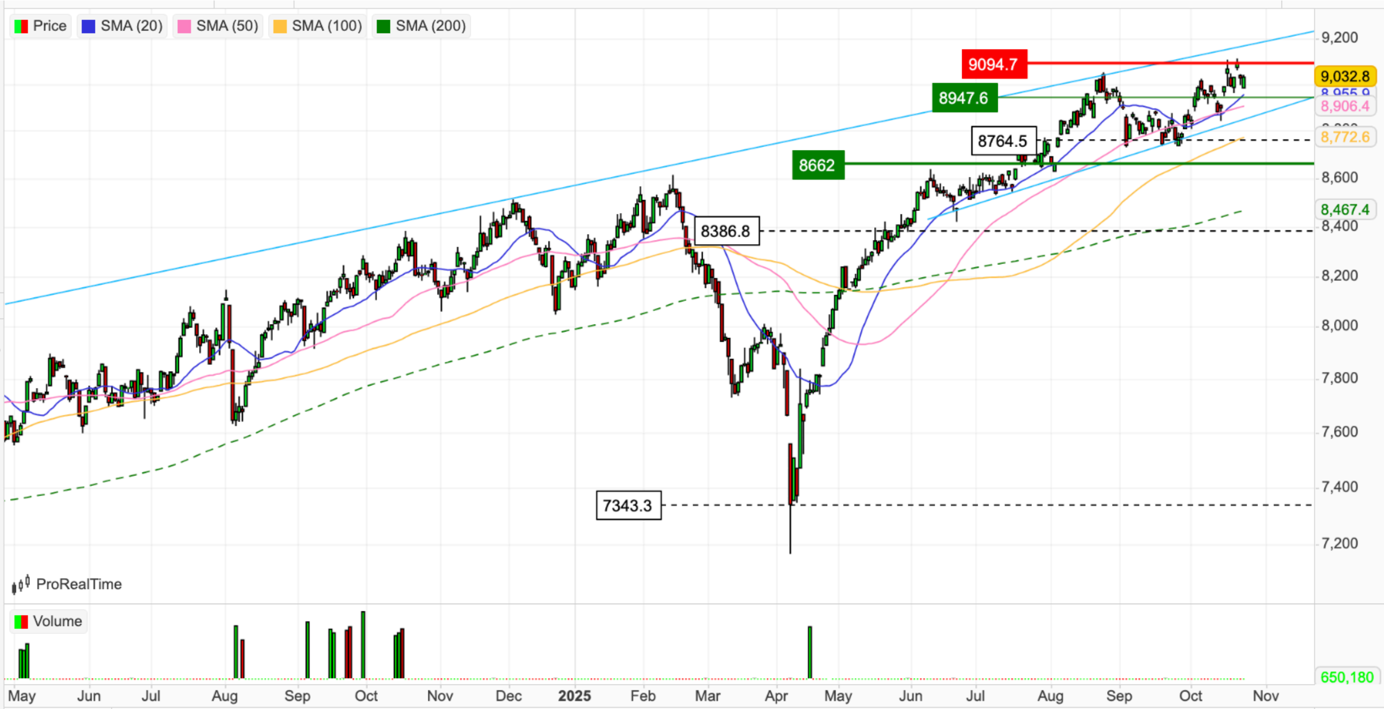
Thursday, 23 October 2025



Support / Potential "buy" levels	**$8,847.**
Resistance	$9,094.

KEY TAKEAWAYS

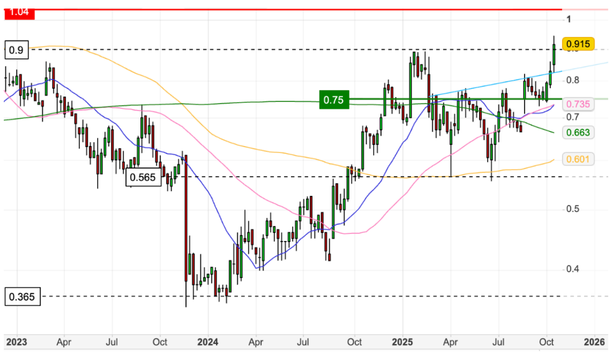
ASX 200 Closes Flat as Pilbara, Woodside Drive Gains – Recommendation: PPS

Today we are issuing a "buy" rating on Praemium (ASX: PPS) following a strong Q1 FY26 update, with total Funds Under Administration (FUA) up 13% year-on-year to A$67 billion, Platform FUA rising 10% to A$32 billion, and quarterly net inflows of A$667 million. The company's debt-free balance sheet, robust cash flow, and scalable platform have supported a 25% share price increase over the past six months, outperforming the ASX All Ordinaries Index by more than 5%. Looking ahead, Praemium projects earnings growth of 15.8% annually, revenue expansion of 8.1% per year, and a three-year ROE of 17.9%, underpinning strong upside potential and a target price above A$1.00/share.

Market Movers: Australian stocks closed slightly higher on Thursday, with the ASX 200 up 0.03%, led by Pilbara Minerals (+5.34% to 2.96), Lynas Rare Earths (+4.04% to 19.07) and Woodside Energy (+4.32% to 24.17). Perpetual (-4.31% to 19.30) and Mesoblast (-3.70% to 2.60) lagged. The AUD held below $0.650 amid rising rate-cut bets. WTI crude jumped above $60 (+3%), gold fell to $4,080, and 10-year Australian yields dropped to 4.11%.

OUR LATEST RECOMMENDATION

Praemium (ASX: PPS) Powers Ahead: Strong Q1, Robust FUA Growth, and Debt-Free Balance Sheet Signal Upside Potential



Praemium Limited (ASX:PPS), a key provider of integrated wealth management platforms, recently delivered a strong Q1 FY2026 update, highlighting record quarterly net inflows and new highs in Funds Under Administration (FUA). The company's continued focus on enhancing its digital platform experience, including adviser tools and client engagement, has underpinned these operational successes. Strategic initiatives, such as the integration of OneVue, remain on schedule for completion by the December 2025 quarter, further streamlining its service offerings.

This positive operational momentum has translated into a solid share price performance over the past six months, with the stock appreciating by over 25% and outperforming the broader ASX All Ordinaries Index by more than 5%. The recent upward trend is supported by strong technical indicators, including buy signals from both short and long-term moving averages, and a significant 25.50% rise since a pivot bottom point observed in early October 2025. This trajectory reflects increasing investor confidence in Praemium's growth strategy and its ability to capture market share in a competitive wealth management landscape.

Looking ahead, the company projects continued earnings growth of approximately 15.8% annually, with revenue expected to expand by 8.1% per year. Return on Equity (ROE) is forecasted to be 17.9% within three years, signalling efficient capital deployment. Praemium's solid financial health, marked by minimal debt and a strong net cash position, provides a stable foundation for future product innovation and market penetration. We see strong potential for further upside, reinforcing a positive outlook for the company's valuation.

Valuation and Recommendation

Praemium's growth story is both clear and compelling. Operationally, the business is benefiting from significant momentum, with the Q1 FY26 update reporting a 13% year-on-year increase in total Funds Under Administration (FUA) to A$67 billion, and Platform FUA up 10% to A$32 billion. Notably, the Spectrum platform generated over A$1 billion in new business inflows within its first ten months, contributing to robust quarterly net inflows of A$667 million.

Financially, the company maintains a solid footing. With a trailing P/E ratio of around 29.6 and FY25 EPS of A$0.037, coupled with the reinstatement of dividends, Praemium demonstrates confidence in sustainable profitability.

The combination of accelerating organic FUA growth, operational leverage from a scalable platform, and a leading technology offering justifies a long-term "buy" rating with a target price comfortably above A$1.00/share.

Structural Industry Tailwinds Supporting Australian Wealth Platform Growth

The Australian wealth management industry is entering a period of structural expansion, supported by multiple macro and regulatory tailwinds:

- The massive intergenerational wealth transfer is increasing demand for high-quality financial advice.

- The rising population of High-Net-Worth Individuals (HNWIs) requires increasingly complex investment solutions.

- Regulatory reforms, including post-Royal Commission and Future of Financial Advice (FOFA) changes, continue to shift the industry towards fee-for-service models.

These dynamics create a significant "advice gap" and drive the need for sophisticated, technology-enabled platforms. Praemium's scalable platform, flexible SMA solutions, and integrated reporting capabilities position it well to capture

high-margin opportunities in the HNW segment, despite competitive pressures and market volatility.

Earnings, Profitability, and Margin Expansion Driven by Operational Leverage

Praemium's financial performance underscores the benefits of its scalable business model. For the trailing twelve months, the company reported a Gross Margin of 44.27% and a Net Profit Margin of 13.16%, reflecting disciplined cost management. Revenue grew 24.56% year-on-year, demonstrating that each additional dollar of FUA contributes disproportionately to the bottom line.

Current CapEx is focused on high-return initiatives such as AI and automation, designed to improve operational efficiency and future margin expansion. Dividend prospects remain attractive, with a dividend yield of around 2.46% and a low payout ratio (~70%), allowing the company to retain sufficient capital for growth while continuing to reward shareholders.

Strong Balance Sheet and Cash Flow Profile Supporting Growth and Dividends

Praemium's balance sheet is exceptionally strong. The company is debt-free (Debt-to-Equity ratio 0%), providing maximum financial flexibility and lowering investment risk. Recurring revenue is supported by consistent net inflows, with A$667 million added to the platform in Q1 FY26, underpinning strong operating cash flow.

Although the TTM Price to Free Cash Flow (P/FCF) stands at 38.86, this reflects strategic investment in proprietary technology rather than cash strain. The sale of its international business in late 2022 further strengthened the balance sheet, enabling the company to fund aggressive domestic growth, maintain dividend payments, and pursue high-return Capex initiatives.

Valuation Supporting a Target Price of A$1.15/share

A multi-pronged valuation approach supports a target of A$1.15/share:

- **Comparative Analysis:** PPS trades at a TTM P/E of around 29.6 and P/S of about 3.85, below peer averages. Normalising forward P/E to a conservative 35x–40x range on FY26 EPS forecasts (A$0.027–0.032) suggests a fair value of A$0.95–A$1.28/share.

- **DCF Approach:** Assuming 15% FCF growth over the next five years and a 10% discount rate, intrinsic value comfortably exceeds A$1.00/share.

- **Consensus Validation:** Recent market ranges from A$0.88 to A$1.30, with a median of A$1.01–A$1.10/share, supporting our target. Our A$1/share projection assumes a near-term P/E re-rating to 40x as the market recognises Spectrum's commercial success and operational leverage.

Technical Momentum and Price Action Indicating Upside Potential

Praemium's share price has demonstrated strong momentum, with a 1-year return exceeding 40% and a recent push to a 52-week high of A$0.945 following the Q1 FY26 update. The stock is trading above both its 50-day and 200-day moving averages, signalling a bullish trend. Key support rests at A$0.85, while a sustained break above A$0.945 would open the path to our target of A$1.00 per share.

Praemium represents a high-quality FinTech opportunity in a structurally growing Australian wealth platform market. Strong execution of its domestic strategy, the commercial success of the Spectrum platform, a debt-free balance sheet, operational leverage, and an attractive dividend yield provide multiple drivers for future upside. On the back of solid fundamentals, a favourable industry environment, and an undemanding valuation relative to peers, we reaffirm our "buy" rating with a target price of A$1.0/share, implying significant upside from current levels.

MARKET MOVERS

Australian equities closed slightly higher on Thursday, as gains in the Energy, Gold, and Utilities sectors counterbalanced modest headwinds elsewhere, with the benchmark ASX 200 rising 0.03% by the close in Sydney. The session was characterized by selective strength in mining and energy names, reflecting both commodity price movements and positive geopolitical developments.

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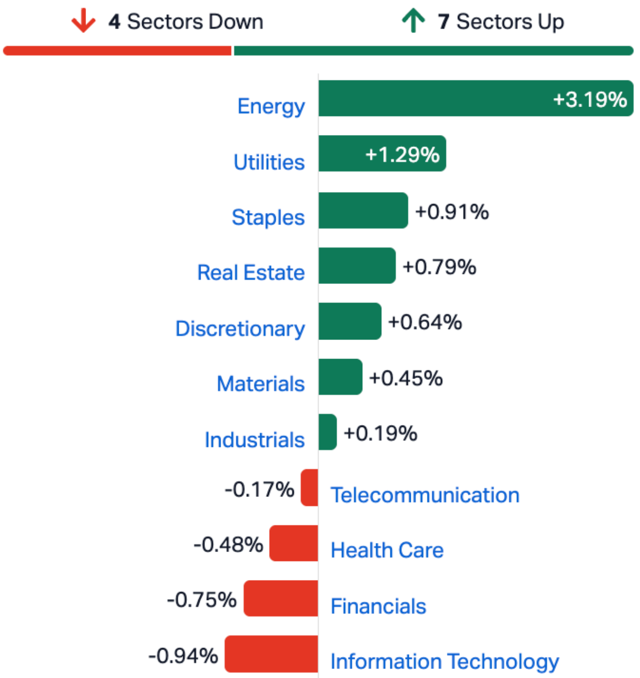

Pilbara Minerals Ltd (ASX:PLS) led the session, advancing 5.34% or 0.15 points to close at 2.96, while Lynas Rare Earths Ltd (ASX:LYC) added 4.04% or 0.74 points to finish at 19.07. Woodside Energy Ltd (ASX:WDS) also contributed to the market's gains, climbing 4.32% or 1.00 points to 24.17. Conversely, Perpetual Ltd (ASX:PPT) dragged on the index, falling 4.31% or 0.87 points to 19.30, with Mesoblast Ltd (ASX:MSB) down 3.70% to 2.60 and IperionX Limited (ASX:IPX) losing 3.50% to end at 7.45. On the broader exchange, rising stocks outnumbered declining ones by 678 to 533, with 406 remaining unchanged. **The S&P/ASX 200 VIX, a measure of implied market volatility, eased 6.98% to 10.62, reflecting a calmer investor mood.**

Currency markets saw the Australian dollar remain under pressure near two-month lows, holding below $0.650 amid growing speculation of a near-term rate cut by the Reserve Bank of Australia.

September's surprise uptick in the unemployment rate to a near four-year high has pushed market expectations for a 25 basis-point reduction in November to 70%, up from roughly 40% the previous week. Investors are now looking ahead to key economic data, including flash PMI readings later this week and the Q3 CPI report next week. Analysts anticipate headline CPI to rise to 3.0% year-on-year, at the upper end of the RBA's 2–3% target range, while core CPI is expected to remain steady. The AUD's downside may be partially mitigated by recent diplomacy between US President Donald Trump and Australian Prime Minister Anthony Albanese, who signed a critical minerals pact aimed at reducing dependence on China and potentially directing billions into domestic mining projects.

Crosses	Price		Day		Year	Date
AUDUSD	0.64998	▲	0.00117	0.18%	-2.05%	13:18
EURAUD	1.7855	▼	-0.0042	-0.23%	9.44%	Oct/23
GBPAUD	2.0549	▼	-0.0038	-0.18%	5.09%	Oct/23
AUDNZD	1.1323	▲	0.0025	0.22%	2.60%	Oct/23
AUDJPY	98.9780	▲	0.3730	0.38%	-1.83%	Oct/23
AUDCNY	4.6307	▲	0.0081	0.17%	-2.12%	Oct/23
AUDCHF	0.5178	▲	0.0013	0.26%	-9.94%	Oct/23
AUDCAD	0.9089	▲	0.0011	0.12%	-1.19%	Oct/23

Fixed income markets reflected these easing expectations, with Australia's 10-year government bond yield hovering around 4.11%, the lowest since early May.

Bonds	Yield		Day	Month	Year	Date
Australia 10Y	4.1340	▲	0.03%	-0.164%	-0.333%	13:16
Australia 52W	3.40	▲	0.017%	-0.119%	-0.735%	Oct/23
Australia 20Y	4.71	▲	0.017%	-0.194%	-0.213%	Oct/23
Australia 2Y	3.35	▲	0.015%	-0.114%	-0.632%	Oct/23

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Investors recalibrated their positions following the weaker-than-expected jobs report last week, now pricing in a higher probability of near-term monetary policy loosening.

Meanwhile, regional markets in China remained under pressure. The Shanghai Composite fell 0.7% to below 3,890, while the Shenzhen Component declined 1.3% to 12,830, marking a second consecutive session of losses amid ongoing trade and policy uncertainties.

Indexes	Price			Day	Month	Year	Date
HK50	25,851.00	▲	69.23	0.27%	-2.52%	26.17%	Oct/23
SHANGHAI	3903	▼	11	-0.29%	1.23%	18.92%	13:18
CSI 300	4,585.05	▼	-7.52	-0.16%	0.42%	16.70%	Oct/23
SHANGHAI 50	3,012.20	▲	2.10	0.07%	2.47%	12.37%	Oct/23
CH50	15,210.20	▼	-69.75	-0.46%	0.55%	12.71%	Oct/23

Reports that the US may restrict exports of software to China initially spurred caution, though Trump later confirmed a planned meeting with President Xi Jinping. Technology shares led the decline, with Zhongji Innolight down 3%, Eoptolink Technology off 5%, Cambricon Technologies losing 3.3%, Suzhou TFC plunging 7.2%, and ZTE Corp retreating 4%. Investors also monitored the Fourth Plenum in Beijing for potential new stimulus measures, as uncertainty remains over whether the People's Bank of China will ease policy further to counter trade headwinds.

US markets were mixed ahead of the opening bell, with futures steady as investors digested a raft of earnings reports.

In extended trading, Tesla shares dropped nearly 4% after mixed quarterly results, IBM sank over 6% on lacklustre software revenue, while Moderna, Lam Research, and Molina Healthcare also posted steep losses. Offsetting this, Southwest Airlines and Las Vegas Sands advanced on stronger-than-expected earnings. On Wednesday, the Dow fell 0.71%, the S&P 500 dropped 0.53%, and the Nasdaq Composite declined 0.93%, amid initial concerns over possible US software export restrictions to China, before Trump confirmed that a meeting with Xi is "scheduled." Attention now turns to the remainder of earnings season and Friday's US CPI release for further economic signals.

Commodity markets exhibited pronounced movements, with WTI crude oil surging more than 3% to above US$60 per barrel, hitting a two-week high.

	Price			Day	Month	Year	Date
Crude Oil	60.674	▲	2.174	3.72%	-6.62%	-13.54%	13:19
Brent	64.746	▲	2.156	3.44%	-6.61%	-12.98%	13:19
Natural gas	3.4579	▲	0.0079	0.23%	10.22%	14.42%	13:19
Gasoline	1.9083	▲	0.0159	0.84%	-5.13%	-6.02%	13:19
Heating Oil	2.3280	▲	0.0784	3.49%	-2.10%	5.26%	13:19
Coal	103.70	▼	-0.30	-0.29%	0.10%	-28.48%	Oct/22
Ethanol	1.77	▲	0.0100	0.57%	-7.11%	13.32%	Oct/22
Urals Oil	54.87	▲	0.41	0.75%	-10.56%	-20.48%	Oct/21

The rally followed US sanctions on major Russian oil companies, including state-owned Rosneft PJSC and Lukoil PJSC, a move aimed at pressuring Moscow over its stance on

Ukraine. Together, the sanctioned companies account for approximately 2.2 million barrels per day, nearly half of Russia's oil exports, and generate roughly a quarter of federal budget revenues. Following the sanctions, Trump indicated plans to discuss Russian oil imports with Xi, after reaffirming that India would reduce purchases. The European Union also agreed to a new sanctions package, including a ban on Russian LNG imports, scheduled for adoption Thursday.

Gold prices continued their retreat, slipping to around US$4,080 per ounce, extending a three-session decline after repeatedly hitting record highs in recent weeks.

	Price			Day	Month	Year	Date
Gold	4125.00	▲	24.56	0.60%	10.51%	51.04%	13:19
Silver	48.988	▲	0.498	1.03%	11.51%	45.44%	13:19
Copper	4.9873	▲	0.0294	0.59%	4.92%	15.08%	13:19
Steel	3,060.00	▲	9.00	0.30%	-0.84%	-4.91%	Oct/23
Lithium	74,800.00	▲	450	0.61%	1.29%	4.62%	Oct/23
Platinum	1,574.60	▲	19.50	1.25%	6.07%	53.74%	Oct/23
Iron Ore	105.55	▲	0.02	0.02%	0.06%	0.89%	Oct/22

The metal is now roughly 6% below its peak, marking the largest weekly drop in over five years, weighed down by optimism over a potential US-China trade deal and Trump's conciliatory rhetoric toward Beijing. Despite the pullback, gold remains approximately 55% higher year-to-date and over 5% higher for the month, supported by expectations of two further US rate cuts by year-end and ongoing geopolitical tensions, including the recent sanctions on Russia and uncertainty surrounding the postponed Trump-Putin summit over Ukraine ceasefire disagreements.

As Australian investors digest these developments, the market narrative continues to balance domestic rate-cut expectations, commodity-driven optimism, and global geopolitical uncertainty, with selective sector gains providing modest support to the ASX 200.

Regards,
Mark Elzayed
Investor Pulse

INVESTOR PULSE

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Market Data

ASX Top 20

CBA	Commonwealth Bank	171.66	−2.49	−1.43%
BHP	BHP	43.01	−0.50	−1.15%
CSL	CSL	217.55	−3.15	−1.43%
WBC	Westpac Bank	38.88	−0.36	−0.92%
NAB	National Australia Bank	43.38	−0.31	−0.71%
ANZ	ANZ	36.99	−0.13	−0.35%
FMG	Fortescue Metals	20.84	+0.48	+2.36%
WES	Wesfarmers	91.97	+0.93	+1.02%
MQG	Macquarie Group	225.99	−2.88	−1.26%
RIO	Rio Tinto	129.90	−0.50	−0.38%
WOW	Woolworths	26.82	+0.07	+0.26%
TLS	Telstra	4.92	0.00	0.00%
GMG	Goodman Group	33.86	+0.10	+0.30%
TCL	Transurban	14.95	0.00	0.00%
SQ2	Block Inc			
ALL	Aristocrat Leisure	64.75	+0.49	+0.76%
NCM	Newcrest Mining			
REA	REA Group	222.16	−3.35	−1.49%
WDS	Woodside Energy	24.17	+1.00	+4.32%
XRO	Xero	150.46	−3.92	−2.54%

Commodities & Forex

TIO1!	IRON ORE
GC1!	GOLD
SI1!	SILVER
HG1!	COPPER
ZW1!	WHEAT
CL1!	CRUDE OIL
NG1!	NATURAL GAS
NCF1!	COAL
LTH1!	LITHIUM

AUDUSD	Australian Dollar / U.S. Dollar	0.64995	+0.20%	+0.00
AUDGBP	AUSTRALIAN DOLLAR / BRITISH POUND	0.4863	+0.14%	+0.0007
AUDEUR	AUSTRALIAN DOLLAR / EURO	0.5601	+0.21%	+0.00
AUDNZD	Australian Dollar / New Zealand Dollar	1.13242	+0.23%	+0.00
AUDJPY	Australian Dollar / Japanese Yen	99.018	+0.46%	+0.45
AUDCNY	AUSTRALIAN DOLLAR / CHINESE YUAN	4.6280	+0.13%	+0.01
AUDTHB	AUSTRALIAN DOLLAR / THAI BAHT	21.269	−0.07%	−0.01
AUDIDR	AUSTRALIAN DOLLAR / INDONESIAN ...	10,810.8	+0.31%	+33.20

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Economic Calendar

+3

Time	Event	Actual	Forecast	Prior
October 21		Actual	Forecast	Prior
October 22		Actual	Forecast	Prior
13:00	Core CPI MM	–	0.2%	0.3%
	Core CPI YY	3.5%	3.7%	3.6%
	CPI MM	–	0.2%	0.3%
	CPI YY	3.8%	4%	3.8%
	RPI MM*	−0.4%	−0.2%	0.4%
	RPI YY*	–	4.7%	4.6%
19:30	Retail Sales MM	–	0.4%	0.6%
October 23		Actual	Forecast	Prior
21:00	Consumer Confid. Flash *		−15 Net balance	−14.9 Net balance
	Existing Home Sales		4.06 M Number of	4 M Number of
October 24		Actual	Forecast	Prior
19:30	Core CPI MM, SA		0.3%	0.3%
	Core CPI YY, NSA		3.1%	3.1%
	CPI MM, SA		0.4%	0.4%
	CPI YY, NSA		3.1%	2.9%