

Fund Review

Lincoln Australian Income Fund

December 2023

Quarter in review

Performance to 31 December 2023

Lincoln Australian Income Fund								
May be suitable for	Investors seeking a long-term income and exposure to equity market risk							
Investment objective	Higher yield than the S&P/ASX 200 Accumulation Index, inclusive of franking credits and some capital growth over the long-term							
Distribution frequency	Quarterly							
	Income		Total Return (exc. Franking Credits)			Total Return (Inc. Franking Credits)		
	Fund Distribution Yield ¹	Benchmark income ²	Total Wholesale Fund Return ³	Total Retail Fund Return ³	Total Return Benchmark ⁴	Total Fund Return (Wholesale) ⁵	Total Fund Return (Retail) ⁵	Total Return Benchmark ²
3-months	1.20%	0.89%	1.66%	1.48%	8.40%	1.78%	1.58%	8.58%
1-year	6.79%	6.14%	7.23%	6.39%	12.42%	8.38%	7.54%	13.99%
3-years p.a.	8.61%	5.95%	2.14%	1.32%	9.24%	4.21%	3.38%	10.79%
5-years p.a.	8.11%	5.62%	5.41%	4.58%	10.28%	7.26%	6.41%	11.72%
10-years p.a.	9.13%	5.84%	4.39%	3.55%	7.93%	6.60%	5.74%	9.40%
Financial year to date	3.05%	2.92%	2.99%	2.59%	7.57%	3.37%	2.95%	8.30%
Since Inception p.a. (02/04/2012)	9.56%	5.98%	6.69%	5.85%	9.38%	9.06%	8.21%	11.20%

Data referred to in the performance commentary above relates to the Lincoln Wholesale Australian Income Fund unless otherwise stated.

¹ Gross income distributed, inclusive of franking credits.

² S&P/ASX 200 Accumulation Index inclusive of franking credits. Source: Macquarie Equities

³ Net of all fees, excluding franking credits

⁴ S&P/ASX 200 Accumulation Index excluding franking credits.

⁵ Net of all fees, inclusive of franking credits

Past performance is not an indicator of future performance.

Performance highlights

Performance contributors this quarter included:

- **Super Retail Group Ltd. (SUL)** – The retailer's share price relentlessly ground higher adding 31.5% over the quarter to finish at all-time highs. The strong outcome was courtesy of a better than expected trading update at the company's AGM in November which demonstrated resilient sales in a difficult period for retailers.
- **Ridley Corp Ltd. (RIC)** – The agriculture company rallied hard in the last half of December after reporting well. It maintained a 13.3% ROE, buoyed by a 14% increase in annualised earnings per share. Despite rising raw material costs, they managed to grow product volumes and optimise operations, passing on fewer costs. Earnings quality shifted from neutral to strong, thanks to a surge in free cash flows and an impressive 119% cash conversion, aided by a one-time working capital benefit.
- **Charter Hall Social Infrastructure REIT (CQE)** – The Real Estate sector finished the quarter up 15%, and CQE was the strongest REIT for the fund adding 20.2% over the quarter followed by Charter Hall Long Wale (CLW), which added 18.8%. The significant reversal down in bond yields was the biggest catalyst for a recovery in the real estate sector which had been big underperformers for much of the year.

Data referred to in this performance commentary relates to the Lincoln Wholesale and Retail unit classes.

This communication may contain general financial product advice or forward-looking statements regarding our intent, belief or current expectations with respect to the market conditions. Caution is advised to place undue reliance on these forward-looking statements, as our advice has been prepared without taking account of your personal circumstances. It is not intended to take the place of professional advice, and you should not take action on specific issues in reliance on this information. Therefore, you should consider its appropriateness before acting on it in light of your objectives, financial situation and needs.

Fund Review

Lincoln Australian Income Fund

Lincoln Australian Income Fund Holdings as at 31 December 2023

Code	Company	Portfolio %
Financials		14.37%
WBC	Westpac Banking Corp	2.70%
NAB	National Aust. Bank	2.62%
ANZ	ANZ Group Holdings	2.59%
ASX	ASX Limited	1.30%
CGF	Challenger Limited	1.35%
CBA	Commonwealth Bank	1.30%
NHF	NIB Holdings Limited	1.24%
SUN	Suncorp Group Ltd	1.27%
Real Estate		13.78%
CQE	Charter Hall Soc In	2.97%
ARF	Arena REIT	2.87%
CLW	Chtr H Lwr	2.76%
WPR	Waypoint REIT	2.66%
BWP	BWP Trust	2.52%
Consumer Staples		5.37%
RIC	Ridley Corporation	1.53%
EDV	Endeavour	1.29%
COL	Coles Group	1.27%
WOW	Woolworths Group Ltd	1.28%
Consumer Discretionary		5.17%
SUL	Super Ret Rep Ltd	1.37%
WES	Wesfarmers Limited	1.33%
GUD	G.U.D. Holdings	1.29%
JIN	Jumbo Interactive	1.19%
Health Care		3.88%
CSL	CSL Limited	1.33%
RMD	ResMed Inc.	1.26%
COH	Cochlear Limited	1.30%
Utilities		2.57%
APA	APA Group	2.57%
Communication Services		2.52%
TLS	Telstra Group	1.27%
SPK	Spark New Zealand	1.25%
Materials		1.29%
DRR	Deterra	1.29%
Industrials		1.17%
MMS	McMillan Shakespeare	1.17%
Energy		1.10%
WDS	Woodside Energy	1.10%
Cash And ETF		21.57%
BBOZ	Beta Shares Strong Bear Hedge	18.27%
AUD	Cash	0.93%

Security Name	Issuing Company Stock Code	Security Type (Coupon Payments)	Portfolio %
Fixed Income			29.57%
Challenger 7186 Sep-27	CGF	Fixed	1.99%
Westpac 4.334 Aug-24	WBC	Fixed	1.99%
Macquarie Bank 3mBBSW+155 Jun-26	MQG	Floating	1.89%
NAB 3mBBSW+400 Jul-25	NAB	Floating	1.87%
Macquarie 6.082 Jun-27	MQG	Fixed	1.68%
CBA 3mBBSW+132 Aug-26	CBA	Floating	1.65%
QBE 3mBBSW+275 Aug-26	QBE	Floating	1.45%
SUNCORP 3mBBSW+230 Jun-27	SUN	Floating	1.44%
Westpac 7199 Nov-33	WBC	Fixed	1.34%
QBE 3mBBSW+255 Oct-28	QBE	Floating	1.21%
IAG 3mBBSW+245 Jun-26	IAG	Floating	1.20%
SGL 3mBBSW+225 Dec-25	SUN	Floating	1.20%
ANZ 3mBBSW+185 Feb-26	ANZ	Floating	1.20%
IAG 3mBBSW+235 Jun-25	IAG	Floating	1.20%
CBA 3mBBSW+180 Sep-25	CBA	Floating	1.19%
ANZ 3mBBSW+200 Jul-24	ANZ	Floating	1.19%
JUDO 6.4 Sep-25	JDO	Fixed	1.18%
IAG 3mBBSW+210 Jun-24	IAG	Floating	0.95%
NAB 3mBBSW+217 Mar-28	MQG	Floating	0.72%
NAB 3mBBSW+215 May-24	NAB	Floating	0.72%
ANZ 3mBBSW+235 May-28	ANZ	Floating	0.69%
IAG 3mBBSW+250 Dec-28	IAG	Floating	0.48%
NAB 3.225 Nov-26/31	NAB	Fixed	0.45%
Bendigo 3mBBSW+155 Nov-25	BEN	Floating	0.36%
ANZ 3mBBSW+270 Aug-27	ANZ	Floating	0.33%

Strategy update

- At the beginning of the quarter, in line with our yield maximisation strategy, the fund increased its holdings in dividend paying stocks for the period which included increasing holdings in certain major banks (ANZ, NAB & WBC), APA & our REITs (ARF, BWP, CLW, CQE, WPR). To fund the strategy, all other positions in the portfolio were reduced.
- The fund maintained its target of c30% of its holdings in fixed income securities.
- Later in the quarter, Macquarie Group (MQG) was removed from the portfolio over the quarter following their earnings results. Although the analyst team view the company as high quality, over the immediate term we expect that declines in earnings will weigh on dividends and therefore the stock has been removed from coverage.

Key data

	Lincoln Wholesale Australian Income Fund	Lincoln Retail Australian Income Fund
APIR code	ETLO324AU	ETLO323AU
Fund inception	2 April 2012	2 April 2012
Minimum initial investment	\$250,000	\$5,000
Management costs	0.95% p.a.	1.75% p.a.
Entry/exit fees	Nil	Nil
Distribution frequency	Quarterly	Quarterly
Entry/exit unit price ¹ (4 decimal places)	\$0.9479 / \$0.9431	\$0.8800 / \$0.8756
Fund size ¹	\$412.57m	
Responsible entity	Equity Trustees Ltd	
Investment manager	Lincoln Indicators Pty Ltd	

¹ As at 31 December 2023

Like more information?

Talk to us today to:

- Start a Savings Plan
- Top up your current investment
- Learn more about Lincoln Managed Funds and Stock Doctor

Call 1300 676 333

Visit lincolnindicators.com.au

Email enquiries@lincolnindicators.com.au

Important information.

The Investment Manager for the Lincoln Australian Income Fund (the Fund) is Lincoln Indicators Pty Ltd (Lincoln Indicators) ABN 23 006 715 573 as Corporate Authorised Representative of Lincoln Financial Group Pty Ltd ABN 70 609 751 966, AFSL 483167 (Lincoln Financial). Equity Trustees Limited (Equity Trustees) ABN 46 004 031 298, AFSL 240975 is the Responsible Entity for the Fund. Equity Trustees is a subsidiary of EGT Holdings Limited ABN 22 607 797 615, a publicly listed company on the Australian Securities Exchange (ASX: EGT). This communication has been prepared by Lincoln Indicators, as Corporate Authorised Representative of Lincoln Financial, to provide you with general information only. In preparing this communication we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Lincoln Indicators, Lincoln Financial, Equity Trustees nor any of their related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product.

The Fund's Target Market Determination is available [here](#). A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

All figures, information and illustrations are as at 31 December 2023 unless stated otherwise. Portfolio holdings are subject to change without notice.