

TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
30 JUNE 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	-1.35	-4.69	-0.41	1.72	3.86	-0.26	5.28	0.26	-0.02	1.95
Fund Distribution return	1.11	1.07	1.94	5.08	5.13	5.90	5.69	5.39	5.92	6.46
Total Fund return (net)*	-0.23	-3.61	1.53	6.80	8.99	5.64	10.97	5.65	5.91	8.40
Fund grossed up dividend yield				7.46	7.77	9.09	8.23	7.96	8.64	8.69
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				5.27	5.80	5.74	5.33	5.22	5.41	5.79
Excess yield				2.19	1.98	3.35	2.90	2.74	3.23	2.91

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 7.46% 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:

- The bank sector outperformed during the month and our position in **Westpac (WBC)** contributed to performance. WBC is one of the cheaper banks in an overvalued sector.
- CSL's** positive contribution in June wasn't driven by a major catalyst, but a few pieces of news flow. CSL

benefits from increasing concern around avian flu given it has an FDA approved H5N1 vaccine, unlike other vaccine companies who are still in clinical trial phase.

- In the near term, banks offer significant earnings certainty. The mortgage market and the deposit market are providing stable margins, while the risk of a recession has diminished so the bad debt expense will remain low. Major banks performed well during June due to the positive near term earnings outlook. **National Australia Bank** continues to outperform its peers by delivering reliable results and maintaining good cost control.
- Telstra** finally got some love from the market in June and our overweight position contributed to performance. There were no major

announcements by Telstra, but the market gained confidence as prices continue to go up across the Australian telco market including Optus, Vodafone and Telstra's own Belong brand.

Key detractors from absolute performance over the month:

- **Rio Tinto** and **BHP** underperformed this month on the back of falling iron ore prices and a weaker Chinese economy.
- **Deterra Royalties** detracted from performance this month. Deterra announced the acquisition of Trident Royalties PLC and a change to the dividend policy that the market viewed poorly.
- **SkyCity** underperformed during June as the company downgraded earnings for FY24 and FY25 due to the impacts of a softer New Zealand economy as well as a delay in the Horizon hotel opening.
- **Viva Energy** detracted from performance in June given the continued weakness in regional refining margins and continued concerns around the consumer and demand across the convenience network.

Top 10 Holdings

Security Name	% of Fund
ANZ Bank	8.06
Westpac Bank	7.70
BHP Group	7.62
CSL	5.49
Rio Tinto	5.49
Telstra	5.35
National Australia Bank	4.32
QBE Insurance	3.46
Woodside Energy Group	3.39
Woolworths Group	2.78

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	13.96	4.90%

Actual figures may vary. Forecasts are 12 months forward.

* Based on Broker Consensus forecast.

Franking Levels

Financial year ending	%

30 June 2024	(83% on income entitlements)	81.79
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 returned 1.01% over the month. June CPI was higher than expected and this increased risk of the possibility of a central bank rate rise led to the index dipping during the month. In local currency terms the MSCI World Index increased by 2.32% over May 2024 while the S&P 500 also increased by 3.55%. The Australian 10-year government bond yield fell 10 basis points over the month to 4.31%.

In the Reserve Bank's Monetary policy meeting minutes from the 18th of June members noted that consumer spending is proving resilient with the level for consumer spending revised upwards. This seems to be based on employment and asset price increases. Members also noted that GDP growth in the March quarter was very weak and that wages growth had likely passed the peak for the current cycle. The Fair Work Commission's decision on award wages, which had been largely in line with expectations, would see award-linked wages growth step down this year. The meeting minutes were more hawkish with members noting that several pieces of information since the May meeting indicated a need to remain alert to update risks to inflation. However, members decided that given the economy was still tracking on a path consistent with returning inflation to target in 2026, while preserving as many of the gains in employment as possible, to hold the cash rate unchanged at 4.35.

Domestic data releases throughout June were mixed with many economic releases. Australia's monthly CPI indicator rose to 4% in the 12 months to May with Housing and Food being two of the main contributors. This CPI gain was higher than expected and the fastest since November 2023. Seasonally adjusted unemployment in May decreased slightly to 4.0% 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 0.8%. This is

the 16th consecutive month of growth and the largest monthly gain since October last year.

The NAB Monthly Business Survey noted that business conditions fell back into negative territory in May with falls in conditions across consumer facing sectors (such as retail, recreation and personal services) while forward orders remained negative in retail, wholesale and construction.

The Westpac Melbourne-Institute Consumer Sentiment Index rose 1.7% to 83.6 in June from 82.2 in May. It appears that this was in response to two main factors: the budget and tax implications, and new inflation data. On the budget consumers were generally positive particularly with stage 3 tax cuts commencing on July 1, however the news on inflation weighed as consumers considered whether this would delay rate cuts or even lead to a rate increase.

Sector returns were largely positive in the month of June with financials (5.07%), consumer staples (4.60%), utilities (4.59%), health care (4.35%) and consumer discretionary (3.11%), communication services (2.61%), and information technology (1.47%) performing well, real estate returning (0.05%) and materials (-6.49%), energy (-1.59%) and industrials (-0.19%) falling.



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

Buy/Sell Spread

0.20%/0.20%

APIR Code

TYN0038AU

Management Cost

0.85% p.a.

Portfolio Manager

Michael Maughan, Jason Kim

Distribution Frequency

Quarterly

Asset Allocation**

Australian Shares	70% - 100%
International Shares	0% - 10%
Cash	0% - 20%

Fund Size

AUD 150.76 million

Minimum Investment

AUD 10,000 or platform nominated minimums

** 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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