TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
28 FEBRUARY 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	-1.84	-1.64	-1.19	0.04	1.17	1.01	2.29	1.89	-0.13	2.01
Fund Distribution return	0.00	0.37	1.66	3.67	4.48	5.27	5.55	5.46	5.85	6.30
Total Fund return (net)*	-1.84	-1.27	0.47	3.71	5.65	6.28	7.84	7.35	5.72	8.31
Fund grossed up dividend yield				7.39	7.69	7.88	8.46	7.93	8.41	8.61
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				4.71	5.25	5.33	5.47	5.11	5.26	5.73
Excess yield				2.68	2.43	2.54	2.99	2.82	3.15	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 outperformed the broader equities market during the month (on a net basis).

The Fund has delivered a grossed up dividend yield of 7.39% 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:

- **Domain Holdings (DHG)** had a watershed month with US based CoStar buying 16% of the company at $4.20 with a view to a full take over offer. The fund also benefited from its holding in Nine Entertainment which owns 60% of DHG and will be king maker in the takeover process.
- The **Telstra** share price shot up after delivering a comforting result anchored by continuing strength in its market leading mobile business and strong cost control. The kicker was a surprise $750M share buyback in addition to the already attractive dividend.
- **APA Group** outperformed in February. The stock had been weak in preceding months on fears that a capital raising was needed to fund the company's pipeline of development opportunities. This weakness sharply reversed in February after management posted a strong result and reiterated that there was no need or intention to raise equity.

Key detractors from absolute performance over the month:

- **Viva Energy** underperformed though February given increased uncertainty over integration following the acquisition of OTR Group and store conversion.
- **National Australia Bank (NAB)** reported a third quarter result which was disappointing, largely due to worsening credit quality and a bad debt expense that was worse than expectations. Quarterly results have very limited disclosure, but the key risk is that NAB's overweight exposure to business banking will lead to a higher bad debt expense.
- Iron ore miner **Fortescue** declined during the month. The result disappointed with earnings and dividends below the market's expectations and the company signalled slightly higher capex.

Top 10 Holdings

Security Name	% of Fund
BHP Group	7.00
ANZ Bank	6.22
CSL	6.10
Telstra	5.71
Commonwealth Bank	5.46
QBE Insurance	4.43
Westpac Bank	3.84
National Australia Bank	3.29
Rio Tinto	3.06
Suncorp Group	2.89

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	15.39	4.38%

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 by 3.79% in February 2025 with multiples adjusting as the broader market de-rated with banks in particular derating although P/E ratios are still well above historical averages. In local currency terms, the MSCI World Index also fell slightly by -0.96% while the S&P 500 fell -1.34%. The Australian 10-year government bond yield decreased by 14 basis points over the month to 4.29%. Uncertainties remain in terms of the Reserve Bank of Australia's rate cutting cycle amid a challenging global backdrop.

The Reserve Bank of Australia (RBA) cut its cash rate by 25 basis points to 4.1% during its February meeting, in line with market expectations. This marked the first rate reduction since November 2020, driven by a continued slowdown in underlying inflation. The central bank expressed growing confidence that inflation is steadily moving towards the midpoint of its 2–3% target range, citing the impact of higher interest rates in balancing aggregate demand and supply. However, the RBA also pointed out an uncertain economic outlook, highlighting a slower-than-expected recovery in private demand and doubts about the sustainability of the household spending recovery that began in late 2024. Global risks remain significant, driven by geopolitical tensions and policy uncertainties, particularly due to the unpredictability of the new US administration. While aligning with the global easing trend ahead of the federal election and with rates still within the restrictive range, the RBA board has expressed caution regarding further policy cuts.

Domestic data released throughout February indicates a resilient Australian economy. The Australian economy expanded by 0.6% quarter-on-quarter in the fourth quarter of 2024, up from a 0.3% increase in the third quarter. This marked the 13th consecutive period of quarterly growth and the fastest pace since the fourth quarter of 2022. On an annual basis, GDP grew by 1.3% in 2024. Australia's seasonally adjusted unemployment rate rose to 4.1% in January 2025, up from 4.0% in December, in line with market expectations. Retail sales in Australia rose by 0.3% month-on-month in January 2025, reversing the 0.1% decline recorded in the previous month and in line with market expectations.

Expectations of lower interest rates appear to be translating into improved buyer sentiment, with

CoreLogic's national Home Value Index recording a 0.3% increase in February, reversing the brief three-month downturn that had pushed the national measure of home values down by 0.4%. The February rise, though modest, was widespread, with every capital city, except for Darwin (-0.1%) and Regional Victoria (flat), posting a monthly increase in values.

The NAB Monthly Business Survey for January showed a softening in business conditions, with sales and profitability declining, while employment saw a modest increase. In contrast, the business confidence index rose to 4, up from -2 in December, nearly returning to its long-run average, driven by broad-based gains across industries. Despite the rise in confidence, the survey revealed declines in most activity metrics, including capex, suggesting that while demand remains resilient, economic growth is likely still soft.

The Westpac-Melbourne Institute Consumer Sentiment Index in Australia edged up by 0.1% in February 2025, indicating little change in consumer sentiment. Despite this modest increase, consumers remain cautious due to stretched household finances and ongoing cost-of-living pressures. However, there are signs of growing optimism about the future, particularly among mortgage holders, who have seen the most significant improvement since last year, driven by better-than-expected inflation data and rising expectations of further interest rate cuts.

The S&P/ASX200 Accumulation index fell during the month. Sector returns were mostly negative during the month. Utilities (3.15%), Communication Services (2.60%), Consumer Staples (1.47%) and Industrials (1.40%) rose. The remaining sectors fell, with minor falls in Materials (-2.91%), Consumer Discretionary (-3.13%) and Financials (-4.42%) and more substantial falls in Energy (-5.15%), Real Estate (-6.41%) and Health Care (-7.66%). The largest fall was experienced by Information Technology which returned -12.28%.

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 165.47 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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