



# Australian Eagle Asset Management

## November 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*	4.57%	6.70%	8.66%	21.11%	9.80%	11.44%	13.10%	14.03%	11.98%
Benchmark**	3.97%	5.27%	11.82%	23.60%	10.36%	8.67%	9.68%	9.29%	8.37%
Out/(under) performance	0.60%	1.42%	-3.16%	-2.49%	-0.56%	2.77%	3.41%	4.74%	3.60%

### Top 3 and Bottom 3 Performing Stocks

Top 3: QBE Insurance Group Ltd (QBE), Xero Ltd (XRO), TechnologyOne Ltd (TNE)

Bottom 3: Pilbara Minerals Ltd (PLS), BHP Group Ltd, CSL Ltd (CSL)

### Market Commentary

US markets surged to record highs, driven by the US election victory of Donald Trump. Elsewhere, markets suffered volatility as traders grappled with the implications of anticipated US tariffs on European and Chinese goods. The US 10 year bond yield fell to 4.17% as the Fed cut rates by 25bps to 4.50% to 4.75% range, confirming that the economy has not signalled the need for accelerated rate cuts. The BoE also cut rates by 25bps for the 2nd time in 3 months. China's stimulus announcement of CNY6 trillion (US\$1.3 trillion) package disappointed markets. The iron ore price remained flat at US\$104/t as Chinese stimulus was directed towards residential property. The oil price fell US\$3 to US\$68/bbl due to peace talks in the Middle East. The uranium price fell 3% to US\$77.50/lb despite Russia announcing restrictions on uranium exports to the US in retaliation for earlier sanctions. The AUD fell 1c to US65c. The big banks led the Australian market higher after reporting better than expected results, more than offsetting the fall in resources triggered by China weakness. The RBA remained confident that inflation is moving towards its target range with any interest rate cuts to be dependant on economic data.

The big banks continued to report minimal levels of loan impairments but did warn of pockets of mortgage stress. Commonwealth Bank reported higher net interest margins and above-system growth despite the restart of mortgage wars. Xero's 1H25 report revealed revenue and profit growth, aided by price increases and cost control. Technology One acquired CourseLoop to enhance its penetration in the education sector. ASX announced costs for Release 1 of its CHES upgrade have increased to the upper end of estimates. Infratil announced continued significant demand for CDC while Longroad Energy suffered from uncertainty after the US election. Woolworths was sued by the ACCC in the Federal Court for allegedly offering fake discounts for its products. QBE's update revealed catastrophe claims tracking well despite recent hurricanes in North America. Dexis sold 2 non-core office assets at a small discount to NTA. SILEX secured a site for its Paducah facility while testing for its Wilmington plant also commenced. Major relative portfolio exposures were medical devices and technology stocks with less portfolio weight in major banks and consumer discretionary.

### Portfolio changes

#### Stocks joined or increased:

Dexus Ltd (+1.00%): A diversified Australian property trust. Recent divestments of non-core assets have continued to degear the balance sheet while also improving the company's quality.

Web Travel Group Ltd (+1.00%, Entry): A B2B platform provider for accommodation and travel companies. Management has focused on strong double digit growth rates to achieve its long term goal of \$10bn TTV.

#### Stocks removed or reduced:

Transurban Ltd (-0.50%): A multinational toll roads owner and operator. The company's dominance of Sydney's toll roads may be under pressure with the upcoming negotiations with the NSW government.

Macquarie Group Ltd (-0.50%): An multinational investment bank and asset manager. The company's highly anticipated windfall from the sale of AirTrunk remains unknown despite months passing since its announcement.

### Australian Eagle Portfolio: Top Ten Holdings

Stock	30/11/2024
Commonwealth Bank Ltd	8.25%
Rio Tinto Ltd	6.00%
QBE Insurance Group Ltd	6.00%
Cochlear Ltd	5.75%
Macquarie Group Ltd	5.25%
Xero Ltd	5.00%
ASX Ltd	4.50%
ResMed Inc	4.25%
CSL Ltd	4.00%
Transurban Group Ltd	4.00%

### Portfolio Commentary

#### Positives:

QBE - The share price rose after a positive trading update.  
XRO - The share price rose after announcing continued achievement to its Rule of 40 objective.  
TNE - The share price rose after reporting continued UK growth.

#### Negatives:

PLS - The share price fell due to MSCI rebalancing.  
BHP - The share price fell after a period of outperformance.  
CSL - The share price fell due to concerns over its vaccine business after the US election.

\*\*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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