TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
31 OCTOBER 2021

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	-1.72	-1.31	1.09	25.23	-1.42	1.75	-0.74	0.34	-0.72	2.36
Fund Distribution return	0.00	0.91	2.88	5.77	4.62	5.80	5.96	7.08	7.52	6.49
Total Fund return (net)*	-1.72	-0.40	3.97	31.00	3.21	7.55	5.22	7.42	6.80	8.85
Fund grossed up dividend yield				9.52	8.00	9.36	9.02	8.80	8.94	8.80
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				4.83	4.56	4.99	5.19	5.36	5.60	5.81
Excess yield				4.70	3.44	4.37	3.83	3.44	3.34	3.00

Source: BNP Paribas. 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). YIML 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 April 2011 0.250%; TLS October 2014 0.295%; TLS October 2016 0.153%; RIO November 2017 0.011%; RIO November 2018 0.459%; BHP December 2018 0.061%; WOW May 2019 0.068%.

The Fund underperformed the broader equities market during the month (on a net basis).

The Fund has delivered a grossed up dividend yield of 9.52% 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:

- **Commonwealth Bank** outperformed during the month having benefitted from a rotation out of Westpac following the release of Westpac's disappointing results.
- **GUD Holdings** contributed to performance. As a stock that will benefit from the economy re-opening, GUD started to outperform in October as lockdowns ended. The announcement of a small but synergistic acquisition also led to further outperformance.
- **National Australia Bank** (NAB) performed well during October, as the market was expecting an uneventful results announcement from NAB in early November, unlike the ANZ and Westpac results which have been generally disappointing.
- **Orora** outperformed following positive commentary at the AGM around trading conditions in Australia and the US. The announcement of an AUD150m buy-back was unexpected and arguably

reflects heightened discipline around its potential US acquisition strategy.

- **Origin Energy** contributed to performance. A positive data point on Octopus Energy in late September, sustained high oil prices, global gas shortages, improving electricity futures prices and a partial sell down of APLNG all contributed to improved confidence in Origin's outlook.

Key detractors from absolute performance over the month:

- **Aurizon** underperformed in October as the market punished the stock for making an acquisition in which the company only wants one third of the assets. The market did not have patience for them taking on the task of reselling a thermal coal haulage business worth around AUD 1 billion.
- **Suncorp** underperformed during the month as it fell in sympathy with IAG, after ASIC announced it would commence civil penalty proceedings against IAG over policyholder loyalty discount mispricing issues. Compounding this was an unusually high level of storm activity during the month, which had the market worried about potentially large claims.
- **BHP** underperformed as iron ore exposed stocks declined with the iron ore price falling over the period, on lower Chinese steel production and rising ore inventories.
- **Inghams** underperformed despite a lack of material news. Strong global wheat prices have been dampening investor sentiment as they translate to a higher cost base for the business.
- **IOOF** underperformed after providing a quarterly update on funds under management and administration that disappointed the market. The continued weakness in ANZ flows may be denting the market's confidence in IOOF's ability to turn around both the ANZ and MLC businesses.

Top 10 Holdings

Security Name	% of Fund
Westpac Bank	7.66
ANZ Bank	7.63
BHP Group	6.55
National Australia Bank	6.25
Telstra	5.01
Downer EDI	3.32
Coles Group	3.18
Woodside Petroleum	2.97
Suncorp Group	2.95
Woolworths Group	2.94

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	15.25	4.79

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

Franking Levels

Financial year ending		%
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
30 June 2016	(67% on income entitlements)	71.53
30 June 2015	(78% on income entitlements)	49.40

Market Commentary

The S&P/ASX 200 Accumulation Index returned -0.1% during the month. Australian equities generally underperformed global markets in October. In the major developed markets, the US S&P 500 was up 7.0%, the DJ Euro Stoxx 50 was up 5.2% and the UK's FTSE 100 was up 2.2%. Japan's Nikkei 225 bucked the trend, to be down 1.9% (in local currency terms).

Monetary policy settings remained unchanged in October, as the Reserve Bank of Australia (RBA) indicated it would maintain both the cash rate and 3 year yield target at 0.10%, but by month-end appeared to have abandoned the 3 year target. The RBA also reaffirmed its government bond purchase program, intending to purchase AUD 4 billion a week until at least mid February 2022.

Domestic economic data releases in October were mixed. Q3 headline inflation rose 0.8% for the quarter, with the annual rate moderating to 3.0% which was slightly below consensus expectations. Employment fell by 128,000 positions in September, largely in line with expectations given the lockdowns in place at the time. The unemployment rate ticked up to 4.6%. The NAB Survey of Business Conditions fell 9 points, to 5 in September. However, business confidence rebounded from -6 to 13 as the path out of lockdown became clearer. Retail sales fell 1.7% in August, which was in line with expectations. National CoreLogic dwelling prices saw another consecutive monthly rise in October, ending the month up 1.5%, however there are signs that momentum is slowing.

Sector returns were mixed in October. The best performing sectors were information technology (2.1%), health care (1.0%), financials (0.8%), consumer discretionary (0.3%) and real estate (0.2%) all outperformed the broader index. Materials (-0.5%), utilities (-0.6%), communication services (-1.1%), consumer staples (-2.3%) and energy (-2.7%) all underperformed the broader index, while industrials (-3.2%) was the worst performing sector.

The AGM season is underway and has started well with more positive than negative surprises. The re-opening of the economy has seen companies negatively impacted by lockdowns now experiencing a sales recovery. Many companies are facing supply chain challenges and rising costs. Given shipping delays, many retailers have brought forward orders to ensure sufficient inventory for the lead up to Christmas, but higher freight and inventory holding costs are a margin headwind.

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 Investment 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
0.25%/0.25%

Management Cost
0.85% p.a.

Distribution Frequency
Quarterly

Fund Size
AUD 154.80 million

** 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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