



Australian Eagle Asset Management

March 2021 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	0.92%	2.38%	16.05%	43.67%	14.59%	17.83%	13.79%	12.04%	11.92%
Benchmark	2.53%	4.46%	18.86%	36.77%	9.90%	10.29%	7.70%	8.19%	7.76%
Out/(under) performance	-1.61%	-2.08%	-2.81%	6.90%	4.69%	7.54%	6.09%	3.85%	4.16%

Top 3 and bottom 3 performing stocks

Top 3: Pushpay Holdings Ltd (PPH), Elders Ltd (ELD), Incitec Pivot Ltd (IPL)

Bottom 3: AMP Ltd (AMP), Fortescue Metals Group Ltd (FMG), Nearmap Ltd (NEA)

Market Commentary

World markets were mixed as the US Fed confirmed it will not bring forward its first rate hike despite rising inflation. The US 10yr bond yield rose 34bps to 1.74%, resulting in underperformance of US tech stocks. Several European countries reintroduced lockdown measures to combat their third wave of infections. The ECB stated they will step up their asset purchases program to bolster financing conditions. China fell on concerns of policy tightening as well as a clampdown on market power abuse by large Chinese tech companies. The oil price fell 4% to US\$59 as the temporary Suez Canal blockage affected global demand. The iron ore price fell 6% to US\$165/t as authorities started their pollution crackdown on Chinese steel mills. The Australian dollar fell 1c to US76c.

The Australian market underperformed as long term bond yields continued to affect technology and healthcare stocks. The Australian economy continued to recover as unemployment fell from 6.3% to 5.8%. The RBA held rates steady at 0.1%. The Federal Government's JobKeeper program finished at the end of March. QBE revealed the appointment of a new CEO who is the current CEO of a UK specialist insurer.

AMP announced that JV talks have continued, with Ares indicating interest in the entire private markets division. Xero announced the acquisitions of 2 European-based software companies called Tickstar and Planday. IDP Education announced Education Australia will restructure its 40% shareholding through a combination of an in specie distribution to its 38 university shareholders and an on-market sell-down. Evolution Mining acquired Battle North Gold Corp for C\$343m to combine the Bateman Gold Project with its Red Lake operations. Telstra reiterated their new proposed legal corporate restructure with the addition of a subsidiary which will own the international assets. Fortescue brought forward its carbon neutrality target by 10 years to 2030. Chorus submitted its regulated asset base valuation of approximately NZ\$5.5bn to the NZ Commerce Commission. Pushpay announced its founding shareholders Peter & Christopher Huljich have sold all their shares to a global investment company.

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

Portfolio changes

Stocks joined or increased:

Telstra Corporation Ltd (+1.00%): An Australian telecommunications and infrastructure company. The company's corporate restructure has further advanced plans to monetise the mobile tower assets.

Incitec Pivot Ltd (+0.75%): A multinational explosives and fertilisers business. The company's turnaround strategy coupled with favourable commodity prices and weather conditions have established a solid platform for future organic growth.

Stocks removed or reduced:

Fortescue Metals Group Ltd (-1.25%): An Australian iron ore miner. The company's Iron Bridge project is under review and may be delayed after some cost overruns.

Chorus Ltd (-0.50%): A NZ wholesale broadband provider. The company's conservative initial asset value model has limited FY22 to FY24 revenue to a maximum allowable range of \$715m to \$755m.

Australian Eagle Portfolio: Top ten holdings

Stock	31/03/2021
Commonwealth Bank Ltd	7.25%
OZ Minerals Ltd	6.00%
Cochlear Ltd	5.75%
CSL Ltd	5.50%
Macquarie Group Ltd	5.25%
National Australia Bank Ltd	5.25%
Fortescue Metals Group Ltd	4.75%
ResMed Inc	4.50%
Invitec Pivot	3.75%
BHP Group Ltd	3.75%

Portfolio Commentary

Positives:

PPH - The share price rose after a new cornerstone investor replaced the exiting founders.

ELD - The share price rose after a period of favourable weather conditions.

IPL - The share price followed the rising fertiliser price.

Negatives:

AMP - The share price fell due to increased speculation surrounding the future of the CEO and the Private Markets sale.

FMG - The share price followed the iron ore price lower.

NEA - The share price fell as bond yields rose.