

TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
30 SEPTEMBER 2024

Fund Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	2 Yrs p.a.	3 Yrs p.a.	4 Yrs p.a.	5 Yrs p.a.	7 Yrs p.a.	Since Inception p.a.
Fund Growth return	1.39	5.12	0.19	8.40	7.19	1.02	7.47	0.57	0.77	2.23
Fund Distribution return	1.32	1.37	2.45	4.91	5.93	6.11	6.11	5.53	6.07	6.46
Total Fund return (net)*	2.71	6.49	2.64	13.31	13.12	7.13	13.58	6.10	6.84	8.69
Fund grossed up dividend yield				7.57	7.58	8.84	8.41	8.02	8.63	8.70
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				5.00	5.34	5.62	5.42	5.20	5.38	5.80
Excess yield				2.57	2.24	3.21	2.99	2.82	3.25	2.90

Source: Citi. Fund growth return is the change in redemption prices over the period. Fund distribution return equals Total Fund minus Fund growth return. The grossed up dividend yield for the Tyndall Australian Share Income Fund is before fees and relates to the Fund's holdings and differs from the Fund's distribution due to franking credits, management fees and other costs. There are also timing differences between the Fund grossed up dividend yield and the Fund distribution return. Dividends for the grossed up dividend yield are calculated on the stock's ex-dividend date. Dividends for the distribution return are generally calculated when the dividend is received (which can be after the ex-dividend date and the reporting period for this Fund Update). YFML adopts a distribution policy, whereby a certain amount of income is held back each quarter, with the full amount released at the end of the financial year. Net returns are post fees, pre tax using redemption prices and assume reinvestment of distributions. Past performance is not an indicator of future performance. Inception date: 14 November 2008.

*Due to share buy-back participation performance was negatively impacted: BHP Apr 2011 0.250%; TLS Oct 2014 0.295%; TLS Oct 2016 0.153%; RIO Nov 2017 0.011%; RIO Nov 2018 0.459%; BHP Dec 2018 0.061%; WOW May 2019 0.068%; CBA Oct 2021 0.230%; WOW Oct 2021 0.102%

The Fund underperformed the broader equities market during the month (on a net basis).

The Fund has delivered a grossed up dividend yield of 7.57% over the past 12 months and continues to exceed its long-term performance objective, by delivering an excess grossed up dividend yield greater than 2.00% p.a. above its benchmark since inception.

Key contributors to absolute performance over the month:

- **BHP, Fortescue, Rio Tinto** and **Iluka** outperformed during the month on the back of Chinese stimulus announcements and improved sentiment which has led to commodity spot price increases.
- **QBE Insurance** bounced back in September to put the weak first half result behind it. Premium rate

growth continues to be strong across the insurance sector driving resilience in the share price despite an eventful US hurricane season.

Key detractors from absolute performance over the month:

- **CSL** underperformed through September on no real news flow. The stock ran up to 2-year highs in July and appears to have been used as a source of funding in recent months.
- The ACCC announced it was commencing proceedings against both Coles and **Woolworths**, alleging misleading conduct. Both fell on the back of this announcement, with our position in Woolworths detracting from performance.

- **Woodside Energy** detracted from performance as the oil price fell 9% during the month. Both potential supply constraints due to the escalating conflict in the Middle East and China stimulus creating incremental demand should see prices rebound.
- **National Australia Bank** detracted from performance in September as all banks fell towards the end of the month as the Chinese Government announced a raft of measures to stimulate the economy and put a floor under the property market. The net result was that resource stocks rallied, and the banking sector fell from its lofty highs.
- **Telstra's** flat share price in September saw it detract from performance as the market chased China leveraged stocks. There was no stock or industry specific news and we expect that the stock was used as a funding source along with other defensive names.

Top 10 Holdings

Security Name	% of Fund
BHP Group	8.49
Westpac Bank	7.57
ANZ Bank	6.64
CSL	6.00
Telstra	5.22
National Australia Bank	4.86
Rio Tinto	3.48
QBE Insurance	3.40
Fortescue Metals	3.28
Woodside Energy Group	2.87

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	15.23	4.51%

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

Franking Levels

Financial year ending		%
30 June 2024	(83% on income entitlements)	81.79
30 June 2023	(97% on income entitlements)	94.17

30 June 2022	(89% on income entitlements)	52.19
30 June 2021	(66% on income entitlements)	72.75
30 June 2020	(76% on income entitlements)	79.35
30 June 2019	(91% on income entitlements)	103.12
30 June 2018	(81% on income entitlements)	57.85
30 June 2017	(78% on income entitlements)	40.65

Market Commentary

The S&P/ASX200 Accumulation index returned 2.97% in September. The Australian market rallied in September following the surprise stimulus announcements by China and start of the easing cycle by the Federal Reserve Bank. In local currency terms, the MSCI World Index rose by 1.50% while the S&P 500 rose by 2.10%. The Australian 10-year government bond yield remained unchanged at 3.97%.

Domestic data releases throughout September show signs of easing in the economy. Australia's monthly CPI indicator was 2.7% in the 12 months to August, down from a 3.5% rise in the 12 months to July. Electricity and fuel had a significant impact on the annual CPI measure in August. Electricity fell 17.9% in the 12 months to August, largely due to the energy rebates provided under the Energy Bill Relief Fund. The Annual Trimmed mean inflation was 3.4% in August, down from 3.8% in July. Seasonally adjusted unemployment remained at 4.2% in August and retail sales rose 0.7% month-on-month.

The Reserve Bank (RBA) decided to leave the cash rate target unchanged at 4.35% at its last meeting in September and emphasised that returning inflation to target remains the board's highest priority.

CoreLogic's national Home Value Index (HVI) rose 0.5% in August, slightly ahead of the downward revised July figure of 0.3%, marking the 19th consecutive monthly rise. Growth remained positive albeit uneven with four capital cities seeing a monthly decline in home values, with Canberra leading with a -0.4% reduction, Melbourne and Darwin -0.2% and Hobart -0.1%. In contrast home values in Perth, Adelaide and Brisbane continue to perform well. Demand for housing continues to outpace supply although there is some moderation as advertised supply and demand has become more balanced.

The NAB Monthly Business Survey noted that both business confidence and conditions rose in September. It appeared that some of the previous month's fall in confidence was reversed in September although confidence remained below average. The rebound was driven by manufacturing, recreation and personal services, retail and wholesale.

The Westpac Melbourne-Institute Consumer Sentiment Index fell by -0.5% in September, dropping to 84.6% from 85.0% in August. Persistent pessimism of the past two years surrounding the economy remains, although there are signs pointing to a shift in focus. Fears of additional interest rates hikes have eased, but there are growing concerns by consumers about the future trajectory of the economy and its potential implications for employment.

Sector returns were largely positive in September. Materials (13.07%), information technology (7.42%), real estate (6.60%), utilities (2.76%), consumer discretionary (1.53%) performed well, with industrials (0.63%), energy (0.14%) and financials (0.06%) performing marginally well while the remaining sectors fell. Laggards during the month were health care (-3.18%), consumer staples (-1.72%) and communication services (-0.93%).

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

Fund Objective

The Fund aims to provide a tax-effective income stream that exceeds the dividend yield of the S&P/ASX 200 Accumulation Index (grossed up for franking credits) by 2% p.a. over rolling five-year periods, before fees, expenses and tax, plus the potential for capital growth over the long term.

Key Facts

Responsible Entity

Yarra Funds Management Limited

Buy/Sell Spread

0.20%/0.20%

APIR Code

TYN0038AU

Management Cost

0.85% p.a.

Portfolio Manager

Michael Maughan, Jason Kim

Distribution Frequency

Quarterly

Asset Allocation**

Australian Shares	70% - 100%
International Shares	0% - 10%
Cash	0% - 20%

Fund Size

AUD 165.70 million

Minimum Investment

AUD 10,000 or platform nominated minimums

** The Fund does not currently hold any stocks defined as 'manufacturers of cigarettes and other tobacco products' by GICS (Global Industry Classification Standard).

Contact us

Call : +61 2 8072 6300

Email : info@yarracm.com

Level 11, Macquarie House
167 Macquarie Street
Sydney NSW 2000



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