



Australian Eagle Asset Management

July 2023 Monthly Report - Australian Eagle Long-Only Equity

Portfolio performance

	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year	7 Year	10 Year	Inception p.a.
Portfolio	2.40%	0.19%	1.79%	13.73%	14.29%	12.08%	14.40%	13.43%	11.86%
Benchmark	2.82%	2.25%	1.33%	12.41%	12.72%	8.02%	8.83%	8.56%	7.91%
Out/(under) performance	-0.42%	-2.06%	0.46%	1.32%	1.57%	4.06%	5.57%	4.87%	3.95%

Top 3 and Bottom 3 Performing Stocks

Top 3: Woodside Energy Group Ltd (WDS), Costa Group Holdings Ltd (CGC), Corporate Travel Management Ltd (CTD)

Bottom 3: IGO Ltd (IGO), CSL Ltd (CSL), Macquarie Group Ltd (MQG)

Portfolio changes

Stocks joined or increased:

Ramsay Healthcare Ltd (+1.00%, Entry): A multinational private healthcare facilities operator. Recent headwinds regarding labour availability and rising costs have started to abate, laying a solid foundation for future organic growth.

Telix Pharmaceuticals Ltd (+0.50%): A cancer diagnostic and therapy products developer. Group revenue has continued to climb at a steady pace while product development has progressed as expected.

Stocks removed or reduced:

CSL Ltd (-0.50%): A diversified multinational healthcare products developer and distributor. The company recently announced unfavourable short term foreign exchange movements resulting in a negative impact on earnings.

Pro Medicus Ltd (-0.50%): An innovative medical imaging solutions provider. The pace of recent contract wins has not matched that of past stronger periods.

Market Commentary

World markets rose during a volatile month as central banks continued to hike interest rates. The yield curve steepened slightly with the US 10 year bond yield rising 12bps as investors priced in increasing expectations of higher interest rates for the medium term. The US Fed hiked rates by 25bps and left the door open to more hikes depending on future economic data. The ECB hiked rates by 25bps, reiterating its belief that inflation remained too high. The Chinese government walked back its crackdown on the private sector and property speculators and announced concrete stimulus measures after continued weak economic data. The iron ore price ended a volatile month down US\$3 to US\$107/t on mixed news. The oil price rose US\$10 to US\$80/bbl on news of further OPEC+ production cuts. The AUD rose US1c to US67c.

The Australian market rose with world markets as headline inflation slowed more than expected from 6.8% to 5.6%. The RBA paused its interest rate hiking cycle in order to give the economy more time to absorb the hikes of the past 14 months. Unemployment remained low at 3.5%. CPI data revealed services inflation continued rising while goods inflation showed signs of abating.

Costa Group received a non-binding proposal from a large shareholder for \$3.50 per share. AMP revealed that the Federal Court ruled in favour of financial planners regarding the changes made to its Buyer of Last Resort Policy. Fortescue reported first concentrate from Iron Bridge was loaded on ship in July while Pilbara hematite C1 costs for FY24 are projected to land between US\$18-19/wmt. IGO announced a \$880-980m non-cash impairment for recently acquired Western Areas assets due to production scheduling challenges and delays. Rio Tinto's half year result revealed lower realised iron ore prices, resulting in a lower dividend. QBE's first half update showed rising catastrophe costs offset by continued premium growth and rising investment income. Telix Pharmaceuticals announced the planned launch of brain and renal cancer diagnostic products in 2024 subject to regulatory approvals. Corporate Travel's medium term profit target remains intact after announcing accelerating profits backed by strong performance in Europe and large contract wins.

Major relative portfolio exposures were medical devices and non-bank financial stocks with less portfolio weight in major banks and industrials.

Australian Eagle Portfolio: Top ten holdings

Stock	31/07/2023
Commonwealth Bank Ltd	7.00%
Rio Tinto Ltd	6.00%
QBE Insurance Group Ltd	6.00%
CSL Ltd	5.50%
Cochlear Ltd	5.50%
Newcrest Mining Ltd	5.25%
Woodside Energy Group Ltd	5.00%
Macquarie Group Ltd	5.00%
Transurban Group Ltd	5.00%
Altium Ltd	4.00%

Portfolio Commentary

Positives:

WDS - The share price rose with the oil price.

CGC - The share price rose after receiving a takeover bid from a private equity firm.

CTD - The share price outperformed after providing positive guidance for FY24.

Negatives:

IGO - The share price fell after announcing a non-cash impairment of some nickel mines.

CSL - The share price continued to fall after announcing short-term foreign exchange headwinds.

MQG - The share price underperformed after announcing slower corporate transaction and trading activity.