TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
31 JANUARY 2025

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	3.65	2.08	0.26	2.03	1.42	3.00	3.56	0.28	0.03	2.14
Fund Distribution return	0.00	0.38	1.69	3.74	4.49	5.38	5.62	5.37	5.86	6.34
Total Fund return (net)*	3.65	2.46	1.94	5.77	5.91	8.37	9.18	5.65	5.89	8.48
Fund grossed up dividend yield				7.21	7.60	8.11	8.49	7.98	8.54	8.60
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				4.86	5.28	5.62	5.48	5.15	5.32	5.72
Excess yield				2.35	2.32	2.49	3.01	2.83	3.22	2.87

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 7.21% 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:

- Banks performed well during January but there was no material change in the outlook. Our holdings in **National Australia Bank** (NAB) and **ANZ** contributed to performance. NAB outperformed the sector as investors rotated back into NAB after it had underperformed its major peers during 2024.
- **QBE Insurance** (QBE) and **Suncorp** outperformed during the month as the positive sentiment in the general insurance sector continued to drive stock prices upwards. This was aided by news flow suggesting that the claims environment for the December quarter and continuing into January were favourable for the insurers as weather events continued to be somewhat better than average. Positive December quarter results from some of its global peers were well received by the markets and further aided QBE.
- **Newmont** contributed to performance in January on the back of a sharp rise in the price of gold. Gold has continued to benefit from buying by the Chinese central bank as well as heightened

geopolitical tensions and concerns around government debt levels in the western world.

Key detractors from absolute performance over the month:

- Our position in **Iluka Resources** detracted from performance during the month. The underperformance was driven by a poor quarterly result, in which both volumes and prices fell short of market expectations. While Iluka continues to support mineral sands pricing by withholding supply during periods of weak demand, other producers have been less disciplined and prices have fallen modestly as a result.
- **Telstra** lagged the market's strong run in January detracting from performance. Its competitors Optus and Vodafone began their network sharing arrangement. The deal will give Vodafone greater coverage in regional areas but Telstra still has 3 times the geographic coverage of its competitors and commands a material pricing premium for that.
- **APA Group** underperformed during the period in the absence of any stock-specific news. The share price fall is most likely explained by the rise in bond yields in recent months.

Top 10 Holdings

Security Name	% of Fund
National Australia Bank	7.70
ANZ Bank	7.16
BHP Group	6.96
CSL	5.69
Telstra	5.17
QBE Insurance	4.18
Westpac Bank	3.95
Suncorp Group	3.11
Rio Tinto	3.08
Fortescue Metals	2.95

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	15.16	4.46%

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 rose by 4.57% in January 2025. In local currency terms, the MSCI World Index also rose 3.46% while the S&P 500 rose 2.76%. The Australian 10-year government bond yield increased by 7 basis points over the month to 4.43%. Significant geo political risks remain with the commencement of a North American trade war and the uncertainty for inflation and a tightening stance by the US Federal Reserve.

The Reserve Bank of Australia (RBA) kept its cash rate at 4.35% during its final meeting of 2024, marking the ninth consecutive meeting without any change to borrowing costs, the decision was in line with market expectations. The central bank noted that while headline inflation has significantly eased and is expected to remain low for some time, underlying inflation remains too high, with a target of reaching the 2-3% range by 2026. The RBA emphasised that its decisions would continue to be guided by incoming data and the evolving risks, including geopolitical uncertainties. Quarterly December CPI published in January rose by 0.2% and over the 12 months to the December 2024 quarter, the CPI rose 2.4%. This was less than the 2.8% increase in CPI recorded in the 12 months to the September 2024 quarter and continues to ease. Markets are pricing in a high probability of a rate cut during the next RBA meeting on the 18th of February however many analysts are cautious noting that inflation results are muddied by government subsidies and that the Australian labour markets continue to show resilience.

Domestic data released throughout January continues to point to a fairly resilient Australian economy. Australia's seasonally adjusted unemployment rate increased very slightly to 4.0% in December 2024, from 3.9% in the previous month. Retail sales in Australia fell slightly by 0.1% month on month in December 2024, but were still strong rising 4.6% compared to December 2023. Business turnover rose 2.0% in

November in seasonally adjusted terms with 10 of 13 industries rising with mining in particular rising 5.7%.

CoreLogic's Home Value Index (HVI) noted that 3 out of the 8 capital cities recorded a small decline in home values during January as the momentum in home value growth slows. Annually, home value growth has either slowed compared to the prior year or has declined. This marks the conclusion of a surprisingly strong and resilient growth period from February 2023 to October 2024, despite high interest rates, cost of living pressures, and reduced borrowing capacity. CoreLogic's national Home Value Index (HVI) is now down -0.3% from the record highs in October 2024.

The NAB Monthly Business Survey for December saw business conditions edge higher in December largely reversing the fall seen in November and almost returning to the long run average. Most industries recorded an improvement with retail re-entering positive territory for the first time since November 2023.

The Westpac-Melbourne Institute Consumer Sentiment Index in Australia fell in a little further in January 2025 (92.1) following a fall in December 2024 and reversing the previous two months of positive momentum. The headline Consumer Sentiment Index is a composite measure based on five sub-indexes: two tracking current conditions and three tracking expectations. In January, the two sub-indexes tracking current conditions declined while the forward-looking ones were flat or increasing, a reversal of the pattern in December. The uncertainties in the global backdrop and the potential impacts on the Australian economy as well as the depreciation of the Australian dollar against the US dollar are some of the possible reasons for this pessimism.

Sector returns were almost all positive during the month. Consumer discretionary (7.13%), financials (6.12%), real estate (4.67%), information technology (4.15%) and materials (4.02%) rose substantially. The remaining sectors also rose but to a lesser extent with industrials (3.38%), health care (3.20%), energy (3.00%), communication services (2.43%) and consumer staples (0.69%) posting positive returns. Utilities (-2.40%) was the only sector to fall.

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

APIR Code
TYN0038AU

Portfolio Manager
Michael Maughan, Jason Kim

Asset Allocation**

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

Minimum Investment
AUD 10,000 or platform nominated minimums

Buy/Sell Spread
0.20%/0.20%

Management Cost
0.85% p.a.

Distribution Frequency
Quarterly

Fund Size
AUD 170.39 million

** 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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