



Australian Eagle Asset Management

August 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*	-0.86%	1.84%	2.91%	10.56%	8.13%	11.63%	13.42%	12.70%	11.77%
Benchmark**	0.72%	6.22%	7.33%	15.38%	7.60%	8.58%	9.67%	8.28%	8.20%
Out/(under) performance	-1.58%	-4.38%	-4.42%	-4.82%	0.53%	3.05%	3.75%	4.42%	3.57%

Top 3 and Bottom 3 Performing Stocks

Top 3: ResMed Inc (RMD), Technology One Ltd (TNE), Transurban Group Ltd (TCL)

Bottom 3: Cochlear Ltd (COH), QBE Insurance Group Ltd (QBE), Treasury Wine Estates Ltd (TWE)

Market Commentary

Global markets were mixed as reporting season and the release of economic data highlighted the varying situations across sectors around the world. US bond yields all fell during the month as the US Fed confirmed that the time for rate cuts is approaching. The BoJ hiked interest rates for the 2nd time since 2007 in an attempt to stabilise its currency, causing significant volatility at the beginning of the month. China's economic woes including a spiralling property market, deflationary pressures and high government debt all contributed to the 10 yr Chinese bond yield falling to all time lows. The iron ore price ended lower at US\$101/t on falling Chinese steel mill profitability. The oil price fell US\$4 to US\$73/bbl as OPEC+ decided to increase production earlier than anticipated. The AUD rose 2c to US67c. The Australian market fell initially with global market volatility but rose to finish flat as the big banks continued to outperform offset by weakness in the miners. The RBA kept rates at 4.35% and reiterated earlier comments about no rate cuts in 2024 as services inflation remains sticky. Unemployment edged up to 4.2% despite adding more jobs than expected and a record high participation rate.

Transurban reported growth from price rises and cost control in addition to forecasting a higher FY25 distribution. QBE increased their interim dividend after improved insurance business performance despite experiencing slowing gross written premium growth. CSL managed to control costs well while its immunoglobulin division continued to provide underlying growth. Evolution Mining delivered a strong result highlighted by the strong contribution of Northparkes and the recovery of production at Red Lake. Telstra revealed strong growth in its mobile division through additional handsets and price rises but downgraded their cost targets for next year. Treasury Wines announced a restructure with all non-luxury brands to either form part of Global Premium Brands or be divested. ASX reiterated their expenses guidance while stating that there are signs of increased interest for public listings. Telix reported its maiden profit as well as the raising of a convertible bond to fund the development of new products and strategic opportunities. 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:

ARB Corporation Ltd (+0.50%): A multinational 4x4 accessories manufacturer and distributor. The company's FY24 report showed growing momentum in the OEM division due to its strategic partnerships with Toyota and Ford.

Stocks removed or reduced:

Cochlear Ltd (-0.50%): A multinational cochlear implant manufacturer and distributor. Management guided towards a period of slower growth due to a short term increase in costs for growth projects.

Australian Eagle Portfolio: Top Ten Holdings

Stock	31/08/2024
Commonwealth Bank Ltd	8.25%
Rio Tinto Ltd	6.00%
Macquarie Group Ltd	5.75%
Cochlear Ltd	5.50%
QBE Insurance Group Ltd	5.00%
Xero Ltd	5.00%
Transurban Group Ltd	4.75%
CSL Ltd	4.50%
Woodside Energy Ltd	4.25%
Wesfarmers Ltd	4.00%

Portfolio Commentary

Positives:

RMD - The share price rose after reporting a return towards higher margins.

TNE - The share price rose after announcing an increase in market size.

TCL - The share price rose after revealing growing traffic volumes and upcoming growth projects.

Negatives:

COH - The share price fell management forecast for slowing growth.

QBE - The share price fell as the dividend did not meet expectations.

TWE - The share price fell on concerns of a weakening Chinese economy.

**Benchmark is S&P/ASX100 Accumulation Index

*Performance figures exclude Australian Eagle's fees. Australian Eagle portfolio inception date is 7th February 2005.

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