TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
30 NOVEMBER 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	-2.18	-5.79	-3.27	7.14	-3.28	2.00	-1.68	-0.69	-0.64	2.18
Fund Distribution return	0.00	0.87	2.75	4.94	4.54	5.82	5.90	7.01	7.53	6.43
Total Fund return (net)*	-2.18	-4.92	-0.52	12.08	1.26	7.82	4.22	6.32	6.89	8.61
Fund grossed up dividend yield				9.92	7.80	7.94	8.92	8.71	8.89	8.81
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				5.05	4.47	4.88	5.11	5.28	5.55	5.81
Excess yield				4.86	3.33	3.06	3.81	3.43	3.35	3.00

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 9.92% 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:

- **BHP** contributed to performance, with the stock outperforming as the iron ore price recovered from its lows in November, on the back of some expectation of easing policy conditions in China and no substantial supply growth forthcoming.
- **Telstra** was well supported as a second investor day for the year highlighted some of the value in the health businesses and allayed any fears about material investment in the energy space. These are incremental positives but the real driver continues to be confidence in core earnings.
- **APA** outperformed for the month despite missing out on acquiring AusNet Services. While the acquisition may have been free cash flow accretive, many questioned whether the transaction would have been value accretive, and the stock outperformed as a result.
- **Fortescue Metals** contributed to performance as the stock outperformed on the back of the recovery in the iron ore price.

- **Woolworths** performed well as inflation expectations increased. The supermarket industry is largely rational, with expectations that any rise in costs would be passed onto customers and margins maintained or possibly improved.

Key detractors from absolute performance:

- **Westpac** detracted from performance. Westpac reported a full year result that shocked the market due to plummeting net interest margins and rising costs.
- **Downer** underperformed, most likely due to the first quarter trading commentary at the AGM. Downer called out its New Zealand business and the hospitality businesses as being the most impacted by COVID-19 related lockdowns.
- **IOOF** underperformed despite a lack of news, with the underperformance largely in-line with the weakness in the financials sector.
- **Woodside Petroleum** detracted from performance. Oil prices declined through November on news of potential strategic stockpile releases by the US and others, as well as news of growing COVID-19 outbreaks in major oil consuming countries.
- **Suncorp** underperformed following another negative update on natural hazard claims following more storms that occurred on 28 and 29 October. The combined net costs to Suncorp from natural hazards in the four month period to end October, meant that Suncorp was well above its run rate allowance for such events, even before we've hit the peak summer storm season.

Top 10 Holdings

Security Name	% of Fund
BHP Group	7.92
ANZ Bank	7.34
Westpac Bank	6.31
National Australia Bank	5.91
Telstra	5.12
Coles Group	3.20
Downer EDI	2.90
Woodside Petroleum	2.82
Suncorp Group	2.81
IOOF	2.73

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	14.31	5.08

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 -0.5% during the month. Australian equities outperformed global markets in November, as the emergence of the Omicron variant led to investor concerns regarding economic growth and falls in global equity markets. In the major developed markets, the US S&P 500 was down 0.7%, the UK's FTSE 100 was down 2.2%, Japan's Nikkei 225 was down 3.7% and the DJ Euro Stoxx 50 was down 4.3% (in local currency terms).

Local sector returns were mixed in November. The best performing sectors were materials (6.3%), communication services (5.2%) and real estate (4.5%). Consumer staples (4.4%), utilities (3.9%), health care (1.4%) and industrials (0.9%) also outperformed the broader index. Consumer discretionary (-1.2%), information technology (-2.9%) and financials (-6.9%) all underperformed the broader index, while energy (-8.3%) was the worst performing sector.

Monetary policy settings shifted in November, as the Reserve Bank of Australia (RBA) indicated it would maintain the cash rate at 0.10% but confirmed that the 3-year yield target had been discontinued. The RBA also reaffirmed its government bond purchase program, intending to purchase AUD 4 billion a week until at least mid-February 2022.

Domestic economic data releases in November were mixed. Employment fell by 46,300 positions in October, which was below market expectations. The unemployment rate jumped to 5.2%. The NAB Survey of Business Conditions rose 6 points, to 11 in October, while business confidence rose further to 21 (from a downwardly revised 10 in September) as the path out of lockdown became clearer and vaccination rates continued to improve. Retail sales rose 1.3% in September. National CoreLogic dwelling prices saw another consecutive monthly rise in November, ending the month up 1.3%, however there is a notable trend of milder price growth.

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 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 150.31 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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