



# Australian Eagle Asset Management

## September 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*	3.42%	5.73%	3.87%	16.82%	9.31%	11.95%	13.81%	13.67%	11.86%
Benchmark**	2.84%	7.94%	7.09%	22.02%	9.28%	8.80%	10.12%	9.18%	8.32%
Out/(under) performance	0.58%	-2.22%	-3.22%	-5.20%	0.03%	3.15%	3.69%	4.49%	3.54%

### Top 3 and Bottom 3 Performing Stocks

Top 3: Rio Tinto (RIO), BHP Group Ltd (BHP), Macquarie Group Ltd (MQG)

Bottom 3: Cochlear Ltd (COH), CSL Ltd (CSL), Woodside Energy Ltd (WDS)

### Market Commentary

Global markets were mostly higher as the US Federal Reserve cut interest rates by 50bps to 4.75% to 5.00% range. US bond yields all fell with the 12 month and 2 year yields falling the most. The ECB also cut interest rates by 25bps to 3.50% as inflation and GDP growth continued to slow. China unexpectedly unleashed a 1 trillion yuan stimulus package to save its flailing economy despite earlier softening its stance on achieving its 5% annual economic growth target. Russian president Putin warned of potential uranium export bans to retaliate against growing Western sanctions. The iron ore price experienced intra-month volatility, falling to \$90/t during the month and rising to US\$109/t after the announcement of Chinese stimulus. The oil price fell US\$5 to US\$68/bbl as OPEC+ considered relinquishing its US\$100/barrel price target. The AUD rose 2c to US69c.

The Australian market followed global markets higher as resources rallied strongly in the second half of the month on news of Chinese stimulus. The RBA kept rates at 4.35%, revealing that there was no discussion of rate cuts at the last meeting. Unemployment remained at 4.2% as the participation rate remains at record high levels of 67.1%.

ARB expanded its US footprint as its 30% owned associate ORW acquired 42 US stores owned by 4 Wheel Parts for US\$30m. The ACCC sued both Woolworths and Coles for misleading and deceptive behaviour regarding discount pricing claims on hundreds of products over 20 months. Woodside Energy reiterated their strategy to focus on North American LNG and lower carbon projects. Evolution Mining reiterated their FY25 production and cost targets while confirming that both Mungari and Red Lake mines were improving as planned. Xero acquired Syft, one of their partners, for US\$70m to enhance reporting and insights capability for users. Telix acquired RLS for US\$230m to expand their US manufacturing and distribution footprint. Fortescue signed a \$2.8bn green equipment partnership with Liebherr to enhance their plans to replace their diesel mining operation and achieve zero emission mining solutions. Macquarie Group sold its stake in AirTrunk to private equity, valuing the company at \$24bn. 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:

**Dexus Ltd (+1.00%, Entry):** A diversified Australian property trust. The recent acquisition of AMP Capital's real estate and domestic infrastructure platform has provided a platform for future organic growth.

**Fortescue Ltd (+0.75%):** A world class iron ore producer and renewable energy project company. The company's low cost operations are providing strong cashflow to fund its renewable energy projects as well as solid returns to shareholders.

#### Stocks removed or reduced:

**Ramsay Healthcare Ltd (-1.00%):** A multinational private hospitals owner and operator. Input cost and margin pressures have intensified as international tariff review outcomes came in below expectations.

**Woolworths Ltd (-0.50%):** An Australian focused consumer staples company. The ACCC has launched legal action against the 2 largest Australian supermarkets, alleging false or misleading representations for product prices.

### Australian Eagle Portfolio: Top Ten Holdings

Stock	30/09/2024
Commonwealth Bank Ltd	7.75%
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	4.50%
CSL Ltd	4.25%
ASX Ltd	4.25%
ResMed Inc	4.00%

### Portfolio Commentary

#### Positives:

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

BHP - The share price followed the iron ore price higher.

MQG - The share price rose after announcing the sale of its AirTrunk stake to Blackstone.

#### Negatives:

COH - The share price continued to fall as management forecast slowing profit growth.

CSL - The share price pulled back after a period of outperformance.

WDS - The share price fell after the company increased commitments to lower carbon emitting projects.

\*\*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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