YARRA CAPITAL MANAGEMENT

**Investment Commentary**
Quarter to 30 June 2021

# Yarra Australian Equities Fund

## Gross returns as at 30 June 2021

| | 1 month % | 3 months % | 1 year % | 3 years % p.a. | 5 years % p.a. | 10 years % p.a. | Since inception* % p.a. |
|---|---|---|---|---|---|---|---|
| Yarra Australian Equities Fund | 2.65 | 7.99 | 32.01 | 7.62 | 9.91 | 9.23 | 10.85 |
| S&P/ASX 200 Accumulation Index† | 2.26 | 8.29 | 27.80 | 9.58 | 11.15 | 9.25 | 9.55 |
| Excess return (before fees)‡ | 0.39 | -0.29 | 4.22 | -1.96 | -1.24 | -0.02 | 1.31 |

**Past performance is not a reliable indicator of future performance. Taxes payable by investors have not been taken into account.** The figures shown have been provided for illustrative purposes – they are unaudited and subject to change. The total returns shown are gross of all fees, meaning they do not reflect the deduction of any investment management fees which would reduce returns and assume reinvestment of all distributions. Investment in the fund is not available on a fee free basis and this should be factored into any analysis of past performance.

## Net returns as at 30 June 2021

| | 1 month % | 3 months % | 1 year % | 3 years % p.a. | 5 years % p.a. | 10 years % p.a. | Since inception* % p.a. |
|---|---|---|---|---|---|---|---|
| Yarra Australian Equities Fund | 2.58 | 7.75 | 30.84 | 6.63 | 8.90 | 8.21 | 9.85 |
| S&P/ASX 200 Accumulation Index† | 2.26 | 8.29 | 27.80 | 9.58 | 11.15 | 9.25 | 9.55 |
| Excess return (after fees)‡ | 0.32 | -0.53 | 3.04 | -2.95 | -2.25 | -1.04 | 0.30 |

**Past performance is not a reliable indicator of future performance. Taxes payable by investors have not been taken into account.** The figures shown have been provided for illustrative purposes – they are unaudited and subject to change. The total returns shown are prepared on an exit to exit basis – they include all ongoing fees and expenses and assume reinvestment of all distributions.

* Inception date Yarra Australian Equities Fund: July 1996

† The benchmark for the Yarra Australian Equities Fund has been amended since the Fund's inception. Effective 28 February 2008 the benchmark is the S&P/ASX 200 Accumulation Index, replacing the S&P/ASX 200 ex Property Accumulation Index Monthly. Further information on changes to the Fund's benchmark is available upon request.

‡ Excess return: The difference between the portfolio's return and the benchmark return.

### Market review

Australian equities shrugged off new COVID-19 outbreaks across the country to deliver strong returns in the June quarter.

The S&P/ASX 200 Accumulation Index increased by 8.3% in the three months to 30 June 2021, taking its 12-month return to 27.8%. The ASX outperformed global indices, with the MSCI World Index returning 7.7%, despite all major cities going into lockdown at one point during the quarter in response to COVID-19 cases.

Information Technology (+12.1%) rebounded in the period as the Australian 10-year bond yield retraced -26 bps to 1.5%, supporting the sector's valuation (given long-dated cash flows). Top contributors to the benchmark included Afterpay (APT, +16.4%), Altium (ALU, +38.6%) and Megaport (MP1, +66.2%).

Consumer Discretionary (+11.2%) also supported the benchmark during the period. Aristocrat Leisure (ALL, +25.9%) benefited from the re-opening US economy, while domestically 'COVID beneficiaries' outperformed amid the lockdowns, including Domino's Pizza (DMP, +25.2%), Wesfarmers (WES, +12.2%) and Tabcorp (TAH, +10.7%). In contrast, Webjet (WEB, -12.0%) and Flight Centre (FLT, -17.5%) declined sharply.

Other strong performers included Metals & Mining (+9.4%) amid higher commodity prices, Construction Materials (+16.0%) as housing activity continued to increase and Media & Entertainment (+14.3%) as advertising markets responded to stronger consumer demand.

Conversely, the only sectors to decline during the period were Energy (-2.8%) and Utilities (-4.5%). In the former, Beach Energy (BPT, -27.7%) downgraded production and reserves guidance while Woodside Petroleum (WPL, -7.5%) and Oil Search (OSH, -7.1%) declined despite Brent Crude rising 18% to US$75 per barrel. In Utilities, AGL Energy (AGL, -15.0%) lowered earnings guidance to the bottom half of its FY21 range and cut its dividend guidance to 75% of NPAT, down from 100%.

### Portfolio review

**Key Contributors**

Aristocrat Leisure (ALL, overweight) – the gaming company outperformed as its 1H21 results highlighted its leverage to the re-opening US economy and strong competitive position. Normalised profit after tax and before amortisation of acquired intangibles (NPATA) grew 12% y/y to $411.6mn, beating consensus by 42% and rising to just 2.5% below pre-COVID-19 levels. While earnings were strong across the board, Digital (45% of group EBIT) was the standout as social casino and social casual growth experienced a step change in growth from COVID. Our thesis remains premised on ALL's strong growth profile following the resolution of the COVID-19 crisis. ALL has a dominant position in land based games and is set to benefit from significant opportunities from Digital (55% of EBIT post-COVID), which offers a wide range of outcomes. Lastly, the stock screens as undervalued at 26.9 times forward earnings when considering the Industrials Ex-Financials trades at 27.9 times and ALL's superior long-term growth potential.

ResMed (RMD, overweight) – the sleep apnea device maker outperformed during the period despite delivering a weaker-than-expected 3Q21 result early in the period, with sales 3% below consensus forecasts. That being said, management commentary was positive ahead of the AirSense 11 product launching in 2H21 and pent-up demand returns amid the re-opening US economy. We continue to believe RMD's core sleep apnea division will rebound strongly on the grounds that demand for its products has been deferred, not lost. Our long-term investment thesis remains intact, with benefits accruing from a positive product cycle in the flow generator and mask segments. New software and integration with the customer is supporting device sales versus competitors.

Iluka Resources (ILU, overweight) – the mineral sands producer outperformed as its 1Q21 result highlighted a strong recovery in sales volumes. ILU reported zircon/rutile/synthetic rutile sales volumes increased +29% q/q to 216,000 tonnes and revenue increased +23% q/q to $345mn, significantly higher than consensus expectations. We remain overweight based on improving confidence that zircon and rutile markets are improving, with the current conditions exceeding our expectations amid the global economic recovery. We regard the industry structure as attractive (consolidated supply), with less pricing volatility compared to previous cycles. As a result, we see ILU's valuation as attractive (at 8.0 times EV/EBITDA).

National Australia Bank (NAB, underweight) – the bank underperformed during the period as an AUSTRAC investigation overshadowed a 1H21 result largely in line with expectations, with benign bad debts and lower costs offsetting softer trading. The bank announced that AUSTRAC had informed it of a "potential serious and ongoing non-compliance" with Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) laws. We remain underweight the bank. While NAB has strengthened its capital position through a highly dilutive, discounted $3.5bn capital raising and has increased collective provisioning, the bank is yet to take an AUSTRAC provision unlike its peers. Notwithstanding the improving trends for the bank, we see less scope for surplus capital compared to Westpac Bank (WBC) and ANZ Bank (ANZ). Further, NAB trades at a premium to ANZ (at 13.7 times versus 13.1 times forward earnings) despite its inferior outlook.

Woodside Petroleum (WPL, underweight) – the energy company underperformed despite higher oil prices during the period, with Brent Crude rising 18% to US$75 per barrel. Instead investors were focused on uncertainty around the leadership transition and project execution risk (Scarborough LNG, Burrup Hub). Notwithstanding WPL's high-quality existing assets and strong financial position, we remain underweight. Our preferred overweight remains Santos (STO), which has more compelling long-term growth opportunities.

**Key Detractors**

Incitec Pivot (IPL, overweight) – the explosives and fertiliser maker underperformed during the period as ongoing operational issues and a soft 1H21 result overshadowed stronger fertiliser prices. Management reported EBIT of $110mn for the period – 35% below consensus forecasts – as unplanned manufacturing outages, import constraints and flooding caused lower volumes, outweighing the benefit from higher commodity prices. Notwithstanding the disappointing operational issues, we remain overweight the company as we believe the risk is skewed to the upside at current levels (at 14.0 times forward earnings). Lead indicators suggest higher demand for key commodities (urea and DAP) will sustain current spot prices, resulting in consensus upgrades. Meanwhile, the explosives business is experiencing more stable pricing as mining demand normalises in North America.

APA Group (APA, overweight) – the gas pipeline operator underperformed during the period without any negative company-specific news. At its Investor Day during the period, management reiterated FY21 EBITDA guidance (to be replaced by dividend guidance from FY22) and its strategy to shift the business towards renewables and transmission as Australia's energy mix transitions. Our positive view remains premised on our belief that APA's valuation – at an EV/EBITDA of 11.5 times and with a 6.0% forecast dividend yield – is attractive when considering its exposure to increasingly important gas markets and dominant market share position. We view APA's balance sheet as very strong with $2bn of liquidity and no refinancing requirements until FY22, particularly considering the COVID-19 crisis has had minimal impact on earnings. In the medium term, we see dividend upside given the company's relatively high funding costs and conservative balance sheet position.

Link Administration (LNK, overweight) – the share registry company underperformed after the PEP/Carlyle consortium walked away from its takeover offer. The decision, in our view, highlights that the consortium was interested in the whole business, not only the base share registry business, which was looking increasingly unavailable as LNK pursued the IPO or trade sale process for PEXA (which listed on the ASX subsequent to period-end). We see compelling value in its base share registry business and electronic conveyancing business PEXA. Our positive view of PEXA is premised on infrastructure like characteristics of the property settlement exchange upon maturity supplemented by numerous growth opportunities in immediate adjacencies. Excluding PEXA, LNK trades at a forward P/E of 10-11 times, a substantial discount to peer Computershare (CPU) at 23.8 times.

Origin Energy (ORG, overweight) – the company underperformed after downgrading EBITDA guidance by 8% in its Energy Markets business during the period. Management lowered its range to $940-1,020mn from $1,000-1,040mn due to an adverse ruling on a gas dispute with Beach Energy (BPT) and ongoing electricity market weakness. However, at a group level APLNG partially offset this weakness, with ORG announcing it expects a FY21 cash distribution of more than $650mn from the plant amid higher-than-expected production and gas prices. We remain overweight the stock. Following its initiatives, ORG is now in a stronger position to withstand lower electricity wholesale prices, which we view as being at unsustainably low levels. The company has >$4bn of liquidity – which can cover all debt maturities in the next 36 months – while APLNG has a lower distribution breakeven of US$27-31 per barrel and $1.2bn in cash (as at 30 June 2020).

ANZ Bank (ANZ, overweight) – the bank retraced prior outperformance following a mixed 1H21 result, in which larger-than-expected provision releases offset lower markets income. The bank also reiterated its aspiration to achieve a cost base of $8bn by the end of FY23 and a dividend at the top end of forecasts (70 cents per share). In our view ANZ is positioned strongly for an earnings and dividend recovery post-COVID, with capital management initiatives likely as bad debts turn out to be more benign than feared. While there are challenges to its outlook – including persistent top-line pressures from lower interest rates – the bank is able to offset these pressures by cutting costs at a superior rate to peers, and management remains committed to its $8bn expense target (requiring a $600mn cost reduction ex-investment). We see ANZ's valuation as attractive at 13.1 times forward earnings, particularly relative to NAB and CBA (at 13.7 and 19.4 times respectively).

**Key Purchases**

ResMed (RMD) – we increased our position in the company during the period. We continue to believe RMD's core sleep apnea division will rebound strongly on the grounds that demand for its products has been deferred, not lost. Our long-term investment thesis remains intact, with benefits accruing from a positive product cycle in the flow generator and mask segments. New software and integration with the customer is supporting device sales versus competitors.

IGO Limited (IGO) – we increased our position in the lithium-nickel miner during the period. Our thesis is premised on the miner's recent US$1.4bn Greenbushes acquisition and its existing portfolio of high-quality assets. We support the acquisition for several reasons. Not only does it give IGO exposure to a high-quality, long-dated asset (>20 years mine life), but it also completes IGO's suite of battery commodities with the company already producing nickel, copper and cobalt. We also think the purchase price was reasonable, with Greenbushes likely to be NPV and EPS accretive earlier than FY23. We also hold a positive view of IGO's Nova asset – a world-class reserve which supports an increasing production profile.

Latitude Group (LFS) – we took part in the IPO during the period, with our positive view of the consumer finance business based on several factors. Firstly, we saw its valuation as attractive at 9.7 times our estimate of FY22 earnings, which we believe more than compensates for its small adjusted free float (28%) and selling overhang, and attractive versus peers on an average multiple of 11 times. Secondly, we see LFS as positively leveraged to the strengthening Australian consumer, both through sales and credit expenses. Lastly, we see LFS as a beneficiary of COVID-affected categories including travel services, which we don't believe is captured in market expectations.

**Key Sales**

Vocus Group (VOC) – the telecommunications company was taken over during the period following shareholder approval, de-listing from the ASX. The takeover bid supported our investment thesis on the stock; namely that the combination of good management, improving fundamentals and quality of the asset base will result in significant upside.

APA Group (APA) – we trimmed our position to fund other opportunities but remain overweight the gas pipeline operator. Our positive view is based on our belief that APA's valuation – at an EV/EBITDA of 11.5 times and with a 6.0% forecast dividend yield – is attractive when considering its exposure to increasingly important gas markets and dominant market share position. We view APA's balance sheet as very strong with $2bn of liquidity and no refinancing requirements until FY22, particularly considering that the COVID-19 crisis has had minimal impact on earnings. The company will actually generate additional cash flows as weakness in oil end-markets reduces capex requirements, further protecting the dividend trajectory. In the medium term, we see dividend upside given the company's relatively high funding costs and conservative balance sheet position.

Deterra Royalties (DRR) – we exited our position in the iron ore royalties company during the period, following recent outperformance. We continue to hold a positive view of DRR's Mining Area C (MAC) royalty, which entitles the company to receive 1.232% of iron ore revenue generated from BHP Group (BHP)'s Mining Area C mine and, in addition, an annual capacity payment of $1mn for every million tonne increase in exports from the area. However, we believe iron ore's recent strength – rising to almost US$200 per tonne – is unsustainable into the medium term. In this context, we do not see DRR's headline valuation (at a 12-month forward EV/EBITDA of 11.6 times) as attractive. Within Metals & Mining we prefer Iluka Resources (ILU) and IGO Limited (IGO), which offer exposure to commodities with more attractive long-term fundamentals.

**Key Active Overweights**

ANZ Bank (ANZ) – we are overweight ANZ on the grounds that the bank is positioned strongly for an earnings and dividend recovery post-COVID, with capital management initiatives likely as bad debts turn out to be more benign than feared. While there are challenges to its outlook – including persistent top-line pressures from lower interest rates – the bank is able to offset these pressures by cutting costs at a superior rate to peers, and management remains committed to its $8bn expense target (requiring a $600mn cost reduction ex-investment). We see ANZ's valuation as attractive at 13.1 times forward earnings, particularly relative to NAB and CBA (at 13.7 and 19.4 times respectively).

Aristocrat Leisure (ALL) – our investment thesis is premised on ALL's strong growth profile following the resolution of the COVID-19 crisis. ALL has a dominant position in land based games (45% of EBIT post-COVID) and is set to benefit from significant opportunities from Digital (55% of EBIT post-COVID), which offers a wide range of outcomes. Lastly, the stock screens as undervalued at 26.9 times forward earnings when considering the Industrials Ex-Financials trades at 29.2 times and ALL's superior long-term growth potential.

Westpac Bank (WBC) – our overweight position in WBC is premised on a better-than-expected earnings and dividend recovery post-COVID. We expect bad debt expenses to be close to zero over the next 18 months net of provision releases, driving double-digit earnings upside and capital management initiatives from FY22. While we see WBC's recently announced cost base target of $8bn by FY24 as challenging (given embedded inflation), we expect that achieving even half of it will be a reasonable outcome. WBC trades at 14.3 times forward earnings with a 4.7% dividend yield, well below peer Commonwealth Bank (CBA) at 19.4 times.

ResMed (RMD) – we continue to believe RMD's core sleep apnea division will rebound strongly on the grounds that demand for its products has been deferred, not lost. Our long-term investment thesis remains intact, with benefits accruing from a positive product cycle in the flow generator and mask segments, with the AirSense 11 launching formally in December this year. New software and integration with the customer is supporting device sales versus competitors. While RMD trades at a headline 43 times forward earnings, in reality we see it as significantly lower given meaningfully better-than-expected NPAT outcomes to come in the medium term.

BHP Group (BHP) – we see the company's valuation as attractive in the context of firm iron ore prices and China returning to production following COVID-19. BHP still trades on a 12-month forward P/E of 9.3 times, an EV/EBITDA of 4.3 times, and generates a FCF yield of >10%. Its balance sheet is robust (gearing ~15%), with management carrying out a well-defined capital allocation strategy. More broadly, we view BHP as a relatively defensive Metals & Mining exposure, with a diversified portfolio and clear strategy of capital allocation.

**Key Active Underweights**

CSL (CSL) – we remain underweight CSL based on its forward valuation (42.0 times P/E and 28.2 times EV/EBITDA on a 12-month forward basis), which we believe appropriately captures the earnings outlook at this time. The growth outlook for CSL's key plasma products remains robust, with the company continuing to strengthen its relative market position through long-term investment in capacity, product innovation and collection centres.

National Australia Bank (NAB) – we remain underweight the bank. While NAB has strengthened its capital position through a highly dilutive, discounted $3.5bn capital raising and has increased collective provisioning, the bank is yet to take an AUSTRAC provision unlike its peers. Notwithstanding the improving trends for the bank, we see less scope for surplus capital compared to Westpac Bank (WBC) and ANZ Bank (ANZ). Further, ANZ trades at a more appealing valuation (at 13.1 times forward earnings).

Wesfarmers (WES) – our underweight position remains premised on the view its divisions, outside Bunnings (62% of operating income), face significant earnings headwinds. Officeworks (5% of operating income) and the department store industry (including discount department stores Target and Kmart, 25% of EBIT) face increasing competition and excess physical store capacity. Furthermore, the company's Industrials segment (9% of EBIT) comprises cyclical, lower quality businesses. As such, we don't find the valuation attractive at 28.4 times forward earnings.

Macquarie Group (MQG) – we remain underweight the stock based on the view the recent earnings uplift is driven by its lower quality and highly cyclical businesses, which we see as unsustainable into the medium term. We see significant downside risk to consensus forecasts from FY22, which currently reflects a strong contribution from lumpy items including gains on sale, performance fees and low loan-loss provisions. Meanwhile, we do not expect growth in the more stable business to be able to offset this. As a result, we regard MQG's headline forecast P/E multiple of 18.5 times consensus forward earnings as unattractive.

Woolworths (WOW) – our underweight position reflects concerns at the stock's stretched valuation at 28.9 times forward earnings, which in our view fully captures recent positive momentum in WOW's supermarket business (85% of group earnings) and the more supportive competitive environment. Furthermore, the outlook for discount department store Big W remains challenged, particularly considering the threat of online and the need to rationalise excess store capacity. Lastly, WOW has announced plans to combine Endeavour Drinks and pubs with pokies company ALH Group and de-merge from the group. The proposal does not alter our view on the stock, given our concerns are focused on the outlook for the core supermarkets and discretionary retail businesses.

## Market outlook

The recovery in the Australian economy continues to exceed consensus expectations. Real GDP contracted 2.5% in calendar 2020, however strong sequential growth in 2H2020 and 1Q21 has seen our economy already exceed pre-pandemic levels.

The strength of the economic recovery is particularly evident via record levels for business conditions, business confidence and the strength in employment growth. The level of employment already exceeds pre-COVID levels, and after peaking at 7.5% in July 2020 the unemployment rate has declined sharply to 5.1% in May 2021.

Although wage rates remain subdued, the recovery in labour market income has been sufficient to offset the gradual withdrawal of temporary fiscal support. Moreover, the accumulation of $125bn in excess household saving, in concert with strong asset price gains, leaves the consumer uniquely positioned to underpin economic growth in 2021-2022. Dwelling investment is set to provide solid support for economic growth over the next 18 months following a surge in demand for new housing construction, partly in response to the Government's Homebuilder subsidy. We expect the global economy to expand 6.5% and the Australian economy to expand 6% in 2021.

We continue to expect US inflation to surprise on the upside over the remainder of 2021 and for policy makers to resist pressure to normalise interest rates. This may see bond yields continue to rise at a moderate rate in coming months, however, we are cognisant that global business surveys will likely peak around mid-2021 which may limit the adjustment in bond yields, at least until the Federal Reserve signals it is preparing to taper its asset purchases. We do not expect this to happen until late 2021 at the earliest.

The A$/US$ should continue to be well supported by global reflationary forces, including robust commodity price trends. We continue to expect the A$/US$ to appreciate to the 81-83c range by the end of calendar 2021.

We see significant value in certain sectors but believe others to be overvalued based on our earnings and cash flow expectations. We are most overweight stocks within the Communication Services, Utilities and Consumer Discretionary sectors, and are underweight Real Estate, Consumer Staples and Financials.

## Sector allocation

| | Portfolio % | Benchmark % | Active % |
|---|---|---|---|
| Communication Services | 12.51 | 4.17 | 8.34 |
| Consumer Discretionary | 10.00 | 8.18 | 1.82 |
| Consumer Staples | 1.53 | 5.18 | -3.65 |
| Energy | 2.99 | 3.02 | -0.03 |
| Financials | 26.72 | 30.02 | -3.30 |
| Health Care | 8.83 | 10.15 | -1.31 |
| Industrials | 4.48 | 6.65 | -2.17 |
| Information Technology | 5.57 | 4.18 | 1.39 |
| Materials | 19.48 | 20.29 | -0.81 |
| Real Estate | 2.67 | 6.67 | -4.00 |
| Utilities | 3.86 | 1.50 | 2.36 |

## Top 5 holdings

| | Portfolio % | Benchmark % | Active % |
|---|---|---|---|
| BHP | 9.81 | 6.97 | 2.84 |
| Commonwealth Bank of Australia | 7.71 | 8.63 | -0.92 |
| Westpac Banking | 7.61 | 4.61 | 2.99 |
| ANZ Banking | 7.58 | 3.90 | 3.67 |
| Telstra | 4.71 | 2.18 | 2.53 |

## Key active positions

| Overweights | Portfolio % | Benchmark % | Active % |
|---|---|---|---|
| ANZ Banking | 7.58 | 3.90 | 3.67 |
| Aristocrat Leisure | 4.60 | 1.34 | 3.26 |
| Westpac Banking | 7.61 | 4.61 | 2.99 |
| **Underweights** | | | |
| CSL | 1.83 | 6.33 | -4.50 |
| National Australia Bank | 0.00 | 4.21 | -4.21 |
| Wesfarmers | 0.00 | 3.27 | -3.27 |

Portfolio holdings may not be representative of current or future investments. The securities discussed may not represent all of the portfolio's holdings and may represent only a small percentage of the strategy's portfolio holdings. Future portfolio holdings may not be profitable.

## Income and growth

| | 1 year % | 3 years % p.a. | 5 years % p.a. | 10 years % p.a. |
|---|---|---|---|---|
| Growth return | 8.94 | -9.32 | -2.90 | -0.80 |
| Distribution return | 21.90 | 15.95 | 11.80 | 9.01 |

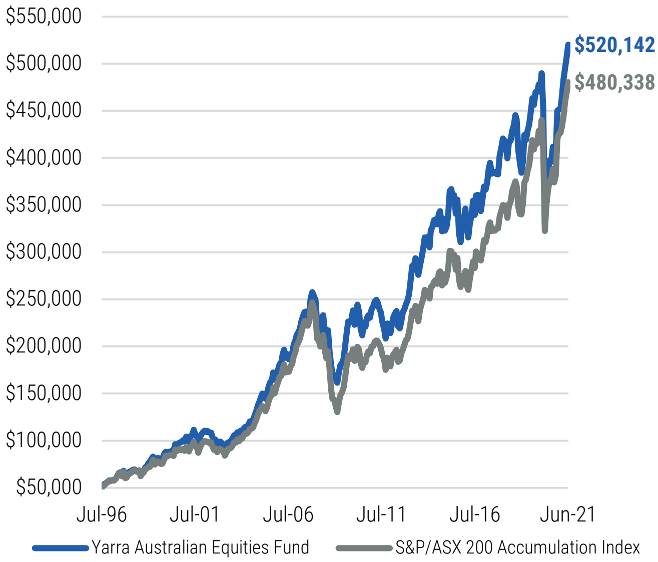
The Growth Return is measured by the movement in the Fund's unit price (inclusive of fees), ex-distribution, and can be positive or negative as the unit price can fluctuate with changes in the underlying market value of the Fund's assets. The Distribution Return is the amount that is paid to unitholders by way of income distribution in a 12-month period. It does not include capital distributions.

## Features

| | | |
|---|---|---|
| Investment objective | To achieve medium-to-long term capital growth through exposure to companies listed on the Australian Securities Exchange. In doing so, the aim is to outperform the S&P/ASX 200 Accumulation Index over rolling 3-year periods. | |
| Recommended investment time frame | 5 - 7 + years | |
| Fund inception | July 1996 | |
| Fund size | A$125.7 mn as at 30 June 2021 | |
| APIR codes | JBW0009AU | |
| Estimated management cost | 0.90% p.a. | |
| Buy/sell spread | +/- 0.15% | |
| Platform availability | AMP Flexible Lifetime<br>AMP PortfolioCare<br>AMP Wealthview<br>ANZ Grow Wrap<br>Asgard<br>BT Panorama<br>BT Wrap<br>Colonial FirstWrap<br>Freedom of Choice<br>Hub24<br>IOOF Pursuit Select | Macquarie Wrap Accumulator<br>Macquarie Wrap Consolidator<br>Netwealth<br>North<br>Oasis<br>OnePath<br>PortfolioOne<br>PowerWrap<br>SmartWrap<br>Wealthtrac |

## Investment performance comparison of $50,000

After fees, since inception of the Yarra Australian Equities Fund, July 1996 to June 2021.




For illustrative purposes only. Past performance does not guarantee future results, which may vary. The total net fund returns shown are prepared on an exit to exit basis (i.e. they include all ongoing fees and expenses and assume reinvestment of all distributions). They do not take personal taxation into account. The comparison with the S&P/ASX 200 Accumulation Index is for comparative purposes only. Index returns do not allow for transactional, management, operational or tax costs. An index is not managed and investors cannot invest directly in an index. Note that the minimum initial investment amount for the Yarra Australian Equities Fund is $10,000.

## Applications and contacts

Investment into the Yarra Australian Equities Fund can be made by Australian and New Zealand resident investors only.

**Website** www.yarracm.com

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