

TYNDALL AUSTRALIAN SMALL COMPANIES FUND

FUND UPDATE

AS AT
31 JANUARY 2024

Fund Performance (%)

	1 Mth	3 Mth	6 Mth	Since Inception p.a
Total Fund (net)	1.22%	12.11%	1.04%	9.90%
Benchmark return	0.90%	15.80%	3.70%	10.29%
Excess Return	0.32%	-3.69%	-2.66%	-0.39%

Source: Citi. Past performance is not an indicator of future performance. Excess return is the difference between the Fund's net return and its benchmark. Benchmark: S&P/ASX Small Ordinaries Accumulation Index. Inception date: March 2023.

The Tyndall Australian Small Companies Fund outperformed the benchmark over the month. The Fund returned 1.22% (net of fees) for the month, compared to the benchmark return of 0.90%. Since its inception in March 2023 the fund has returned 9.90% compared to the benchmark return of 10.29%.

Key contributors to relative performance:

- **ZIP** outperformed the market after providing a very strong 2Q24 trading update. The company's first half cash EBITDA guidance of \$29m to \$33m exceeded the market's full year EBITDA estimate, resulting in material earnings upgrades. With relatively new management, we believe the business is in the early stages of a turnaround.
- **Jumbo Interactive** outperformed on the back of a record \$200m Powerball jackpot in January. Our investment thesis is predicated on jackpot normalization to drive sustained revenue growth, after a year of poor jackpots. Powerball is Jumbo's most popular game, and the record jackpot is a clear tailwind for the business.

Key detractors from relative performance:

- **Aroa Biosurgery** underperformed after providing a 3Q24 update that missed consensus expectations. While disappointing, we believe the miss pertains to a lack of inventory visibility from their distributor, rather than any slowdown in the demand for their product. Our investment thesis remains intact as the market opportunity for their soft tissue repair

product remains enormous, and the product differentiation provides the means for penetration.

- **Gold Road Resources** underperformed after providing a disappointing 4Q23 update. Our view is that the negative share price reaction has been excessive given the issues facing Gold Road are temporary in nature. Ongoing labour supply shortages for drill and blast has impacted the outlook for 2024. Gold Road's resources have not been impaired and as labour pressure alleviates, we believe the market will focus back on the underlying value of the assets.

Top 5 Holdings

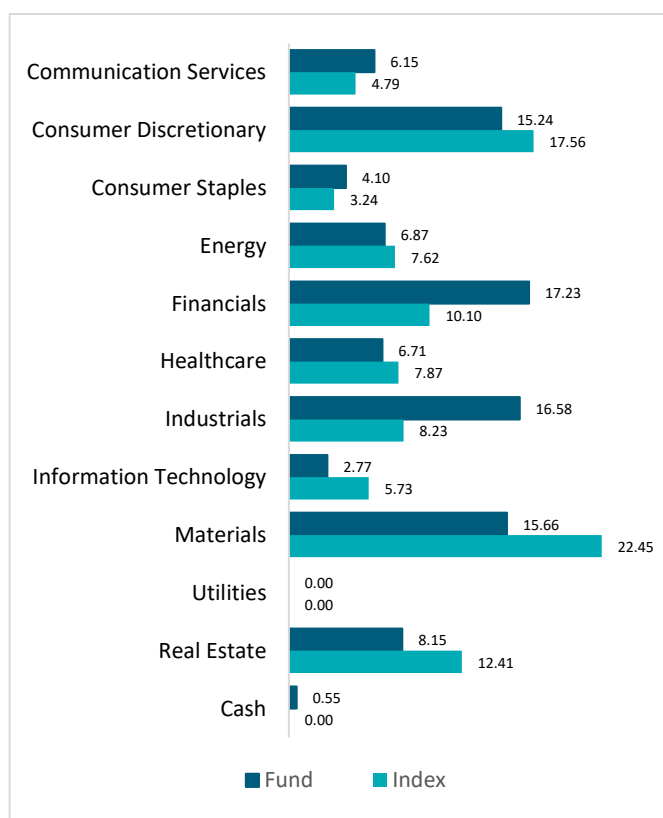
Security Name	% of Fund
AUB Group	4.26
Light and Wonder	3.38
Alliance Aviation Services	3.29
Corporate Travel Management	3.27
Credit Corp	3.12

Fund Metrics

	Fund	Benchmark
FCF Yield	7.79%	6.95%
Price/Earnings	13.8x	16.4x
2 Year EPS Growth	27.2%	21.0%
ROE	11.2%	9.0%
Beta	0.84%	
Tracking Error	7.13%	

Source: Quant Answer, Tyndall

Sector Exposure (%)



Portfolio Changes

During the month we initiated a position in Equity Trustees, Aussie Broadband, and WAI Resources, and exited Clinuvel Pharmaceuticals, Bapcor, Spark Infrastructure, and Pinnacle Investments.

Equity Trustees is looking to simplify its business, exiting its loss-making European business to focus on its core Australian corporate trust operations. The continued M&A interest around Perpetual's corporate trust division highlights the intrinsic value of Equity Trustee's core business.

Aussie Broadband is a quality telecommunications reseller who continues to take share in the retail market. Through investments in sales and cloud capabilities, the business is building the platform to drive the next leg of growth in Enterprise, which should deliver strong medium-term earnings growth. In

addition, the impending acquisition of Symbio should provide a further lever of growth through Symbio's leading voice communication capabilities.

WAI Resources owns key assets in Australia with the potential to mine Niobium, a critical element used in the production of higher quality steel products and potentially a significant role in developing superior lithium-ion batteries. The niobium market is dominated by supply from Brazil (90% of global production) with end users looking to diversify suppliers to reduce their risk. We see a great opportunity for credible players like WAI Resources to help fill the supply void.

The portfolio exited Pinnacle Investments and Spark Infrastructure as their share price appreciation meant value was realized.

Clinuvel Pharmaceuticals was exited on concerns around the successful results of a competing drug's Phase 2b trial. While commercialization of the drug is still a year or two away, the strength of the results suggests a high probability of a competing therapy.

Bapcor was exited on concerns around earnings risk based on our channel checks. The subsequent earnings downgrade and the exit of the CEO confirmed our concerns.

Market Commentary

While February is an important month for investors, with most companies reporting half yearly results, January was not without its fair share of market moving news and data points. Perhaps most relevant was the Australian December quarter CPI print of 4.1%, which was materially below the September quarter number of 5.4%, and the RBA's own internal forecast. As a result of the lower CPI number, the bond market is now pricing in at least 2 rate cuts in 2024, with the first to occur in August.

We believe the current economic backdrop bodes well for equity markets, and particularly for small cap investors. Equity markets tend to be forward looking, with equity markets bottoming 6 to 9 months before the economy bottoms. Despite the bounce in the last 2 months of 2023, the small cap benchmark has still lagged its large cap counterpart by over 20% since bond yields began rising in August 2021. Our expectations are for this gap to close once Central Banks begin the easing cycle.

That said, we do not pretend to be macroeconomic experts. Our view is that a portfolio of quality companies, with sound balance sheets, and strong earnings growth, trading at a discount to their intrinsic value, will outperform the broader market through the cycle regardless of the macroeconomic gyrations.

Fund Objective

The Fund aims to outperform the S&P/ASX Small Ordinaries Accumulation Index over the long term, before fees, expenses and tax.

Key Facts

Responsible Entity

Yarra Funds Management Limited

APIR Code

TYN8782AU

Portfolio Manager

Tim Johnston and James Nguyen

Asset Allocation

Australian Shares	90% - 100%
International Shares unhedged	0% - 10%
Cash	0% - 10%

Minimum Investment

AUD 10,000 or platform nominated minimums

Buy/Sell Spread

0.30%/0.30%

Management Cost

90bps + 20% of outperformance of the S&P/ASX Small Ordinaries Accumulation Index (after fees), subject to all prior benchmark underperformance being recouped.

Distribution Frequency

Half yearly

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