

Australian Eagle Trust

Quarterly investment report



Fund overview

September 2026

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	Min. initial investment:	\$20,000
Objective:	To outperform the S&P/ASX 100 Accumulation Index over a five-year period.	Management fee:	1.23% p.a. (inclusive of GST net of Reduced Input Tax Credit)
Benchmark:	S&P/ASX 100 Accumulation Index	Performance fee:	20.5% (inclusive of GST) of excess performance above benchmark with outperformance high watermark (accrued daily, paid quarterly)
Portfolio managers:	Sean Sequeira, Alan Kwan	Recoverable Expenses:	0.1568% p.a. (inclusive of GST)
Investment timeframe:	5 years recommended	Distributions:	Annual
Inception:	1 July 2016	Applications/Withdrawals:	Daily
Fund size:	\$242 million		

Fund commentary

The Fund returned 0.13% after fees for the September 2026 quarter, underperforming the S&P/ASX100 Accumulation Index by 1.35% driven mainly by a very difficult and volatile month in July. Consequently, the quarterly result does not fully reflect the improving underlying dynamics within the portfolio that we started to see in August.

Over the past three years, strong bank performance has been a persistent headwind given the Fund's structural underweight to the sector, where we continue to see limited growth catalysts, low dividend yields and unattractive valuations, while last year's quality factor drawdown also weighed heavily on our healthcare exposure. August reporting season provided an important test of whether fundamentals were beginning to matter again and the Fund's strong outperformance during the month was an encouraging sign that these distortions were starting to fade. Despite continued improvement in underlying earnings quality, monthly alpha has remained volatile. The recent portfolio repricing and shift in sentiment have created what we believe, is an increasingly attractive risk-reward profile.

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. The fund uses leverage through long and short positions, meaning potential gains and losses may be magnified beyond the level of capital invested. Investors should be aware that short positions carry additional risk.

Portfolio performance

As at 30 September 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*	0.13%	-1.09%	-6.98%	4.07%	4.55%	7.91%	10.96%	11.75%
S&P/ASX 100 Acc. Index**	1.48%	5.78%	3.56%	11.43%	8.16%	8.14%	9.35%	9.62%
Out/(under) performance	-1.35%	-6.87%	-10.55%	-7.37%	-3.62%	-0.23%	+1.61%	+2.13%

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 were mixed as AI stocks continued to rise on rising capex and capacity requirements despite high performing, open-source Chinese AI models being released. Stubborn inflation pushed bond yields higher, reducing general risk appetite. The Middle East conflict spread to nearby regions involving Iranian proxies, endangering more supply of oil products to the world.

US bond yields rose across all maturities to multi-decade highs as inflation remained at 3.4% on rising energy prices and government spending with US debt surpassing US\$40 trillion. China's economy continued to falter with GDP growing at its slowest rate since 2022 as soft domestic demand and property slowdown overshadowed strong AI exports and industrial activity. Commodities were also mixed with oil rising 33% to US\$98/bbl, lithium spodumene fell 23% to US\$1,735/t while gold and copper finished broadly flat despite significant intra-quarter volatility.

The Long portfolio detracted for the quarter despite a successful August reporting season. CSL reported underlying growth in its core plasma products business. Cochlear announced strong uptake of its new Nexa implant while services revenue continued its growth trajectory. ASX announced successful completion of CHESS Release 1 in May while announcing mid single digit FY26 profit growth.

The Short portfolio contributed as several lower-quality companies delivered results and outlooks below market expectations. Pro Medicus rallied into reporting season but the FY26 result disappointed as higher bond yields compressed valuations for long-duration growth stocks. HUB24 fell after the market reassessed its premium valuation amid some moderation in inflow growth. SEEK underperformed as investors focused on a softer FY27 outlook and weakness in the SEEK Growth Fund.

Quarter-end position & portfolio exposures

Gross Exposure:	196.94%
Net Exposure:	95.58%
Cash:	4.42%

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

Portfolio Highlights

Positives

CSL Ltd (Long) - CSL outperformed as the share price continued to recover following reporting season, with investors reassessing the outlook after a difficult reset period. Fundamentally, the plasma business remained resilient while management continued to simplify the group and improve execution.

Evolution Mining Ltd (Long) - Evolution Mining contributed as higher gold and copper prices supported earnings expectations during the quarter. The company also acquired Carnaby Resources, adding a nearby copper growth project that can leverage Ernest Henry's existing infrastructure.

Cochlear Ltd (Long) - Cochlear contributed as the share price benefited from a broader rotation back toward quality following an earlier period of weakness. Fundamentally, the business continued to reset, with strong uptake of the Nexa implant platform and continued growth in recurring Services revenue.

Negatives

Life360 Inc. (Long) - Life360 detracted as the share price fell following a strong run into its 2Q26 result, with the market taking profits despite a solid operating update. MAU growth returned to around 20% while monetisation improved through stronger paying-circle growth and accelerating advertising revenue.

PLS Ltd (Long) - PLS followed the lithium price lower during the quarter. Fundamentally, the business remained strong, supported by its low-cost Pilgangoora asset, restart of the Ngungaju plant, net cash balance sheet and continued production growth through the cycle.

Weebit Nano Ltd (Long) - Weebit Nano detracted during July as semiconductor and AI-related stocks corrected, and we subsequently exited the position. While the company continued to progress commercialisation of its ReRAM technology, the timing and scale of future revenue remained less certain.

Portfolio Changes

Increased Exposure

ASX Ltd (+3.75%; Long)

An Australian regulated platform for financial markets. A resilient FY26 report saw growth in all divisions, resulting in mid single digit profit growth despite elevated costs. The appointment of a new CEO and leadership reset has strengthened potential for more operational accountability.

Sonic Healthcare Ltd (+2.75%; Exit Short):

A multinational medical diagnostic and testing company. Management met FY26 earnings expectations as the timeline for synergies and integration of acquisitions remains on track. The Fund's short position was exited after the short position successfully added to performance.

Cochlear Ltd (+2.00%; Long):

A global leader in developing and manufacturing hearing solutions for profoundly deaf humans. The FY26 result provided greater clarity around the reset in earnings expectations following a period of softer implant demand, while strong uptake of the new Nexa platform and continued growth in Services revenue increased the investment team's confidence in the current valuation.

Decreased Exposure

Light & Wonder Ltd (-2.50%; Short Entry):

A global cross platform regulated and social gaming content company. Modest growth relative to peers as well as a highly geared balance sheet and a concurrent buyback have increased financial risk and reduced the margin for execution error.

Eagers Automotive Ltd (-2.25%; Short Entry):

A multinational automotive and after-sales service retail group for major car brands. The recent CanadaOne Auto acquisition has increased integration and execution risk at a time of weaker consumer confidence and intensifying competition, reducing the margin for error if synergies or earnings growth are delayed.

QBE Insurance Group Ltd (-2.25%, Long):

A multi-regional general insurance company. The share price has performed well recently and is now approaching our price target. Underwriting profitability and returns remain strong but increased competition and signs of a maturing insurance pricing cycle have reduced the near-term upside.

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%
2026/27	-1.96%	4.69%	-2.45%										0.13%	1.48%

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: ASX Ltd (ASX) – Long Position



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

ASX: From System Error to System Upgrade

ASX is a high-quality market infrastructure business with strong competitive advantages across listings, cash equities, derivatives, clearing and settlement and data services. Historically, these businesses generated attractive margins and relatively resilient earnings but the investment case deteriorated as years of underinvestment in technology became increasingly apparent. The most visible failure was the original CHESS replacement program, which was abandoned in 2022 after significant delays and write-offs, while subsequent operational incidents and regulatory scrutiny further damaged confidence in management and execution. The company also went through considerable leadership turnover with the most recent appointment being ASX's third CEO in relatively quick succession.

The consequence of correcting that historical underinvestment has been a necessary step-up in technology and operational investment but more importantly, the benefits are beginning to become more visible. The CHESS program reset has now progressed through a successful launch of Release 1, with the platform handling periods of elevated trading activity, including strong volumes in May, without disruption. This is important evidence that execution and operational resilience are beginning to improve. Technology investment is also being directed toward areas that had previously been under-resourced, suggesting the business is moving from a period of deterioration and remediation toward a more stable and higher-quality operating platform.

At the same time, the underlying businesses are performing increasingly well. FY26 delivered revenue growth across all four divisions, supported by strong cash-market trading, clearing and settlement activity, interest-rate futures volumes and a recovery in listings. Stronger volumes provide operating leverage against the temporarily elevated cost base and earnings and margins should begin to improve more meaningfully when remediation and transformation spending eventually normalise.

The next leg of the thesis is management change. Anthony Attia joined as CEO in September with extensive global exchange, clearing, post-trade and technology transformation experience from Euronext and has already begun reshaping the executive leadership team, including appointing a new CFO and changing senior responsibilities.

For Australian Eagle, the attraction is not simply that ASX is a high-quality monopoly-like asset, but that the quality of the business appears to be improving. Underlying volumes are accelerating, all divisions are growing, technology investment is addressing historical weaknesses and a new leadership team is bringing greater accountability and execution focus. The key remaining evidence we need is that this operational improvement can ultimately translate into better cost control, improved margins and stronger returns for shareholders. Further, given our increase in portfolio weight at what was an historically attractive valuation provided significant upside optionality with minimal downside risk.

Contact us

Sean Sequeira
Chief Investment Officer
Australian Eagle Asset Management

📞 02 8252 7559

✉ sean.sequeira@austeagle.com

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.

This communication is prepared by Australian Eagle Asset Management Pty Ltd ABN 89 629 484 840, a corporate authorised representative of Alleron Investment Management Pty Ltd AFSL 278856 Suite 301, Level 3, 161 Walker Street, North Sydney NSW 2060 and a corporate authorised representative of Montgomery Investment Management Pty Ltd AFSL 354564, and issued by The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL No.235150). This information does not constitute a recommendation, offer or solicitation to buy or sell any securities. It reflects the Australian Eagle Trust's Portfolio at the end of the month stated and Australian Eagle's views at the date of preparation. Both the Portfolio and Australian Eagle's views are subject to change without notice. This communication was prepared for general information only and does not take account of any person's objectives, financial situation or needs. Any person considering action on the basis of this communication must seek individual professional advice relevant to their particular circumstances. Past performance figures are no guarantee of future returns. You should consider the product disclosure statement (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.

If you require financial advice that takes into account your personal objectives, financial situation or needs, you should consult your licensed or authorised financial adviser. This information is only as current as the date indicated, and may be superseded by subsequent market events or for other reasons. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. All investments contain risk and may lose value. Past performance is not indicative of future performance. Neither Australian Eagle Asset Management, Alleron Investment Management or The Trust Company (RE Services) Limited (ABN 45 003 278 831, AFSL No.235150) guarantee the performance of any fund or the return of an investor's capital.

Date of preparation: 9 October 2026

The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned June 2026) referred to in this document is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance.

The Lonsec Rating (assigned October 2025) presented in this document is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421445. The Rating is a "class service" (as defined in the Financial Advisers Act 2008 (NZ)) or is limited to "General Advice" and based solely on consideration of the investment merits of the financial product(s). In New Zealand it must only be provided to "wholesale clients" (as defined in the Financial Advisers Act 2008 (NZ)). Past performance information is for illustrative purposes only and is not indicative of future performance. It is not a recommendation to purchase, sell or hold Australian Eagle Asset Management Pty Ltd product(s), and you should seek independent financial advice before investing in this product(s). The Rating is subject to change without notice and Lonsec assumes no obligation to update the relevant document(s) following publication.

The rating contained in this document is issued by SQM Research Pty Ltd ABN 93 122 592 036 AFSL 421913 (assigned September 2025). SQM Research is an investment research firm that undertakes research on investment products exclusively for its wholesale clients, utilising a proprietary review and star rating system. The SQM Research star rating system is of a general nature and does not take into account the particular circumstances or needs of any specific person. The rating may be subject to change at any time. Only licensed financial advisers may use the SQM Research star rating system in determining whether an investment is appropriate to a person's particular circumstances or needs.

You should read the product disclosure statement and consult a licensed financial adviser before making an investment decision in relation to this investment product. SQM Research receives a fee from the Fund Manager for the research and rating of the managed investment scheme.