Australian Eagle Asset Management

Australian Eagle Trust

Quarterly investment report

June 2026

Fund overview

The Australian Eagle Trust aims to provide capital growth in the long term through leveraged investment in Australian securities. The Fund actively invests in a portfolio of 25-35 high-quality companies for the portfolio's 'long' positions (150%) and 12-25 for 'short' positions (50%).

Fund facts

Investment manager:	Australian Eagle Asset Management Pty Ltd
Objective:	To outperform the S&P/ASX 100 Accumulation Index over a five-year period.
Benchmark:	S&P/ASX 100 Accumulation Index
Portfolio managers:	Sean Sequeira, Alan Kwan
Investment timeframe:	5 years recommended
Inception:	1 July 2016
Fund size:	$354 million

Min. initial investment:	$20,000
Management fee:	1.23% p.a. (inclusive of GST net of RITC)
Performance fee:	20.5% (inclusive of GST) of excess performance above benchmark with outperformance high watermark (accrued daily, paid quarterly)
Recoverable Expenses:	0.1568% p.a. (inclusive of GST)
Distributions:	Annual
Applications/Withdrawals:	Daily

Fund commentary

The Fund returned -1.21% after fees for the June 2026 quarter, underperforming the S&P/ASX100 Accumulation Index by 5.45%. The long portfolio matched the index during the quarter despite certain long portfolio stocks lowering profit guidance. While short positions contributed positively in May, market volatility and macro headwinds hurt the short portfolio over the whole quarter. High quality healthcare and information technology stocks experienced a strong rebound in June which was felt in both long and short portfolios but was not enough to generate overall outperformance.

Despite disappointing recent performance, the investment team has remained disciplined in applying the Australian Eagle process, owning companies with improving earnings quality and clear growth drivers, while using the short book to target businesses with deteriorating fundamentals. We remain focused on underlying fundamentals and believe the portfolio is well positioned for a market environment where companies are again rewarded for earnings quality, cash flow generation and margin improvement, rather than themes or narratives yet to translate into financial outcomes.

This fund is appropriate for investors with a "Very High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a medium or long investment timeframe. Investors should refer to the TMD for further information.

Portfolio performance

As at 30 June 2026	3 month	6 months	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	10 years (p.a.)	Compound annual return since inception (p.a.)
Australian Eagle Trust*	-1.21%	-1.47%	-7.50%	4.10%	5.47%	8.08%	12.05%	12.05%
S&P/ASX 100 Acc. Index**	4.24%	3.34%	5.91%	10.63%	8.18%	8.29%	9.71%	9.71%
Out/(under) performance	-5.45%	-4.81%	-13.41%	-6.53%	-2.71%	-0.21%	+2.34%	+2.34%

Performance is net of fees and expenses, *Inception date is 1 July 2016, ** Performance benchmark, Past performance is not an indicator of future performance.

Market commentary

Global markets experienced mixed results as AI hardware companies continued to ride the wave of positive sentiment while geopolitical instability in the Middle East and rising inflation caused bond yields to rise and weighed on broader risk appetite. The reopening of the Strait of Hormuz saw oil prices retrace from above US$100/bbl back toward pre-conflict levels of around US$70/bbl. After driving global markets higher through April and May, the AI infrastructure theme became more contested in the final month of the quarter as a few large AI and chip company announcements challenged the market's assumption of persistent compute and storage shortage.

US bond yields rose across all maturities as underlying inflation remained at 3.4%, well above the US Federal Reserve's target of 2%. China's two speed economy continued to diverge with industrial production and its trade surplus both advancing while retail spending and domestic housing faltered. Commodities endured a mixed quarter with gold falling 14% to just over US$4,000/oz on higher bond yields while copper rose 10% to US$6.19/lb on continued electrification demand.

The Long portfolio matched the index over the quarter despite some larger positions suffering profit downgrades during confession season. Cochlear revealed softer than expected trading conditions due to uncertainty stemming from the Middle East conflict. Brambles announced a $60m earnings impact from US repair capacity constraints.

The Short portfolio detracted as a sharp reversal in the quality factor drove strong rebounds in several stocks held short where we had expected near term earnings and valuation pressure despite their broader quality characteristics.

Quarter-end position & portfolio exposures

Gross Exposure:	196.72%
Net Exposure:	97.48%
Cash:	2.52%

Major portfolio exposures were to information technology and energy with less portfolio weight in major banks and communication companies.

Portfolio Highlights

Positives

Aristocrat Leisure Ltd (Long) - Shares climbed following strong HY26 results, driven by a 16.3% increase in normalised NPATA and a major A$1 billion buyback expansion. Growth is underpinned by high operational leverage, significant free cashflow generation and a stable recurring revenue model, which now delivers over 70% of total group earnings.

Life360 Inc. (Long) - Shares climbed on strong fundamental growth, driven by a 329% YoY surge in Q1 advertising revenue and an upgraded full-year revenue outlook of up to US$685 million (+40% YoY). The stock continues to benefit from a broader mid-2026 rotation back into high-growth tech assets.

QBE Insurance Group Ltd (Long) – The stock performed well recently following its Q126 results which saw an 11% surge in Gross Written Premium and a disciplined 92.5% combined operating ratio. The company's bottom line is further bolstered by a rise in core fixed income yields to 4.1%, generating over US$500 million in investment income in the quarter.

Negatives

Pro Medicus Ltd (Short) – The share price rose after signing several new contracts and renewals on improved commercial terms during the quarter. The stock has also benefited from a broader investor rotation into healthcare assets.

Cochlear Ltd (Long) – The share price fell 40% in April 2026 following a 30% cut to FY26 profit guidance, driven by slowing developed market demand and geopolitical headwinds. However, the stock recovered almost 25% in June as investors and analysts deemed the selloff excessive relative to Cochlear's global market dominance and structural growth drivers.

Telix Pharmaceuticals Ltd (Short) – Shares advanced following the FDA's acceptance of its brain cancer imaging NDA alongside a successful US$600 million convertible bond offering. Performance was also buoyed by a sectoral rebound in beaten-down healthcare stocks.

Portfolio Changes

Increased Exposure

Computershare Ltd (+4.50%; Long Entry)

A global financial administration company. Having divested out of the US and UK mortgage businesses, CPU now has a high-quality portfolio of businesses generating recurring revenues, with cyclical upside from higher interest rates and increased levels of corporate activity, including IPOs, M&A, debt issuance and capital raisings.

Worley Ltd (+2.30%; Long):

An energy, chemicals and resources engineering company. Despite current earnings headwinds due to the Middle East conflict, Worley's aggressive share buyback program and expanding backlog in growing sustainability sectors and complex critical infrastructure markets suggest management remains confident in the company's long-term value and structural diversification from traditional oil and gas projects.

James Hardie Industries PLC (+2.80%; Exit Short):

A manufacturer of exterior home and outdoor living products. The share price rallied as the FY26 EPS came in above market expectations and the AZEK acquisition supported Q4 revenue growth despite US housing remaining subdued. The position was exited after it reached its time stop.

Decreased Exposure

Stockland Group (-4.00%; Short Entry):

An owner and developer of residential, retail, and logistics assets. The company's share price faces downward pressure driven by a cooling of demand from successive RBA rate hikes, stubbornly high construction costs and new Federal Government CGT reforms.

Woodside Energy Group Ltd (-3.30%; Long):

An oil and gas explorer, producer, and developer. We have reduced our exposure to WDS as the share price reached our targets while facing a major planned turnaround at Pluto LNG Train 1 restricting Q2 2026 production volumes ahead of the Scarborough project start-up. Despite this tactical reduction, Woodside remains a robust cornerstone of the energy sector, well-supported by a strong balance sheet.

QBE Insurance Group Ltd (-2.10%, Long):

A global insurer and reinsurer. The stock performed well recently nearing our long-held price targets. Its Q126 results saw an 11% surge in Gross Written Premium and a disciplined 92.5% combined operating ratio. The company's bottom line is further bolstered by a significant rise in core fixed income yields.

Net monthly returns

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	FY	S&P ASX/100 Acc Index FY
2016/17	10.52%	0.99%	-1.08%	-4.14%	2.94%	5.16%	-0.25%	5.15%	-0.06%	1.94%	1.31%	0.36%	24.48%	14.62%
2017/18	-1.70%	5.27%	0.20%	5.35%	1.05%	1.10%	2.41%	3.08%	-3.86%	4.18%	2.34%	3.60%	25.13%	12.05%
2018/19	-1.09%	1.45%	-2.24%	-7.62%	-0.53%	2.23%	5.98%	3.70%	1.76%	3.65%	2.15%	6.57%	16.27%	12.63%
2019/20	4.00%	-2.46%	-0.18%	-0.34%	3.80%	-1.78%	5.45%	-6.50%	-16.24%	8.32%	9.97%	3.34%	4.59%	-7.84%
2020/21	3.60%	1.83%	-3.53%	4.35%	-0.62%	0.00%	0.13%	1.86%	1.45%	7.26%	3.63%	4.02%	26.24%	27.92%
2021/22	3.37%	3.02%	-1.76%	2.64%	0.63%	3.25%	-9.77%	-0.47%	9.88%	2.54%	-3.88%	-4.39%	3.73%	-4.97%
2022/23	1.92%	5.56%	-3.40%	3.69%	5.96%	-3.57%	1.99%	-0.86%	1.66%	2.19%	-4.77%	1.25%	11.51%	15.13%
2023/24	-0.32%	1.79%	-1.21%	-3.92%	3.22%	3.75%	1.19%	3.22%	0.41%	-3.94%	-0.08%	0.74%	4.58%	12.24%
2024/25	3.40%	-2.52%	0.17%	0.41%	6.13%	-2.14%	5.54%	-2.53%	-1.76%	4.18%	3.71%	1.45%	16.62%	13.90%
2025/26	2.93%	-3.38%	0.12%	2.23%	-5.76%	-2.14%	-2.05%	5.77%	-3.72%	-1.70%	1.01%	-0.51%	-7.50%	5.91%

Past performance is not an indicator of future performance. The Trust may be of a different return and risk profile than the S&P/ASX100 Acc. Index. Net monthly returns are calculated using exit prices after taking into account all of the Australian Eagle Trust's ongoing fees as disclosed in the PDS and assuming reinvestment of distributions. No allowance has been made for entry fees, the buy sell spread or taxation.

Stock Highlight: Computershare Ltd (CPU) – Long Position

This stock highlight is not an investment recommendation and is intended to be read in the context of the Australian Eagle portfolio.

Computershare: Registering Better Returns

Computershare has evolved significantly over the past two decades as management has continually refined the business mix around areas where the company has clear competitive advantages. At its core, Computershare has deep expertise in registry services, custody, document processing, corporate administration and managing complex, regulated workflows on behalf of large institutional clients. These capabilities have allowed the company to build businesses with high levels of recurring revenue, strong client retention and meaningful operating leverage while continuing to adapt to changes in technology and market structure.

However, not every expansion has added to shareholder value. The company's acquisition of mortgage services businesses in the US and UK was intended to leverage its processing and administration capability into adjacent markets, but over time these assets proved to be more capital intensive, lower-returning and more cyclical than the rest of the group. Management's decision to divest these businesses was an important step in simplifying the portfolio and removing a drag on group returns on capital.

Following these divestments, Computershare is now a higher-quality business, focused on divisions such as Issuer Services, Employee Share Plans and Corporate Trust. These businesses generate highly recurring revenues, benefit from scale advantages and are all currently exhibiting strong organic growth. Importantly, the remaining group has a cleaner earnings profile, stronger returns on capital and greater exposure to structural growth drivers such as equity plan participation, corporate governance complexity and outsourced administration.

While the core business is growing, recurring and defensive, Computershare also retains meaningful cyclical upside. Higher levels of recent corporate activity, including IPOs, M&A, debt issuance and capital raisings, support transaction-related revenue, while higher interest rates increase margin income on client balances. Despite this improved quality and growth profile, the valuation remains undemanding, creating potential for the stock to re-rate as the market increasingly recognises the cleaner portfolio, higher returns on capital and stronger shareholder returns through an increased payout ratio.

Contact us

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Platform availability

- BT Panorama
- CFS Edge
- Clearstream
- DASH
- HUB24
- Macquarie Wrap
- Mason Stevens
- Netwealth
- North
- Praemium
- Powerwrap

Ratings

Zenith
Recommended

Lonsec Research
Recommended

SQM
Outstanding

Important information

About the Australian Eagle Trust

Australian Eagle Asset Management Ltd is an Australian boutique wholesale fund manager specialising in Australian equities. Australian Eagle's investment process seeks to deliver significant outperformance by identifying mispriced stocks with changing growth profiles and building concentrated portfolios of those stocks.
The Australian Eagle Trust aims to outperform the Australian equity market over a period of 5 years by allowing clients to access Australian Eagle's demonstrated historical strength in constructing Australian share portfolios applied to a long-short product.
This fund is appropriate for investors with a "Very High" risk and return profiles. A suitable investor for this fund is prepared to accept high risk in the pursuit of capital growth with a medium or long investment timeframe. Investors should refer to the TMD for further information.

How to Invest

The Australian Eagle Trust is only available to investors via the Australian Eagle Trust Product Disclosure Statement (PDS). You should consider the PDS prior to making any investment decisions. The PDS and target market determination can be obtained by calling 02 8252 7559 or visiting our website https://austeagle.com/australian-eagle-trust-long-short-fund/ for the PDS or https://austeagle.com/wp-content/uploads/2026/01/Australian-Eagle-Trust-TMD-Final-09012026.pdf for the target market determination.

The PDS offers investors the opportunity to invest a minimum of $20,000 in the Australian Eagle Trust (the Fund). The Trustee has the discretion to waive or vary this minimum requirement. The offer of units in the Fund are available to investors who are resident in either Australia or New Zealand. Investors who are not residents in Australia can invest in the Fund where they are permitted by law to do so. The Trust Company (RE Services) Ltd ABN 45 003 278 831 AFSL 235150, part of Perpetual Limited, is the responsible entity and issuer of units in the Australian Eagle Trust ARSN 632 568 846. The Investment Manager of the Fund is Australian Eagle Asset Management Pty Ltd ABN 89 629 484 840, a corporate authorised representative of Alleron Investment Management Pty Ltd AFSL 278856 and a corporate authorised representative of Montgomery Investment Management Pty Ltd AFSL 354564.

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