



Australian Eagle Asset Management

November 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	4.29%	-2.60%	1.55%	2.27%	8.74%	13.64%	13.73%	12.28%	11.51%
Benchmark	4.83%	-1.73%	2.28%	1.66%	7.95%	9.30%	8.43%	7.48%	7.62%
Out/(under) performance	-0.54%	-0.87%	-0.73%	0.61%	0.79%	4.34%	5.30%	4.80%	3.89%

Top 3 and Bottom 3 Performing Stocks

Top 3: Altium Ltd (ALU), Cochlear Ltd (COH), Transurban Ltd (TCL)

Bottom 3: Treasury Wine Estates Ltd (TWE), AMP Ltd (AMP), IGO Ltd (IGO)

Portfolio changes

Stocks joined or increased:

Altium Ltd (+0.50%): A multinational electronic design automation software company. After reporting strong revenue and earnings momentum, the company has progressed to a new phase of its growth journey.

ResMed Inc (+0.50%): A sleep apnoea and out-of-hospital digital healthcare provider. Pressure on margins have started to ease as the company continues to work through its issues stemming from COVID-19.

Stocks removed or reduced:

AMP Ltd (-1.00%): A diversified financial services company. The stability of operations has deteriorated with bank net interest margins coming under increasing pressure due to competition.

Telstra Ltd (-0.25%): An Australian telecommunications provider. Management's decision not to further monetise its valuable infrastructure assets has dampened the potential for a short-term share price catalyst.

Australian Eagle Portfolio: Top Ten Holdings

Stock	30/11/2023
Commonwealth Bank Ltd	7.25%
Rio Tinto Ltd	6.00%
QBE Insurance Group Ltd	6.00%
CSL Ltd	6.00%
Cochlear Ltd	5.75%
Altium Ltd	5.00%
Macquarie Group Ltd	5.00%
Transurban Group Ltd	5.00%
Woodside Energy Group Ltd	4.75%
Wesfarmers Ltd	4.00%

Market Commentary

World markets rebounded, led by technology stocks after inflation data showed progress towards target ranges. US bond yields fell throughout the month after dovish commentary led markets to believe a US Fed Reserve pivot was closer than anticipated. EU inflation fell from 2.9% to 2.4% in October, increasing speculation of the timing of interest rate cuts. The Chinese economy remained under pressure after the government released weak trade data and negative CPI numbers. The Chinese government released a list of 50 property developers eligible for government funding to support the property market. The iron ore price rose 7% to US\$130/t, prompting the government to warn of increased supervision due to price speculators. The oil price fell US\$5 to US\$76/bbl despite news of further OPEC+ production cuts and Middle East conflict. The gold price rose to a 6 month high of US\$2056/oz on reports of central bank portfolio diversification. The AUD rose US3c to US66c.

The Australian market followed world markets higher. Australian CPI data eased to 4.9% in October despite the RBA hiking interest rates by 0.25% to 4.35% at the beginning of the month due to inflation not falling fast enough.

The big banks all reported increasing pressure on net interest margins due to strong competition for their core mortgage lending business. Macquarie Group announced lower profit due to lower returns from its green investments and strong performance in Commodities last year. Xero announced a new leadership team and strategy to gain market share and subscriber growth in North America. QBE's quarterly update revealed continued gross written premium growth and strong investment income returns. IGO announced that their incoming CEO will start as planned despite being dismissed for mishandling confidential information at his previous position. Ramsay Healthcare's trading update revealed continued recovery in most divisions as well as the sale of its Asian joint venture where proceeds will be used to reduce balance sheet leverage. Evolution Mining reiterated its FY24 production targets with the turnaround plan at its troublesome Red Lake mine progressing as planned. Treasury Wine Estates raised \$825m for its purchase of DAOU Vineyards. Major relative portfolio exposures were medical devices and non-bank financial stocks with less portfolio weight in major banks and industrials.

Portfolio Commentary

Positives:

ALU - The share price outperformed after reaffirming their short and medium term targets.

COH - The share price rose after a period of underperformance.

TCL - The share price rose after bond yields fell.

Negatives:

TWE - The share price fell after completing an equity raising during the month.

AMP - The share price fell after net interest margins deteriorated more than expected.

IGO - The share price followed the lithium price lower.