

### April 2021

Month in review



**Tim Lincoln**

Co-Founder and Chief Investment Officer

Throughout the month of April, global equity markets continued their strong and above average start to the year as the economic recovery continues. Within this ongoing market strength, a clear shift took place in the local market as an appetite for quality returned.

The U.S. market also continued its aggressive recovery with the first quarter earnings period, which kicked-off in late April, delivering results-to-date which have been well ahead of consensus estimates with 86% of S&P 500 companies reporting a positive EPS surprise and 78% reporting a positive revenue surprise.

#### Lincoln Wholesale Australian Growth Fund

The Lincoln Wholesale Australian Growth Fund (Fund) outperformed its benchmark thanks to the Fund's quality growth bias. The Fund ended the month well ahead of the broader market, gaining +7.24%, outperforming the benchmark ASX All Ordinaries Index by 3.32%.

#### Lincoln Wholesale Australian Income Fund

Having lagged the market in recent months, the Lincoln Wholesale Australian Income Fund was a beneficiary of this shift back toward quality. The Fund ended the month +4.96% (inc. Franking Credits), as compared to the benchmark S&P/ASX 200 Total Return Index's (inc. Franking credits) +3.47%.

#### Lincoln U.S. Growth Funds

The Lincoln U.S. Growth Fund Hedged closed +4.89% higher, less than 0.5% off that of the benchmark, while the Lincoln U.S. Growth Fund Unhedged also closed the month in positive territory, +3.55%, as the U.S. dollar pulled back against the Aussie.

Kind regards,

Tim Lincoln

Co-Founder and Chief Investment Officer

## Performance to 30 April 2021

Lincoln Australian Growth Fund							
For investors seeking	Investors seeking growth						
Distribution frequency	Half-yearly						
	Wholesale			Retail			
	Fund return <sup>1</sup>	ASX All Ordinaries Accumulation Index <sup>4</sup>	S&P/ASX Small Ordinaries (XSOAI)		Fund return <sup>1</sup>	ASX All Ordinaries Accumulation Index <sup>4</sup>	S&P/ASX Small Ordinaries (XSOAI)
1-month	7.24%	3.92%	4.98%	1-month	7.18%	3.92%	4.98%
3-months	4.09%	7.34%	7.44%	3-months	3.92%	7.34%	7.44%
1-year	21.07%	33.89%	39.78%	1-year	20.31%	33.89%	39.78%
3-years p.a.	11.97%	10.24%	9.10%	3-years p.a.	11.37%	10.24%	9.10%
5-years p.a.	11.72%	10.71%	11.10%	5-years p.a.	11.01%	10.71%	11.10%
Financial year to date	11.36%	24.56%	28.91%	Financial Year to Date	10.77%	24.56%	28.91%
Since inception p.a. <sup>(2)</sup>	7.97%	8.02%	5.48%	Since inception p.a. <sup>(3)</sup>	4.41%	5.26%	1.73%

<sup>1</sup> Growth Fund returns are calculated using exit prices and include management fees, ongoing fees and expenses, and assume distributions are reinvested and no tax is deducted.

<sup>2</sup> Growth Fund - 11 January 2005.

<sup>3</sup> Growth Fund - 1 June 2007.

<sup>4</sup> Benchmark All Ordinaries Accumulation Index over the medium to long-term. Past performance is not an indicator of future performance.

### Performance to 30 April 2021 (continued)

#### Lincoln Australian Growth Fund

##### Performance highlights

Performance contributors this month:

- **Accent Group (AX1)** - Was the best performing stock in the portfolio, closing the month +30.67% higher. The strength in price was partly due to another solid month for Australian retail sales, but predominately related to the company's announcement that it had agreed to acquire youth apparel retailer Glue Store for \$13m. The consideration would be funded out of existing cash facilities and, in time, will be an accretive investment.
- **Monadelphous (MND)** - Following a few months of underperformance, Monadelphous (MND) experienced a shift in investor confidence, rallying +22.6% for the month. The Fund Team believes the strong month was a related to growing confidence that the capex cycle for metals mining/oil gas will continue in the face of soaring commodity prices and analyst upgrades. On top of this, the company announced that it had settled a lawsuit filed by Rio Tinto relating to a fire incident at their iron ore facility in 2019. The lawsuit was in part acting as somewhat of a headwind for investor sentiment.
- **Mount Gibson Iron (MGX)** - Rallied back from some selling in March, closing the month +22% higher. The Iron Ore market continues to be hampered by supply constraints, which has sent prices to record highs. The soaring price environment has led to a number of commodity analyst raising their valuations for Iron Ore miners.

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

Lincoln Australian Income Fund									
For investors seeking		A reliable income and reduced equity market risk exposure							
Distribution frequency		Quarterly							
Wholesale					Retail				
	Fund Distribution Yield <sup>(a)</sup>	Benchmark income <sup>(b)</sup>	Total Fund return <sup>(d)</sup>	Total Benchmark return <sup>(b)</sup>		Fund Distribution Yield <sup>(a)</sup>	Benchmark income <sup>(b)</sup>	Total Fund return <sup>(d)</sup>	Total Benchmark return <sup>(b)</sup>
1-month	0.00%	0.01%	4.96%	3.48%	1-month	0.00%	0.01%	4.88%	3.48%
3-months	2.39%	1.65%	2.78%	7.98%	3-months	2.39%	1.65%	2.57%	7.98%
1-year	7.20%	4.69%	23.46%	31.89%	1-year	7.20%	4.69%	22.49%	31.89%
3-years p.a.	8.30%	5.32%	9.39%	10.82%	3-years p.a.	8.30%	5.32%	8.53%	10.82%
5-years p.a.	8.60%	5.71%	9.64%	11.70%	5-years p.a.	8.60%	5.71%	8.78%	11.70%
Financial year to date	5.70%	4.02%	14.54%	23.15%	Financial Year to Date	5.70%	4.02%	13.79%	23.15%
Since inception p.a. <sup>(c)</sup>	9.80%	5.99%	10.61%	11.47%	Since inception p.a. <sup>(c)</sup>	9.80%	5.99%	9.75%	11.47%

Past performance is not an indicator of future performance.

(a) Gross income distributed, inclusive of franking credits.  
(b) S&P/ASX 200 Accumulation Index inclusive of franking credits. Source: Macquarie Equities.  
(c) Income Fund - 2 April 2012.

(d) Income Fund Total Fund returns are calculated using exit prices and are net of management fees, ongoing fees and expenses, and assume distributions (inclusive of franking credits) are reinvested and that no tax is deducted.

#### Lincoln Australian Income Fund

##### Performance highlights

Performance contributors this month included:

- **Accent Group (AX1)** - Was the best performing stock in the portfolio, closing the month +30.67% higher. The strength in price was partly due to another solid month for Australian retail sales, but predominately related to the company's announcement that it had agreed to acquire youth apparel retailer Glue Store for \$13m. The consideration would be funded out of existing cash facilities and, in time, will be an accretive investment.
- **Monadelphous (MND)** - Following a few months of underperformance, Monadelphous (MND) experienced a shift in investor confidence, rallying +22.6% for the month. The Fund Team believes the strong month was a related to growing confidence that the capex cycle for metals mining/oil gas will continue in the face of soaring commodity prices and analyst upgrades. On top of this, the company announced that it had settled a lawsuit filed by Rio Tinto relating to a fire incident at their iron ore facility in 2019. The lawsuit was in part acting as somewhat of a headwind for investor sentiment.
- **Adairs Limited (ADH)** - Was another retailer buoyed by the continued strong consumer spending environment. Retailers such as Adairs, who invested in a strong omni-channel strategy have benefited enormously from the growth in online spending. On top of that Adairs are well placed to benefit from the housing market recovery.

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

### Performance to 30 April 2021 (continued)

Lincoln U.S. Growth Fund				
For investors seeking	Investors seeking diversity			
Distribution frequency	Annually			
	Hedged		Unhedged	
	Fund return*	S&P500 Total Return Index**	Fund return*	S&P500 Total Return Index converted to AUD**
1-month	4.89%	5.34%	3.55%	3.86%
3-months	4.78%	12.98%	4.36%	12.22%
Since inception p.a. <sup>(^)</sup>	22.65%	35.94%	12.49%	21.70%

\* Fund returns are calculated using exit prices and are net of management fees, ongoing fees and expenses, and assume distributions are reinvested and no tax is deducted. Past performance is not an indicator of future performance.

\*\* Benchmark S&P500 Total Return Index (^) 1 July 2020.

## Lincoln U.S. Growth Funds

### Performance highlights

Performance contributors this month included:

- **Manhattan Associates (MANH)** – closed the month +16.92% higher following a strong quarterly earnings report. The result was a significant beat to analyst expectations, and importantly the company raised its earnings guidance for the upcoming quarter. The supply chain software developer posted a first quarter result that included a record sales period, laying a solid foundation for a strong 2021.
- **Alphabet (GOOG)** – the recent portfolio entrant had its best month of the year, closing +16.5% higher. The strong month was justified by its exceptional quarterly result, with the company posting another record earnings figure. Net income jumped over 160% to \$17.9 billion, topping the prior record of \$15.2 billion in the fourth quarter and well ahead of analyst expectations. Interestingly, the company are riding the tailwinds of a booming IPO market and soaring tech valuations. As a result, the company disclosed a \$4.75 billion net gain on equity investments (representing 22% of their quarterly earnings).
- **Silicon Valley Bank (SIVB)** - yet another strong period for the Banker to the tech industry. The company closed the month +16% higher following yet another quarterly which exceeded expectations. The company reported a 37% rise in net income, which featured a strong jump in loans and client funds. The growing asset base has led to continued growth in net interest income and non-interest fee-based charges.

Data referred to in this performance commentary relates to the Lincoln U.S. Growth Funds unless otherwise stated.

As part of our transparency of the Fund portfolios, a full list of the portfolio holdings is provided to investors only.

### Lincoln Australian Growth Fund - Top 10 holdings

as at 30 April 2021

Code	Company	Portfolio Holding
AX1	Accent Group Ltd	3.24%
BBN	Baby Bunting Group Ltd	2.94%
ARB	ARB Corp Ltd	2.93%
DMP	Domino's Pizza Enterprises Ltd	2.80%
BHP	BHP Group Ltd	2.79%
ADH	Adairs Ltd	2.76%
ALL	Aristocrat Leisure Ltd	2.68%
NCK	Nick Scali Ltd	2.68%
MQG	Macquarie Group Ltd	2.65%
CDA	Codan Ltd	2.64%
Total		28.11%

### Lincoln Australian Income Fund - Top 10 holdings

as at 30 April 2021

Code	Company	Portfolio Holding
AST	AusNet Services	3.71%
AX1	Accent Group Ltd	3.12%
NAB	National Australia Bank Ltd	3.11%
ANZ	Australia & New Zealand Banking Group Ltd	3.08%
WBC	Westpac Banking Corporation	3.08%
ARF	Arena REIT	2.99%
MQG	Macquarie Group Ltd	2.81%
APA	APA Group	2.65%
CLW	Charter Hall Long Wale REIT	2.59%
CQE	Charter Hall Social Infrastructure REIT	2.58%
Total		29.72%

### Lincoln U.S. Growth Funds - Top 10 holdings

as at 30 April 2021

Code	Company	Portfolio Holding
AAPL	Apple Inc	5.30%
SPGI	S&P Global Inc	3.78%
ADBE	Adobe Inc	3.57%
ETSY	Etsy Inc	3.41%
INTU	Intuit Inc	3.25%
GOOG	Alphabet Inc	3.09%
CDNS	Cadence Design Systems Inc	3.02%
ROL	Rollins Inc	2.83%
YETI	Yeti Holdings Inc	2.80%
MKTX	MarketAxess Holdings Inc	2.61%
Total		33.66%

### Key Data

	Lincoln Wholesale Australian Growth Fund	Lincoln Retail Australian Growth Fund	Lincoln Wholesale Australian Income Fund	Lincoln Retail Australian Income Fund	Lincoln U.S. Growth Fund Hedged	Lincoln U.S. Growth Fund Unhedged
<b>APIR code</b>	ETL0043AU	ETL0089AU	ETL0324AU	ETL0323AU	ETL6283AU	ETL1491AU
<b>Fund inception</b>	11 January 2005	1 June 2007	2 April 2012	2 April 2012	1 July 2020	1 July 2020
<b>Minimum initial investment</b>	\$250,000	\$5,000	\$250,000	\$5,000	AU\$5,000	AU\$5,000
<b>Management costs</b>	0.76% p.a.	1.40% p.a.	0.95% p.a.	1.75% p.a.	1.0% p.a.	1.0% p.a.
<b>Performance Fee</b>	20% of the amount by which the Fund's performance exceeds the All Ordinaries Accumulation Index				20% of outperformance of the S&P 500 Total Return Index.	20% of outperformance of the S&P 500 Total Return Index converted to Australian Dollars.
<b>Entry/exit fees</b>	Nil	Nil	Nil	Nil	Nil	Nil
<b>Distribution frequency</b>	Half-yearly	Half-yearly	Quarterly	Quarterly	Annual	Annual
<b>Entry/exit unit price<sup>1</sup></b>	\$1.8936 / \$1.8804	\$1.3411 / \$1.3318	\$1.0833 / \$1.0757	\$1.0231 / \$1.0160	AU\$1.2327 / AU\$1.2265	AU\$1.1306 / AU\$1.1249
<b>Fund size<sup>1</sup></b>	\$334.42m		\$425.45m		AU\$39.82m	
<b>Responsible entity</b>	Equity Trustees Ltd		Equity Trustees Ltd		Equity Trustees Ltd	

<sup>1</sup> As at 30 April 2021.

### About Lincoln

Lincoln has been helping Australians invest successfully for over 30 years. We believe investing in a concentration of financially healthy and fundamentally sound stocks will deliver the best performance outcome to investors over the long-term.

Lincoln Managed Investments provides investors with flexibility via our professionally managed funds, the Lincoln Australian Growth Fund, Lincoln Australian Income, Lincoln U.S. Growth Fund Hedged and Lincoln U.S. Growth Fund Unhedged. Each managed fund is backed by Lincoln's academically-proven Financial Health analysis and proprietary investment methodology – the Lincoln Golden Rules. Our experienced and dedicated Managed Investments team use our stock analysis program, Stock Doctor, as the core research tool for each managed fund. The team apply additional qualitative and valuation analysis to identify stocks that meet our stringent investment criteria.

Lincoln's unique investment Methodology has consistently identified the best performing companies on the ASX and is substantiated by Lincoln Managed Investments' stellar performance track-record.

### Like more information?

Talk to us today to:

- Invest
- Learn more about Lincoln Managed Investments and Stock Doctor
- Receive regular market news and updates

**Call** 1300 676 333

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**Email** [enquiries@lincolnindicators.com.au](mailto:enquiries@lincolnindicators.com.au)

#### Important information.

The Investment Manager for the Lincoln Australian Growth Fund, Lincoln Australian Income Fund, Lincoln U.S. Growth Fund Hedged and Lincoln U.S. Growth Fund Unhedged (the Funds) is Lincoln Indicators Pty Limited (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 Funds. Equity Trustees is a subsidiary of EQT Holdings Limited ABN 22 607 797 615, a publicly listed company on the Australian Securities Exchange (ASX: EQT). 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 Statements before making a decision about whether to invest in these products. All figures, information and illustrations are as at 30 April 2021 unless stated otherwise. Portfolio holdings are subject to change without notice. This communication may contain forward-looking statements regarding our intent, belief or current expectations with respect to market conditions. Readers are cautioned not to place undue reliance on these forward-looking statements. As a result, you should consider its appropriateness in regard to your particular objectives, financial situation and needs. You should also consider obtaining your own independent advice before making any financial decisions.