

TYNDALL AUSTRALIAN SHARE WHOLESALE FUND.

FUND UPDATE

AS AT
31 OCTOBER 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	-3.05%	0.07%	-5.48%	2.88%	-4.70%	-2.74%	-1.24%	0.44%	0.14%	2.63%
Fund distribution return	-0.00%	-0.00%	9.99%	13.41%	10.36%	8.15%	7.66%	6.59%	7.34%	6.80%
Total Fund (net)	-3.05%	0.07%	4.52%	16.29%	5.66%	5.40%	6.42%	7.03%	7.49%	9.44%
Benchmark return	-1.31%	2.10%	8.44%	24.89%	8.00%	8.16%	8.31%	8.28%	8.42%	9.43%
Excess Return	-1.75%	-2.02%	-3.92%	-8.60%	-2.34%	-2.76%	-1.89%	-1.25%	-0.93%	0.00%

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 underperformed the benchmark over the month.

Key contributors to relative performance:

- **James Hardie** contributed to performance in October given our underweight position. The share price fell against a backdrop of US mortgage rate increases and diminished sentiment around the outlook for the US housing market.
- The portfolio benefited from not owning **WiseTech**. The company was hit by a governance crisis that saw Richard White step down as CEO and leave the board. However, the fallout is likely to continue given Mr White has been signed up to an unusual 10 year consultancy reporting directly to the board.
- **QBE Insurance (QBE)** outperformed during the month as catastrophe modeling downgraded estimates of insured losses from US Hurricane Milton. This in conjunction with solid quarterly results from its US peers aided QBE's share price.
- The bank sector rallied during October after falling away in September. The ongoing resilience and strength of the US economy and, to a lesser extent, the Australian economy has pushed bank stocks

higher. Our overweight position in **ANZ** which we consider to be the cheapest bank, contributed to performance.

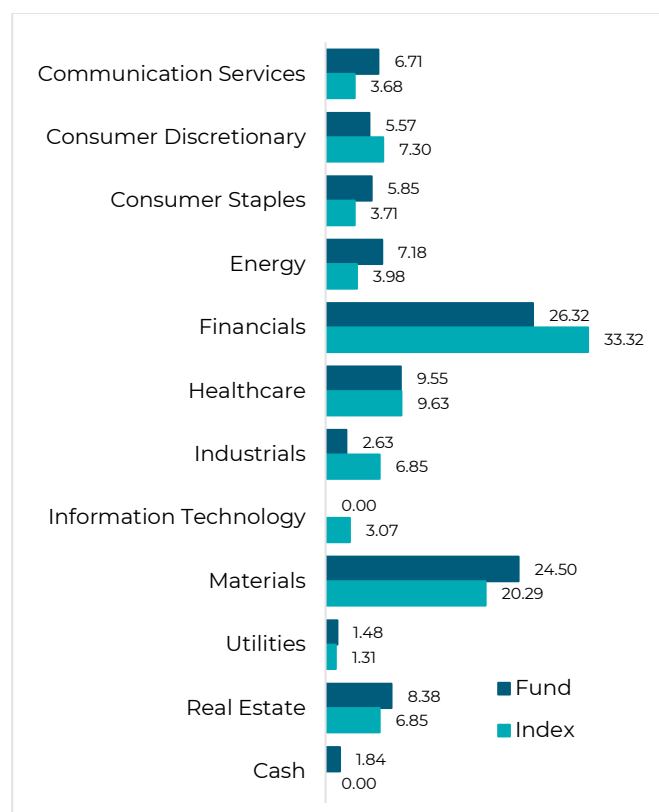
- **ResMed (RMD)** outperformed through October following the release of the 1Q25 results. While RMD reported strong growth in all segments, particularly notable was an 11% growth in US Device sales which helped to alleviate concerns around the impact of GLP-1's on CPAP uptake.

Key detractors from relative performance:

- The overweight position in **Iluka (ILU)** detracted from performance in the month of October after a disappointing third quarter result with no update given on the delays to the funding for the Eneabba refinery. Additionally, demand from China for ceramics remains subdued. However, we believe on a 12 month view the housing market in China will start to improve with Iluka being a beneficiary.

- **Webjet** announced a downgrade due to lower pricing outcomes in Europe. While the pricing weakness was initially thought to be due to temporary factors, the company changed its view and now expects pricing to be lower in the long term. This was a surprise after years of stable pricing and the market reacted accordingly.
- The overweight position in **Newmont (NEM)** detracted from performance in the month of October. The bullish gold thesis remains intact as the gold price continues to increase in the context of continued central bank demand and escalating geopolitical pressures. However, Newmont downgraded its CY25 and medium-term guidance citing lower production which led to the stock underperforming.
- Despite being one of the most expensive bank stocks in the world on a P/E basis, the stock price of the **Commonwealth Bank of Australia** continues to rise despite no obvious reason. It is trading beyond two standard deviations above its historical P/E and continues to look very expensive.
- **Reliance Worldwide** underperformed in October as the share price fell as US mortgage rates increased and positive sentiment around the outlook for the US housing market diminished. A soft UK trading update did not assist.

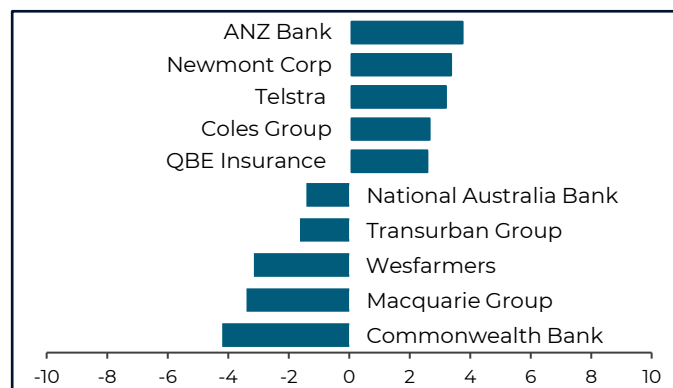
Sector Exposure (%)



Top 10 Holdings

Security Name	% of Fund
BHP Group	10.82
ANZ Bank	7.64
CSL	6.94
Commonwealth Bank	5.66
Telstra	5.03
Westpac Bank	4.05
Newmont Corp	3.79
Woodside Energy Group	3.78
QBE Insurance	3.64
Coles Group	3.63

Top 5 Over/Underweight Positions (%)



Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	15.53	3.92%
Benchmark	18.24	3.47%

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

Market Commentary

The S&P/ASX200 Accumulation index fell -1.31% in October after five consecutive months of gains. This partly reversed the gains driven by September's announcement of Chinese stimulus as sectors seen as benefitting from this stimulus, in particular resources, regressed. Accordingly, the materials sector declined while banks gained. In local currency terms, the MSCI World Index fell -0.92% while the S&P 500 also fell by -0.93%. The Australian 10-year government bond yield rose by 53 basis points over the month to 4.51%.

Domestic data releases throughout October show some signs of easing in the economy. Inflation seems to be moderating as Australia's monthly CPI indicator was 2.1% in the 12 months to September down from a 2.7% rise in the 12 months to August. Quarterly CPI for the September quarter was also subdued rising slightly by 0.2%. Seasonally adjusted unemployment remained at 4.1% in September with the labour marketing continuing to show resilience. Retail sales rose 0.1% month-on-month below expectations of a 0.4% increase. However, momentum seems to be gradually improving in recent months.

CoreLogic's national Home Value Index (HVI) rose a modest 0.3% in October, the 21st month of growth since the cycle commenced in February last year, albeit within a cooling market. The annual growth in national home values continues to ease reducing to 6.0% over the 12 months ending October down from a recent peak annual growth rate of 9.7% in February. 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 rose by 6.2% to 89.8 in October, a sharp increase from 84.6 in September. Although pessimism persists (particularly with regards to cost of living pressures), this was the best reading since the Reserve Bank of Australia (RBA) tightened interest rates beginning two and a half years ago. Interest rate cuts abroad and signs that inflation is moderating seem to have allayed fears of additional interest rate hikes.

The S&P/ASX200 Accumulation index fell in October. Financials (3.29%) outperformed with health care (0.89%) and communication services (0.75%) also performing well while all other sectors fell. Utilities (-7.23%) fell the most followed by consumer staples (-6.99%), materials (-5.20%), energy (-5.04%), information technology (-4.43%), consumer discretionary (-3.73%), real estate (-2.60%) and industrials (-2.58%).



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 332.08 million

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