TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
31 DECEMBER 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	-3.32	-4.21	0.69	0.27	2.17	0.90	2.76	-0.01	-0.63	1.93
Fund Distribution return	0.36	0.36	1.69	3.68	4.52	5.27	5.58	5.35	5.82	6.36
Total Fund return (net)*	-2.96	-3.86	2.38	3.95	6.69	6.16	8.33	5.35	5.20	8.28
Fund grossed up dividend yield				7.21	7.61	8.11	8.49	7.98	8.54	8.64
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				4.87	5.28	5.62	5.48	5.15	5.32	5.75
Excess yield				2.34	2.33	2.49	3.01	2.83	3.22	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 outperformed the broader equities market during the month (on a net basis).

The Fund has delivered a grossed up dividend yield of 7.21% 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 **Telstra** share price enjoyed a strong December and ended the year with the announcement of the sale of its 33% stake in Foxtel to sports rights company DAZN for cash and a 3% stake in DAZN Group.
- **Metcash** finished the year with a strong month. The December result beat expectations that were set in October across all divisions. Most importantly the weak volumes in the hardware division stabilised giving some optimism for the year ahead.
- **Coles** shares continued to bounce back from the effects of an Australian Competition and Consumer Commission (ACCC) charge back in September. Focus has returned to their strong trading and a positive response to tours of their new distribution facilities.
- Shares in poultry company **Inghams** continued their gradual recovery from the contract loss back in August. The company announced that CEO Andrew Reeves would be retiring and be replaced by NZ CEO Edward Alexander.

Key detractors from absolute performance over the month:

- The bank sector underperformed during the month of December in what was a falling market. **ANZ** and **National Australia Bank** fell. However, ANZ's underperformed its own sector as there is more negativity in this stock due to poor recent newsflow, as well as recent news that the CEO of ANZ will be retiring in mid-2025.
- **BHP** underperformed as the stock retraced due to the negative sentiment associated with China's economy continued to weigh down on the mining sector.
- **QBE Insurance** fell a bit more than the market during December. There were no real news to explain this, other than bond yields fell during the first half of the month, which may have negatively impacted the share price, as QBE's investment income on its premium float benefits from higher interest rates.
- **Newmont** (NEM) detracted from performance as at the end of October NEM announced an unexpected downgrade to medium term guidance which surprised the market. NEM's performance no longer appears correlated with the rising gold price. Nonetheless the company continues to deliver on its sales of non-core assets.

Top 10 Holdings

Security Name	% of Fund
National Australia Bank	7.45
BHP Group	7.15
ANZ Bank	7.03
CSL	5.93
Telstra	5.45
QBE Insurance	3.98
Westpac Bank	3.93
Rio Tinto	3.19
APA Group	2.99
Fortescue Metals	2.92

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	14.43	4.73%

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 weakened by -3.15% in December. Globally equity markets that surged on the back of a Trump election victory and possible tax cuts in November were subdued in December as rate cut expectations softened. In local currency terms, the MSCI World Index fell 1.92% while the S&P 500 also fell by 2.42%. The Australian 10-year government bond yield increased marginally by 2 basis points over the month to 4.36%.

The Reserve Bank of Australia (RBA) kept its cash rate at 4.35% during its final meeting of 2024, marking the ninth consecutive meeting without any change to borrowing costs, the decision was in line with market expectations. The central bank noted that while headline inflation has significantly eased and is expected to remain low for some time, underlying inflation remains too high, with a target of reaching the 2-3% range by 2026. The board expressed increased confidence that inflation is gradually moving towards the target. Recent data on economic activity has been mixed but aligns with forecasts. Regarding household consumption, any recovery may be slower than anticipated, resulting in continued modest output growth and a sharper decline in the labour market. The RBA emphasised that its decisions would continue to be guided by incoming data and the evolving risks, including geopolitical uncertainties.

Domestic data released throughout December continues to point to a resilient Australian economy. Australia's seasonally adjusted unemployment rate fell to 3.9% in November 2024, down from 4.1% in the previous three months, and well below market expectations of 4.2%. This marked the lowest unemployment rate since March. Gross Domestic Product (GDP) increased by 0.3% in the September quarter, marking the twelfth consecutive quarter of growth. Government spending and public capital investment were the primary contributors to this expansion. Over the year, Australia's economy grew by 0.8%, falling short of the expected 1.1% expansion, this was the slowest rate since the December quarter of 2020, which was impacted by COVID-19. Retail sales in Australia rose by 0.60% in October 2024, which was ahead of market expectations.

The household saving to income ratio rose to 3.2% in September, with gross disposable income growing faster than consumption, though it is still well below historical averages. The latest data does suggest households saved rather than spent the Stage 3 tax cuts introduced in July 2024. CoreLogic's Home Value Index (HVI) ended the year on a negative note, with values falling by -0.1% nationally in December, following a peak in October and flat growth in November. This marks the conclusion of a surprisingly strong and resilient growth period from February 2023 to October 2024, despite high interest rates, cost of living pressures, and reduced borrowing capacity.

The NAB Monthly Business Survey for November revealed a significant drop in the business confidence index, which fell from a near two-year high in the previous month, dropping below its long-term average due to declines in most industries, apart from construction. Business conditions also fell to their lowest levels since late 2020, with all sub-components: sales, profitability and employment at or below average.

The Westpac-Melbourne Institute Consumer Sentiment Index in Australia fell in December 2024, reversing two months of positive momentum. This decline reflects renewed pessimism about the economic outlook, with sub-indices tracking the "economic outlook for the next 12 months" and the "economic outlook for the next 5 years" both dropping, erasing roughly half of the gains made in the previous two months. Factors likely contributing to this shift include a disappointing Q3 GDP update, inflation concerns, and uncertainties surrounding rate cuts. Despite the overall decline, consumers reported continued improvements in "current conditions," which assess financial well-being and the timing of major household purchases.

The S&P/ASX200 Accumulation weakened during the month. Sector returns were largely negative during the month. Consumer staples (0.64%), utilities (0.38%), industrials (0.28%) and energy (0.25%) posted marginal positive returns. The remaining sectors fell with real estate (-6.08%), materials (-4.51%), information technology (-4.39%), financials (-4.15%) and communication services (-3.80%) posting the biggest falls and health care (-1.85%) and consumer discretionary (-0.76%) also falling but more moderately.

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 164.14 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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