TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
31 OCTOBER 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	-2.74	-1.79	0.31	9.87	2.95	0.67	6.31	-0.17	-0.14	2.04
Fund Distribution return	-0.00	1.28	2.45	4.98	5.69	6.08	6.04	5.49	6.01	6.41
Total Fund return (net)*	-2.74	-0.51	2.77	14.84	8.63	6.75	12.35	5.32	5.87	8.45
Fund grossed up dividend yield				7.45	7.57	8.01	8.39	8.01	8.58	8.65
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				5.00	5.33	5.63	5.43	5.20	5.38	5.77
Excess yield				2.45	2.24	2.38	2.96	2.81	3.21	2.88

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 7.45% 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:

- **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.
- **Wesfarmers** underperformed in October as discretionary retailers were sold off. Some recent trading updates have pointed to continuing softness in consumer spending.

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- 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.

Key detractors from absolute performance over the month:

- 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.
- **Metcash** announced a downgrade in its guidance for the first half of 2025. This was due to a weakening of trade demand in hardware, as demand for house building declined. This cycle has been worse than expected.
- 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.
- **Viva** underperformed through October given continued weak regional refining margins and some uncertainty around the pace of the conversions from the OTR acquisition.
- **APA** fell away during the month as the largest shareholder sold down a considerable percentage of their holding in a discounted block trade and thus put substantial pressure on the share price. We expect the stock to remain weak in the short term as the market fully digests the sell down. However, the long-term value thesis for this stock remains given how vital gas infrastructure is for Australia's decarbonisation journey. The overweight position in APA detracted from performance.

Top 10 Holdings

Security Name	% of Fund
BHP Group	7.81
Westpac Bank	7.80
ANZ Bank	6.90
CSL	6.09
Telstra	5.23
National Australia Bank	5.13
QBE Insurance	3.60
Rio Tinto	3.27
Fortescue Metals	3.10
Woodside Energy Group	2.64

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	14.88	4.60%

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 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 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 162.88 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).

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