TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
30 NOVEMBER 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	1.87	0.45	2.74	8.47	1.21	2.04	3.29	-0.12	-0.10	2.15
Fund distribution return	-0.00	1.31	2.51	4.91	5.59	6.16	5.87	5.49	6.01	6.38
Total Fund return (net)*	1.87	1.76	5.26	13.39	6.80	8.21	9.16	5.37	5.91	8.53
Fund grossed up dividend yield				7.07	7.49	8.02	8.49	7.93	8.53	8.66
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				4.87	5.30	5.62	5.48	5.16	5.33	5.78
Excess yield				2.19	2.19	2.40	3.01	2.77	3.21	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 7.07% 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:

- Both **QBE Insurance** and **Suncorp** outperformed during November as the market bid up stocks that are positively exposed to rising interest rates, after Trump became the US President-elect. The market has taken the view that Trump's policies are likely to be inflationary and will result in interest rates being higher for longer. In addition, the severity of recent natural disasters has been generally in line with expectations, and the downgrading of estimates of insured losses from the 2 major US hurricanes (Helene and Milton), has been supportive.
- Our overweight position in **BHP** detracted from relative performance in November. Whilst iron ore prices remain healthy, BHP hosted its Chile copper site tours which shed light on the capital required for the business to sustain production. This is not an issue specific to BHP but rather an industry wide challenge for the copper market.
- Our underweight position in **Pilbara Minerals (PLS)** contributed to performance in November. At the end of October PLS announced it is putting the Ngungaju plant on care-and-maintenance and

lithium prices remained muted which placed downward pressure on the share price.

- The underweight holding in **Macquarie (MQG)** contributed to performance. MQG reported a weak 1H24 result that underwhelmed the market. The stock ended the month largely flat despite the weak result and thus underperformed a strong market.

Key detractors from absolute performance over the month:

- A number of major banks reported results which were largely in line with expectations. Despite facing an outlook of low growth in earnings, the banks outperformed from already very high levels relative to historical metrics. The **Commonwealth Bank** outperformed the other banks despite trading at a P/E which is over 4 standard deviations above historical levels.
- Our overweight position in **Newmont (NEM)** detracted from performance in November. At the end of October NEM announced an unexpected downgrade to medium term guidance which surprised the market. NEM's performance no longer appears to be correlated with the gold price which continues to rise. Nonetheless the company continues to deliver on its sales of non core assets.
- Our overweight position in **Iluka** detracted from performance in November. The minerals sand commodity suite remains challenged with ongoing funding negotiations with the Australian government regarding the funding gap for the rare earth refinery.
- Our underweight position in **Xero (XRO)** detracted from performance in November. XRO shares ripped after delivering on the magic "rule of 40" earlier than expected. Whilst subscriber growth was lower than forecast, margins were stronger thanks to price rises, penetration of the payments product and continued strong cost control.
- The underweight holding in **Pro Medicus** detracted from performance through November as the stock outperformed driven primarily by sustained investor demand and after winning its largest contract to date – an A$330m deal with Trinity Health for 10 years.

Top 10 Holdings

Security Name	% of Fund
National Australia Bank	7.89
ANZ Bank	7.76
BHP Group	7.22
CSL	5.85
Telstra	5.27
Westpac Bank	4.18
QBE Insurance	4.08
Rio Tinto	3.16
Fortescue Metals	3.00
Woodside Energy Group	2.66

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	15	4.52%

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/ASX200 Accumulation index rose 3.79% in November as equity markets surged on the back of a Trump election victory. Share markets were buoyant in anticipation of corporate tax cuts. In local currency terms, the MSCI World Index rose 4.88% while the S&P 500 also rose by 5.83%. The Australian 10-year government bond yield decreased by 16 basis points over the month to 4.34%.

The Reserve Bank of Australia (RBA) opted to maintain its cash rate at 4.35% during its November meeting, marking one year since the rate was last increased to this level. This decision aligns with market expectations. The central bank highlighted that while headline inflation has dropped significantly and is projected to remain lower for a while, underlying inflation remains persistently high. This indicates the need for ongoing vigilance against inflationary risks, with the board not ruling out any options. The RBA emphasized that monetary policy would need to stay sufficiently restrictive until it is confident that inflation is consistently heading toward the target range. In terms of household consumption, the RBA observed signs of increased spending in Q3 but noted the potential risk that the recovery may be slower than anticipated, which could result in continued weak output growth and a more pronounced deterioration in the labour market.

Domestic data released throughout November indicates a resilient Australian economy. Australia's seasonally adjusted unemployment rate was 4.1% in October 2024, remaining unchanged for the third consecutive month and in line with market expectations. Retail sales in Australia rose by 0.60% in October 2024 compared to the previous month. Meanwhile, Australia's CoreLogic National Home Value Index (HVI) increased by just 0.1% in the final month of spring, marking the weakest nationwide result since January 2023. Although this is the 22nd consecutive month of growth, it may be nearing the end of this cycle.

The NAB Monthly Business Survey for October revealed that the business confidence index rose into positive territory for the first in three months and the highest level since January 2023, with notable improvements across most industries, except for construction and retail. Meanwhile, business conditions remained stable, sales increased, profitability held steady, and employment intentions declined.

The Westpac–Melbourne Institute Consumer Sentiment Index rose for the second consecutive month in November, reaching its highest level in two-and-a-half years, as the outlook on the economy and personal finances became more optimistic. However, the index has remained below 100 for almost three years, indicating that pessimists still outnumber optimists. The rebound in consumer confidence has been partly driven by easing concerns over future interest rate hikes. Matthew Hassan, Senior Economist at Westpac, remarked, "Consumers are feeling less pressure on their family finances, no longer worried about further interest rate increases, and are becoming more confident about the economic outlook."

The S&P/ASX200 Accumulation index rose in November. All sectors rose with information technology (10.45%), utilities (9.07%), financials (6.99%), consumer discretionary (6.89%), industrials (5.77%), communication services (5.40%) performing well, with health care (2.89%), real estate (2.51%), consumer staples (1.06% also performing well. The only sectors to experience falls were materials (-2.64%) and energy (-0.67%).

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 166.76 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).

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