



Australian Eagle Asset Management

February 2024 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	2.35%	10.30%	7.44%	12.24%	11.93%	13.53%	14.07%	13.22%	11.93%
Benchmark	0.89%	9.39%	7.50%	10.84%	10.12%	9.16%	8.89%	8.19%	8.02%
Out/(under) performance	1.46%	0.91%	-0.06%	1.40%	1.81%	4.37%	5.18%	5.03%	3.91%

Top 3 and Bottom 3 Performing Stocks

Top 3: Altium Ltd (QLU), Cochlear Ltd (COH), Wesfarmers Ltd (WES)

Bottom 3: Corporate Travel Management Ltd (CTD), Rio Tinto Ltd (RIO) ResMed Inc (RMD)

Portfolio changes

Stocks joined or increased:

ARB Coporation Ltd (+1.00%, Entry): An multinational 4x4 accessories manufacturer and distributor. Strong growth in the Original Equipment division has been well supported by the solid performance of the Australia market.

Pilbara Minerals Ltd (+1.00%): A vertically integrated lithium miner. The company's strong balance sheet and low cost production has provided a strong foundation for future organic growth.

Stocks removed or reduced:

Corporate Travel Management Ltd (-1.00%): A multinational corporate travel company. Management downgraded their guidance after a disappointing first half performance. A much-hyped UK government contract has also failed to live up to expectations.

CSL Ltd (-1.00%): A large rare diseases healthcare company. The company's recent Vifor acquisition has disappointed investors as management dampened their growth aspirations.

Market Commentary

World markets continued to surge higher, driven by better-than-expected results during reporting season. The US Treasuries yield curve rose as economic data and Fed governor commentary dampened speculation of imminent interest rate cuts. The Bank of England held rates steady at 5.25%. The PBoC lowered its 5 year loan prime rate to 3.95% to help stabilise its spiraling property market. The Chinese government released data pointing to falling production and price deflation despite constant fiscal stimulus. The iron ore price fell US\$12 to US\$117/t as a steel prices fell to a 4 month low on news of rising inventories. The oil price rose US\$2 to US\$78/bbl as traders adjusted to continuing Middle East conflict. The lithium price stabilised, rising 4% to US\$948/t at the end of the month on news of inventory restocking after Chinese New Year. The AUD fell US1c to US65c. The Australian market underperformed world markets as commodity prices dragged the big miners lower. Australian unemployment rose 0.2% to 4.1% while the RBA held rates steady at 4.35%. The government commenced talks to grant tax credits for construction of green energy mineral processing facilities.

Altium received a \$9.1bn all-cash takeover proposal from Japanese semiconductor company, Renesas. Cochlear upgraded their FY24 guidance, driven by implant growth. Detera Royalties increased their interim dividend while continuing to evaluate royalty asset acquisition targets. IDP Education's student placement business outperformed their competitors while experiencing industry-wide headwinds. QBE reported continued gross written premium growth while its investment book earned over US\$1bn in 2023. Ramsay Healthcare reported a strong recovery in its UK business after suffering from severe labour shortages. Telstra increased its dividend after reporting solid growth from its dominant mobile division, driven by price increases and international roaming charges. Treasury Wine Estates revealed positive momentum for its Penfolds brand while progressing the integration of its recent luxury wine acquisitions. Wesfarmers reported strong performances from its retail assets despite cost of living headwinds. 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	29/02/2024
Commonwealth Bank Ltd	7.25%
Rio Tinto Ltd	6.00%
Macquarie Group Ltd	6.00%
Cochlear Ltd	6.00%
QBE Insurance Group Ltd	5.25%
CSL Ltd	5.00%
Altium Ltd	5.00%
Transurban Group Ltd	5.00%
BHP Group Ltd	4.50%
ResMed Inc	4.25%

Portfolio Commentary

Positives:

ALU - The share price rose after the board accepted a compelling takeover proposal.

COH - The share price rose after management upgraded earnings guidance.

WES - The share price rose after a strong performance from Kmart Group.

Negatives:

CTD - The share price fell after revealing thin margins on its large UK government contract.

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

RMD - The share price corrected following a period of outperformance.