales.

The broker maintains a $3.90 target but downgrades to Hold from Buy on valuation.

The analysts highlight a 17% quarter-on-quarter lift in IMDEX Mining Technology revenue, driven by strong product uptake across the Asia-Pacific region, particularly Western Australia.

Bell Potter interprets management’s outlook as the most optimistic in recent updates, with multiple industry indicators now “green” and tools on hire increasing since the fourth quarter.

Activity is improving in the Americas, note the analysts, with the US benefiting from the FAST-41 program and record copper-driven demand in South America.

Bell Potter makes no material changes to its forecasts.

See also IMD upgrade.

PALADIN ENERGY LIMITED ((PDN)) Downgrade to Sell from Hold by Ord Minnett .B/H/S: 6/0/1

Paladin Energy delivered a solid 1Q26 operational result with record U3O8 production of 1.07mlb, meeting guidance and the consensus, Ord Minnett notes.

Unit cost was low at US$41.6/lb as mining volumes rose 63% q/q. However, sales volume of 533klb was a big miss to the consensus of 908klb.

Target price is trimmed to $7.50 from $7.60 due to lower FY26-27 uranium price assumptions. Rating downgraded to Sell from Hold.

The broker believes the valuation looks stretched at 14x EV/EBITDA and less than 5% FCF yield, below acceptable return levels for uranium risk.

RIO TINTO LIMITED ((RIO)) Downgrade to Trim from Hold by Morgans .B/H/S: 1/4/0

Morgans raises its target for Rio Tinto to $117 from $110 and downgrades to Trim from Hold as the valuation starts to stretch, in the analyst's view.

Rio's 3Q25 result showed solid operational delivery, assesses the broker, though Pilbara shipments remain below the low end of guidance, leaving little room for error in Q4.

Morgans highlights copper as the standout, with Oyu Tolgoi's underground ramp-up driving momentum.

Bauxite (aluminium ore) guidance was lifted to 59-61mt on sustained Weipa strength, explains the broker.

Morgans' FY25-26 earnings (EBITDA) forecasts rise 8-15% following higher copper realisations and iron ore mark-to-market upgrades.

SANDFIRE RESOURCES LIMITED ((SFR)) Downgrade to Sell from Neutral by UBS .B/H/S: 1/3/2

UBS downgrades Sandfire Resources to Sell from Neutral and lifts the target price to $14.50 from $13.10. The higher target reflects current high valuation ascribed to the stock, which equates to multiples of larger, higher quality peers such as Freeport McMoRan.

The broker also lifts its copper price estimates by 6% to US$5.20/lb in 2026 and by 13% to US$5.95/lb in 2027, with a 16% rise in 2028 to US$5.80/lb due to supply side disruption.

There is a "scarcity premium" in ASX copper stocks like Sandfire, with copper representing around 70% of the miner's FY26 forecast revenue and circa 21% of Evolution Mining ((EVN)).

The analyst raises Sandfire's earnings (EBITDA) forecasts by 10% for 2026 and 21% for 2027.

SRG GLOBAL LIMITED ((SRG)) Downgrade to Accumulate from Buy by Morgans .B/H/S: 4/0/0

Morgans raises its target for SRG Global to $3.00 from $2.10 and downgrades to Accumulate from Buy.

The broker believes the company's acquisition of marine services group Total Ams Pty Ltd (TAMS) is strategically aligned, highly earnings accretive, and enhances diversification.

TAMS was acquired for -$85m upfront (plus earn-outs to -$95m), implying to the analyst only 2.7x earnings (EBITDA), and is expected to deliver $35m of earnings in FY26.

The deal lifts the broker's FY26 and FY27 forecasts by 25% and 16%, respectively. It's felt leverage remains conservative at 0.3x.

TREASURY WINE ESTATES LIMITED ((TWE)) Downgrade to Neutral from Buy by UBS and Downgrade to Hold from Buy by Morgans.B/H/S: 0/5/1

Treasury Wine Estates' decision to remove FY26 guidance with the 1Q26 trading update has prompted UBS to downgrade the stock to Neutral from Buy. Target price cut to $6.50 from $10.

Both FY26 and FY27 guidance have been removed, and the $200m share buyback has been paused, with $30.5m completed.

Revised growth from Treasury stands at 4% for FY26 and 6% for FY27; Penfolds low to mid double-digit growth of 9%/10% for FY26/FY27, respectively, and only slight growth for Americas.

China demand is weaker, resulting from new government guidelines on spending for employees. The US alcohol market is experiencing considerably softer demand, and the California distribution changeover is having a more marked impact.

UBS downgrades its EPS forecasts by -22% for FY26 and -29% for FY27.

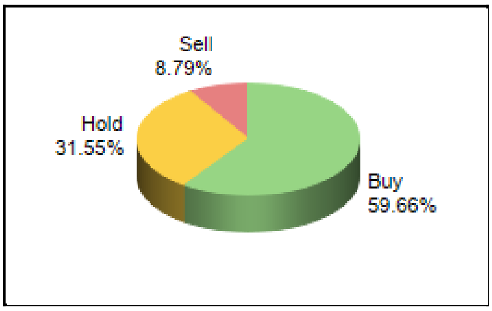
Morgans downgraded Treasury Wine Estates to Hold from Buy following a disappointing 1Q26 trading update and removal of guidance. The target price has been lowered to $6.35 from $10.10.

Changes in the Chinese government's policy on alcohol consumption have impacted Penfolds depletions, which reflect the underlying consumption trends, while shipments met expectations. FY26 Penfolds depletion targets are unlikely to be achieved.

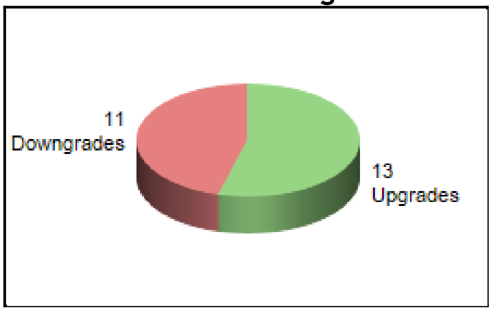
The Americas luxury portfolio is viewed as performing well outside of California, even with the change in distributor, but depletions were impacted by the change.

The analyst has lowered Treasury's EPS (EBIT) forecasts by -13.7% for FY26 and -16.8% for FY27, with 1H26 flagged to be particularly weak.

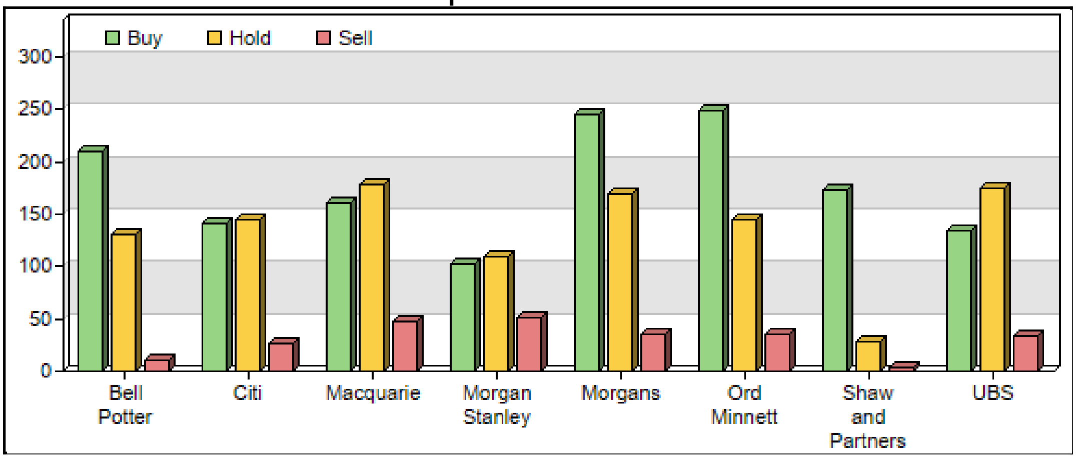
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	ADORE BEAUTY GROUP LIMITED	Buy	Neutral	Bell Potter
2	AUSSIE BROADBAND LIMITED	Buy	Buy	Ord Minnett
3	BANK OF QUEENSLAND LIMITED	Neutral	Sell	Morgans
4	COMPUTERSHARE LIMITED	Neutral	Sell	UBS
5	IMDEX LIMITED	Buy	Neutral	Citi
6	JUMBO INTERACTIVE LIMITED	Buy	Buy	Morgans
7	NETWEALTH GROUP LIMITED	Buy	Neutral	Citi
8	NORTHERN STAR RESOURCES LIMITED	Buy	Neutral	UBS
9	PRO MEDICUS LIMITED	Neutral	Sell	Morgans
10	QUBE HOLDINGS LIMITED	Buy	Neutral	Morgan Stanley
11	REGIS RESOURCES LIMITED	Buy	Sell	UBS
12	SANTOS LIMITED	Buy	Sell	Morgans
13	VAULT MINERALS LIMITED	Buy	Neutral	UBS
Downgrade				
14	AMP LIMITED	Neutral	Buy	Citi
15	AROA BIOSURGERY LIMITED	Buy	Buy	Morgans
16	BABY BUNTING GROUP LIMITED	Neutral	Buy	Ord Minnett
17	GRAINCORP LIMITED	Neutral	Buy	Bell Potter
18	IMDEX LIMITED	Neutral	Buy	Bell Potter
19	PALADIN ENERGY LIMITED	Sell	Neutral	Ord Minnett
20	RIO TINTO LIMITED	Sell	Neutral	Morgans
21	SANDFIRE RESOURCES LIMITED	Sell	Neutral	UBS
22	SRG GLOBAL LIMITED	Buy	Buy	Morgans
23	TREASURY WINE ESTATES LIMITED	Neutral	Buy	Morgans
24	TREASURY WINE ESTATES LIMITED	Neutral	Buy	UBS

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	SRG	SRG GLOBAL LIMITED	2.975	2.017	47.50%	4
2	CAT	CATAPULT SPORTS LIMITED	7.967	6.333	25.80%	3
3	AIS	AERIS RESOURCES LIMITED	0.485	0.393	23.41%	4
4	VAU	VAULT MINERALS LIMITED	0.830	0.673	23.33%	3
5	PNR	PANTORO GOLD LIMITED	5.987	5.103	17.32%	3
6	GMD	GENESIS MINERALS LIMITED	6.590	5.640	16.84%	5
7	EVN	EVOLUTION MINING LIMITED	9.536	8.386	13.71%	7
8	RPL	REGAL PARTNERS LIMITED	4.433	3.933	12.71%	3
9	A1M	AIC MINES LIMITED	0.660	0.600	10.00%	3
10	RMS	RAMELIUS RESOURCES LIMITED	4.260	3.885	9.65%	4

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	TWE	TREASURY WINE ESTATES LIMITED	6.608	8.883	-25.61%	6
2	29M	29METALS LIMITED	0.273	0.298	-8.39%	4
3	TLX	TELIX PHARMACEUTICALS LIMITED	27.200	28.400	-4.23%	5
4	BLX	BEACON LIGHTING GROUP LIMITED	3.817	3.977	-4.02%	3
5	ORA	ORORA LIMITED	2.283	2.342	-2.52%	6
6	SHL	SONIC HEALTHCARE LIMITED	27.022	27.455	-1.58%	6
7	STO	SANTOS LIMITED	7.650	7.750	-1.29%	6
8	CPU	COMPUTERSHARE LIMITED	38.050	38.490	-1.14%	5
9	WEB	WEB TRAVEL GROUP LIMITED	5.863	5.899	-0.61%	7
10	CSL	CSL LIMITED	275.390	276.819	-0.52%	7

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	AIS	AERIS RESOURCES LIMITED	9.700	6.375	52.16%	4
2	A1M	AIC MINES LIMITED	4.267	3.200	33.34%	3
3	SRG	SRG GLOBAL LIMITED	13.167	10.067	30.79%	4
4	LYC	LYNAS RARE EARTHS LIMITED	44.283	34.950	26.70%	6
5	VAU	VAULT MINERALS LIMITED	4.467	3.800	17.55%	3
6	SFR	SANDFIRE RESOURCES LIMITED	86.016	74.782	15.02%	6
7	TLX	TELIX PHARMACEUTICALS LIMITED	-2.514	-2.902	13.37%	5
8	AMI	AURELIA METALS LIMITED	3.467	3.100	11.84%	3
9	RPL	REGAL PARTNERS LIMITED	22.700	20.300	11.82%	3
10	PNR	PANTORO GOLD LIMITED	65.833	60.367	9.05%	3

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	29M	29METALS LIMITED	-1.000	0.633	-257.98%	4
2	CAT	CATAPULT SPORTS LIMITED	-3.267	-2.747	-18.93%	3
3	SMR	STANMORE RESOURCES LIMITED	1.400	1.660	-15.66%	3
4	STO	SANTOS LIMITED	53.726	61.256	-12.29%	6
5	TWE	TREASURY WINE ESTATES LIMITED	54.360	61.420	-11.49%	6
6	PDN	PALADIN ENERGY LIMITED	10.980	11.575	-5.14%	7
7	BLX	BEACON LIGHTING GROUP LIMITED	13.700	14.300	-4.20%	3
8	FBU	FLETCHER BUILDING LIMITED	15.870	16.558	-4.16%	4
9	MEI	METEORIC RESOURCES NL	-1.033	-1.000	-3.30%	3
10	GLF	GEMLIFE COMMUNITIES GROUP	24.675	25.333	-2.60%	3

Technical limitations

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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WEEKLY REPORTS

Uranium Week: JPMorgan's US$1.5trn Plan

Risk off sentiment across financial markets seeped into uranium with a fall in the spot price and a lack of activity.

-JPMorgan's Jamie Dimon makes a US$1.5trn commitment including nuclear energy
-Activity in the spot and term markets fell as the U308 spot price retreated
-Did Paladin Energy's September quarter results justify the stock price move?

By Danielle Ecuyer

Big money keeps coming to AI and nuclear energy

Amidst all the talk of 'bubbles' across artificial intelligence and crypto markets, the one feature that remains a constant is the growing demand for reliable energy across developed and emerging market economies.

Nuclear, for its part, looks set to take an even greater role, with major commitments announced in 2025 from the US, India, China and Europe, which have been a mainstay of the more positive outlook across the sector and for uranium producers and new project developments.

JPMorgan Chase is the latest major institution to announce a US$1.5trn ten-year plan to facilitate, finance, and invest in industries critical to economic security and resiliency, with direct equity and venture capital investments of up to US$10bn to assist companies in boosting their growth, increasing innovation, and accelerating strategic manufacturing.

The Security and Resiliency Initiative is targeted at four main segments: supply chain and advanced manufacturing, defense and aerospace, energy independence and resilience, and frontier and strategic technologies.

These categories have been subdivided into 27 separate segments, of which the energy component includes nuclear for power generation through next-generation nuclear technology, as well as grid resilience, distributed energy, battery storage and solar. The aim is a diversified source of energy production alongside modernisation and resilience of the grid, both essential to the national interest and advancing artificial intelligence.

JPMorgan Chase's Jamie Dimon stated:

"This new initiative includes efforts like ensuring reliable access to life-saving medicines and critical minerals, defending our nation, building energy systems to meet AI-driven demand and advancing technologies like semiconductors and data centers. Our support of clients in these industries remains unwavering."

The CEO's comments again highlight the need for robust energy systems to address AI-related demand and serve as another example of the changing structures of 21st-century economies.

Spot market quieter in a week of volatility on financial markets

After a few weeks of positive momentum in the U308 spot market, a rising tide of risk-off sentiment and heightened volatility in financial markets saw a considerably quieter week, with no activity in the first four days of last week, according to industry consultants TradeTech, leaving the spot price unchanged at US$79/lb.

Two transactions were conducted on the last day of trading, each for 50klbs of U308, both for delivery in November at Orano's facility in France.

A third transaction after the close for delivery of 50klbs of U308 in December at Honeywell's ConverDyn facility in the US was conducted at US$76.50/lb but has not been incorporated into TradeTech's determined weekly spot price as the transaction occurred after the close.

The consultant's U308 weekly spot price indicator fell -US$1.65/lb to US$77.35. TradeTech's mid-term price indicator sits at US$87/lb and the long-term price indicator at US$84/lb.

The spot price has declined -5.1% in October and retreated -7.9% since the late September high of US$84lb.

No new transactions were reported in the term market, which is characterised by a decline in sellers as some utilities have pulled forward purchase plans, taking up previously uncommitted capacity or inventory, while other utilities postponed purchases only to encounter higher prices and less available supply.

TradeTech reports several outstanding requests for purchase from utilities in the term market, including one non-US utility looking for almost 900klbs of U308, with delivery commencing in 2027 and extending to 2036.

Latest corporate news from Australia

After **Paladin Energy's** ((PDN)) travails from a year ago, when the September quarter results were impacted by a lack of water supply, this year's quarterly update was a relative breath of fresh air.

Macquarie has reinstated coverage of Paladin with one of the highest target prices at $11.25, following September quarter production of 1.1mlbs, which was considered "solid," with the rate expected to accelerate into 2H26.

The stock is currently pricing in around a US$72.5/lb U308 price, with Macquarie lifting its long-term U308 price forecast to US$95/lb, a level considered sufficient to allow for adequate returns on marginal greenfields projects.

Deep Yellow's ((DYL)) Tumas project and Bannerman Energy's ((BMN)) Etango project are viewed as marginal at lower grade pre-final investment decision. They may need a U308 floor price of US$85/lb in market-related contracts, above the current US$70–US$75/lb level, the broker reckons.

Morgan Stanley viewed Paladin's quarterly as strong, with both production and costs outperforming expectations as the ramp-up at Langer Heinrich remains on track.

Bell Potter sees the September update as another good quarter, noting Paladin is well positioned to achieve the upper end of its production guidance as mine rates rise over 2H26.

Canaccord Genuity is the most upbeat when it comes to target prices, reiterating its Buy rating on Paladin Energy while lowering its target to $12.50 from $13.05. This analyst believes Patterson Lake South will position Paladin as a major player in the industry, sustaining annual production of around 9.1mlbs and all-in sustaining costs of US$15.2/lb.

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

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

In contrast, Ord Minnett stands out as less enthusiastic about Paladin's sales result, with September quarter volume of 533klbs noted as the only "blemish," being a big miss against consensus at 908klbs.

This analyst also lowered its U308 forecast price for FY26/FY27 spot and term by around -3% to -5%, which results in a reduced price target of $7.50 from $7.60.

Ord Minnett has downgraded the stock to Sell from Hold, believing the 100%-plus rally in the share price over the last six months is not justified relative to the rise in the U308 spot price of 18% over the same period.

The company is nonetheless highlighted as the highest quality ASX-listed uranium stock for longer-term capital growth, with Patterson Lake South considered a world-class project.

FNArena's daily monitored brokers have a consensus target price of $9.714.

For more information on Paladin, check out our latest update:

https://fnarena.com/index.php/2025/10/17/paladin-energy-powering-on/

Short interests updated for the week

Short interests remained a feature for Australian U308-related stocks. **Bannerman Energy** ((BMN)) moved to number two position of the most shorted stocks as at October 14 at 17.39%, down -1.47% points on the prior week.

Paladin is in sixth position with a 12.10% short position, relatively unchanged on the previous week. **Silex Systems** ((SLX)) is in fifteenth position at 8.38% (from 8.76% the week before) and **Lotus Resources** sits in twenty fourth position at 5.62%, down -0.69% points on the week.

More reading on uranium at FNArena:

https://fnarena.com/index.php/2025/10/14/uranium-week-price-frenzy-fades/

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

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

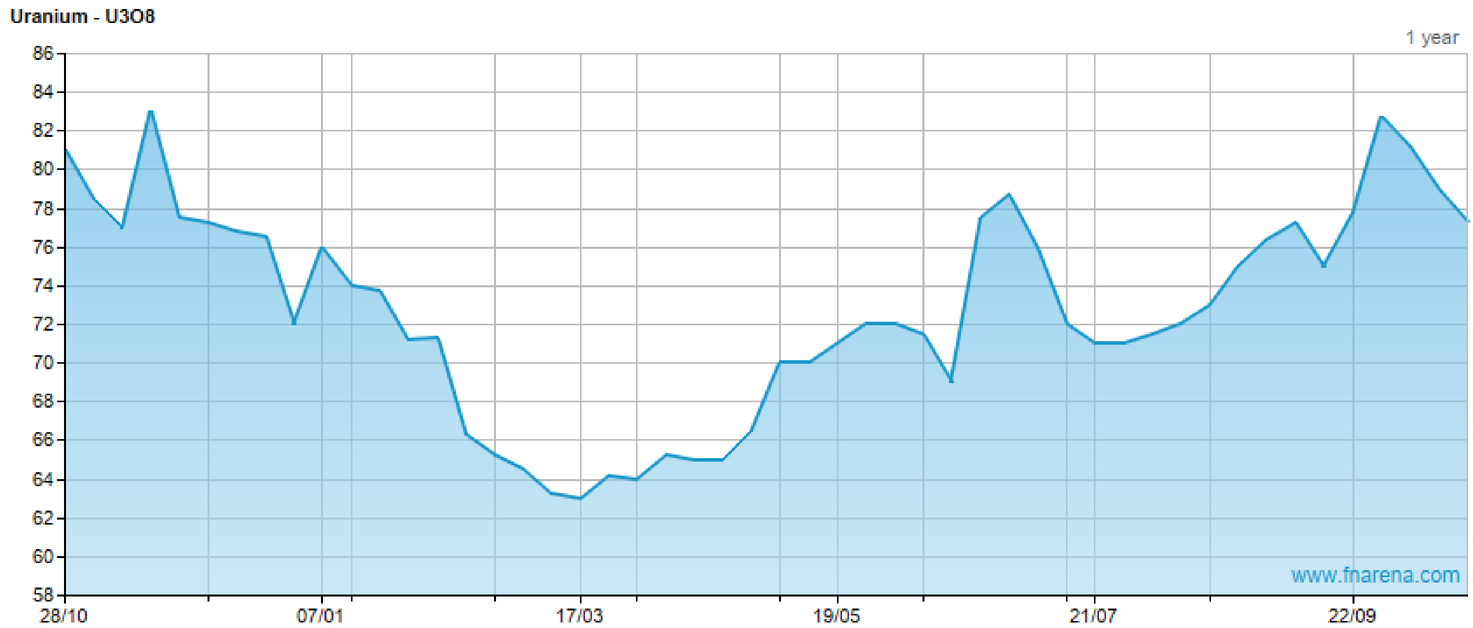
https://fnarena.com/index.php/2025/08/26/uranium-week-kazatomprom-sparks-a-rally/

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

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	17/10/2025	0.1000	0.00%	$0.12	$0.03			
AEE	17/10/2025	0.2000	▼- 4.17%	$0.28	$0.10			
AGE	17/10/2025	0.0300	▼-10.00%	$0.05	$0.02		$0.070	▲133.3%
AKN	17/10/2025	0.0100	0.00%	$0.01	$0.01			
ASN	17/10/2025	0.1000	▲ 6.67%	$0.13	$0.04			
BKY	17/10/2025	0.5650	▼- 0.88%	$0.70	$0.31			
BMN	17/10/2025	3.3800	▼- 4.09%	$4.07	$1.76		$4.700	▲39.1%
BOE	17/10/2025	1.7400	▼- 4.95%	$4.75	$1.57	9.3	$2.371	▲36.3%
BSN	17/10/2025	0.0600	▼- 5.00%	$0.08	$0.01			
C29	17/10/2025	0.0300	▲10.00%	$0.13	$0.01			
CXO	17/10/2025	0.1200	▲18.18%	$0.14	$0.06		$0.110	▼- 8.3%
CXU	17/10/2025	0.0200	▼-33.33%	$0.03	$0.01			
DEV	17/10/2025	0.1300	▼-10.71%	$0.18	$0.07			
DYL	17/10/2025	1.9500	▲12.08%	$2.49	$0.75	-384.0	$1.930	▼- 1.0%
EL8	17/10/2025	0.3900	▲ 2.27%	$0.50	$0.19			
ERA	17/10/2025	0.0020	0.00%	$0.01	$0.00			
GLA	17/10/2025	0.0400	0.00%	$0.05	$0.01			
GUE	17/10/2025	0.0700	0.00%	$0.09	$0.05			
HAR	17/10/2025	0.1900	▲14.71%	$0.25	$0.04			
I88	17/10/2025	0.5400	▼- 7.14%	$0.76	$0.08			
KOB	17/10/2025	0.0800	0.00%	$0.12	$0.03			
LAM	17/10/2025	0.7900	▲10.39%	$0.90	$0.55			
LOT	17/10/2025	0.2000	▼- 4.55%	$0.29	$0.13		$0.295	▲47.5%

MEU	17/10/2025	0.0700	▲10.00%	$0.09	$0.03			
NXG	17/10/2025	13.0700	▲ 1.57%	$14.63	$6.44		$12.925	▼- 1.1%
ORP	17/10/2025	0.0600	▲50.00%	$0.06	$0.02			
PDN	17/10/2025	8.8800	▲ 4.78%	$12.83	$3.93	74.4	$9.714	▲9.4%
PEN	17/10/2025	0.6400	▲15.25%	$2.10	$0.28		$1.330	▲107.8%
SLX	17/10/2025	7.6500	▲ 9.62%	$7.87	$2.28		$6.500	▼-15.0%
TOE	17/10/2025	0.4500	▲ 1.11%	$0.52	$0.15			
WCN	17/10/2025	0.0200	0.00%	$0.04	$0.01			



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

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WEEKLY REPORTS

The Short Report - 23 Oct 2025

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

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

Summary:

Week Ending October 16th, 2025 (most recent data available through ASIC).

10%+

BOE	19.26%
PLS	17.60%
DMP	14.58%
GYG	12.68%
IEL	12.61%
PDN	11.91%
CUV	11.72%
ILU	11.56%
FLT	10.66%
PWH	10.38%
PNV	10.02%

In: CUV, PNV
Out: MIN

9.0-9.9%

CTD	9.80%
MIN	9.70%
TLX	9.10%

In: MIN, TLX
Out: PNV

8.0-8.9%

NAN	8.51%
SLX	8.49%
VUL	8.26%

Out: TLX, DGT

7.0-7.9%

DGT	7.90%

LIC	7.41%
IPH	7.39%

In: DGT, IPH
Out: LOT, DYL

6.0-6.9%

KAR	6.98%
TWE	6.71%
DYL	6.65%
MSB	6.60%
RIO	6.15%
IPX	6.15%

In: DYL, IPX
Out: IPH, ARB, BRG, CUV

5.0-5.9%

ELD	5.89%
BRG	5.87%
NXT	5.81%
LOT	5.47%
GMD	5.35%
CIA	5.24%
ARB	5.22%
NEU	5.21%

In: BRG, LOT, ARB
Out: IPX, CU6, DRO

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.3	0.3	NAB	0.4	0.5
ANZ	0.9	0.7	QBE	0.4	0.3
BHP	1.0	1.0	RIO	6.2	6.3
BXB	0.6	0.6	STO	0.2	0.2
CBA	0.7	0.6	TCL	0.3	0.3
COL	0.3	0.3	TLS	0.3	0.4
CSL	0.5	0.4	WBC	0.5	0.6
FMG	1.5	1.6	WDS	3.4	3.3
GMG	0.4	0.4	WES	0.5	0.5
MQG	0.5	0.7	WOW	0.9	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.

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

WEEKLY REPORTS

In Brief: Rare Earths, Hub24 & Sigma Healthcare

Australia's AGM season is generating some upbeat stories, with rare earths taking US centre stage.

-US and Australia sign a landmark critical minerals framework
-Hub24 continues to reap momentum from markets and adviser growth
-Sigma Healthcare well positioned to benefit from structural tailwinds

By Danielle Ecuyer

This week's quote comes from Stephen Innes, SPI Asset Management

"Gold's collapse has rattled nerves, but it's not the canary in the market's coal mine. The metal's six-percent air pocket was a liquidation, not a prophecy."

Rare earths' snapshot, more hype and froth than reality?

Rare earths are not the only sector to have received a dose of speculators' enthusiasm. US day traders and punters have been busy betting on any stock that might receive the President Trump magic wand of the home-shoring, reshoring mining, and manufacturing thematic.

This week was Australia's turn to join the de-globalisation party or at least start the process of re-affirming and growing the geopolitically significant supply chain for rare earths away from China.

The hyperbolic share price moves in the likes of **Arafura Rare Earths** ((ARU)) from 20c in September to a recent high of 46c, coinciding with Prime Minister Albanese's White House meeting with President Trump, indicate the market was more than positioned for a rare earths deal.

UBS notes the US and Australia signed a landmark critical minerals framework which forms part of a more far-reaching agreement to build on defense and technological cooperation.

Details are still emerging, but the analyst believes it paves the way for a revived rare earths supply chain ex-China.

The deal is expected to move US$8.5bn of "ready-to-go" projects in rare earths forward, with each country to invest US$1bn over the next six months for joint projects.

While details are scant, one release confirmed the US Department of War (yes, that's how it's called these days) will invest in the construction of a 100tpa gallium refinery in WA.

As noted by Canaccord Genuity, **Alcoa** ((AAI)) and Sojitz will receive US$200m in conditional equity finance for a gallium refinery in WA. The investments include offtake rights. Gallium is a critical mineral for semiconductor manufacturing. China produces around 98% of the world's gallium. The supply is currently subject to export controls.

Another project highlighted for immediate investment by the Australian government is Arafura's Nolans rare earths project, which will receive US$100m in equity (specifics not yet unveiled). The target is for Nolans to produce 4.4ktpa Neodymium and Praseodymium (NdPr) oxides, plus separated *Dysprosium and Terbium (*DyTb) through an integrated mine and refinery, Canaccord explains.

Capex is estimated at -US$1.9bn with over US$1bn in ECA debt funding, including banks already committed.

UBS prefers **Lynas Rare Earths** ((LYC)) and **Iluka Resources** ((ILU)), both Neutral rated with respective target prices of $15.10 and $5.45. The analyst likes Lynas' transition down the value chain in magnets as a potential competitive edge.

Canaccord believes the most important and relevant part of the framework is the financial support and pricing mechanisms, such as price floors.

This analyst likes projects that produce or plan to produce fully refined rare earths such as Arafura (Hold rated with a 20c target), Iluka (Hold rated, $7.10 target), and Lynas (Hold rated, $13.70 target).

IperionX ((IPX)) is rated Speculative Buy with an $8.90 target for exposure to metals recycling.

There's no stopping a top-performing platform

For those investors looking to jump on board **Hub24** ((HUB)), the stock's consistent rise makes the ambition challenging.

The September quarterly update served up another reason for investors to be upbeat, with platform net flows of $5.2bn compared to Moelis' forecast of $5.2bn and consensus at $4.4bn, signifying another upside surprise.

Funds under administration ended at $122bn versus Moelis' estimate of $120.1bn and consensus at $120.7bn, incorporating positive market movement of $4.1bn.

Notably, Hub24 has maintained market share growth at 9% of the market at June 30, with adviser numbers up 11% on the previous year to 5,229.

The analyst emphasises this was another robust start to a fiscal year, with ongoing underlying business momentum from FY25. The flows are expected to be retained by new product launches, including the High Net Wealth product, on top of market share expansion.

Moelis adjusts its EPS forecasts up by 2% for FY26 and 3.1% for FY27, with a rise in the target price to $126.12 from $117.02 previously.

The ascribed valuation at circa 63 times FY27 earnings, meaning the stock trades at a significant premium to its peers, does not leave much room for disappointment.

"Strong execution is priced in."

Hold rating retained.

FNArena's daily monitored brokers have a consensus target of $107.957, which also includes a low-marker $58.90 by Ord Minnett. Excluding it, pulls the average up to $116.10.

Seven brokers generate two Buy-equivalent ratings, four Holds, and one Sell. No guessing who's responsible for the latter.

Sigma catches a boost from GLP-1 drugs

Sigma Healthcare ((SIG)) equally shared a strong September quarter update. Chemist Warehouse sales rose around 18%, which Jarden highlights as over two times the market growth and above both the broker's and market expectations.

While acknowledging sales tailwinds from GLP-1s will ease, Jarden retains a forecast of 10% like-for-like sales growth as achievable in the near term, boosted by ageing demographics and a health-conscious population.

Sector growth of over 6% p.a. over the next five years is flagged, with Chemist Warehouse anticipated to lift over 200bps of market share per annum.

GLP-1s should generate an over $2.3bn opportunity for Sigma from prescriptions and over $700m from vitamins and supplements. Compared to US consumption of supplements at around 6% of total adults, usage by Australian adults is around 1.5% of the population.

Larger and new stores are expected to provide a larger than 7% group sales boost, and front-of-store sales should rise to around 60% of Chemist Warehouse sales from around 20% historically, including incremental boosts from online, new ranges, own brand (Wagners), Amcal conversions, and beauty products.

Post quarterly update, Jarden lifts its earnings (EBIT) forecasts by 2–3%, and the analyst stresses if Sigma can retain the current like-for-like sales run rate, its valuation could exceed $4 per share.

An Overweight rating is retained with a $3.60 target, up from $3.40 previously.

FNArena's daily monitored brokers have a consensus target of $3.123 with three Buy-equivalent ratings, two Holds, and one Sell-equivalent.

Macquarie is the laggard with a low-marker $2.90 price target and, hence, the sole Sell-equivalent rating.

The author owns Sigma Healthcare shares.

WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 24-10-25

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

Broker Rating Changes (Post Thursday Last Week)

Upgrade

AIC MINES LIMITED ((A1M)) Upgrade to Buy from Hold by Moelis.B/H/S: 0/0/0

Moelis has upgaded AIC Mines to Buy from Hold after the miner's 1Q update. The broker notes Eloise delivered 3.2kt Cu and 1.6koz Au at AISC $4.97/lb, generating $11.8m net mine cashflow and closing cash of $67.8m.

The broker rolls spot copper (US$4.80/lb) into the next-12-months deck and argues funding headroom looks adequate as the -$156m Eloise/Jericho expansion advances; its cash-balance chart shows a trough around $28.1m by Dec-26 before rebuilding post-capex.

Forecasts are raised (FY26 EPS up by 58%) and the valuation steps up to a $0.54 target (44c in the week prior). Forecasts have noticeably improved.

COMPUTERSHARE LIMITED ((CPU)) Upgrade to Overweight from Neutral by Jarden.B/H/S: 0/0/0

Jarden believes Computershare is positioned for renewed growth despite a softer margin income outlook as global cash rates moderate. Margin income is expected to trough in FY27 before improving in later years.

A 48% increase in global deal activity and stronger US debt markets are supporting underlying earnings (EBIT ex-margin income).

Low gearing versus management's target is seen as providing capacity for up to 20% earnings accretion if debt capacity is deployed.

Jarden highlights the stock’s de-rating since the FY25 result, with its PE multiple now around -18% below the 10-year average.

The broker raises its target price to $38.50 from $36.50, reflecting modest earnings revisions, and upgrades to Overweight from Neutral.

XERO LIMITED ((XRO)) Upgrade to Buy from Overweight by Jarden.B/H/S: 0/0/0

Xero’s earlier-than-expected completion of the Melio acquisition prompts Jarden to lower its FY26 earnings forecast by -10% due to timing and tax effects. The FY27 forecast and beyond remain unchanged.

Xero’s share price had fallen -20.3% by October 17, since the June 25 announcement of deal completion, wiping around -$6.3bn in market value, equivalent to 137% of Melio’s purchase cost, highlights the broker.

Nonetheless, the analyst expects long-term benefits from the acquisition.

Jarden raises its rating to Buy from Overweight and maintains a $196 target price.

Downgrade

A2 MILK COMPANY LIMITED ((A2M)) Downgrade to Underweight from Neutral by Jarden.B/H/S: 0/0/0

Over FY22-25, Jarden points out a2 Milk Co has delivered a strong turnaround despite structural decline in the China infant milk formula (IMF) market.

The broker revises its earnings forecasts by 2% for FY26, -1% for FY27, and 4% for FY28, reflecting updated assumptions for the new product pipeline and supply chain transformation.

Jarden attributes 77% of its valuation to existing products and supply chain improvements, with NZ$1.85 per share reflecting future innovation.

The broker lifts its target to NZ$7.85 from NZ$7.80 and downgrades to Underweight from Neutral, viewing current valuation as fully pricing in foreseeable growth.

EROAD LIMITED ((ERD)) Downgrade to Underweight from Neutral by Jarden.B/H/S: 0/0/0

Eroad is set to benefit from the New Zealand' government's transition to a GPS-based electronic road user charge (eRUC) system, with the company well positioned to service the light vehicle fleet, according to Jarden.

The broker estimates the eRUC opportunity could generate about NZ$138m in annual revenue, though the final framework will depend on legislation expected in 2026.

Jarden incorporates the eRUC upside into its valuation, lifting its target price to NZ$2.30 from NZ$1.20, including NZ$0.91 of value from the eRUC potential.

Given the recent share price re-rating since the government announcement, Jarden downgrades Eroad to Underweight from Neutral.

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	AIC MINES LIMITED	Buy	Neutral	Moelis
2	COMPUTERSHARE LIMITED	Buy	Neutral	Jarden
3	XERO LIMITED	Buy	Buy	Jarden
Downgrade				
4	A2 MILK COMPANY LIMITED	Sell	Neutral	Jarden
5	EROAD LIMITED	Sell	Neutral	Jarden

Price Target Changes (Post Thursday Last Week)

	Company	Last Price	Broker	New Target	Old Target	Change
29M	29Metals	$0.43	Canaccord Genuity	0.25	0.30	-16.67%
			Jarden	0.28	0.30	-6.67%
A1M	AIC Mines	$0.44	Moelis	0.54	0.44	22.73%
AMP	AMP	$1.78	Jarden	1.90	1.55	22.58%
ANZ	ANZ Bank	$37.11	Jarden	34.00	30.00	13.33%
APZ	Aspen Group	$5.28	Moelis	5.22	4.43	17.83%
ARL	Ardea Resources	$0.64	Petra Capital	0.89	1.12	-20.54%
BLX	Beacon Lighting	$2.99	Jarden	3.40	3.30	3.03%
BTR	Brightstar Resources	$0.51	Petra Capital	1.57	1.59	-1.26%
CGF	Challenger	$8.99	Jarden	9.20	8.60	6.98%
CPU	Computershare	$37.21	Jarden	38.50	36.50	5.48%
DDR	Dicker Data	$10.53	Petra Capital	11.85	10.42	13.72%
EGG	Enero Group	$0.68	Canaccord Genuity	1.30	1.45	-10.34%
ELV	Elevra Lithium	$3.98	Canaccord Genuity	9.50	9.00	5.56%
ERD	Eroad	$1.77	Moelis	2.44	3.00	-18.67%
EVN	Evolution Mining	$10.57	Canaccord Genuity	10.75	9.50	13.16%
			Jarden	6.70	6.05	10.74%
FEX	Fenix Resources	$0.49	Petra Capital	1.04	1.03	0.97%
GEM	G8 Education	$0.84	Moelis	0.92	1.15	-20.00%
GMD	Genesis Minerals	$6.04	Moelis	6.55	5.45	20.18%
IGO	IGO Ltd	$5.49	Canaccord Genuity	5.40	5.00	8.00%

JIN	Jumbo Interactive	$12.82	Jarden	14.10	13.20	6.82%
LTR	Liontown Resources	$1.13	Canaccord Genuity	1.10	0.85	29.41%
PLS	Pilbara Minerals	$3.09	Canaccord Genuity	3.00	2.70	11.11%
RXL	Rox Resources	$0.47	Canaccord Genuity	0.93	0.80	16.25%
STO	Santos	$6.45	Jarden	6.10	7.05	-13.48%
TLX	Telix Pharmaceuticals	$16.68	Canaccord Genuity	27.41	27.33	0.29%
			Jarden	28.06	28.13	-0.25%
XRO	Xero	$149.27	Jarden	196.00	207.00	-5.31%
Company		Last Price	Broker	New Target	Old Target	Change

More Highlights

APZ ASPEN GROUP LIMITED

Real Estate – Overnight Price: $5.05

Moelis rates ((APZ)) as Hold (3) –

Moelis sticks with its Hold rating for Aspen Group while its price target for the shares has improved to $5.22 from $4.43.

Aspen has lifted FY26 underlying pre-tax EPS guidance to 20.1c from 19.0c alongside an upbeat 1Q26 update including 5.3c underlying pre-tax EPS (+21% y/y), a strong Darwin Freespirit peak season (NRI +22% y/y), and 30 development settlements with 112 contracts in hand.

The broker highlights two acquisitions: a 300-site Wallaroo, SA project (a pivot toward build-to-rent townhouses plus land-lease homes) and a Surry Hills office to partly serve as HQ.

Balance-sheet headroom is ample (Moelis expects gearing at circa 18% by Dec-26), supporting pipeline expansion and a higher valuation, hence the higher price target.

Forecasts have slightly moved higher.

This report was published on October 17, 2025.

Target price is **$5.22** Current Price is **$5.05** Difference: **$0.17**
If **APZ** meets the Moelis target it will return approximately **3%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY26:

Moelis forecasts a full year **FY26** dividend of **11.00** cents and EPS of **20.00** cents.
At the last closing share price the estimated dividend yield is **2.18%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **25.25**.

Forecast for FY27:

Moelis forecasts a full year **FY27** dividend of **12.20** cents and EPS of **22.40** cents.
At the last closing share price the estimated dividend yield is **2.42%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **22.54**.

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

BLX BEACON LIGHTING GROUP LIMITED

Furniture & Renovation – Overnight Price: $3.00

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

Beacon Lighting reported softer first quarter trading, observes Jarden, with AGM commentary indicating slower store sales momentum from late August through September.

The broker attributes the weakness in retail to a subdued housing market, Reserve Bank of Australia policy uncertainty, and customers delaying purchases ahead of promotional periods. Positively, trade sales continue to grow.

The analyst expects a cyclical housing recovery from FY27, positioning Beacon well to benefit from improved demand and operating leverage when the cycle turns.

The broker lowers its target price to $3.40 from $3.60 on reduced earnings forecasts and retains an Overweight rating.

This report was published on October 15, 2025.

Target price is **$3.40** Current Price is **$3.00** Difference: **$0.4**
If **BLX** meets the Jarden target it will return approximately **13%** (excluding dividends, fees and charges).
Current consensus price target is **$3.82**, suggesting upside of **27.2%**(ex-dividends)

Forecast for FY26:

Current consensus EPS estimate is **13.7**, implying annual growth of **6.1%**.
Current consensus DPS estimate is **8.4**, implying a prospective dividend yield of **2.8%**.
Current consensus EPS estimate suggests the PER is **21.9**.

Forecast for FY27:

Current consensus EPS estimate is **15.7**, implying annual growth of **14.6%**.
Current consensus DPS estimate is **9.5**, implying a prospective dividend yield of **3.2%**.
Current consensus EPS estimate suggests the PER is **19.1**.

Market Sentiment: **0.8**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

DDR DICKER DATA LIMITED

Hardware & Equipment – Overnight Price: $10.46

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

Petra Capital believes TD Synnex's record 3Q25 performance —highlighting Asia-Pacific & Japan up ~20% y/y and a 68bp gross-margin lift— supports a constructive 2H25 outlook for ASX-listed Dicker Data.

Among the positives noted: software and a PC refresh cycle rather than AI, plus firmer SMB/MSP demand (though the A&NZ read-through is unclear).

The broker models gross revenue growth of 8.4% in 2H25 and 11.9% in 2025, underpinned by Dicker Data's strong A&NZ position and leverage to an SMB rebound.

The price target has lifted to $11.85.

This report was published on October 15, 2025.

Target price is **$11.85** Current Price is **$10.46** Difference: **$1.39**
If **DDR** meets the Petra Capital target it will return approximately **13%** (excluding dividends, fees and charges).
Current consensus price target is **$9.98**, suggesting downside of **-4.8%**(ex-dividends)
The company's fiscal year ends in December.

Forecast for FY25:

Petra Capital forecasts a full year **FY25** dividend of **47.50** cents and EPS of **47.30** cents.
At the last closing share price the estimated dividend yield is **4.54%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **22.11**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **47.7**, implying annual growth of **9.4%**.
Current consensus DPS estimate is **47.2**, implying a prospective dividend yield of **4.5%**.
Current consensus EPS estimate suggests the PER is **22.0**.

Forecast for FY26:

Petra Capital forecasts a full year **FY26** dividend of **58.00** cents and EPS of **57.90** cents.
At the last closing share price the estimated dividend yield is **5.54%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **18.07**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **52.1**, implying annual growth of **9.2%**.
Current consensus DPS estimate is **51.5**, implying a prospective dividend yield of **4.9%**.
Current consensus EPS estimate suggests the PER is **20.1**.

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

ELV ELEVRA LITHIUM LIMITED

New Battery Elements – Overnight Price: $4.48

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

Canaccord Genuity notes lithium markets had a strong September quarter thanks to y/y EV sales growth, lift in Energy Storage Systems (ESS) demand forecasts, and supply disruptions in China.

The broker's lithium stocks collectively rose, in line with the increase in lithium pricing and general positive macroeconomic factors.

Minor revisions made to lithium product prices

At the September quarterly, the broker expects Elevra Lithium to report -8% decline in q/q production at 54kt SC5.2, with costs to benefit from operational improvements and optimisation.

Buy. Target rises to $9.50 from $9.00 on revised prices and valuation roll-forward.

This report was published on October 13, 2025.

Target price is **$9.50** Current Price is **$4.48** Difference: **$5.02**
If **ELV** meets the Canaccord Genuity target it will return approximately **112%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **minus 0.39** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 1148.72**.

Forecast for FY27:

Canaccord Genuity forecasts a full year **FY27** dividend of **0.00** cents and EPS of **minus 0.07** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 6400.00**.

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

GEM G8 EDUCATION LIMITED

Childcare – Overnight Price: $0.81

Moelis rates ((GEM)) as Hold (3) –

Relevant to the G8 Education business, Moelis highlights Australia's fertility rate continues to decline, falling to 1.48 births per woman in 2025 from 1.50 in 2023. More positively, total births rose 1.9% to 292,318, the first increase since 2021.

Immigration remains elevated, with a net gain of 445,640 people in FY24, largely younger cohorts, which supports childcare demand despite slower natural growth.

Long day care supply grew 3.5% year-on-year to 9,465 centres, while improving real wages (+1.3% in June 2025) may help offset cost-of-living pressures.

G8 Education is expected to benefit from gradually improving enquiry, enrolment, and occupancy trends.

Target 92c. Hold.

This report was published on October 16, 2025.

Target price is **$0.92** Current Price is **$0.81** Difference: **$0.115**
If **GEM** meets the Moelis target it will return approximately **14%** (excluding dividends, fees and charges).

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

NDO NIDO EDUCATION LIMITED

Childcare – Overnight Price: $0.63

Moelis rates ((NDO)) as Buy (1) –

Relevant to the Nido Education business, Moelis highlights Australia's fertility rate continues to decline, falling to 1.48 births per woman in 2025 from 1.50 in 2023. More positively, total births rose 1.9% to 292,318, the first increase since 2021.

Immigration remains elevated, with a net gain of 445,640 people in FY24, largely younger cohorts, which supports childcare demand despite slower natural growth.

Long day care supply grew 3.5% year-on-year to 9,465 centres, while improving real wages (+1.3% in June 2025) may help offset cost-of-living pressures.

Nido Education is expected to benefit from gradually improving enquiry, enrolment, and occupancy trends.

Target $1.03. Buy.

This report was published on October 16, 2025.

Target price is **$1.03** Current Price is **$0.63** Difference: **$0.4**
If **NDO** meets the Moelis target it will return approximately **63%** (excluding dividends, fees and charges).
The company's fiscal year ends in December.

Forecast for FY25:

> Moelis forecasts a full year **FY25** dividend of **4.40** cents and EPS of **6.40** cents.
> At the last closing share price the estimated dividend yield is **6.98%**.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **9.84**.

Forecast for FY26:

> Moelis forecasts a full year **FY26** dividend of **5.70** cents and EPS of **8.70** cents.
> At the last closing share price the estimated dividend yield is **9.05%**.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **7.24**.

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

PDN PALADIN ENERGY LIMITED

Uranium – Overnight Price: $8.84

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

Canaccord Genuity notes Paladin Energy delivered another strong quarter report in 1Q26, with production up 7% q/q to 1.07Mlbs, in line with expectations, and costs beating guidance at US$41.6/lb.

Sales volumes fell -25% q/q due to a shipment delay, which has since been completed, while the average realised price rose 21% to US$67.4/lb.

The broker notes operations at Langer Heinrich are now materially de-risked, with stable recoveries and solid grades.

The company ended the quarter with US$320m total liquidity and an estimated US$190m net cash position (ex-CNOL loan). Ramp-up remains on track, with full mining and processing plant operations targeted for FY27.

Minor changes to forecasts. Buy. Target unchanged at $12.50.

This report was published on October 15, 2025.

Target price is **$12.50** Current Price is **$8.84** Difference: **$3.66**
If **PDN** meets the Canaccord Genuity target it will return approximately **41%** (excluding dividends, fees and charges).
Current consensus price target is **$9.71**, suggesting upside of **9.9%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **3.44** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **257.05**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **11.9**, implying annual growth of **N/A**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **74.3**.

Forecast for FY27:

Canaccord Genuity forecasts a full year **FY27** dividend of **0.00** cents and EPS of **29.43** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **30.04**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **59.4**, implying annual growth of **399.2%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **14.9**.

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

RIC RIDLEY CORPORATION LIMITED

Agriculture – Overnight Price: $3.06

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

Ridley Corp's outlook remains positive, Canaccord Genuity believes, supported by steady demand growth, ongoing reinvestment, and selective premiumisation. Potential for a significant earnings uplift in IPF Distribution and fertiliser operations is also noted..

The broker expects management's next three-year plan (FY26-28) to focus on expanding capacity, adding extrusion assets, and increasing export exposure.

Seperately, IPF Distribution is likely to follow the Bulk Stockfeeds model by cutting costs and optimising assets.

Canaccord maintains its $3.48 target price and keeps a Buy rating.

This report was published on October 16, 2025.

Target price is **$3.48** Current Price is **$3.06** Difference: **$0.42**
If **RIC** meets the Canaccord Genuity target it will return approximately **14%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **10.50** cents and EPS of **15.10** cents.
At the last closing share price the estimated dividend yield is **3.43%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **20.26**.

Forecast for FY27:

Canaccord Genuity forecasts a full year **FY27** dividend of **13.50** cents and EPS of **19.40** cents.
At the last closing share price the estimated dividend yield is **4.41%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **15.77**.

Market Sentiment: **0.8**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

STO SANTOS LIMITED

NatGas – Overnight Price: $6.32

Jarden rates ((STO)) as Underweight (4) –

Santos' September quarter production and revenue missed consensus forecasts by -4% and -5%, respectively, prompting Jarden to trim its target price to $6.10 from $6.25.

Software issues on the Barossa floating production storage and offloading (FPSO) vessel delayed commissioning by several weeks, notes the analyst, though first LNG sales are still expected before end-2025.

Flooding in the Cooper Basin and the Barossa delay led management to cut 2025 production guidance to 89-91mmboe from 90-95mmboe.

Jarden remains cautious, assuming only two LNG cargoes produced and one sold in 2025. The Underweight rating is maintained.

This report was published on October 17, 2025.

Target price is **$6.10** Current Price is **$6.32** Difference: **minus $0.22** (current price is over target).
If **STO** meets the Jarden target it will return approximately **minus 3%** (excluding dividends, fees and charges – negative figures indicate an expected loss).
Current consensus price target is **$7.61**, suggesting upside of **20.4%**(ex-dividends)

Forecast for FY25:

Current consensus EPS estimate is **53.2**, implying annual growth of **N/A**.
Current consensus DPS estimate is **36.3**, implying a prospective dividend yield of **5.7%**.
Current consensus EPS estimate suggests the PER is **11.9**.

Forecast for FY26:

Current consensus EPS estimate is **58.4**, implying annual growth of **9.8%**.
Current consensus DPS estimate is **37.9**, implying a prospective dividend yield of **6.0%**.
Current consensus EPS estimate suggests the PER is **10.8**.

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

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