

# TYNDALL AUSTRALIAN SMALL COMPANIES FUND

## FUND UPDATE

AS AT  
31 MARCH 2024

### Fund Performance (%)

	1 Mth	3 Mth	6 Mth	1 Yr	Since Inception p.a
<b>Total Fund (net)</b>	<b>3.96%</b>	<b>8.56%</b>	<b>12.37%</b>	<b>13.93%</b>	<b>17.11%</b>
<b>Benchmark return</b>	<b>4.79%</b>	<b>7.55%</b>	<b>16.71%</b>	<b>13.83%</b>	<b>16.81%</b>
<b>Excess Return</b>	<b>-0.83%</b>	<b>1.01%</b>	<b>-4.34%</b>	<b>0.10%</b>	<b>0.29%</b>

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 underperformed the benchmark over the month. The Fund returned 3.96% (net of fees) for the month, compared to the benchmark return of 4.79%. Since its inception in March 2023 the fund has returned 17.11% compared to the benchmark return of 16.81%.

Key contributors to relative performance:

- **Webjet** outperformed as the company hosted an investor day outlining short term and long term revenue and earnings targets for its key business unit WebBeds. While the targets are very ambitious, we believe the company is well placed to deliver on its guidance. We believe the market continues to underappreciate WebBeds, which is a high ROIC global B2B platform growing revenue at more than 25% pa.
- **Zip** continued to outperform the market after providing a very strong 2Q24 trading update in February. With relatively new management, we believe the business is in the early stages of a turnaround.

Key detractors from relative performance:

- After strong performance in the previous month, **Aussie Broadband** underperformed this month after announcing it had lost a major client contract to takeover target Superloop. While the contract loss was disappointing, Superloop had to give the customer equity in the Superloop business, a strategy that can't be repeated too often! We continue to hold our Aussie Broadband position

given the otherwise strong underlying performance of the business.

- Our nil holdings in **Life 360** detracted value given the stock rallied materially in the month post its CY23 results. While the business has done a great job to build a large cohort of app users, we struggle with the valuation of the \$2.4bn market cap company that just delivered \$20.6m of adjusted EBITDA for the full year.

### Top 5 Holdings

Security Name	% of Fund
AUB Group	4.12
Light and Wonder	4.09
Webjet	3.94
Kelsian Group	3.56
Zip Co	3.30

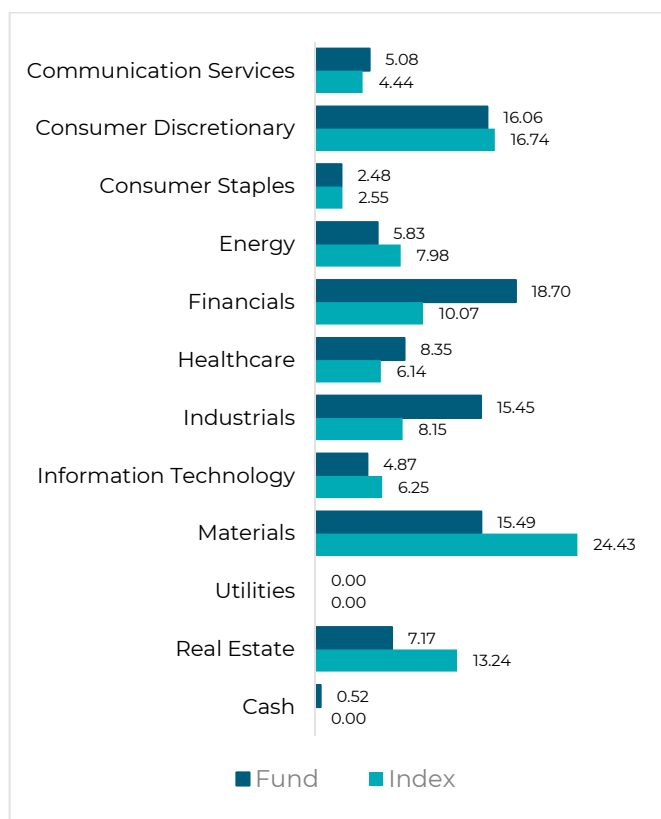
### Fund Metrics

	Fund	Benchmark
FCF Yield	9.08%	7.43%
Price/Earnings	15.1x	17.1x
2 Year EPS Growth	22.0%	20.7%
ROE	12.2%	9.2%
Beta	0.9	

Tracking Error	7.15%
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Source: Quant Answer, Tyndall

## Sector Exposure (%)



## Portfolio Changes

During the month we initiated a position in Dicker Data, Myer Holdings and Nanosonics, and exited Jumbo Interactive and Mermaid Marine.

Dicker Data has underperformed post a material sell down by the founder, albeit to settle marital affairs. Dicker Data is an IT hardware and software reseller and possesses many attributes that we like in an investment, namely a founder led business, delivering 40% ROE, greater than 10% pa EPS growth in the medium term, and trading on a reasonable 20x earnings.

Myer is a \$650m market cap department store retailer. With \$200m net cash on the balance sheet, the stock is trading on 9x earnings. The trading update suggests the company is executing well, and the incoming CEO Olivia Worth should help unlock value in the loyalty program.

Nanosonics provides automated disinfection technology to hospitals to prevent the spreading of viruses on medical equipment. The stock was heavily sold off on slower demand as hospitals manage their budgets. The sell off provides an opportunity to buy a quality healthcare company with little value ascribed to its new products.

Jumbo Interactive was exited post the \$200m Powerball jackpot and subsequent strong share price performance.

Mermaid Marine was exited post the bid from Cyan Renewables. While we view the bid as too low and opportunistic, the support of the bid from the board and executive team makes it unlikely another bidder will emerge. Therefore, we took the pragmatic decision to lock in our profits and recycle the capital to better opportunities.

## Insights from the Portfolio Managers

In March, the Tyndall Small Cap Fund celebrated its first full year in operation, and we thought it would be a good time to reflect on our performance and key learnings from the past 12 months. Having returned a respectable 17.11% in absolute terms, and 0.29% alpha relative to the index, we have mixed feelings when judging our performance. The past 12 months has been dominated by 2 highly divergent macroeconomic environments, with the first half dominated by inflation concerns, rising interest rates, and negative sentiment, resulting in a flat market return. In this environment, our fund returned a commendable 4.89%.

The last 6 months has seen a risk on rally, as markets anticipated future rate cuts on the back of still elevated but slowing inflation, while economies continued to remain resilient. In this period, the fund returned a strong absolute return of 12.37%, but unfortunately that lagged the index's return of 16.71%. This rally was a reminder that markets are forward looking and move quickly. Investors waiting for all the bad news to be delivered before entering the markets will most likely miss out on a major part of the returns. While we lagged the initial rally in the December quarter, our swift pivot meant we participated in the March rally, outperforming the index by 1.01% last quarter.

## 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	0% - 10%
unhedged	
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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