TYNDALL AUSTRALIAN SMALL COMPANIES FUND.

FUND UPDATE

AS AT
31 DECEMBER 2024

Fund Performance (%)

	1 Month	3 Months	6 Months	1 Year	3 Years p.a.	Since Inception p.a
Fund growth return	-3.43%	-1.11%	7.61%	5.28%	--	7.14%
Fund distribution return	0.22%	0.22%	0.24%	10.08%	--	6.23%
Total Fund (net)	**-3.21%**	**-0.88%**	**7.85%**	**15.36%**	**--**	**13.37%**
Benchmark return	-3.07%	-1.01%	5.46%	8.36%	--	9.89%
Excess Return	-0.14%	0.13%	2.39%	7.00%	--	3.48%

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 underperformed the benchmark over the month. The Fund returned -3.21% (net of fees) for the month, compared to the benchmark return of -3.07%. Since its inception in March 2023 the fund has returned 13.37% compared to the benchmark return of 9.89%.

Key contributors to relative performance:

- **Gold Road Resources** outperformed given its 20% holding in fellow listed gold miner De Grey Mining, who received a takeover offer at a material premium to its share price from Northern Star Resources.
- **Environmental Group's** share price partially recouped the previous month's losses post the earnings downgrade over an incorrectly repriced contract. We view the cause of the downgrade as a one off rather than representing any systemic issues, and believe management's shift to grow services earnings will eventually be recognised by the market through a multiple re-rate.

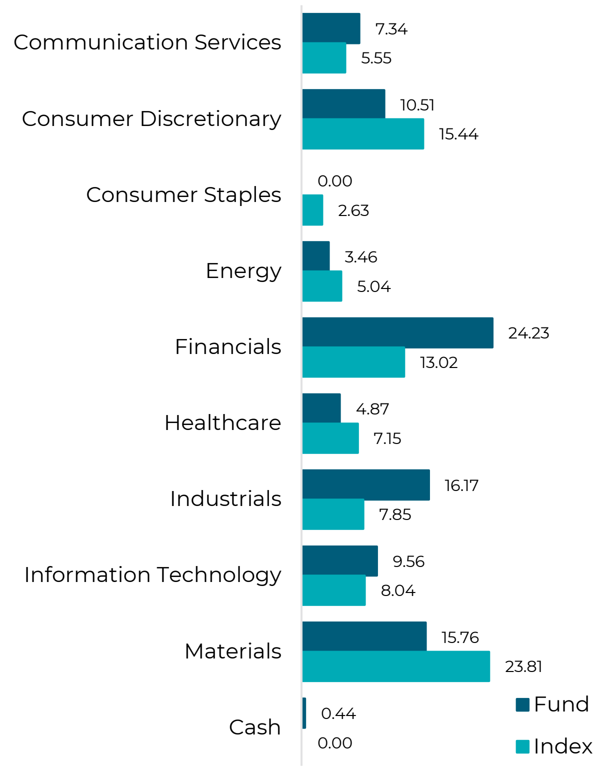
Key detractors from relative performance:

- **Mesoblast** outperformed after the company's drug, Ryoncil, received FDA approval in the US for pediatric patients. While the development is an exciting opportunity for Mesoblast, we believe the market is fully factoring in the opportunities given the company has a market cap of over $3bn, while generating $5.6m of revenue and delivering $88m of losses last financial year. Our underweight holding in Mesoblast detracted from performance.
- **Data 3** underperformed the market after announcing that the new Microsoft partner incentive pricing changes would impact gross profit by 3% if left unmitigated. In our view, the key to the announcement is the impact assumes zero mitigation. Pricing changes to partner incentive programs are commonplace and historically, Data 3 has demonstrated an excellent track record of minimizing the impact of these changes to their P&L.

Top 5 Holdings

Security Name	% of Fund
AUB Group	4.74
Jumbo Interactive	4.08
MAAS Group	3.68
Zip Co	3.67
Centuria Capital	3.54

Sector Exposure (%)



Fund Metrics

	Fund	Benchmark
FCF Yield	8.3%	7.0%
Price/Earnings	14.7x	15.1x
2 Year EPS Growth	24.3%	24.6%
ROE	12.5%	9.7%
Beta	0.9	
Tracking Error	6.3%	

Source: Quant Answer, Tyndall

Portfolio Changes

During the month we initiated a position in Web Travel Group, funded by exiting Beach Petroleum. We also topped up two high conviction positions in AUB Group and Zip Co.

Web Travel has been very weak post two downgrades in a short period of time. The company has blamed short term market factors for falling TTV/revenue margins i.e. price. After reviewing the results from global competitors, it appears that Web Travel's issues are company specific. We believe the company has now rebased earnings, and if so, the current multiple discount to the broader market is an attractive entry point for a company that should deliver above market growth.

Beach Petroleum was exited over concerns around continued delays and capex blowouts on its Waitsia project.

Insights from the Portfolio Managers

As 2024 draws to an end, we observe that despite the continued macro and geopolitical noise, markets continue to climb the wall of worry. This was no more evident than in the USA, where the S&P500 and Nasdaq finished up 25% and 29% respectively, driven by the "Magnificent Seven". Turning to Australia, the ASX200 returned a more muted but still decent 11%. Putting this in context, the average return of the ASX200 for the past 30 years has been a little over 9%. With earnings per share growth essentially flat, the returns were driven by dividends (4%) and a P/E expansion (7%). With elevated market multiples and benign forecasts for future earnings growth, investors should probably expect a weaker 2025.

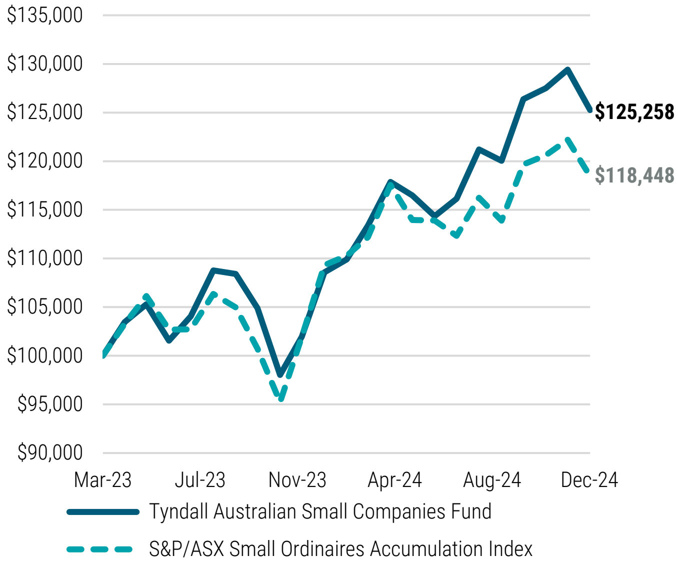
However, once we scratch beneath the surface, we can see a more optimistic picture for equity markets, and in particular small caps. Given the ASX/S&P Small Ords Accumulation Index returned 8% in 2024, and has underperformed the ASX100 large caps for the third straight year, the valuation starting point for small cap equities is much more attractive. The small cap index is trading at a 10% discount to its large cap counterparts when it has historically traded at a 5% premium. With a more favourable interest rate environment forecast for 2025, superior earnings growth, and sound balance sheets, we believe despite the continued macro economic and geopolitical risks, 2025 should provide a fruitful hunting ground for small cap stock pickers.

Finally, we would like to take this opportunity to thank our investors and supporters for their support over the year. Through a portfolio of quality stocks trading at a discount to their intrinsic value, we have been able to deliver a respectable 16%, or double the market's return. While we are pleased with the year, we would caution that the alpha delivered is at the upper end of our expectations. We can't promise 2025 will be an equally rewarding year, but can promise that we will apply the same efforts and disciplined process to deliver on the faith that investors have put in us.

ESG is incorporated into each and every valuation

Investment performance comparison of $100,000

After fees, since inception of the Tyndall Australian Small Companies Fund, March 2023 to December 2024.



For illustrative purposes only. Past performance does not guarantee future results, which may vary. The total net fund returns shown are post fees, pre tax using redemption prices and assume reinvestment of distributions. They do not take personal taxation into account. The comparison with the S&P/ASX Small Ordinaries Accumulation Index is for comparative purposes only. Note that the minimum initial investment amount for the Tyndall Australian Small Companies Fund is $10,000.

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 2.77 million

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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