WEEK 3

STORIES TO READ FROM FNArena

Friday, 17 January 2025

Material Matters: Lithium's Debate Continues

Rudi's View: All-Weather Portfolio In 2024

Treasure Chest: Stockland

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AUSTRALIA

The Market In Numbers - 11 Jan 2025

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

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

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

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

Australia & NZ

Index	11 Jan 2025	Week To Date	Month To Date (Jan)	Quarter To Date (Jan-Mar)	Year To Date (2025)	Financial Year To Date (FY25)
NZ50	12895.980	-1.32%	-1.64%	-1.64%	-1.64%	10.06%
All Ordinaries	8543.70	0.37%	1.46%	1.46%	1.46%	6.61%
S&P ASX 200	8294.10	0.53%	1.65%	1.65%	1.65%	6.78%
S&P ASX 300	8227.60	0.47%	1.59%	1.59%	1.59%	6.74%
Communication Services	1644.40	-0.21%	1.04%	1.04%	1.04%	9.54%
Consumer Discretionary	3974.40	0.74%	1.62%	1.62%	1.62%	13.18%
Consumer Staples	11627.30	-1.56%	-1.21%	-1.21%	-1.21%	-6.06%
Energy	8822.90	-0.49%	2.32%	2.32%	2.32%	-12.05%
Financials	8783.80	0.83%	1.97%	1.97%	1.97%	14.71%
Health Care	45742.00	1.15%	1.91%	1.91%	1.91%	3.36%
Industrials	7717.30	-0.31%	0.93%	0.93%	0.93%	13.30%
Info Technology	2775.40	0.76%	1.26%	1.26%	1.26%	18.53%
Materials	16378.20	0.71%	1.57%	1.57%	1.57%	-2.96%
Real Estate	3864.20	0.42%	2.73%	2.73%	2.73%	8.45%
Utilities	9079.40	0.02%	0.52%	0.52%	0.52%	-2.21%
A-REITs	1767.80	0.51%	2.87%	2.87%	2.87%	8.83%
All Technology Index	3845.90	0.45%	1.06%	1.06%	1.06%	22.56%
Banks	3672.00	0.69%	1.82%	1.82%	1.82%	14.92%
Gold Index	8982.00	3.95%	6.63%	6.63%	6.63%	22.08%
Metals & Mining	5338.90	0.57%	1.58%	1.58%	1.58%	-3.81%

The World

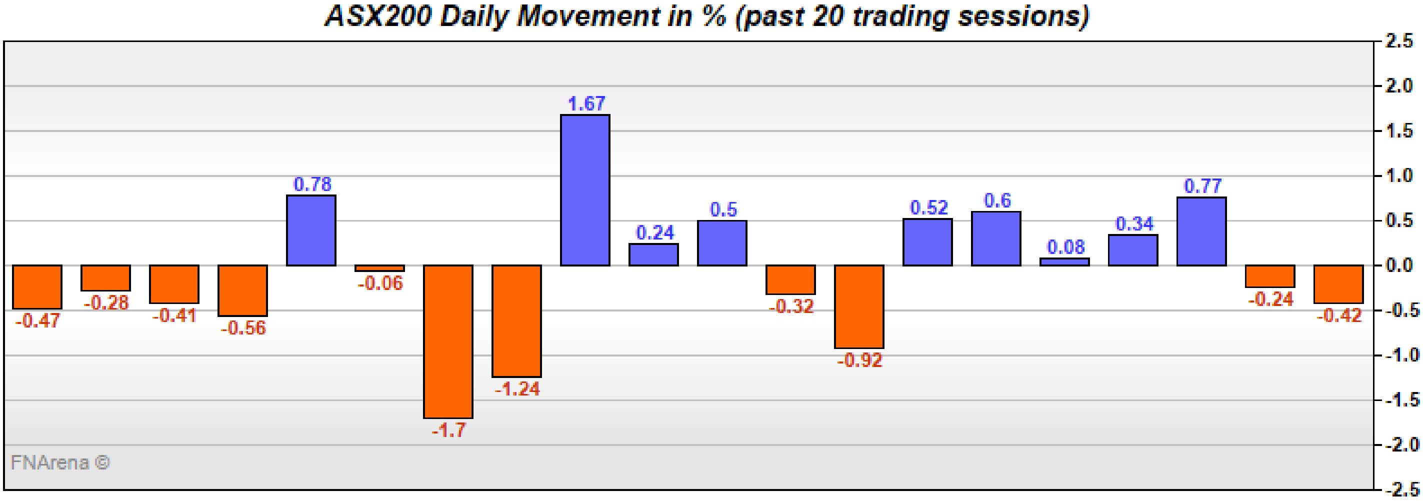
Index	11 Jan 2025	Week To Date	Month To Date (Jan)	Quarter To Date (Jan-Mar)	Year To Date (2025)	Financial Year To Date (FY25)
FTSE100	8248.49	0.30%	0.92%	0.92%	0.92%	1.03%
DAX30	20214.79	1.55%	1.54%	1.54%	1.54%	10.85%
Hang Seng	19064.29	-3.52%	-4.96%	-4.96%	-4.96%	7.59%
Nikkei 225	39190.40	-1.77%	-1.77%	-1.77%	-1.77%	-0.99%
DJIA	41938.45	-1.86%	-1.42%	-1.42%	-1.42%	7.21%
S&P500	5827.04	-1.94%	-0.93%	-0.93%	-0.93%	6.71%
Nasdaq Comp	19161.63	-2.34%	-0.77%	-0.77%	-0.77%	8.06%

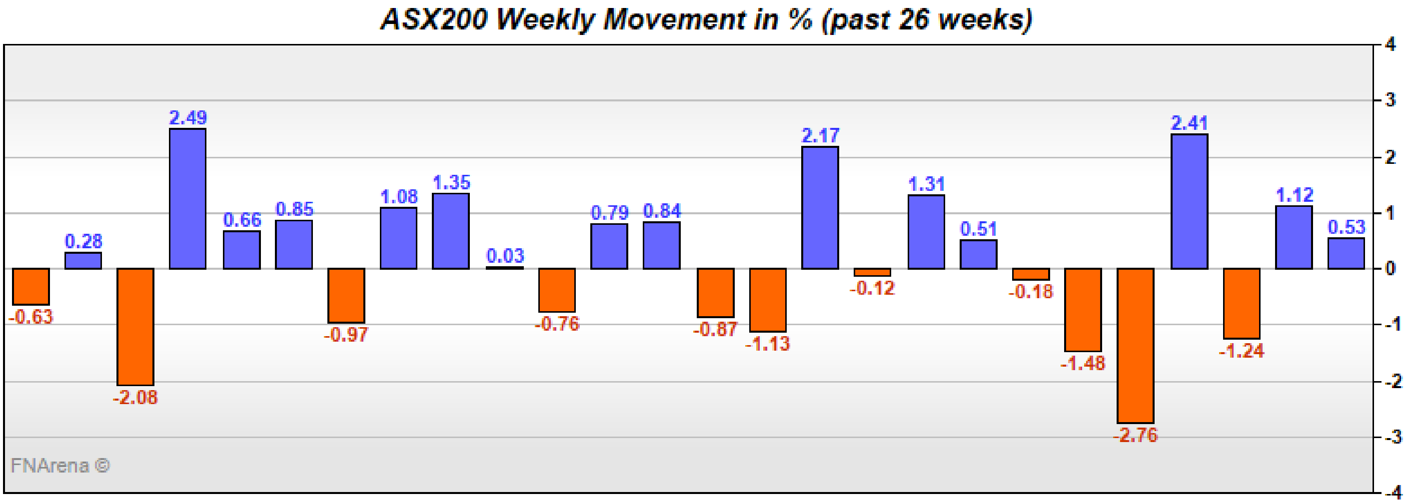
Metals & Minerals

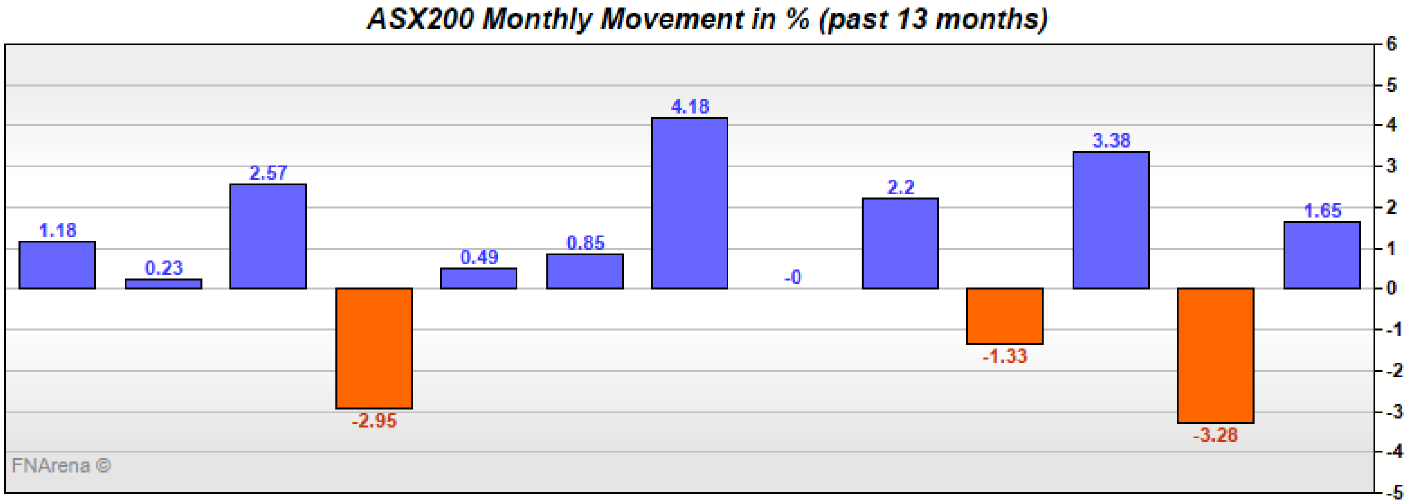
Index	11 Jan 2025	Week To Date	Month To Date (Jan)	Quarter To Date (Jan-Mar)	Year To Date (2025)	Financial Year To Date (FY25)
Gold (oz)	2691.91	2.48%	2.48%	2.48%	2.48%	15.14%
Silver (oz)	31.05	2.72%	2.72%	2.72%	2.72%	6.14%
Copper (lb)	4.3137	5.30%	5.30%	5.30%	5.30%	-0.46%
Aluminium (lb)	1.1463	0.28%	0.28%	0.28%	0.28%	1.94%
Nickel (lb)	7.1449	0.00%	0.00%	0.00%	0.00%	-8.14%
Zinc (lb)	1.2862	-4.82%	-4.82%	-4.82%	-4.82%	-3.01%
Uranium (lb) weekly	76.00	5.56%	5.56%	5.56%	5.56%	-8.71%
Iron Ore (t)	98.09	-5.54%	-5.54%	-5.54%	-5.54%	-7.91%

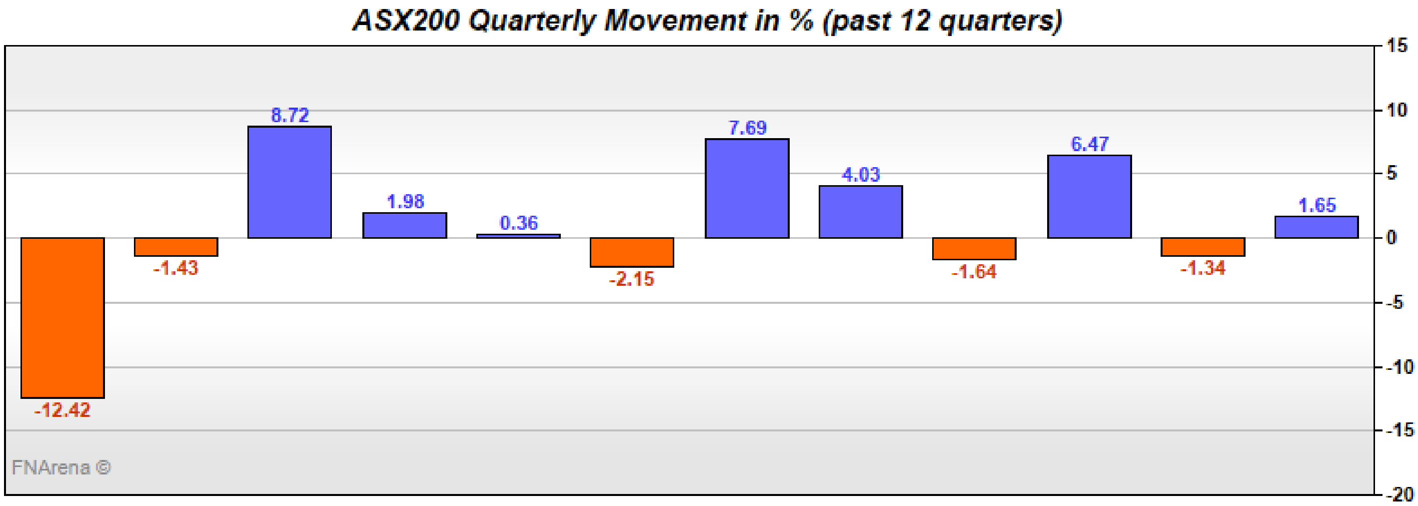
Energy

Index	11 Jan 2025	Week To Date	Month To Date (Jan)	Quarter To Date (Jan-Mar)	Year To Date (2025)	Financial Year To Date (FY25)
West Texas Crude	74.28	6.91%	6.91%	6.91%	6.91%	-9.26%
Brent Crude	77.14	6.31%	6.31%	6.31%	6.31%	-9.71%









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

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FNArena welcomes comments and suggestions at info@fnarena.com

COMMODITIES

The Lithium Transition - A Recap Of 2024 & Thoughts On 2025

By Joe Lowry, President Global Lithium LLC

[The market commentary below was first published last week on LinkedIn. FNArena has been granted permission to re-publish in full on the condition no changes are made, including typos. All pricing info should be read as US$.]

As is my recent custom, this is a year-end stream of consciousness post with a maximum allowed time of 90 minutes to comment on the past year and reflect on the future. No attempt at editing beyond auto spellcheck just a download of my thoughts but I do allow myself to check my hard drive for reference data. I will jump from one topic to another and not always with logical transition sentences.

It is well established that following the price spike and lithium euphoria of 2022 that lasted into 2023 the market turned quickly as several nimble producers in China leveraged the brief bubble pricing to bring on previously uneconomic lepodilite resources and exploit the lack of environmental oversight in many parts of Africa to resource various forms of inferior but usable lithium feedstock as well expand existing hard rock assets. The precipitous spot price drop of 2023 was followed by lesser declines in 2024 and continued the squeeze on contract pricing that now is, in most cases, almost indistinguishable from the China spot price.

Yet, price is still relatively high by historical standards which few acknowledge because most people writing about the topic have limited experience and many of their editors prefer clickbait headlines fueling negative sentiment on the space.

The major price reporting agencies provide limited historical data as well. I have price data going back to 1980 ten years before I was involved in the industry thanks to a history book of industry financial data I was given in my first day on the job.

The lithium industry has grown significantly in the last four years. For perspective, in 1990 the global market for lithium chemicals was less than 5 percent of what it is today from a volume perspective. The average lithium carbonate price was below $2.5K/MT when I joined the industry. When SQM entered the market in the late 1990s most of my customers were paying over $4K/MT for lithium carbonate. Between 1997 and 2005 global average carbonate prices dropped below $2K/MT (based on SQM selling for as low as $1.3K) before rising back to $2.6K. By 2010, the average price was over $5K but remained below $6K until the price spike of 2016-18 when average price approached $20K with some paying over $25K. For those that are compelled to fact check me, feel free but I promise you the AI answers are all over the block and those looking at import and export stats need to understand how to deal with transfer prices.

On January 1, 2016, I posted on Linked In about the largest disparity between high and low market prices I had ever seen. By the end of that month, I posted the "mea culpa" that appears below wondering how price could move so far so fast much faster than I had ever seen in the prior quarter century of my industry experience.

Two points to be made here, lithium price was historically volatile within a range below $10K/MT until the 2016-17 price spike which lasted less than two years before a multiple year price decline ending in 2020 where SQM and Orocobre made sales below $4K.

I dragged you through that narrative to make the point that today's price is considered "low" because the cost curve has increased significantly. Even at $10K/MT, many lithium producers are losing money, so the current situation is unsustainable especially in a rapidly growing market. Yet by historical standards, the current price is much higher than any annual average price prior to 2016. Yes, I know I am supposed to be writing about 2024.... Bear with me.

Below are the first paragraphs of my 2016 price "mea culpa" post. The full articles are still on Linked In.

A Lithium Price Mea Culpa

Joe Lowry
One of the World's Leading Lithium Market Experts

January 31, 2016

Updated January 31, 2016

It was just a month ago I published the post below about pricing. I had the trend right but missed on the speed and magnitude of the change. The duration of mid-$20s/kg pricing may be a different story but I will wait a few months to (attempt to) make that call.

All I can say is that the rise in the price of lithium has already exceeded my wildest expectations for 2016. Yes, the fact that the Big 3 is honoring contracts will moderate the global average price in 2016 but the reality is the current price inside China and exported from China (that was not contracted in 2015) is already in most cases = or > $20/kg for carbonate and hydroxide.

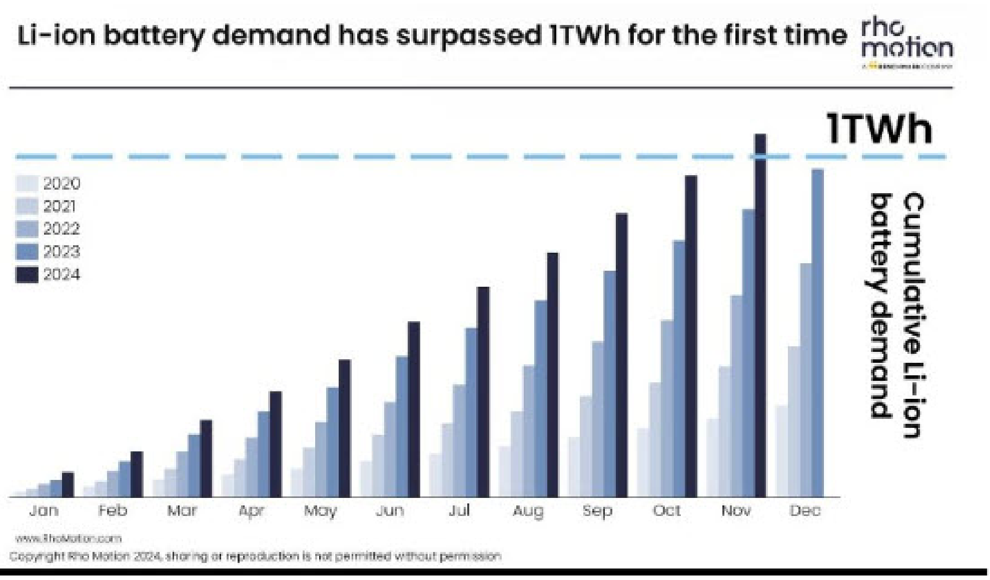
The fact I am being contacted almost daily by customers around the world who are willing to pay the higher pricing - if they can get the material validates the current shortage situation.

As a reference point, below is the Benchmark Mineral Intelligence global average lithium carbonate price chart back to 2016 which is as far back as their data goes.

Of course, if you take the performance of only the past eight years, the current price is on the low end. Whether you think the current oversupply lasts a few more months or a few more years, the result of the current period of price below the western incentive price for capacity additions will likely end in another period of shortage that ends with a price spike. My belief is that price moves towards $15K in the second half 2025 and $20k by the end of 2026. That is as close to a price prediction as I intend to get. Moving on....

On episode 202 of the Global Lithium, Podcast Daniel Jimenez does an excellent job reprising what happened in e-transportation in 2024. While the press obsesses with the failures of American and European legacy OEMs performance in EVs, the Chinese and Tesla continue to prosper with a caveat. PHEVs have increased in popularity in China which is a negative for overall lithium demand growth in the e-transport segment based on smaller average battery size. On the other hand, greater than expected global growth in ESS has more than compensated for the trend away from pure EDVs in the Middle Kingdom.

Now that batteries drive over 85% of LCE demand, I use credible battery demand data to simplify my LCE forecast. The rest of the market grows at GDP +/- a percent or two. Whether you use Rho Motion's numbers or another source, the total amount of GWH is viable indicator but is subject to the same vagaries as more complicated methods such as how much of the cathode came from prior year inventory, etc. There are no perfect forecasting methodologies.



In 2024, the trend of large energy and mining companies investing in lithium gained traction with Equinor's investment in Standard Lithium and Rio Tinto acquiring Arcadium. Exxon also

In 2024, the trend of large energy and mining companies investing in lithium gained traction with Equinor's investment in Standard Lithium and Rio Tinto acquiring Arcadium. Exxon also continued to advance their interests in the Smackover. For these investments to be successful, direct lithium extraction that doesn't require evaporation ponds must become viable at commercial scale. We could see commercial scale DLE in Argentina in 2025 if Eramet's ramp up is successful, but this is not a fait accompli. In any case, having large company balance sheets advancing projects is something the lithium industry needs to have any chance of getting to 3 million tons of supply by 2030.

To put the challenge in perspective. Assuming supply in 2024 of approximately 1.2 million tons, the industry needs 1.8 million tons of new supply in five years or the equivalent of 45 new 40K MT operations. I challenge anyone that reads this to provide a credible scenario of that happening at today's prices. Many pundits like to assume China can add capacity at any level they choose. I am happy to take the other side of that argument, especially in the current price environment.

I understand China has significant excess conversion capacity, but they need feedstock to utilize it. Yes, China has ramped up both internal hard rock and brine, but their assets are in general not world class which is why they are also invested in Australia, South America and Africa. Even the Chinese have struggled bringing capacity online outside China. Look at Zijin at 3Qs and many of the projects in Africa. No doubt China did a brilliant job of flipping the market after the 2022 bubble, but the low hanging resource fruit has already been exploited and the volume challenge grows each year. There are five years to ADD 150% more capacity than the current supply.

Look at how many LCEs China, Australia, South America and Africa currently produce and have at the execution stage then add North America. You can't get there from here at $10K carbonate or $850 spod. Adding a couple hundred thousand tons of lepidolite new supply from Africa to an 850K market in 2022-23 is one thing adding nine times that in the next five years will require massive investment we aren't seeing, working commercial DLE and flawless execution. Good luck with that.

We all know that there is no shortage of lithium in the earth's crust but finding economic resources and developing them takes time. Chinese mining giant Zijin has struggled to bring on a modest brine project in Argentina and continues to push back their timeline. Even my China favorite, Ganfeng, has been working as the sole developer of Marianas in Argentina for years. We have seen a slowing of "Ganfeng speed" as they try to develop projects on multiple continents. Bacanora has largely been forgotten by most analysts. We will see this year what happens with Goulamina. Other China majors like Tianqi and Yahua continue to struggle with various projects so the mantra that China can quickly get to any volume needed will be tested and in my opinion fail.

The current price environment has exposed the weakness of leading western lithium companies like Albemarle. The world's largest lithium company needs a management makeover soon. Despite access to the best hard rock and best brine assets in the world, their bloated organization has had to be trimmed more than once. ALB is lucky that Gina stopped them from investing in Liontown at a nosebleed valuation. I hope they sent Ms. Rinehart a nice Christmas gift. That is not a shot at Liontown but rather a statement that ALB seems to continually misjudge the market.

Pilbara, on the other hand seems to time their moves well. I liked the acquisition of Latin, the hydroxide partnership outside of WA and their positioning for the future. Yes, I am a fan of a heavily shorted stock. Why? I believe most investors continue to misunderstand lithium and will until the industry grows up.

Before I wind this down, I want to emphasize that I don't believe a company like Rio Tinto will necessarily speed up development of the Arcadium project portfolio in the near to mid-term but in the long term the viable projects will get built. Livent and Allkem continually kicked the development can down the road. Combining them into Arcadium created the opportunity to get the assets into more financially viable hands. Rio will struggle but they have the cash to ultimately succeed. Watch Rincon closely Rio's recent announcement to go to 60K MT made little sense to me but might have been a false flag to ensure their acquisition of Arcadium closes. Post closing, Rincon is far from their best brine asset so why double down there? We won't know until early in the next decade whether Rio Tinto becomes a major lithium producer. What we do know is that Arcadium was just more of the same expansion futility we got from Livent and Allkem. Good luck Rio.

I believe that the next five to ten years sees brine as the leading source of lithium despite the long project lead times. Look at the cost curve. I also believe that LAC will validate sedimentary lithium at Thacker Pass, but we will have a few more of these posts before I can declare victory.

The question I have been asked most in the past two months is what impact Donald Trump will have on the industry. I don't think DJT is going to hurt lithium or the energy transition. Aside from Tesla, the US isn't much of a factor in critical metals, cathode, batteries or EVs. The incoming President is an easy target for people with a green axe to grind. If only on national security grounds, I expect the US to develop a modest lithium battery supply chain in the next five to seven years. I also think we would do well to allow CATL and a China EV maker or two to have US JVs with reasonable guardrails the same way China was "ICE enabled" in past decades by VW and GM. Expect DJT to do the unexpected especially with Elon advising him.

A final word to lithium investors especially the retail investors that often write. No investing advice here but lithium stocks are less than 8% of my portfolio and even during the bubble valuations in 2022 were never as much as 25%. My top stock holdings are Apple, Alphabet (Google), Netflix, and Berkshire. I have owned all these for over a decade. Tesla is in the top ten as are three pure play lithium companies that if you listen to the podcast, you likely know the names.

Lithium investing isn't easy. Those that blindly follow the "NBT" often suffer financial consequences. I remain a believer in lithium but am also an investing pragmatist.

Thanks for reading.

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If anyone cares to participate - you can comment or respond at globallithium.net/contact

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Companies mentioned include Arcadium Lithium ((LTM)), Liontown Resources ((LTR)), Pilbara Minerals ((PLS)), and Rio Tinto ((RIO)).

The commentary above does not by association represent FNArena's view (we don't have a view, we publish and report on what experts have to say). None of it should be interpreted as investment advice.

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COMMODITIES

Material Matters: Lithium's Debate Continues

Lithium prices are at or near their low point and equity valuations are no longer overstretched.

See also: https://fnarena.com/index.php/2025/01/13/the-lithium-transition-a-recap-of-2024-thoughts-on-2025/

-Lithium prices stabilise, equity valuations more reasonable
-Some analysts feel the lithium price is at or near a low
-December quarter result previews
-Lithium brine producers provide an alternative, notes Goldman

By Mark Woodruff

As December quarter operational results approach for ASX-listed lithium miners, analysts are releasing previews alongside in-house views on the outlook for lithium prices.

Morgans highlights current spot prices for Australian spodumene concentrate have stabilised and are now higher than those achieved in September 2024. Despite this, related equities have seen significant declines since that time.

For example, during the December quarter, share prices for Liontown Resources ((LTR)) and Pilbara Minerals ((PLS)) both fell by -33%, while IGO Ltd ((IGO)) shares experienced a -17% decline.

Canaccord Genuity explains average spodumene concentrate pricing fell by -3% quarter-on-quarter, with chemicals pricing declining between -4% and -13%, as demand concerns and oversupply continued to weigh on the market.

Since the end of September, spodumene prices have ranged between US$800/t and US$890/t, compared to lows of around US$730/t in August.

UBS now believes the **lithium price has likely bottomed** and Canaccord Genuity also expects a bottoming of the commodity through 2025 before pricing gradually improves into 2026.

Ahead of this anticipated recovery, Canaccord has lowered its near-term lithium price forecasts for spodumene and chemicals by -15% and -20%, respectively, contributing to falls in 12-month price targets for Liontown, Pilbara Minerals and IGO Ltd of respectively -25%, -8%, and -7% to 60 cents, $3.60, and $4.30.

UBS recently made small upgrades to its 2025/26 spodumene pricing forecasts.

Having been underweight the sector for more than 18 months, this broker feels equity valuations are no longer stretched.

In contrast, Goldman Sachs expects without a substantial and unexpected surge in demand, lithium market softness will continue in 2025, with existing producers likely to focus on further cost/production optimisations.

Headwinds from lithium supply

While acknowledging better value on the share market, UBS and Goldman Sachs remain cautious about the potential for significant upside in lithium prices.

UBS sees only a limited likelihood of an immediate price spike while latent capacity persists.

Ahead of more supply cuts rebalancing the market, equities already look to be pricing a rapid improvement in prices, according to the analysts, who remain largely Sell-rated the sector.

Goldman continues to expect lithium prices will remain weak on a 12-month view, despite Australian lithium names increasingly trading on more in-line longer-term multiples, after an extended period of disparity.

In explaining latent capacity, UBS points to mines on care and maintenance such as Contemporary Amperex Technology Co Limited's (CATL) Jianxiawo, Pilbara Minerals' Ngungaju, and the Bald Hill operations at Mineral Resources ((MIN)).

Canaccord believes the lithium market remains well supplied and while announced cuts will help the balance later in 2025, there is still supply being added to the market.

In such a range-bound pricing environment, this broker expects the focus will be on an individual company's medium- to long-term growth plans and management's ability to fund them.

Result Previews

From among recent broker coverage in the lead up to December quarter results, the most discussed stocks are Liontown Resources, IGO Ltd and Pilbara Minerals.

Buy-rated **Pilbara Minerals** is Canaccord's top pick under coverage as management has taken steps to lower the cost base and continues to see benefits from the P680 Expansion Project at the Pilgangoora operation in Western Australia.

Regarding the cost base, the company announced plans last October to place the Ngungaju Plant at Pilgangoora into care and maintenance.

For the quarterly results, the analysts expect production to decline due to the plant shutdown and forecast shipments of 183,000t, with costs decreasing by -6% quarter-on-quarter to US$452/t.

Pilbara Minerals also remains Morgans' key pick in the lithium space, seen offering both short and long-term value.

IGO Ltd is Macquarie's preference in the space.

In December last year Macquarie upgraded IGO's rating to Outperform from Neutral, noting the company remains the lowest cost producer in hard rock lithium.

In a preview of quarterly results yesterday, the broker notes its spodumene production forecast from Greenbushes of 374kt sits 6% above market consensus.

The full-year production forecast is in the upper half of the guidance range of 1,350-1,450kt given competitive production costs and management's ongoing focus on productivity.

For Hold-rated **Liontown Resources**, Morgans forecasts December quarter spodumene shipments from Kathleen Valley of 59kt, in line with consensus expectation for 61.7kt.

This week, Morgans reduced its target for Liontown to 60 cents from 80 cents after revising production and cost assumptions for the Kathleen Valley project, following an updated mine plan released last November.

The revised plan now anticipates a throughput rate of 2.8mt per annum by FY27, down from the previous expectation of 3mtpa.

Ahead of a recovery in prices, UBS suggest cashflow and funding remain in focus for Sell-rated Liontown (target 50 cents).

Alternative lithium exposure?

Goldman Sachs expresses a preference for lithium brine producers over traditional hard rock miners, based on the more competitive cost structures associated with brine extraction methods, especially in the current environment of declining lithium prices.

Brine extraction is generally less energy-intensive and has a lower carbon footprint compared to hard rock mining, which requires significant energy for blasting and crushing ore.

The broker points out a number of global oil and gas producers have recently shown a growing interest in lithium, particularly across North American brines.

ASX-listed exposures with exposure to brine-based lithium projects include Arcadium Lithium ((LTM)) which has Olaroz and other South American brine assets. Arcadium is about to be acquired by Rio Tinto ((RIO)).

Galan Lithium ((GLN)) also has the Hombre Muerto West and Candelas Projects in Argentina.

INTERNATIONAL

Looking For Durable, Needle-Moving Growth In AI

Looking for durable, needle-moving growth in the AI tech stack

By Paul Greene, portfolio manager, US equities at T. Rowe Price

For U.S. stocks and large-cap growth investors, the narrative surrounding advanced artificial intelligence (AI) matters a lot.

Hype, hope, and massive spending on data centers have lifted many boats offering exposure to AI. However, a handful of large companies have been benefiting from this technology in real ways. And these mega-caps have become an even bigger part of the Russell 1000 Growth Index, as well as key drivers of its returns last year.

The rapidity and magnitude of spending growth on AI-related infrastructure naturally raise concerns about its sustainability and the risk of overcapacity.

Bouts of volatility are inevitable. But when the market fixates on the near term, it's critical for growth investors to focus on what creates value for shareholders over the long haul.

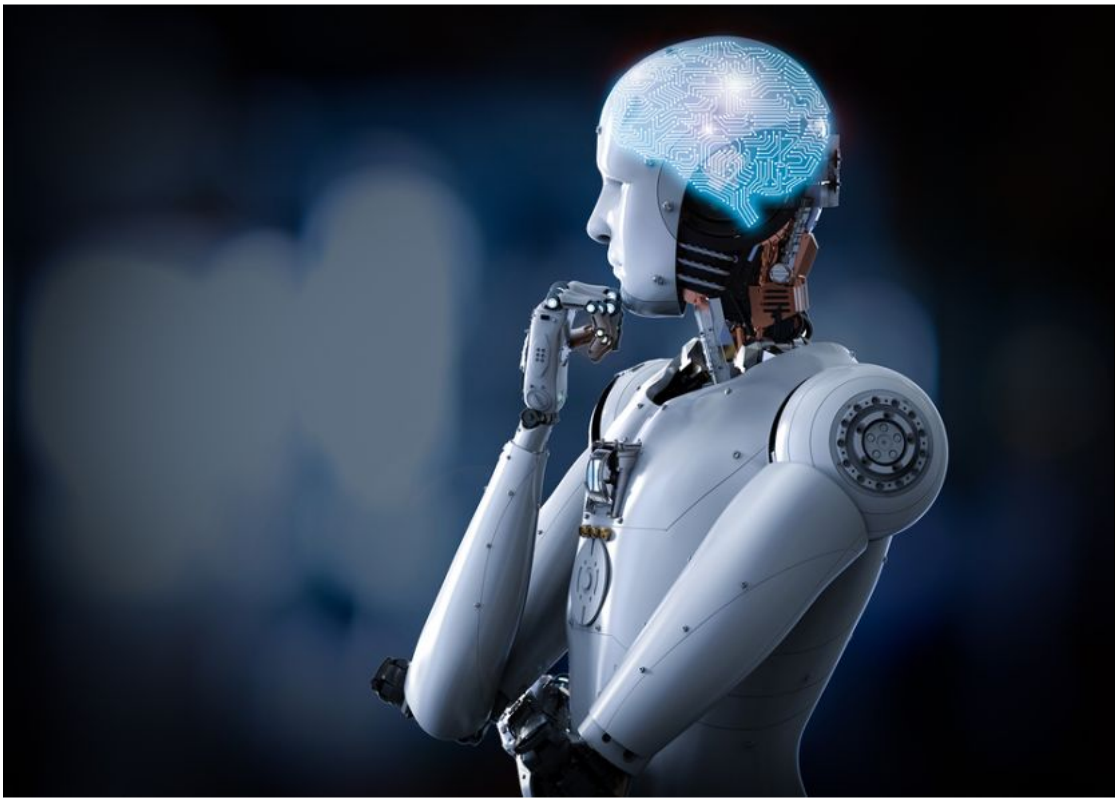
AI spending differs from past tech bubbles

Comparisons to the dot-com bubble and the telecom industry's overbuilding of fibre networks in the late 1990s and early 2000s strike me as off the mark, even if the exuberance seems familiar:

Not debt fuelled: The mega-cap companies funnelling money into AI infrastructure have been pulling from the ample free cash flow generated by their core businesses.

Early returns: AI has reinvigorated large consumer internet companies' digital advertising businesses by boosting engagement, improving targeting, and making it easier for clients to create and test campaigns.

Competitive pressure: Innovating in AI could be key to the mega-cap cloud and consumer internet companies strengthening their core businesses, trying to fend off would-be disruptors, and creating new growth opportunities.



But mind the cycle when investing in AI

Whether AI-related infrastructure spending can continue to grow at such a torrid pace in the near term is a reasonable question:

Returns matter: Could increases in AI-related spending moderate if it takes longer for data centre investment to generate tangible returns?

Cyclicality: Demand for graphics processing units (GPUs) historically has fluctuated with the health of the economy, customers' inventories of these semiconductors, new chip launches, and product cycles for the applications that use them. For example, customers might slow their purchases when a more powerful GPU is on the horizon or if these chips become easier to obtain.

Timing these downcycles will be extraordinarily difficult, especially when the technology is evolving so fast. Sentiment can also shift quickly given the excitement around AI, with the market latching on to recent news or a data point and extrapolating it into a trend.

Mutually reinforcing drivers in AI infrastructure and the applications built on these models are important to watch because they should feed into one another.

The key is the extent to which connecting increasing numbers of increasingly powerful chips into a brain-like system can improve AI performance, helping to unlock new capabilities that benefit consumers and businesses.

The value of taking a long view on investing in AI

We are still in the early stages of the AI revolution. This innovation wave likely will unfold over a decade or more like the rise of the internet, mobile connectivity, and cloud computing.

The bulk of the spending on high-performance computing so far has gone to training complex AI models on massive datasets. Developers are still honing the broad capabilities of the foundation models that eventually could underpin applications for different users and end markets.

Over time, as AI applications improve and proliferate, trained models are likely to need even more computing power and always-on electricity to generate outputs in response to a flood of user requests.

Imaginations can run wild when thinking about AI-related stocks. After all, part of generative AI's appeal is its broad applicability, the prospect of creating efficiencies and new tools for many different industries.

However, simply being thought of as an "AI stock" probably won't be enough to sustain strong returns for shareholders. As costs come down and the technology becomes widely accessible, intensifying competition may erode the benefits enjoyed by some early AI winners.

Focus on business fundamentals, not hype

How can growth investors identify the special companies that should be able to capture and retain a significant share of the economic value associated with such a large market?

The focus should be on business quality and the potential staying power of a company's competitive advantages.

Companies that assemble and sell AI servers, for example, have enjoyed strong revenue growth during the AI boom. But stiff competition and the risk of commoditization could challenge the long-term durability of their growth story.

In contrast, the competitive moats for certain companies involved in designing and producing bleeding-edge chips may have a better chance of holding up. The technological challenge of squeezing more transistors onto smaller chips to increase processing power limits competition at certain points in the supply chain for advanced digital semiconductors.

Of course, large profit pools and favourable margins naturally attract potential disruptors. Paying close attention to the risks to incumbents and early AI winners is critical, given the pace of innovation taking place in hardware and applications.

There's more to growth investing than AI

Navigating the innovation and disruption stemming from the AI revolution will be critical to long-term returns, especially with the winner-take-most dynamics that tend to occur in these technology waves.

Still, AI isn't the be-all and end-all for growth investing. A balanced approach to portfolio construction is important given that the sentiment and momentum around AI can shift quickly in the near term.

A thoughtful portfolio manager, backed by a global research team that has cultivated a deep understanding of industries and companies, may be well positioned to uncover these idiosyncratic growth opportunities in AI and beyond.

RUDI'S VIEWS

Rudi's View: All-Weather Portfolio In 2024

By Rudi Filapek-Vandyck, Editor

As is custom this time of the year, financial media are busy reporting on what happened in financial markets in 2024 while strategists and forecasters of all kinds are trying their best to predict what 2025 might look like.

If recent weeks are any indication, the new year might inject new dynamics into market narratives with potentially major impacts on the trajectory ahead.

As far as the FNArena-Vested Equities All-Weather Model Portfolio is concerned, 2024 finished on a weak note, albeit less negative than the broader market overall, but the year's return still exceeded 20%, for the second year in succession. As a matter of fact, total return ex fees has been above 20% in three out of the past four calendar years, and in four out of the past six years.

It goes without saying, the ASX200 hasn't performed nearly as good, even taking into account large dividends and a surprisingly strong performance from the banks last year.

So what does this tell us? Have I just been promoted to Grand Emeritus Stock Picker of Australia or is there a simpler, and potentially more important, story at hand?

2024, Year Of Momentum

I continue to believe it is the latter. Which is why I highlight the four times 20%-plus returns (ex fees) in the past six calendar years. As humans, we all like to attach any signs of success to our own effort and talents, but ultimately in investing everything relates to what markets decide to do, including the many dark and opaque forces underneath them.

This realisation strengthens further if we realise only a smidgen above half of all ASX200 stocks managed to put in a positive performance last year and even less outperformed the index. From a stock picker's perspective, the odds very much favoured disappointment more so than success, unless one had employed a specific momentum-following strategy.

The All-Weather Model Portfolio basket includes a number of last year's Winners, with all of Hub24 ((HUB)), Goodman Group ((GMG)), Macquarie Group ((MQG)), REA Group ((REA)), ResMed ((RMD)), TechnologyOne ((TNE)), Wesfarmers ((WES)) and WiseTech Global ((WTC)) significantly outperforming the broader market.

The Portfolio did not target specific market momentum; the consistent flow in fresh investment funds just happened to look favourably upon many of our holdings. According to quant analysis, **Momentum was the number one performing factor in 2024.**

Being lucky is part of what makes markets both fascinating and unpredictable, but luck in itself is too shallow an explanation for the returns achieved with a Portfolio that also includes Telstra ((TLS)) and others for specific dividend/income purpose plus a standard exposure to gold as insurance.

The Broader Narrative

Maybe the answer becomes more obvious when we include the performance of a dedicated fund manager such as **Hyperion's Australian Growth Companies Fund**, whose strategy aims to identify high quality companies, of all sizes, with strong organic growth perspectives and a sustainable competitive moat.

Readers familiar with the philosophy and research focus that drive the All-Weather Portfolio will have no difficulty spotting the obvious overlap, and guess what? Hyperion's performance numbers exhibit the same underlying trend, as shown in the annual performance numbers below:

Calendar year total returns (net of fees):

2024 33.8%
2023 23.5%
2022 -21.2%
2021 16.3%
2020 33.3%
2019 30.6%

The interesting add-on insight here is the Fund only managed to outperform its benchmark --the ASX200 Growth index plus 3%-- in three of the past six years; the past two years included.

Add the fact many traditional 'value'-oriented investment styles have found it challenging to even keep up with the local index and it's hard to maintain the view that nothing has changed over the past decade or so, or that changes that have occurred in the real world shouldn't impact financial markets.

Nothing Stays The Same

Let's step aside and consider what has changed for global markets:

-the underlying trend for global economic growth remains weaker than in the past, now also affecting prior high growth areas such as China

-bond yields have been below average, though that might be in the process of 'normalising' because of post-covid inflation

-the world remains awash with liquidity and central bankers are well aware of the importance of maintaining it for financial markets' stability

-a growing importance of technology, also shown through the emergence of multiple megatrends, with more to follow

-the emergence of businesses that operate on higher margins, with better financial metrics, superior market power and with less capital requirements

-existential struggles for multiple old economy sectors including free-to-air TV, print media, and fossil fuel vehicles

-a genuine technological revolution, AI, offering the promise of a brave new world

-global debt is equally accumulating at rapid pace and it remains as yet an open question if/when/whether and how this can ever be addressed

The list above is not finite, with obvious omissions demographics and fresh geopolitical and political trends, but the one important factor that is too often ignored by the financial Kommentariat is the outperformance of yesteryear's Winners can be explained by their superior earnings growth profile over the laggards where growth is often dismal, unreliable or simply lacking.

The current set up for the Australian share market, ahead of the February reporting season, is a prime case in point. Consensus forecasts suggest EPS growth for the year to June 2025 will only be 0.7% on average. Analysts at Citi, who are modeling below-consensus forecasts for the Resources sector, are positioned for 0.5% growth only.

Note these numbers include many of last year's Winners that often are growing at double-digit pace, and have been for years. Australia's average EPS growth has been negative for the two prior financial years. While prospects might improve for the years ahead, with consensus currently projecting 7% growth for FY26 and 5% for FY27, history tells us these numbers are likely to prove too high when the moment of delivery arrives.

Nonetheless, there is risk that forward-looking investors decide to buy first and re-assess later. Many are today counting on a broadening of positive market momentum and the outlook for better earnings growth might well fit into this desire.

(To not over-complicate things, I am ignoring any potential flow-on impact from trends and potential changes in the US where the set-up is comparable, though sufficiently different nevertheless.)

2025 Will Be Different

Things in financial markets are never 100% straightforward; or if they are, they never stay that way for long.

Within this context, we should also note those strong outperformances from Growth and Technology stocks have been interrupted with relative underperformances in two out of the past six years, with the global bond markets' reset of 2022 the most memorable (The ASX200 including dividends managed to eke out a small gain that year with cyclical Energy the best performing sector).

Two years of significant outperformance by a select group of Winners has created never before witnessed valuation gaps between Winners and Laggards, be they US equities versus the rest of the world, or Growth and Technology versus Value and Cyclicals, or Megacap companies versus smaller caps.

Relative to government bonds, valuations for outperforming equities also seem high by historical norms. The outperformance of Momentum throughout 2024 suggests concentrated portfolio positioning.

While there are to date no signs earnings momentum is picking up noticeably for lagging sectors in Australia, or that operational momentum for last year's Winners is losing steam, this can still change with the February and August results seasons ahead.

A change of heart by bond investors or radical policy changes by the incoming Trump administration in the US can equally act as a trigger for portfolio rotation, shifting momentum back in favour of assets that were largely ignored previously.

It is possible this change in underlying market dynamics has already started in the closing weeks of 2024, with bond yields on the move yet again, pushing equities trading on higher multiples towards lower multiples. Might 2025 mirror the reversal of market dynamics similar to what happened in late-2016 or 2022?

To account for this risk, the **All-Weather Model Portfolio is more cautiously positioned** at the start of 2025. The level of cash held is above 10% on reduced exposure to some of last year's Winners, but, of course, this won't necessarily prevent the Portfolio from retreating or underperforming if those stocks remain out of favour for longer.

As the Portfolio remained loyal to its rather conservative risk-management principles, exposure to last year's Winners was never oversized, which at the end of the year meant relatively small changes only needed to be made to tilt the overall positioning towards a slightly more defensive bias.

If last year's laggards are due for a notable catch up throughout 2025 then our Portfolio has plenty of exposures to participate in that process, including CSL ((CSL)), IDP Education ((IEL)) and Woolworths ((WOW)) plus Dicker Data ((DDR)), HomeCo Daily Needs REIT ((HDN)), and Telstra ((TLS)) in the income/dividend segment.

The Portfolio has added Integral Diagnostics ((IDX)) on the likelihood for a strong multi-year outlook following the merger with Capitol Health and a changing industry context. More changes are likely amidst fluid market dynamics for the year ahead.

(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.

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).

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FY24 review for the All-Weather Model Portfolio:
https://fnarena.com/index.php/download-article/?n=DE2A4552-E2C7-4DC7-0A896CE5CF68ACD8

Prior years:

FY23: https://fnarena.com/index.php/download-article/?n=DFC11150-CB36-C777-1AA3EDA640E2F5BF

FY22: https://fnarena.com/index.php/download-article/?n=DFE7241B-9CD8-61F1-1602C581A8E539C4

FY21: https://fnarena.com/index.php/download-article/?n=DFF82691-E53E-3CF5-17A2337D72CDB54F

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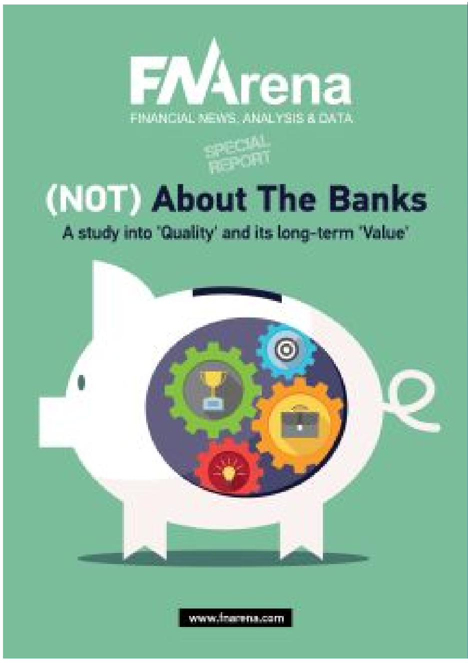

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RUDI'S VIEWS

Rudi's View: Best Buys & Convictions For 2025

By Rudi Filapek-Vandyck, Editor

Not everyone is back from holidays yet (definitely not) but the February results season is approaching and we have spotted the early research previews of what will be largely a second half of February affair (with lack of accountants to blame, apparently).

Over the past few days, **Morgan Stanley** has started to communicate its **High Conviction** calls ahead of next month's results releases. So far, nominations are:

-Fleetpartners ((FPR))
-Data#3 ((DTL))
-Life360 ((360))
-Corporate Travel Management ((CTD))

Elsewhere, Morgan Stanley analysts have updated their international selection of **Best Businesses**, which aims to combine elements of corporate Quality with 'valuation', forecasts and Quant analysis, for a two-year investment horizon (which can be extended, of course).

This year's selection has slimmed down to 31 stocks versus 38 at the prior update which the broker explains through on average higher valuations generally.

Amidst often made calls for an 'Everything Bubble', investors might be surprised the selection still includes popular US names such as Apple and Microsoft, together with Coca-Cola, Costco, Eli Lilly, Ferrari, JP Morgan Chase, TSMC, and Visa.

Two ASX-listed companies made the list: Macquarie Group ((MQG)) and Rio Tinto ((RIO)).

Some of the lesser familiar names include Chugai Pharmaceutical, Inditex, Shin-Etsu Chemical, Stryker Corp, Technip Energies, Tenaga Nasional, and Wolters Kluwer.

****

Gold sector analysts at **RBC Capital** have observed the early, preliminary signals coming from ASX-listed producers are once again "mixed" as has been the case for a number of precedents now.

But the broker seeks solace in its forecast that the price of gold should remain well-supported in 2025, and this should --all else remaining equal-- also support share prices of ASX-listed exposures.

RBC Capital has Outperform ratings for Regis Resources ((RRL)), Westgold Resources ((WGX)) and Bellevue Gold ((BGL)).

Peers at **Goldman Sachs** recently initiated coverage on Newmont Corp with a Buy rating, while also upgrading Northern Star ((NST)) to Buy. This broker favours Gold Road Resources ((GOR)) in the midcap segment.

Regis Resources is Sell-rated at Goldman Sachs.

****

Property sector analysts at **Morgan Stanley** believe the bottom is in for the **Office sector** in Australia. They also believe it'll be a while yet before the benefits will show up for landlords including the likes of Dexus

((DXS)) and Centuria Office REIT ((COF)).

Better to play the theme through fund managers including Charter Hall ((CHC)) and Centuria Capital Group ((CNI)) fow which the benefits show up much quicker.

On a more general tone, REITs sector analysts at **Jarden** see "good value" among **ASX-listed REITs**, though the February reporting season might still be too early to provide a positive catalyst. Jarden's view thus spans over the next 6-12 months.

Among fund managers, Goodman Group ((GMG)) and Qualitas ((QAL)) remain Jarden's favourites. With sector momentum to improve for residental properties, both Stockland ((SGP)) and Mirvac Group ((MGR)) are expected to benefit.

Among smaller cap REITs, Jarden's favourites are Region Group ((RGN)), Waypoint REIT ((WPR)), National Storage ((NSR)), HomeCo Daily Needs REIT ((HDN)), Arena REIT ((ARF)), and Centuria Industrial REIT ((CIP)).

Both HMC Capital ((HMC)) and Lifestyle Communities ((LIC)) are rated Sell at Jarden.

****

Ord Minnett has updated its selection of **Conviction Calls** ("*our best small cap stock ideas as selected by our analysts*").

-ARB Corp ((ARB))
-Aussie Broadband ((ABB))
-Brazilian Rare Earths ((BRE))
-Cosol ((COS))
-Cuscal ((CCL))
-EQT Holdings ((EQT))
-Electro Optic Systems Holdings ((EOS))
-GQG Partners ((GQG))
-Qoria ((QOR))
-Regis Healthcare ((REG))
-SiteMinder ((SDR))
-Stanmore Resources ((SMR))
-Vault Minerals ((VAU))
-Waypoint REIT ((WPR))
-Zip Co ((ZIP))

Note: in comparison with December's list, Cuscal is the only one freshly added.

****

January's update on the **APAC Conviction List at Goldman Sachs** has seen the inclusion of Worley ((WOR)) and Iluka Resources ((ILU)), for which the broker harbours bullish forecasts for the next four years.

Both are the only ASX-listed stocks included in a selection of 26 stocks including CATL, Honda Motor, TSMC, and Zijin Mining.

****

Earlier in the month, **Morgans' Core Model Portfolio** reported it had reduced exposure to Brickworks ((BKW)), topped up its holding in Eagers Automotive ((APE)) and added Light & Wonder ((LNW)) as a fresh exposure.

The broker's **Growth Model Portfolio** has trimmed exposure to NextDC ((NXT)) and Aristocrat Leisure ((ALL)), sold out of New Hope Coal ((NHC)), topped up on Beacon Lighting ((BLX)) and also bought a fresh holding in Light & Wonder.

Whoever is responsible for Morgans data digging needs a slap on the wrist as the ASX200 Accumulation Index did NOT gain 23.4% in 2024 (this anomaly probably makes all related calculations incorrect).

****

The team of analysts and strategists at **Shaw and Partners** is convinced the time is right to invest in Australian small cap companies.

Shaw's **Top 10 list of Small Cap Ideas for 2025**:

-Amaero International ((3DA))
-Australian Vanadium ((AVL))
-Beforepay ((B4P))
-Bannerman Energy ((BMN))
-Chrysos ((C79))
-Humm Group ((HUM))
-Metro Mining ((MMI))
-Santana Minerals ((SMI))
-Silex Systems ((SLX))
-Southern Cross Electrical Engineering ((SXE))

****

In December, analysts at **Bell Potter** published their most favoured stock picks for the year ahead, with multiple ideas put forward per sector.

-Listed Investment Companies (LICs): Australian Foundation Investment Company (AFI), Qualitas Real Estate Income Fund ((QRI)), and MFF Capital Investments ((MFF))

-Technology & Gaming: Life360 ((360)), Light & Wonder ((LNW)), and Gentrack Group ((GTK))

-Diversified Financials: Perpetual ((PPT)) and Regal Partners ((RPL))

-Real Estate: Aspen Group ((APZ)), Cedar Woods ((CWP)), and Dexus Convenience Retail REIT ((DXC))

-Retailers: JB Hi-Fi ((JBH)), Premier Investments ((PMV)), and Accent Group ((AX1))

-Industrials: GenusPlus Group ((GNP)), SRG Global ((SRG)), and Duratec ((DUR)) as well as Austal Ltd ((ASB)), Brickworks ((BKW)), and IPD Group ((IPG))

-Healthcare: PolyNovo ((PNV)), Clarity Pharmaceuticals ((CU6)), and CSL ((CSL)) as well as EBR Systems ((EBR)), Biome Australia ((BIO)), and Genetic Signatures ((GSS))

-Gold companies: Genesis Minerals ((GMD)), Gold Road Resources ((GOR)), and Santana Minerals ((SMI))

-Base Metals: AIC Mines ((A1M)) and Nickel Industries ((NIC))

-Strategic Minerals: Alpha HPA ((A4N)) and IperionX ((IPX))

-Bulks & Energy companies: Boss Energy ((BOE)), Champion Iron ((CIA)), and Fenix Resources ((FEX))

****

Jarden's December update reduced the number of **Best Ideas** from the circa 110 smaller cap companies covered (ex-AS100) to 18 from 20 previously.

The broker's Emerging Companies' Key Picks (in order of total shareholder return) are:

-Qualitas ((QAL))
-Universal Store Holdings ((UNI))
-SiteMinder ((SDR))
-Temple & Webster ((TPW))
-Nick Scali ((NCK))
-EVT Ltd ((EVT))

The above are all picked by the broker's Emerging Companies research team. The following stock picks have been selected by respective sector analysts:

-Champion Iron ((CIA))
-Domain Holdings Australia ((DHG))
-Genesis Energy ((GNE))
-Integral Diagnostics ((IDX))
-Ingenia Communities Group ((INA))
-Inghams Group ((ING))
-Karoon Gas ((KAR))
-Michael Hill International ((MHJ))
-Monadelphous ((MND))
-Pointsbet Holdings ((PBH))
-Pepper Money ((PPM))
-Telix Pharmaceuticals ((TLX))

****

Macquarie's selection of **best fundamental picks among quality mid-cap companies** on the ASX:

-AUB Group ((AUB))
-Breville Group ((BRG))
-Ebos Group ((EBO))
-Flight Centre ((FLT))
-Fisher & Paykel Healthcare ((FPH))
-Integral Diagnostics ((IDX))
-Lovisa Holdings ((LOV))
-Nick Scali ((NCK))
-Megaport ((MP1))
-Monash IVF ((MVF))
-Propel Funeral Partners ((PFP))
-Pinnacle Investment Management ((PNI))
-Qualitas ((QAL))
-Reliance Worldwide ((RWC))
-Ventia Services ((VNT))

****

Crestone's Best Sector Ideas are an attempt to identify the best in breed business models for major industry group sectors for long-term oriented investors. Anticipated performance over the next three years is part of the key considerations.

December's updated selection consists of 17 companies:

-Aristocrat Leisure ((ALL))
-Ampol ((ALD))
-APA Group ((APA))
-Beach Energy ((BPT))
-Brambles ((BXB))
-CSL ((CSL))
-Goodman Group ((GMG))
-IGO Ltd ((IGO))
-James Hardie Industries ((JHX))
-Lottery Corp ((TLC))
-Macquarie Group ((MQG))
-Metcash ((MTS))
-Monadelphous Group ((MND))
-REA Group ((REA))
-ResMed ((RMD))
-Suncorp Group ((SUN))
-Xero ((XRO))

Crestone's selection of **sustainable dividend growers** consists of 22 names, with equally no changes made since the prior revision. Historically, the stock pickers remind investors, companies that grow dividends consistently can offer superior long-term return for those who own them.

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

****

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

-AGL Energy ((AGL))
-Aristocrat Leisure ((ALL))
-Car Group ((CAR))
-GPT Group ((GPT))
-James Hardie ((JHX))
-Macquarie Group ((MQG))
-Paladin Energy ((PDN))
-Santos ((STO))
-Suncorp Group ((SUN))
-WiseTech Global ((WTC))

****

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

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

-Macquarie Group ((MQG))

-Suncorp Group ((SUN))

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

-Aristocrat Leisure ((ALL))
-CAR Group ((CAR))
-Domino's Pizza ((DMP))

-The Lottery Corp ((TLC))
-Wesfarmers ((WES))
-WiseTech Global ((WTC))

-James Hardie ((JHX))

-Orica ((ORI))

-Coles Group ((COL))

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

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

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

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

****

Morningstar's selection of **Best Buys** on the ASX:

-APA Group ((APA))
-ASX ((ASX))
-Aurizon Holdings ((AZJ))
-Bapcor ((BAP))
-Brambles ((BXB))
-Domino's Pizza ((DMP))
-Dexus ((DXS))
-Endeavour Group ((EDV))
-Fineos Corp ((FCL))
-IDP Education ((IEL))
-IGO Ltd ((IGO))
-Ramsay Health Care ((RHC))
-SiteMinder ((SDR))
-Santos ((STO))
-TPG Telecom ((TPG))

****

Macquarie Wealth's recommended **Growth Portfolio**:

-Goodman Group ((GMG))
-Seek ((SEK))
-Aristocrat leisure ((ALL))
-Northern Star ((NST))
-CSL ((CSL))
-Computershare ((CPU))
-NextDC ((NXT))
-Flight Centre ((FLT))
-Cleanaway Waste Management ((CWY))
-Steadfast Group ((SDF))
-James Hardie ((JHX))

-ResMed ((RMD))
-Pexa Group ((PXA))
-Treasury Wine Estates ((TWE))
-Viva Energy ((VEA))
-Xero ((XRO))
-IGO Ltd ((IGO))

In between December and January Mineral Resources ((MIN)) has been replaced with IGO Ltd.

Macquarie Wealth's recommended **Income Portfolio:**

-Suncorp Group ((SUN))
-Telstra ((TLS))
-National Australia Bank ((NAB))
-Westpac Bank ((WBC))
-ANZ Bank ((ANZ))
-BHP Group ((BHP))
-CommBank ((CBA))
-Premier Investments ((PMV))
-Coles Group ((COL))
-Viva Energy ((VEA))
-Atlas Arteria ((ALX))
-Aurizon Holdings ((AZJ))
-APA Group ((APA))
-GPT Group ((GPT))
-Deterra Royalties ((DRR))
-Metcash ((MTS))
-Amotiv ((AOV))
-Charter Hall Retail REIT ((CQR))
-Amcor ((AMC))

****

Macquarie's ASX Quality Compounders:

The highest quality compounders' as identified by Macquarie quant research inside the ASX300:

-James Hardie ((JHX))
-Cochlear ((COH))
-REA Group ((REA))
-TechnologyOne ((TNE))
-ResMed ((RMD))
-Data#3 ((DTL))
-Pro Medicus ((PME))
-Jumbo Interactive ((JIN))
-PWR Holdings ((PWH))
-Netwealth Group ((NWL))
-Aristocrat Leisure ((ALL))
-Spark New Zealand ((SPK))
-Codan ((CDA))
-Clinuvel Pharmacauticals ((CUV))
-Redox ((RDX))

Given Macquarie's research strong leaning on the past five years, with high barriers to match, the following 11 companies fell just outside the above list:

-Fisher & Paykel Healthcare ((FPH))
-Medibank Private ((MPL))
-Coles Group ((COL))
-The Lottery Corp ((TLC))
-Lovisa Holdings ((LOV))
-CSL ((CSL))

-IDP Education ((IEL))
-Pinnacle Investment Management ((PNI))
-ARB Corp ((ARB))
-Breville Group ((BRG))
-Johns Lyng ((JLG))

My own research and All-Weather stock selections are 24/7 available for paying subscribers: https://fnarena.com/index.php/analysis-data/all-weather-stocks/

See also 2024's final update: https://fnarena.com/index.php/2024/12/23/rudis-view-final-best-buys-conviction-ideas/

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TREASURE CHEST

Treasure Chest: Stockland

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

By Danielle Ecuyer

Whose Idea Is It?

Morgan Stanley

The subject:

Following the acquisition of Lendlease Communities in November last year, Morgan Stanley has upgraded the outlook and target price for diversified Australian property developer Stockland ((SGP)) in anticipation of better-than-expected residential development outcomes and longer-term strategic benefits from the combined portfolios.

More info:

Stockland is an Australian diversified real estate group specialising in property development, ownership, and management. Founded in 1952, Stockland operates across multiple sectors of the property market, including residential, commercial, retirement living, logistics, and business parks, with a focus on delivering sustainable outcomes across its developments.

The broker articulates the combined portfolios of Stockland and Lendlease Communities have the potential to deliver outcomes exceeding market expectations and management guidance. Over the next five years, consensus expectations are for "only" an additional circa 1,600 annual residential settlements from the acquisition, contrasting with management's guidance of 2,500 annual settlements.

Stockland's historical productivity and inventory turnover average of 12% suggests to the analyst higher production rates across Lendlease's 12 master-planned communities can be achieved, adding an additional 1,000-1,500 annual settlements.

There is also optionality for converting around 2,500 lots in the land bank to land lease, whereby buyers acquire the residence and lease the land to reduce upfront capital outlays. This has the potential to deliver a further 500 annual land lease settlements and generate management fees.

Commercial opportunities could generate over $1bn in end value via retail and industrial projects, equating to approximately $168m per annum in earnings before interest and tax (EBIT) to underpin future commercial development earnings. This compares to the analyst's FY28 forecast of approximately $1.2bn in EBIT.

The acquisition brings forth the largest land bank of approximately 100,000 lots for Stockland's master-planned communities and land lease, opening the possibilities of higher earnings growth as projected by Morgan Stanley.

Looking further out, opportunities exist on a five-to-ten-year horizon for the vertical expansion of the group's residential product suite, which can be achieved without additional acquisitions, in build-to-rent and land lease (Halcyon, acquired in 2021, is focused on the development of over-50s land lease communities).

Morgan Stanley points to a pipeline of over 2,000 apartment boxes, more than 2,000 single-family build-to-rent homes, and over 1,000 multi-family build-to-rent projects in its Macquarie Park development. The estimated annual earnings before interest, tax, depreciation, and amortisation (EBITDA) could reach $100m once the developments are completed.

The upbeat outlook is predicated on a recovery in the Australian residential building cycle, with the broker expecting the Reserve Bank of Australia (RBA) to lower interest rates in 2025. Morgan Stanley is forecasting the first rate cut in May.

Stockland is not only attractively priced, trading at a discount to residential peer Mirvac, the analyst suggests, but the business also has limited exposure to the office sector and a less stretched balance sheet.

Although there are risks to Morgan Stanley's and consensus earnings forecasts if interest rates are not cut, Australia continues to suffer from an acute residential supply shortage and growing downsizing demand from baby boomers.

Morgan Stanley upgrades its target price to $6.50 from $6.35, the highest among FNArena's daily monitored brokers, with an Overweight (Buy-equivalent) rating.

Citi is also Buy rated, with a $5.80 target price, highlighting the stock as a key idea, given the group's exposure to affordable residential properties.

Out of the daily monitored brokers that cover Stockland, three are Buy-equivalent rated alongside two Hold ratings. The average target price is $5.636.

On current consensus forecasts (based on five daily monitored brokers) shareholders should enjoy higher dividends again following a reduction in payout for the last financial year (FY24). Forecasts for payouts of 25.3c in FY25 and 28.2c in FY26 equate to yields of respectively 5.1% and 5.7% at today's share price (ex franking).

In line with these projections, Stockland's EPS is equally expected to improve significantly from FY24's weaker performance.

WEEKLY REPORTS

Uranium Week: 2025 Starts With A Price Pop

Uranium spot prices remained volatile into the end of 2024 with ongoing cost pressures and geo-politics hanging over buyers, sellers and producers.

-U308 spot prices buoyed at end of 2024
-Ongoing geo-political tensions in uranium sector
-Australian uranium producers set to report quarterlies

By Danielle Ecuyer

As a brief recap, FNArena's last 2024 update for uranium (December 24) detailed softness in the spot price.

"The TradeTech U3O8 spot price fell last week, dropping by -US$4.50/lb to US$72/lb, registering a decline of -13% in the last five weeks and down -20% over the last year."

See https://fnarena.com/index.php/2024/12/24/uranium-week-no-ho-ho-ho-in-u308-spot-market/ for more details.

How did 2024 end?

Rounding up 2024, industry consultants TradeTech noted the U3O8 spot price rallied over the last four trading days of the year to US$73.50/lb on December 31, after falling below US$70/lb earlier in the month for the first time since October 2023.

This compares to TradeTech's November 30 spot price indicator at US$77.25/lb. The imbalance between sellers seeking to shift supply at year-end was alleviated into December's close. TradeTech highlighted a clearance of the seller's supply overhang, which had previously underpinned price discounting earlier in the month.

This resulted in less supply being offered and buyers stepping into the market to capitalise on lower prices, aiming to capture the bottom of the market. TradeTech noted over 1.1mlbs of U3O8 traded between December 23 and December 31.

Four transactions were concluded on the last day at prices ranging from US$73/lb to US$73.50/lb, with the final transaction for 200klbs set for January delivery to Cameco's Canadian facility.

The Mid-Term Price Indicator as of December 31 was US$78/lb, compared to US$83/lb on November 30.

The Long-Term Price Indicator remained steady at US$82/lb.

Over 2024, TradeTech's monthly U3O8 spot price indicator fell -19.2%, with an average monthly decline of -1.6%.

In the final three months of 2024, 74 transactions totalling 8.5mlbs of U3O8 were concluded. The average exchange value for 2024 was US$85.50/lb, compared to US$62.89/lb in 2023, representing a rise of almost 36%.

The monthly cost indicator rose 5.4% to US$58.40/lb in December 2024 from US$55.40/lb in 2023, the highest level since the consultant started publishing its industry cost indicator in April 2020.

One observation made is a shift away by sellers to commit to long-term fixed price contracts that do not sufficiently address future production costs.

Buyers are increasingly willing to pay higher prices for uranium from geopolitically less risky areas.

The 2024 nuclear energy market was shaped by three themes: demand for net-zero energy as part of the energy transition, rising energy demand from AI-related projects including data centres for hyperscalers like Amazon, Microsoft, and Google, and trade restrictions between the US and Russia reflecting growing geopolitical tensions around reliable uranium supplies.

2025 kicks off with more of the same

As 2025 begins, the TradeTech U3O8 spot price indicator remains volatile, exacerbated by Cameco's announcement of a production suspension at its Inkai joint venture with Kazatomprom, effective January 1, due to a delay in required documentation from Kazakhstan's Ministry of Energy.

While the issue is expected to resolve soon, the first week of 2025 saw the TradeTech spot price indicator rally by US$5.50 to US$76.50/lb (week ending January 3) with 800,000 pounds of U3O8 traded.

For the week ending January 10, the spot price retreated to US$74/lb, down -US$2/lb, with eight transactions recorded. Prices ranged from US$72/lb to US$71.50/lb, ending with a 50,000-pound transaction at US$74/lb for April delivery.

The Mid-Term Price Indicator came in at US$78/lb, and the Long-Term Price Indicator is US$82/lb.

In 2025, TradeTech expects term demand to fluctuate amid unpredictable government policies, though secular demand from AI-related projects and net-zero emissions goals will likely underpin renewed appetite for securing future uranium supply.

Paladin and Boss Energy in focus

Bell Potter expects Paladin Energy ((PDN)) to announce 2Q25 results on January 22, forecasting Langer Heinrich production of 0.54mlbs, reflecting growth of 15% versus 1Q25 when production issues were encountered.

The broker views the resolution of the Fission acquisition in December as positive for sentiment but highlights resolving Langer Heinrich production issues remains ongoing.

Downside price volatility in December and deferred supply-side investment decisions, such as by Deep Yellow, increase the potential for uranium supply shortages.

The Buy rating is retained, and the target price is raised to $10.50 from $9.70, following changes to production estimates. FY25 earnings forecasts are lowered due to weaker-than-expected December uranium prices.

Boss Energy ((BOE)) is due to report 2Q25 results on January 29 and Bell Potter forecasts Honeymoon production of 150klbs, reflecting a rise of 67% on the previous quarter.

Column 1 is expected to operate at full capacity, with column 2 at an average of 29% for the quarter. Costs are estimated at US$69.71/lb and forecast to decline to US$62/lb in 2H25 as columns 2 and 3 ramp up.

The broker retains a Buy rating with a target price of $4.70. Earnings forecasts are adjusted for weaker December uranium prices and changes to forex rates.

UBS also published its sector preview, looking for better clarity on whether water-related production issues have eased at Paladin's Langer Heinrich operation, while curious to receive more insights from Boss Energy on costs and capex.

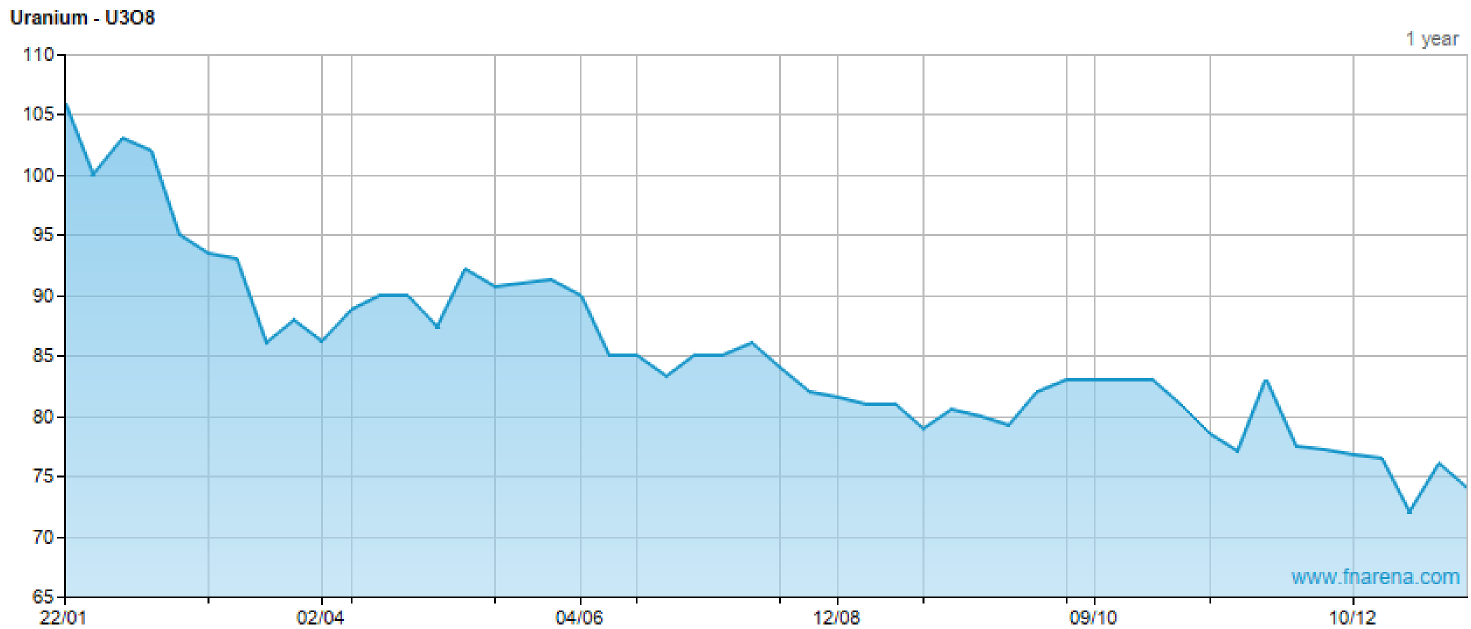
UBS is not as enthusiastic about this year's outlook for uranium as supply growth is projected to outpace demand, but the broker also notes unexpected supply disruption coming from Inkai, which, yet again, highlights how quickly the situation can change for a commodity with relatively concentrated sources for supply.

This broker plans to update its insights and projections at upcoming industry gatherings and meetings.

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	13/01/2025	0.0700	▲16.67%	$0.19	$0.03			
AEE	13/01/2025	0.1400	▼-10.00%	$0.31	$0.11			
AGE	13/01/2025	0.0400	▼- 5.13%	$0.08	$0.03		$0.100	▲150.0%
AKN	13/01/2025	0.0100	0.00%	$0.05	$0.01			
ASN	13/01/2025	0.0700	0.00%	$0.17	$0.05			
BKY	13/01/2025	0.3400	▼- 9.46%	$0.45	$0.27			
BMN	13/01/2025	3.1300	▼-10.65%	$4.87	$1.90		$7.400	▲136.4%
BOE	13/01/2025	2.7400	▼- 6.45%	$6.12	$2.21	26.0	$3.825	▲39.6%
BSN	13/01/2025	0.0170	0.00%	$0.21	$0.02			
C29	13/01/2025	0.0300	0.00%	$0.13	$0.03			
CXO	13/01/2025	0.0900	▼- 3.33%	$0.26	$0.08		$0.090	
CXU	13/01/2025	0.0100	▼-50.00%	$0.06	$0.01			

DEV	13/01/2025	0.0800	▲ 4.82%	$0.45	$0.08			
DYL	13/01/2025	1.2500	▼- 7.81%	$1.83	$0.91			
EL8	13/01/2025	0.2800	▼-12.90%	$0.68	$0.23			
ERA	13/01/2025	0.0030	0.00%	$0.08	$0.00			
GLA	13/01/2025	0.0100	0.00%	$0.04	$0.01			
GTR	13/01/2025	0.0030	0.00%	$0.01	$0.00			
GUE	13/01/2025	0.0800	0.00%	$0.18	$0.05			
HAR	13/01/2025	0.0400	0.00%	$0.28	$0.03			
I88	13/01/2025	0.5600	▼- 8.06%	$1.03	$0.14			
KOB	13/01/2025	0.0700	▼-12.50%	$0.18	$0.07			
LAM	13/01/2025	0.7000	▼- 6.00%	$1.04	$0.48			
LOT	13/01/2025	0.2200	▼- 4.35%	$0.49	$0.17		$0.547	▲148.5%
MEU	13/01/2025	0.0500	▲ 4.44%	$0.06	$0.04			
NXG	13/01/2025	10.9200	▼- 9.53%	$13.66	$7.89		$16.600	▲52.0%
OAR	13/01/2025	0.0400	0.00%	$0.04	$0.01			
ORP	13/01/2025	0.0400	0.00%	$0.12	$0.03			
PDN	13/01/2025	8.3200	▼- 4.99%	$17.98	$6.83	45.6	$12.040	▲44.7%
PEN	13/01/2025	1.3800	▼- 5.49%	$2.90	$1.02		$4.800	▲247.8%
SLX	13/01/2025	5.9200	▼- 7.29%	$6.74	$3.35		$7.200	▲21.6%
TOE	13/01/2025	0.2200	▼- 4.44%	$0.70	$0.19			
WCN	13/01/2025	0.0200	▲ 5.88%	$0.03	$0.01			



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

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

WEEKLY REPORTS

The Short Report - 16 Jan 2025

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

Summary:

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

10%+

GSBW34	132.54%
BOE	18.14%
PDN	16.05%
PLS	14.28%
SYR	13.07%
DMP	12.91%
MIN	12.83%
IEL	12.55%
DYL	10.82%
MP1	10.58%
KAR	10.30%
LTR	10.01%

In: LTR

9.0-9.9%

LYC	9.71%
SGR	9.24%
LIC	9.00%

In: SGR
Out: LTR, ADT

8.0-8.9%

ADT	8.98%

In: ADT
Out: JLG

7.0-7.9%

GMD	7.65%
CTD	7.51%
CTT	7.40%
RIO	7.15%

In: RIO
Out: SGR

6.0-6.9%

SEK	6.87%
AD8	6.85%
CHN	6.73%
SLX	6.72%
CUV	6.70%
DRO	6.56%
EDV	6.33%
CIA	6.30%
BGL	6.29%
IMU	6.15%

In: DRO, EDV, BGL
Out: RIO, STX

5.0-5.9%

STX	5.97%
APE	5.76%
SFR	5.57%

In: STX
Out: EDV, BGL, NCK

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.6	0.3	NAB	0.6	0.6
ANZ	0.3	0.3	QBE	0.2	0.2
BHP	0.4	0.2	RIO	7.2	6.9
CBA	1.1	1.1	STO	1.1	0.9
COL	0.9	1.0	TCL	1.4	1.3
CSL	0.4	0.4	TLS	0.2	0.2
FMG	1.3	1.2	WBC	0.6	0.6
GMG	0.4	0.4	WDS	2.2	2.2
JHX	0.6	0.6	WES	0.7	0.6
MQG	0.6	0.6	WOW	0.5	0.5

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

Guide:

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

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

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

IMPORTANT INFORMATION ABOUT THIS REPORT

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

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

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

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

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

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

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

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

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

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

WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 17-01-25

Broker Rating Changes (Post Thursday Last Week)

Downgrade

COMPUTERSHARE LIMITED ((CPU)) Downgrade to Neutral from Buy by Goldman Sachs.B/H/S: 0/0/0

Goldman Sachs notes Computershare has had a strong share price run as it benefitted from a supportive macro backdrop of higher yield expectations and strong USD.

The broker has marked to market valuations reflecting a stronger USD vs AUD and made small earnings changes.

As a result, the target price rises to $35.50. However, the rating is downgraded to Neutral from Buy based on share price gains.

Looking ahead to 1H25 results, the broker notes early FY25 trends have been strong and point to increased confidence in the company's FY25 guidance. But beyond FY25, the analyst is cautiously optimistic about the company's earnings growth prospects.

Order	Company	New Rating	Old Rating	Broker
Downgrade				
1	COMPUTERSHARE LIMITED	Neutral	Buy	Goldman Sachs

Price Target Changes (Post Thursday Last Week)

	Company	Last Price	Broker	New Target	Old Target	Change
29M	29Metals	$0.22	Canaccord Genuity	0.21	0.35	-40.00%
AMP	AMP	$1.61	Jarden	1.45	1.35	7.41%
ASX	ASX	$64.61	Jarden	62.55	59.75	4.69%
CAR	CAR Group	$38.59	Jarden	35.50	32.75	8.40%
CGF	Challenger	$6.09	Goldman Sachs	7.60	7.82	-2.81%
			Jarden	7.70	8.10	-4.94%
CPU	Computershare	$33.83	Goldman Sachs	35.50	31.00	14.52%
DXB	Dimerix	$0.52	Petra Capital	1.37	1.33	3.01%
HGO	Hillgrove Resources	$0.05	Canaccord Genuity	0.10	0.10	-5.00%
HMC	HMC Capital	$9.38	Goldman Sachs	9.86	8.94	10.29%
HUB	Hub24	$65.70	Jarden	50.85	49.50	2.73%
IFL	Insignia Financial	$4.16	Jarden	4.20	3.35	25.37%
INA	Ingenia Communities	$5.31	Moelis	4.14	4.07	1.72%
MAC	MAC Copper	$17.01	Canaccord Genuity	21.25	22.00	-3.41%
MFG	Magellan Financial	$11.06	Goldman Sachs	11.00	10.10	8.91%
MLX	Metals X	$0.44	Canaccord Genuity	0.43	0.48	-10.42%

NIC	Nickel Industries	$0.85	Canaccord Genuity	0.85	1.00	-15.00%
NWL	Netwealth Group	$27.09	Jarden	21.10	20.00	5.50%
PMV	Premier Investments	$27.98	Goldman Sachs	27.85	32.20	-13.51%
PTM	Platinum Asset Management	$0.69	Goldman Sachs	0.75	0.95	-21.05%
PWH	PWR Holdings	$7.84	Goldman Sachs	9.10	11.50	-20.87%
QBE	QBE Insurance	$19.72	Goldman Sachs	22.50	20.00	12.50%
WAF	West African Resources	$1.61	Canaccord Genuity	3.70	3.60	2.78%
Company		Last Price	Broker	New Target	Old Target	Change

More Highlights

CU6 CLARITY PHARMACEUTICALS LIMITED

Medical Equipment & Devices Overnight Price: $3.80

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

Canaccord Genuity has considered recent updates from Vir Biotechnology and Janux Therapeutics on bispecific T-cell engagers (TCE) and potential implications for Clarity Pharmaceuticals.

Bispecific TCEs have the potential to be used as a newer therapeutic modality in prostate cancer therapy.

The broker notes the prostate cancer therapy landscape is crowded but remains confident in the use case of radioligand therapies (RLTs), given the path being paved by Novartis and the expanding use case of PSMA-PET imaging agents.

The broker believes there remains a large opportunity for Clarity to develop a next-gen' product and is looking forward to updates regarding its SECuRE trial in the next month.

The broker sees recent share price weakness as a buying opportunity. The rating is Buy and the target price is $8.06.

This report was published on January 10, 2025.

Target price is **$8.06** Current Price is **$3.80** Difference: **$4.26**
If **CU6** 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 FY25:

> Canaccord Genuity forecasts a full year **FY25** dividend of **0.00** cents and EPS of **minus 20.70** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 18.36**.

Forecast for FY26:

> Canaccord Genuity forecasts a full year **FY26** dividend of **0.00** cents and EPS of **minus 29.50** cents.
> At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 12.88**.

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

DGT DIGICO INFRASTRUCTURE REIT

Cloud services Overnight Price: $4.41

Goldman Sachs rates ((DGT)) as Initiation of coverage with Buy (1)

Goldman Sachs has initiated coverage on Digico Infrastructure REIT with a Buy rating and target price of $5.80.

The broker sees significant development potential for Digico's Australian data centre facility SYD1 and Chicago's CH1 to benefit from largely risk-free near-term earnings growth as it becomes operational.

The broker calculates DigiCo's existing 35MW of capacity generating $97m of EBITDA can increase around 7x to 238MW of capacity, generating $496m of EBITDA.

This report was published on January 16, 2025.

Target price is **$5.80** Current Price is **$4.41** Difference: **$1.39**
If **DGT** meets the Goldman Sachs target it will return approximately **32%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

Goldman Sachs forecasts a full year **FY25** dividend of **11.00** cents and EPS of **minus 7.00** cents.
At the last closing share price the estimated dividend yield is **2.49%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 63.00**.

Forecast for FY26:

Goldman Sachs forecasts a full year **FY26** dividend of **20.00** cents and EPS of **minus 10.00** 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 **minus 44.10**.

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

NEM NEWMONT CORPORATION REGISTERED

Gold & Silver Overnight Price: $64.93

Goldman Sachs rates ((NEM)) as Initiation of coverage with Buy (1)

Goldman Sachs has initiated coverage on Newmont Corp with a Buy rating and target price of $76.20.

The broker believes Newmont has one of the strongest earnings growth outlooks among its Australian gold companies coverage on a medium-term view on the back of production improvements across new and existing projects, further supported by gold pricing strength.

The broker sees the company as an unlikely M&A target in the near term based on its asset history (beyond planned divestments) and scale of the overall group. No M&A component has been factored into the target price.

The analysts expect Newmont's portfolio to transition to a largely Tier 1 asset base as major projects progress and divestments complete, supporting accelerated de-leveraging and capital management.

This report was published on January 13, 2025.

Target price is **$76.20** Current Price is **$64.93** Difference: **$11.27**
If **NEM** meets the Goldman Sachs target it will return approximately **17%** (excluding dividends, fees and charges).
The company's fiscal year ends in December.

Forecast for FY24:

Goldman Sachs forecasts a full year **FY24** dividend of **152.05** cents and EPS of **491.11** cents.
At the last closing share price the estimated dividend yield is **2.34%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **13.22**.

Forecast for FY25:

Goldman Sachs forecasts a full year **FY25** dividend of **153.57** cents and EPS of **664.44** cents.
At the last closing share price the estimated dividend yield is **2.37%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **9.77**.

This company reports in **USD**. All estimates have been converted into AUD by FNArena at present FX values.
Market Sentiment: **0.5**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

PWH PWR HOLDINGS LIMITED

Automobiles & Components Overnight Price: $7.65

Goldman Sachs rates ((PWH)) as Buy (1)

PWR Holdings announced a North American Aerospace and Defense (A&D) contract for US$5.5m, its largest single order since the A&D division started in 2020. Goldman Sachs sees this as the first of several long-term opportunities in the A&D division.

The broker considers the company's outlook from 2H26 to remain positive as it transitions to an upgraded Australian facility and more A&D projects progress to contracted production.

Buy retained and target price is $9.10.

This report was published on January 14, 2025.

Target price is **$9.10** Current Price is **$7.65** Difference: **$1.45**
If **PWH** meets the Goldman Sachs target it will return approximately **19%** (excluding dividends, fees and charges).
Current consensus price target is **$8.54**, suggesting upside of **12.3%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Goldman Sachs forecasts a full year **FY25** EPS of **17.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **45.00**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **16.2**, implying annual growth of **-34.4%**.
Current consensus DPS estimate is **9.0**, implying a prospective dividend yield of **1.2%**.
Current consensus EPS estimate suggests the PER is **46.9**.

Forecast for FY26:

Goldman Sachs forecasts a full year **FY26** EPS of **23.00** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **33.26**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **26.5**, implying annual growth of **63.6%**.
Current consensus DPS estimate is **14.6**, implying a prospective dividend yield of **1.9%**.
Current consensus EPS estimate suggests the PER is **28.7**.

Market Sentiment: **0.8**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

WPR WAYPOINT REIT LIMITED

REITs Overnight Price: $2.39

Jarden rates ((WPR)) as Initiation of coverage with Overweight (2)

Jarden has initiated coverage on Waypoint REIT with an Overweight rating and target price of $2.70.

The broker's rating is based on Waypoint's strong portfolio of essential infrastructure, predictable income growth supported by inflation-linked rental growth, and predominantly triple net leases.

The broker reckons valuation looks attractive, offering a 7.0% dividend yield and trading around a -15% discount to net tangible assets. The broker sees Waypoint as strategically positioned to capitalise on growth through the potential redevelopment of existing properties.

Viva Energy's ((VEA)) recent acquisition of OTR Group should present a significant upside opportunity for accretive developments, and investment into these sites could enhance rental growth and further strengthen the portfolio, the broker adds.

This report was published on January 12, 2025.

Target price is **$2.70** Current Price is **$2.39** Difference: **$0.31**
If **WPR** meets the Jarden target it will return approximately **13%** (excluding dividends, fees and charges).
Current consensus price target is **$2.71**, suggesting upside of **12.0%**(ex-dividends)
The company's fiscal year ends in December.

Forecast for FY24:

Jarden forecasts a full year **FY24** dividend of **16.50** cents and EPS of **16.50** cents.
At the last closing share price the estimated dividend yield is **6.90%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **14.48**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **16.3**, implying annual growth of **N/A**.
Current consensus DPS estimate is **16.3**, implying a prospective dividend yield of **6.7%**.
Current consensus EPS estimate suggests the PER is **14.8**.

Forecast for FY25:

Jarden forecasts a full year **FY25** dividend of **16.40** cents and EPS of **16.40** cents.
At the last closing share price the estimated dividend yield is **6.86%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **14.57**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **16.2**, implying annual growth of **-0.6%**.
Current consensus DPS estimate is **16.2**, implying a prospective dividend yield of **6.7%**.
Current consensus EPS estimate suggests the PER is **14.9**.

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

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