TYNDALL AUSTRALIAN SMALL COMPANIES FUND.

FUND UPDATE

AS AT
30 JUNE 2024

Fund Performance (%)

	1 Month	3 Months	6 Months	1 Year	3 Years p.a.	Since Inception p.a
Fund growth return	-7.09%	-9.87%	-2.16%	1.87%	--	4.00%
Fund distribution return	8.66%	8.40%	9.12%	9.75%	--	8.32%
Total Fund (net)	**1.57%**	**-1.47%**	**6.97%**	**11.61%**	**--**	**12.31%**
Benchmark return	-1.39%	-4.46%	2.75%	9.34%	--	9.43%
Excess Return	2.96%	2.99%	4.21%	2.27%	--	2.88%

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 Small Ordinaries Accumulation Index. Inception date: March 2023.

The Tyndall Australian Small Companies Fund outperformed the benchmark over the month. The Fund returned 1.57% (net of fees) for the month, compared to the benchmark return of -1.39%. Since its inception in March 2023 the fund has returned 12.31% compared to the benchmark return of 9.43%.

Key contributors to relative performance:

- **Zip Co** outperformed on little company specific news. Speculation on potential interest rate cuts in the USA provides a supportive macro back drop for Zip should they eventuate. That said, our investment thesis is not predicated on the direction of interest rates but rather the turnaround of the business under new management.
- **Generation Development Group** outperformed after announcing the acquisition of the remaining Lonsec business and an accompanying equity raise to fund the acquisition. We are positive on the acquisition given it is a business that GDG knows very well, having been a Lonsec shareholder since 2020 and helping Lonsec drive substantial growth during that time.

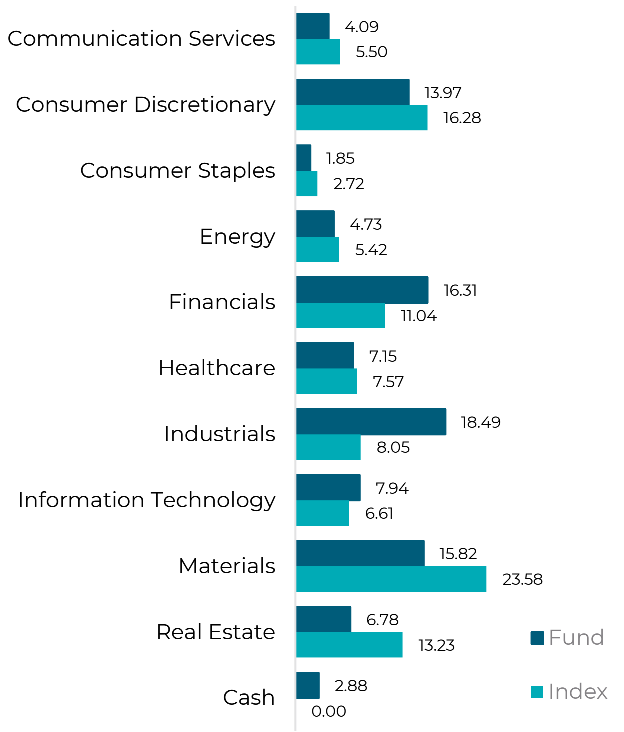
Key detractors from relative performance:

- **Ioneer** underperformed as lithium prices continue to find a floor. While we believe Ioneer is better placed than other emerging lithium companies due to the quality of the asset base, the funding structure in place from the US Department of Energy Loan Programs Office, and the quality management team, we are reminded that a tough industry backdrop will win out in most cases. As a result, we have decided to exit our small holding in Ioneer to recycle the capital to better investment ideas.
- **City Chic** underperformed after a disappointing trading update and subsequent equity raising. Our initial investment thesis was premised on the stabilisation of sales post the discounting to clear excess inventory. However with sales continuing to disappoint, costs were becoming harder to control given management have extracted a large portion already. Therefore, we felt, our investment thesis was broken and we exited the position. While clearly disappointing, we were fully aware that City Chic was a higher risk investment proposition, and thus the position was always the smallest holding within the portfolio.

Top 5 Holdings

Security Name	% of Fund
Webjet	4.37
AUB Group	3.99
Light & Wonder	3.50
Kelsian Group	3.46
SmartGroup Corp	3.04

Sector Exposure (%)



Fund Metrics

	Fund	Benchmark
FCF Yield	7.94%	6.98%
Price/Earnings	14.0x	15.5x
2 Year EPS Growth	21.8%	24.1%
ROE	13.1%	9.2%
Beta	0.9	
Tracking Error	6.62%	

Source: Quant Answer, Tyndall

Portfolio Changes

During the month we initiated a position in PWR Holdings, SciDev and Duratec, and exited our positions in Myer, Ioneer and City Chic.

PWR Holdings designs and manufactures liquid cooling plates used in high performance cars, aircrafts, and other vehicles. PWR is a founder lead, high quality business with industry leading margins and financial returns metrics. After dominating cooling solutions for motor sports across F1 and Nascar, the company is in the early stages of expanding its capabilities into the much larger Aerospace and Defence segment. Contract wins and profitable growth delivered so far provides us with confidence that success in this business segment will allow PWR to continue its earnings growth path for multiple years to come.

SciDev provides environmental engineering solutions (development of specialty chemical products) focused on water intensive industries to minimise wastewater. Trading on 6x EV/EBITDA, we believe the market is underappreciating the water technologies solution SciDev has developed to treat forever chemical per- and polyfluoroalkyl substances (PFAS). There are over 17,000 sites identified in the US and Europe that have been identified as contaminated with PFAS. SciDev is in a strong position to be a major contributor in providing a solution to this issue.

Duratec is an engineering and construction contractor specializing in defence, mining infrastructure and building facades. In addition to underlying business as usual maintenance activities, the company is benefiting from two structural tailwinds, namely the increased defence spending, and the replacement of flammable cladding materials from residential apartment buildings. Trading on 11x earnings for mid teens growth, the current share price is an attractive entry point.

Myer was exited post the potential tie up with Premier Investments, resulting in a strong share price reaction and value realization.

Insights from the Portfolio Managers

Travel, asset tours, and spending time with line or operational managers is part of the everyday due diligence we perform. For the month of June, this saw your portfolio manager spend two weeks in the US visiting a number of companies, competitors, suppliers, and industry experts across a broad range of industries and sectors. Most relevant to our direct portfolio holdings was time spent in Indianapolis with PWR Holdings and Telix Pharmaceuticals, time spent in Chicago to see AUB Financial's competitors, time spent in New York and San Diego seeing Webjet competitors, and time spent in Los Angelese with Integral Diagnostics competitors.

Of all the insights we learnt from the trip, the most informative one was understanding the moat developed by PWR Holdings and appreciating how wide this moat was as well as the opportunities for the company. PWR Holdings has always been a business that we have admired, possessing all the qualities we

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look for in an investment. It is a founder led business, highly focused, dominant in a niche market with industry leading margins and strong financial return metrics. What had previously held us back from owning the stock was concerns over the ability of larger, better funded competitors to produce replicas or competing products in mass production. The opportunity to spend considerable time with David Proctor, the Head of PWR North America, and an asset tour to see how PWR Holdings designs and manufactures their cooling solutions was extremely enlightening (think high performance aluminium radiators, intercoolers and oil coolers). The key takeaways for us in relation to the moat PWR Holdings has developed was (1) the intellectual property behind the solutions (2) the intricate nature of the manufacturing process, including how labour intensive it is and (3) how bespoke each coolant solution was including the unique shapes and sizes for each customer. To us, it became clear that the company has developed a wide moat that will be extremely hard for competitors to replicate given the R&D behind the coolants and the bespoke nature of the products manufactured.

In addition, spending time with US management gave us some insights into the potential growth in PWR Holding's other two business lines, namely Automotive Aftermarkets, and Aerospace and Defence. Success in either business lines could potentially provide a runway for PWR Holdings to continue to deliver double digit revenue and profit growth for many years to come. A very large addressable market, a superior innovative niche product, a highly aligned founder led management team, and a track record of compounding double digit earnings growth, trading on a reasonable valuation, makes PWR Holdings an attractive holding in a portfolio.

ESG is incorporated into each and every valuation

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
James Nguyen

Asset Allocation

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

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.

Minimum Investment
AUD 10,000 or platform nominated minimums

Buy/Sell Spread
0.30%/0.30%

Distribution Frequency
Half yearly

Fund Size
AUD 2.01 million

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