

TYNDALL AUSTRALIAN SHARE WHOLESALE FUND.

FUND UPDATE

AS AT
31 MAY 2024

Fund Performance (%)

	1 Mth	3 Mths	6 Mths	1 Yr	3 Yrs p.a.	5 Yrs p.a.	10 Yrs p.a.	15 Yrs p.a.	20 Yrs p.a.	Since Inception p.a.
Fund growth return	-0.07%	1.93%	6.10%	-0.97%	-2.44%	-1.78%	-0.67%	2.28%	0.90%	2.87%
Fund distribution return	0.00%	0.00%	2.37%	7.31%	7.96%	7.79%	6.84%	6.09%	7.04%	6.55%
Total Fund (net)	-0.07%	1.93%	8.47%	6.34%	5.52%	6.02%	6.18%	8.37%	7.94%	9.42%
Benchmark return	0.92%	1.16%	10.66%	12.93%	6.80%	7.83%	7.78%	9.31%	8.62%	9.31%
Excess Return	-0.99%	0.76%	-2.19%	-6.58%	-1.28%	-1.81%	-1.61%	-0.94%	-0.68%	0.11%

Source: Citi. Fund growth return is the change in redemption prices over the period. Fund distribution return equals Total Fund minus fund growth return. Fund net returns are post fees, pre tax using redemption prices and assume reinvestment of distributions. Past performance is not an indicator of future performance. Benchmark: S&P/ASX 200 Accumulation Index. Inception date: March 1995.

The Fund underperformed the benchmark over the month.

Key contributors to relative performance:

- The underweight position in **James Hardie** contributed to performance in May given the share price fall on the back of the FY24 result and weak FY25 outlook statement given a weaker than expected outlook for the US repair and remodel market.
- After the PE ratio increased to over 30x, **Wesfarmers** weakened a little during May. The historic average PE over the last 20 years has been 18.5x, so the recent peak was well above normal levels. In contrast to the 20 year history, the Bunnings business is more mature and no longer has a strong store growth outlook. We remain underweight in Wesfarmers as it remains very expensive.
- In the month of May, our underweight position in **Fortescue** contributed positively to performance. The iron price was up 6% in May, placing upward pressure on share prices. However, we witnessed a sell-off in Fortescue which was likely due to market profit taking in the iron ore names given that we

have passed the peak Chinese steel consumption months of April and May.

Key detractors from relative performance:

- Telstra** underperformed despite releasing maiden FY25 guidance in line with consensus. The company announced that it is moving away from annual CPI-based price rises but was prevented by competition law from clarifying its position on pricing going forward. The market took this uncertainty as a negative but since then Optus has increased prices and we see the change as a sign of higher price rises going forward, not lower.
- In the month of May, our overweight position in **Iluka** detracted from performance. We remain positive on the mineral sands complex recovering based on conference and company meetings during the month.
- Commonwealth Bank** outperformed the other banks despite trading on a PE ratio of over 20x, compared to its 20 year history of 14.3x. We have stayed underweight as the profitability gap between the other major banks and CBA has closed over the past year. The other major banks are also becoming more reliable as they have

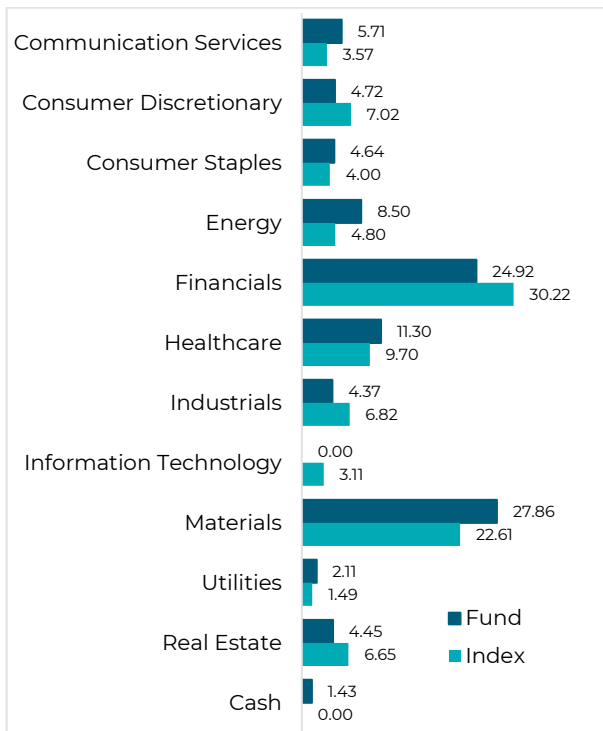
divested problematic operations and restructured to improve efficiency.

- **ResMed** underperformed in May with no material news flow after the share price ran strongly following the readout of the SURMOUNT OSA trial and a positive 3Q24 result at the end of April.
- **Fletcher** underperformed following a weak trading update and concerns around further weakness into FY25. Our overweight position in Fletcher's detracted from performance. We have subsequently exited the position.

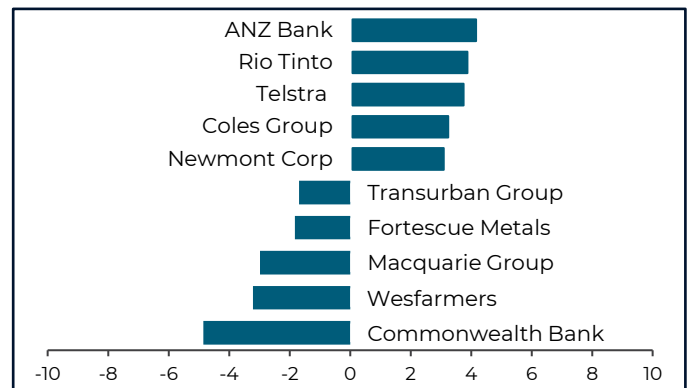
Top 10 Holdings

Security Name	% of Fund
BHP Group	11.57
CSL	8.27
ANZ Bank	7.90
Rio Tinto	5.99
Telstra	5.53
Coles Group	4.22
QBE Insurance	4.09
Woodside Energy Group	3.95
Commonwealth Bank	3.87
National Australia Bank	3.64

Sector Exposure (%)



Top 5 Over/Underweight Positions (%)



Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	14.15	4.29%
Benchmark	16.41	3.89%

Actual figures may vary. Forecasts are 12 months forward.

* Based on Broker Consensus forecast.

Market Commentary

The S&P/ASX 200 Accumulation Index returned 0.92% over the month. While the index increased during the first half of the month (3.2%) it then dipped on the back of higher inflation numbers. In local currency terms the MSCI World Index increased by 4.07% over May 2024 while the S&P 500 also increased by 4.91%. The Australian 10-year government bond yield fell 1 bp over the month to 4.41%.

The Federal Budget was announced on 14 May by Treasurer Jim Chalmers and commentators have raised whether the stimulatory nature of the budget will result in inflation. On the one hand there is a view that the spend will result in inflation while others argue that inflation will instead drop as some of the larger measures such as the tax cuts were already known, and that cost-of-living relief will in fact lower CPI as consumers choose to save rather than spend.

In the Reserve Bank's Monetary policy meeting minutes from the 7th of May members noted that inflation in advanced economies remained above central bank's targets. Additionally, a stronger economic outlook for China and supply constraints has led to prices of some commodities increasing. Progress in lowering inflation appeared to have stalled, in some cases at least temporarily. Core services price inflation remained high and the latest US inflation data was higher than expected. Labour market conditions continued to be fairly tight and households continued to face challenges. Members reiterated their commitment to seeing inflation returning to target 2–3% range noting a limited tolerance for this to occur later than 2026. Members also noted that inflation was

still declining although this was slower than expected. In light of these factors and given a number of data points received since the previous meeting have been stronger than expected, it was decided to leave the cash rate at 4.35%.

Domestic data releases throughout May seem to indicate the economy might be slowing. Australia's monthly CPI indicator rose to 3.6% in the 12 months to April with Housing and Food being two of the main contributors. Seasonally adjusted unemployment in April rose to 4.1% and Australian retail sales were weaker than expected, rising only 0.1% month on month.

CoreLogic's national Home Value Index (HVI) continued its upward trajectory in April 2024, rising 0.6%. This was similar to the gains recorded in February and March with housing values up 11.1% since the trough in January last year.

The NAB Monthly Business Survey noted that business conditions eased in April with the employment index weakening and forward orders falling driven largely by mining, manufacturing and construction.

The Westpac Melbourne-Institute Consumer Sentiment Index dipped 0.3% to 82.2 in May, from 82.4 in April. Despite cost-of-living support being a mainstay of the budget, cost pressures and inflation continue to weigh on households and consumer sentiment remains pessimistic.

Sector returns were dispersed in the month of May with information technology (5.45%), utilities (3.38%), financials (2.63%) and real estate (1.84%) performing well, materials (0.08%) and healthcare (0.14%) performing marginally well. The remaining sectors communication services (-2.63%), consumer staples (-0.95%), energy (-0.69%), consumer discretionary (-0.59%) and industrials (-0.35%) all fell.



ESG is incorporated into each and every valuation

Fund Objective

The Fund aims to outperform the S&P/ASX 200 Accumulation Index by more than 2.5% p.a. over rolling five-year periods, before fees, expenses and tax.

Key Facts

Responsible Entity

Yarra Funds Management Limited

Buy/Sell Spread

0.20%/0.20%

APIR Code

TYN0028AU

Management Cost

0.80% p.a.

Portfolio Manager

Brad Potter, Jason Kim

Distribution Frequency

Half yearly

Asset Allocation

Australian Shares	80% - 100%
International Shares	0% - 10%
Cash	0% - 10%

Fund Size

AUD 403.45 million

Minimum Investment

AUD 10,000 or platform nominated minimums

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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