TYNDALL AUSTRALIAN SHARE WHOLESALE FUND.

FUND UPDATE

AS AT
31 DECEMBER 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	-5.73%	-6.44%	0.86%	-5.88%	-5.18%	-3.27%	-1.56%	-0.22%	-0.32%	2.50%
Fund distribution return	1.71%	1.70%	1.83%	11.84%	10.35%	8.17%	7.62%	6.59%	7.32%	6.82%
Total Fund (net)	-4.03%	-4.75%	2.69%	5.96%	5.17%	4.90%	6.06%	6.37%	7.00%	9.32%
Benchmark return	-3.15%	-0.80%	6.93%	11.44%	7.41%	8.05%	8.51%	7.92%	8.03%	9.40%
Excess Return	-0.87%	-3.95%	-4.24%	-5.48%	-2.24%	-3.15%	-2.44%	-1.55%	-1.03%	-0.08%

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 **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.
- **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.
- The underweight holding in **James Hardie** contributed to performance as the delay in interest rate cuts in the US was seen as negative for the US housing market.

Key detractors from relative performance:

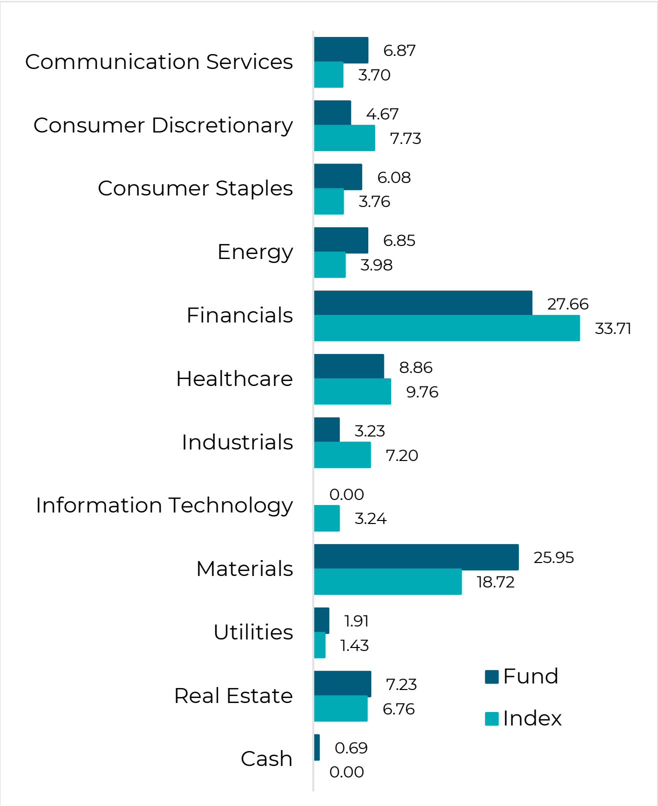
- The bank sector underperformed during the month of December in what was a falling market. However, **ANZ's** underperformed its own sector as there is more negativity in this stock due to poor recent news flow, as well as recent news that the CEO of ANZ will be retiring in mid-2025.
- Our overweight position in **Newmont (NEM)** detracted from performance during the month. 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.
- The underweight holding in **Transurban** detracted from performance due to a strong share price. The NSW government has made a first proposal for toll reform. Whilst the details weren't made public the market took some comfort from the fact that the government "reiterated its commitment to respecting the value of the contracts".
- **Seek** was weak during December as the Seek Employment Index fell again after stabilising in September and October, raising concerns about job listing volumes. Expectations were set very low in August, so this is more likely to cap upgrades rather than flag downgrades.

- The overweight position in **Iluka** detracted from performance. Despite some improving dynamics around mineral sands the company failed to address the markets concerns with its rare earths refinery update.

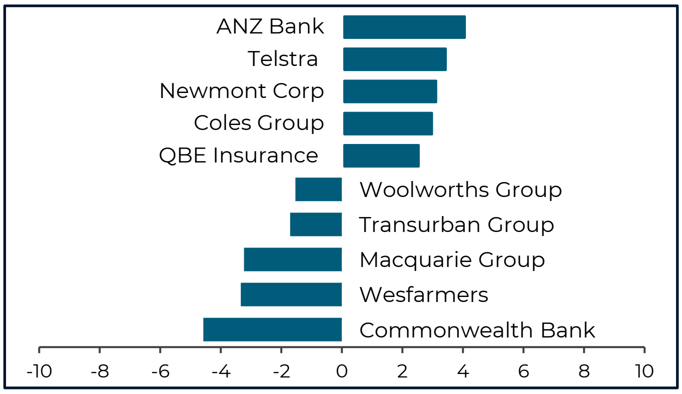
Top 10 Holdings

Security Name	% of Fund
BHP Group	10.40
ANZ Bank	7.60
CSL	6.42
Commonwealth Bank	5.97
Telstra	5.36
Westpac Bank	4.38
Coles Group	4.02
Woodside Energy Group	4.00
QBE Insurance	3.72
National Australia Bank	3.57

Sector Exposure (%)



Top 5 Over/Underweight Positions (%)



Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	14.89	4.13%
Benchmark	17.79	3.52%

Actual figures may vary. Forecasts are 12 months forward.
* Based on Broker Consensus forecast.

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 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

APIR Code
TYN0028AU

Portfolio Manager
Brad Potter, Jason Kim

Asset Allocation

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

Minimum Investment
AUD 10,000 or platform nominated minimums

Buy/Sell Spread
0.20%/0.20%

Management Cost
0.80% p.a.

Distribution Frequency
Half yearly

Fund Size
AUD 265.02 million

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