



# Australian Eagle Asset Management

April 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	-1.69%	3.10%	15.88%	8.89%	10.22%	12.41%	13.65%	13.05%	11.82%
Benchmark*	-2.91%	0.98%	14.77%	9.24%	7.99%	8.51%	8.22%	7.95%	7.96%
Out/(under) performance	1.22%	2.12%	1.11%	-0.34%	2.22%	3.90%	5.43%	5.10%	3.86%

## Top 3 and Bottom 3 Performing Stocks

Top 3: Rio Tinto Ltd (RIO), ResMed Inc (RMD), Telix Pharmaceuticals Ltd (TLX)

Bottom 3: Xero Ltd (XRO), Macquarie Group Ltd (MQG), Woodside Energy Ltd (WDS)

## Market Commentary

World markets fell as investors were forced to adjust their interest rate expectations in light of continued strong inflation data. US bond yields surged with the 2yr yield rising over 0.4% to reach 5%. The ECB president confirmed that rate cuts are coming soon as disinflationary forces are taking effect. The UK unemployment rate rose from 3.9% to 4.2% while inflation fell but remained above expectations. Chinese manufacturing data eased, leading to concerns about the state of the Chinese economic recovery. The iron ore price rose US\$15 to US\$117/t as markets anticipated additional Chinese stimulus. The oil price remained flat at US\$81/bbl despite growing tensions in the Middle East and extended OPEC+ production cuts. The copper and aluminium price continued to reset new recent highs. The AUD remained at US65c. The Australian market followed world markets lower as the big banks fell after a period of outperformance and BHP fell after launching a bid for Anglo American. Australian unemployment rose 0.1% to 3.8% while the RBA minutes revealed neither rate hikes or rate cuts were off the table. Inflation slowed but remained above expectations, driven by the higher cost of housing and transportation.

The ACCC did not oppose Cochlear's acquisition of Oticon Medical's implant business. Star Entertainment revealed a deterioration in operating activity due to a decrease in premium gaming revenue partly offset by main gaming floor growth. Telix announced strong quarterly revenue growth while developing its product pipeline. Fortescue's quarterly report revealed lower shipments due to a derailment and weather disruptions but maintained FY24 guidance. Pilbara Minerals announced production growth while maintaining a strong balance sheet. Evolution Mining reconfirmed their FY24 production guidance and revealed strong cashflow generation from higher realised prices. ResMed announced a recovery in gross margins as elevated freight and manufacturing costs eased. BHP lobbed an all-scrip bid for Anglo American which was rejected and labelled as opportunistic. Rio Tinto's copper production rose 7% in the quarter as work continues on the Oyu Tolgoi copper expansion project.

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:

**IGO Ltd (+0.25%):** A nickel and lithium miner. After suffering through a period of lower commodity prices, the company's high quality assets have started to improve their performance.

**ResMed Inc (+0.25%):** A sleep apnea equipment manufacturer and out-of-hospital software solutions provider. Margins have recovered while strong organic growth has overshadowed the recent threat of weight-loss drugs.

### Stocks removed or reduced:

**CSL Ltd (-0.50%):** A global blood plasma and vaccines provider. Despite strong organic growth in the core business, the recent Vifor acquisition has failed to live up to expectations.

**Macquarie Group Ltd (-0.25%):** A diversified global financial services provider. The company's aggressive push into the Australian residential mortgage sector may result in lower short term margins.

## Australian Eagle Portfolio: Top Ten Holdings

Stock	30/04/2024
Commonwealth Bank Ltd	7.25%
Rio Tinto Ltd	6.00%
Cochlear Ltd	6.00%
Macquarie Group Ltd	5.75%
QBE Insurance Group Ltd	5.25%
Transurban Group Ltd	5.00%
CSL Ltd	4.50%
BHP Group Ltd	4.50%
Wesfarmers Ltd	4.00%
Treasury Wine Estates Ltd	4.00%

## Portfolio Commentary

### Positives:

RIO - The share price rose with the iron ore price.  
RMD - The share price rose as margins recovered after a challenging period.  
TLX - The share price rose after revenue accelerated in the last quarter.

### Negatives:

XRO - The share price fell as bond yields surged higher.  
MQG - The share price fell after a period of outperformance.  
WDS - The share price fell as investors remained nervous despite ending takeover talks with Santos.

\*Benchmark is S&P/ASX100 Accumulation Index

Disclaimer: This communication is issued by Australian Eagle Asset Management Pty Ltd ABN 89 629 484 840 Corporate Authorised Representative of Alleron Investment Management Pty Ltd AFSL 278856 Suite 301, Level 3, 161 Walker Street, North Sydney NSW 2060. This information does not constitute a recommendation, offer or solicitation to buy or sell any securities. It reflects Australian Eagle's Model Portfolio at the end of the month stated and Australian Eagle's views at the date of preparation. Both the Model Portfolio and Australian Eagle's views are subject to change without notice. Past performance figures are no guarantee of future returns and exclude Australian Eagle's fees. Date of preparation: 03 May 2024.