TYNDALL AUSTRALIAN SHARE INCOME FUND.

FUND UPDATE

AS AT
30 SEPTEMBER 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	-5.70	-1.32	-11.76	-10.27	7.75	-3.62	-2.68	-1.69	0.05	1.54
Fund Distribution return	0.17	0.18	3.22	6.36	6.29	5.28	5.88	6.11	7.00	6.53
Total Fund return (net)*	-5.53	-1.14	-8.54	-3.91	14.04	1.66	3.21	4.42	7.05	8.07
Fund grossed up dividend yield				11.40	9.25	8.32	9.31	9.05	9.07	8.87
S&P/ASX 200 Accumulation Index Yield (grossed up for franking credits)				6.20	5.51	5.10	5.29	5.39	5.58	5.87
Excess yield				5.21	3.75	3.21	4.02	3.66	3.49	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 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 11.40% 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:

- **BHP** and **Fortescue Metals** performed well in September against broad market weakness and a highly volatile commodity market, mostly weaker on poor Chinese macro-economic news. However, iron ore was an exception with the steel making raw material remaining relatively stable providing support for the bulk producers.

Key detractors from absolute performance over the month:

- **Ramsay Health Care** detracted from performance. The share price fell away following the failed takeover by the KKR-led consortium. In addition, the poor operating environment for hospital operators, with COVID-related disruptions are depressing earnings, we do not expect such conditions to persist.
- **Westpac** although outperforming the market on the back of expectations of improving net interest

margins, the stock fell as the broader market was sold off.

- **Lendlease** has a large exposure to offshore developments. In particular it is exposed to weaknesses in the UK economy. Its construction and development operations are dependent on economic conditions. With the growth outlook worsening, Lendlease was sold off.
- **Insignia Financial** detracted from performance, the company's earnings are exposed to asset market price fluctuations. With the broad sell off in both equities and fixed income, Insignia has experienced negative earnings revisions, resulting in a fall in its share price.
- **Downer EDI** fell on near term concerns that the poor sentiment on the economic outlook will weigh on the stock's earnings.

Top 10 Holdings

Security Name	% of Fund
BHP Group	7.76
ANZ Bank	7.71
Westpac Bank	7.63
Telstra	5.10
Woodside Energy Group	4.98
Rio Tinto	3.68
National Australia Bank	3.37
Coles Group	2.85
Woolworths Group	2.81
Aurizon Holdings	2.65

Fund Metrics

	Price to Earnings Ratio*	Forecast Dividend Yield (%)*
Fund	11.57	5.88%

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 was down 6.2% during the month. Australian equities outperformed global equities in September, with the size of our Materials sector a differentiating factor. Global developed markets continued to sell off through September as central banks continued to tighten rates. All major markets finished the month down. In local currency terms the DJ Euro Stoxx 50 returned -5.6%, the US S&P 500 returned -9.2%, the UK's FTSE 100 returned -5.2% and Japan's Nikkei 225 returned -6.9%.

Monetary policy settings continued to tighten as the Reserve Bank of Australia (RBA) raised the cash rate target by another 50 bps, to 2.35% in September. 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%.

Domestic economic data releases were mostly positive through September. The Australian economy expanded by 0.9% in Q2, slightly below market forecasts of 1.0%. August employment remained robust, with total employment increasing by 33,500 positions, reversing the unexpected decline seen in July. While the unemployment rate ticked up 0.1ppts to 3.5%, this was a function of an increase in the participation rate. Job vacancies remain extraordinarily elevated with 474k unfilled roles. Retail sales remained resilient, increasing by 0.6% in August. This is the eighth month of consecutive increases. Within the subcategories, household goods returned to growth while clothing, footwear & personal accessories and other retailing both reported declines. The NAB Survey of Business Conditions increased further. Notably the survey suggested some slowing of growth in input costs. Capacity utilisation remains high across all sectors, supporting continued strength in employment.

Negative data included the Q2 headline CPI, which increased by 1.8%. The year-on-year rate was 6.1%, the equal highest annual rate since 1990. Importantly, the feared wage-price spiral is nowhere to be seen, with growth in wage rates lagging inflation quite materially. The ABS Wage Price Index reported growth of only 2.6% over the year to June.

All sectors of the market declined during the month. The best performing sectors were materials (-2.3%), energy (-3.8%) and heath care (-4.4%). Consumer staples (-5.4%) and communication services (-6.1%) outperformed the broader index. Financials (-6.5%), consumer discretionary (-9.1%), industrials (-9.8%) and information technology (-10.6%) all underperformed the broader index. Real estate (-13.8%) and utilities (-13.6%) 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

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 141.56million

** 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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