

# TYNDALL AUSTRALIAN SHARE INCOME FUND.

## FUND UPDATE

AS AT  
31 JANUARY 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	1.86	9.92	0.39	0.83	3.49	4.08	-0.15	2.41	-0.12	2.15
Fund Distribution return	0.00	1.33	3.00	5.25	6.22	6.27	5.78	5.83	6.91	6.51
<b>Total Fund return (net)*</b>	<b>1.86</b>	<b>11.25</b>	<b>3.39</b>	<b>6.07</b>	<b>9.71</b>	<b>10.35</b>	<b>5.63</b>	<b>8.24</b>	<b>6.79</b>	<b>8.66</b>
<b>Fund grossed up dividend yield</b>				7.99	8.56	8.92	8.17	8.07	8.63	8.69
<b>S&amp;P/ASX 200 Accumulation Index Yield (grossed up for franking credits)</b>				5.69	6.00	5.68	5.22	5.30	5.47	5.78
<b>Excess yield</b>				2.30	2.56	3.23	2.95	2.77	3.16	2.91

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 7.99% 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 major banks continued to rally as the market started to price in the benefits of rate cuts, a more rational competitive environment and the low risk of a bad debt credit cycle. Our positions in **NAB**, **ANZ** and **Westpac** contributed to performance.

- QBE Insurance** outperformed during the month as bond yields started to recover after a meaningful decline in December. In addition, one of its closely followed offshore peers, US insurer Travelers (TRV), reported a positive Q4 result which improved sentiment in QBE.
- CSL** contributed performance following the release of The Plasma Protein Therapeutics Association (PPTA) data that demonstrated the continued normalisation of immunoglobulin supply, which is now growing at rates consistent with pre-COVID levels. More generally, market sentiment is positive about CSL heading into the 1H24 result.

Key detractors from absolute performance over the month:

- **BHP & Rio Tinto** gave back all the performance from December during January in line with the fall in iron ore prices. Iron ore remains at elevated levels above US\$130/t and thus the companies continue to generate substantial profits and cashflows.
- **Woolworths** was weak as markets chased stocks with exposure to lower interest rates. The sales growth advantage over Coles also appears to have reduced. The supermarket industry is under investigation due to high price increases, which raises the risk of future regulation or a less rational pricing market while the inquiries are underway.
- **Insignia Financials** underperformed during the month as negative sentiment continued to weigh on the stock despite the recent strength in the equity markets.
- **Reliance Worldwide** underperformed the market through January given continued uncertainty around its European and UK plumbing businesses.

## Top 10 Holdings

Security Name	% of Fund
National Australia Bank	7.63
ANZ Bank	7.62
BHP Group	7.43
Rio Tinto	5.82
Telstra	5.59
CSL	4.41
Westpac Bank	4.38
Woodside Energy Group	3.72
QBE Insurance	3.40
Ampol Limited	2.94

## Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	13.97	4.78%

Actual figures may vary. Forecasts are 12 months forward.

\* Based on Broker Consensus forecast.

## Franking Levels

Financial year ending	%
30 June 2023	(97% on income entitlements)

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/ASX 200 Accumulation Index increased by 1.19% over the month. In local currency terms the MSCI World Index rose by 1.79% over January 2024 while the S&P 500 also rose by 1.65%.

The Reserve Bank of Australia kept the cash rate at 4.35% at its December meeting. The decision to hold the rate steady was based on economic data received over the past month showing that inflation continued to decline but remained high.

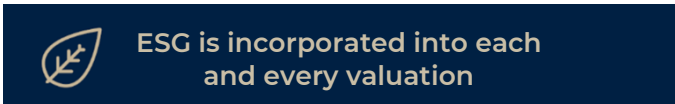
Domestic data releases through January were mixed. Australia's monthly CPI indicator rose 3.4% in the 12 months to December. Seasonally adjusted unemployment in December remained the same at 3.9%. Australian retail turnover fell 2.7 per cent (seasonally adjusted) in December 2023 following a rise in November due to the black Friday sales. This shift in spending from December to November seems to reflect the growing popularity of Black Friday sales and cost of living pressures encouraging consumers to search for bargains.

CoreLogic's national Home Value Index (HVI) continued its upward trajectory in January 2024 rising 0.4%. This was the 12th straight month of value rises. Overall CoreLogic's national Home Value Index (HVI) rose 8.1% in 2023, a significant turnaround from the -4.9% drop seen in 2022, but well below the 24.5% surge recorded in 2021.

Australia's NAB Monthly Business Survey in December noted that business conditions eased further. The decline in conditions was led by manufacturing and construction. Elsewhere, conditions remained weak in retail but remained elevated in the services sectors. "Overall, both confidence and conditions are softest in manufacturing, retail and wholesale which reflects that consumers have been cutting back on spending as time has gone on," said the NAB Chief Economist Alan Oster.

The Westpac Melbourne Institute Consumer Sentiment Index declined 1.3% to 81 in January from 82.1 in December. The survey noted that consumers remain concerned about cost-of-living pressures and high interest rates. This continues despite a notable easing in rate rise fears.

The majority of sectors performed well led by energy (5.22%), financials (4.96%), health care (4.28%), consumer discretionary (2.48%), communication services (1.66%), real estate (1.23%) and information technology (1.18%) with industrials and consumer staples performing in line at 0.01% and -0.01% respectively. Utilities and materials fell -1.50% and -4.80% respectively.



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

**APIR Code**  
TYN0038AU

**Portfolio Manager**  
Michael Maughan, Mal Whitten

**Asset Allocation\*\***  
Australian Shares 70% - 100%  
International Shares 0% - 10%  
Cash 0% - 20%

**Minimum Investment**  
AUD 10,000 or platform nominated minimums

**Buy/Sell Spread**  
0.20%/0.20%

**Management Cost**  
0.85% p.a.

**Distribution Frequency**  
Quarterly

**Fund Size**  
AUD 158 million

\*\* The Fund does not currently hold any stocks defined as 'manufacturers of cigarettes and other tobacco products' by GICS (Global Industry Classification Standard).

A green rotary telephone with a coiled cord, shown from a slightly elevated angle.

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