



Australian Eagle Asset Management

March 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	2.46%	7.07%	12.47%	13.68%	12.22%	13.64%	14.12%	13.32%	11.97%
Benchmark*	3.08%	5.17%	13.95%	14.46%	10.32%	9.64%	8.85%	8.48%	8.16%
Out/(under) performance	-0.61%	1.90%	-1.48%	-0.78%	1.90%	4.00%	5.27%	4.84%	3.81%

Top 3 and Bottom 3 Performing Stocks

Top 3: ResMed Inc (RMD), QBE Insurance Group Ltd (QBE), Evolution Mining Ltd (EVN)

Bottom 3: Pilbara Minerals Ltd (PLS), Cochlear Ltd (COH) IGO Ltd (IGO)

Market Commentary

World markets continued to rise, mainly driven by technology and AI-related stocks. The US Federal Reserve chairman testified that he expects to pivot to rate cuts later in 2024 as price pressures are being subdued. The ECB commented that a window to cut rates may appear but not in the short term. The Bank of Japan ended their regime of negative interest rates, raising rates for the 1st time in 17 years. Chinese economic data pointed to strong industrial activity offset by continued weakness in retail and property. The iron ore price fell US\$15 to US\$102/t as the Chinese property market remained under pressure. The oil price rose US\$6 to US\$84/bbl as OPEC+ extended their production cuts. The copper price rose to above US\$4/lb after news of rising demand and supply setbacks. The AUD remained at US65c. The Australian market outperformed world markets as the big banks revisited their recent highs offset by falls in the big miners from lower iron ore prices. Australian unemployment unexpectedly fell 0.4% to 3.7% while the RBA held rates steady at 4.35%. Monthly CPI remained flat at 3.4% with food prices rising the least in over 2 years while housing, health and transport prices remained high.

ASX received a \$1.05m fine from ASIC for self-reported transparency failures. CBA announced the closure of 45 Bankwest branches, accelerating the transition to being a digital-only brand. The Chinese government removed tariffs on Australian made wine. Rio Tinto announced the investment of US\$350m to develop a lithium mine and processing plant in Argentina. Pilbara Minerals accepted a pre-auction bid for 5kt of spodumene at US\$1,200/t, a 15% premium to the spot price. BHP cut 100 workers at its Kalgoorlie nickel site due to a prolonged price slump. The Star Entertainment CEO and CFO resigned after being informed it was unlikely to retain its casino licence with the current lineup of executives. Woodside sold 10% of its Scarborough project to Japan LNG for US\$910m as it makes progress towards first LNG cargo in 2026. Silex prioritised the establishing of its Paducah Laser Enrichment Facility and decided not to submit a proposal to the US Department of Energy for the acquisition of high-assay, low enriched uranium. Major relative portfolio exposures were medical devices and non-bank financial stocks with less portfolio weight in major banks and industrials.

Portfolio changes

Stocks joined or increased:

TechnologyOne Ltd (+1.00%, Entry): An enterprise software solutions company. The company's UK expansion plans are starting to bear fruit, supported by solid growth in Australia.

Xero Ltd (+1.00%): A cloud based small business accounting software provider. The company's US strategy is providing a potential growth driver of future organic growth.

Stocks removed or reduced:

Altium Ltd (-2.25%): A printed circuit board software design and connected devices manufacturing facilitator. The share price is approaching our target valuation.

ResMed Inc (-0.50%): A sleep apnea equipment manufacturer and out-of-hospital software solutions provider. The company's competitor has started to recover from its product recall last year.

Australian Eagle Portfolio: Top Ten Holdings

Stock	31/03/2024
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%
Transurban Group Ltd	5.00%
BHP Group Ltd	4.50%
Wesfarmers Ltd	4.00%
Treasury Wine Estates Ltd	4.00%

Portfolio Commentary

Positives:

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

QBE - The share price rose as bond yields steadied after a period of volatility.

EVN - The share price rose with the gold and copper prices.

Negatives:

PLS - The share price fell with the lithium price.

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

IGO - The share price fell as the nickel supply glut continued to gather pace.

*Benchmark is S&P/ASX100 Accumulation Index

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