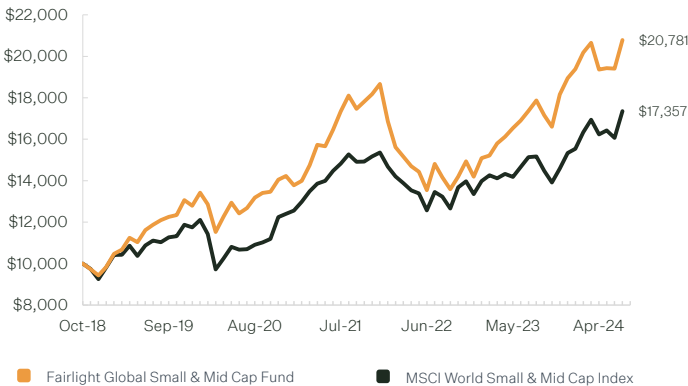


Performance at 31 July 2024

	1 Month	3 Months	6 Months	1 Year	3 Years p.a.	5 Years p.a.	Since Inception p.a.
Fairlight Global Small & Mid Cap Fund	7.1%	7.3%	7.2%	19.7%	6.2%	11.8%	13.6%
MSCI World Small & Mid Cap Index	8.0%	6.9%	11.7%	14.7%	5.4%	9.3%	10.1%
Outperformance	-0.9%	0.4%	-4.5%	5.0%	0.8%	2.5%	3.5%

Performance is in AUD and net of all fees. Inception 1 November 2018. Since inception returns are on a per annum basis. Past performance is not an indicator of future performance.

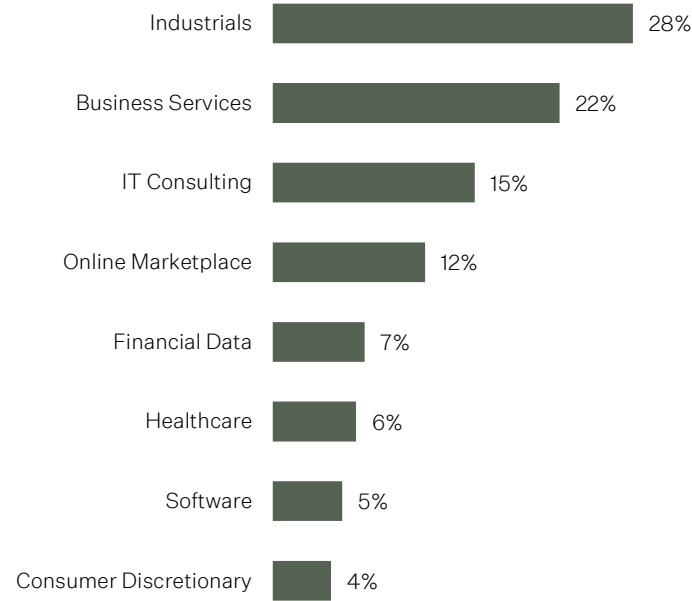
Performance Since Inception



Top 5 Holdings in Alphabetical Order

Company	Region	Sector
Auto Trader Group PLC	GB	Online Marketplace
Diploma PLC	GB	Industrials
Gartner, Inc.	US	IT Consulting
Reply S.p.A.	IT	IT Consulting
Scout24 SE	DE	Online Marketplace

Portfolio Sector Exposure



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Portfolio Revenue Exposure

- North America: 53%
- Europe: 36%
- Asia Pacific: 7%
- Africa & Middle East: 2%
- Latin America: 1%



About Fairlight

Fairlight Asset Management is a boutique firm investing exclusively in global equity markets. The investment approach is grounded in fundamental research, long term in nature and has a strong focus on quality. The team believe a portfolio of the highest quality businesses, purchased with valuation discipline will outperform over the long term whilst protecting and preserving client capital.

Investment Philosophy

Fairlight's investment process is designed to find businesses that have a demonstrable track record of earning outsized returns on capital with characteristics that will allow these returns to persist into the future, available at attractive valuations. Where possible, the strategy mitigates potential risk by looking for stable and aligned management teams, conservative balance sheets and avoiding single points of failure.

The portfolio is segmented into three types of investment opportunities:

- High quality growth companies
- Stable compounders
- Low risk turnarounds

Fairlight does not invest in sectors of the market that do not meet its quality criteria including cyclical business (commodities and mining) and interest rate sensitive businesses (banks and utilities).

Invest Online

Figures and graphs sourced from Apex Fund Services and FactSet Portfolio Analytics. This report has been prepared and issued by Fairlight Asset Management Pty Ltd ACN 628 533 308 Corporate Authorised Representative No 001277649 of AFSL No 000247293, the investment manager of Fairlight Asset Management Global Small and Mid Cap Fund. The Product Disclosure Statement (PDS) contains all of the details of the offer. You can obtain a copy of the PDS and target market determination from fairlightam.com.au or by contacting Fairlight Asset Management directly. Before making any decision to make or hold any investment in the Fund you should consider the PDS and TMD in full. The information provided does not take into account your investment objectives, financial situation or particular needs and is not intended to constitute advice of any kind. Past performance is not an indicator of future performance. Returns are not guaranteed and so the value of an investment may rise or fall. The Trust Company (RE Services) Limited (ABN 45 003 278 831 AFS Licence 235150) is the Responsible Entity of Fairlight Global Small & Mid Cap Fund ARSN 629 066 913.

A Pool of Opportunities in US Housing

The Fairlight strategy focuses on identifying and owning businesses with a proven track record of delivering high returns on capital over economic cycles. This quality though seldom goes unnoticed by the market and is typically reflected in a premium valuation.

Nevertheless, cyclical concerns can cause entire sectors to fall out of favour, and when this happens, the share prices of even the most admired companies can come under pressure. Rare buying opportunities may then emerge for long-term investors who know these businesses well.

This describes Fairlight’s recent experience with Pool Corp, the leading US supplier of pool products. Pool Corp has been one of the best wealth compounders in recent history with a staggering track record of delivering shareholder returns of over 25% per annum on average, since becoming a listed company in 1995.

Despite a bright long-term outlook for Pool Corp’s main reference markets, its share price has suffered in recent months along with many US companies that are exposed to challenged new-housing construction activity.

Earlier in the month, this share price weakness provided the Fund with an opportunity to acquire some shares in this wonderful business at a reasonably attractive valuation.

Dominant supplier

Pool Corp distributes pool chemicals and consumables in the US, mainly to professional contractors who maintain the large and growing installed base of 5.4 million pools on behalf of their owners. Pool Corp is by far the dominant supplier in the market as the incumbent player with a 50% share.

Pool Corp’s leadership is the result of its critical position in the middle of an enormous network of vendors and contractors. Pool Corp has spent decades building long-term relationships with more than 2,200 vendors who rely on Pool Corp itself for access to a highly fragmented base of over 125,000 small contractor businesses. Similarly, Pool Corp has spent decades to increase the value proposition it delivers to contractors. As the industry’s first mover, Pool Corp has already handpicked the country’s most desirable locations to build a

capillary network of sales centres. Quick access to a comprehensive product range is, in fact, the most important factor determining where contractors choose to shop given that the main driver of their business success is the number of pools that they can service in any given day. As Pool Corp continues to grow in scale, so does the value it creates for either side of the network.

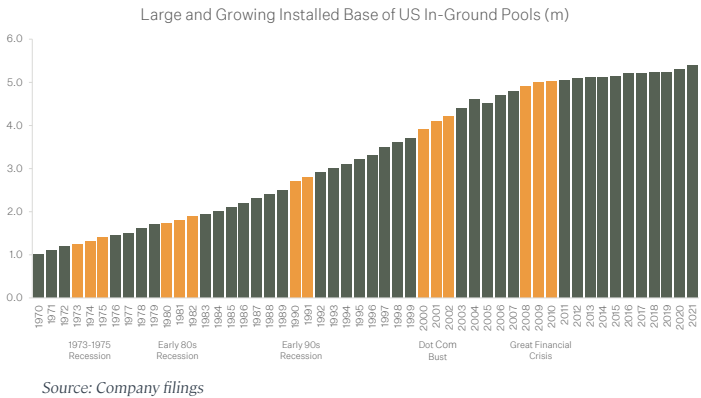
Importantly, contractors pass on the cost of supplies to pool owners, meaning that they are seldom incentivised to shop for the best price. As a result, it’s hard for competitors and new entrants to steal market share from Pool Corp by merely lowering prices.

Cyclical but resilient

Circa 60% of Pool Corp’s business benefits from highly predictable maintenance sales (nobody wants their pools to turn green), and new pool construction accounts for less than 20% of total sales.

While new pool sales are correlated with new housing construction and housing transactions, the cyclical nature of demand varies by customer type. Approximately half of new pool exposure relates to low to mid-income homeowners who typically purchase a pool on credit. However, the remaining half of demand is more resilient, linked to high-income homeowners who generally continue to build pools even when the general economy is weak. Historically, the installed base of pools has grown every year, *even during recessions* (Figure 1).

Figure 1.



Repair and Remodel accounts for the remaining 20% of Pool Corp’s revenues and is impacted by home values and housing turnover as homeowners seek to modernise and improve their outdoor living spaces. Generally, after 7 to 10 years most pools require repair and/or technology and system upgrades. The current average age of a pool in the US is about 24 years, so this spend can be and has been delayed by the average homeowner. Nevertheless, even assuming a significant increase in pool demolitions, it appears that significant pent-up demand exists.

Overall, we are impressed with Pool Corp’s long term financial performance including growing revenue by 10x and earnings by 20x over the past two decades while generating a cash return on capital employed of approximately 25%. This track record is particularly impressive when considering that during this period the business also had to weather the greatest housing crash in US history.

Growing industry

While the pool industry is cyclical, the long-term outlook for growth is positive. There are numerous attractive industry tailwinds encouraging demand for pools including a growing appreciation for outdoor living, rising migration to warmer states, increasing acceptance of remote working and global warming. Notably as well, the current US housing shortage and a large population of millennials are driving increased household formation and the need for continued home builds, further supporting long-term industry growth. As the dominant player in the industry, Pool Corp is well positioned to benefit from these trends.

The Fairlight View

The Fairlight strategy aims to buy high quality businesses when they are ‘on sale’. We have built and maintain an extensive database of researched businesses while we patiently wait for valuation opportunities. Currently investors are understandably worried about the tough conditions of the US housing market characterised by high interest rates and suppressed home turnover. With new pool construction currently approaching levels not seen since the US housing crash of 2008-09, the Fund took advantage of the recent share price weakness to start a position in Pool Corp, a niche leader with an exceptional track record of compounding shareholder value over the long-term.

Figures and graphs sourced from Apex Fund Services and FactSet Portfolio Analytics. This report has been prepared and issued by Fairlight Asset Management Pty Ltd ACN 628 533 308 Corporate Authorised Representative No 001277649 of AFSL No 000247293, the investment manager of Fairlight Asset Management Global Small and Mid Cap Fund. The Product Disclosure Statement (PDS) contains all of the details of the offer. You can obtain a copy of the PDS and target market determination from fairlightam.com.au or by contacting Fairlight Asset Management directly. Before making any decision to make or hold any investment in the Fund you should consider the PDS and TMD in full. The information provided does not take into account your investment objectives, financial situation or particular needs and is not intended to constitute advice of any kind. Past performance is not an indicator of future performance. Returns are not guaranteed and so the value of an investment may rise or fall. The Trust Company (RE Services) Limited (ABN 45 003 278 831 AFS Licence 235150) is the Responsible Entity of Fairlight Global Small & Mid Cap Fund ARSN 629 066 913.