



Australian Eagle Asset Management

June 2019 Monthly Report - Australian Eagle Growth High Conviction Equity

Portfolio performance

	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year	7 Year	10 Year	Inception p.a.
Portfolio	3.83%	9.26%	22.50%	12.04%	21.20%	14.98%	16.49%	13.04%	11.86%
Benchmark	3.97%	8.57%	20.21%	12.63%	13.11%	8.86%	12.21%	10.24%	8.12%
Out/(under) performance	-0.14%	0.69%	2.29%	-0.59%	8.09%	6.12%	4.28%	2.79%	3.74%

Top 3 and bottom 3 performing stocks

Top 3: Fortescue Metals Group Ltd (FMG), OZ Minerals Ltd (OZL), ASX Ltd (ASX)

Bottom 3: Japara Healthcare Ltd (JHC), Webjet Ltd (WEB), Treasury Wine Estates Ltd (TWE)

Portfolio changes

Stocks joined or increased:

Pushpay Ltd (+1.00%, Entry): A mobile donation and engagement system for the faith sector. The Company's US market share growth is gaining momentum, providing a solid foundation for future organic growth.

ASX Ltd (+0.25%): An Australian securities exchange provider. The Company's new blockchain technology is set to benefit all stakeholders by enhancing reliability and security while cutting operating costs.

Stocks removed or reduced:

Seek Ltd (-0.75%, Exit): An international job advertisements platform provider. The company has reached our valuation target.

Market Commentary

World markets rebounded after the US government backed down on enforcing additional tariffs on Mexican and Chinese goods. The US Fed kept interest rates steady while reiterating the case for lower future interest rates. Chinese economic data showed a slowing domestic economy, prompting the government to introduce new stimulus measures. The iron ore price rose 16% to US\$118 as Chinese port inventories fell to recent lows, exacerbated by Brazilian supply issues. The oil price rose 13% to US\$59 as a fall in US crude inventories bolstered the demand outlook. The Australian dollar rose 1c to US70c after the US Fed raised the possibility of lowering interest rates. The Australian market rose as the market continued to rebound as the RBA cut interest rates by 0.25% to 1.25%. Australian GDP grew +1.8%, the slowest annual pace since 2009. New vehicle sales fell in May for the 14th consecutive month. CSL announced it will transition from a 3rd party distribution to an internal supply chain in China in FY20 which will enhance its ability to serve more patients in China as a Tier 1 distributor.

Wesfarmers revealed the acquisition of Catch Group for \$230m to help online growth while also reporting a slight moderation in Kmart same store sales. Cochlear announced that its Nucleus Profile Plus implant had received FDA approval and will commence immediate US launch. Sydney Airport published improving May international passenger numbers with a return to growth for Chinese visitors. Woodside Petroleum delayed the restart of Pluto LNG to the end of June, with production expected at the lower end of guidance. Oil Search exercised an option to double its stake in Alaska exploration leases. Webjet reconfirmed FY19 EBITDA guidance while introducing Rezchain, its own blockchain technology to revolutionise the travel booking and payments system. Pushpay upgraded its processing volume and EBITDA guidance for FY20. Nearmap revealed the launch of 3D online and a beta version of AI products able to detect ground features and changes over time.

Portfolio Exposures

Major portfolio exposures were medical devices & services and technology stocks with less portfolio weight in major banks and retailers.

Current portfolio: Top ten holdings

Stock	30/06/2019
Commonwealth Bank Ltd	8.16%
Cochlear Ltd	6.00%
Fortescue Metals Group Ltd	5.94%
National Australia Bank Ltd	5.80%
QBE Insurance Group Ltd	5.36%
OZ Minerals Ltd	5.01%
Xero Ltd	4.86%
ASX Ltd	4.71%
Treasury Wine Estates Ltd	4.15%
Macquarie Group Ltd	4.09%

Portfolio Commentary

Positives:

FMG- The share price continued to rise with the iron ore price.

OZL - The share price recovered after a period of underperformance.

ASX - The share price continued to rise after the blockchain technology update in May.

Negatives:

JHC - The share price fell after the Royal Commission revealed an instance of resident mistreatment.

WEB - The share price corrected as a JV partner reported financial difficulties.

TWE - The share price underperformed on negative sentiment regarding consumer imports into China.