

TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
30 APRIL 2023

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	1.47	-1.32	3.78	-4.74	0.50	8.69	0.27	-0.43	0.64	2.11
Fund Distribution return	-0.00	0.64	3.28	6.60	6.62	6.32	5.71	6.41	7.02	6.53
Total Fund return (net)*	1.47	-0.68	7.06	1.86	7.12	15.01	5.98	5.97	7.66	8.64
Fund grossed up dividend yield				9.13	9.79	8.30	8.20	8.92	8.91	8.78
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				6.25	5.92	5.17	5.26	5.39	5.54	5.83
Excess yield				2.88	3.88	3.13	2.94	3.52	3.37	2.95

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

The Fund has delivered a grossed-up dividend yield of 9.13% 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:

- The banking sector outperformed a strong market in April as a potential for a soft landing was being priced in. The positions in **NAB**, **Westpac** and **ANZ** contributed to performance.
- **Telstra** has been a strong defensive exposure, but it also outperformed in April as the market bounced.

- **Stockland** outperformed as market expectations shifted towards rate rises approaching the top. There has also been an increasing number of commentaries highlighting the growing undersupply of Australian residential lots, which will benefit pricing of Stockland's lots.

Key detractors from absolute performance over the month:

- **BHP**, **Rio Tinto** and **Deterra** underperformed during the month as Iron ore exposed stocks underperformed the index in April as the underlying commodity price declined through the month. The decline in iron ore prices was a result of a number of factors including a period of reduced buying from Chinese steel mills as they undertook maintenance, Chinese Government action on

domestic trading and broad concerns about the near-term growth outlook for key steel consuming sectors.

- **Ingham's** underperformed during the month due to a report that there was a mortality issue at one of their grower's farms. The grower asserted that the cause was due to quality issues related to breeder eggs which would imply a more systemic issue. However, Ingham's contest that it was an isolated incident and relates to a grower specific issue which would be an immaterial impact to overall production.

Top 10 Holdings

Security Name	% of Fund
Westpac Bank	7.71
National Australia Bank	7.66
BHP Group	7.06
Rio Tinto	5.99
Telstra	5.59
ANZ Bank	4.67
Woodside Energy Group	4.11
QBE Insurance	3.31
Coles Group	2.89
Woolworths Group	2.84

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

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	13.07	5.24%

Actual figures may vary. Forecasts are 12 months forward.

* Based on Broker Consensus forecast.

Market Commentary

The S&P/ASX 200 Accumulation Index was up 1.85% over the month.

Major equity markets were strong in April. In local currency terms, the MSCI World Index advanced 1.60%. The US S&P 500 gained 1.46%, while the MSCI Europe Index was up 2.40%. The UK recovered well from a poor performance in the prior month, with the FTSE 100 up 3.10%.

Monetary policy settings remain restrictive. In its April meeting the Reserve Bank of Australia (RBA) decided to leave the cash rate target unchanged at 3.60%. The decision follows a cumulative increase of 3.50% since May last year. In its meeting minutes "The Board recognises that monetary policy operates with a lag and that the full effect of this substantial increase in interest rates is yet to be felt.". The board restated that they are determined to return inflation to the 2-3% range, with inflation currently hovering around 7%, well beyond this target range, further tightening of monetary policy may be necessary.

Domestic data releases through April were mixed. The annual inflation rate in Australia dropped to 7.0% in Q1 of 2023 from an over-30-year high of 7.8% in the previous period, with food prices rising the least in 3 quarters. Australia's unemployment rate stood at 3.5% in March 2023, unchanged from February's near 50-year low. Retail sales increased by 0.4% month-over-month (preliminary) in March 2023, while food retailing remained robust, non-food retail sales were weaker. CoreLogic's national Home Value Index (HVI) increased by 0.5% in April, this follows a 0.6% lift in the prior month, housing values appear to be supported by an imbalance between supply and demand.

The NAB Monthly Business Survey results for March saw business conditions continue to show ongoing resilience, edging lower but remaining well above the long-run average. Trading conditions remain very elevated, indicating that businesses continue to experience strong demand. Business confidence appears to have stabilised but remains below long run averages, with retail and wholesale remaining weak, mainly due to concerns about how much longer consumer spending can be sustained. Encouragingly price and cost growth measures showed some easing in March.

Over the month of April M & A continued with Blackmores agreeing on an all-cash takeover from Kirin valuing the company at about \$1.85b. Newmont bumped its non-binding indicative proposal for Newcrest resulting in the former gaining exclusive confirmatory due diligence.



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

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 154.51 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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