WEEK 18

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STORIES TO READ FROM FNArena

Friday, 2 May 2025

Challenger's Resilience Highlighted

Flight Centre: A Downgrade Anticipated

Rudi's View: Mag7 Dominance & Profit Warnings

CONTENTS

AUSTRALIA

FYI

RUDI'S VIEWS

SMSFUNDAMENTALS

TREASURE CHEST

WEEKLY REPORTS

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Financial News, Data & Analysis

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AUSTRALIA

The Market In Numbers - 26 Apr 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	26 Apr 2025	Week To Date	Month To Date (Apr)	Quarter To Date (Apr-Jun)	Year To Date (2025)	Financial Year To Date (FY25)
NZ50	12017.840	-0.83%	-2.06%	-2.06%	-8.34%	2.56%
All Ordinaries	8175.10	1.91%	1.51%	1.51%	-2.91%	2.01%
S&P ASX 200	7968.20	1.91%	1.59%	1.59%	-2.34%	2.58%
S&P ASX 300	7903.00	1.90%	1.55%	1.55%	-2.42%	2.53%
Communication Services	1697.60	0.53%	4.53%	4.53%	4.31%	13.08%
Consumer Discretionary	3862.40	1.63%	2.49%	2.49%	-1.25%	9.99%
Consumer Staples	12240.30	0.33%	4.98%	4.98%	4.00%	-1.11%
Energy	7075.70	1.76%	-10.88%	-10.88%	-17.94%	-29.47%
Financials	8619.90	2.77%	3.56%	3.56%	0.06%	12.57%
Health Care	40229.20	2.07%	-0.74%	-0.74%	-10.37%	-9.10%
Industrials	7807.90	1.24%	0.62%	0.62%	2.11%	14.63%
Info Technology	2298.70	2.09%	1.71%	1.71%	-16.13%	-1.83%
Materials	16021.60	1.37%	0.29%	0.29%	-0.64%	-5.08%
Real Estate	3578.50	1.84%	2.67%	2.67%	-4.86%	0.43%
Utilities	9060.30	1.15%	0.02%	0.02%	0.31%	-2.42%
A-REITs	1642.20	1.91%	3.09%	3.09%	-4.43%	1.10%
All Technology Index	3399.00	2.04%	2.41%	2.41%	-10.68%	8.32%
Banks	3681.80	2.60%	4.92%	4.92%	2.09%	15.23%
Gold Index	11961.30	-5.67%	8.92%	8.92%	42.00%	62.58%
Metals & Mining	5321.00	1.20%	0.81%	0.81%	1.24%	-4.13%

The World

Index	26 Apr 2025	Week To Date	Month To Date (Apr)	Quarter To Date (Apr-Jun)	Year To Date (2025)	Financial Year To Date (FY25)
FTSE100	8415.25	1.69%	-1.95%	-1.95%	2.96%	3.08%
DAX30	22242.45	4.89%	0.36%	0.36%	11.72%	21.97%
Hang Seng	21980.74	2.74%	-4.93%	-4.93%	9.58%	24.05%
Nikkei 225	35705.74	2.81%	0.25%	0.25%	-10.50%	-9.80%
DJIA	40113.50	2.48%	-4.50%	-4.50%	-5.71%	2.54%
S&P500	5525.21	4.59%	-1.54%	-1.54%	-6.06%	1.19%
Nasdaq Comp	17382.94	6.73%	0.48%	0.48%	-9.98%	-1.97%

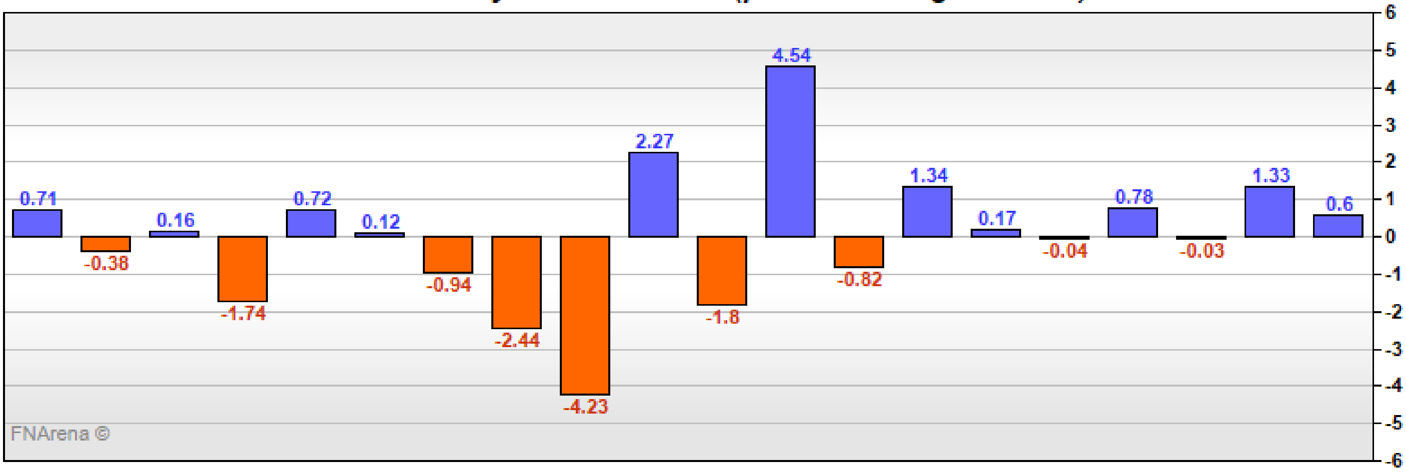
Metals & Minerals

Index	26 Apr 2025	Week To Date	Month To Date (Apr)	Quarter To Date (Apr-Jun)	Year To Date (2025)	Financial Year To Date (FY25)
Gold (oz)	3306.39	-1.05%	5.74%	5.74%	25.88%	41.42%
Silver (oz)	33.60	3.26%	-3.95%	-3.95%	11.17%	14.87%
Copper (lb)	4.8355	2.77%	-6.15%	-6.15%	18.04%	11.58%
Aluminium (lb)	1.1068	2.36%	-3.59%	-3.59%	-3.18%	-1.57%
Nickel (lb)	7.0554	0.81%	-2.99%	-2.99%	-1.25%	-9.29%
Zinc (lb)	1.1998	2.02%	-6.64%	-6.64%	-11.21%	-9.52%
Uranium (lb) weekly	65.00	0.00%	1.56%	1.56%	-9.72%	-21.92%
Iron Ore (t)	100.30	0.22%	-3.34%	-3.34%	-3.41%	-5.83%

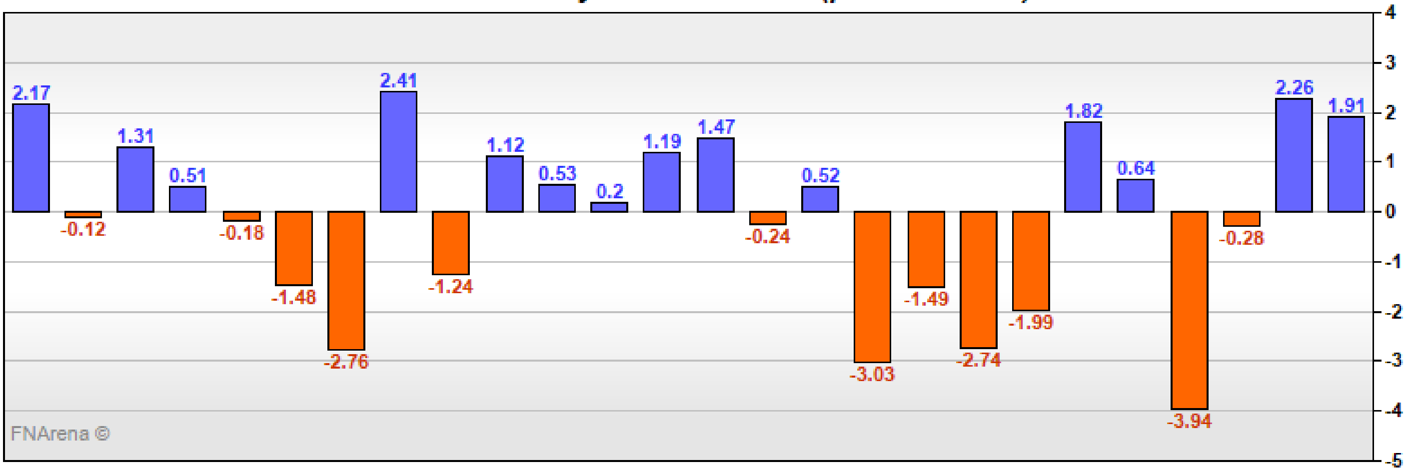
Energy

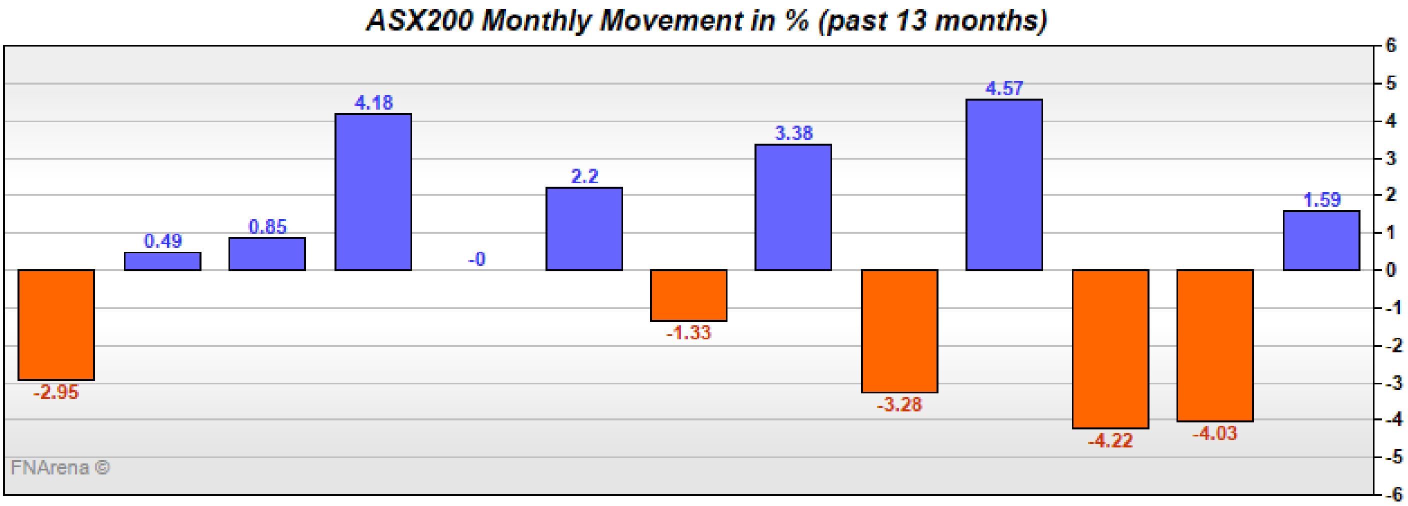
Index	26 Apr 2025	Week To Date	Month To Date (Apr)	Quarter To Date (Apr-Jun)	Year To Date (2025)	Financial Year To Date (FY25)
West Texas Crude	62.29	-3.14%	-10.19%	-10.19%	-10.35%	-23.91%
Brent Crude	66.12	-2.55%	-9.13%	-9.13%	-8.88%	-22.61%

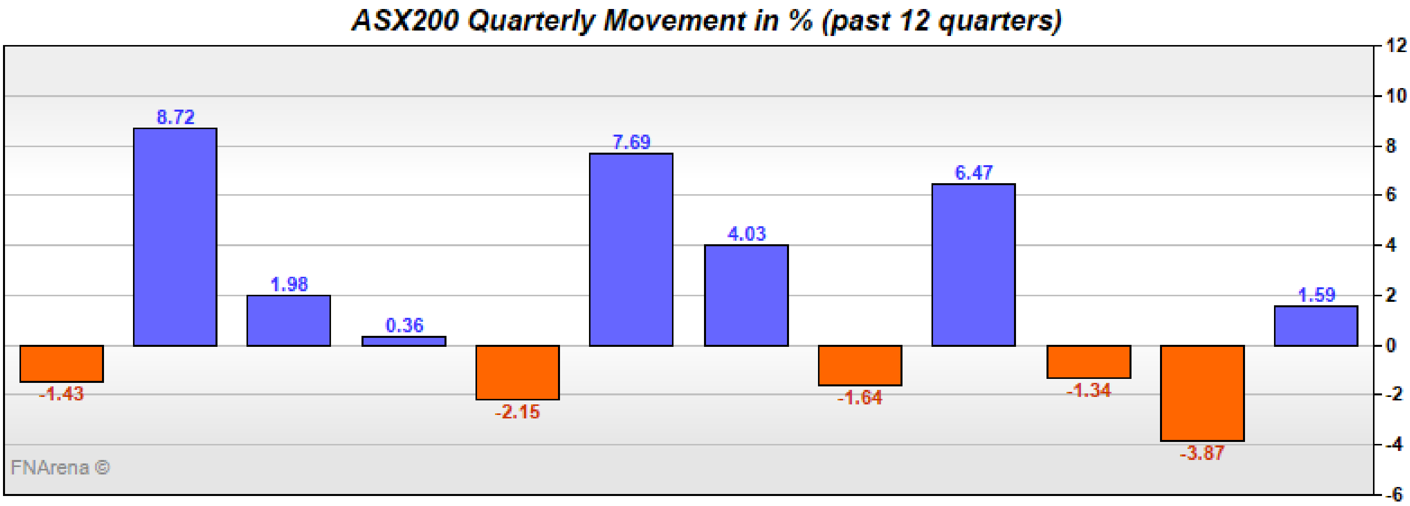
ASX200 Daily Movement in % (past 20 trading sessions)



ASX200 Weekly Movement in % (past 26 weeks)







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

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FNArena welcomes comments and suggestions at info@fnarena.com

AUSTRALIA

Challenger’s Resilience Highlighted

Annuity and funds management provider Challenger's March quarter indicated resilience to market volatility and management's confidence in its FY25 outlook.

-Challenger tightens FY25 profit guidance range
-Management's confidence apparent
-New relationships supportive
-Aging population an underlying driver

By Greg Peel

Challenger ((CGF)) provides a range of financial products aimed at older investors including lifetime annuities, term annuities, fixed term direct, income for aged care, managed investments and other products across an extensive range of investment options.

The highlight for analysts within Challenger's March quarter update was a tightening of its FY25 profit guidance range to $450-465m from a prior $440-480m, which, slightly above forecasts, has been universally determined to suggest management's increased confidence in the FY25 outlook, with yet two and a half months to go.

This suggests resilience in the light of current volatile market conditions and implies achievement of management's return on equity target which Citi has always thought was likely, but may have been the subject of some market doubt.

Challenger is usually exposed to investment market losses in a widening interest rate spread environment, but in this context Citi sees the increase in the prescribed capital amount (PCA) ratio over the quarter from 1.61x to 1.62x as an encouraging sign, as do all covering brokers.

Challenger also observed its investment portfolio has performed in line with expectations since end-March, with its alternative investments portfolio demonstrating low correlation to equity and credit markets.

Ups and Downs

The positive March quarter report came despite a net outflow in Challenger's annuity business, where its book contracted -$180m or almost -1% in the period, and a -5% fall in funds under management, which reflected funds outflows but more so the volatile market over the period.

Challenger's annuity book showed signs of qualitative improvement. Sales of its retail lifetime product grew 22%, underpinned by a 33% larger contribution from its Japanese-market distributors that proved greater than the minimum required under their contracts, Ord Minnett notes, despite there being another quarter remaining in FY25.

Sales of longer-duration products, as opposed to shorter fixed-term offerings, improve returns for Challenger while also strengthening its book. Challenger has been less focused on growing its term annuity book in recent quarters as the current pricing environment has made earning adequate returns difficult.

The March quarter is normally seasonally soft, Citi notes, and FY25 seems no different. Even so, a 20% increase in sales year on year is seen as encouraging with longer term Japan and lifetime sales at record highs as a portion of total sales.

Challenger Index Plus (guaranteed alpha fund) sales are a weak point with some shorter dated sales failing to reinvest, but more positively, Citi notes, Challenger flags an expected funding of longer dated Index Plus sales in the June quarter and the first half FY26.

Challenger reported it had won a new $500m mandate for three- and five-year Index Plus contracts.

Looking Ahead

Bell Potter's longer-term positive view is that Challenger should grow its longer dated lifetime and Japanese annuities and reduce its dependence on short dated fixed and Index Plus.

Supporting this view, Bell Potter notes, firstly, TAL Dai-ichi buying 15% from MS&AD suggests to the broker it is likely it will sign an annuities contract, which would increase the inflow of long dated annuities. Secondly there is a renewed focus on retirement provision, with APRA reviewing capital standards, with a view to encouraging growth.

Finally, there is an aging population with significant superfund assets, which worked well for accumulation, but not for efficient decumulation, and many would be better off with an annuity.

Morgans notes Challenger has announced a new partnership with NGS Super. From 2026, Challenger's longevity solution will form part of NGS's broader Retirement Income Strategy, providing its members guaranteed, regular income for life.

Morgans believes Challenger's recent performance (three-year compound annual profit growth of 11%) has been under-rated by the market. The broker also believes the company remains exposed to strong structural growth tailwinds, highlighted by its new NGS Super partnership.

With the stock trading on an undemanding FY25 PE multiple of around 11x, a -19% discount to its ten-year average, and with greater than 10% forecast total shareholder return upside still existing, Morgans maintains its Add call.

Ord Minnett reiterates its Buy recommendation on Challenger given an appealing valuation and the prospect of government changes to Australia's retirement policies that will make annuities a more attractive option for more people.

Citi continues to view the stock as offering attractions, with its resilience to current market volatility perhaps a little greater than the market previously perceived. Citi thus retains a Buy call, lifting its target price by removing its -10% discount between target and valuation.

Macquarie (Outperform) continues to like the long-term (aging population) thematic as management continues to focus on return on equity.

Seven brokers monitored daily by FNArena cover Challenger, but Morgan Stanley (Equal-weight) and UBS (Buy) are yet to update for the quarterly report. All five brokers updating retain Buy or equivalent ratings.

The consensus target (among all seven) has increased to $7.35 from $7.29.

Jarden has lifted its target to $7.50 from $7.40 and retains Overweight, while Goldman Sachs lifts its target to $7.40 from $7.25 and retains Buy.

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AUSTRALIA

ResMed’s Margin Expansion & Tariff Exemption

ResMed's largely in-line third quarter results showcased a rising gross margin, while management also moved to ease market concerns regarding tariffs.

-ResMed's third quarter results reveal a higher gross margin
-Company's products remain largely exempt from US import duties
-New facility set to double US manufacturing

By Mark Woodruff

Sleep apnoea equipment manufacturer ResMed ((RMD)) delivered third quarter results largely in line with consensus forecasts but a rising gross margin and removal of tariff uncertainty has since buoyed a flagging stock price.

While ResMed's devices and masks have been historically exempt from US tariffs, points out Jarden, shares fell by -8.3% following 'Liberation Day,' when the US introduced 10% tariffs on all trading partners, including Australia and Singapore, where the company's major manufacturing hubs are located.

Some brokers had already allowed for reciprocal tariff impacts in prior forecasts, but management recently received confirmation from US Customs and Border Protection its products would largely remain exempt from US import duties under the Nairobi Protocol.

This protocol is an international provision under the Harmonized Tariff Schedule of the United States which provides duty exemptions for medical devices used in the treatment of chronic conditions or for humanitarian purposes.

ResMed management revealed that US authorities have confirmed the company will continue to receive exemption from US import tariffs for its products that are used to treat chronic respiratory conditions under the Nairobi Protocol. There are some products (e.g. relating to treatment diagnosis) that will incur tariffs, however the financial impact should not be "material".

Additionally, in line with Goldman Sachs' expectation, management has announced the opening of a new manufacturing facility in Calabasas, California in June 2025, helping to strengthen the company's US-based supply chain.

This facility is expected to double ResMed's US manufacturing footprint and increase production for its core motor technology and silicon masks.

ResMed is involved in the development, manufacturing, distribution and marketing of medical devices and cloud-based software applications enabling diagnosis, treatment and management of respiratory disorders including sleep disordered breathing (SDB), chronic obstructive pulmonary disease (COPD), neuromuscular disease, and other chronic diseases.

Products include airflow generators, diagnostic products, mask systems, headgear, and other accessories.

Third quarter results

Wilsons believes ResMed's third quarter results suggest major market demand has reverted to long-term trends. While backlogs persist in diagnostic and referral channels, prescription fulfillment rates and sales growth have reverted to long-term norms, explains the broker.

Sales increased by 9% in constant currency to US$1,292m, in line with the consensus forecast, while operating income increased 14% to US$426m missing consensus by around -3%.

During the quarter, the gross margin percentage increased by 70bps over quarter two, coming in three months earlier-than-expected by Jarden and at the top end of guidance. Year-on-year, the gross margin expanded by 140bps.

Management believes the fourth quarter gross margin percentage will be similar to the third quarter, but conceded currency spot prices now represent a tailwind, which could take the margin above 60%.

The company is confident in ongoing expansion, notes Morgans, given a "solid long-term pipeline of opportunities" across manufacturing, procurement, and continuous improvement programs.

Ord Minnett attributes the improving margin to an improved product mix and manufacturing efficiencies.

US mask sales proved an around 2% beat against the consensus forecast, partially offset by weaker-than-expected US devices sales, observes Macquarie.

Better-than-expected growth for Masks/accessories revenue in the Americas was offset by slightly lower growth in rest-of-the-world (ROW) markets.

Reflecting management's focus on growing re-supply rates and market share gains, suggests Goldman Sachs, US masks sales have now grown across quarters one to three by 10%, 12% and 13%, respectively.

US mask growth remains ahead of industry growth, underpinned by re-supply initiatives and net patient setups, with "plenty of runway remaining", according to management.

Capital management

Given a net cash position as of March 31, management has increased the share buyback program to US$100m per quarter from the fourth quarter onwards, up from US$75m in the third quarter.

Goldman Sachs believes the increased buyback signals ResMed's confidence in the demand outlook for its core products and progress in executing its 2030 strategy.

Operating cash flow (OCF) jumped 17% to US$471m, supporting a 10% dividend increase to US$53 cents. Additionally, management noted a number of tuck-in M&A opportunities in the pipeline over the next six to twelve months.

Highlighting strong cash flow generation, high-single digit revenue growth, and expanding operating leverage, Morgans believes ResMed is well positioned competitively.

This view is supported by the company's new tariff-exempt status, expanding US manufacturing footprint, adoption driven by modern technologies, and favourable tailwinds from growth in wearables and weight loss drugs.

Macquarie also lists tariff exemption, new products, margin expansion, cash flow and capital deployment as factors which should reverse the recent valuation multiple compression weighing on the ResMed share price.

Gross margin

As management expects the fourth quarter gross margin to be in line with the third quarter, Macquarie assumes a FY25 gross margin of around 59.6%, in line with 59-60% guided range for the second half, with upside risk if the US dollar remains weak.

For the near-term, this broker forecasts sustained margin expansion and a positive demand catalyst via weight loss drugs and wearables over the medium-term.

In a changing product mix, the higher priced AirSense 11 continues to be rolled out with markets like the UK contributing from the fourth quarter of FY25, explains Goldman Sachs. Other key markets are expected to follow, with management guiding to a China roll out within the next 12-24 months.

Providing a further margin boost, note the analysts, total masks sales outgrew total devices sales due to improvements in re-supply and new patient setups.

Manufacturing and operating efficiencies also contributed with improvement in component costs and operational leverage, while management also noted freight costs have improved significantly with air freight/sea freight ratio returning to pre-covid levels.

Ord Minnett expects solid operating leverage will be maintained, or even slightly increased, driven by a further widening in gross margin, discipline on selling, general and administration expenses, and greater production efficiencies.

Morgan Stanley agrees internal initiatives should support incremental gross margin expansion over coming years, noting selling, general & administrative expenses (SG&A) leverage has driven EBIT margin improvement.

Outlook

Considering the current geopolitical backdrop, Jarden suggests ResMed is delivering all the metrics of a stock with the highly desirable "safe haven" status.

The company remains Macquarie's preferred exposure in the Healthcare sector due to solid EPS growth over the forecast period, a favourable balance sheet position, and (still) valuation appeal.

Noting an appealing valuation and prospects for ongoing growth in earnings, Ord Minnett raises its rating for

ResMed to Buy from Accumulate.

Now all with a rating of Buy, the average target of six daily covered brokers in the FNArena database researching ResMed has climbed to $45.42 from $44.38, with UBS and Citi yet to refresh their research.

This average target suggests around 23% upside to the share price at the time of writing.

Outside of daily coverage, Buy-rated Goldman Sachs has increased its target to $49.30 from $46.90. Jarden remains Overweight (one notch below Buy) and raises its target to $40.54 from $39.97.

While Wilsons (Market Weight; target $42.82) has provided an initial positive assessment of third quarter results, a potential target price adjustment is still pending. RBC Capital rates the stock Sector Perform with a price target of US$255 for the US-listed shares.

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AUSTRALIA

Australian Banks: Global Sanctuary

Trump's tariffs have sent offshore investors scurrying to find safe havens outside US markets. Australia's banks have been beneficiaries, fundamentals be damned.

-Australian banks outperform during global uncertainty
-Flight to safety outweighs fundamentals
-Little upside risk seen from reporting season

By Greg Peel

While Australian banks' strong share price performance largely stalled through the March quarter, banks have outperformed the ASX200 by 3% since March. Not because they had been deemed undervalued, or because earnings forecasts were being upgraded, but because they are seen as "safe".

While US stock and bond markets have stabilised and regained some ground since April 9, when Trump announced a 90-day pause on global tariffs announced on "Liberation Day", that one week period set off sheer unprecedented market turmoil.

When stock markets plummet, investors typically shift funds to the safe havens of US bonds and the US dollar. But from April 2, *both* the US stock and bond markets were crashing and the US dollar was spiralling a panic that allegedly led to Trump's pause after sane heads intervened.

The pause has not nevertheless brought lasting relief, and peak uncertainty remains. In the week April 21-25, Australia's AA-rated banks, servicing an AAA-rated economy, outperformed the index by 2%, including an astonishing individual 4% pop for Commonwealth Bank ((CBA)) on the Tuesday.

Who was buying?

"Whatever the theory," noted Citi, "the common thread is that buyers look price indiscriminate, in that they are more concerned with the exposure they are avoiding (ie USD, resources, China risk, tariff risk) than the price that they are paying for Australian banks."

Tariff Escapees

Investor feedback and Macquarie proprietary flows data suggest offshore investors in particular have been moving into Australian financials given their relatively limited impact from US tariffs. Indeed, the data suggest offshore investors increased their cumulative net buying of financials by some 22% since "Liberation Day".

Macquarie's analysis of the data from share registries suggests offshore investors and domestic investors (largely superannuation funds) remain buyers of the banks. Data from banks suggest international and domestic institutions both bought around $800m of bank shares in the March quarter.

By contrast, retail selling totalled -$2.7bn.

While retail investors were clearly in panic mode, super funds were playing the "fireman trade" (running in when everyone one else is running out). But super funds are mostly passive index-trackers, by default constant buyers, receiving incremental compulsory inflows with every pay cheque which then need to be deployed.

ABS data showed super funds remained net buyers of the banks (including Macquarie Group ((MQG)) over the year to December. However, despite this large buying, their relative positioning in banks (relative to the index) was largely unchanged, Macquarie notes, meaning these purchases were driven largely by inflows. Net contributions increased to a record $68bn in the year to December and are likely, Macquarie points out, to increase to $70-80bn ahead.

Interestingly for Macquarie, allocations to Australian equities in general pulled back modestly in December, albeit remain near decade highs. Looking forward, with several funds noting they are reaching capacity for Australian investments, the broker believes incremental inflows will increasingly move offshore, meaning super funds will potentially be a relatively less important driver of domestic flows than they have been over the last one-two years.

Australia's major banks have outperformed many global peers and the ASX200 since the start of April because they are viewed as defensive stocks in a defensive market. In Morgan Stanley's view, this investment thesis requires stable margins, single-digit loan loss rates and better capital ratios in the upcoming May reporting season (beginning with Westpac ((WBC)) on May 5).

Fundamentals

Recent buying has led to "full" average PE valuations for the banks, so Morgan Stanley feels share prices are vulnerable to any revenue, credit quality or capital miss, and it's hard to see what would drive material upgrades.

December quarter net interest margins (NIM) were softer than forecast, but expectations have re-based. They should be broadly stable in the March quarter, says Morgan Stanley, but accompanied by cautious outlook commentary.

Jarden expects small core NIM compression of -2-3bps half on half across the majors, other than ANZ Bank ((ANZ)), mainly impacted by adverse deposit mix-shifts and ongoing lending competition. Encouragingly, deposit pricing remains broadly benign for now. The challenge, suggests Jarden, remains alleviating NIM pressure from lower RBA cash rate expectations, and National Bank ((NAB)) needs to refine its business banking deposit gathering strategy.

Morgan Stanley would be disappointed if guidance for second half/FY25 cost growth is worse than consensus expectations, specifically for ANZ, NAB and Westpac. The broker expects average loan loss rates of -9bps in the March quarter, but sees scope for additional provision "overlays" to reflect heightened global uncertainty.

Jarden anticipates further credit stress with elevated arrears and business insolvencies. However, the conversion to net losses should remain modest, Jarden believes, given low unemployment, elevated asset prices and persistent loan forbearance. Across peers, this broker sees scope for lower-than-expected bad debt charges from ANZ and NAB.

Jarden sees the risk of the banks lifting their CET1 capital targets by 25bps to 11.25%-11.75% as they pre-emptively adopt APRA's new hybrid capital rules (instruments with a debt/equity mix, such as convertible bonds).

This, coupled with slowing organic capital generation and stronger appetite for business lending, likely sees limited or no fresh share buybacks from NAB. That said, Jarden continues to see all the majors' capital positions as sound, with CBA best placed. CBA needs a lower share price, says Jarden, while ANZ needs APRA approval.

After poor outcomes as at December 2024, CET1 ratios should move back above 11.8% at ANZ, NAB and WBC, Morgan Stanley believes, hence new capital management initiatives are considered unlikely.

Valuation

Overall, Citi remains negative on the bank sector. Valuations continue to look stretched in absolute terms as well as relative to the resources sectors, from which the bank sector has been a key beneficiary of portfolio switching.

The sector is facing potential headwinds from RBA rate cuts and an economy slowdown; capital management is near completed; and super funds look close to a material index weighting. A number of the "marginal buyers" from 2024 look to be close to having played their course, Citi warns.

While Macquarie agrees with noted safe haven sentiment towards Australian banks in the short term, given limited direct impact from tariffs on Australia, this broker cautions downside risk to earnings from lower rates in FY26.

At face value, market pricing for the RBA (-150bps of cuts in 2025) and recent moves in swap rates imply material downside to Macquarie's and consensus margin expectations.

Central to bank outperformance has been investor optimism around RBA monetary policy, notes Shaw and Partners, which has pivoted from a prolonged cycle of interest rate hikes to anticipated rate cuts. But with banks now trading at historically high valuations, investors must consider whether these shares have become excessively expensive or if they accurately reflect future earnings growth.

The conundrum is that RBA rate cuts have two contradictory impacts. On the one hand, lower cash rates put pressure on bank NIMs. On the other hand, lower rates lead to greater loan demand. No one believes lower rates will do anything but accelerate mortgage demand and house prices, for example.

But why would an RBA that has to date proven very cautious regarding monetary policy decisions (only one rate cut so far despite lower inflation) suddenly now be expected to implement several rapid cuts? Central banks cuts rates in order to stimulate tepid economic growth, or to fight against slowing growth.

Australia may not be overly impacted by Trump's tariffs, but our biggest trading partner China is. Thus Australia risks slowing growth and, in turn, weaker loan demand. Moreover, if the RBA cuts swiftly while the Fed marks time, fearing renewed, tariff driven inflation, the interest gap will put downward pressure on the Aussie dollar.

FNArena Major Bank Data					**FY1 Forecasts**				**FY2 Forecasts**			
Bank	B/H/S Ratio	Previous Close $	Average Target $	**% Upside to Target**	% EPS Growth	% DPS Growth	% Payout Ratio	**% Div Yield**	% EPS Growth	% DPS Growth	% Payout Ratio	**% Div Yield**
JDO	4/1/1	1.76	2.15	**22.67**	23.3	N/A	0.0	**0.0**	53.7	N/A	0.0	**0.0**
MQG	1/3/1	194.43	206.31	**6.07**	7.0	- 2.1	63.9	**3.2**	13.5	13.1	63.7	**3.6**
WBC	1/1/4	32.66	29.51	**- 9.97**	- 2.0	- 6.1	79.1	**4.8**	0.7	1.4	79.7	**4.8**
ANZ	0/6/0	29.55	28.33	**- 4.75**	6.7	0.3	71.6	**5.6**	- 1.1	1.4	73.4	**5.7**
BEN	0/3/2	11.14	10.39	**- 7.23**	- 16.5	- 1.8	76.9	**5.5**	- 2.0	0.6	79.0	**5.6**
BOQ	0/2/3	7.49	6.38	**- 12.99**	26.0	8.8	67.7	**5.0**	5.0	5.9	68.3	**5.3**
NAB	0/3/3	35.95	33.31	**- 7.75**	0.2	0.7	75.6	**4.7**	0.1	- 0.4	75.2	**4.7**
CBA	0/0/6	162.98	109.00	**- 33.35**	7.8	3.2	78.5	**2.9**	4.3	4.3	78.5	**3.1**

(All data as per 30th April, 2025).

What stands out in the above table is a total of only six Buy (or equivalent) ratings from brokers acroiss the sector compared to 18 Holds and 20 Sells.

Take out the non-traditional Judo Capital ((JDO)) and that's 2/17/19.

Rarely is consensus analyst sentiment this weak. Mind you, six Sells for CBA has been the case since time immemorial, despite ongoing CBA outperformance.

The other stand-out is six of eight consensus target prices having been exceeded -- in CBA's case, by 33.4%.

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AUSTRALIA

Flight Centre: A Downgrade Anticipated

Following Flight Centre Travel's lower profit guidance, analyst explain causes and actions management is taking to address current uncertainty.

-Flight Centre Travel downgrades FY25 guidance
-As partly anticipated, US trade and entry policies weigh
-Management is taking action to address uncertainty
-Upcoming buyback a positive, yet risks remain

By Mark Woodruff

While global provider of travel products and service Flight Centre Travel ((FLT)) remains on track to deliver record total transaction value (TTV) this financial year, ongoing uncertain trading conditions are set to weigh on the company's busiest trading months of May and June, prompting management to lower FY25 profit guidance.

Among factors creating uncertainty and potentially causing short-term results volatility are recent changes to US trade and entry policies, company management explained.

Lower guidance came as no surprise to Morgan Stanley, given the 30/70 implied skew at the bottom end of prior guidance and recent elevated uncertainty.

On the day of -18% lower guidance this week, the Flight Centre share price finished up 1%, suggesting to the analysts at Morgan Stanley this was a widely anticipated re-basing event.

US-based travel companies had already underperformed since February, notes Jarden, when US policy changes started to take effect.

Only this morning, global online marketplace Airbnb has cited softness in US Travel demand to explain its weaker outlook. Airbnb's profit warning has been followed by a similar warning from ASX-listed Corporate Travel Management ((CTD)) whose market update suggests consensus needs to lower its FY25 forecast by some -15%.

Flight Centre's corporate brands --such as FCM Travel Solutions, Corporate Traveller, Campus Travel, and Stage and Screen-- have partnered with Airbnb to integrate Airbnb listings into their corporate booking tools.

At first glance, 20% growth in volumes in recent months for Australian outbound holidays should be positive for Flight Centre.

While this would usually signal a strong earnings boost, Ord Minnett explains the shift in destination mix toward short-haul markets such as Japan, Indonesia, Vietnam, and Thailand, rather than higher-margin long-haul destinations like the US and UK, means sales are generating lower profitability than pre-covid levels.

Management is still targeting some profit growth in Leisure in FY25, though Corporate profits are likely to contract.

Headquartered in Queensland, Flight Centre has operations in over ten countries with retail and corporate travel management businesses across four major regions: A&NZ; the Americas; EMEA; and Asia.

The majority of revenue is generated from selling travel products and services, i.e. airfares and holiday packages. Divisions include Leisure Travel, Corporate Travel, Wholesale & Supply, and Ancillary Services.

In a negative development for outer-year consensus forecasts, Canaccord Genuity observes a transition in the broader travel market from a post-covid recovery phase to one of more typical activity.

This broker notes the market is now exposed to the usual fluctuations in travel demand, but without the additional tailwind of pent-up recovery driving growth.

The positives

Despite the downgrade, management announced a buyback, an expansion in Canada, and further investments in technology.

A $200m on-market buyback will be launched on May 12, and given the company's balance sheet strength and depressed share price, Morgans feels this is a clever use of excess capital, plus the buyback is nicely EPS accretive.

Management also expects stronger results in FY26 and beyond as trading conditions stabilise and as its strategies for business improvement gain momentum.

Amid short-term uncertainty and share price weakness, Morgans sees an attractive entry point in Flight Centre, arguing once operating conditions improve, the company offers significant leverage to both earnings and share price recovery.

It's thought patient investors will be well rewarded when a travel industry rebound eventuates.

A key question for UBS revolves around momentum in new business wins in Corporate, i.e. are they continuing to grow their base, which means a solid recovery when spend per customer increases?

The guidance downgrade and causes

Specifically, Flight Centre downgraded FY25 underlying profit before tax guidance to between $300-$335m, from prior guidance of $365-$405m.

While no guidance was issued for FY26, management noted there was no silver bullet to offset macroeconomic challenges but that a focus on cost-out, plus the cycling of Asian issues and Cruise start-up costs, should provide some offset.

Ord Minnett attributes this weaker outlook to a combination of cyclical, structural, and execution-related factors.

Management acknowledged execution missteps in its Asian Corporate, Canada Leisure, and Student Universe segments, with improvements expected.

Jarden determines around one third of the downgrade was company specific, which should likely ease into FY26. The residual are macroeconomic factors, which the analysts expect to persist into the first half of FY26.

Structurally, pressure from reduced airline commission rates persists, though a potential Virgin/Qatar alliance may shift industry dynamics in Flight Centre's favour, suggests Ord Minnett.

Morgans explains lower-than-expected TTV growth across Corporate (trading down and travel bans), and its larger and more profitable Leisure brands, is negatively impacting super over-rides and group margins.

Overrides in the context of Flight Centre refer to incentive payments or bonuses airlines and other travel suppliers pay when the company achieves certain sales targets. These are in addition to the standard base commissions travel agents earn on ticket sales.

Actions to address uncertainty

To offset cyclical challenges, Citi explains management is focusing on cost out in non-customer-facing areas.

Additionally, the StudentUniverse business is being placed under review, with Wilsons noting up to -$10m in potential losses for FY25.

StudentUniverse is part of Flight Centre's Jetmax online travel agency division. It was acquired for circa -US$28m in late 2015.

The company is also fast-tracking various initiatives within the newly created Global Business Services (GBS) division to reduce its circa -$20m per month cost base, aiming to lower capex in FY26 by -15-20% in FY26, as well as ongoing productivity improvements.

Outlook

While Canaccord Genuity sees medium-term value in Flight Centre Travel, the share price is expected to remain under some pressure in the near-term due to material outer year negative forecast revisions.

While looking undervalued on a multiple-year time horizon, the analysts don't see the prospect of the share price outperforming on a shorter (12-month) view.

Jarden also sees fundamental undervaluation, with significant leverage to an improving macroeconomic outlook, but notes risks remain.

While the near-term outlook remains challenged, Citi sees the medium-term total shareholder return (TSR) as relatively asymmetric and remains cautiously optimistic.

All six daily covered brokers in the FNArena database are Buy-rated on Flight Centre Travel with an average target of $18.23, suggesting material (41%) upside to yesterday's closing share price.

The average target price has fallen to $18.23 from $19.95 following downgraded FY25 guidance. Macquarie is the only broker of the six yet to update research post profit warning.

Outside of daily coverage, the average target of updated brokers Wilsons and Jarden (both Buys) and Canaccord Genuity (Hold) sits at $17.18.

FYI

UBS Shines In A&NZ Equity Research Rankings

By Rudi Filapek-Vandyck

UBS has emerged as the leading firm in the newly launched **Extel Australia & New Zealand Equity Research survey**, securing first place in 19 categories across research, sales, trading, and corporate access.

The results, published today, reflect feedback from 336 buy-side professionals at 185 investment firms.

The new survey, spun out of Extel's broader Asia ex-Japan rankings, was developed in response to growing demand for a focused benchmark in the competitive Australasian equities landscape.

JP Morgan placed second with 16 category wins, followed by Barrenjoey and Macquarie tied in third with 11 each.

Extel CEO David Enticknap said the strong response from investors validated the decision to carve out the A&NZ survey, noting that over half of the responses came directly from buy-side panel votes.

The survey spans 19 research sectors, as well as categories for sales, trading, and corporate access. UBS topped the charts in generalist sales and corporate access attributes including conferences, field trips, and expert access.

SURVEY WINNERS

1. Firms and analysts

Category	Sector	Analyst	Firm
Industry Sectors	Consumer Discretionary	Shaun Cousins	UBS
Industry Sectors	Consumer Staples	Bryan Raymond	J.P. Morgan
Industry Sectors	Healthcare, Pharma & Biotech	David Low	J.P. Morgan
Industry Sectors	Property (incl. REITs)	Richard Jones	J.P. Morgan
Industry Sectors	Banks	Andrew Triggs	J.P. Morgan
Industry Sectors	Energy (Oil & Gas)	James Byrne	Citi
Industry Sectors	Insurance & Other Non-Bank Financials	Siddharth Parameswaran	J.P. Morgan
Industry Sectors	Industrials	Nathan Reilly	UBS
Industry Sectors	Leisure, Entertainment & Hotels	Donald Carducci	J.P. Morgan
Industry Sectors	Metals & Mining	Lyndon Fagan	J.P. Morgan
Industry Sectors	Small & Midcap	Russell Gill	J.P. Morgan
Industry Sectors	TMT	Lucy Huang	UBS
Industry Sectors	Utilities	Rob Koh (Morgan Stanley)	UBS
Industry Sectors	Transport & Infrastructure	Andre Fromyhr	UBS
Macro Sectors	Economics	George Tharenou	UBS
Macro Sectors	Equity Strategy	Jason Steed	J.P. Morgan
Macro Sectors	Quantitative Research	Nigel Tupper ((BofA Securities)	UBS
Macro Sectors	Sustainability (ESG)	Phineas Glover	UBS
Macro Sectors	Commodities	Lyndon Fagan	J.P. Morgan

2. Trading & Execution

Category	Sector	Top ranked firm Firm
Trading & Execution	Overall Trading & Execution	UBS
Trading & Execution	Overall Electronic Trading	UBS
Trading & Execution	Overall High-Touch Sales Trading	UBS
Trading & Execution	Overall Portfolio/Program Trading	Macquarie

3. Sales

Top 3 Firms	
Rank 2025	**Firm**
1	UBS
2	J.P. Morgan
3	Barrenjoey

Generalist Sales Categories	
Sector	**Firm**
Adding Value to Research	UBS
Global Context	UBS
Idea Generation	UBS
Market Knowledge & Feel	UBS
Service & Responsiveness	J.P. Morgan
Understanding Client Needs	J.P. Morgan

4. Corporate Access

Top 3 Overall Firms		
Sector	**Rank**	**Firm**
Overall Corporate Access	1	UBS
Overall Corporate Access	2	Macquarie
Overall Corporate Access	3	J.P. Morgan

Corporate Access – Rankings by Attribute		
Sector	**Rank**	**Firm**
Conferences	1	UBS
Roadshows	1	UBS
Logistics	1	J.P. Morgan
Field Trips	1	UBS
Team Quality	1	UBS
Expert Access	1	UBS

Top 3 Conferences	
Rank	**Conference Details**
1	Australia Conference (UBS, Sydney, 2023)
2	Australia Conference (Macquarie, Sydney, 2024)
3	UBS Australian Small Caps Day (UBS, Melbourne, 2024)

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

RUDI'S VIEWS

Rudi's View: Awaiting The Real World Ramifications

In this week's Weekly Insights:

-Awaiting The Real World Ramifications
-ResMed (Quality) In Focus
-Defensives Tell The Story
-Technology & AI-laggards
-Broader Outlook Remains Up For Debate

By Rudi Filapek-Vandyck, Editor

Awaiting The Real World Ramifications

At face value, investors are treating this year's 'Trump Slump' as your garden variety annual retreat post exuberance-driven all-time highs reached in early 2025.

The numbers speak for themselves. When measured from January 1st, the ASX200 is down no more than circa -2% on Monday, excluding any dividends paid. European markets are up for the year and so are various Emerging Markets including in Asia.

Admittedly, the losses are greater in the US where the Nasdaq, for example, is still down nearly -10% year to date. But then those markets had outperformed the rest of the world multiple times over, not just for the past two years but since the end of the GFC, more than 15 years ago.

In similar fashion, the first downward adjustment for the ASX equally proved significantly more punishing for those stocks that had outperformed locally, including the AI-theme exposed Goodman Group ((GMG)), NextDC ((NXT)), Macquarie Technology ((MAQ)) and New Zealand-headquartered Infratil ((IFT)).

Post the initial turmoil in response to unprecedented US import tariffs --or merely the threat thereof-- markets have become a lot more comfortable with trends in US government communications and news flow.

I worry, however, that investors who are now concluding the worst impact from Trump policies is in the past might still be unpleasantly surprised as the real world impact is yet to show up in economic data and in corporate earnings.

Some market analysts are suggesting **consensus forecasts should now be considered cum downgrades** with the fresh downtrend potentially lasting a few quarters. This trend has arguably already started in Australia.

See, for example, FNArena's weekly update on Ratings, Targets, and Forecast Changes which clearly shows a skew towards more downward revisions if we exclude temporary exceptions such as Paladin Energy ((PDN)) and Pilbara Minerals ((PLS)).

Monday's update:
https://fnarena.com/index.php/2025/04/28/weekly-ratings-targets-forecast-changes-24-04-25/

History suggests if we do experience a noticeable reset in earnings expectations, both locally and overseas, this tends to create a headwind for markets generally and division between companies that suffer downgrades and those that do not.

Currently, consensus in Australia sees the average EPS for the ASX200 backtracking for the third financial year in a row, to -1.1% for FY25.

Consensus forecasts for FY26 and FY27 are suggesting above average growth of respectively 6.3% and 7.7%, but it seems unlikely those numbers will not be affected in the coming six months or so.

By how much exactly will depend on whether the US economy might fall into recession (negative growth) and, if so, how deep and for how long exactly this recession might prove to be.

Equally important: the market is positioned for RBA rate cuts in the months ahead and economists do not foresee negative GDP growth for Australia.

Already multiple fund managers have been spotted who dare to declare the Australian share market a safe haven this year, given the broader context internationally.

ResMed (Quality) In Focus

On Thursday, ResMed ((RMD)) yet again highlighted investor anxiety inspired by macro-economic uncertainties does not by default align with operational dynamics for individual ASX-listed companies.

Strictly taken, ResMed's quarterly proved merely in line with forecasts, at best, with a number of analysts suggesting various financial metrics actually disappointed, albeit only slightly.

The share price has enjoyed a strong upward re-adjustment in the past two trading sessions since and that means ResMed shares trading in the low $30s is simply too low given the quality, the consistency and the growth achieved and on the horizon.

Analysts continue to see double digit EPS growth forthcoming, also because management at ResMed continues to deliver positive margin surprise, with more increases flagged for the quarters ahead.

ResMed, it is safe to conclude, is now Australia's number one healthcare investment, including for the **FNArena-Vested Equities All-Weather Model Portfolio**, as the likes of Cochlear ((COH)), CSL ((CSL)), and Fisher & Paykel Healthcare ((FPH)) await better times and improving momentum.

CSL's promise of margin recovery towards pre-covid level has become an FY27 story plus the market is not sure how much of a headwind growing anti-vaccine sentiment will prove to be for Seqirus.

In contrast, ResMed's products and services are only minimally impacted by US tariffs and certainly that multi-decades long positive track record will be looked upon favourably when question marks are rising about earnings and the outlook for companies generally.

Investors with a higher risk appetite might prefer smaller caps Telix Pharmaceuticals ((TLX)) and Pro Medicus ((PME)), while shares in Sigma Healthcare ((SIG)) remain noticeably well-supported too.

Defensives Tell The Story

Investors who are truly worried about downside risks for the months ahead might prefer to hide in bombed-out, cheaply priced stocks like Ramsay Health Care ((RHC)) instead.

Admittedly, price action over the past four months suggests there's not much downside left post a truly horrendous trajectory for those shares post covid, but this still doesn't guarantee lots of future upside or no further disappointments.

Look underneath the bonnet, and it remains obvious underlying sentiment is still Risk Off, with gold outperforming oil, copper and aluminium, in a broad sense, and with steady defensives including Telstra ((TLS)), Transurban ((TCL)), the supermarket operators and many a REIT outperforming in April.

Number crunching by Morgan Stanley reveals larger caps remain most preferred with small caps in general seriously lagging, only enjoying the occasional bout of risk appetite returning.

As per always, the real challenge for investors is to acknowledge that a stock trading on a low PE ratio or high yield ("cheap") is not by definition a better returning investment than those on much higher PE ratios.

ResMed is but one example alongside the likes of Car Group ((CAR)), REA Group ((REA)) and TechnologyOne ((TNE)). All have significantly outperformed the broader market in recent weeks.

Technology & AI-laggards

Against this background, I observe investor interest has returned for higher-valued technology companies now that share prices have deflated from peak price levels.

Portfolio managers at the aforementioned **Morgan Stanley** made a number of changes to their **Macro+ Focus List** for the ASX.

Have been added: ANZ Bank ((ANZ)), Goodman Group ((GMG)), Orica ((ORI)), and Xero ((XRO)). Note this Portfolio already included Aristocrat Leisure ((ALL)) and Car Group.

Goodman Group, of course, is the most prominent AI and data centres exposure on the ASX, alongside pure play NextDC. Both have been the subject of questions received from FNArena subscribers as share prices only moved into one direction; south.

Part of share price weakness can be explained by growing concerns about too many data centres being build at a time when the broader AI story has seen more detractors in the face of rising uncertainty.

Morgan Stanley (believe me, I am not trying to promote a particular broker here) opened their research update on Nvidia this week with:

"The idea that we are in a digestion phase for AI is laughable given the obvious need for more inference chips which is driving a wave of very strong demand - though near term #s are capped by supply/export controls."

The All-Weather Portfolio retains exposure through Goodman Group, NextDC and Dicker Data ((DDR)). With regards to NextDC, Ord Minnett calculated last week the shares can be valued between $10-$11 assuming no further contracts are announced for the foreseeable future.

This is possible, of course, and easily explains why the share price bottomed above the lower price level twice in April. But if the next 100-megawatt contract is waiting to be made public, this alone would be worth $3.

Risk-adjusting the company's remaining pipeline brings Ord Minnett's valuation up to $18 a share. This aligns with FNArena's consensus target of $19.40. It also explains why the stock remains firmly held in the All-Weather Portfolio, alongside the other two mentioned.

Broader Outlook Remains Up For Debate

It goes without saying, none of today's calculations, projections and valuations take into account the possibility of economic calamity, locally or elsewhere. Plus, of course, who knows what might be the next decision coming out of the White House?

Broader picture, the world is still getting to grips with the many changes and implications from the Trump presidency with questions being triggered about geopolitical alliances, the dollar's reserve currency status and whether the world needs more viable alternatives outside of the US financial system.

While large international asset managers are looking to diversify into more assets outside of the US, the task remains daunting with the US Treasury market around ten times the size of equivalent rated government bonds in the euro area.

The flipside is foreigners already own an estimated 20% of US equities, implying relatively small percentages in re-allocations can potentially have outsized ramifications, at least in the short term were any such changes to take place.

A less predictable and higher risk environment can, all else remaining equal, result in lower valuations for equities generally (higher risk premium) and see bond investors demand a higher compensation (through higher yield), but it is yet undetermined whether, when and how exactly such re-adjustment might take place.

With an implied average dividend yield of 3.7% and forward-looking PE ratio of 17.3x, the Australian share market, similar to its American peers, remains higher valued than has historically been the norm, even in the face of potentially downward adjustments to consensus earnings forecasts (which will push the market's valuation higher).

Various calculations place the local market's long-term PE ratio between 14.6x and 15.7x. The ten year average is situated just under 16x while the five-year average is currently 16.8x.

While the current multiple remains above all historical averages, the assessment of how much remains dependent on which reference point is preferred.

It is possible today's investment dilemmas might well be resolved through the size of the economic impact from tariff-related disruption and uncertainties, but we won't know it until we look back with hindsight at today's set up.

Until then diversification, quality, caution and being nimble seem but the most appropriate terms to abide by.

Model Portfolios, Best Buys & Conviction Calls

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

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(This story was written on Monday, 28th April 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: Mag7 Dominance & Profit Warnings

In today's update:

-All roads lead to the Mag7
-Australia, The Global Safe Haven (?)
-Preparing For Profit Warnings

By Rudi Filapek-Vandyck, Editor

All Roads Lead To The Mag7

Earlier today, JP Morgan rolled out Kerry Craig, Global Market Strategist, and Helge Skibeli, Portfolio Manager, International Equity Group, for a media presentation on general views on financial markets and the outlook for the remainder of the year.

One conclusion communicated is Q1 volatility and the commensurate shifts in asset re-allocations have pretty much placed most key assets on an even keel, when viewed from purely a valuation perspective.

The implication is European equities are now as attractive/non-attractive as their US peers, but so is the relative balance between global cyclicals, growth stocks and defensives.

All that was richly valued has been de-rated and those assets previously lagging and cheaply priced have largely closed the gap. In fact, JP Morgan thinks your typical defensives and robust safe havens might now be the ones that are richly valued. A decision has been made to shift some exposure into Quality Cyclicals instead.

Another stand-out conclusion is in the modern era all roads start and end with the Magnificent Seven in the USA, i.e. Alphabet (Google's parent company), Amazon, Apple, Meta Platforms (formerly Facebook), Microsoft, Nvidia, and Tesla.

JP Morgan's in-house conviction remains these mega-giants are truly a class above most ordinary businesses, with AI set to further cement their global dominance, moats and corporate exceptionalism through further cash flow, profit and margin increases.

So dominant has this select group of global leaders become, most questions asked about US equities, including valuation, outlook and direction, can simply be related back to the 'Mag7'.

One way of approaching today's investor dilemmas is thus by separating these seven from the rest of corporate America, but investors be warned: such an approach only further highlights the corporate exceptionalism on display.

It is JP Morgan's view the US economy awaits a significant impact from tariffs and policy-induced uncertainty, which implies current margin and profit forecasts are plausibly too optimistic. Not for the Mag7, mind you, but for corporate America excluding Amazon and Apple & Co.

There's a valid argument to be made valuations for these exceptional enterprises had become too exuberant by year-end 2024, with JP Morgan's analysis in agreement, but now share prices have come down by -20%-30% and more, and guess where earnings certainty and ongoing margin increase potential are mostly located?

The one caveat behind this thesis is that substantial investments in AI must start generating a positive return, which both JP Morgan and the business leaders at the helm of these technology giants believe will materialise.

Certainly, positive surprises delivered by Microsoft and Meta in the current quarterly results season suggest such optimism seems warranted.

With EBIT margins projected to rise to nearly 32% by FY27 from an average 27% for the Mag7 this year (on JP Morgan's AI positive forecasts), and with the rest of the market facing downgrades to forecasts, it's hard to see the investment world diversifying into other destinations, unless the AI narrative well and truly comes unstuck.

In the same vein, all questions about market valuation, profit forecasts, the equity risk premium, AI and other megatrends, index concentration, US exceptionalism and the multi-year outlook are best answered through separating the Mag7 from the rest.

Including the seven extraordinary megacaps, JP Morgan believes global equity valuations have now fallen to below the 20 year average, implying it's a good time to be on board. While European indices do still look undervalued at an index level, JP Morgan's deeper dive analysis suggests this is merely a function of different index compositions.

Instead, one market segment that looks extremely undervalued today is the semiconductor sector. But average valuations post sell-offs for global megatech companies also suggest these shares are now back into attractive territory.

When pressed about specific companies, Skibeli nominated Amazon and Meta as personal favourites, while Google (Alphabet) is seen facing a near insurmountable headwind through ChatGPT and similar AI tools threatening Google's extreme internet search dominance.

JP Morgan's conviction in the AI investment thesis is music to the ears of the team here at FNArena. As also explained in Monday's Weekly Insights, share prices of ASX-listed AI-beneficiaries such as Goodman Group ((GMG)) and NextDC ((NXT)) tend to follow the lead of de-ratings and re-ratings on Wall Street.

<u>Australia, The Global Safe Haven (?)</u>

It's not something that comes naturally to the Australian share market, outside of a Stronger-for-Longer Commodities Cycle, but international investors parked their safety-seeking funds into Australian banks and the local index while the threat of a global trade war put global assets under extreme pressure.

Now, strategists at UBS have become concerned the local market might be too richly valued in face of the challenges ahead, with underlying fundamentals weakening. UBS sees downgrades to earnings forecasts on the horizon. Usually, this means share prices will come under pressure.

To account for what is yet to occur, UBS has reduced its year-end target for the ASX200 to 8150 from a prior 8850. On Thursday, the index closed at 8145.

All of the above has triggered a number of portfolio adjustments, with UBS recommending investors stay underweight sectors with already poor earnings momentum, including Energy and the banks. In response, Healthcare has been upgraded to a Neutral weighting, with that sector now considered undervalued.

One additional consideration is that UBS analysts believe poor earnings momentum for large cap healthcare companies might be near the point of exhaustion (i.e. a positive momentum switch should be approaching).

Industrials as a sector weighting has been downgraded to Neutral, leaving Insurance and Technology, Media & Telecom (TMT) as the sole overweighted sectors. Small caps as a group are to be underweighted too.

In terms of the broker's **Most Preferred** and **Least Preferred** ASX-listed companies, AUB Brokers ((AUB)), Car Group ((CAR)), Treasury Wine Estates ((TWE)) and Worley ((WOR)) are no longer included as Most Preferred.

Instead that list now consists of:

<u>RESOURCES</u>
-BHP Group ((BHP))
-BlueScope Steel ((BSL))
-Northern Star ((NST))
-Orica ((ORI))
-Origin Energy ((ORG))

FINANCIALS & REITS
-Dexus ((DXS))
-Lifestyle Communities ((LIC))
-Medibank Private ((MPL))
-QBE Insurance ((QBE))
-Steadfast Group ((SDF))

INDUSTRIALS
-Brambles ((BXB))
-Coles Group ((COL))
-Collins Foods ((CKF))
-Light & Wonder ((LNW))
-REA Group ((REA))
-SGH Ltd ((SGH))
-TechnologyOne ((TNE))
-Telstra ((TLS))
-Telix Pharmaceuticals ((TLX))
-Xero ((XRO))
-Life360 ((360))

The selection of Least Preferred no longer includes APA Group ((APA)), JB Hi-Fi ((JBH)) and Sonic Healthcare ((SHL)).

Remain on this list:

-Aurizon Holdings ((AZJ))
-ASX Ltd ((ASX))
-Bank of Queensland ((BOQ))
-CommBank ((CBA))
-IDP Education ((IEL))
-Lovisa Holdings ((LOV))
-Reece ((REH))

Recent fresh inclusions have been Steadfast and SGH to the Most Preferred and Lovisa to the Least Preferred list.

Preparing For Profit Warnings

Historically, and excluding the two key results seasons of February and August, corporate profit downgrades in Australia typically peak in May, report market strategists at **Goldman Sachs**. They also believe this year's confession season could well prove above-average bad.

Have been singled out for a likely **negative surprise**:

-Spark New Zealand ((SPK))
-Orora ((ORA))
-Computershare ((CPU))
-Endeavour Group ((EDV))
-Fletcher Building ((FBU))
-IDP Education ((IEL))
-Healius ((HLS))
-Ramsay Health Care ((RHC))

Though the upcoming season won't simply be all bad news. Goldman Sachs has equally identified a number of candidates most likely **to surprise in a positive sense**:

-Xero ((XRO))
-BlueScope Steel ((BSL))
-QBE Insurance ((QBE))
-Codan ((CDA))

Also, when it comes to finding true cheap valuations in a share market that has recovered at the speed of light throughout April, the strategists point towards commodities and small caps (predominantly domestic cyclicals).

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See also Monday's Weekly
Insights: https://fnarena.com/index.php/2025/04/30/rudis-view-awaiting-the-real-world-ramifications/

(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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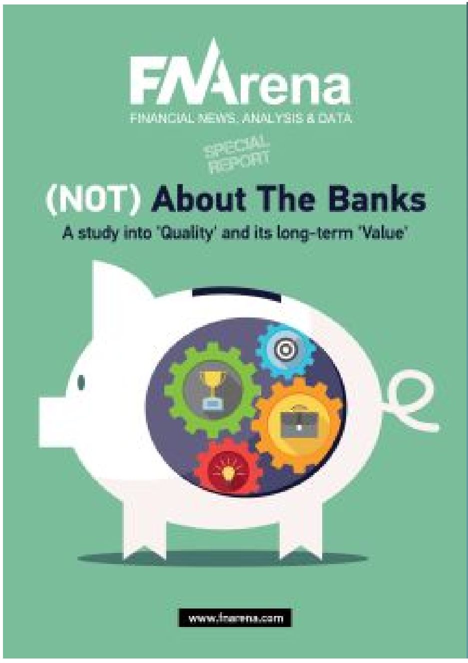

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FNArena is proud about its track record and past achievements: [Ten Years On](#)

SMSFUNDAMENTALS

The Disappearance Of Financial Advisers In Oz

A vanishing breed: The disappearance of Australia's financial advisers

-Number of financial advisers in decline
-Trend contrasts with increased need for financial advice
-New rules have made life much harder for financial advisers
-Market is seeking solution through multiple alternatives
-Industry stakeholders are calling for regulatory reform

By Lily Brown

For years, financial advisers have been trusted guides, helping Australians manage their money, invest wisely, and plan for the future. But now, they are disappearing.

In 2019, there were more than 28,000 registered advisers across the country; by 2025, this number stands at less than 16,000. This isn't because people no longer need financial advice; quite the opposite.

The problem, according to Julien Meinrath, a former financial planning veteran turned financial coach, was a convergence of three main factors:

-ongoing legislative changes,

-the fallout from the Royal Commission (more details on that later),

-and the demographics of the adviser population itself.

By the time the Royal Commission hit, many advisers were in their mid-50s and nearing retirement. Faced with the need to make significant changes such as getting a master's degree (a new requirement following the Royal Commission) late in their career, "many simply chose to exit rather than reinvent themselves," says Meinrath.

<u>The inadvertent counter-effect of a regulatory squeeze</u>

Financial advice has always been regulated, but after the Royal Commission into banking and financial services, the government cracked down hard.

Investigations revealed some advisers were charging fees without providing services, giving bad advice, and steering clients toward investments that benefited the advisers more than the investors.

The response was a wave of new regulations designed to protect consumers, but these rules have also made life much harder for financial advisers.

Some key changes include:

-Higher barriers to entry: Financial advisers must now pass an exam administered by the Australian Securities & Investments Commission (ASIC) and meet stricter educational requirements. According to Meinrath, "The qualification requirements jumped dramatically. Suddenly, there was talk of advisers needing to have a master's degree. For people nearing retirement who'd never studied formally, it just wasn't worth the economic cost."

-Fee-for-service model: Moving away from commissions, advisers must obtain explicit client consent annually for ongoing fees. However, Meinrath observed, to get around the sticker shock for clients, a lot of businesses simply rebranded the fees. "What used to be a 1% commission became an establishment fee'. Same amount, just a different name," he explains.

-Increased compliance costs: More audits, enforcement actions, and rising professional indemnity insurance costs. Meinrath confirms, "There's no question, the cost to comply has become enormous. Throughout my 15 years as an adviser, that burden only grew."

-Dismantling of large dealer groups: Major banks exited wealth management, forcing advisers to either become independent requiring costly new licenses or leave the profession altogether. Meinrath, who worked at Westpac, recalls, "The banks owned the whole vertical. Westpac had BT Funds Management, Commbank had Colonial. When the Royal Commission happened, they tried to unwind those positions."

While these changes were meant to fix the industry, they have made it much harder for advisers to do their jobs. Many experienced professionals have chosen to leave rather than deal with the added stress and expense.

"While regulation is essential in a sector like financial advice, successive governments have imposed complex and often duplicative obligations that drive up costs without delivering meaningful improvements in consumer protection," says Daniel Gara, a 25-year veteran of the advice sector, co-founder of AdviserLogic and financial technology leader. "A rationalisation of the regulatory framework could reinvigorate the sector."

An evolving investor landscape: navigating advice gaps and new alternatives

The exodus of financial advisers raises concerns about whether Australian investors are being forced to fend for themselves. Without professional guidance, retail investors face greater risks of misallocating capital, falling prey to market volatility, or making uninformed decisions about their portfolios.

These risks are partially mitigated by two complementary trends: managed accounts and algorithmic advice.

Managed accounts

Platforms like Netwealth Group ((NWL)) and Hub24 ((HUB)) let advisers hand over daily investment decisions to professional managers while still maintaining client relationships. Ironically, the adviser shortage has created opportunities for these platforms, with assets growing (2635% from 2023 to 2024) across these platforms.

This is driven by the fact that even though the total number of advisers is shrinking, the remaining advisers are managing larger client books and consolidating operations. To serve more clients efficiently, they're turning to technology-driven platforms to streamline administration and portfolio management.

And since many bank-aligned dealer groups have exited the market, independent advisers now need more flexible, tech-driven platforms like Netwealth, Hub24 and others.

Algorithmic advice

For people who prefer a do-it-yourself approach, robo-advisers offer a low-cost alternative. These digital platforms use algorithms to create and manage investment portfolios based on an investor's goals and risk level.

Companies like Stockspot and InvestSMART, as well as digital services from big financial firms, have gained popularity, especially among younger investors looking for an easy, hands-off way to grow their money.

The integration challenge

Despite their convenience, digital platforms come with serious challenges. Companies like Netwealth and Hub24 face risks that could slow their growth.

If adviser numbers keep shrinking, fewer professionals will be left to use these platforms, cutting into their customer base. Meanwhile, a new generation of investors comfortable making decisions on their own may not see the need for platforms that act as middlemen.

Regulation is another wild card. Governments could introduce stricter rules on cost transparency or even cap fees, forcing platforms to lower their prices and tighten their margins.

"Although robo-advice has so far remained limited in scope, the fintech sector's ability to integrate AI into advice processes suggests that advisers of the near future may become bionic, combining human insight with technological augmentation to engage more clients and help close the advice gap for Australians," Gara explains.

Meinrath is also cautious: "For very limited solutions, robo-advice works well, like for purchasing insurance or setting up SMSFs. But for holistic advice, there's no replacement for the human touch. Everyone's situation is unique. Robo-advice hasn't solved that yet."

PFMs, finfluencers, and financial coaching

Beyond managed accounts and robo-advisers, a new ecosystem of tools and voices has emerged to guide everyday Australians in response to the advice gap.

Personal Financial Management (PFM) tools like Pocketbook, MoneyBrilliant, and MoneySoft have gained traction among self-directed investors. These apps aggregate users' banking data, helping them track spending, set budgets, and manage cash flow across multiple accounts. "Many PFMs followed a similar path; there's been real growth here, especially among tech-savvy users who want to better manage their money without paying for traditional advice."

At the same time, finfluencers' social media personalities focused on financial education have stepped into the breach. Through platforms like Instagram, TikTok, and YouTube, they offer digestible content on saving, investing, and wealth-building strategies. But they tread a fine legal line: "As soon as they recommend a specific product, they fall under ASIC regulations for providing advice," Meinrath warns. Regulators have already fined some influencers for crossing that boundary.

Financial coaching, meanwhile, has emerged as a distinct discipline from traditional planning. "Coaching works hand-in-hand with planning, helping people change behaviours and build discipline. It's very similar to health and fitness coaching. People know they should save and budget, but they need help with the implementation," explains Meinrath.

Together, these alternatives are reshaping the way Australians engage with their finances, though none have fully replaced the holistic support offered by human financial advisers.

Can the industry be revived?

With financial literacy more crucial than ever, and digital solutions being limited, at least for now, industry stakeholders are calling for regulatory reforms to ensure the sustainability of the profession.

Recognising this, the government is trying to make it easier for new people to enter the field while still maintaining strong protections for consumers.

Some key efforts include:

-Streamlining qualification requirements: The government is changing education rules so that people with any bachelor's degree combined with finance-specific course work can become advisers.

-Creation of a new class of financial advisers (NCA): Aimed at delivering simpler, quality advice, NCAs will complete an accredited qualification covering ethics, regulation, consumer behaviour, and advice processes.

-Consultation on fee consent forms: Efforts are underway to reduce unnecessary paperwork, making it easier for advisers to charge clients without excessive red tape.

Meinrath remains cautiously optimistic. "Financial planning has moved upmarket, focusing more on high-net-worth clients. Coaches, apps, and even finfluencers have tried to fill the gap for everyday Australians."

What is clear is that Australia's wealth management industry is undergoing a profound transformation. "The current advice landscape presents a clear opportunity for both legislators and innovators," Gara notes.

SMSFUNDAMENTALS

Family Offices; Australia's Silent Wealth Revolution

Australia's silent wealth revolution: How family offices are reshaping the investment landscape

By Lily Brown

The quiet rise

In March 2023, with minimal fanfare but significant market impact, Grok Ventures, tech billionaire Mike Cannon-Brookes' family office, secured a pivotal 11.3% stake in AGL Energy ((AGL)), successfully blocking the energy giant's proposed de-merger and forcing a strategic pivot toward renewable energy.

With an investment of approximately -$650m, this marked one of the most consequential climate-focused activist campaigns by an Australian family office to date.

This high-profile intervention represents just the visible tip of a much larger phenomenon. According to Will Lawrence, a private client partner at US-based investment firm Cambridge Associates, "Many managers see the family office sector as a crucial area for expanding their LP [limited partner] bases."

What are family offices?

"Family offices are uniquely positioned to be able to take a long-term view, whilst also having the ability to be nimble in their decision-making to take advantage of opportunities", noted Katherine Cox, Global Head of Long-Term Asset Owners, about the investment.

Australia has approximately 2000 family offices --private wealth management firms serving ultra-high-net-worth families-- which are emerging as quiet power players, reshaping investment markets with a long lens and patient capital.

Unlike their institutional counterparts, they move with stealth, unburdened by quarterly reporting pressures or public scrutiny. And their influence is growing exponentially.

Where is this wealth coming from?

According to Knight Frank's 2023 Wealth Report, Australia saw a 2.1% increase in ultra-high-net-worth individuals (UHNWI) in 2022, despite global economic headwinds and a fall in UHNWI numbers in many other parts of the world, including the US.

And these numbers are set to grow. The millionaire population Down Under is projected to grow by 21%, swelling by 400,000 by 2028.

This wealth explosion stems from multiple sources. "There's been a significant increase in wealth from a variety of sectors, even if you look at rural sector and the price of land and cattle, we've also seen a lot of people who've been flying under the radar with businesses which have [suddenly] had a liquidity event," said James Burkitt, the founder of family office group The Table Club.

Australia's property market created significant wealth, with ABC News reporting the total value of residential dwellings has more than doubled from $5.1trn to $10.9trn between June 2014 and June 2024 an extraordinary $5.78trn increase.

Even more remarkable, $3.6trn of this wealth creation occurred in just four years, highlighting the unprecedented acceleration in property values that has fundamentally transformed household balance sheets across the country.

According to White & Case's M&A Explorer 2024, Australia recorded 996 deals in 2024, up from 958 in 2023, with both strategic buyers and private equity sponsors actively participating.

Total deal value jumped to US$92.3bn (approximately $138.5bn), rising 30% from the previous year's US$71bn (approximately $106.5bn). Excluding the outlier post-pandemic year of 2021, 2024's total deal value was the highest since 2019, creating another wealth stream in the market.

Australia's superannuation system has further accelerated private wealth accumulation. The Association of Superannuation Funds of Australia (ASFA) reported total superannuation assets reached $4.2trn at the end of 2024, with self-managed super funds (SMSFs) holding $1.02trn.

Inside the machine: Who's behind the curtain?

Australia's family office sector remains deliberately low-profile, but certain power brokers have emerged as influential forces.

Many are led by the wealth creators themselves, including entrepreneurs like Atlassian co-founders Mike Cannon-Brookes and Scott Farquhar, whose respective family offices Grok Ventures and Skip Capital have become major players in climate tech and venture capital.

"Leading a family office requires treating it as a professional enterprise, not a side project," says Mr Saslow, author of Building a sustainable family office. And since the founder mentality never really disappears, it makes sense to see entrepreneurs who built businesses from scratch bringing that same hands-on approach to their investment entities.

They're not passive capital allocators but active builders looking for the next great frontier.

Increasingly, next-generation family members are taking the helm, often bringing new perspectives shaped by international education and values that prioritise impact alongside returns.

KPMG's Global Family Office Compensation report for 2023 found 36% of Australian family office CEOs came from an investment management background, and 23% were family members themselves. All the CEOs included in the report were university educated.

Interestingly, 2023 data show that while male millionaires in Australia are growing at 3.6% per year, female millionaires are growing at a rate of 5.7% per year.

The main drivers for this change are more women in the workforce, with higher pays in traditionally male-dominated industries; a surge in women entrepreneurship; and intergenerational wealth transfer.

Rewriting the playbook on how they invest: Alternative and environmental investments take priority

This wealth explosion has driven a structural shift in how fortunes are managed. Traditional wealth advisory has given way to sophisticated family office structures; from investments and philanthropy to succession planning and tax strategy.

Recent data from Deloitte's Family Office Trends 2024 report show the top asset classes APAC family offices invested in were equities (25%), private equity and direct lending (21%), real estate (19%), and fixed income (19%), accounting for more than 84% of their average portfolio.

The report also indicated they planned to increase their allocations to developed market equities (32%) and real estate (31%) in 2024. Rebecca Gooch, global head of insights for Deloitte Private, called private equity "the darling of the asset classes amongst family offices."

Climate-aligned investments have become particularly prominent. Besides Grok Ventures, this trend is exemplified by several other prominent examples.

The Daniel Besen family office recently became an anchor investor in Climate Tech Partners, a new Melbourne-based venture capital fund approaching its first close with commitments exceeding US$35m (approximately $54.5m).

Andrew "Twiggy" Forrest's family office has expanded its sustainability portfolio through investments in renewable energy projects across Australia

Lisa Miller, former Canva executive, now runs her own family office, Wedgetail, which backs biodiversity-focused initiatives like Zorzal, a cacao farming venture protecting bird habitats in the Appalachian Mountains.

Infrastructure and ecosystem

Supporting the growth of family offices is a rapidly evolving ecosystem of service providers and technology platforms.

KMPG research found that 40% of family offices considered themselves to be heavily reliant on technology. They count better efficiency and productivity (84%), improved reporting (72%), and enhanced portfolio management (56%) as the benefits of doing so, but 46% were self-admittedly limited in their usage of technology.

This gap is what holds a lot of family offices back. "Digitalisation is the glue that holds multi-generation wealth together. Family offices will struggle to survive --let alone thrive-- without it," said Chelsea Smith, a senior national director of family office advisory services at a private wealth management firm.

Luckily, technological support is now easier to obtain than ever. According to Franklin Templeton Institute's 2023-2024 wealth management transformation report, family offices are increasingly leveraging cloud-based processing, big data analytics, and AI tools that were once the exclusive domain of institutional investors.

These technologies have democratised access to sophisticated investment capabilities while enabling more scientific portfolio construction approaches that blend quantitative assessments with fundamental analysis.

Family offices are also adopting robust content portals with journey-tracking tools and cohort analyses to understand investment behaviour patterns and optimise decision-making processes.

This shift toward data-driven customisation is enabling a more holistic approach to wealth management, with family offices increasingly building bespoke multi-asset class and outcome-oriented solutions rather than focusing merely on individual funds or investments.

Legacy, succession, and philanthropy

Australia's affluent families have long had strong ties to real estate, with figures like Frank Lowy and property mogul Lang Walker building their fortunes through property investments.

However, many family offices run by the next generation are now expanding into other industries to diversify their portfolios. For example, the children of the late John Saunders --who co-founded Westfield alongside Frank Lowy-- have developed a robust private lending arm within their family office, Terrace Tower Group.

As Australia's family office sector matures, attention is increasingly turning to how wealth is passed down and how it can serve broader societal goals.

"As wealth transitions to successive generations branches of family might become more independent of each other and their needs may diverge," noted Chris Graves, an associate professor at the University of Adelaide Business School.

Structured communication tools are becoming increasingly important in helping younger family members understand the overarching investment strategy and long-term vision. Without clear guidance, there's a growing risk that investment choices may drift from the next generation's priorities, especially as younger heirs show stronger interest in ESG and impact-focused investing.

"If you're not engaging the next generation, you risk making investment decisions that don't align with their values," said Chelsea Smith, senior national director of family office advisory services at Bernstein Private Wealth Management in the US.

To bridge that gap, some families are experimenting with creative ways to connect, like using private social media platforms such as Instagram to share values and educate younger members about wealth stewardship.

Bernstein has embraced this shift by developing an interactive online learning module that brings next-gen family members together in a structured digital space, culminating in face-to-face networking events that strengthen both knowledge and relationships. "Meeting them where they are and how they like to learn is critical," Ms Smith added.

The new power brokers

As Australia, like the rest of the world, navigates an increasingly complex economic future, family offices are emerging as uniquely positioned stewards of capital with growing influence across the investment landscape.

Jeff Steiner, Mutual Trust's Head of Family Office, emphasises purpose-driven wealth activation. "Just imagine the entrepreneurial, philanthropic, financial, and personal energy that can be unlocked if every family enterprise has a clear sense of purpose for its wealth and a strategy to live it," he sums up.

In an era of short-term thinking, these quiet power brokers represent something increasingly valuable; investors with both the means and motivation to take the long view on Australia's future.

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

TREASURE CHEST

Treasure Chest: Spark New Zealand

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

Whose Idea Is It?

Jarden

The subject:

A confluence of factors, including a commitment to A-credit rating, a data centre transaction, asset sales, with both cyclical and structural headwinds, is driving Spark New Zealand ((SPK)) to review its capital structure and dividend policy.

More info:

Jarden's latest update zooms in on the expectation of an "inevitable" dividend resizing for Spark New Zealand. The analyst has been highlighting the possibility for the last 18 months to align pay outs to shareholders more closely with the company's "real" cash flow.

In this context, the balance sheet remains robust, but conflicting levers between earnings pressures in FY26 against a desire to retain its A-credit rating point to a dividend near the lower end of the communicated range.

At the 1H25 earnings report, Jarden emphasised the NZ20c per share dividend might become the new target, but more substantial cuts are required. A NZ25c dividend for FY25 is currently forecast.

The analyst envisages a dividend per share re-sizing inside the range of NZ15c-NZ17.5c. Its forecast for FY26 ranges from NZ17c to NZ20c, based on forecast free cash flow of NZ16c or around NZ20c excluding data centres, which the company is considering taking off balance sheet.

The downsizing is expected to be announced with the release of FY25 results in late August.

Jarden observes management's cost-out program, while trading conditions are expected to remain challenging into FY26, which should affect mobile revenues and the IT business.

The broker's target price has been reset to NZ$2.80 from NZ$3.10 with an Overweight (Buy-equivalent) rating retained. The market would likely welcome the reset to restore credibility, the broker suggests, as well as announcements on a revised strategy on mobile, details on the cost-out, and on how the data centre JV is progressing.

Macquarie also believes a new dividend policy will be instated from FY26 onwards based on free cash flow projections, alongside changes in working capital and capex growth, as well as restructuring costs.

A rebasing to around NZ15c per share from FY26 is anticipated, with a future dividend payout ratio of around 70%-90%, with renewed scope for growth in dividends as earnings advance and flexibility is reinstated around the payout ratio.

Up until FY25, shareholders had been receiving gradual increases in annual payouts to NZ27.5c, but the trend is about to reverse with this year's payout forecast to be NZ25c and next year's payout expected to be substantially lower.

FNArena's three daily monitored brokers, consisting of Macquarie, UBS and Morgan Stanley, are currently suggesting FY26 will see the dividend decline to NZ19c only.

The prospect of reduced cash rewards for loyal shareholders has weighed heavily on the shares, with the share price declining from near $5 in early 2024 to $1.96 at yesterday's close.

The release of interim results in February triggered a reset from $2.60 to below $2. If Jarden's view proves correct, a reset of the dfividend might rekindle investor interest in the shares.

Macquarie has set a target price set of NZ$3 with an Outperform (Buy-equivalent) rating. This broker sees Spark New Zealand as a solid "core" telco earnings generator, with upside potential from high-tech earnings growth and a robust position in the NZ data centre market.

Goldman Sachs' 1H25 telco review highlighted how the interim result disappointed, including a downgrade in earnings (EBITDA) guidance of -7% at the midpoint post a previous downgrade of -4% in October 2024.

This broker forecasts FY26 free cash flow of NZ17.8c and believes dividend sustainability is now a key issue, expecting it will be cut materially, depending on balance sheet strength.

Goldman Sachs set a target price set of NZ$2.75 with an unchanged Neutral rating.

On current forecasts, and translating NZD into AUD at current values, implies the shares are offering a yield of 11.9% for FY25, projected to decline to 9%, which once again highlights that an oversized yield on offer is likely the result of the market's conviction that the dividend has become unsustainable.

History does suggest if management can come clean on future dividend reduction, this could forewarn of better times ahead for suffering shareholders.

WEEKLY REPORTS

Weekly Ratings, Targets, Forecast Changes - 24-04-25

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 April 21 to Friday April 25, 2025
Total Upgrades: 5
Total Downgrades: 1
Net Ratings Breakdown: Buy 61.80%; Hold 31.75%; Sell 6.45%

For the three business days ending Thursday, April 24, 2025, FNArena tracked five upgrades and just the one downgrade for ASX-listed companies from brokers monitored daily.

Average target price increases slightly outweighed declines, while the tables below show negative changes to average earnings forecasts were more common than positive moves, aside from material upgrades for Paladin Energy and Pilbara Minerals.

Ord Minnett acknowledged its prior downgrade to Paladin Energy's earnings estimates following the disruption to the Langer Heinrich mine in Namibia due to a major rain event was overdone.

The broker was commenting after a solid third quarter beat versus consensus on all metrics. Production rose by 17% quarter-on-quarter to 0.745mlb U3O8, 20% above Citi's forecast, while sales reached 0.872mlb, including 0.2mlb delivered from loan material, with a realised price of US$69.9/lb, well above the broker's US$60/lb estimate.

UBS noted mine restart activities at Langer Heinrich are ahead of expectations, with a June/July restart likely, though ramp-up risks remain.

For Pilbara Minerals, the around 21% lift in the FY25 average earnings forecast was exaggerated by small forecast numbers.

Macquarie noted March quarter production and sales of 125kt each missed consensus by around -12%, with production falling -34% quarter-on-quarter due to Ngungaju transitioning to care and maintenance.

Ngungaju is one of two processing plants at Pilbara's flagship Pilgangoora lithium operation in Western Australia.

Production and sales volumes were disrupted by P1000 project tie-ins and six days lost due to cyclone activity, explained Bell Potter.

The P1000 Project is a major expansion at Pilgangoora, which is designed to significantly boost the site's production capacity of spodumene concentrate.

Operating costs across the company beat consensus, noted Citi, and management reiterated FY25 guidance across all metrics.

Morgans expects operational improvements to emerge in the June quarter and sees Pilbara Minerals as better positioned than peers due to its scale and long-term expansion strategy.

Insignia Financial received the largest increase in average target price, solely due to Ord Minnett resuming coverage with a $5.00 target, above the existing targets from three other brokers in the FNArena database.

On Wednesday last week, Insignia released its third quarter business update showing funds under management and administration (FUMA) of $321.8bn, broadly in line with the prior UBS forecast. The number was down -1.5% quarter-on-quarter, driven by -0.8% net outflows and -0.7% market impact.

Despite headline deterioration, Citi highlighted underlying flows were broadly flat quarter-on-quarter, once a large institutional redemption is excluded, supported by strong contributions from the MLC Expand platform and the workplace superannuation channel.

Ord Minnett, while acknowledging the result was not as weak as feared, maintained a Hold rating due to global uncertainty and the risk of a lower takeover offer.

Following a request from both Bain Capital Private Equity and CC Capital Partners, management has extended by four weeks the exclusivity period for the bidders to allow finalisation of debt funding and associated due diligence, but there is no certainty either proposal will result in any transaction being put to Insignia Financial for consideration.

Annuity and funds management provider Challenger's average target price rose by nearly 6% last week after tightening FY25 profit guidance, which Citi sees as resilience amid volatile markets and a positive indicator for meeting return on equity targets.

For a further explanation of Challenger's range of products and broker views on the company's outlook see this week's FNArena article at https://fnarena.com/index.php/2025/04/28/challengers-resilience-highlighted/

While AMP suffered a near -8% fall in average target after releasing its first quarter cashflows and business update, Macquarie and Citi upgraded their ratings to Buy (or equivalent) from Hold.

Macquarie lowered its target by -30 cents to $1.34 but upgraded the rating as the stocks two-year forward price-to-earnings multiple is currently trading around a -33% discount to peers. Citi pointed out first quarter flows were generally positive, and the stock has retreated a long way from its end-of-January highs.

The average target price for Perpetual also fell by around -4% last week following March quarter results after Macquarie cut its target to $15.44 from $19.74 on lower earnings forecasts and a lower ascribed valuation multiple.

Assets under management fell -4% to $221.2bn, driven by -$8.9bn in outflows and a -$0.9bn currency impact, partly offset by $0.7bn from positive market movements, explained Macquarie.

Outflows were mainly in global and US equities and cash, due to client mergers and reallocation/rebalancing and underperformance in some strategies, noted the broker, but management did not see any significant de-risking from clients in the period to March 31.

Following a FY25 trading update on April 17, Tourism Holdings received the largest negative revision (-8%) to broker earnings forecasts last week.

Management stated geopolitical tensions and tariff developments have weakened consumer confidence, particularly impacting rental revenue in the US and global vehicle sales.

As a result, the company has guided to FY25 profit below previous consensus of $45.2m due to lower expected rental revenue in the US and further deterioration in vehicles sales demand globally.

Management emphasised no requirement to raise equity because banking covenants are in a comfortable position.

Ord Minnett also noted the impact of Trump policy changes which has resulted in a material reduction in inbound visitors to the US from Europe and a reduction in consumer confidence.

Total Buy ratings in the database comprise 61.80% of the total, versus 31.75% on Neutral/Hold, while Sell ratings account for the remaining 6.45%.

Upgrade

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

UBS lowers its target for Aristocrat Leisure to $74.50 from $75.50 and upgrades to Buy from Neutral due to recent share price weakness and a view the business will be relatively more resilient in a weaker macroeconomic backdrop.

The broker's forecasts currently do not assume any material impacts on margins from potential tariffs.

The analyst notes US gross gaming revenue (GGR) has traditionally been very resilient to economic downturns.

AMP LIMITED ((AMP)) Upgrade to Buy from Neutral by Citi and Upgrade to Outperform from Neutral by Macquarie.B/H/S: 3/2/0

Citi notes AMP's 1Q25 flows were largely positive, but the stock faces headwinds from superannuation class action and uncertain equity markets, which would put pressure on assets under management and fees.

The broker cut EPS forecast for FY25 by -3% and for FY26 by -4%.

Rating upgraded to Buy from Neutral on value opportunity. Target cut to $1.30 from $1.60.

The broker believes the 2c/share dividend guidance for each FY25 half reflects caution ahead of the class action in May.

Macquarie highlights AMP's net flows improved in 1Q, with Platforms cash inflow of $740m, up strongly on a year earlier, and superannuation & investments net outflow of -$108m comparing well with -$371m in 4Q24.

The broker's outlook for controllable costs is in line with the company's guidance, but the FY25 estimate of $614m is -4% lower than consensus. Forecasts for net profit is, however, below consensus for FY25-28.

The analyst reckons any impact of the upcoming trial beginning May 26 may be covered by insurance and excess capital on the balance sheet. The stock's valuation discount also covers this risk, the broker notes.

Rating upgraded to Outperform from Neutral as the stock's 2-year forward PE is around a -33% discount to peers. Target cut to $1.34 from $1.64.

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

Bell Potter observes an increase in commodity production in the US following the elections and a rise in rail movements in North America, both important for Mader Group's business and outlook. Partly offsetting these trends was weather events in key Australian regions that impacted mining activity.

The broker is now more confident in the company's outlook for FY25, given 1H25 was weak, and believes it could also meet its aspirational FY26 revenue goal of at least $1.0bn.

Rating upgraded to Buy from Hold. Target lifted to $6.70 from $6.50.

MONASH IVF GROUP LIMITED ((MVF)) Upgrade to Buy from Hold by Ord Minnett .B/H/S: 3/1/0

Ord Minnett upgrades Monash IVF to Buy from Hold, with a target price set at $1.10, down from $1.25, following the -30% decline in the share price after the embryo mix-up at its Brisbane clinic last week and a wave of negative media coverage.

Unfortunately, this is not an isolated incident in the global IVF industry, the analyst explains, noting that since 1973, an estimated 60m IVF cycles have been performed, with 205 "severe" incidents documented, around 80% in the US, and embryo mix-ups accounting for approximately 75% of these incidents.

Some 76 legal suits with $4.4m in damages were the result. Despite this, US IVF cycles have expanded at over twice the rate of Australia's over the last ten years, Ord Minnett explains.

The broker lowers FY26FY27 EPS estimates by -11% and -9%, respectively.

<u>**Downgrade**</u>

GENESIS MINERALS LIMITED ((GMD)) Downgrade to Hold from Accumulate by Ord Minnett .B/H/S: 2/4/0

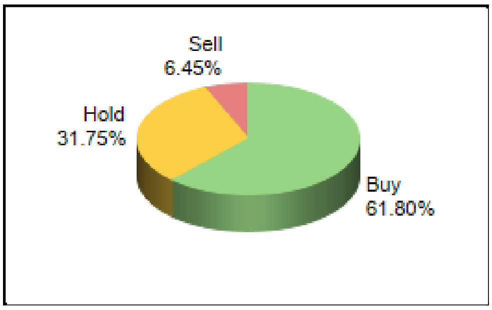
Ord Minnett downgrades Genesis Minerals to Hold from Accumulate, with a target price set at $4.15 from $3.75.

The company announced a mixed quarterly report, according to the broker, with production better than forecast by 10%, offset by higher-than-anticipated costs, some 6% above forecast.

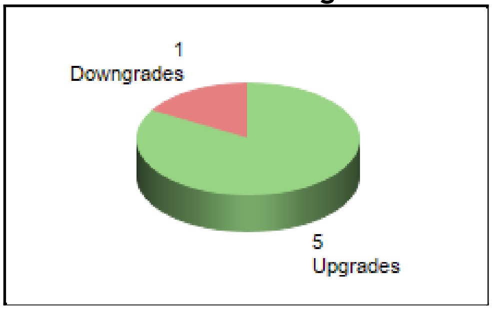
Genesis is tracking to exceed FY25 production guidance and all-in sustaining costs, with the broker stating possible upside of 5%, despite management retaining FY25 guidance.

With the stock up by 130% over the last 12 months, Ord Minnett envisages few reasons for the level of outperformance to continue.

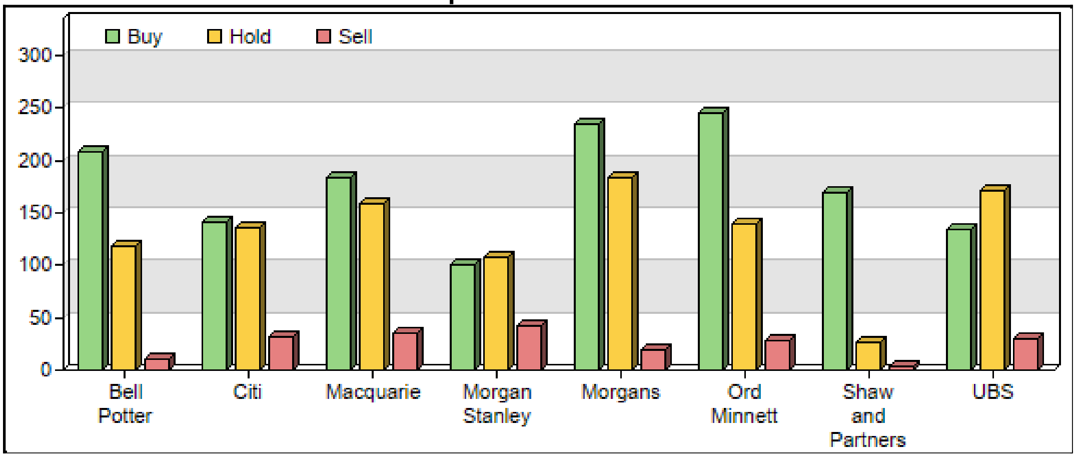
Total Recommendations



Recommendation Changes



Broker Recommendation Breakup



Broker Rating

Order	Company	New Rating	Old Rating	Broker
Upgrade				
1	AMP LIMITED	Buy	Neutral	Macquarie
2	AMP LIMITED	Buy	Neutral	Citi
3	ARISTOCRAT LEISURE LIMITED	Buy	Neutral	UBS
4	MADER GROUP LIMITED	Buy	Neutral	Bell Potter
5	MONASH IVF GROUP LIMITED	Buy	Neutral	Ord Minnett
Downgrade				
6	GENESIS MINERALS LIMITED	Neutral	Buy	Ord Minnett

Target Price

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	IFL	INSIGNIA FINANCIAL LIMITED	4.467	4.200	6.36%	3
2	CGF	CHALLENGER LIMITED	7.351	6.947	5.82%	7
3	GMD	GENESIS MINERALS LIMITED	4.217	4.017	4.98%	6
4	BOQ	BANK OF QUEENSLAND LIMITED	6.378	6.148	3.74%	5
5	CMM	CAPRICORN METALS LIMITED	8.790	8.480	3.66%	3
6	NST	NORTHERN STAR RESOURCES LIMITED	22.324	21.545	3.62%	7
7	ALQ	ALS LIMITED	17.313	16.830	2.87%	4
8	ALX	ATLAS ARTERIA	5.376	5.274	1.93%	5
9	PDN	PALADIN ENERGY LIMITED	8.379	8.279	1.21%	7
10	TCL	TRANSURBAN GROUP LIMITED	13.596	13.488	0.80%	5

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New Target	Previous Target	Change	Recs
1	AMP	AMP LIMITED	1.432	1.552	-7.73%	5

2	PPT	PERPETUAL LIMITED	19.498	20.358	-4.22%	5
3	NXT	NEXTDC LIMITED	19.400	19.733	-1.69%	6
4	KAR	KAROON ENERGY LIMITED	2.170	2.200	-1.36%	5
5	PLS	PILBARA MINERALS LIMITED	1.907	1.929	-1.14%	7
6	CPU	COMPUTERSHARE LIMITED	38.668	38.985	-0.81%	6
7	S32	SOUTH32 LIMITED	3.842	3.858	-0.41%	6
8	CAR	CAR GROUP LIMITED	41.300	41.400	-0.24%	6
9	STO	SANTOS LIMITED	7.658	7.675	-0.22%	6
10	LNW	LIGHT & WONDER INC	202.200	202.600	-0.20%	5

Earnings Forecast

Positive Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	PDN	PALADIN ENERGY LIMITED	-2.809	-7.198	60.98%	7
2	PLS	PILBARA MINERALS LIMITED	-0.317	-0.400	20.75%	7
3	LNW	LIGHT & WONDER INC	617.600	603.880	2.27%	5
4	BOQ	BANK OF QUEENSLAND LIMITED	54.660	53.820	1.56%	5
5	CPU	COMPUTERSHARE LIMITED	208.788	208.202	0.28%	6
6	TCL	TRANSURBAN GROUP LIMITED	32.400	32.325	0.23%	5
7	SEK	SEEK LIMITED	41.836	41.776	0.14%	6
8	SM1	SYNLAIT MILK LIMITED	2.156	2.155	0.05%	3
9	GTK	GENTRACK GROUP LIMITED	16.518	16.512	0.04%	3
10	FPH	FISHER & PAYKEL HEALTHCARE CORPORATION LIMITED	55.429	55.409	0.04%	4

Negative Change Covered by at least 3 Brokers

Order	Symbol	Company	New EF	Previous EF	Change	Recs
1	THL	TOURISM HOLDINGS LIMITED	18.066	19.608	-7.86%	3
2	BHP	BHP GROUP LIMITED	299.002	322.918	-7.41%	6
3	ALX	ATLAS ARTERIA	32.933	34.933	-5.73%	5
4	S32	SOUTH32 LIMITED	27.592	29.247	-5.66%	6
5	KAR	KAROON ENERGY LIMITED	21.163	22.312	-5.15%	5
6	CGF	CHALLENGER LIMITED	57.767	60.480	-4.49%	7
7	STO	SANTOS LIMITED	51.774	52.805	-1.95%	6
8	ALL	ARISTOCRAT LEISURE LIMITED	262.800	266.833	-1.51%	7
9	CBO	COBRAM ESTATE OLIVES LIMITED	11.900	12.033	-1.11%	3
10	IFL	INSIGNIA FINANCIAL LIMITED	36.967	37.333	-0.98%	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: Tariff Exemption Piques Interest

Although not directly correlated, a positive tone on tariffs and confirmation of an U308 exemption, boosted activity, and the weekly spot price.

-Buyers return to the U308 spot market
-Energy diversity and nuclear as part of the clean energy mix
-Paladin Energy turns a corner

By Danielle Ecuyer

Markets more upbeat post Easter break

Markets moved to a more risk-on tone and rallied over last week, as President Trump started the walk-back process on tariffs with messaging from Treasury Secretary Bessent and the White House signalling tariff deals are in the making.

Like equities, bonds and other commodities, the U3O8 market responded positively to the removal of a level of uncertainty and attempts to start a de-escalation process.

Equally, markets have moved on from the holiday Easter period and assurance from the US Administration uranium is on the exempt list for tariffs boosted general sentiment and confidence.

Buyers moved back into the spot and term markets last week, as utilities started indicating new demand after an extended hiatus, according to industry consultants at TradeTech.

The TradeTech weekly spot price indicator advanced US$1.50 to US$66.5/lb with six transactions of over 550klbs U3O8 equivalent traded.

TradeTech's Mid-term U3O8 price indicator came in at US$70/lb and the Long-term price indicator at US$80/lb.

In the term U3O8 market, utilities started issuing formal requests for proposals or approaching sellers more discreetly.

Macro news in the energy and uranium sector

In corporate news, the US Department of Energy announced a third loan disbursement to Holtec International, supporting the restart of the shuttered Palisades Nuclear Power Plant in Michigan, which is due to recommence in October.

In London, the UK co-hosted *The Summit on the Future of Energy* with the International Energy Agency on April 24-25, with over sixty countries in attendance.

The summit reinforced a global consensus on the clean energy transition. The UK and EU stressed the significance of clean energy, while the US representative expressed concerns on the over-reliance on renewables and dependence on Chinese-supplied critical minerals.

The UK and France both advocated for nuclear power as part of a renewable-centric energy mix.

The IEA's Fatih Birol stated concerns around the continuing vulnerabilities and risks to global energy supplies from geopolitical conflicts, extreme weather, and cyber threats, calling for increased diversification and international cooperation.

Company news in the week that was

Paladin Energy ((PDN)) claimed stock of the week status, with the company announcing much better than expected March quarter results, which saw the share price rally almost 25% on the day, albeit it had fallen -12.5% the day before the announcement.

No doubt the rally in part reflected some short covering in the stock.

Responses from analysts proved very upbeat about the company's quarterly update, which saw processed tonnes rise 20% on the previous quarter with a 4% improvement in grade.

Bell Potter highlighted production of 745klbs of U3O8 compared to the forecast of 570klbs on 0.9mt material versus the broker's estimate of 0.7mt, processed at an average grade of 419ppm against 404ppm expected.

UBS pointed to higher sales at 872klbs with an average realised price of US$69.90/lb.

The progression of the mine restart was ahead of UBS analyst's expectations, although there is ongoing caution on the ramp-up overall.

Morgan Stanley noted sales included twelve offtake contracts with 22.3mlbs contracted out to 2030. Integration of the Fission Team is also progressing well, and management has engaged a consultant to review the historical metallurgical test work at Mt Isa to further assess future processing options.

Paladin will issue an FY26 outlook statement in August with no additional FY25 guidance offered at the quarterly. As at 17 April, the short interest in Paladin shares stood at 16.93%.

FNArena daily monitored brokers have a consensus target price of $8.407 with seven Buy or Buy-equivalent ratings on the stock.

Deep Yellow's ((DYL)) March quarter update included much of the pre-announced information, including the deferral of the final investment decision for the Tumas project.

Over the period, Canaccord Genuity noted the company spent -$13.3m on Tumas development and -$2.3m on the exploration and evaluation at Mulga Rock and Alligator River.

Management decided to adopt a staged development approach to Tumas, with capex up 15% to -US$474m due to inflation. The construction timeline has been extended to 24 months with a less aggressive ramp-up at 15 months. Canaccord assumes first production for Tumas in early 2028.

"The key element to delivering a final investment decision was always going to be the prevailing uranium market conditions... Deep Yellow will continue to move ahead with early works infrastructure development and detailed engineering, however full-scale project development will be delayed allowing for what the board believes will be the inevitable improvement in global uranium prices..."

Regarding Mulga Rock, the analyst states this is the only uranium development that could be reasonably classified as possessing medium-term prospects in Western Australia and represents a "scarce developable resource" with scale of 104.8mlbs.

Speculative Buy rating retained with an unchanged target price of $1.61. The short interest at 17 April came in at 12.87%.

BHP Group ((BHP)), which reported its third quarter update, revealed U3O8 production at the Olympic Dam mine in South Australia of 783t or 1.7mlbs of U3O8 compared to 1.9mlbs a year earlier. Fiscal year-to-date production stands at 4.8mlbs, a decline of -18% compared to the period a year previously.

March quarter sales were 1.6mlbs and 4.5mlbs for the three quarters to the end of the period.

FNArena's consensus target price stands at $42.867 with five Buy and Buy-equivalent ratings and one Hold.

For more reading on uranium markets and related stocks:

https://fnarena.com/index.php/2025/04/22/uranium-week-stock-bulls-dig-in/

https://fnarena.com/index.php/2025/04/15/uranium-week-uncertainty-delays-tumas-project/

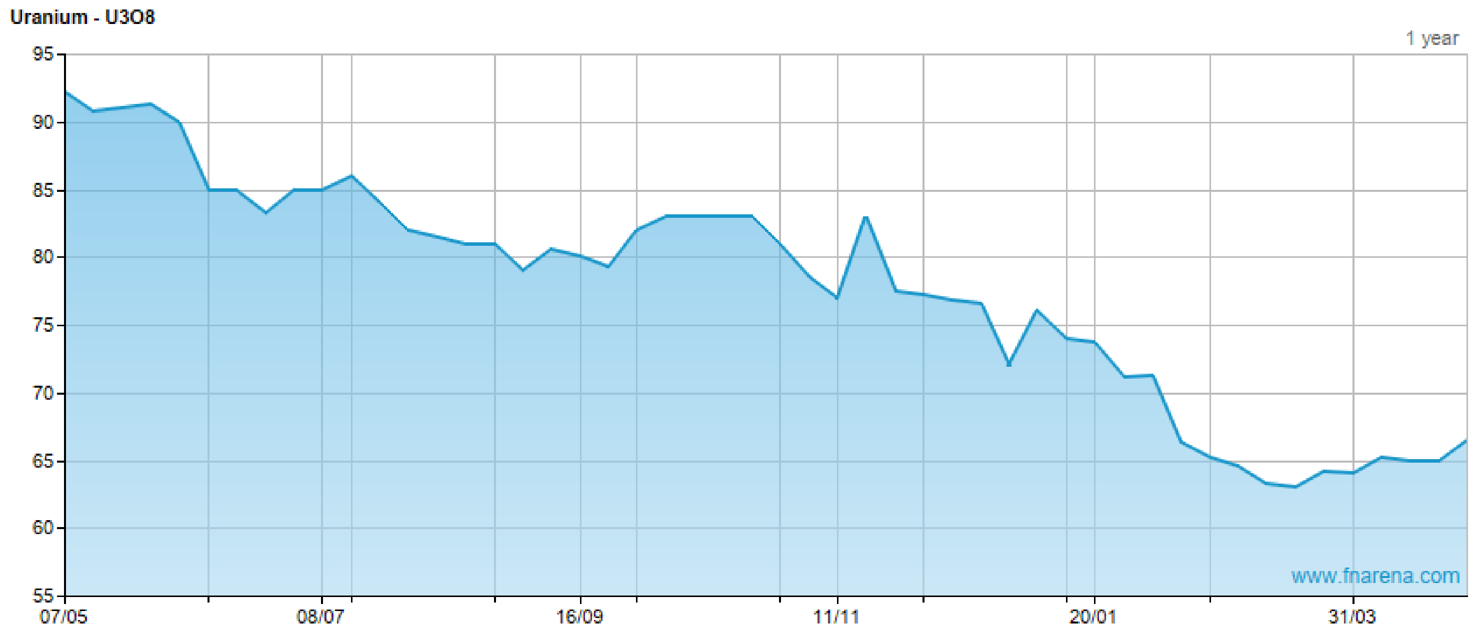
https://fnarena.com/index.php/2025/04/08/uranium-week-sprott-physical-uranium-trust-speculations/

https://fnarena.com/index.php/2025/04/01/uranium-week-u3o8-renaissance-meets-tariffs/

Uranium companies listed on the ASX:

ASX CODE	DATE	LAST PRICE	WEEKLY % MOVE	52WK HIGH	52WK LOW	P/E	CONSENSUS TARGET	UPSIDE/DOWNSIDE
1AE	25/04/2025	0.0500	0.00%	$0.10	$0.03			
AEE	25/04/2025	0.1200	▲14.29%	$0.19	$0.10			
AGE	25/04/2025	0.0300	▲ 7.69%	$0.07	$0.02		$0.100	▲233.3%
AKN	25/04/2025	0.0100	0.00%	$0.02	$0.01			

ASN	25/04/2025	0.0500	0.00%	$0.17	$0.05			
BKY	25/04/2025	0.5800	▲5.45%	$0.66	$0.30			
BMN	25/04/2025	2.1200	▲4.26%	$4.87	$1.76		$4.700	▲121.7%
BOE	25/04/2025	2.8400	▲9.69%	$5.99	$1.99	91.7	$3.694	▲30.1%
BSN	25/04/2025	0.0100	0.00%	$0.12	$0.01			
C29	25/04/2025	0.0400	0.00%	$0.13	$0.03			
CXO	25/04/2025	0.0700	▲5.88%	$0.17	$0.06		$0.090	▲28.6%
CXU	25/04/2025	0.0100	0.00%	$0.04	$0.01			
DEV	25/04/2025	0.0900	▲18.57%	$0.45	$0.07			
DYL	25/04/2025	1.0300	▲12.64%	$1.83	$0.75	-1020.0	$1.570	▲52.4%
EL8	25/04/2025	0.2400	▲14.29%	$0.62	$0.19			
ERA	25/04/2025	0.0020	0.00%	$0.05	$0.00			
GLA	25/04/2025	0.0100	0.00%	$0.02	$0.01			
GTR	25/04/2025	0.0030	▼-25.00%	$0.01	$0.00			
GUE	25/04/2025	0.0600	0.00%	$0.13	$0.05			
HAR	25/04/2025	0.0500	▲1.96%	$0.12	$0.03			
I88	25/04/2025	0.1200	▲8.33%	$1.03	$0.11			
KOB	25/04/2025	0.0400	▼-20.00%	$0.18	$0.04			
LAM	25/04/2025	0.7200	0.00%	$1.04	$0.48			
LOT	25/04/2025	0.1800	▲9.68%	$0.49	$0.13		$0.325	▲80.6%
MEU	25/04/2025	0.0400	0.00%	$0.06	$0.03			
NXG	25/04/2025	8.0500	▲4.78%	$13.53	$6.44		$14.650	▲82.0%
ORP	25/04/2025	0.0400	0.00%	$0.11	$0.03			
PDN	25/04/2025	5.7500	▲22.20%	$17.98	$3.93	-333.8	$8.407	▲46.2%
PEN	25/04/2025	0.6200	0.00%	$2.44	$0.55		$1.000	▲61.3%
SLX	25/04/2025	2.8100	▲1.09%	$6.74	$2.28		$6.500	▲131.3%
TOE	25/04/2025	0.2000	▲11.11%	$0.48	$0.15			
WCN	25/04/2025	0.0200	▲10.53%	$0.03	$0.01			



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

WEEKLY REPORTS

The Short Report - 01 May 2025

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

Summary:

Week Ending April 24th, 2025 (most recent data available through ASIC).

GRIN refers to the VanEck India Growth Leaders ETF.

U100 refers to the Global X US 100 ETF, providing exposure to 100 leading US-listed companies (excluding financials), tracking the Global X US 100 Index.

10%+

GRIN	104.50%
BOE	25.58%
PDN	16.35%
U100	15.09%
MIN	13.74%
DYL	12.63%
PLS	12.04%
LTR	11.98%
IEL	11.68%
LIC	10.39%
LOT	10.23%
PNV	10.19%
DMP	10.10%

In: GRIN, U100
Out: CTT

9.0-9.9%

CTT	9.96%
LYC	9.55%
KAR	9.34%

In: CTT

8.0-8.9%

SLX	8.62%
SGR	8.29%
CTD	8.21%
BMN	8.11%

7.0-7.9%

MP1	7.82%
JHX	7.70%
CU6	7.60%
SYR	7.60%
RIO	7.46%
IGO	7.45%
TWE	7.17%
JLG	7.14%

In: CU6, TWE, JLG
Out: PWH

6.0-6.9%

PWH	6.96%
STX	6.67%
NCK	6.55%
CHN	6.40%
GMD	6.32%
INR	6.11%
ZIP	6.03%

In: PWH, ZIP
Out: JLG, CU6, TWE, ADT

5.0-5.9%

ADT	5.93%
NEU	5.82%
SFR	5.77%
CUV	5.73%
AD8	5.71%
FLT	5.50%
NVX	5.47%
MSB	5.47%
IMU	5.21%
PEN	5.20%
WEB	5.10%
CIA	5.08%
DRO	5.02%

In: ADT
Out: ZIP, LOV

ASX20 Short Positions (%)

Code	Last Week	Week Before	Code	Last Week	Week Before
ALL	0.7	0.7	NAB	0.8	0.7
ANZ	0.4	0.4	QBE	0.3	0.4
BHP	0.5	0.5	RIO	7.5	7.4
CBA	1.3	1.3	STO	0.5	0.5
COL	0.7	0.7	TCL	1.0	1.0

CSL	0.5	0.5	TLS	0.5	0.5
FMG	1.1	1.2	WBC	0.8	0.8
GMG	0.3	0.3	WDS	2.8	2.8
JHX	7.7	7.7	WES	0.5	0.6
MQG	0.7	0.7	WOW	0.9	0.9

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

Guide:

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

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

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

IMPORTANT INFORMATION ABOUT THIS REPORT

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

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

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

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

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

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

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

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

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

WEEKLY REPORTS

In Brief: Telstra Re-Rating, MinRes & MAC Copper

In Brief discusses a capital boost for Telstra shareholders, while Mineral Resources performs better than feared and MAC Copper starts to flex its muscles.

-Telstra prioritising shareholder rewards
-Mineral Resources calms investor nerves
-MAC Copper shows strength in March

By Danielle Ecuyer

Quote of the week comes from James Aitken, Aitken Advisers:

"*'If forty million people say a foolish thing, it does not become a wise one, but the wise man is foolish to give them the lie'*", attributed to English writer Somerset Maugham.

Higher capital returns for shareholders

Jarden touched on a very important topic regarding Telstra Group ((TLS)), notably management's ongoing strategic focus on capital management.

In a key strategic reversal from circa -$5.5bn invested in M&A over the last decade, Telstra's incumbent management is now focusing on core competencies and potentially downsizing the group via selective divestments.

The analyst believes the health business, alongside the Network, Applications and Services division, could be sold off as part of a simplification of the company's earnings structure and a concentration on core portfolios to achieve cost efficiencies.

The goal is to drive improved capital returns for shareholders via a dividend payout ratio of circa 90% of cash earnings per share from FY26 onwards, accompanied by share buybacks due to franking credit limitations.

At the upcoming May 27 investor day, Jarden anticipates a "doubling down" on mobiles and fixed infrastructure, and forecasts growth in DPS and EPS at a compound average growth rate of 7% and 9%, respectively, from FY25 to FY28, and around $2.7bn in incremental buybacks by FY30.

The forecasts are couched as "conservative" by the analyst and equate to 1c per share annual dividend growth over the period.

The magnitude of share buybacks is projected at circa $460m for FY26 and around $550m for FY27, compared to $750m in FY25.

Depending on the share price and the payout ratio against franking credits, Jarden believes management can adjust buybacks up or down and may even consider an unfranked portion to the dividend if the share price is too elevated.

Out to FY30, estimated buybacks come in at $3.36bn, inclusive of this year's $750m, with upside to consensus dividend per share forecasts.

Jarden emphasises an Overweight rating (Buy-equivalent), despite what some might consider an elevated valuation of circa 21x. The broker's target price is $4.45 amidst expectations that a focus on capital management and growing shareholder returns will underpin a re-rating of the stock.

By comparison, daily FNArena-monitored brokers have a consensus target price of $4.238, with three Buy-equivalent ratings, two Hold-equivalent, and one Sell-equivalent rating.

Equity raising put on ice, but challenges for MinRes aren't over

Mineral Resources' ((MIN)) March quarter trading update breathed life into the company's flagging share price, with management pushing back against investor concerns over the likelihood of an equity raising. Quarterly results were broadly better than consensus and analyst expectations, notably for cost outcomes.

Goldman Sachs highlighted a smaller-than-expected decline in iron ore shipments during the wet weather season, with marginally better realised iron ore prices and higher lithium volumes relative to its own forecasts.

Management noted the rise in net debt by $0.3bn to $5.4bn at the end of March but emphasised the company will comply with debt covenants on June 30, 2025, in relation to a nine-bank funded revolving credit facility of $800m.

The company believes internal levers can be pulled to obviate the need for an equity issue.

Goldman Sachs applauded the results from the Ashburton iron ore mine, with around 14mtpa equivalent achieved, despite wet weather. The haul road is tracking for next September/October to operate at an annual rate of circa 28mtpa in the June quarter, according to guidance.

FY25 guidance was lowered to 8.58.7mt due to haulage issues, which remains above the analyst's previous forecast.

Regarding lithium, the company surprised to the upside on cost management, with opex of -$120m and capex at -$180m, due to a significant deferral in waste stripping for FY25. The company managed to achieve slightly positive cash flow for its lithium operation in the period. Unit cash costs declined to below US$800/t.

Goldman Sachs increased earnings forecasts by 35% for FY25 and 13% for FY26 due to lower iron ore and lithium cost assumptions, coupled with higher iron ore price realisation and sales volume expectations. The target price remains at $21, but the broker retains a Sell rating on valuation grounds.

Daily monitored brokers have a consensus target price of $28.657, with six Buy-equivalent ratings and one Hold.

While Citi's latest analysis of iron ore cost curves, combined with a -30% decline in iron ore prices over the past year, suggests a decline in producer margins, current prices are still viewed as "healthy" for the industry overall.

Citi's commodities team remains neutral on iron ore and forecasts prices around US$100/t. However, at US$80/t volumes from Fortescue ((FMG)) could be at risk due to its higher cost position. The broker estimates that at or near US$80/t, approximately 230mt of seaborne supply could potentially be at risk.

For MinRes, the breakeven price is already below current spot levels, which implies 910mt of volume could be at risk (excluding Onslow) if current prices persist.

At this stage, the Citi commodities team views its long-term iron ore price assumption of US$85/t as a "floor," rather than an average.

Much to like about MAC Copper's March performance

MAC Copper ((MAC)) was in focus for Canaccord Genuity, Wilsons, and Moelis this week following the company's March quarter report.

Production of 8.6kt fell -24% on the previous quarter, and although management had flagged a seasonally soft period, the results were weaker than anticipated and circa -10% below Wilsons' estimate.

Canaccord Genuity pointed to a lack of access to high-grade stopes, which had a more significant impact on results, though management highlighted the mine's potential with 4kt of copper produced in March alone.

Cash costs came in at US$1.91/lb, a rise of 15% on the previous quarter due to lower production. Canaccord noted the costs were below its own forecast but above consensus expectations of US$1.83/lb.

Management again stressed the mine's potential, with costs falling to US$1.49/lb on March's higher volumes.

Wilsons observed progress in the ventilation project, with -US$8m of -US$28m spent to date. The project aims to enable deeper mining and volume growth at the Cobar sub-area from September 2026.

This analyst is also positive on the development of the Merrin mine, which is on schedule to generate first ore production in 4Q25. MAC Copper's recent mineral resource estimate indicates a 12-year reserve life at an average copper grade of 3.4%, along with a maiden zinc resource in the upper levels of the mine.

All three not-daily-monitored brokers have Buy or Buy-equivalent ratings: Moelis with a $25 target price, Canaccord Genuity at $20.50, and Wilsons at $22.

Ord Minnett, the only daily-monitored broker covering the stock, is also Buy-rated with a $28 target.

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WEEKLY REPORTS

In Case You Missed It - BC Extra Upgrades & Downgrades - 02-05-25

Broker Rating Changes (Post Thursday Last Week)

Upgrade

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

Jarden upgrades its rating for Aristocrat Leisure to Overweight from Neutral following recent share price underperformance. The target remains at $68.

The broker highlights strong recurring revenues, robust free cash flow reinvestment, ongoing market share gains, and growth in direct-to-consumer digital sales as key positives. A resilient performance is expected even in a weaker US consumer environment.

Risks include a US economic slowdown, gaming market volatility, executive turnover, and the potential for expensive or poorly integrated M&A, with Jarden expecting the $750m buy-back to support the share price if no major acquisitions eventuate.

AMP LIMITED ((AMP)) Upgrade to Buy from Neutral by Goldman Sachs.B/H/S: 0/0/0

Goldman Sachs notes AMP's 1Q25 update pointed to a stable flows trend, with Platform net flow of $250m in line with the $200-300m seen in recent quarters.

Net outflows in Superannuation & Investments improved to -$108m vs -$371m in 1Q24, with AMP stating it is taking steps to improving retention. Loan growth at AMP Bank was weak, but there's more focus on maintaining margin over volume.

Upgrade to Buy from Neutral. Target $1.48.

GENTRACK GROUP LIMITED ((GTK)) Upgrade to Overweight from Market Weight by Wilsons.B/H/S: 0/0/0

Wilsons upgrades Gentrack Group to Overweight from Market Weight, highlighting new hiring activity and momentum at Veovo, along with a potential major contract win in Bulgaria.

The analyst observes increased headcount and project scoping for Bulgaria's largest energy supplier, suggesting supportive growth into the second half of FY25, with catalysts also including possible Tier 1 utility contracts and UK business-to-consumer water sector wins.

Wilsons' earnings forecasts for FY25 remain unchanged, though the second half earnings skew is increased given continued re-investment in staffing.

Target price slips to $12.10 from $12.50, reflecting a lower valuation multiple offset partly by New Zealand dollar depreciation.

SOUTH32 LIMITED ((S32)) Upgrade to Hold from Sell by Canaccord Genuity.B/H/S: 0/0/0

Canaccord Genuity upgrades South32 to Hold from Sell after the March quarter update, noting alumina and aluminium production met expectations while manganese, silver and copper were weaker.

The analyst highlights a -10% downgrade to Cannington production guidance due to geotechnical issues, along with higher cost expectations at US$195/t ore processed.

Despite industrial metal price weakness and Hermosa capital cost concerns, valuation metrics have improved with South32's earnings before interest, tax, depreciation and amortisation multiple now 45 times, implying limited downside.

Canaccord Genuity's FY25 earnings forecasts are raised by 9% on lower group costs, while FY26 is lowered by -3% on weaker copper revenues. Target price remains unchanged at $2.60.

Downgrade

LIONTOWN RESOURCES LIMITED ((LTR)) Downgrade to Sell from Hold by Canaccord Genuity.B/H/S: 0/0/0

Canaccord Genuity lowers its rating on Liontown Resources to Sell from Hold, retaining a $0.50 target price, as balance sheet concerns persist despite a stronger-than-expected March quarter.

The analyst observes concentrate production of 96kt exceeded expectations on higher grades and recoveries, with lower unit costs of $1,081/t outperforming forecasts.

However, weak spodumene prices and looming repayments on the $300m Ford debt facility pose liquidity risks, with the company expected to face a cash crunch by early 2026 without refinancing or additional capital.

While management retained production guidance of 170185kt, costs are expected at the upper end of the range, and market conditions continue to pressure earnings.

The analyst's earnings forecasts are largely unchanged, with downside risks tied to pricing, debt servicing, and balance sheet strength.

MINERAL RESOURCES LIMITED ((MIN)) Downgrade to Sell from Underweight by Jarden.B/H/S: 0/0/0

Jarden downgrades Mineral Resources to Sell from Underweight, cutting the target price to $15.50 from $16.20.

The downgrade reflects escalating balance sheet risk, with net debt rising to $5.4bn at March-end and potential liabilities exceeding $7bn including payables and prepayments.

The analyst points to improved lithium cost performance, but Onslow guidance was reduced again, with shipment targets seen as unachievable without significant ramp-up.

Mining services volumes were weak and commentary suggests risks remain elevated across liquidity, debt serviceability, and governance.

Jarden lifts FY25 earnings (EBITDA) forecast by 11%, though earnings per share remain negative (loss-making) across FY2527.

The stock's share price valuation assumes no equity dilution, but highlights risk of recapitalisation if funding markets become inaccessible.

The share price has rallied 43% and is now trading around 30% above valuation, which has prompted the downgrade.

TOURISM HOLDINGS LIMITED ((THL)) Downgrade to Overweight from Buy by Jarden.B/H/S: 0/0/0

Tourism Holdings Rentals provided a trading update indicating to Jarden a further deterioration in vehicle sales and a slowdown in forward bookings in the US.

Management believes underlying profit for FY25 will be "significantly below" the current consensus forecast.

The broker notes a material decline in US tourism bookings, although rental demand outside the US remains positive, supporting a more stable outlook into FY26.

While net debt remains manageable under extended facilities, Jarden highlights a higher net debt to earnings, well above pre-covid levels, raising concerns over balance sheet pressure if trading conditions worsen further.

Jarden downgrades earnings forecasts by -32%-40% across FY25-27, reflecting reduced vehicle sales, lower rental revenue per asset, and a smaller fleet size. The target falls to NZ$3.00 from NZ$4.21 and the rating is downgraded to Overweight from Buy.

Jarden notes the company's dominant A&NZ market position and resilience in rental yields, but also recognises uncertainty in North America due to tariff risks.

Order	Company	New Rating	Old Rating	Broker
Upgrade				

1	AMP LIMITED	Buy	Neutral	Goldman Sachs
2	ARISTOCRAT LEISURE LIMITED	Buy	Neutral	Jarden
3	GENTRACK GROUP LIMITED	Buy	Neutral	Wilsons
4	SOUTH32 LIMITED	Neutral	Sell	Canaccord Genuity
Downgrade				
5	LIONTOWN RESOURCES LIMITED	Sell	Neutral	Canaccord Genuity
6	MINERAL RESOURCES LIMITED	Sell	Sell	Jarden
7	TOURISM HOLDINGS LIMITED	Buy	Buy	Jarden

Price Target Changes (Post Thursday Last Week)

Company		Last Price	Broker	New Target	Old Target	Change
29M	29Metals	$0.12	Canaccord Genuity	0.12	0.13	-7.69%
A1M	AIC Mines	$0.35	Moelis	0.72	0.69	4.35%
ALD	Ampol	$23.80	Goldman Sachs	30.80	30.60	0.65%
ALQ	ALS Ltd	$17.20	Jarden	14.50	14.40	0.69%
AMP	AMP	$1.29	Jarden	1.20	1.40	-14.29%
BGL	Bellevue Gold	$0.88	Jarden	0.77	0.71	8.45%
BMN	Bannerman Energy	$2.42	Canaccord Genuity	3.74	4.08	-8.33%
BOQ	Bank of Queensland	$7.46	Jarden	6.70	6.50	3.08%
BPT	Beach Energy	$1.18	Jarden	1.17	1.19	-1.68%
CGF	Challenger	$7.16	Goldman Sachs	7.40	7.30	1.37%
			Jarden	7.50	7.40	1.35%
CKF	Collins Foods	$8.20	Jarden	9.95	9.40	5.85%
CYG	Coventry Group	$0.94	Petra Capital	1.24	1.41	-12.06%
DHG	Domain Holdings Australia	$4.28	Jarden	4.43	3.30	34.24%
DVP	Develop Global	$3.26	Canaccord Genuity	5.05	4.80	5.21%
FCL	Fineos Corp	$2.22	Moelis	2.47	2.17	13.82%
FEX	Fenix Resources	$0.29	Petra Capital	0.40	0.39	2.56%
FLT	Flight Centre Travel	$12.93	Canaccord Genuity	13.25	17.10	-22.51%
			Jarden	19.30	22.50	-14.22%
			Wilsons	19.00	21.40	-11.21%
GDG	Generation Development	$4.15	Moelis	5.72	5.92	-3.38%
GOR	Gold Road Resources	$3.03	Canaccord Genuity	3.45	3.35	2.99%
GTK	Gentrack Group	$11.05	Wilsons	12.10	12.50	-3.20%
HGO	Hillgrove Resources	$0.03	Moelis	0.06	0.07	-14.29%
			Wilsons	0.08	0.09	-11.11%
ILU	Iluka Resources	$4.06	Goldman Sachs	6.50	6.60	-1.52%
KAR	Karoon Energy	$1.43	Goldman Sachs	2.13	2.01	5.97%
			Jarden	1.60	1.53	4.58%
LTR	Liontown Resources	$0.50	Goldman Sachs	0.63	0.64	-1.56%
			Jarden	0.48	0.67	-28.36%
LYC	Lynas Rare Earths	$8.29	Canaccord Genuity	8.80	8.20	7.32%
			Goldman Sachs	7.20	7.10	1.41%
M7T	Mach7 Technologies	$0.35	Wilsons	0.85	1.00	-15.00%
MAC	MAC Copper	$14.34	Moelis	25.00	24.00	4.17%
MIN	Mineral Resources	$20.74	Jarden	15.50	16.20	-4.32%
NAB	National Australia Bank	$36.00	Jarden	30.00	38.00	-21.05%
NEM	Newmont Corp	$81.42	Goldman Sachs	93.40	95.50	-2.20%
NWS	News Corp	$49.51	Jarden	53.00	54.60	-2.93%
OBM	Ora Banda Mining	$1.03	Moelis	1.00	0.89	12.36%
PDN	Paladin Energy	$6.05	Canaccord Genuity	12.80	13.35	-4.12%
PLS	Pilbara Minerals	$1.46	Jarden	2.40	2.50	-4.00%
PNR	Pantoro Gold	$2.80	Canaccord Genuity	3.82	3.91	-2.30%
			Petra Capital	4.45	0.22	1922.73%
PRN	Perenti	$1.37	Canaccord Genuity	1.48	1.35	9.63%
QOR	Qoria	$0.40	Wilsons	0.66	0.69	-4.35%

RIO	Rio Tinto	$115.90	Goldman Sachs	140.80	141.90	-0.78%
RMD	ResMed	$36.90	Goldman Sachs	49.30	46.90	5.12%
			Jarden	40.54	39.97	1.43%
S32	South32	$2.74	Canaccord Genuity	2.60	2.50	4.00%
SEK	Seek	$21.67	Jarden	27.50	28.00	-1.79%
SFR	Sandfire Resources	$9.89	Canaccord Genuity	10.75	10.50	2.38%
			Jarden	10.90	11.20	-2.68%
			Wilsons	11.00	10.80	1.85%
SHV	Select Harvests	$5.11	Wilsons	4.73	4.64	1.94%
STN	Saturn Metals	$0.29	Petra Capital	1.17	0.98	19.39%
STO	Santos	$5.92	Goldman Sachs	7.85	7.80	0.64%
THL	Tourism Holdings Rentals	$1.30	Wilsons	1.25	1.53	-18.30%
VAU	Vault Minerals	$0.43	Jarden	0.57	0.58	-1.72%
			Moelis	0.68	0.59	15.25%
WDS	Woodside Energy	$20.20	Goldman Sachs	24.20	23.90	1.26%
			Jarden	24.00	23.75	1.05%
Company		Last Price	Broker	New Target	Old Target	Change

More Highlights

CCP CREDIT CORP GROUP LIMITED

Business & Consumer Credit Overnight Price: $13.54

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

Canaccord Genuity maintains a positive view on Credit Corp, noting the stock's -22% decline calendar year-to-date appears sentiment-driven rather than fundamentally justified.

Resilient US collections dynamics, a robust Australian lending book, and constructive tax refund data underpin comfort with the broker's FY25 earnings forecast of $94m, which sits near the low end of guidance.

The analyst sees a longer-term pathway via building a scaled $200m lending book with a 15% return on equity.

Canaccord retains a Buy rating and $20.60 target.

This report was published on April 30, 2025.

Target price is **$20.60** Current Price is **$13.54** Difference: **$7.06**
If **CCP** meets the Canaccord Genuity target it will return approximately **52%** (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 **69.00** cents and EPS of **138.00** cents.
At the last closing share price the estimated dividend yield is **5.10%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **9.81**.

Forecast for FY26:

Canaccord Genuity forecasts a full year **FY26** dividend of **77.00** cents and EPS of **152.00** cents.
At the last closing share price the estimated dividend yield is **5.69%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **8.91**.

Market Sentiment: **0.5**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

D2O DUXTON WATER LIMITED

Agriculture Overnight Price: $1.50

Petra Capital rates ((D2O)) as Buy (1)

Petra Capital highlights Duxton Water remains well positioned amid ongoing warm and dry conditions across the southern Murray-Darling Basin. Falling dam levels and fading La Nina expectations suggest to the broker elevated spot water prices into late-2025.

The broker believes higher water prices will drive strong spot sales and lease yields, while the company's ungeared balance sheet and multiple sale and leaseback opportunities offer upside risks to net tangible assets (NTA).

Despite these positives, Duxton Water trades at a circa -15% discount to NTA, wider than the historical average of -10%, presenting an attractive buying opportunity in the broker's view.

Petra Capital retains a Buy rating and a $2.10 target price.

This report was published on April 29, 2025.

Target price is **$2.10** Current Price is **$1.50** Difference: **$0.6**
If **D2O** meets the Petra Capital target it will return approximately **40%** (excluding dividends, fees and charges).
The company's fiscal year ends in December.

Forecast for FY25:

Petra Capital forecasts a full year **FY25** dividend of **7.40** cents and EPS of **18.20** cents.
At the last closing share price the estimated dividend yield is **4.93%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **8.24**.

Forecast for FY26:

Petra Capital forecasts a full year **FY26** dividend of **7.70** cents and EPS of **10.60** cents.
At the last closing share price the estimated dividend yield is **5.13%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **14.15**.

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

GDG GENERATION DEVELOPMENT GROUP LIMITED

Wealth Management & Investments Overnight Price: $4.12

Moelis rates ((GDG)) as Buy (1)

Generation Development Group reported solid third quarter growth, assesses Moelis, with investment bond funds under management (FUM) up 23% year-on-year to $3.95bn and sales inflows of $239m outperforming the broker's estimates.

The broker highlights Lonsec delivered net inflows of $685m and launched a new growth alternatives strategy. FUM for newly acquired Evidentia rose 53% year-on-year to $13.5bn, with strong client mandate momentum expected to support inflows into FY26.

Headline FUM figures for Evidentia were negatively influenced by timing, but the analyst expects this to normalise over coming quarters.

Earnings growth continues to be driven by high-margin investment bond inflows, notes the broker, while Lonsec is on track to deliver an around 26% compound annual growth rate (CAGR) in FUM over FY24-FY27.

Moelis reduces the target price to $5.72 from $5.92, but retains a Buy rating.

This report was published on April 29, 2025.

Target price is **$5.72** Current Price is **$4.12** Difference: **$1.6**
If **GDG** meets the Moelis target it will return approximately **39%** (excluding dividends, fees and charges).
Current consensus price target is **$5.45**, suggesting upside of **32.3%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Moelis forecasts a full year **FY25** dividend of **2.00** cents and EPS of **8.30** cents.
At the last closing share price the estimated dividend yield is **0.49%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **49.64**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **8.3**, implying annual growth of **179.5%**.
Current consensus DPS estimate is **2.0**, implying a prospective dividend yield of **0.5%**.
Current consensus EPS estimate suggests the PER is **49.6**.

Forecast for FY26:

Moelis forecasts a full year **FY26** dividend of **4.70** cents and EPS of **11.70** cents.
At the last closing share price the estimated dividend yield is **1.14%**.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **35.21**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **11.8**, implying annual growth of **42.2%**.
Current consensus DPS estimate is **3.1**, implying a prospective dividend yield of **0.8%**.
Current consensus EPS estimate suggests the PER is **34.9**.

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

NAN NANOSONICS LIMITED

Medical Equipment & Devices Overnight Price: $4.59

Wilsons rates ((NAN)) as Overweight (1)

Following a site tour of Nanosonics' facilities to see the Coris system in operation, Wilsons believes the product could get 2-3 times higher average selling price than initially assumed.

The broker also thinks its assumption for the Quantum consumable pricing revenue is on the conservative side.

The analyst reiterated Coris would become earnings before interest and tax positive in a few years and the current share pricing only factors 50% of the value.

Overweight. Target unchanged at $6.

This report was published on April 23, 2025.

Target price is **$6.00** Current Price is **$4.59** Difference: **$1.41**
If **NAN** meets the Wilsons target it will return approximately **31%** (excluding dividends, fees and charges).
Current consensus price target is **$4.66**, suggesting upside of **1.6%**(ex-dividends)
The company's fiscal year ends in June.

Forecast for FY25:

Wilsons forecasts a full year **FY25** dividend of **0.00** cents and EPS of **5.40** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **85.00**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **6.2**, implying annual growth of **44.9%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.

Current consensus EPS estimate suggests the PER is **74.0**.

Forecast for FY26:

Wilsons forecasts a full year **FY26** dividend of **0.00** cents and EPS of **4.70** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **97.66**.

How do these forecasts compare to market consensus projections?

Current consensus EPS estimate is **7.4**, implying annual growth of **19.4%**.
Current consensus DPS estimate is **N/A**, implying a prospective dividend yield of **N/A**.
Current consensus EPS estimate suggests the PER is **62.0**.

Market Sentiment: **0.1**
All consensus data are updated until yesterday. FNArena's consensus calculations require a minimum of three sources

QOR QORIA LIMITED

Software & Services Overnight Price: $0.40

Wilsons rates ((QOR)) as Overweight (1)

Qoria added $21m in annual recurring revenue over the first three quarters of FY25, already surpassing FY24's full-year result, with the strongest quarter still ahead, explains the Wilsons analyst.

The weighted pipeline rose 72% on a year earlier, supporting an upgraded FY25 annual recurring revenue forecast of $151m, up 30%.

Service margins remain high at 93%, and, as per commentary, key contract renewals in Texas, new wins in Ohio and New Zealand reinforce the company's K12 education growth trajectory.

Wilsons raises earnings (EBITDA) forecasts by up to $8m across FY2527, with FY25 margin forecast at 13.8%.

The target price is cut to $0.66 from $0.69 after reducing the valuation multiple. Wilsons expects further upgrades as the company converts its strong pipeline and accelerates product roll-out into FY26.

Overweight rating maintained.

This report was published on April 29, 2025.

Target price is **$0.66** Current Price is **$0.40** Difference: **$0.265**
If **QOR** meets the Wilsons target it will return approximately **67%** (excluding dividends, fees and charges).
The company's fiscal year ends in June.

Forecast for FY25:

Wilsons forecasts a full year **FY25** dividend of **0.00** cents and EPS of **minus 1.70** cents.
At the last closing share price the stock's estimated Price to Earnings Ratio (PER) is **minus 23.24**.

Forecast for FY26:

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

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

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