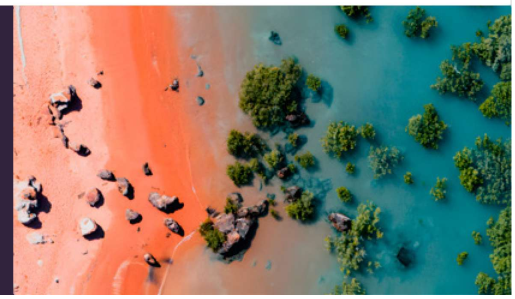
Australian Eagle
Asset Management

Australian Eagle Equity Strategy (Long Only)

Monthly investment report



August 2026

Strategy overview

The Australian Eagle Equity Strategy (Long Only) (Strategy) aims to provide capital growth over the long term by actively investing in a portfolio of 25 to 35 large-cap Australian listed companies. The Strategy seeks to identify high-quality, undervalued companies with the potential to deliver exceptional returns.

Strategy facts

Investment manager:	Australian Eagle Asset Management Pty Ltd
Objective:	To provide long-term capital growth by actively investing in a concentrated portfolio of 25 to 35 large-cap Australian listed companies. The focus is on identifying high-quality, undervalued companies with potential for exceptional returns.

Benchmark:	S&P/ASX 100 Accumulation Index
Style:	Active, index independent
Portfolio managers:	Sean Sequeira, Alan Kwan
Investment timeframe:	5 years recommended
Inception:	7 February 2005
Strategy size:	$527 million

Strategy performance

	1 month	3 months	6 months	12 months	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)	10 years (p.a.)	Compound annual return (since inception)
Portfolio	3.86%	6.65%	1.53%	1.18%	8.26%	7.73%	10.33%	12.35%	11.33%
S&P/ASX 100 Acc Index.	1.22%	4.96%	1.00%	4.92%	11.31%	8.29%	8.80%	9.66%	8.31%
Out/(under) performance	+2.64%	+1.69%	+0.53%	-3.74%	-3.05%	-0.56%	+1.53%	+2.69%	+3.02%

Market Commentary

Global markets were mixed in August as resilient AI capex momentum was offset by sticky inflation and rising bond yields. US labour and housing data and sentiment remained weak despite inflation remaining well above the US Federal Reserve target of 2%. The 30 year US Treasury yield hit a 19 year high of 5.30%, prompting the US Treasury secretary to announce the buyback of US$4bn worth of long dated US treasuries to reduce the cost of borrowing as US debt has passed US$40 trillion. China's economic data remained weak with industrial output slowing from 5.3% to 4.5% while retail sales edged up only 0.6% and fixed asset investment contracted for the first time in 7 months. The lithium price rose 8% to US$2,260/t, supported by renewed supply concerns surrounding CATL's lithium mine. The gold price rose 10% to US$4,450/oz supported by elevated geopolitical uncertainty, strong safe-haven demand and growing concerns around US fiscal sustainability and currency debasement.

The Australian market ended higher for reporting season, driven by healthcare and resources stocks. The RBA held interest rates steady at 4.35% despite voicing concerns over the effect of the data centre construction boom on inflation. Unemployment rose 0.1% to 4.5%, driven by softening labour demand and lower business confidence. Headline inflation fell from 3.8% to 3.5% but trimmed mean inflation remained above expectations at 3.6%. Australia's housing market decline continued to deepen with dwelling values falling further as elevated interest rates, affordability pressures and weaker buyer sentiment weighed on demand. The wealth effect of falling property prices pessimism spread to other parts of the economy including deteriorating consumer traffic and spending at major retailers.

Portfolio commentary

Reporting season was a volatile month with the market punishing any type of disappointment while rewarding outperformance of expectations. Life360 Inc reported 20% MAU growth while advertising revenue continued to accelerate through new partnerships and offerings. Computershare announced a strong result with broad-based underlying earnings growth and margin expansion supported by cost management and a stronger balance sheet. Cochlear announced plans to strengthen clinical guidelines to improve identification and referral of patients who may benefit from cochlear implants. Iluka Resources reported weaker Mineral Sands earnings from lower pricing while construction of the Eneabba rare earths refinery remains on schedule and on budget. Deterra Royalties reported strong growth driven by record Mining Area C production while first production from Thacker Pass draws closer. Evolution Mining's result showed record cash generation driven by higher realised gold & copper prices and operational improvement. Brambles announced an additional US$400m buyback while maintaining their FY28 margin expansion target. Fortescue's outlook revealed higher C1 unit costs while Iron Bridge's ramp up encountered more delays. Worley's issues remain localised to the Middle East and Chemicals division as the FY27 outlook remains positive for mid to high single digit growth. Woodside Energy's result was driven by higher realised prices as management continues to progress the growth projects at Scarborough, Trion and Louisiana LNG. Wesfarmers announced solid underlying growth across all retail brands while the lithium operations became profitable as production continues to ramp up.

Key Contributors

CSL Ltd - The share price outperformed after revealing strong underlying growth in its core immunoglobulin division.

Evolution Mining Ltd - The share price rose with the gold price.

PLS Ltd - The share price rose with the lithium price.

Key Detractors

Life360 Inc. - The share price fell after 3Q26 forecasts missed expectations.

QBE Insurance Group Ltd - The share price fell after the insurance pricing cycle showed signs of peaking.

Wesfarmers Ltd - The share price underperformed as Officeworks underwent a large restructure during FY26.

Portfolio changes

ASX Ltd (+2.00%): An Australian financial markets and trading infrastructure company. Management have executed the CHESS Release 1 upgrade, undergoing record amounts of trading volume without any outages.

Galan Lithium Ltd (+0.50%, Entry): A low-cost lithium miner. The company's high grade, low cost flagship mine in Argentina will begin production imminently.

Commonwealth Bank Ltd (-1.00%): A big 4 Australian bank. The share price is approaching our valuation target.

Transurban Group Ltd (-0.75%): A multinational toll road company. Average daily traffic numbers have been weak while the new West Gate Tunnel toll has performed below expectations.

Top 10 holdings

Company	Weight (%)
BHP Group Ltd	6.25%
Brambles Ltd	6.00%
ASX Ltd	6.00%
Commonwealth Bank Ltd	5.00%
PLS Ltd	5.00%
Aristocrat Leisure Ltd	4.75%
Rio Tinto Ltd	4.75%
Cochlear Ltd	4.50%
CSL Ltd	4.50%
Evolution Mining Ltd	4.50%

Contact details

Sean Sequeira
Chief Investment Officer
Australian Eagle Asset Management

02 8252 7559
sean.sequeira@austeagle.com

Fund Awards
2023

Mercer's Top Long-Only Australian Equities Fund Manager over 5 years to June 2023

Date of preparation: 07 September 2026.