

December 2024

Quarter in review

Performance to 31 December 2024

| | Lincoln Australian Income Fund | | | | | | | |
|-----------------------------------|---|-------------------------------|--|---------------------------------------|-------------------------------------|--|---|-------------------------------------|
| May be suitable for | Investors seeking a reliable income and reduced 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 | 1.50% | 0.69% | -0.98% | -1.19% | -0.80% | -0.81% | -1.00% | -0.65% |
| 1-year | 7.03% | 5.23% | -0.27% | -1.08% | 11.44% | 0.89% | 0.08% | 12.71% |
| 3-years p.a. | 8.12% | 5.79% | -1.79% | -2.57% | 7.41% | -0.03% | -0.82% | 8.89% |
| 5-years p.a. | 7.78% | 5.35% | 2.06% | 1.25% | 8.06% | 3.78% | 2.95% | 9.42% |
| 10-years p.a. | 8.61% | 5.77% | 3.66% | 2.83% | 8.51% | 5.75% | 4.90% | 9.96% |
| Financial year to date | 3.56% | 2.49% | -0.79% | -1.21% | 6.93% | -0.21% | -0.62% | 7.54% |
| Since Inception p.a. (02/04/2012) | 9.34% | 5.92% | 6.12% | 5.29% | 9.53% | 8.39% | 7.54% | 11.02% |

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:

- **Commonwealth Bank of Australia (CBA)** – Australia’s largest bank by market cap finished the quarter up 13%. The Bank is regarded to have a Strong Financial Health rating, as inferred by their Common Equity Tier 1 (CET1) ratio of 11.8% - ahead of the ~10% minimum standard that is enforced by APRA. The Bank adopted a 75% dividend payout ratio for the period, leading to a rise in its FY24 dividend to 465 cents per share from 450cps a year earnings. This payout increased to about 80% as earnings were weighed down by strong mortgage competition, higher funding costs and higher bad debts.
- **Westpac Banking Corp (WBC)** - WBC’s share price rose by 4% over the period, even though the company faced some challenges. While its revenue stayed flat compared to the previous year, earnings per share dropped by 7%. This decline was due to a 7% increase in operating expenses, tough competition in the mortgage market, and weaker income from markets and wealth management.
On the bright side, WBC increased its full-year dividend to 151 cents per share, although this fell short of market expectations of around 175 cents per share, as investors were hoping for a special dividend. The payout ratio of 73% is at the higher end of the bank’s target range of 65-75%, showing a commitment to rewarding shareholders despite a tough environment.
- **Telstra Group Ltd (TLS)** - Telstra reported a strong performance for FY24, achieving a notable 10% earnings growth compared to the previous year. This growth was primarily driven by the robust performance of the Mobile segment, which continues to be the key driver of Telstra’s earnings. Price increases and enhancing its product offerings in the mobile and infrastructure sectors have more than offset challenges in other segments such as Fixed Enterprise.

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.

Lincoln Australian Income Fund Holdings as at 31 December 2024

| Code | Company | Portfolio % |
|------------------------|--|-------------|
| Financials | | 18.08% |
| ANZ | ANZ Group Holdings Ltd | 3.40% |
| CGF | Challenger Ltd | 3.02% |
| NAB | National Australia Bank Ltd | 3.00% |
| WBC | Westpac Banking Corp | 3.00% |
| CBA | Commonwealth Bank of Australia | 2.94% |
| SUN | Suncorp Group Ltd | 2.72% |
| Real Estate | | 13.31% |
| ARF | Arena REIT No 1 | 2.41% |
| WPR | Waypoint REIT Ltd | 2.35% |
| BWP | BWP Trust | 2.31% |
| CQE | Charter Hall Social Infrastructure REIT | 2.19% |
| NSR | National Storage REIT | 2.09% |
| HDN | HomeCo Daily Needs REIT | 1.96% |
| Consumer Discretionary | | 11.34% |
| WES | Wesfarmers Ltd | 4.21% |
| SUL | Super Retail Group Ltd | 2.75% |
| AX1 | Accent Group Ltd | 2.21% |
| JIN | Jumbo Interactive Ltd | 2.17% |
| Consumer Staples | | 10.15% |
| COL | Coles Group Ltd | 3.02% |
| WOW | Woolworths Group Ltd | 2.90% |
| EDV | Endeavour Group Ltd | 2.65% |
| RIC | Ridley Corporation Ltd | 1.58% |
| Communication Services | | 5.30% |
| TLS | Telstra Group Ltd | 2.65% |
| SPK | Spark New Zealand Ltd | 2.65% |
| Utilities | | 3.82% |
| APA | APA Group | 3.82% |
| Industrials | | 1.92% |
| MMS | McMillan Shakespeare Ltd | 1.92% |
| Cash and Hedge | | 7.46% |
| BBOZ | BetaShares Australian Strong Bear Hedge Fund | 5.12% |
| Cash | | 2.34% |

| Security Name | Issuing Company Stock Code | Security Type (Coupon Payments) | Portfolio % |
|----------------------------------|-------------------------------|------------------------------------|-------------|
| Fixed Income | | | 28.62% |
| NAB 3mBBSW+400 Jul-25 | NAB | Floating | 3.07% |
| Challenger 7.186 Sep-27 | CGF | Fixed | 2.30% |
| Macquarie 6.082 Jun-27 | MQG | Fixed | 1.93% |
| CBA 3mBBSW+270 Nov-27 | CBA | Floating | 1.91% |
| Bendigo 3mBBSW+195 Nov-25 | BEN | Floating | 1.87% |
| SUNCORP 3mBBSW+230 Jun-27 | SUN | Floating | 1.73% |
| QBE 3mBBSW+195 Jun-30 | QBE | Floating | 1.73% |
| Suncorp Bank 3mBBSW+125 Dec-27 | SUN | Floating | 1.70% |
| QBE 3mBBSW+255 Oct-28 | QBE | Floating | 1.44% |
| IAG 3mBBSW+245 Jun-26 | IAG | Floating | 1.44% |
| Scentre 3mBBSW+230 Sep-29 | SCG | Floating | 1.44% |
| ANZ 3mBBSW+185 Feb-26 | ANZ | Floating | 1.44% |
| Macquarie 3mBBSW+195 Mar-29 | MQG | Floating | 1.44% |
| Westpac 3mBBSW+167 Jul-29 | WBC | Floating | 1.44% |
| ANZ 3mBBSW+235 May-28 | ANZ | Floating | 0.82% |
| Westpac 3mBBSW+230 Jun-28 | WBC | Floating | 0.81% |
| IAG 3mBBSW+250 Dec-28 | IAG | Floating | 0.58% |
| NAB 3.225 Nov-26/31 | NAB | Fixed | 0.58% |
| Macquarie Bank 3mBBSW+155 Jun-26 | MQG | Floating | 0.56% |
| ANZ 3mBBSW+270 Aug-27 | ANZ | Floating | 0.39% |

Strategy update

- As communicated to investors, the Fund's market hedge position was strategically unwound over the quarter.
- Two new REITS were added HDN and NSR (Homeco Daily Needs and National Storage).

Fund Review

Lincoln Australian Income Fund

Key data

| | Lincoln Wholesale Australian Income Fund | Lincoln Retail Australian Income Fund |
|--|---|--|
| APIR code | ETL0324AU | ETL0323AU |
| 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) | \$0.8896 / \$0.8852 | \$0.8263/ \$0.8221 |
| Fund size ¹ | \$339,902,444 | |
| Responsible entity | Equity Trustees Ltd | |
| Investment manager | Lincoln Indicators Pty Ltd | |

¹ As at 31 December 2024

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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 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. 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 2024 unless stated otherwise. Portfolio holdings are subject to change without notice.