ANALYST OUTLOOK & STOCK PICKS

JUNE 2025

BELL POTTER

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LISTED INVESTMENT COMPANIES

Kion Sapountzis
ETF/LIC Specialist

Australian Foundation Investment Company (AFI)

AFI commenced operations in 1928 and is Australia's largest listed investment entity by market capitalisation. The Company adopts a long-term perspective that emphasises 'quality' investments, with a focus on efficient after-tax returns for shareholders. The fixed cost base also enables for the provision of a highly competitive, low-cost investment vehicle, and with no ongoing management or performance fees attributable to an external manager. While still actively managed, the management expense ratio of 0.15% (annually) is particularly compelling when juxtaposed to popular low-cost passive ETFs, whilst providing benefits unique to the LIC structure, including the ability to smooth dividend payments during periods of 'lumpy' underlying earnings. AFI has generated an annualised pre-tax asset return of 11.2% over the last 5 years (net of franking credits) and is currently priced at a discount to its NTA value.

Metrics Master Income Trust (MXT)

MXT provides exposure to the Australian corporate loan market, whilst being diversified by borrower, industry and credit quality in the portfolio. The manager uses active management in the credit market to reduce capital volatility, providing a monthly income stream to unitholders. Due to changes to capital requirements for banks regarding corporate lending, non-bank lenders such as Metrics have helped support the Australian corporate loan market, with manager holding ~$23 billion in assets across credit markets. Recently, private markets have faced increased regulatory scrutiny which should ultimately improve fund governance, valuation practises and support investors. The trusts management expense ratio of 0.61% remains competitive, especially considering MXT's active strategy overlay. MXT trades at a 0.2% discount to its NAV, which compares to an average premium of 2.7% over the last year. Amongst the current elevated interest rate environment, the trust has generated an annualised pre-tax return of 8.2% over the last year and 6.8% p.a. over the last 5 years.

MFF Capital Investments (MFF)

MFF seeks to identify and invest in large international companies that display sustainable competitive advantages and above average profitability growth. The Investment Manager adopts a long-term view when assessing these companies which are considered to be trading below their intrinsic value. MFF has generated an annualised pre-tax asset return of 11.7% p.a. over the last 10 years (net of franking credits) and maintains a robust balance sheet with strong gross dividend coverage compared to peers. We see the investment track record and prudential capital management of MFF as highly attractive, particularly given a current indicative discount of 12.8% (with respect to the NTA per share) and benefits associated from the company's acquisition of Montaka Global Investments.

* Discount as at 13 June 2025

AGRICULTURAL & FMCG

Jonathan Snape
Industrials Analyst

Investments in the Agricultural & FMCG sector should be considered high risk and come with volatility from both commodity prices and seasonal factors. For this reason we tend to not so much focus on a directional share price move in the coming months but rather where we are seeing a value in the current share price relative to a stocks through the cycle earnings. As such the three stocks we identify should not so much be considered key picks on a directional 6 monthly share price direction, but rather valuation dislocations where we are see a buying opportunity.

Bega Cheese (BGA)

Bega Cheese is engaged in: (1) the processing, manufacturing and distribution of dairy and associated products to both Australian and international markets; and (2) the processing and manufacturing of spreads and condiments for consumer markets.

BGA continues to execute against its strategy to deliver FY28e EBITDA of >$250m, which will also likely result in a deleveraging of the balance sheet in FY27-28e. If successful in delivering on these initiatives and sustaining its historical 10 year average trading multiple then the upside remains compelling, with an upside target of $8.00-8.50ps. In addition, we viewed the recent NSW Supreme Court dismissal of proceedings brought by Fonterra around the Trademark agreement (on the use of the Bega brand for certain cheese products) as a positive development for BGA in the context of potentially bringing the brand back into its portfolio.

Buy, Price Target $7.00

Rural Funds Group (RFF)

Rural Funds Group is a listed agricultural REIT with a portfolio focused on almond orchards, vineyards, cattle, cotton and macadamias. Assets in the portfolio are some of the most productive in the industry and leased to high quality tenants including Treasury Wine Estates, Olam, JBS, AACo and Select Harvests.

The 41% discount to market NAV is well above the historical average 5% premium since listing. Counterparty profitability indicators have been improving and farm asset values have been resilient, which would suggest that the underearning on unleased assets is the largest performance drain. Exiting or leasing these assets (combined value ~$387m) would result in reasonable AFFO accretion (14-18% on FY26e PF AFFO) with the scope to also reduced gearing, with this likely to be the greatest share price catalyst.

Buy, Price Target $2.45

Elders (ELD)

Elders is a leading supplier of fertiliser, agricultural chemicals and animal health products to rural and regional Australia, with strong agency positions in livestock, wool and real estate.

Executing on existing initiatives (SYSMOD and backward integration) and leverage to cattle prices are expected to drive double digit EPS growth for ELD through to FY27e. Achieving a favourable outcome on Delta or deploying the $245m in capital already raised to finance the transaction would likely accelerate this growth profile. Importantly, we don't see any value ascribed for completion of Delta or execution of the base business strategy in the current ELD share price.

Buy, Price Target $9.10

TECHNOLOGY

Chris Savage & Michael Ardrey
Industrials Analysts

We have a positive or constructive view on the outlook for the technology sector given, firstly, the generally strong or above average forecast revenue and/or earnings growth and, secondly, the easing interest rate environment which has commenced and is expected to continue this year. Lower interest rates are in general good for high growth stocks with low or negative cash flows/earnings now and only reasonable or meaningful cash flows/earnings in several years' time. Interestingly, however, tech stocks have still performed well over the past couple of years in a rising interest rate environment but this has been more led by large cap stocks which already have reasonable cash flow/earnings. The likely further cuts in domestic interest rates, therefore, could have a more positive impact on small to mid cap tech stocks though for the purposes of this report we confine our key picks to mid to large caps.

WiseTech Global (WTC)

WiseTech is a leading global provider of software solutions to the logistics services industry. It is the true market leader and the aim of the company is to be the operating system for global logistics. The company has been plagued by two issues over the past several months – corporate governance around the behaviour of founder Richard White and delays in the launch of key new products, particularly one called Container Transport Optimisation (CTO). In our view, however, both issues will progressively fade into the background as a new board and management team are established and CTO is released in FY26. There is also a boost to revenue and earnings to come from a recently announced acquisition – e2Open – and this neatly fills any gap from the delay in launch of new products. Lastly, the stock has underperformed peers like Technology One (TNE) and Xero (XRO) and we now expect relative outperformance as the issues subside.

Buy, Price Target $122.50

Gentrack Group (GTK)

Gentrack develops, provisions, and integrates its billing/CRM platform into energy and water utilities, generating up-front project revenue (from deployments/integrations) that transitions into SaaS-type recurring revenue and embeds GTK within utility tech stacks long-term due to high switching costs. Demand for modern-day utilities billing solutions is growing rapidly due to dual tailwinds in (1) an evolving energy grid generating significant amounts of data and complexity in billing and customer management, and (2) legacy tech debt incurred from historical underinvestment in the utility billing stack. GTK has a track record of upgrading and beating guidance, with full year result in November potentially outlining strong guidance for FY26 ahead of medium-term targets. GTK has been accelerating its hiring to increase headcount, potentially ahead of large, lumpy contract wins in a sales pipeline that is likely to be maturing.

Buy, Price Target $13.50

SEEK Limited (SEK)

SEEK is an employment marketplace platform operating in ANZ and 8 markets within APAC including Singapore, Malaysia and Indonesia, with minority interests in China, South Korea and Bangladesh as well as owning 84% of its A$2.2bn Growth Fund seeded in 2021. Job ad declines have been steadily improving in its largest market, Australia, driven by macro tailwinds and the commencement of an RBA cutting cycle, which looks to meet Group yield and margin improvements through its recently unified platform. The unified platform is expected to be capable of delivering platform deployments at speed and scale throughout its markets; investment in SEK's AI capability looks to benefit yield through increased ability to drive placements efficiently to benefit both hirers and candidates.

Hold, Price Target $25.80

DIVERSIFIED FINANCIALS

Hayden Nicholson & Marcus Barnard
Industrials Analysts

The diversified financials sector has underperformed calendar-year-to-date, delivering a -1.5% total return (Source: Bloomberg S&P/ASX 300 Diversified Financials Index to 11 June) reflecting global economic uncertainties. For this reason we tend to focus on stocks with strong structural tailwinds and increasing market share where we identify: (1) a positive surprise or catalyst; or (2) attractive valuations, a result of underperforming the broader market and/or an improving track record.

Cuscal (CCL)

Cuscal is a leading independent provider of business-to-business infrastructure and connectivity services for the payments sector. With long tenured client relationships, a substantial share of revenue is secured through contracts, driving consistent top-line growth.

Our investment forecasts are in-line with guidance to meet or modestly exceed FY25 Prospectus pro-forma NPAT, with key revenue drivers improving. Aggregate transaction volume run-rate of +8% would equate to $259m net fee and commission revenue, or +$290m in total net operating income when including our $32m run-rate from the net interest margin, implying a result modestly above FY25 Prospectus forecasts. This is further augmented by technology upgrades and slower than planned employee on-boarding, delivering operating leverage.

Our Price Target implies 9x capitalised FY26 EBITDA, consistent with recent global deals and below peer valuations. Cuscal intends to deploy excess capital toward targeted inorganic opportunities, and we identify +$20m in potential realised cost synergies for its closest peer. Successful M&A execution could increase EBITDA by half.

Buy, Price Target $3.50

Praemium (PPS)

Praemium is a financial technology company providing an investment platform integrated with its online portfolio administration service, designed to support advisers and investors in managing wealth. This includes +$30bn in platform FUA.

The acquisition of OneVue is expected to enhance scale, with targeted synergies of at least +$3m p.a., delivering a meaningful step change in operating margins and translating to mid-teens EPS accretion once the transition is complete. Our investment forecasts account for the full run-rate benefit from FY26. Underlying cash EBITDA is also strengthening, offering flexibility to balance profitability with increased investment activity.

Praemium is well-positioned to benefit from positive mark-to-market impacts in the June 2025 quarter, supported by strong gains in equity markets. This is further augmented by reduced Powerwrap outflows and a promising sales pipeline driving Spectrum inflows. We expect the multiple will re-rate back to 15x FY26 EV/EBITDA, returning to pre-tariff announcement levels and aligning with the performance of listed specialist peers.

Buy, Price Target $1.00

Regal Partners (RPL)

We remain positive on Regal Partners as management continue to grow FUM through inflows, and acquisitions, as well as seeing strong performance from some of the funds.

The share price has been weak in the last 6 months, affected by market volatility, as a result of divergent performance across some of the strategies, particularly the Long/Short funds managed by Phil King. Over the longer term these high beta funds have gone through periods of both high and low returns, only to recover and generate strong fees shortly after. We would note that income funds managed by Paul Moore have continued to perform well, as have the credit and royalty funds, which operate across different assets and cycles.

While there will inevitably be volatility to Regal's share price, we see the current level as an attractive opportunity to gain or increase exposure to the stock, particularly for those able to take a medium-term view.

Buy, Price Target $3.35

REAL ESTATE

Andy MacFarlane & Connor Eldridge
Real Estate Analysts

Going into FY26 we see a positive outlook ahead, and expect constructive commentary from Management teams, as cost of debt has largely peaked and valuations have turned the corner, both of which should underpin growing NTA and earnings. Bloomberg consensus expectations by end CY25 point to two further rate cuts (50bp cumulatively) which, depending on the yield curve at the long end, should assist direct property investors and drive capital transaction markets. Amongst our coverage our two preferences are: (1) 'Living' (which spans residential, land lease and retirement), supported by the strong tailwind of a growing/ageing population and housing undersupply; and (2) non-discretionary convenience retail (neighbourhood centres, fuel stations), which we think will continue to provide more resilient returns than other asset classes given small cheque sizes, strength of covenants and elevated market volatility. We think it's not unreasonable to continue to see sector consolidation, albeit there are less (by volume and sub-sector exposure) 'attractive' targets than we have seen in prior cycles.

Aspen Group (APZ)

Aspen Group is a leading provider of quality, affordable accommodation to the 40% of Australian households with income <$100k p.a. APZ owns, develops, and operates residential, retirement and holiday park communities across Australia. The group has a sector agnostic, high ROE focus on sub-sectors that are nonfungible and repeatable over time. APZ's target tenant/owner sits within a very defensive segment of the market - affordable living. The national undersupply equation means that this will remain a crucial pillar of the housing market and will be upheld by robust demand and government subsidy for the foreseeable future. APZ has upgraded guidance 3 times in FY25, and has recently stated intentions for at least 10% EPS growth over the medium term (we see upside to this, BPe c.13% 3 year EPS CAGR). APZ is lowly levered (14% gearing vs. 30-40% target) and in a great position to continue to grow as ASX300 index inclusion in September 2025 is on the horizon.

Buy, Price Target $3.90

Cedar Woods (CWP)

Cedar Woods is a residential property developer based in Perth, WA. The group also develop and own commercial property where they see a value add. CWP's pipeline is diversified by product type, price point and geography, enabling them to maintain smooth earnings throughout the cycle to ride the tailwind that is Australia's undersupply of housing. We believe CWP is being held down (c.+15% premium to NTA vs long-term +30%) by noise from larger residential peers, and not being appropriately rated by the market (only 11x & 10x 1 year & 2 year FWD PE) for its exposure (soon to be earnings) to stronger markets such as WA, SA and SEQ. The longstanding management have a track record of being conservative (and beating) guidance, so the (1) +15% NPAT growth target set in April and (2) commentary around strong growth in FY26 demonstrates the strong level of confidence in how things are going.

Buy, Price Target $7.30

Region Group (RGN)

Region Group is Australia's largest landlord of neighbourhood shopping centres, owning and managing a portfolio of 100 assets. RGN's income streams are highly resilient, with approximately 90% of gross rent derived from non-discretionary tenants. As a result RGN has historically (and likely will continue to) outperformed the market during volatile equity markets – a characteristic we find particularly attractive in the current climate. At current levels (trading in-line with NTA) we believe the market is not ascribing any value to the likelihood of cap rate compression (and hence valuation growth) across RGN's portfolio. This is despite several positive signals in the direct market: robust population growth, strong non-discretionary tenant sales, undersupply of retail floorspace and increased capital appetite for neighbourhood retail assets. Whilst the immediate catalyst is valuation uplift, we also see a strong case for medium-term rental growth (c.15% under rented vs. benchmark; 8.9% occupancy cost low vs historical levels/peers), adding to our longer-term conviction in the stock.

Buy, Price Target $2.65

RETAIL

Chami Ratnapala & Leo Armati
Industrials Analyst

The recent sector trends have been choppy as we've seen varying performance between discretionary categories with electronics, household goods, wellness & sports leading the suite while others such as mass apparel & lifestyle footwear lagging. Some green shoots appear to arise across categories heading into the end of financial year (EOFY) sale showcasing the promotional activity induced demand, with industry projections for the EOFY sale period (June/July) tracking somewhat higher than the current run-rate in broader non-food retail sector growth. We expect a more meaningful recovery towards the end of CY25 with the easing monetary policy catalysts to overall discretionary spend.

JB Hi-Fi (JBH)

Being Australia's market leader in consumer electronics with a BPe ~27% market share and as a leading technology destination, JBH has also expanded its home appliances offering through both JB Hi-Fi and Good Guys banners and made a foray into the commercial vertical in the household goods market with the acquisition of e&s (75% owned).

We view the retailer as being able to support a higher multiple as we see a sizable upside from the AI driven upgrade cycle/replacement cycle of devices purchased during COVID-peak and given the similarities of JBH and other low gross margin yet high-earnings quality retailers globally.

Buy, Price Target $114.00

Universal Store Holdings (UNI)

Universal is a leading youth focused apparel, footwear and accessories retailer in Australia. UNI has ~85 stores under its flagship 'Universal Store' brand and is expanding private label brands by growing the stand-alone format of 'Perfect Stranger' and 'Thrills' with more than 100 stores in total.

Management execution is a key competitive advantage for UNI and we see a clear growth trajectory for the name as both core brands and a strong store network is built out. We view distinctive growth traits, longer term store opportunity and organic gross margin expansion via private label product penetration (currently ~52%) as able to well justify the 1-year forward basis 15x P/E.

Buy, Price Target $10.50

Propel Funeral Partners (PFP)

Propel Funeral Partners is among the defensive names in the Consumer Services sub-sector as the second largest funeral home operator in ANZ with a BPe market share of ~10% (Australia based). The announcement related to the leadership change (internal succession), due at the end of June, remains a short-term catalyst. As more medium to long term catalysts, we expect demographic tailwinds from an ageing baby boomer population to be a sizable catalyst to mid-long term volume growth and M&A activity from 1H26 to drive overall revenue growth above mid-single digit organic growth.

We also see upside based on the transaction multiples in the space over the past 2 years as PFP remains to be one of the four listed deathcare players globally.

Buy, Price Target $5.50

INDUSTRIALS

Daniel Laing & Ritesh Varma
Industrials Analysts

The re-election of the Albanese Government is a positive development for environmental policy in Australia, with Labor possessing a clear climate policy and a commitment to the roll out of renewables, including a national target of 80% of the main national electricity grid running on renewables by 2030.

This continuity provides the certainty required for greater investment in the sector and we expect substantial tailwinds for businesses related to renewables, decarbonisation, waste-to-energy solutions and air pollution control.

For us, the most attractive players in this space include LGI Limited (LGI) and Environment Group (EGL).

LGI Limited (LGI)

LGI is a market leader in the recovery of biogas from landfills, providing renewable energy generation and carbon abatement.

The company is nearing the conclusion of a significant capex program to boost the capacity of its portfolio from 15MW to 47MW. The combination of power stations, batteries and its proprietary DACS software allows LGI to leverage volatility in the grid to achieve better-than-average (+77%) pricing. As Australia transitions towards renewables, there will be greater volatility in the grid and LGI is best placed to capitalise.

We anticipate a material uplift in earnings from FY26 onwards (FY26 EPS +29%) once new and upgraded projects come online, boosting capacity across the portfolio.

Buy, Price Target $3.50

Environmental Group (EGL)

EGL have multiple touchpoints in markets that are exhibiting strong structural tailwinds like in renewable energy and environmental sustainability. Favourable trends including landfill diversion, waste-to-energy solutions and air pollution control are set to drive EGL's outlook.

EGL's PFAS treatment technology is proven to be cheap, safe and highly effective. We expect near-term contract wins within this business following the EPA license approval of its first commercial site, Reclaim Waste.

We are expecting EGL to deliver double-digit EPS growth over the next three years and their high recurring revenue base provide a reliable earnings stream.

Buy, Price Target $0.38

HEALTHCARE

John Hester, Thomas Wakim & Martyn Jacobs
Healthcare Analysts

Challenging market conditions have mostly persisted in 1H CY26 across small and mid cap healthcare names. Across our coverage universe of 35 stocks, just 9 are trading at a premium to their 31 December market price and the major healthcare index (XHJ) is 6% lower. The macro factors driving this broader performance include the uncertainty arising from leadership changes at the US FDA and proposals to lower prescription drug price in the US. Consequently, institutional investors have largely adopted a wait and see approach. We expect new drug approvals and earnings growth will be the catalysts to lead a wave of new capital flowing into the sector.

Among the stocks carrying the speculative buy rating in our coverage, we continue to favour MSB, CU6, IMM, and EBR.

Telix Pharmaceuticals (TLX)

Telix Pharmaceuticals is a market leader in the radiopharmaceuticals sector. Its products are used for the imaging and treatment of solid tumours. The lead product is Illuccix, where revenues continue to grow as the market for PSMA PET expands and as the company takes share in its key market in the United States. We expect average selling price will largely be preserved as the company switches most of its Medicare outpatient client base to the recently approved Gozellix format from 1 October 2025 when the refresh on the pass through pricing is expected to come to bear.

Elsewhere, we anticipate the approval of Zircaix in 3Q25 for the imaging of clear cell renal cell carcinoma (ccRCC). Additional short term catalysts include interim data from the PROSTACT Global trial regarding safety and dosimetry from the 30 patient run in study.

Buy, Price Target $34.00

Neuren Pharmaceuticals (NEU)

Neuren Pharmaceuticals is a drug development company with two key rare disease assets: 1) the commercially available treatment Daybue (trofinetide), which will continue to provide ongoing royalty/milestone income to NEU; and 2) NNZ-2591, which is undergoing clinical development and will commence its first Phase 3 trial in "mid CY25".

With A$341m cash and no debt as of 31-March-2025, we remain confident NEU will be able to fund multiple Phase 3 trials and recruit the 160 subjects for the first Phase 3 trial relatively smoothly. We view NNZ-2591 as the key value driver for NEU and remain optimistic about its prospects for success following promising Phase 2 data. As the Phase 3 trial proceeds through recruitment across CY25-26, we expect the share price to further appreciate as the readout draws nearer.

Buy, Price Target $20.00

Monash IVF Group (MVF)

Monash IVF Group is a fertility services company that offers a wide range of assisted reproductive technology services, including in vitro fertilisation (IVF)/ICSI, egg and embryo freezing, genetic testing, genetic counsellors, surgical sperm collection, sperm bank, day surgeries and pathology, and specialist OB/GYN imaging services.

The share price has more than halved over the past six months in light of recent episodes of embryo transfer errors, resulting in the resignation of the CEO. We consider the negative share price reaction to be excessive, and with MVF trading at c.6x on an EV/EBITDA basis, the valuation metrics look compelling, when compared with the buyout of Virtus Health at c.12.5x. The depressed share price may also invite a bid for the company adding corporate appeal to a deep value investment thesis.

Buy, Price Target $1.15

GOLD

David Coates
Resources Analysts

Gold has continued to tick the boxes through 1HCY25, setting further all time highs in both USD and AUD terms. Central Bank buying and de-dollarisation of certain sovereign balance sheets has continued to be supportive of the gold price.

In addition, tailwinds we had previously flagged have emerged to help the gold price along. These include a weakening US dollar, lower real interest rates, monetary policy easing by key Central Banks and a solid uptick in gold ETF buying.

Less expected has been the volatility of global trade policy settings which, in our view, was the spice that sent the US$ gold price to its all-time high of US$3,500/oz in April. The geopolitical environment has see-sawed but, in our view, only become more tense through 1HCY25.

While some of these supportive factors have run much of their course and seen a couple of months of price consolidation, a fresh Israel-Iran conflict now skews gold price risk to the upside, in our view.

Minerals 260 (MI6)

MI6 is a Perth-based exploration and development company which, in April 2025, completed the transformational acquisition of the Bullabulling Gold Project (BGP), 65km from Kalgoorlie in WA. With a Mineral Resource Estimate of 2.3Moz at 1.2g/t Au it is one of the largest undeveloped gold deposits in Australia, sits on granted Mining Leases and is in the heart of Australia's gold mining industry. The company is led by a proven team of project developers and operators and we see potential for a low cost, open-pit gold mining operation producing 130-150kozpa over a 10-year mine life. The asset is also strategically attractive in a highly active gold asset M&A market and rising gold price environment.

Buy (Speculative), Valuation $0.28

Santana Minerals (SMI)

SMI is a gold explorer and developer, focused on the Bendigo-Ophir Gold Project (BOGP) in New Zealand. The project has a high grade Ore Reserve of 1.2Moz @ 2.4g/t Au and is emerging as one of the most attractive gold development projects of this scale on the ASX. Bottom quartile costs, conventional mining and processing methods and an initial 10-year mine life on Reserves alone make it attractive for both debt and equity financing. An optimised PFS is expected to further improve its operating and financial metrics. It is well funded and about to commence seeking approvals through New Zealand's new Fast Track Approvals scheme. This could see the BOGP approved by end CY25.

Buy (Speculative), Valuation $1.30

Evolution Mining (EVN)

We have Hold ratings across much of our gold production coverage, but feel a producer should still be included in the current market. We select EVN on the basis of its unhedged exposure to the gold price, strengthening balance sheet, increasing free cash flows (has passed its CAPEX peak and, in our view, is an unlikely potential acquiror), undervalued copper production exposure and what we expect to be an increasing dividend stream in an elevated gold price environment. A strong management team and track record of delivery to guidance make EVN one of the go-to gold exposures on the ASX – a position we believe is justified.

Hold, Price Target $8.10

BASE METALS

David Coates
Resources Analyst

Sentiment on base metals has prevaricated as the market considers the potential impact (or not) of global trade tariffs on economic growth and hence metal consumption. However, in respect to copper, we remain cognisant of a tight supply-demand balance in the copper market and the sector's capacity to provide a supply response in the face of significantly stronger forecast demand. This is predicated on copper's base industrial demand with growth coming from exposure to the renewable energy/electrification theme, Electric Vehicle uptake and new demand sources such as new demand from data centres and AI. In our view, any opportunity to add production exposure amidst weak sentiment is an excellent buying opportunity.

Aeris Resources (AIS)

AIS represents a copper dominant mining exposure whose primary assets are the Tritton Copper Operations in NSW and the Cracow Gold Mine in QLD. Its near-term outlook is highly leveraged to rising copper grades at the Tritton copper mine, where new high grade ore sources are growing production in FY26. The advancement of the Constellation deposit is set to sustain higher production levels over the long term. Tritton is a regionally strategic asset that, in our view, makes AIS attractive as an M&A target. The Cracow gold mine in QLD is running to plan and offers an unhedged gold exposure that is highly leveraged to a rising gold price.

Buy, Price Target $0.35

Nickel Industries (NIC)

NIC's operations are located in Indonesia and are long-life, bottom-of-the cost-curve projects. In 2HCY25 we anticipate the delivery of major positive growth catalysts. These include ore production ramp-up to a 19Mtpa run-rate (pending permits) at the Hengjaya Mine and the commissioning of the ENC HPAL project in October for ramp-up to full production of +70ktpa in 1HCY26. We expect these developments to increase production, margins and EBITDA. While nickel prices are under pressure, NIC has shown the ability to make money through the cycle which is a key attribute of attractive long-life assets.

Buy, Price Target $1.51

AIC Mines (A1M)

A1M is a WA-based copper production and exploration company focused on its 100%-owned Eloise Copper Project (ECP), SE of Cloncurry in Queensland. ECP is an established underground copper-gold mine producing ~13ktpa copper and +5kozpa gold. It has a clear pathway to growth, having commenced expansion of the mine and mill to 20ktpa copper production. A1M's management team is led by Managing Director, Aaron Colleran and Chairman, Josef-El-Raghy. Both have a strong track record of value accretive acquisition and asset development. A1M represents leveraged copper exposure and the current share price represents an excellent entry point into a well-managed, Australian based copper producer.

Buy, Price Target $0.67

STRATEGIC MINERALS & PROCESSING TECHNOLOGIES

Stuart Howe
Resources Analyst

Recent geopolitical volatility and trade tensions are positive for strategic mineral and processing technology equities. Western governments are increasingly seeking to reshore supply chains and manufacturing capabilities, particularly in high-tech and aerospace/defence sectors, leading to strong equity market support for groups leveraged to these themes.

Alpha HPA (A4N)

Alpha HPA's proprietary process produces ultra-high purity aluminium compounds with applications in technology growth sectors including semiconductors, lithium-ion batteries, LED displays/lighting, and direct lithium extraction (DLE).

The process is disruptive in terms of low production costs, ultra-high product purity and low carbon emissions. The HPA First Project Stage 1 in Gladstone, Queensland, commenced operations in 2022 and has supported technical and commercial validation of the process and products.

In May 2024, A4N announced Final Investment Decision on Stage 2 which will ramp-up in 2026 and is funded with up to $400m debt support from the Northern Australia Infrastructure Facility and Export Finance Australia, and grants from the Commonwealth and Queensland State governments.

Buy (Speculative), Valuation $2.00

IperionX Ltd (IPX)

IperionX has the global rights to titanium manufacturing technologies developed at the University of Utah with the potential to disrupt the incumbent titanium supply chain through materially lowering production costs and manufacturing waste.

Large-scale production will commence this year in Virginia USA, further derisking the company's technologies and enabling IPX to progress commercial relationships with several high-profile aerospace, defence, automotive and luxury goods end users.

IPX was recently awarded US Department of Defense IBAS funding (US$47m) and a US Small Business Innovation Research (SBIR) Phase III contract (up to US$99m). These funds will support the ramp-up of the Phase 1 facility and potentially support a Phase 2 expansion.

Titanium is a highly strategic metal given its applications across the defence and aerospace sectors. At present, the US imports around 95% of its titanium requirements, predominantly from Japan. Russia and China account for more than 70% of global titanium supply.

Buy (Speculative), Valuation $3.85

ENERGY

Regan Burrows
Resources Analyst

Fundamentals for uranium markets and pricing remain strong in our opinion, with the pipeline of reactors under construction (69) continuing to expand, whilst the trend in reactors being disconnected from the grid declines. On the supply side, recent production issues in restart operations have highlighted the risk in bringing production back online, whilst future supply remains concentrated in a handful of projects.

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Boss Energy (BOE)

Boss Energy's Honeymoon project recommenced production in April 2024. In the most recent 3QFY25 result, production and sales were 296klbs and 150klbs respectively, beating consensus expectations. We strongly believe BOE will beat production and cost guidance for FY25, of 850/klbs at C1 cost of US$23-25/lb. The Alta Mesa project with JV partner enCore energy in South Texas also recommenced production, with a target of reaching 1.5Mlbs p.a. by CY26 (BOE share 450klbs pa). We continue to see significant value in BOE, with optionality around expansion at Honeymoon via low-risk and cost regional resources at Jasons and Goulds Dam. With the inclusion of Alta Mesa, BOE boasts a geographically diversified multi-asset portfolio with several growth levers yet to be pulled, heading into a uranium bull market.

Buy, Price Target $4.65

MINING & INDUSTRIAL SERVICES

Joseph House & Marcus Barnard
Industrials Analysts

Australian iron ore and gold production is expected to rise over the next three years as greenfield and brownfield projects are brought online, benefiting services companies leveraged to mining volumes. In exploration markets, signs of a recovery in activity were evident in operational updates of industry participants, reflecting positive trends in Junior equity raisings and commitments by Major Resource companies to spend more on exploration activities in CY25. Generally, Infrastructure, Mining and Non-Residential construction activity has been strong, a positive of Industrial Services business, however, we are cautious of the near-term outlook for Victorian Infrastructure activity given reported project delays and austerity.

Develop Global (DVP)

Develop Global has delivered exceptional execution of its recommissioning plans for its flagship Woodlawn project in NSW. With production levels currently at ~90% of nameplate capacity, technical de-risking has largely occurred; the next major near-term catalyst will be the delivery of robust commercial outcomes by the project (i.e. can Woodlawn deliver strong operating cashflow and margins consistent with the latest feasibility study metrics?). In addition, execution of the proposed up to 20% interest sell-down of the Woodlawn project could enhance DVP's market valuation and enable favourable capital management initiatives, including repayment of borrowings, expedited development of the Sulphur Springs project or acquisition of mining assets.

Buy, Price Target $5.00

ALS (ALQ)

ALQ's outlook commentary at its FY25 result confirmed positive trend expectations in Commodities segment activity in FY26, aligning with an encouraging backdrop for global exploration markets. We expect a resurgence of Junior activity to complement rising exploration activity among Major clients, who have committed larger exploration budgets in CY25, to deliver double digit organic revenue growth in FY26, ahead of consensus expectations. We see upside to EBIT margins (vs consensus expectations) as sample volumes and dynamic pricing recovers strongly and as client mix shifts towards Juniors (ALQ generally realises higher margins on this client-type in an up-cycle). Life Sciences should deliver mid-to-high single digit organic growth and EBIT margin expansion as further cost-out is realised at Nuvisan and Wessling in FY26, supporting the company's earnings growth outlook.

Buy, Price Target $19.70

Duratec (DUR)

Duratec is a WA based specialist engineering contractor in the asset protection and specialist construction space. Its work often involves existing structures, where age, usage and toxic environments have degraded the fabric, and simple economics mean the owner will favour repair over replacement. Its reputation and quality of completed projects, secures its position with existing customers, giving high levels of repeat business, and growth opportunities. The 2024 AGM noted that the outlook in all its sectors was extremely bright, with additional projects and agreements secured. It often takes a role in early project planning, leaving it well placed to tender for the final work. A key focus is the planned $8bn spend at HMAS Stirling on which DUR is an authorised contractor, and well placed to secure additional work. We see the recent share price weakness offering an attractive entry level.

Buy, Price Target $1.80

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The stocks of early stage companies without regular revenue streams from product sales or ongoing service revenue should always be regarded as speculative in character. Stocks with 'Speculative' designation are prone to high volatility in share price movements. Investors are advised to be cognisant of these risks before buying such a stock.

Exploration Risk Warning

The stocks of resource companies without revenue streams from product sales should always be regarded as speculative in character. Since most exploration companies fit this description, the speculative designation applies to all exploration stocks. The fact that the intellectual property base of an exploration company lies in science and is generally only accessible to the layman in a limited summary form adds further to the riskiness with which investments in exploration companies ought to be regarded. Stocks with 'Speculative' designation are prone to high volatility in share price movements. Exploration and regulatory risks are inherent in exploration stocks. Exploration companies engage in exploration programs that usually have multiple phases to them where positive results at some stages are not indicative of ultimate exploration success and even after exploration success, there is often insufficient economic justification to warrant development of an extractive operation and there is still significant risk that even a development project with favourable economic parameters and forecast outcomes may fail to achieve those outcomes. Investors are advised to be cognisant of these risks before buying such a stock.

Biotechnology Risk Warning

The stocks of biotechnology companies without strong revenue streams from product sales or ongoing service revenue should always be regarded as speculative in character. Since most biotechnology companies fit this description, the speculative designation also applies to the entire sector. The fact that the intellectual property base of a typical biotechnology company lies in science not generally regarded as accessible to the layman adds further to the riskiness with which biotechnology investments ought to be regarded. Stocks with 'Speculative' designation are prone to high volatility in share price movements. Clinical and regulatory risks are inherent in biotechnology stocks. Biotechnology developers usually seek US FDA approval for their technology which is a long and arduous three phase process to prove the safety, effectiveness and appropriate application or use of the developed drug and even after approval a drug can be the subject of an FDA investigation of subsequently discovered possible links between the drug and other diseases not previously diagnosed. Furthermore, the Australian exchange listed biotechnology sector is subject to influence by the global biotechnology sector, particularly that in the USA. Consequently, Australian exchange listed biotechnology stocks can experience sharp movements, both upwards and downwards, in both valuations and share prices, as a result of a re-rating of the sector both globally and in the USA, in particular. Investors are advised to be cognisant of these risks before buying such a stock.

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