TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
31 OCTOBER 2022

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	5.44	0.86	-8.21	-3.73	9.80	-2.19	0.35	-1.34	0.24	1.92
Fund Distribution return	0.00	0.18	3.35	6.82	6.41	5.36	6.07	6.13	7.01	6.51
Total Fund return (net)*	5.44	1.04	-4.86	3.09	16.21	3.17	6.42	4.79	7.25	8.43
Fund grossed up dividend yield				8.89	9.20	8.30	9.24	8.99	9.06	8.81
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				6.21	5.52	5.11	5.29	5.40	5.58	5.83
Excess yield				2.67	3.69	3.19	3.95	3.60	3.48	2.98

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 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 8.89% 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 banking sector significantly outperformed the broader market due to the realisation that net interest margin expansion was greater than expected and will lead to earnings upgrades. Our holdings in **Westpac Banking**, **ANZ Banking**, **National Australia Bank** and **Commonwealth Bank** all contributed to performance. Banks are currently one of the few sectors that are in an earnings upgrade cycle.
- **Woodside Energy** outperformed, benefiting from a rebound in oil prices, which has come off recent lows in October. Oil prices strengthened on announced production cuts from OPEC+, though this was later tempered by concerns China’s ongoing lockdowns would further impact demand. In addition, Woodside reported solid quarterly results highlighted by strong realised LNG prices.

Key detractors from absolute performance over the month:

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- **BHP** and **RIO Tinto** underperformed, weaker on the back of declining iron ore prices, driven lower by Chinese demand concerns. Which have come about due to uncertainty about China's ongoing COVID lockdown strategy, as well as weak macro data, particularly around the steel intensive property sector.
- **Woolworths** underperformed as sales have started to normalise, having benefitted from strong trading conditions during COVID for the past two years. Costs are also running higher than expected. The FY23 result will benefit less from inflation as volume normalises and costs creep higher, leading to a reduction in earnings expectations.
- **OZ Minerals** underperformed, with the share price falling below the BHP indicative offer price, on a weaker than expected September quarterly report. Production was below and costs above market expectations, there was also broad weakness in the base metal miners.
- **Iluka Resources** underperformed with the stock selling off on market concerns around peer outlook statements, which highlighted weakness in European pigment demand due to high energy costs and weakness in Chinese property. Whilst these issues are valid around demand, declining mineral sand supply and Iluka's strong market position should see realised prices remain stable. In addition, Iluka's growing position in rare earths provides a diversification and continues to be underappreciated by the market.

Top 10 Holdings

Security Name	% of Fund
Westpac Bank	7.89
ANZ Bank	7.78
BHP Group	7.16
Woodside Energy Group	5.14
Telstra	4.94
National Australia Bank	3.61
Rio Tinto	3.31
Coles Group	2.69
Insurance Australia Group	2.64
Aurizon Holdings	2.64

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	12.1	5.60%

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

Franking Levels

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

Market Commentary

The S&P/ASX 200 Accumulation Index rose 6.04 % over the month.
Australian equities were mid-pack relative to other global equities in October. Global developed markets rebounded strongly, as investors became optimistic that central bank tightening was close to done. All major markets finished the month up. In local currency terms the DJ Euro Stoxx 50 returned 9.1%, the US S&P 500 returned 8.1%, the UK's FTSE 100 returned 3.0% and Japan's Nikkei 225 returned 6.4%.
Monetary policy settings continued to tighten as the Reserve Bank of Australia (RBA) raised the cash rate target by another 25 bps, to 2.60% in October. While the pace of increases slowed, the RBA also flagged further increases in the months ahead, as part of the process of normalising monetary conditions, albeit subject to future economic data. The board remains committed to ensuring inflation returns to the target range of 2-3%.
The run of strong domestic data releases continued through October. Retail turnover posted the ninth straight month of growth, up 0.6%. The annual inflation rate in Australia climbed to 7.3% in Q3 of 2022 from 6.1% in Q2, above market forecasts of 7.0%. This was the highest rate since Q2 1990, boosted by higher prices for new dwelling construction, automotive fuel, and food. The Producer Price Index for the September quarter also showed continued pressure, particularly in building and engineering construction and electricity, gas and water.
The NAB Survey of Business Conditions strengthened further in September, on the back of very high trading conditions and are now above their pre-COVID peak. While Business Confidence eased but remains around the long-run average.
Looking specifically for signs of weakness – housing finance commitments in August continued to fall, employment softened ever so slightly with a net reduction of 8,000 positions and labour cost pressures eased modestly. CoreLogic's National Home Value

Index recorded a sixth consecutive month of value declines, down 1.2% in October.

Sector returns were mostly positive in October. The best performing sectors were financials (12.2%), real estate (9.9%) and energy (9.4%). Consumer discretionary (8.9%), utilities (7.2%) and industrials (6.5%) also outperformed the broader index. Information technology (5.4%), communications services (4.9%), healthcare (0.6%) underperformed the index. Materials (-0.1%) and Consumer staples (-0.2%) were the worst performing sectors..

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

Buy/Sell Spread
0.20%/0.20%

APIR Code
TYN0038AU

Management Cost
0.85% p.a.

Portfolio Manager
Michael Maughan, Mal Whitten

Distribution Frequency
Quarterly

Asset Allocation**

Australian Shares	70% - 100%
International Shares	0% - 10%
Cash	0% - 20%

Fund Size
AUD 148.83 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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