Product Assessment

Report as at 06 Jan 2026

APPROVED

Yarra Australian Equity Income Fund

Rating issued on 05 Jan 2026 | APIR: TYN0038AU

Investment objective

To provide tax-effective income 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. In addition, Tyndall aims to provide long-term capital growth over the same time period.

Manager	Tyndall Asset Management
Distributor	Yarra Capital Management Group
Sector	Australian Shares \ Equity Income
Investment Style	Derivative Overlay
Equity Style	Value
RI Classification	Not Assigned
Absolute Risk	High
Relative Risk	Active - Benchmark Unaware
Investment Timeframe	7+ Years
Zenith Benchmark	S&P/ASX 300 (Accum)
Min Investment Amount	-
Redemption Frequency	Daily
Income Distribution	Quarterly
Fund Size (28 Nov 2025)	$130.98M
Management Cost	0.85% p.a. Incl. GST
Performance Fee	N/A
Buy / Sell Spread	0.20% / 0.20%
Inception Date	14 Nov 2008

Fund facts

- Expected to hold between 40 and 70 stocks
- Selective use of derivative strategies to generate additional income and manage tax
- Expected portfolio turnover between 40% p.a. and 80% p.a. over a market cycle

Viewpoint

The Fund, managed by Tyndall Asset Management (Tyndall), offers investors an income-focused exposure to Australian equities. Tyndall has the flexibility to utilise derivative strategies for tax management and to enhance the Fund's level of income. Zenith believes that the combination of an experienced investment team and a well-structured investment process presents an attractive offering for investors.

Tyndall Asset Management (Tyndall) is a 50/50 joint venture between Yarra Capital Management (Yarra) and the investment staff in the Australian equity team. Yarra is a Melbourne-based boutique fund manager that offers a broad range of active strategies spanning Australian equities and fixed income. In April 2021, Yarra completed the acquisition of Nikko Asset Management's (Nikko) Australian business, which included Tyndall (formerly Nikko Asset Management Australia). Nikko retained a 20% stake in Yarra. Yarra, Nikko and Tyndall share administrative support functions, which we view positively, as it allows the investment team to focus on research and portfolio management efforts.

In December 2024, Tyndall announced the retirement of Brad Potter, who served as Head of Australian Equities. As a result, Tim Johnston assumed responsibility as head of the team. Zenith considers Potter's departure to be a significant loss for the Fund and the wider business. Although Zenith believes Johnston is a capable investor, we will seek to build confidence in his ability to successfully manage and discharge his responsibilities.

The Fund is managed by Michael Maughan and Jason Kim under a 50/50 dual portfolio manager structure. Kim assumed portfolio management responsibilities alongside Maughan in December 2022 following the retirement of Malcom Whitten in January 2023. Zenith regards Kim as a strong investor who is capable of successfully managing a sub-portfolio of the Fund. Overall, Zenith rates the portfolio managers highly, based on their level of industry experience and performance track record to date.

Tyndall believes markets are inefficient and aims to exploit these inefficiencies through the application of its proprietary relative valuation framework, which incorporates a comprehensive assessment of company financials coupled with a rigorous visitation program. A standard set of macroeconomic assumptions is employed in all models to ensure consistency throughout the process. These assumptions include currency, commodity and interest rate inputs. The research process culminates in the derivation of a three-year internal rate of return (IRR) for each stock. Zenith believes the stock selection process employed by the team is robust and in-depth, providing a strong input into the portfolio construction process.

The two portfolio managers construct separate sub-portfolios from a shortlist of stock opportunities that are ranked according to their respective IRRs and dividend yields. Maughan and Kim will generally select stocks with high grossed-up dividend yields and high IRRs. The result is a portfolio that focuses on income and capital growth without regard to Tracking Error. Zenith views dual portfolio manager structures to be a less efficient approach to portfolio management, as it can result in portfolios with a number of immaterial holdings and has the potential to result in opposing views being held within the Fund.

Given the Fund's income investment objectives, it may display significant sectoral biases. Tyndall also has the ability to use options to generate additional income, manage tax and manage risk. Zenith believes the Fund is managed in an effective manner, leveraging the insights generated by the experienced investment team.

Fund analysis

Fund characteristics

Constraint	Value
Security Numbers	40 to 70 (Typically)
Absolute Stock Weight	Max: 8% (6% at initiation)
Absolute Sector Weight	Max: 20% (50% for Financials ex-Real Estate with a 30% cap on banks)
Cash	Max: 20%

Investment objective and philosophy

The Fund's investment objective is to provide tax-effective income 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. In addition, Tyndall aims to provide long-term capital growth over the same time period.

Tyndall believes markets are inefficient and aims to exploit these inefficiencies through the application of its long-standing proprietary relative valuation process. In addition, Tyndall closely assesses the sustainable dividend capacity of stocks. Tyndall applies a rigorous fundamental process to determine a stock's internal rate of return (IRR), with the time horizon for stock valuation being three years. This is designed to encourage low portfolio turnover, consistent with the belief that a value philosophy is suited to a long-term investment horizon.

Tyndall believes that a company's intrinsic value is best evaluated by examining its assets and normalised earnings power, while assigning value to potential growth only in exceptional cases. Through buying companies trading significantly lower than its intrinsic value and employing sound risk management techniques, Tyndall believes it can enhance the risk/return trade-off associated with traditional value investing.

While the Fund has the capacity to invest in both hybrids and derivatives, Zenith regards it to be one of the least active in this space, with its net market exposure expected to range between 85% and 100% through the cycle.

Portfolio applications

In general, compared to most other asset classes, equities offer investors the opportunity for higher capital growth over the longer term with some income. However, this higher growth is also often associated with higher volatility. Therefore, it is recommended that investors adopt a longer time frame when investing in equities.

Investors should also be cognisant of the fact that the Australian equity market is relatively concentrated, with the materials and financials sectors dominating the market. The market also only represents approximately 2% of global equity markets (in terms of market capitalisation). Therefore, to mitigate this concentration risk it is highly recommended that investors diversify their investments across asset classes, both domestically and globally.

One of the key attractions of the Fund is its sustainable, tax-effective income focus. Although Tyndall may use derivatives and hybrids, they are used sparingly and the Fund predominantly generates income from higher-yielding stocks. This relatively simple structure may appeal to investors that are wary of more complicated income funds that extensively employ derivative strategies to generate income. Tyndall aims to provide quarterly income distributions that are relatively consistent over time.

Given the Fund's value bias, Zenith believes it would blend well with growth-orientated and/or style-neutral products to achieve a diversified exposure to the Australian equity sector. The Fund may also be used as a satellite exposure blended with a core equities product to enhance portfolio income levels.

The Fund’s portfolio turnover is expected to be between 40% p.a. and 80% p.a., which Zenith considers to be moderate to high. Tyndall was not able to provide any insight on the proportion of expected turnover attributed to the resizing of existing positions and that which is due to initiating and closing positions. Given this expected level of turnover, a sizeable proportion of the Fund's returns are expected to be delivered via the realisation of capital gains in income distributions, rather than through capital appreciation in the unit price. In addition, realised capital gains are unlikely to be eligible for the capital gains tax discount, which can have a further negative impact on the after-tax outcomes for high tax rate paying investors. However, Zenith notes that Tyndall generally holds core positions for extended periods, which ensures eligibility for the capital gains tax discount. Holding all else equal, the Fund may be more appealing to investors who are nil/low tax rate payers or high marginal tax rate payers who invest through tax-effective vehicles such as a superannuation fund.

Fund responsible investment attributes

Key Information	Description
Zenith RI classification*	Not Assigned
Has Responsible Investment Policy	Yes
PRI Status	
PRI Signatory	Yes

*Zenith RI Classification scale:

- Traditional
- Aware
- Integrated
- Thematic
- Impact

Absolute performance

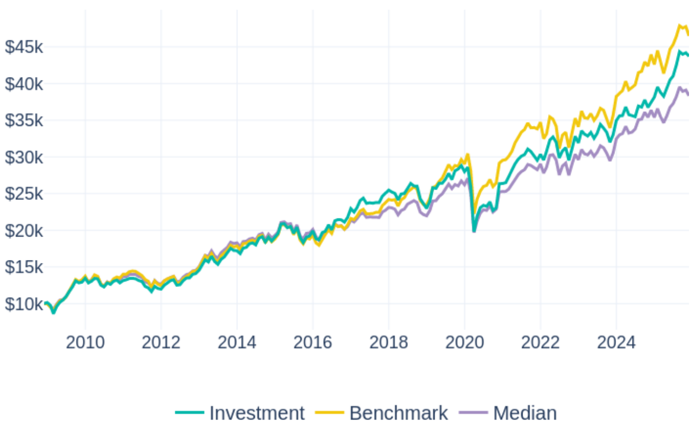
Performance as at 30 Nov 2025

Monthly performance history (%, net of fees)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	BM YTD*
2025	3.65%	-1.84%	-1.37%	3.20%	2.51%	1.33%	3.59%	4.35%	-0.78%	0.45%	-1.05%		14.65%	9.16%
2024	1.86%	0.11%	3.30%	-2.86%	-0.54%	-0.23%	4.09%	-0.40%	2.71%	-2.74%	1.87%	1.87%	9.12%	11.37%
2023	5.18%	-1.34%	-0.78%	1.47%	-2.39%	2.12%	3.64%	-1.48%	-1.69%	-4.04%	3.18%	5.85%	9.53%	12.13%
2022	-2.57%	4.08%	4.88%	1.37%	-2.20%	-6.67%	3.16%	1.44%	-5.53%	5.44%	5.40%	-2.77%	5.11%	-1.76%
2021	0.47%	3.11%	3.61%	2.62%	2.23%	1.35%	0.75%	2.47%	-1.10%	-1.72%	-2.18%	2.76%	15.11%	17.55%

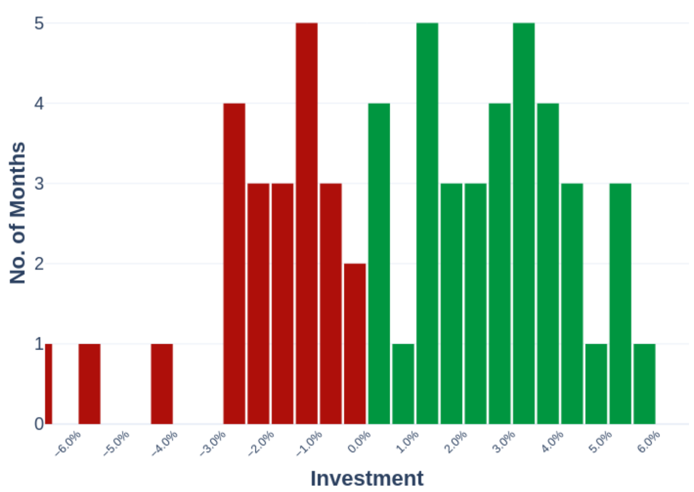
**S&P/ASX 300 (Accum)*

Growth of $10,000



Risk / return

Monthly histogram



Minimum and maximum returns (% p.a.)

Absolute performance analysis

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	16.80%	10.04%	10.65%	8.57%	9.07%
Benchmark	5.81%	9.65%	9.79%	9.47%	9.46%
Median	5.40%	8.08%	8.72%	6.93%	8.22%
Cash	4.04%	4.09%	2.64%	2.10%	2.72%

Ranking within sector (p.a.)

Ranking within Sector	1 Yr	2 Yrs	3 Yrs	5 Yrs
Fund Ranking	2 / 33	9 / 33	7 / 33	11 / 33
Quartile	1st	1st	1st	2nd

Absolute risk

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Standard Deviation (% p.a.)					
Investment	7.28%	8.86%	9.72%	14.01%	13.60%
Benchmark	10.38%	10.50%	11.84%	13.50%	13.34%
Median	8.66%	8.86%	9.78%	12.41%	12.10%
Downside Deviation (% p.a.)					
Investment	2.64%	4.49%	5.58%	9.88%	9.20%
Benchmark	6.51%	5.77%	7.40%	9.50%	8.96%
Median	5.27%	4.86%	5.96%	9.04%	8.24%

Absolute risk/return ratios

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Sharpe Ratio (p.a.)					
Investment	1.75	0.67	0.82	0.46	0.47
Benchmark	0.17	0.53	0.60	0.55	0.51
Median	0.16	0.45	0.62	0.39	0.46
Sortino Ratio (p.a.)					
Investment	4.83	1.33	1.43	0.65	0.69
Benchmark	0.27	0.97	0.97	0.78	0.75
Median	0.26	0.82	1.02	0.53	0.67

To ensure consistency, Zenith measures all Australian equities funds against the S&P/ASX 300 Accumulation Index. However, Tyndall benchmarks itself against the S&P/ASX 200 Accumulation Index (grossed up for franking credits). Over the long term, Zenith expects any difference in performance between these two indices to be nominal.

Please note that the data does not account for the additional franking the Fund provides.

*All commentary below is as at 31 May 2025***.**

The Fund's investment objective is to provide tax-effective income 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. In addition, Tyndall aims to provide long-term capital growth over the same time period.

Tyndall has delivered upon the Fund's investment objectives and has outperformed the median manager since inception. Zenith notes that franking credits have added 2.2% p.a. to the Fund's performance.

The Fund, on average, has delivered income greater than 11% p.a. (inclusive of franking credits) over its duration.

The Fund's risk (as measure by Standard Deviation) has been lower than that of the benchmark over its most recent five year period.

The Fund's Sharpe Ratio has been higher than the benchmark over its most recent five year period, which indicates that investors have been sufficiently compensated for its risk.

Relative performance

Excess returns

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Excess Return	10.99%	0.39%	0.87%	-0.90%	-0.40%
Monthly Excess (All Mkts)	58.33%	44.44%	46.67%	44.17%	49.51%
Monthly Excess (Up Mkts)	42.86%	31.82%	33.33%	38.75%	41.98%
Monthly Excess (Down Mkts)	80.00%	64.29%	71.43%	55.00%	63.01%

Capture ratios (% p.a.)

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Downside Capture	23.76%	69.12%	68.64%	91.41%	92.01%
Upside Capture	96.84%	84.29%	85.22%	90.99%	93.41%

Tracking error (% p.a.)

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	5.77%	4.60%	4.93%	4.75%	4.58%
Median	2.45%	2.26%	2.88%	2.38%	2.35%

Information ratio

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	1.91	0.08	0.18	-0.19	-0.09
Median	-0.17	-0.70	-0.37	-1.07	-0.53

Beta statistics

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Beta	0.59	0.76	0.75	0.98	0.96
R-Squared	0.71	0.81	0.84	0.89	0.89
Correlation	0.84	0.90	0.91	0.94	0.94

All commentary below is as at 31 May 2025.

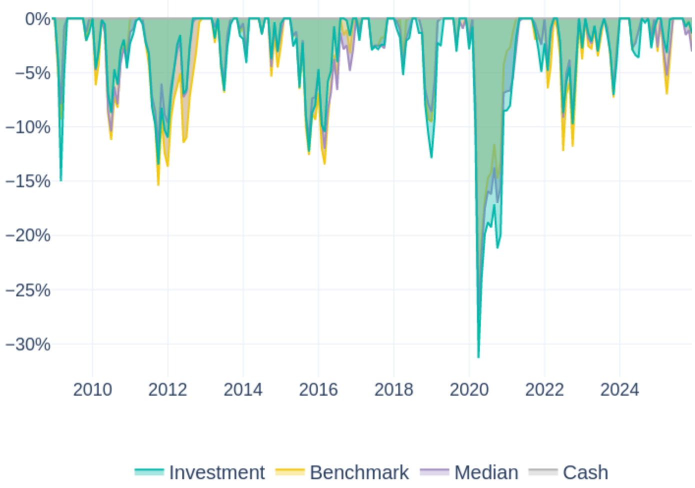
Zenith seeks to identify strategies that can outperform in over 50% of months in all market conditions, as we believe this represents consistency of manager skill. The Fund has failed to achieve this outcome over the longer term, which Zenith considers to be disappointing. However, we note that the Fund's outperformance consistency in down markets has been strong across all assessed time frames.

In addition, we view a strategy's ability produce stronger upside capture ratios relative to downside capture ratios as an attractive feature. Pleasingly, the Fund has been able to achieve this outcome over its most five year period.

Although Tyndall does not target a specific Tracking Error range, it is monitored. Investors should be aware that the Fund may deviate significantly from the benchmark over the short to medium term.

Drawdown analysis (since inception)

Drawdown analysis assesses the relative riskiness of a Fund versus the benchmark, in reference to capital preservation. The maximum Drawdown is recorded as the percentage decline in the value of a portfolio from peak to trough (before a new peak is achieved). All Drawdown analysis is calculated commencing from the inception date of the Fund in question, and Drawdown analysis for the Fund and benchmark(s) are calculated independently. That is, the largest drawdown for the Fund and benchmark(s) will not always refer to the same time period.



All commentary below is as at 31 May 2025.

The Fund's drawdowns have been broadly in line with that of the benchmark, which Zenith considers to be somewhat unexpected given the defensive nature of the strategy. However, the Fund experienced a larger drawdown than the benchmark in 2020, which was a disappointing outcome.

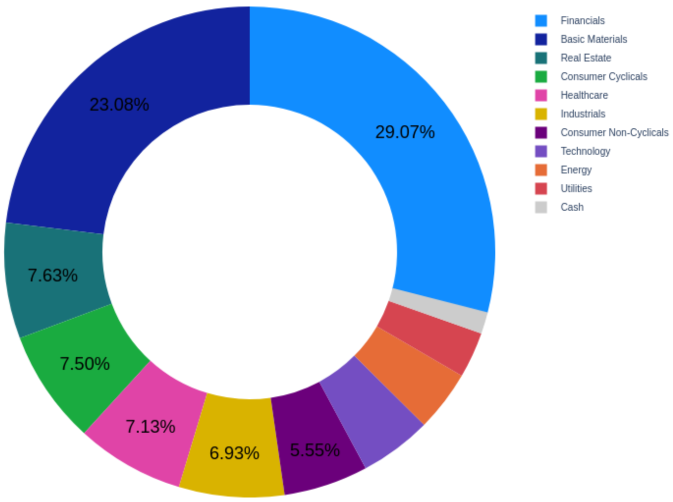
Product exposures

Holdings as at 30 Sep 2025

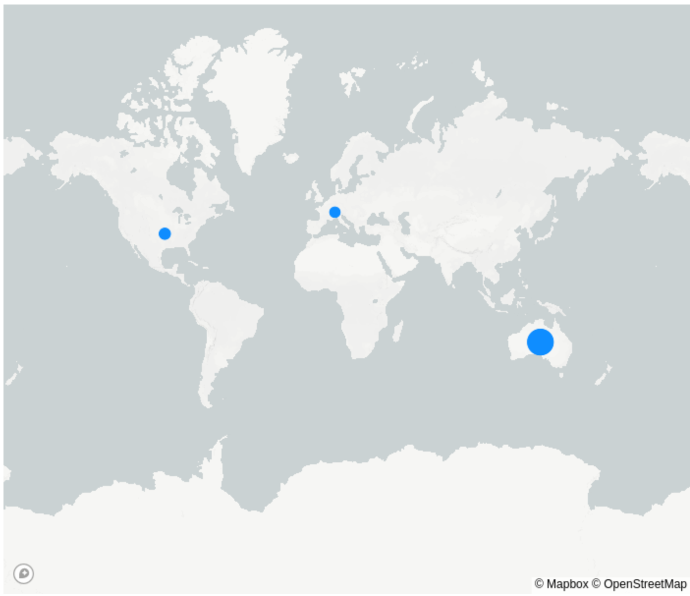
Top 10 holdings

Stock	Weight	Country	Sector	Active Exposure
BHP Group Ltd	7.00%	Australia	Basic Materials	-0.73%
Australia and New Zealand Banking Group	6.55%	Australia	Financials	3.01%
Commonwealth Bank of Australia	5.61%	Australia	Financials	-4.39%
CSL	5.16%	Australia	Healthcare	1.72%
Rio Tinto	5.07%	Australia	Basic Materials	3.45%
Westpac Banking Corporation	5.02%	Australia	Financials	0.25%
Telstra Corporation	4.74%	Australia	Technology	2.78%
National Australia Bank	4.58%	Australia	Financials	-0.26%
QBE Insurance Group	3.90%	Australia	Financials	2.79%
NEWMONT CORPORATION	3.40%	United States	Basic Materials	2.92%
Total	51.03%			

Equity sector exposure



Equity country exposure



Fund commentary

Fund risks

Zenith has identified the following key risks of the Fund. Although Zenith believes the risks noted are all significant, we have listed them in order of importance. In addition, we have not intended to highlight all possible risks.

Key person risk: As with most fund managers, key person risk needs to be considered. As such, we would consider the departure of Michael Maughan and Jason Kim to be detrimental to the Fund, triggering an immediate reassessment of our rating. However, Zenith believes the dual portfolio manager structure implemented by Tyndall largely mitigate this risk. In addition, Zenith acknowledges that all investment team members are well incentivised to remain with the firm, at least over the medium term, given their respective equity ownership stakes.

Capacity/liquidity risk: Zenith believes that high levels of funds under management (FUM) can potentially inhibit Tyndall's ability to efficiently trade the portfolio, thereby limiting outperformance potential. As at 31 May 2025, Tyndall managed approximately $A 3.5 billion across its various Australian equity strategies. Tyndall has indicated a capacity limit of 0.75% of the S&P/ASX 200 Accumulation Index (approximately $A 18.5 billion, as at 31 May 2025). Although Zenith does not believe the Fund is currently impacted by capacity limitations, we will continue to monitor Tyndall closely to ensure that excessive FUM across its suite of Australian equity products does not impact the Fund's performance.

Relative performance risk: Tyndall employs an income-focused, benchmark-unaware investment process that biases the Fund towards certain sectors. As a result, performance outcomes may materially deviate from that of the benchmark and peers.

Hybrid & derivative risk: While the Fund is expected to remain predominantly invested in equities, Tyndall can invest in hybrids and derivatives to generate income. While the investment team can draw on the expertise of the wider Tyndall group, this flexibility could result in the Fund being exposed to financial instruments that are outside the core competencies of the Australian equities team.

Portfolio manager focus risk: In addition to this Fund, Kim has portfolio management responsibilities for the Tyndall Australia Share Wholesale Fund. While Zenith acknowledges that there is some overlap in holdings between the strategies, we believe the portfolio manager's other commitments have the potential to draw focus away from this Fund.

Security/asset selection

Tyndall applies its proprietary relative valuation process, Comparative Value Analysis (CVA), across all of its Australian equity strategies. The process seeks to identify companies with sustainable medium-term earnings that are trading at a significant discount to intrinsic value.

The initial universe includes all stocks listed in the S&P/ASX 200 Index. A liquidity screen is applied based on the 90-day median daily turnover for each stock in the index. To be eligible, Tyndall must be able to enter/exit a position within this period, based on a notional 1% portfolio weighting, and not account for more than 30% of daily turnover. This results in a universe of approximately 150 stocks.

These stocks are then subject to an additional proprietary, multi-factor stock screen that ranks stocks by value, quality and combined scores. The multiple valuation metrics used to filter the investment universe include:

- One-year forward consensus price to earnings
- Grossed-up dividend yield
- Enterprise value multiple
- Two qualitative metrics

After the application of the initial screens, Tyndall undertakes detailed fundamental research. This includes projections of a company's financial statements and key financial ratios. Tyndall prioritises companies with balance sheets and cash flows that can finance potential growth and returns to shareholders.

Through a fundamental research process, Tyndall derives a company's intrinsic value based on a number of standardised inputs. As part of Tyndall's discounted cashflow process, it models a 'franchise period' that is generally four to eight years and represents the period a company is expected to achieve abnormal growth. To ensure the validity of all valuations, analysts compare valuations across a range of metrics, including capitalisation of normalised earnings, discounted cash flows and, when appropriate, break-up valuations of companies.

A standard set of macroeconomic assumptions for commodity prices, currencies and interest rates are employed in all models to ensure consistency throughout the process.

The team takes a view on key macroeconomic variables and consensus forecasts based on inputs from brokers and other external sources. Unless the team has divergent views, the model defaults to the consensus. Company models are updated and/or initiated when there is new information that is likely to change estimated returns on stocks or there are new stocks that appear attractive on Tyndall's value/quality screens.

Company contact forms an important component of the research process, and includes visits to suppliers, customers and competitors. The objective is to gain a better understanding of the operations of the company and the industry in which it operates. Company visits are undertaken to validate inputs into the company models, determine the strategic value of the assets and assess management.

The output of the CVA research process is the production of a three-year internal rate of return (IRR) calculation for each stock, updated in real-time. In addition, a forecast grossed-up dividend yield (GUDY) is also generated. The stocks are then ranked based on IRR. Tyndall seeks to invest in stocks with a high IRR and above-average GUDY. To ensure the consistency of assumptions, detection of errors and omissions, and validity of forecasts, all team members extensively review all research. Zenith believes Tyndall employs a robust peer-review process.

Zenith believes the stock selection process employed by the team is robust and in-depth, providing a strong input into the portfolio construction process.

Responsible investment approach

Tyndall has an established Responsible Investment Policy, last updated in October 2021, that guides its investment decisions. To be in line with industry best practice, Zenith believes Tyndall's responsible investment policy should be updated every 12 months, at a minimum, to reflect the constantly evolving nature of responsible investing. In addition, Tyndall is a signatory of the United Nations-supported Principles for Responsible Investment (PRI).

While the portfolio has no specific exclusions, Tyndall takes an active approach to environmental, social and governance (ESG) issues. ESG is evaluated as part of the team's fundamental analysis process and, where ESG issues are deemed to be significant, they can preclude a company as a potential investment. Zenith believes that this qualitative analysis of a company's operations is crucial on a forward basis, given that a company’s performance with regards to ESG considerations is increasingly being reflected in the company's share price. Overall, Zenith is comfortable with Tyndall's approach to ESG.

Portfolio construction

Portfolio construction is the responsibility of Maughan and Kim, who construct discrete portfolios that are then combined to form the Fund. Although ultimate discretion remains with the two portfolio managers, they must communicate any changes to the team.

The portfolio managers generally select stocks with high GUDYs and high IRRs whilst selling or avoiding stocks that have low GUDYs and low IRRs. However, Tyndall has a preference for stocks with high and sustainable dividends, with relative valuations considered as a secondary concern. Therefore, stocks considered for portfolio inclusion may have lower IRRs relative to the stocks that Tyndall would normally consider for its total return-focused strategies.

To construct the Fund, the portfolio managers generate model portfolios, which are periodically optimised and assessed through the BARRA risk system and UBS risk models. BARRA and UBS assesses the portfolio's efficiency and exposure to risk. While this optimisation process provides a guide for portfolio construction, the portfolio managers retain the flexibility to express their qualitative views in accordance with the Fund's risk constraints. The portfolio managers also consider factors such as volatility, stock concentration, sector risks and style risks.

The portfolio is monitored on a daily basis, with a number of events triggering a review of a portfolio position. These include:

- Changes to the dividend yield and IRR due to stock price changes
- Abnormal stock price movements
- A stock weighting deviates more than 30% from the model portfolio target
- A stock approaches its assessed fair value
- A new stock enters the top 20 stocks ranked by IRR
- Poor price or earnings performance of a stock
- New material information becomes available
- An analyst signalling a change in forecasts or valuation
- Capital raising, initial public offerings, merger and acquisition activity

The portfolio is fundamentally income-focused, and is managed without reference to a benchmark, although Tracking Error is monitored. The Fund will generally hold between 40 and 70 stocks. Whilst the Fund is typically fully invested, it may retain up to 20% in cash. This may occur if the cash rate exceeds the GUDY of the S&P/ASX 200 Accumulation Index by more than 2% p.a.

The portfolio managers retain the discretion to invest up to 7.5%of the portfolio in stocks that do not meet the criteria of the CVA process, allowing stocks to be selected that may have high expected returns without strictly fitting within Tyndall's three-year time horizon. While the portfolio managers have this discretion, they must explain their logic to the team for peer review. Given Zenith's high opinion of the CVA process, we would prefer the Fund's investment universe were limited to stocks that are compliant with the process.

The Fund can also invest in hybrids where the risk/reward outcome is deemed favourable and is consistent with the Fund's investment objectives. For this purpose, it engages research and expertise of Yarra's fixed interest team.

Furthermore, Tyndall may use options to generate additional income, manage tax and manage risk. Options are generally only used in an opportunistic manner and are not used for gearing purposes. The most commonly used option strategy within the Fund is a buy-write option strategy, also known as a covered call. This strategy involves holding a stock long while committing to sell the stock to a buyer at an agreed price in the future, in return for premium income. The strategy caps the upside return at the income from the option premium, while remaining fully exposed to a stock's downside risk. Effectively, a stock's upside potential is forgone for income.

Zenith believes managers that employ option strategies generally require extensive dedicated resources and a differentiated investment perspective. On a peer-relative basis, Zenith believes Tyndall's option capabilities are less developed. However, we acknowledge that option strategies are not a significant component of the Fund.

Tyndall's buy and sell decisions are only undertaken if the portfolio managers believe that a change will improve portfolio returns after transaction costs. Portfolio turnover expected to range between 40% p.a. and 80% p.a.

Overall, Zenith believes the Fund is managed in an effective manner, leveraging the insights generated by the experienced investment team.

Risk management

Zenith believes that risk management is firmly ingrained in Tyndall's culture. As evident in the underlying CVA process, multiple valuation methodologies are employed when valuing stocks. To add a further layer of risk control, Zenith notes that Tyndall uses conservative inputs in its valuations. In addition, the peer-review process ensures that biases are mitigated and all positions examined thoroughly.

While the portfolio managers utilise a number of tools to achieve an appropriate risk/return trade-off, judgement and analyst input are the primary determinants. BARRA analysis and UBS risk models are utilised to ensure that the portfolio managers are cognisant of the risks in the portfolio, including unintended biases. Risk factors include volatility, leverage, industry, price/earnings momentum, value and size. If these exposures are deemed excessive, the portfolio may be adjusted to moderate the risk exposure.

Tyndall periodically conducts scenario analysis on the portfolio, referencing previous events that have been problematic for the market and for Tyndall. If the downside risk is too large, the portfolio is again assessed and may be adjusted with additional sector, factor or stock constraints.

Overall, Zenith is comfortable with the risk management process employed by Tyndall.

Investment fees

	Fund	Sector Average
Total Fees and Costs (RG 97)	0.93% p.a.	0.85% p.a.
Management Fees and Costs	0.85% p.a.	0.71% p.a.
Transaction Costs	0.08% p.a.	0.13% p.a.
Performance fees	N/A	0.02%
Performance fees description	N/A	
Management Cost	0.85% p.a.	0.69% p.a.
Buy / Sell spread	0.20% / 0.20%	0.19% / 0.19%

All fees and costs are inclusive of GST unless indicated otherwise. The Performance Fee shown is the performance fee disclosed in the PDS. It is calculated by taking the average performance fees charged over the last five financial years (or less if the investment or performance fee mechanism has not been in place for five financial years).

The sector average management cost (in the table below) is based on the average management cost of all flagship Australian Shares – Equity Income funds surveyed by Zenith.

Zenith believes the overall fee structure is fair in comparison to equity income peers that employ a derivative overlay strategy.

The fees mentioned above are reflective of the flagship version only, fees may differ when the product is accessed through an alternate investment vehicle such as a platform.

About the fund manager

Organisation

In April 2021, Yarra Capital Management (Yarra) completed an acquisition of Nikko Asset Management Australia Limited (Nikko AM), with Nikko AM taking a 20% equity stake in the combined entity. This partnership enables Nikko AM's global business to gain access to Yarra's investment products, with Yarra assuming responsibility for the distribution of Nikko AM's global suite of products in the Australian market.

The acquisition creates one of Australia's largest independently owned Australian equities and fixed income managers, with approximately $A 20 billion of funds under management as at 31 May 2025.

Tyndall Investment Management (Tyndall)'s Australian equities business is a 50/50 joint venture between Yarra and investment staff in the Australian equities team. All investment personnel in the Australian equities team have equity ownership.

As at 31 May 2025, Tyndall had funds under management (FUM) of approximately $A 3.5 billion across its various Australian equity strategies. The Australian Share Income strategy accounted for approximately $A 700 million in FUM, including $A 163 million in the Fund.

Investment personnel

Name	Title	Industry Experience (yrs)	Tenure (yrs)	Location
Michael Maughan	Portfolio Manager / Senior Analyst	28	18	Sydney, Australia
Jason Kim	Portfolio Manager/Senior Analyst	33	25	Sydney, Australia

Tyndall's Australian equities team consists of ten investment professionals located in Sydney. In December 2024, Tyndall announced the retirement of Brad Potter, who served as Head of Australian Equities. As a result, Tim Johnston assumed responsibility as head of the team. Zenith considers Potter's departure to be a significant loss for the Fund and the wider business.

The Fund is managed by Michael Maughan and Jason Kim under a 50/50 dual portfolio manager structure. Kim assumed portfolio management responsibilities alongside Maughan in December 2022 following the retirement of Malcom Whitten, who relinquished portfolio management responsibilities and retired from the business in January 2023. With over 30 years of industry experience, Kim joined Tyndall in 2000 after working as a portfolio manager at Deutsche Bank. Maughan has over 22 years of industry experience, joining Tyndall in 2007 after working as an analyst at BNP Paribas and a portfolio manager at Gartmore. Overall, Zenith rates the portfolio managers highly, based on their level of industry experience and performance track record to date.

All large cap funds in Tyndall's Australian equities business operate under a dual portfolio management structure. Tyndall transitioned to this model in July 2007 as a way of mitigating key person risk. In general, Zenith views dual portfolio manager structures to be a less efficient approach to portfolio management, as it can result in portfolios with a longer tail of small holdings and has the potential to result in opposing views being held within the Fund.

Tyndall's research structure is well defined, with each analyst responsible for approximately 15 to 20 stocks. Although analysts tend to specialise in a particular sector, the financials and resources sectors are covered by multiple analysts. The team also attempts to ensure that at least two analysts attend company visits and meetings to ensure a cross-check of views and assessments.

The team meets multiple times during the week to discuss research and portfolio construction matters. At the research meetings, the team discusses company news items and broader market conditions, and reviews analyst stock recommendation updates/changes. Weekly portfolio construction meetings are held to provide further peer review of all portfolio decisions and to ensure all portfolio managers are aware of any pertinent information.

The investment team has historically maintained a high level of stability, which we believe is due to the equity participation shared across the team that provides an alignment of interest with the business. In addition to equity participation, which can form a large component of remuneration, team members are paid a base salary as well as a bonus based on meeting certain performance targets.

Overall, Zenith considers the team to be well resourced and highly experienced. In particular, Zenith rates the portfolio management team of Maughan and Kim highly. Furthermore, we believe the peer-review process ensures that a collegiate environment is fostered and is one of the core strengths of Tyndall's process.

About the sector

Sector characteristics

The Zenith 'Australian Shares – Large Companies' sector consists of long-only strategies investing in the Australian equities asset class. The sector incorporates both benchmark-aware and benchmark-unaware strategies that focus predominantly on stocks with large market capitalisations. Additionally, the sector is one of the most competitive in the investment landscape, based on the number of managers and strategies available to investors. Zenith expects rated long-only products to outperform the passive index (after fees) over the long term.

Zenith benchmarks all funds in this sector against the S&P/ASX 300 Accumulation Index. However, many managers in this sector benchmark themselves against the S&P/ASX 200 Accumulation Index. Both indices are market-capitalisation weighted, resulting in companies with the largest market capitalisations receiving the highest weightings within the index. Over the longer term, Zenith believes there will be minimal difference between the return profiles of these indices.

The Australian equities asset class, as represented by the S&P/ASX 300 Index, is highly concentrated and narrow. Zenith considers a company to be a large-cap company if it falls within the S&P/ASX 50 Index, with stocks falling within the S&P/ASX 51 to 100 considered mid-cap companies. Furthermore, Zenith considers stocks that fall within the S&P/ASX 101 to 300 to be small-cap companies.

As at 31 May 2025, the Financials and Materials sectors combined represented a significant portion of the S&P/ASX 300 Accumulation Index, with the Financials sector accounting for approximately 34% and Materials approximately 18%. In addition, the top 10 stocks represented approximately 47% of the Index and the top 20 stocks represented approximately 61%.

Sector risks

Funds within the 'Australian Shares – Large Companies' sector are exposed to the following broad risks:

Market and economic risk: A sustained downturn across the Australian equity market is a risk to the absolute performance of funds in the sub-asset class. Additionally, changes in economic, social, technological or political conditions, as well as market sentiment, could also lead to negative fund performance. This risk can be significantly reduced by investors adhering to a fund's prescribed investment timeframe.

Specific security risk: This is the risk associated with an individual security. The price of common shares in a company may be affected by unexpected changes in company operations such as changes in management or the loss of a significant customer.

Liquidity risk: This is the risk that a security or asset cannot be traded promptly, due to insufficient trading volumes in the Australian equity market. When trading volumes are low, buyers/sellers can significantly impact the price of a security when entering or exiting a position.

Style bias risk: Australian equity managers employ different investment styles such as Growth, Value or Neutral (a combination of Value and Growth). Each style is conducive to certain market conditions. This risk can be significantly reduced by investors adhering to a fund's prescribed investment timeframe.

Capacity risk: High levels of funds under management (FUM) can present additional challenges to an Australian equity manager. High FUM has the potential to restrict a manager's ability to trade efficiently and/or be forced to disclose substantial shareholdings to the market (most common in smaller companies).

Regulatory Risk: All investments carry the risk of being affected by changes to government policies, regulations and laws. Security prices in which funds may have exposure are also subject to certain risks arising from government intervention in the Australian equity market. Such regulation or intervention could adversely affect fund performance.

Administration and operations

Responsible Entity	Yarra Funds Management Limited

Zenith rating

Report certification

Date of issue: 05 Jan 2026

Role	Analyst	Title
Analyst	Quan Nguyen	Head of Equities
Sector Lead	Quan Nguyen	Head of Equities

Association & relationship

ASIC Regulatory Guide RG79.164 requires Research Houses to disclose certain associations or relationships that they may have with a product issuer. We may receive remuneration from an issuer or investment manager for subscription to our other research/ data services or the research/ data services of our related entities. Conflict management arrangements are in place where we or our related entities provide research services to the product issuer or financial advisory businesses who provide financial planning services to investors and are also associated entities of product issuers. This is in accordance with the Zenith Group's Conflict of Interests Policy. Further details in relation to our relationships and associations are available on request.

Rating history

As At	Rating
05 Jan 2026	Approved
03 Dec 2025	Under Review
08 Aug 2025	Approved
26 Jun 2025	Recommended
27 Jun 2024	Recommended
29 Jun 2023	Recommended
11 Nov 2022	Recommended
30 Jun 2022	Recommended
24 Jun 2021	Recommended
15 Mar 2021	Recommended

Last 5 years only displayed. Longer histories available on request.

In March 2021, Zenith implemented a new ratings methodology for products classified as Traditional Index. Any rating issued from this date forward for Traditional Index products only reflect this change in methodology, with the relevant Traditional Index ratings being Index Approved, Index Recommended and Index Highly Recommended. Ratings issued for Traditional Index products prior to March 2021 are retained for historical purposes in line with our regulatory requirements and were issued in line with Zenith's Fund Research Methodology. Further information in relation to Zenith's Traditional Index Research Methodology and Traditional Index Ratings can be found on the Zenith website.

Disclaimer and disclosure

This report refers to the Australian unit trust for the fund, and the fund and benchmark returns are all in AUD.

Zenith has charged Yarra Capital Management Group a fee to produce this report.