TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
29 FEBRUARY 2024

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	0.11	6.65	2.02	2.31	1.50	3.05	2.36	0.93	-0.48	2.15
Fund Distribution return	0.00	1.29	3.04	5.32	6.10	6.21	5.92	5.75	6.88	6.48
Total Fund return (net)*	0.11	7.94	5.06	7.64	7.60	9.26	8.28	6.68	6.41	8.63
Fund grossed up dividend yield				7.99	8.12	8.83	8.06	7.99	8.58	8.69
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				5.80	5.65	5.73	5.21	5.24	5.46	5.80
Excess yield				2.19	2.47	3.09	2.85	2.74	3.12	2.89

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 7.99% 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:

- Banks continued to outperform during the month despite inline operating and financial results. Our positions in **Westpac, ANZ** and **National Australia Bank** contributed to performance.
- **Reliance Worldwide** outperformed through February on the back of a strong result underpinned by superior cost performance in the US business. However, this was partly mitigated by some weakness in EMEA.
- **QBE Insurance** outperformed strongly during the month as their full year results demonstrated that the underlying drivers of future profit improvements remain intact. Premium rate increases continue to cover at least the cost of inflation, and the commercial general insurance market appears to remain rational.

Key detractors from absolute performance over the month:

- **BHP** and **Rio Tinto** detracted from performance as the stocks fell due to the weakness in iron ore during the month. Both stocks reported inline results with strong cashflows and dividends.

- **Woodside** lagged the strong market despite a decent result, a higher dividend and a sell down of 15% of their Scarborough gas project.
- **Woolworths** was down due to poor results from Big W, the NZ Supermarkets business and high-cost growth in the Australian Supermarket operation. Sales in the Australian Supermarket business were also softer in the first 7 weeks of H2FY24, which the market appears to have extrapolated for the rest of the year.
- **CSL** detracted from performance in February following the release of the 1H24 result. **CSL** reported weak numbers in the Vifor business and downgraded expectations, sparking investor concern around the validity of the investment. Further, the Seqirus business underperformed leading the market to question the strength of the vaccination market.

Top 10 Holdings

Security Name	% of Fund
National Australia Bank	7.77
ANZ Bank	7.71
BHP Group	6.97
Rio Tinto	5.50
Telstra	5.45
Westpac Bank	4.81
CSL	4.22
QBE Insurance	3.64
Woodside Energy	3.52
Ampol Limited	3.21

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	14.13	4.76%

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 0.79% over the month. This lifted the ASX to its first new high since August 2021. In local currency terms the MSCI World Index rose by 4.61% over January 2024 while the S&P 500 also rose by 5.29%. The Australian 10-year government bond yield moved up 12bps over the month to 4.14%.

As widely expected, the Reserve Bank of Australia (RBA) kept the cash rate at 4.35% at its February meeting. The decision to hold the rate steady was based on inflation continuing to ease in the December quarter with a more sustainable balance being established between aggregate supply and demand. However, the RBA did express caution noting a highly uncertain outlook with inflation risk persisting (particularly services price inflation) and a high level of uncertainty around the Chinese economy and implications of the conflict in Ukraine and the Middle East. In 2024 the RBA has changed the frequency of meetings, meeting 8 times a year instead of on the first Tuesday of every month as part of a strategy to improve the quality of interest rate decision making. The next meeting is scheduled for mid-March.

Domestic data releases through February were mixed. Australia’s monthly CPI indicator rose 3.4% in the 12 months to January. Seasonally adjusted unemployment in January increased slightly from 3.9% to 4.1%. Australian retail trade rose 1.1% month on month in January 2024 following an increase in November 2023 and a fall in December 2023. CoreLogic's national Home Value Index (HVI) continued its upward trajectory in February 2024 rising 0.6%. This was the 13th straight month of value rises. 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.

Australia's NAB Monthly Business Survey in January noted that business confidence remained low and conditions eased to be just below their long-run average, ending a two-year run of above average conditions while forward orders remain soft.
The Westpac Melbourne Institute Consumer Sentiment Index was up 6.2% to 86 in February from 81 in January. This is the biggest monthly gain since April last year, when the RBA paused its rapid series of interest rate rises. The index is at its highest level since June 2022 and while sentiment is pessimistic there are indications

that Australian consumer confidence is lifting. The survey noted that this could be influenced by moderating inflation and expectations for interest rates cuts later in the year. There was a pullback in sentiment among those surveyed after the RBA February meeting. While the decision to leave the cash rate unchanged was expected, the RBA's cautious wording describing the inflation situation as still evolving generated some caution.

The majority of sectors performed well led by information technology (19.48%), consumer discretionary (9.15%), real estate (4.23%), financials (3.51%) and industrials (2.67%). Utilities (0.14%) and communication services (0.04%) performed in line and consumer staples (-0.55%), health care (-2.70%), materials (-4.96) and energy (-5.95%) underperformed.

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 156.34 million

** The Fund does not currently hold any stocks defined as 'manufacturers of cigarettes and other tobacco products' by GICS (Global Industry Classification Standard).

Contact us

Call : +61 2 8072 6300
Email : info@yarracm.com

Level 11, Macquarie House
167 Macquarie Street
Sydney NSW 2000

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