TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
31 DECEMBER 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	4.59	3.55	2.14	4.11	1.21	3.60	-0.08	2.88	-0.68	2.04
Fund Distribution return	1.26	1.25	3.05	5.42	6.08	6.24	5.78	5.86	6.87	6.54
Total Fund return (net)*	5.85	4.80	5.19	9.53	7.30	9.84	5.71	8.75	6.19	8.58
Fund grossed up dividend yield				8.00	8.56	8.92	8.17	8.09	8.64	8.74
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				5.69	6.00	5.68	5.22	5.30	5.47	5.81
Excess yield				2.31	2.57	3.23	2.95	2.78	3.17	2.93

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 8.00% 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:

- **BHP** and **Rio Tinto** performed well on the back of the continued strengthening in the iron ore price.
- **National Australia Bank** and **ANZ** performed well during the month on a better economic outlook. The market was concerned about a rise in bad debts in the event of a significant recession. With the outlook improving, the risk of a recession has reduced and the chance of a blowout in the bad debt expense has faded.
- **CSL** performed well during the month. CY24 should deliver on the upside as CSL112 trial results, HEMGENIX and Garadacimab provide a pipeline of opportunity. CSL is entering a period of more capital-efficient growth with management confident in the array of opportunities across the group's operations.

Key detractors from absolute performance over the month:

- **QBE Insurance** and **Suncorp** underperformed as general insurance stocks underperformed during the month of December as bond yields continued to decline in anticipation of future cash rate cuts which negatively impact investment earnings on the premium float. In addition, following a period of relatively benign weather in Australia from July to November, the month of December brought the onset of adverse weather on the east coast of Australia with Cyclone Jasper and a series of storms inflicting significant property damage. This weighed on the share prices of these stocks on concerns about rising claims costs.

- **Iluka** continued to underperform during December as market sentiment in its key mineral sands markets remained poor due to ongoing concerns regarding the Chinese residential property construction market. In addition, during the month Iluka announced a higher revised capex estimate for its Eneabba Rare Earths Refinery project of "up to" $1.8 billion, which was above the market expectations of around $1.5 billion.
- **SkyCity** underperformed during the month as the company downgraded earnings expectations due to softer trading conditions from a tightening consumer. We still see value as SkyCity trades at depressed multiples especially considering its monopoly licenses, favourable competitive landscape, and minimal CAPEX commitments.

Top 10 Holdings

Security Name	% of Fund
BHP Group	7.95
National Australia Bank	7.92
ANZ Bank	7.66
Rio Tinto	5.94
Telstra	5.50
CSL	4.20
Westpac Bank	4.16
Woodside Energy Group	3.58
QBE Insurance	3.30
Ampol Limited	2.93

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	13.77	4.87%

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

Franking Levels

Financial year ending		%
30 June 2023	(97% on income entitlements)	94.17
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

Market Commentary

The S&P/ASX 200 Accumulation Index increased by 7.26% over the month. In local currency terms the MSCI World Index rose by 4.16% over December 2023 while the S&P 500 Index also rose by 4.51%.

The Reserve Bank of Australia kept the cash rate at 4.35% at its December meeting. The decision to hold the rate steady was based on economic data received over the past month showing that inflation continued to decline but remained high.

Domestic data releases through December were mixed. The ABS Business Turnover Data recorded in October falls in 7 of the 13 published industries with the largest fall being in Arts and Recreation services and the largest increase in Mining. Seasonally adjusted unemployment increased in November by 0.2 percentage points to 3.9%.

CoreLogic's national Home Value Index (HVI) marked another rise in December. Overall CoreLogic's national Home Value Index (HVI) rose 8.1% in 2023, a significant turnaround from the -4.9% drop seen in 2022, but well below the 24.5% surge recorded in 2021. December's 0.4% increase saw 2023 finish with a relatively soft monthly rise in home values.

Australia's NAB Monthly Business Survey in November noted softening in both economic outlook and activity. "Both confidence and conditions declined in the month and after a period of relative stability through mid-2023 appear to be softening further," said NAB Chief Economist Alan Oster. "Outside of the pandemic period, business confidence is now its weakest since around 2012, when conditions were significantly weaker and growth in advanced economies was slowing."

The Westpac-Melbourne Institute Consumer Sentiment index was slightly up in December to 82.1 from 79.9 in November. The survey noted that the

RBA's decision to leave rates unchanged in the latest meeting provided some relief for Australian families in a year where incomes were under extraordinary pressures.

All sectors performed well, led by real estate (11.29%), health care (9.10%) and materials (8.84%) followed by information technology (7.62%), communications services (7.07%), consumer discretionary (6.29%), financials (6.21%), industrials (5.97%) and consumer staples (5.09%). Energy returned 3.42% and utilities returned 2.50%.

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, Jason Kim

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 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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