Australian Eagle Asset Management

Australian Eagle Equity Strategy (Long Only)

Monthly investment report



October 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:	$447 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	1.06%	1.32%	3.83%	-3.85%	9.85%	6.88%	9.57%	12.39%	11.11%
S&P/ASX 100 Acc Index.	2.02%	0.76%	5.68%	5.42%	13.56%	8.60%	8.50%	9.78%	8.22%
Out/(under) performance	-0.96%	+0.56%	-1.85%	-9.27%	-3.71%	-1.72%	+1.07%	+2.61%	+2.89%

Market Commentary

Global markets were mixed as the AI theme became increasingly volatile, with investors weighing continued strong revenue and earnings growth against concerns around debt-funded infrastructure spending and the adequacy of future returns. Caution over rising AI capital requirements was reinforced by weak demand for several proposed AI-related IPOs. US Treasury yields fell after rising for much of the period since the US-Iran conflict began, as AI-driven equity volatility encouraged renewed safe-haven demand for government bonds. The Federal Reserve held rates steady despite inflation remaining elevated. The Chinese economy remained resilient, with GDP growth of 4.5% p.a. exceeding expectations, while the decline in new home prices moderated to its smallest in nine months. Energy prices remained another source of inflation pressure, with oil rising 16% to above US$100/bbl as Middle East supply risks persisted, while President Trump's agreement with Russia to increase diesel exports provided only limited relief to fuel markets. Australian equities rose in October, driven by strength in the major banks, partly offset by weakness across resources and technology. The domestic economic backdrop remained challenging as labour market conditions softened with unemployment rising to 4.7% in September as employment fell by 39,300. Inflation remained persistent with trimmed-mean inflation rising to 3.6% p.a., increasing expectations of another RBA rate rise in November. The Federal Government continued to reject suggestions that fiscal policy was the primary driver of inflation, despite the IMF advocating tighter fiscal settings to complement monetary policy.

Portfolio Commentary

October provided an opportunity for companies to update the market with quarterly reports as well as the start of the AGM season. Fortescue announced ongoing negotiations with CMRG over future contract pricing mechanisms, affecting current sales and production. Evolution Mining reported strong cashflow, supported by one of the lowest costs in the sector and elevated gold and copper prices. Transurban reported average daily traffic growth driven by M7-M12 integration and growth in truck volumes. Woodside Energy announced its Scarborough project is 99% complete and on track for its first LNG cargo in 2026. The new ASX CEO outlined his turnaround strategy at the company's AGM, centred on 3 priorities, "Fix, Grow, Expand". Rio Tinto reported 27% production growth at Oyu Tolgoi as the production ramp up continues to gain momentum. CSL appointed a new CEO based out of the UK, ending months of uncertainty. Brambles reaffirmed FY27 guidance while also reiterating the US repair capacity constraint issues should conclude by the end of the calendar year. PLS reported 25% production growth and unit costs down 12% to A$539/t, offset by lower realised prices. Wesfarmers reported strong industrial growth, offset by a moderation in retail demand. Iluka Resources reported weak China demand for mineral sands offset by resilient conditions in Europe, India and the US. ResMed reported quarterly gross margin growth but conservatively guided to a softer operating environment for the rest of FY27. Worley signed an agreement with Samsung E&A to partner on projects across US energy and industrial markets.

Key Contributors

ASX Ltd - The share price outperformed after reaffirming FY27 guidance.

Brambles Ltd - The share price rose as management announced that the repair capacity constraint issue is likely to be resolved by Dec26.

CSL Ltd - The share price rose after announcing that CSL Behring and Seqirus are both performing as expected.

Key Detractors

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

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

Rio Tinto Ltd - The share price followed the iron ore and copper price lower.

Portfolio Changes

Computershare Ltd (+1.00%): A global share registry and corporate administration company. Elevated bond yields and continued corporate activity provide tailwinds for strong organic growth

Fortescue Ltd (+0.50%): An iron ore miner and green energy company. Low-cost iron ore production and new renewable energy contracts have laid a platform for future organic growth.

Iluka Resources Ltd (-0.50%, Exit): A diversified mineral sands and rare earths processor. The share price has reached our valuation target.

QBE Insurance Group Ltd (-1.00%): A global general insurance company. The share price is approaching our valuation target.

Top 10 Holdings

Company	Weight (%)
BHP Group Ltd	7.25%
Brambles Ltd	6.00%
ASX Ltd	6.00%
Cochlear Ltd	5.25%
Commonwealth Bank Ltd	5.00%
Evolution Mining Ltd	5.00%
Computershare Ltd	5.00%
CSL Ltd	4.75%
Rio Tinto Ltd	4.50%
Aristocrat Leisure 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

Important information
This communication is issued by Australian Eagle Asset Management Pty Ltd ABN 89 629 484 840 Corporate Authorised Representative of Alleron Investment Management Pty Ltd AFSL 278856 Suite 301, Level 3, 161 Walker Street, North Sydney NSW 2060. This information does not constitute a recommendation, offer or solicitation to buy or sell any securities. It reflects Australian Eagle's Model Portfolio at the end of the month stated and Australian Eagle's views at the date of preparation. Both the Model Portfolio and Australian Eagle's views are subject to change without notice. Past performance figures are no guarantee of future returns.

Date of preparation: 06 November 2026.