

TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
31 MARCH 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	2.46	4.48	8.19	6.34	0.60	2.80	10.47	1.72	-0.60	2.30
Fund Distribution return	0.84	0.85	2.20	5.72	6.19	6.36	6.31	5.73	6.87	6.51
Total Fund return (net)*	3.30	5.34	10.39	12.06	6.78	9.15	16.78	7.44	6.28	8.81
Fund grossed up dividend yield				7.77	8.36	9.04	8.11	8.09	8.67	8.75
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				5.37	5.80	5.73	5.21	5.28	5.47	5.83
Excess yield				2.41	2.57	3.31	2.90	2.81	3.20	2.92

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 7.77% 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:

- **QBE Insurance** outperformed during the month as positive sentiment stemming from their full year results continued. This in conjunction with the stock's very modest pricing, trading at roughly 10 times earnings versus the broader share market at 16.5 times, continued to drive an increase in the share price.

- **ANZ** and **National Australia Bank** outperformed during the month 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.
- **BHP** shares finally found some support in March as the iron ore price stabilised just above the US\$100 mark and the negative views on China softened.
- **ResMed** outperformed through March as the understanding of the Surmount-OSA risk improved, and fears that GLP-1 weight loss drugs would reduce (via the connection between obesity and sleep apnea) the market for ResMed's RMD devices, dissipated. Investors are becoming comfortable that this is largely built into the share price.

Key detractors from absolute performance over the month:

- **Aristocrat** underperformed during the month due to the strong performance of a competing product in the Australian market. The market is concerned whether the launch of the product in the US will pressure Aristocrat's share gains in that market.

There were no other significant detractors during the month.

Top 10 Holding

Security Name	% of Fund
ANZ Bank	7.82
National Australia Bank	7.82
BHP Group	6.89
Rio Tinto	5.49
Telstra	5.29
CSL	4.35
QBE Insurance	4.31
Westpac Bank	4.23
Woodside Energy Group	3.57
Aurizon Holdings	2.63

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	14.51	4.71%

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)	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/ASX 200 Accumulation Index increased by 3.27% over the month. In local currency terms the MSCI World Index rose by 3.39% over March 2024 while the S&P 500 also rose by 3.18%. The Australian 10-year government bond yield moved down 17 bps over the month to 3.97%.

In the Reserve Bank's Financial Stability Review for March 2024- it was noted that most Australian household and businesses have been able to withstand the pressure that inflation and rising interest rates placed on their finances. It was highlighted that conditions remain challenging in the commercial real estate market. With regards to businesses, the report noted that slowing demand, domestic input cost pressures and higher interest expenses are weighing on some businesses' profitability, particularly in the discretionary sectors. However, it was also noted that business balance sheets remained strong as most had benefited from the policy support during the pandemic and the rapid economic recovery that followed.

Domestic data releases through March were mixed. Australia's monthly CPI indicator rose 3.4% in the 12 months to February. Seasonally adjusted unemployment in February decreased from 3.9% to 3.7%. Australian retail trade rose 0.3% month on month in February 2024, but as Ben Dorber, the Australian Bureau of Statistic's head of retail statistics noted that apart from the one off impact of the 7 sold out Taylor Swift concerts in Sydney and Melbourne, underlying growth in retail spending was up only 0.1%. This followed a volatile period with a rise of 1.1% in January and a fall of 2.1% in December 2023.

CoreLogic's national Home Value Index (HVI) continued its upward trajectory in March 2024 rising 0.6%. 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 February noted that business confidence rose in February as the economy remained resilient and inflation continued to be a challenge despite slowing growth.

The Westpac Melbourne Institute Consumer Sentiment Index declined 1.8% to 84.4 in March from 86 in February. This followed February's gain which was the biggest monthly gain since April last year, when the RBA paused its rapid series of interest rate rises. This indicates that signs that consumer gloom which has dominated over the last two years might be starting to lift may have been short lived as consumers continue to be concerned about the economy's short term outlook.

All sectors except communication services (-0.57%) recorded gains during the month. Real Estate (9.29%), energy (5.33%), utilities (4.81%) and materials (3.66%) performed well followed by financials (3.11%), industrials (2.87%), information technology (2.87%), consumer staples (2.53%), health care (1.74%) and consumer discretionary (0.92%).



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 159.19 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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