



Fund Performance

At 31 July 2021	1 mth %	3 mths %	6 mths %	1 yr %	2 yrs % p.a.	3 yrs % p.a.	4 yrs % p.a.	Incep. % p.a. (27 Apr 2017)
Chester High Conviction Fund (after fees)	1.7	3.8	13.7	35.7	18.5	10.8	14.7	14.6
S&P/ASX 300 Accumulation Index	1.1	5.8	13.9	29.1	8.0	9.7	10.9	9.6
Outperformance (after all fees)	+0.6	-2.0	-0.2	+6.5	+10.5	+1.1	+3.8	+4.9

"Buy when everyone else is selling and hold until everyone else is buying. That's not just a catchy slogan. It's the very essence of successful investing."

J. Paul Getty

Month in review

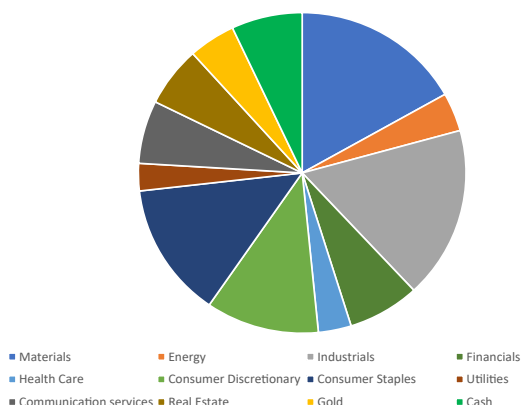
Warren Buffett has a famous saying that investing is simple, but it's not easy. We think that has never been more appropriate than today. There are signs of exuberance everywhere, or maybe we're just old fashioned. Square (SQ US) making an all script bid for Afterpay (APT) with both companies trading on more than 100x next year's forecast free cash flow surprises us. As does the fact that Square (which admittedly has a very strong payments platform for small businesses) actually generated 57% of its 2Q revenue from Bitcoin trading.

The ongoing rise in COVID cases globally and obviously in Australia does challenge the idea of what the new normal looks like. It also forces governments into providing stimulus measures for longer than may have been justified 6 months ago. With little prospect of interest rates rising in the near term, it has prompted the notion of all asset classes rising in unison, led by residential housing and listed equities. We are of the view that the next leg higher in equity markets will be led by the wall of private equity funding available to spend. Bain and Co estimate that private equity firms are sitting on USD3.3tn of dry powder.

Thus it currently appears there is little resistance in markets as we enter reporting season. That's different from saying there is no risk. EPS growth year on year will be very strong in aggregate, while most domestic companies will be given a free pass in terms of guidance as the uncertainty of lockdowns being extended creates complications in business planning.

Every asset class is enjoying a strong 2021, except gold. The ultimate non-correlated trade. We suspect that there will be a time it starts outperforming (with market volatility), but the trend is not your friend currently. It is presently 4.6% of the portfolio.

Fund sector weights



Portfolio review

For the month of July the fund returned 1.7%, relative to the ASX300 Accumulation Index return of 1.1%. The continued strength in the iron ore price through the first half of 2021 has seen a very strong period of cash generation for the listed iron ore producers and with that an expectation of very strong dividend growth in FY21. We are watching some of the developments in China very closely as to the plight of Chinese real estate developers and restrictions on movement associated with containing the rise of COVID cases. These issues suggest a slowing of demand for iron ore, hence the recent 30% fall in the iron ore price.

Mineral Resources (MIN) was yet again one of the strongest performers for the fund in July, but given the comments above, we deemed it prudent to lighten our holding late in the month. BHP was added to the portfolio last December and has been our preferred large cap resource exposure for its relative diversification and superior production profile. Comet Ridge (COI) has been a problematic investment for the fund owing to its stranded gas resource in the Bowen Basin. A recent restructuring of the joint venture partnership in the Mahalo field to leave COI and Santos as the JV partners streamlines the decision making process and enables the Mahalo project to realise the full value of the gas resource over the coming 2-3 years.

Tabcorp (TAH) saw weakness in July on the news that the long awaited demerger of the Lottery business from the Wagering business will take up to 12 months, which was received poorly by several impatient investors. We still believe the combined entity is worth far more than the current share price implies. Qube Logistics (QUB) was also weaker as the agreement to sell the Moorebank industrial park was approved, while an additional capex spend on the terminal was not expected, and received unenthusiastically. Downer (DOW) was weaker on the continued lockdowns in Sydney, while much of the work carried out by DOW is deemed essential, the sheer decrease in the movement of people will soften activity levels for their services. We are still of the view that the risk reward trade off of holding DOW is skewed to the upside over the next 12 months.

Top 3 holdings	Portfolio breakdown	
Tabcorp Holdings	Industrials	17.3%
Austal Ltd	Materials	16.8%
News Corp	Consumer Staples	13.6%
Top 3 portfolio attribution	Bottom 3 portfolio attribution	
Mineral Resources	Tabcorp Holdings	
BHP Ltd	Qube Logistics	
Comet Ridge	Downer Ltd	



Accumulated Performance by Financial Year - Same Strategy

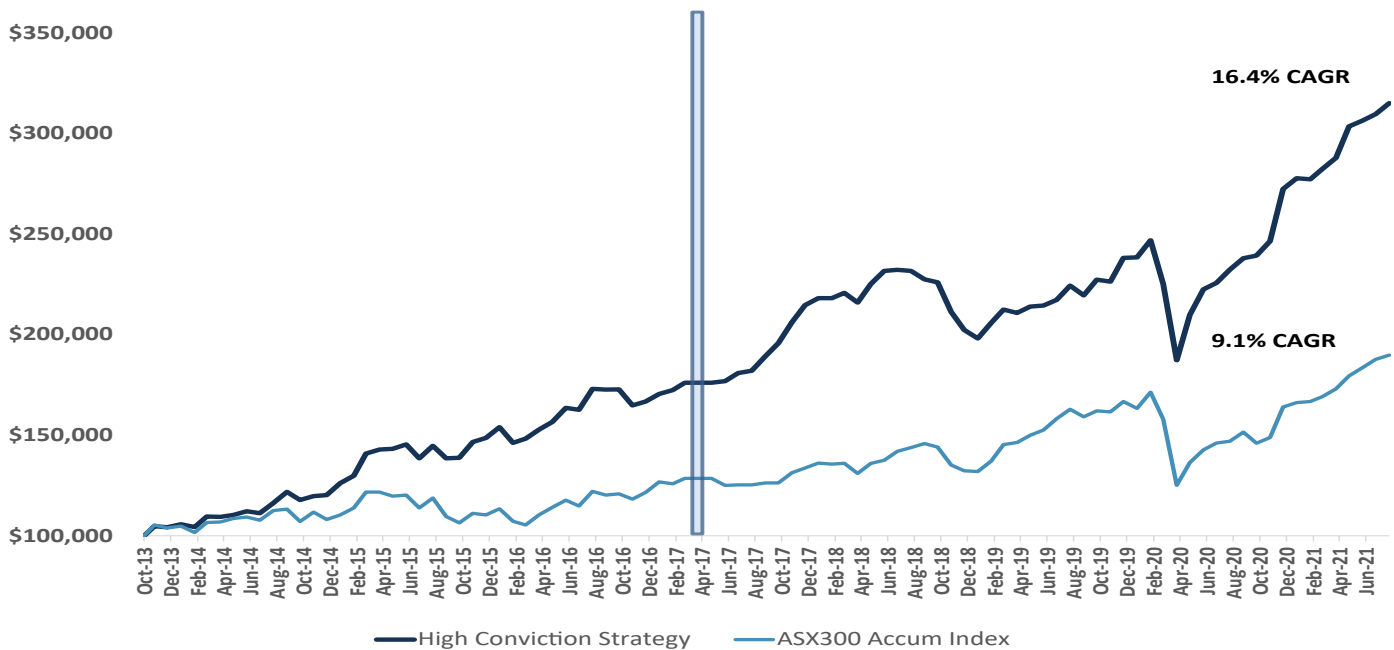
	FY14 (%)#	FY15 (%)	FY16 (%)	FY17 (%)*	FY18 (%)	FY19 (%)	FY20 (%)	FY21 (%)	FY22 (%)	Since Inception (%) p.a.
Same Strategy (after MER)	+11.2	+24.5	+17.4	+11.2	+28.3	-6.4	+3.9	+35.7	+1.7	+16.4
S&P/ASX 300 Accumulation Index	+7.8	+5.6	+0.9	+9.1	+13.2	+11.4	-7.7	+25.7	+1.1	+9.1
Value added (after MER)	+3.5	+18.9	+16.4	+2.1	+15.1	-17.8	+11.6	+10.1	+0.6	+7.3

The inception date of SGH Australia Plus was the 8th of October, 2013, where Rob Tucker was the sole Portfolio Manager, until his departure on February 28th, 2017.

* The inception date of the Chester High Conviction Fund was April 26th, 2017, hence FY17 reflects 8 months of SGH Australia Plus and 2 months of the CHCF.

We note this is a statement of fact of the performance achieved by the fund during the time which Rob Tucker was the sole Portfolio Manager making active decisions on the SGH Australia Plus portfolio. We note performance is the record of the firm not the individual however past performance has been constructed from publicly available unit price data. Past performance is not necessarily indicative of future performance and should not be relied upon in making investment decisions.

Same Strategy - Accumulated performance



Note this graph is representative only of the combination of the same Portfolio Manager running the same strategy, and would only represent actual returns for unit holders that invested money at inception of SGH Australia Plus, withdrew those funds at the end of February 2017 and then invested all those initial funds again at inception of the Chester High Conviction Fund in April 2017. Note, this depicts returns after fees.



CONTACT COPIA

1800 442 129 | client.services@copiapartners.com.au | copiapartners.com.au



John Clothier	General Manager, Distribution	0408 488 549 jclothier@copiapartners.com.au
Iain Mason	Director, Institutional Business	0412 137 424 imason@copiapartners.com.au
Mani Papakonstantinos	Distribution Manager	0439 207 869 epapakonstantinos@copiapartners.com.au
Jude Fernandez	Distribution Manager	0414 604 772 jfernandez@copiapartners.com.au
Sam Harris	Distribution Manager	0429 982 159 sharris@copiapartners.com.au

Past performance is not a reliable indicator of future performance. The total return performance figures quoted are historical, calculated using end-of-month mid prices and do not allow for the effects of income tax or inflation. Total returns assume the reinvestment of all distributions. The performance is quoted net of all fees and expenses. The indices do not incur these costs. This information is provided for general comparative purposes. Positive returns, which the Chester High Conviction Fund (the Fund) is designed to provide, are different regarding risk and investment profile to index returns. A performance fee of 15.0% is payable quarterly on any excess performance (after deducting the management fee) above the benchmark, S&P/ASX Small Ordinaries Accumulation Index. A performance fee is only payable where the unit price is higher than when the last performance fee was paid. This document is for general information purposes only and does not take into account the specific investment objectives, financial situation or particular needs of any specific reader. As such, before acting on any information contained in this article, readers should consider the appropriateness of the information to their needs. This may involve seeking advice from a qualified financial adviser. Copia Investment Partners Ltd (AFSL 229316, ABN 22 092 872 056) (Copia) is the issuer of the Chester High Conviction Fund (ARSN 620 091 858). A current PDS is available from Copia located at Level 25, 360 Collins Street, Melbourne Vic 3000, by visiting chesteram.com.au or by calling 1800 442 129 (free call). A person should consider the PDS before deciding whether to acquire or continue to hold an interest in the Fund. Any opinions or recommendation contained in this document are subject to change without notice and Copia is under no obligation to update or keep any information contained in this document current.

