



Australian Eagle Asset Management

June 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	-0.38%	-1.76%	5.18%	11.24%	8.32%	11.25%	13.34%	13.10%	11.71%
Benchmark*	1.20%	-0.79%	4.34%	12.24%	7.09%	7.68%	8.99%	8.27%	8.01%
Out/(under) performance	-1.58%	-0.96%	0.85%	-0.99%	1.24%	3.57%	4.35%	4.83%	3.70%

Top 3 and Bottom 3 Performing Stocks

Top 3:	Macquarie Group Ltd (MQG), Treasury Wine Estates Ltd (TWE), Cochlear Ltd (COH)
Bottom 3:	Pilbara Minerals Ltd (PLS), Rio Tinto Ltd (RIO), Deterra Royalties Ltd (DRR)

Market Commentary

Global markets were mixed as US markets continued to climb while European markets fell on increased political instability. Weak US jobs data reignited hopes of imminent US Fed interest rate cuts. US bond yields fell with the 2yr yield falling 0.12bps to 4.71% while the 10yr yield fell 9bps to 4.40%. The ECB cut rates by 25bps to 4.25% but did not state any guidance for future action. The French election resulted in a strong swing to the right wing National Rally party causing turmoil in France's bond market. China's economic data continued to paint a mixed picture with manufacturing growth offset by weak inflation, imports and a sliding property market. The iron ore price fell US\$8 to US\$107/t as Chinese portside inventories continued to trend higher. The oil price rose US\$5 to US\$82/bbl on expectations that peak summer fuel demand will lead to a supply deficit. The AUD remained flat at US66c.

The Australian market rose as the big banks continued to outperform offset by weakness in the big miners. The RBA held rates steady but announced that the possibility of rate hikes was discussed. Inflation rose to its highest level in 2024 to 4% p.a., indicating the unlikelihood of an imminent RBA rate cut.

Treasury Wine Estates announced a long term margin target of 45%, driven by a combination of price increases, higher volumes and cost cuts. Xero announced the issue of a new US\$850m convertible note to redeem its US\$700m zero coupon convertible note due in December 2025. Telix Pharmaceuticals backed out of their anticipated Nasdaq IPO. IDP Education downgraded their expectations for FY25 due to a reduction in the size of the international student market. Woodside Energy achieved first oil production at its Sangomar Field in Senegal. Evolution Mining announced that gold production in the June quarter would be negatively impacted by weather and seismic activity but operating costs remain in line. Infratil successfully raised NZ\$1bn in equity to fund accelerated expansion plans for CDC. QBE announced it will wind down its North America middle-market segment and focus on its remaining US core businesses. Pilbara Minerals announced a potential 2mtpa expansion option at Pilgangoora.

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:

Infratil Ltd (+1.00%, Entry): A New Zealand based infrastructure asset manager. The company's increased investment in CDC to accelerate near term expansion will more than double current capacity in the medium term.

TechnologyOne Ltd (+1.00%): A SaaS solutions provider to local government and education institutions. The company's Australian division continues to provide double digit growth while the UK operations gains business momentum.

Stocks removed or reduced:

Corporate Travel Management Ltd (-1.00%, Exit): A multinational corporate travel manager. The company's turnaround and expansion from COVID-19 has failed to materialise as expected.

Star Entertainment Ltd (-0.50%, Exit): An Australian casino operator. Profitability of operations has deteriorated in recent months while the direction of the company remains in question with continued management turnover amidst a second regulatory inquiry.

Australian Eagle Portfolio: Top Ten Holdings

Stock	30/06/2024
Commonwealth Bank Ltd	7.75%
Rio Tinto Ltd	6.00%
Cochlear Ltd	6.00%
Macquarie Group Ltd	5.75%
QBE Insurance Group Ltd	5.25%
Xero Ltd	5.00%
Transurban Group Ltd	4.75%
CSL Ltd	4.50%
Woodside Energy Ltd	4.50%
Wesfarmers Ltd	4.00%

Portfolio Commentary

Positives:

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

TWE - The share price rose after management reaffirmed FY24 guidance.

COH - The share price rose after bond yields fell during the month.

Negatives:

PLS - The share price fell with the lithium price.

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

DRR - The share price fell after announcing the acquisition of Trident Royalties.

*Benchmark is S&P/ASX100 Accumulation Index

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