TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
30 JUNE 2022

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	-9.80	-10.58	-5.42	-8.01	6.71	-2.07	-2.26	-1.53	-0.82	1.67
Fund Distribution return	3.13	3.10	3.82	7.25	6.27	5.56	6.08	6.22	7.06	6.65
Total Fund return (net)*	-6.67	-7.48	-1.60	-0.75	12.98	3.48	3.82	4.69	6.24	8.32
Fund grossed up dividend yield				11.77	8.69	8.08	9.18	8.99	9.06	8.83
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				5.63	4.87	4.83	5.10	5.25	5.52	5.78
Excess yield				6.14	3.82	3.24	4.09	3.74	3.55	3.04

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 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 11.77% 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:

- **Tassal Group** contributed to performance. Tassal Group received a takeover proposal from Canadian seafood conglomerate Cooke Aquaculture at a 22% price premium. The company is benefiting from record high salmon pricing both domestically and on its exports, it is also making good progress on its prawn farming growth strategy.
- **Woodside Energy** contributed to performance. Woodside outperformed in June, as the BHP Petroleum merger came into effect and was viewed favourably by the market dispelling fears of substantial forced net selling by BHP shareholders who received Woodside Energy stock in exchange for the Petroleum assets. Oil prices were volatile through the month, but little changed as supply concerns and recession risks appear more balanced in oil markets than for metals.

- **SkyCity Entertainment** contributed to performance. SkyCity Entertainment provided FY22 guidance, highlighting a stronger than expected trading environment with earnings materially above consensus estimates. The company continues to trade on a depressed multiple despite lower capital expenditure requirements and a relatively clear earnings recovery story.
- **Coles** outperformed, as prospects of a recession and along with higher inflation, led investors to favour the defensive characteristics of its supermarket business. The supermarket industry is rational, with cost inflation being readily passed on to consumers, Coles is expected to perform well in this economic environment.
- **Transurban Group** contributed to performance. Transurban has outperformed a falling market given the strong defensive characteristics of toll roads. The majority of toll contracts have inflation adjustments embedded and thus are protected somewhat from rising costs.

Key detractors from absolute performance over the month:

- The positions held in **Westpac**, **ANZ** and **National Australia Bank** detracted from performance. Interest rate increases, along with prospects of a recession drove banking stocks down in June. Banks tend to underperform with increasing recession risk.
- The holdings in **BHP** and **RIO Tinto** detracted from performance, driven by a broad pull back in commodity prices with the market increasingly concerned about rising recession risks as central banks raise rates to cool inflation, and fears of a more prolonged slowdown in China's property sector.

Top 10 Holdings

Security Name	% of Fund
BHP Group	8.58
Westpac Bank	6.84
ANZ Bank	6.34
Woodside Energy Group	5.69
Telstra	5.10
Rio Tinto	4.48
National Australia Bank	3.81
Coles Group	3.39
Aurizon Holdings	2.95
Tassal Group	2.87

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	11.46	5.70%

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

Franking Levels

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

Market Commentary

The S&P/ASX 200 Accumulation Index returned -8.8% during the month. Australian equities underperformed global equities. In the major developed markets, the US S&P 500 returned -8.3%, Japan's Nikkei 225 returned -3.1%, UK's FTSE 100 returned -5.5% and the DJ Euro Stoxx 50 returned -8.7% (in local currency terms).

Monetary policy settings tightened during the month as the Reserve Bank of Australia (RBA) surprised the market in its June meeting raising the cash rate target by 50 bps, to 0.85%.

Domestic economic data releases in June were mostly weaker, employment being the exception. Employment rose by 13,511 positions in May, taking the number of employed persons in Australia to a new record high. The unemployment rate was unchanged at 3.9%, remaining at its lowest on record for the third straight month. The NAB Survey of Business Conditions fell 2 points to 16 index points in May, remaining well above average. Business confidence fell 4 points in May to 6 index points, remaining just above its long-term average. Retail sales were up 0.9% in May. CoreLogic's national Home Value Index recorded a second consecutive month of value declines, down 0.6% in June.

Apart from consumer staples, all sectors were down in June. The best performing sectors were consumer staples (0.2%), energy (-0.3%) and health care (-3.1%).

Communication services (-3.6%), industrials (-4.3%), utilities (-6.8%) and consumer discretionary (-7.3%) also outperformed the broader index. Real estate (-10.3%), information technology (-11.0%) and financials (-11.9%) all underperformed the broader index. Materials (-12.4%) was the worst performing sector.

July tends to be confession season for companies leading into the August reporting. The market is starting to revise earnings down in some sectors but in aggregate we are nearer to the start then the end. Our expectations is that companies will have cautious outlook statements and pre-reporting downgrades are likely to increase given cost pressures and consumer sentiment at low levels.

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
0.20%/0.20%

Management Cost
0.85% p.a.

Distribution Frequency
Quarterly

Fund Size
AUD 157.74 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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