TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
31 AUGUST 2021

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	2.47	2.68	11.20	25.25	2.76	0.39	0.92	0.52	-0.30	2.70
Fund Distribution return	0.00	1.95	2.53	4.90	4.71	5.69	5.99	7.17	7.48	6.52
Total Fund return (net)*	2.47	4.63	13.73	30.14	7.47	6.08	6.91	7.68	7.18	9.22
Fund grossed up dividend yield				6.31	6.41	8.25	8.29	8.31	8.79	8.61
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				4.10	4.33	4.82	5.07	5.23	5.53	5.78
Excess yield				2.20	2.08	3.43	3.22	3.08	3.25	2.83

Source: BNP Paribas. 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). YIML 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 April 2011 0.250%; TLS October 2014 0.295%; TLS October 2016 0.153%; RIO November 2017 0.011%; RIO November 2018 0.459%; BHP December 2018 0.061%; WOW May 2019 0.068%.

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

The Fund has delivered a grossed up dividend yield of 6.31% 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:

- **Downer** outperformed on the back of a relatively strong FY21 result which demonstrated that the shift in strategy to urban services is delivering more consistent performance.
- **Suncorp** outperformed during the month as its FY results were well received by the market. This included better than expected profits, dividends and the added bonus of a modest capital return.
- **IOOF** outperformed on the back of rising equity markets supporting revenue growth, plus delivering a result that was marginally ahead of consensus expectations.
- **Ardent Leisure** outperformed after delivering a FY21 result that beat expectations. In particular, the company's largest asset, Main Event, appears to be performing very strongly since the re-opening of the US economy.
- **Coles** contributed to performance having announced a result that was in-line with expectations. There was also some indication that market share was regained in Q4.

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Key detractors from absolute performance over the month:

- **BHP** and **Rio Tinto** detracted from performance as the stocks underperformed due to a rapid fall in iron ore prices despite reporting results and guidance largely within market expectations and announcing very strong dividends.
- **Woodside Petroleum** underperformed, detracting from performance. Oil prices were volatile throughout the month, weighing on the energy sector. The announcement of a proposed all-scrip merger with BHP's Petroleum division added further pressure to Woodside's share price as the risk of a stock overhang could weigh on the stock until after the deal is consummated in mid-2022.
- **Orora** underperformed despite delivering a FY21 result in line with market expectations. We sense the market may have been disappointed by the lack of capital management and/or the relatively subdued earnings outlook.
- **APA** underperformed the market after delivering a result at the bottom end of guidance and providing a forward dividend guidance that was 1cps below market expectations.

Top 10 Holdings

Security Name	% of Fund
BHP Group	7.73
Commonwealth Bank	7.44
ANZ Bank	7.15
Telstra	4.87
Woolworths Group	3.97
Downer EDI	3.39
Westpac Bank	3.35
IOOF	3.34
Suncorp Group	3.28
Coles Group	3.18

Fund Metrics

	Price to Earnings Ratio*	Forecast Grossed Up Dividend Yield (%)*
Fund	15.79	4.64

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

Franking Levels

Financial year ending		%
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
30 June 2016	(67% on income entitlements)	71.53
30 June 2015	(78% on income entitlements)	49.40

Market Commentary

The S&P/ASX 200 Accumulation Index returned 2.5% during the month. Australian equities lagged global markets slightly during August. In the major developed markets, the US S&P 500 was up 3.0%, as was Japan's Nikkei 225. The DJ Euro Stoxx 50 was up 2.6% and the UK's FTSE 100 was up 2.1%. (in local currency terms).

Monetary policy settings remained unchanged in August, as the Reserve Bank of Australia (RBA) maintained both the cash rate and 3 year yield target at 0.10%.

Domestic economic data releases in August were mixed. Employment rose by 2,200 positions in July. The unemployment rate fell unexpectedly to 4.6%, the ninth straight monthly fall, as the number of people looking for work fell. The NAB Survey of Business Conditions fell sharply, down 14 points, to 11 in July. Business confidence also plunged to -8 (from 11 the month prior) as the latest COVID-19 outbreaks and lockdowns dented confidence. Retail sales fell 1.8% in June, which was in line with expectations. National CoreLogic dwelling prices saw another consecutive monthly rise in August, ending the month up 1.5%.

Sector returns were largely positive in August. The best performing sectors were information technology (17.0%), consumer staples (6.9%) and health care (6.8%). Real estate (5.8%), communication services (5.2%), financials (4.8%), consumer discretionary (3.4%) and industrials (2.7%) also outperformed the broader index. Utilities (1.0%) and energy (-3.9%) underperformed the broader index, while materials (-7.3%) was the worst performing sector.

The August reporting season saw beats outnumber misses overall, and positive surprises on dividends, suggesting balance sheets are in good health. In stock specific news, mergers and acquisition activity continued with Afterpay agreeing to being acquired by Square for AUD39 billion. Oil Search and Santos have agreed to a merger, creating a combined group worth

AUD 22 billion. Also in the energy sector, Woodside Petroleum and BHP entered into a merger commitment deed to combine their respective oil and gas portfolios through an all-stock merger under Woodside, subject to the necessary approvals.

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.

ESG is incorporated into each and every valuation

Key Facts

Responsible Entity
Yarra Investment Management Limited

APIR Code
TYN0038AU

Portfolio Manager
Michael Maughan, Mal Whitten

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
0.25%/0.25%

Management Cost
0.85% p.a.

Distribution Frequency
Quarterly

Fund Size
AUD 163.35 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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