



Australian Eagle Asset Management

December 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	5.56%	5.05%	5.76%	11.17%	10.84%	14.87%	14.00%	12.88%	11.78%
Benchmark	7.22%	8.35%	7.57%	12.65%	10.08%	10.78%	8.84%	8.16%	7.98%
Out/(under) performance	-1.65%	-3.30%	-1.81%	-1.48%	0.76%	4.09%	5.16%	4.72%	3.79%

Top 3 and Bottom 3 Performing Stocks

Top 3: Cochlear Ltd (COH), Rio Tinto Ltd (RIO), Macquarie Group (MQG)

Bottom 3: QBE Insurance Group Ltd (QBE), Evolution Mining Ltd (EVN), AMP Ltd (AMP)

Portfolio changes

Stocks joined or increased:

Pilbara Minerals Ltd (+1.00%, Entry): A low cost lithium miner. The company's growing production profile and commitment to reduce costs has laid a strong platform for future organic growth.

Silex Systems Ltd (+0.25%, Entry): An laser enrichment technology company. The company's upcoming commercialisation pilot demonstration in 2024 using its SILEX technology has numerous applications especially in the production and enrichment of uranium.

Stocks removed or reduced:

Newmont Mining Ltd (-2.00%, Exit): A multinational gold miner. After the successful takeover of Newcrest Mining, the combined group has a diluted exposure to copper production.

AMP Ltd (-1.00%): A diversified financial services company. The on-market buyback has been delayed due to the class action lawsuit while bank net interest margins remain under increasing pressure due to competition.

Market Commentary

World markets continued their rebound as financial conditions showed signs of easing. US bond yields also continued to fall throughout the month after economic data showed further evidence of a cooling economy. The UK economy shrank 0.1% in 3Q23, driven by weak contributions from services, communications and household spending. The Chinese economy remained under pressure after the government released weak consumption and property data. The PBoC kept lending rates unchanged at record lows to attempt to revive the Chinese economy. The iron ore price rose 8% to US\$139/t on continued Chinese government support. The oil price fell US\$4 to US\$72/bbl despite news of continued Middle East conflict and rumours of countries leaving OPEC+. The uranium price surged to US\$91/lb as the COP28 meeting acknowledged nuclear energy as one of the solutions to climate change. The AUD rose US2c to US68c. The Australian market rose with world markets. The RBA held rates steady at 4.35%. Australian GDP grew 0.2% for 3Q23, its softest pace in a year driven by lower fixed investment and household consumption. Unemployment rose to 3.9%, its highest level in 1.5 years.

Evolution Mining acquired the Northparkes mine for US\$475m, funded via a combination of new debt and equity. Rio Tinto formed a joint venture with Giampaolo to expand US aluminium recycling operations. Ramsay Healthcare completed the sale of their Asian joint venture, paving the way for debt repayment. IGO announced another write down of its Cosmos project as the review of its recently acquired nickel assets continues. Transurban reaffirmed FY24 distribution guidance. AMP announced it had reached a settlement amount of \$100m for its Buyer of Last Resort class action while the approval for the final \$350m of capital return is sought from regulators. Telix Pharmaceuticals submitted its biologics license application for imaging of kidney cancer with the US FDA while the board of directors appointed a new Chief Medical Officer. National Australia Bank announced a new New Zealand wealth management company called FirstCape in partnership with Jarden, aimed at high net worth clients and philanthropic groups.

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	31/12/2023
Commonwealth Bank Ltd	7.50%
Rio Tinto Ltd	6.00%
Macquarie Group Ltd	6.00%
CSL Ltd	6.00%
Cochlear Ltd	5.50%
QBE Insurance Group Ltd	5.50%
Altium Ltd	5.00%
Transurban Group Ltd	5.00%
Woodside Energy Group Ltd	4.50%
BHP Group Ltd	4.50%

Portfolio Commentary

Positives:

COH - The share price rose as long term bond yields fell.

RIO - The share price rose with the iron ore price.

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

Negatives:

QBE - The share price fell as the Federal Reserve indicated interest rates will fall in 2024.

EVN - The share price fell after the company completed a capital raising to fund an acquisition.

AMP - The share price fell after the company paused its on-market buyback.