



Australian Eagle Asset Management

April 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	3.78%	6.44%	15.60%	35.74%	14.29%	17.88%	14.28%	12.41%	12.12%
Benchmark	3.51%	7.68%	20.51%	30.58%	9.76%	10.32%	7.93%	8.57%	7.95%
Out/(under) performance	0.27%	-1.24%	-4.91%	5.16%	4.53%	7.56%	6.35%	3.84%	4.17%

Top 3 and bottom 3 performing stocks

Top 3: Japara Healthcare Ltd (JHC), HUB24 Ltd (HUB), Altium Ltd (ALU)

Bottom 3: Incitec Pivot Ltd (IPL), AMP Ltd (AMP), Pushpay Ltd (PPH)

Portfolio changes

Stocks joined or increased:

Telstra Corporation Ltd (+0.50%): A large Australian communications infrastructure company. The company's corporate restructure and turnaround plans are progressing according to their stated timeline.

Nitro Software Ltd (+0.50%): A global document productivity software company. With the majority of customers having switched to subscription contracts, usage of the company's products has increased significantly, providing a solid foundation for future organic growth.

Stocks removed or reduced:

Goodman Group Ltd (-1.00%): A multinational industrial property developer and manager. The share price is reaching our valuation target.

AMP Ltd (-0.50%): A diversified financial services company. Recent updates from management concerning the future of the Private Markets division have lacked sufficient details.

Market Commentary

World markets rose as the US Fed held interest rates steady with the release of positive economic data and continued strong progress with the vaccine rollout. US companies started quarterly reporting with the banks providing robust updates. Europe underperformed as the EU entered a technical recession after slowly recovering from a 3rd wave of COVID-19 infections. President Xi reiterated his pledge for China to be carbon neutral by 2060 and the phasing out of coal from 2026. The oil price rose 7% to US\$64 on growing global demand. The copper price rose 11% to reach 10yr highs at \$4.50/lb during the month. The iron ore price rose to record highs of US\$195/t but finished the month up 14% at US\$189/t on strong Chinese demand and persistent supply issues in Brazil. The Australian dollar rose 1c to US77c.

The Australian market rose as the big banks and miners outperformed. Unemployment fell from 5.8% to 5.6% as job vacancies grew strongly during March. CPI numbers came in below expectations, easing fears of an early hike in interest rates. On the company front, Xero completed its US acquisitions, Planday and Tickstar.

Chorus announced its future maximum allowed revenue range has been reduced to NZ\$680-710m due to changes to inflation assumption adjustments. Mach7 Technologies announced record positive quarterly cash inflow for March along with a promising pipeline of future sales. HUB24 reported quarterly inflows of \$1.9bn as well as the completion of 3 of their recent strategic acquisitions. Corporate Travel revealed a strong recovery in activity in Europe and Australia & New Zealand, assisted by numerous new client wins. AMP ceased talks with Ares and announced the demerger of its Private Markets business in 2022 along with the transition to a new CEO in July. Fortescue reported higher production but higher costs and capex due to competition for skilled workers and an increase in decarbonisation projects. OZ Minerals announced solid production numbers despite higher costs and lower realised gold prices. Japara Healthcare received an indicative takeover bid by a not-for-profit healthcare provider.

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

Australian Eagle Portfolio: Top ten holdings

Stock	30/04/2021
Commonwealth Bank Ltd	7.25%
OZ Minerals Ltd	6.00%
Cochlear Ltd	5.75%
CSL Ltd	5.50%
Macquarie Group Ltd	5.25%
Fortescue Metals Group Ltd	5.25%
National Australia Bank Ltd	5.00%
ResMed Inc	4.50%
Invitec Pivot	3.75%
BHP Group Ltd	3.75%

Portfolio Commentary

Positives:

JHC - The share price rose after the company received an unsolicited takeover bid.

HUB - The share price rose after the company received record quarterly net inflows in the March quarter.

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

Negatives:

IPL - The share price fell after management announced a delay in the commencement of its Waggaman plant.

AMP - The share price fell after the board chose not to proceed with a sale of its Private Markets division.

PPH - The share price fell after a period of outperformance.