TYNDALL AUSTRALIAN SHARE WHOLESALE FUND.

FUND UPDATE

AS AT
28 FEBRUARY 2023

Fund Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	3 Yrs p.a.	5 Yrs p.a.	10 Yrs p.a.	15 Yrs p.a.	20 Yrs p.a.	Since Inception p.a
Fund growth return	-1.62%	-2.65%	2.59%	-5.68%	0.80%	-4.05%	0.64%	-0.14%	2.25%	3.09%
Fund distribution return	-0.00%	2.59%	2.73%	12.18%	7.53%	8.72%	6.54%	5.96%	7.02%	6.59%
Total Fund (net)	-1.62%	-0.05%	5.33%	6.50%	8.34%	4.67%	7.19%	5.83%	9.26%	9.68%
Benchmark return	-2.45%	0.30%	6.37%	7.16%	7.93%	7.90%	7.95%	6.23%	9.45%	9.31%
Excess Return	0.83%	-0.35%	-1.04%	-0.66%	0.40%	-3.23%	-0.77%	-0.40%	-0.19%	0.37%

Source: Citi. Fund growth return is the change in redemption prices over the period. Fund distribution return equals Total Fund minus fund growth return. Fund net returns are post fees, pre tax using redemption prices and assume reinvestment of distributions.
Past performance is not an indicator of future performance. Benchmark: S&P/ASX 200 Accumulation Index. Inception date: March 1995.

The Fund outperformed the benchmark over the month.

Key contributors to relative performance:

- **QBE Insurance** outperformed on better-than-expected results and provided guidance for further improvements. Key highlights included significantly increased interest earnings on its premium float/technical reserves, and continuing premium rate increases offsetting claims inflation.
- An underweight position in **Commonwealth Bank** benefited the fund, as its shares underperformed despite announcing a result that was better than expected. The bank has indicated going forward increasing competition in mortgages would put pressure on margins.
- **The Lottery Corporation** outperformed, after reporting results above expectations, driven by strong jackpotting sequences in the first half and a large dividend. Changes in commission structure will also be accretive to earnings going forward,
- **Orica** outperformed, as energy prices continued to support a positive outlook for explosives pricing re-contracting. We continue to view positively Orica's attractive S/D dynamics for the global explosives industry, as well as their improved asset utilisation, and commercial discipline
- **Orora** outperformed on solid results, which were underpinned by significant improvements in the North American business and very strong beverage can volume growth in Australia.

Key detractors from relative performance:

- **Downer EDI** underperformed after reporting first half profits had fallen 20% on pcp and provided lower guidance. Downer posted higher revenues for the half, but its bottom line was impacted by costs caused by labour shortage and unprecedented weather.
- **29Metals** underperformed as the market continued to digest the announcements around operational performance and a weaker than

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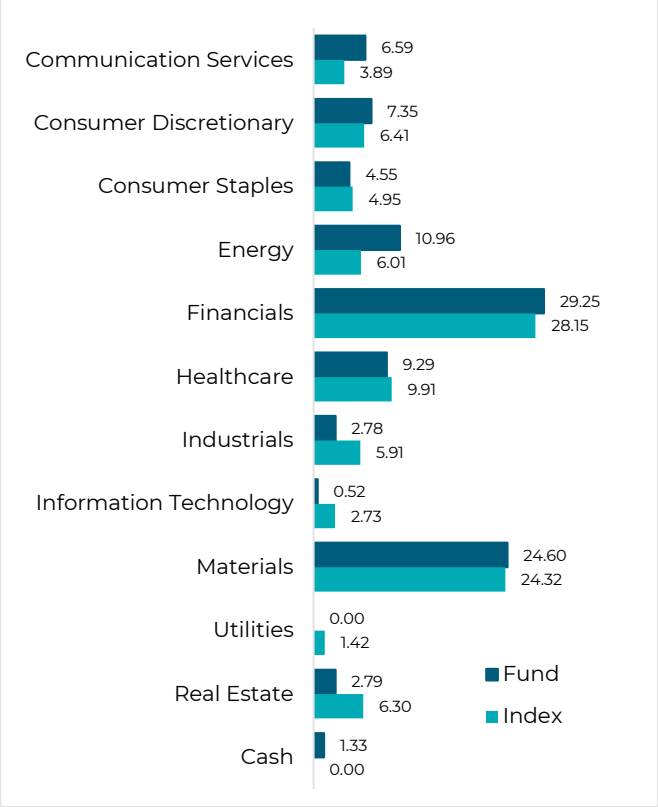
expected full year result. Zinc prices retreated during the month, likely due to easing concerns around Europe's winter energy crisis and power prices falling, leading to expectations of increased supply as idled zinc smelter capacity restarts.

- **Rio Tinto** underperformed, despite the company reporting results and declaring a dividend broadly in line with market expectations. The stock declined late in the month along with the broader resources sector, on US recession concerns and China metal demand worries as iron ore stockpiles continued to build while the property sector continues to appear weak.
- **IGO** underperformed, with its shares down on broad weakness in mining exposed stocks, as well as lithium specific concerns as battery raw material prices have fallen in recent weeks.
- The nil holding in **Macquarie Group** detracted from performance. Macquarie outperformed during the month post their 3Q trading update which exceeded market expectations. The commodities business was well ahead of expectations that offset weak capital markets and asset sales. The windfall profits from this business unit are due to the volatility in gas prices and gas delivery being unsustainable.

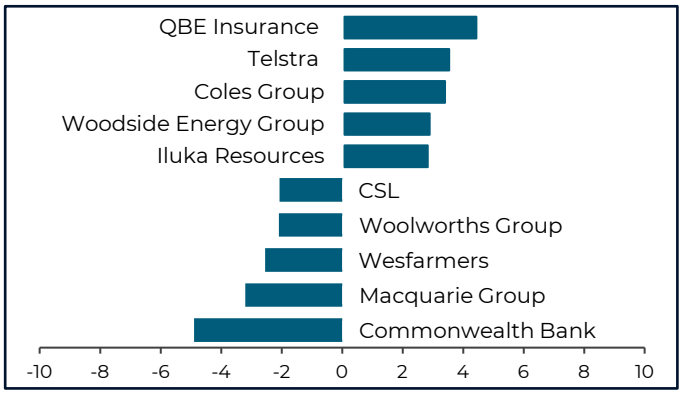
Top 10 Holdings

Security Name	% of Fund
BHP Group	11.40
ANZ Bank	6.20
Woodside Energy Group	6.07
Westpac Bank	5.92
Telstra	5.79
QBE Insurance	5.53
CSL	4.58
National Australia Bank	4.56
Coles Group	4.55
Rio Tinto	4.16

Sector Exposure (%)



Top 5 Over/Underweight Positions (%)



Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	12.76	4.87%
Benchmark	14.55	4.29%

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

Market Commentary

The S&P/ASX 200 Accumulation Index fell 2.45% over the month. Major equity markets were generally weaker in February, with markets reacting poorly to positive macro news resulting in a sharp repricing of Federal Funds futures. In local currency terms the MSCI Developed markets Index fell 1.5% and the US S&P 500 also lost ground falling 2.4%. China was the key laggard falling 10.2% over the month whereas the DAX was strongest rising 1.6%.

Monetary policy settings remain tight as the Reserve Bank of Australia raised rates by 25bps to 3.35% at its February meeting and shifted to a more hawkish tone citing broad-based inflation in Q4 as the catalyst. The expectation is that the RBA will leave rates high until inflation moves into the RBA's targeted band of 2-3%. The path to achieving a soft landing is perceived as narrow in the meeting minutes.

Domestic data releases through February indicate that activity is slowing, with private investment weakness and moderating consumer spending. The household savings rate now sits near the long-term average of 4.5%, down from 7.1%. The household interest payable rose to the highest level since 2014 and currently sits at 5.4% of disposable income. The annual inflation rate in Australia was 7.4% in January, down from 7.8% in Q4 of 2022. The unemployment rate rose for the 2nd month and sits at 3.7%.

Sector returns were mixed in February. The best performing sectors were Utilities (+3.4%), Information Technology (+2.7%) and Industrials (+1.5%). The worst performing sectors were Materials (-6.6%), Financials ex-property (-3.1%) and energy (-0.8%).

The February reporting season continued to highlight the labour and input cost pressures and the resilience of the top line. Moving forward, monetary policy tightening is expected to adversely impact the top line across several sectors and thus earnings will come under further pressure. Bloomberg consensus, however, has short-term earnings growth rising by 5.2% and revised down 1% in subsequent years.

ESG is incorporated into each and every valuation

Fund Objective

The Fund aims to outperform the S&P/ASX 200 Accumulation Index by more than 2.5% p.a. over rolling five-year periods, before fees, expenses and tax.

Key Facts

Responsible Entity
Yarra Investment Management Limited

APIR Code
TYN0028AU

Portfolio Manager
Brad Potter, Jason Kim

Asset Allocation

Australian Shares	80% - 100%
International Shares	0% - 10%
Cash	0% - 10%

Minimum Investment
AUD 10,000 or platform nominated minimums

Buy/Sell Spread
0.20%/0.20%

Management Cost
0.80% p.a.

Distribution Frequency
Half yearly

Fund Size
AUD 571.22 million

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