# TYNDALL AUSTRALIAN SHARE WHOLESALE FUND.

## FUND UPDATE

AS AT
31 JULY 2024

### Fund Performance (%)

| | 1 Mth | 3 Mths | 6 Mths | 1 Yr | 3 Yrs p.a. | 5 Yrs p.a. | 10 Yrs p.a. | 15 Yrs p.a. | 20 Yrs p.a. | Since Inception p.a |
|---|---|---|---|---|---|---|---|---|---|---|
| **Fund growth return** | 4.44% | -5.54% | -3.86% | -6.15% | -4.05% | -2.39% | -1.31% | 1.12% | 0.55% | 2.66% |
| **Fund distribution return** | 0.00% | 9.99% | 10.16% | 12.24% | 10.44% | 8.18% | 7.66% | 6.63% | 7.38% | 6.87% |
| **Total Fund (net)** | 4.44% | 4.44% | 6.30% | 6.08% | 6.39% | 5.79% | 6.35% | 7.75% | 7.93% | 9.53% |
| **Benchmark return** | 4.19% | 6.21% | 7.31% | 13.53% | 7.44% | 7.52% | 8.03% | 8.88% | 8.74% | 9.45% |
| **Excess Return** | 0.24% | -1.77% | -1.01% | -7.45% | -1.05% | -1.73% | -1.69% | -1.13% | -0.81% | 0.08% |

Source: Citi. Fund growth return is the change in redemption prices over the period. Fund distribution return equals Total Fund minus fund growth return. Fund net returns are post fees, pre tax using redemption prices and assume reinvestment of distributions.
Past performance is not an indicator of future performance. Benchmark: S&P/ASX 200 Accumulation Index. Inception date: March 1995.

The Fund outperformed the benchmark over the month.

Key contributors to relative performance:

- The rally in the gold price in combination with a strong June quarter production result contributed to **Newmont** outperforming the market. Our overweight position contributed to performance.
- A combination of weak commodity prices and a large sell down from a shareholder at a discount to the prevailing price resulted in **Fortescue** underperforming the market. The nil position in this stock contributed to performance.
- Our overweight in **Telstra** contributed to performance as the company announced mobile price increases allaying market fears that started back in May when management stepped away from CPI linked annual increases. The stock has now recovered all of the underperformance since that announcement.
- **ResMed** outperformed in July following an overreaction to the SURMOUNT-OSA data readout in late June. The share price recovered as the market became more comfortable that the data wasn't as negative as initially feared.
- The nil position in **South32** contributed to performance. Another poor quarterly operating result driven by impairments and delays on permits for the Worsley Alumina refinery combined with weak commodity prices caused a precipitous decline in the share price.

Key detractors from relative performance:

- Discretionary retail has performed well due to expectations of rate cuts and an acceleration in consumer spending. **Wesfarmers** outperformed other discretionary names during July despite reported weakness in hardware spending and is now trading at over 2 standard deviations above its historical relative PE multiple. The nil position in this stock detracted from performance.



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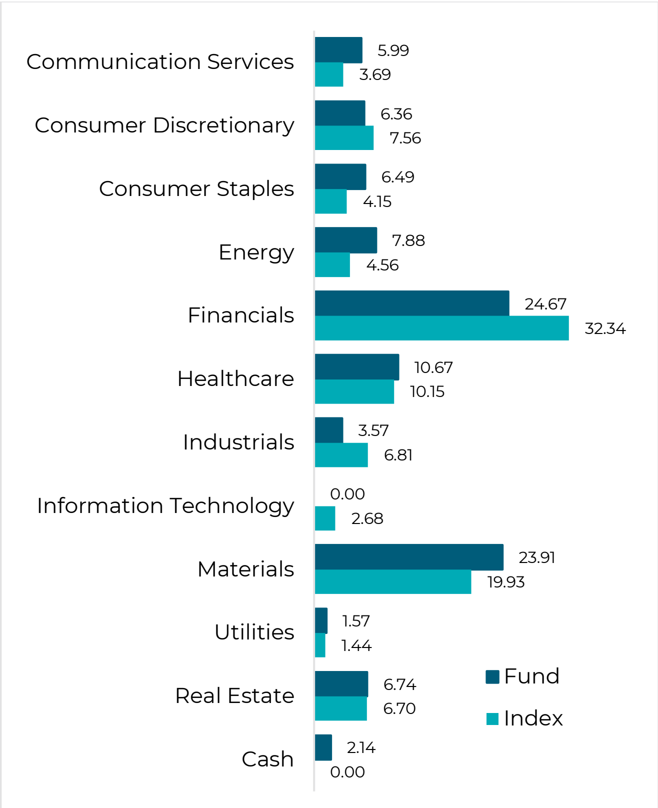
- The Third Plenum of the 20th National Congress of the Communist Party of China provided no positive news regarding stimulating the economy and thus weighed on the resources sector during the month including on **Iluka.**
- **CBA** has continued to outperform other banks, and banks have outperformed the general market. There has been no obvious reason for this outperformance. CBA is now trading at 3 standard deviations above its historic P/E and is historically expensive including when compared to global peers.
- Despite a solid June quarter operating result, weak commodity prices during the month as the expectations of stimulus faded post the Chinese Third Plenum meeting resulted in **Rio Tinto** (RIO) underperforming. The overweight position in RIO detracted on performance.
- **Woodside** announced the acquisition of Tellurian that includes its owned and operated Driftwood LNG development that is on the US Gulf coast. The market reacted negatively to this news and the share price fell post the announcement.

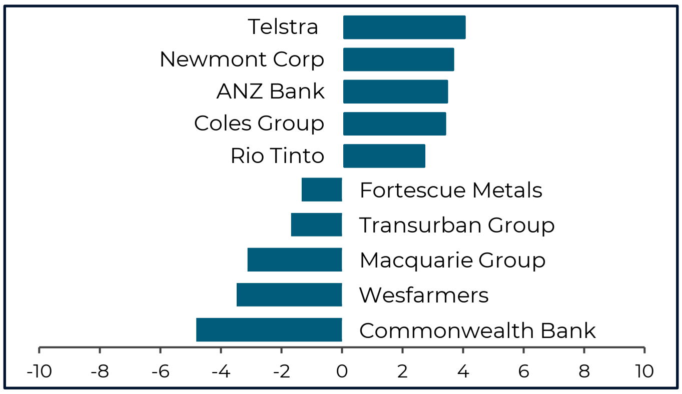
## Top 10 Holdings

| Security Name | % of Fund |
|---|---|
| BHP Group | 10.44 |
| CSL | 7.41 |
| ANZ Bank | 7.13 |
| Telstra | 5.99 |
| Commonwealth Bank | 4.77 |
| Rio Tinto | 4.54 |
| Coles Group | 4.44 |
| Newmont Corp | 4.20 |
| National Australia Bank | 3.88 |
| Woodside Energy Group | 3.88 |

## Sector Exposure (%)




## Top 5 Over/Underweight Positions (%)




## Fund Metrics

| | Price to Earnings Ratio* | Forecast Dividend Yield (%)* |
|---|---|---|
| Fund | 14.98 | 3.95% |
| Benchmark | 17.47 | 3.65% |

Actual figures may vary. Forecasts are 12 months forward.
* Based on Broker Consensus forecast.



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## Market Commentary

The S&P/ASX 200 Accumulation Index returned 4.19% over the month lifting the overall index to a new all-time high. The Q2 CPI print released in July was lower than expected at 3.8% and this reduced expectations of a central bank rate rise fuelling stocks. Stocks were also buoyed by expectations of a rate cut in the United States. In local currency terms the MSCI World Index increased by 1.25% over May 2024 while the S&P 500 also increased by 1.19%. The Australian 10-year government bond yield fell 19 basis points over the month to 4.12%.

There was no monetary policy meeting the month of July and during the previous Reserve Bank Monetary policy meeting on the18th of June members decided to hold the cash rate unchanged at 4.35.

Domestic data releases throughout July were mixed. Australia's monthly CPI indicator was 3.8% in the 12 months to June down from the 4.0% in the 12 months to May. This moderation in the CPI number drove gains across many sectors as positive sentiment increased. However, many market observers have cautioned that the August results season is expected to present some risks particularly for stocks where significant earnings upgrades are needed to further support share prices. Seasonally adjusted unemployment in June increased slightly to 4.1% and Australian retail sales in June rose 0.5% month on month.

CoreLogic's national Home Value Index (HVI) continued its upward trajectory in June 2024, rising 0.7%. The annual rise of 8.0% across FY2023-24 has eased from the highs in mid-2023. Downside risks such as high interest rates, cost of living pressures have moderated the increases while a low housing supply relative to demand continues.

The NAB Monthly Business Survey noted that business conditions eased further down in June with declines in wholesale, construction, manufacturing and finance, business and property. Business confidence rose but other activity indicators were mixed with forward orders flat and price and cost growth measures falling slightly. The employment index fell perhaps signalling that the broader slowing in the economy is flowing through to labour demand.

The Westpac Melbourne-Institute Consumer Sentiment Index fell to 82.7 in July from 83.6 in June. Family finances were a particular cause of grievance as fears of inflation and a further rate rise persist offsetting the effect of the stage 3 tax cuts and other fiscal support measures.

Sector returns were positive in the month of July as almost all sectors reacted positively to the June quarter inflation numbers with consumer discretionary (9.09%), real estate (6.66%), financials (6.26%), industrials (5.65%), communication services (5.28%), health care (4.67%), consumer staples (3.95%) all performing well and with information technology returning 0.22%. Utilities fell returning -2.85%, with energy (-0.37%) and materials (-0.11%) also falling.

**ESG is incorporated into each and every valuation**

## Fund Objective

The Fund aims to outperform the S&P/ASX 200 Accumulation Index by more than 2.5% p.a. over rolling five-year periods, before fees, expenses and tax.

## Key Facts

**Responsible Entity**
Yarra Funds Management Limited

**APIR Code**
TYN0028AU

**Portfolio Manager**
Brad Potter, Jason Kim

**Asset Allocation**

| | |
|---|---|
| Australian Shares | 80% - 100% |
| International Shares | 0% - 10% |
| Cash | 0% - 10% |

**Minimum Investment**
AUD 10,000 or platform nominated minimums

**Buy/Sell Spread**
0.20%/0.20%

**Management Cost**
0.80% p.a.

**Distribution Frequency**
Half yearly

**Fund Size**
AUD 393.77 million

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