



Australian Eagle Asset Management

February 2025 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*	-4.51%	-2.32%	4.22%	7.25%	10.34%	11.99%	11.65%	12.42%	11.65%
Benchmark**	-3.91%	-2.72%	2.41%	9.92%	9.76%	9.22%	8.99%	7.68%	8.12%
Out/(under) performance	-0.60%	0.40%	1.81%	-2.67%	0.58%	2.77%	2.66%	4.74%	3.53%

Top 3 and Bottom 3 Performing Stocks

Top 3: ASX Ltd (ASX), QBE Insurance Group Ltd (QBE), Evolution Mining Ltd (EVN)

Bottom 3: Cochlear Ltd (COH), SILEX Systems Ltd (SLX), Pilbara Minerals Ltd (PLS)

Market Commentary

Global markets were mixed in February with continued intra month volatility. President Trump's trade war rhetoric continued to escalate, threatening tariffs on Canada, Mexico and China. Large US tech companies doubled down on their substantial capex plans despite the emergence of a low cost Chinese AI model. US bond yields all fell with the 10yr falling 30bps to 4.49% on escalating trade tensions and weakening economic indicators. The Bank of England lowered interest rates by 25bps to 4.5% after inflation slowed while economic growth remained weak. The Hong Kong market rallied 13% in February after the unveiling of an advanced Chinese AI model. The Chinese government implemented more fiscal and monetary policies to stabilise the economy in preparation for US tariffs. The iron ore price fell \$4 to US\$102/t on concerns of tariffs on Chinese steel exports. The oil price fell \$3 to US\$70/bbl on OPEC+ decision to increase production in April. The AUD remained flat at US62c. The Australian market fell in February, driven by underperformance of the big banks. The Reserve Bank of Australia cut interest rates 0.25% to 4.1% but will rely on data to guide decisions. The unemployment rate rose 0.1% to 4.1%.

Reporting season resulted in extreme volatility with any disappointment being severely punished. CSL reported strong blood products division performance offset by weaker earnings in its vaccine business due to lower immunisation rates. Evolution Mining announced a record result stemming from all time high gold prices as all assets contributed to performance. Commonwealth Bank continued to display its dominance over its peers with superior return on equity and market leadership in retail banking. Cochlear reiterated FY25 guidance despite a weak 1H performance due to weak Services revenue in the lead up to a new product release. Treasury Wine Estates downgraded FY25 guidance after deciding to retain its lower quality wine assets which continued to drag on earnings. Pilbara Minerals continued to ramp up production in a bid to further cut production costs as management prepares the company to ride out the downturn. Telix announced a new complementary prostate cancer imaging product as they prepare for multiple new product releases.

Major relative portfolio exposures were medical devices and technology stocks with less portfolio weight in major banks and property.

Portfolio changes

Stocks joined or increased:

Aristocrat Leisure Ltd (+1.00%, Entry): An online and offline gambling company. Management have divested non-core assets to focus on regulated gaming assets.

Santos Ltd (+1.00%, Entry): A multinational oil and gas producer. With 2 new large projects starting production by mid 2026, management has announced future plans for increased returns to shareholders.

Stocks removed or reduced:

Capstone Copper Ltd (-0.75%, Exit): A multinational copper producer. The start and ramp up of the Mantoverde Project has been hit by delays, resulting in higher production costs than anticipated.

Treasury Wine Estates Ltd (-1.25%): A multinational wine producer and distributor. The company's medium term outlook is increasingly uncertain after management decided to retain its commercial wine portfolio.

Australian Eagle Portfolio: Top Ten Holdings

Stock	28/02/2025
Commonwealth Bank Ltd	8.25%
QBE Insurance Group Ltd	6.00%
Cochlear Ltd	6.00%
Rio Tinto Ltd	5.75%
Macquarie Group Ltd	5.25%
Xero Ltd	5.00%
ASX Ltd	4.75%
ResMed Inc	4.25%
Wesfarmers Ltd	4.00%
CSL Ltd	3.75%

Portfolio Commentary

Positives:

ASX - The share price rose after reporting growth in derivatives trading.

QBE - The share price outperformed after increasing the full year dividend.

EVN - The share price rose after reporting a strong result stemming from a record high gold price.

Negatives:

COH - The share price fell after management downgraded earnings guidance.

SLX - The share price fell after reporting a large net loss and falling cash balance.

PLS - The share price fell after increased production failed to offset a lower realised spodumene price.

**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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