

Yarra Australian Equity Income Fund

Gross returns as at 31 January 2026

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Australian Equity Income Fund (grossed up for franking credits) [^]	0.67	1.21	15.22	10.75	12.82	11.41	11.64
S&P/ASX 200 Accumulation Index (grossed up for franking credits)	1.78	0.49	8.50	11.14	11.65	11.59	11.17
Excess return (before fees) [‡]	-1.10	0.72	6.72	-0.39	1.17	-0.18	0.46

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 franking credits and 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.

[‡]Excess return: The difference between the Fund's return and the benchmark return.

Net returns as at 31 January 2026

	1 month %	3 months %	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.	Since inception* % p.a.
Yarra Australian Equity Income Fund [^]	0.66	0.90	12.80	8.16	9.89	8.46	8.72
Yarra Australian Equity Income Fund Yield (grossed up Dividend Yield)	-	-	6.78	7.33	8.14	8.47	8.49
S&P/ASX 200 Accumulation Index Yield (grossed up Dividend Yield)	-	-	4.33	4.96	5.25	5.35	5.64
Excess yield ^{‡‡}	-	-	2.45	2.37	2.90	3.12	2.85

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 of the Yarra Australian Equity Income Fund: November 2008

[^] Effective 2 January 2026, the Yarra Australian Equities investment team was appointed to assume investment management of the Fund in place of the Tyndall Asset Management investment team. The Fund was also renamed the Yarra Australian Equity Income Fund (previously named the Tyndall Australian Share Income Fund). There were no changes made to the Fund's investment objective or strategic asset allocation.

Market review

The Australian equities market rose during the month of January.

The S&P/ASX 200 Accumulation Index returned +1.8% for the month, taking its 12-month return to +7.4%. The broader S&P/ASX 300 Accumulation Index returned +1.7%, whilst globally, the MSCI World Index delivered +1.4% for the month.

Materials (+9.5%) led the market higher, supported by commodity price increases and strong gains across large-cap miners. BHP Group (BHP, +11.2%), South32 (S32, +29.8%) and BlueScope Steel (BSL, +29.7%) were among the strongest performers, supported by Evolution Mining (EVN, +16.0%). These gains were partly offset by weakness in Fortescue (FMG, -4.6%) and Ora Banda Mining (OBM, -16.3%).

Energy (+10.6%) delivered strong gains amid geopolitical tensions, led by uranium and coal names. Deep Yellow (DYL, +54.3%) and Paladin Energy (PDN, +44.3%) were standout performers, alongside strength in Santos (STO, +13.6%),

Whitehaven Coal (WHC, +13.9%) and Woodside Energy (WDS, +7.5%). This was partly offset by weakness in Ampol (ALD, -9.7%) and Viva Energy (VEA, -12.2%).

Health Care (+2.2%) added positively to returns. Gains in CSL (CSL, +5.1%) and Ramsay Health Care (RHC, +5.8%) supported the sector, alongside strength in ResMed (RMD, +4.5%). These were offset by a sharp decline in Pro Medicus (PME, -16.6%).

Consumer Staples (+1.6%) advanced modestly. Woolworths Group (WOW, +5.3%) and Treasury Wine Estates (TWE, +2.3%) supported the sector, while a2 Milk (A2M, -8.0%) detracted.

Information Technology (-9.4%) was the weakest sector on concerns around AI disruption. Declines in Xero (XRO, -17.8%), WiseTech Global (WTC, -15.3%) and Life360 (360, -18.2%) drove underperformance, partly offset by gains in Codan (CDA, +33.8%) and NextDC (NXT, +6.3%).

Financials (-1.4%) detracted from index performance. Commonwealth Bank of Australia (CBA, -7.0%) was the largest drag, alongside weakness in AMP (AMP, -6.9%) and Zip Co

(ZIP, -19.5%). These moves were partly offset by strength in Macquarie Group (MQG, +4.4%) and ASX (ASX, +11.4%).

Real Estate (-2.7%) weakened, with declines across most REITs including Charter Hall Group (CHC, -5.9%), Stockland (SGP, -5.9%) and Scentre Group (SCG, -2.9%).

Communication Services (-1.8%) edged lower, as gains in REA Group (REA, +3.5%) were outweighed by declines in online classifieds CAR Group (CAR, -10.3%) and Seek (SEK, -9.3%) which also fell on AI disruption risk.

Portfolio review

Key Contributors

Commonwealth Bank (CBA, underweight) – the Australian bank underperformed during the month on very little news flow, as the market factored in higher interest rate expectations. We maintain an underweight position in the banking sector due to elevated valuations that are not supported by the fundamental outlook. We believe that flat pre-provision profits and low bad debts are now reflected in consensus estimates, limiting any earnings upside relative to expectations.

Northern Star Resources (NST, overweight) – the gold producer outperformed during the period as gold prices rose 21% during the month to close at a record US\$5,305/oz. We remain attracted to the company's asset quality, cost control, and organic growth pipeline that will grow medium-term production from ~1.5Mozpa to ~2Mozpa.

Xero (XRO, underweight) – the cloud-based accounting software company was an underperformer during the period as the market became increasingly cautious on the risk of incumbent SaaS companies being disrupted by AI powered start-ups. The selloff among software names has been largely indiscriminate at this point as uncertainty has increased and it is likely to take some time to resolve the market's questions. We do feel that scale platform businesses that are highly integrated into customer workflows and are investing heavily into AI powered product improvements such as XRO are unlikely to be long term losers.

Key Detractors

Rio Tinto (RIO, underweight) – the diversified miner outperformed during January, supported by rising copper (+9%) and aluminium (+8%) prices. We prefer BHP amongst the diversified miners as we have concerns on the long-term outlook for iron ore due to excess supply, a commodity where RIO has greater exposure than BHP. We prefer copper and note >45% of BHP's earnings (EBITDA) are now derived from copper (vs RIO at 16%).

South32 (S32, underweight) – our underweight position in the diversified miner was a source of underperformance during January. Several key commodities that S32 produces rallied strongly across the month, led by Silver (+57%), Nickel, (+11%), and Zinc (+10%). We remain underweight given S32's portfolio complexity and relatively high cost assets in relatively challenging jurisdictions. We see better pure-play exposure to S32's key commodities elsewhere.

CAR Group (CAR, overweight) – the online vehicle classifieds company underperformed as online classified businesses sold off as the market fixated on the risk of disruption from AI search. There is no evidence of disruption to market leading online marketplaces from online search anywhere globally to date and we note the embedded nature of CAR's products in industry ecosystems, strong proprietary data advantage and investment ahead of the curve in AI powered product should offer meaningful protection. We view CAR's now discounted valuation of 13.6 times FY27 EBITDA as more than capturing this risk.

Market outlook

The first month of 2026 was notable for an escalation in geopolitical events, including the US capture of the Venezuelan President, the seizure of Venezuelan oil tankers by the US, threats to invade Greenland, protests inside the US over tactics used against illegal immigrants and the greatest political uprising in Iran since 1979.

Against this backdrop, it was remarkable that global equities rallied +2.2% in the month of January while Australian equities returned +1.8%. Part of this can be traced to the seasonal optimism in financial markets that often attends the start of the calendar year and evidence that both the US and Australia finished 2025 with good economic growth momentum.

Nevertheless, financial markets became increasingly nervous during the month after a series of announcements from Mega Cap Tech companies of larger-than-expected capital expenditure plans and rising fears that AI will disrupt the business models of many well-held growth companies in the software-as-a-service (SaaS) sector.

In our 2026 outlook pieces we flagged that emerging market equities, commodities and small companies would likely do well in 2026. All three had a very good January, returning +8%, +10% and +2.7% respectively in the month. We also suggested that the A\$ would appreciate through 70c in early 2026 and after ending 2025 at 66.7c the A\$ finished the month at 69.6c. This 4.4% rise ate into the returns of unhedged offshore investments, with offshore unhedged equities returning -2% in January following on from -1% in December. Fixed income had a relatively modest return of +0.2% in Australia, although global bonds fared better, returning +0.9% in January.

The biggest news locally was the shift in the Reserve Bank of Australia's (RBA) interest rate expectations. This followed an employment report that saw the unemployment rate decline more than expected and the December CPI print which printed mildly above expectations. As such, financial markets finished the month priced for a 70% probability of a February rate hike.

Although we have been very constructive on the Australian economic outlook into 2026, we do note that the rise in the A\$ has contributed to a sharp tightening in Australian financial conditions. In our view, there are a number of quirks in both the employment and inflation data that suggest the RBA should refrain from engaging in a renewed and sustained tightening cycle.

We expect a somewhat bumpy but overall positive ride for equities in 2026. Our forecasts are for total return of +9% for the US, +12% for Emerging Markets, and +10% for Australia. Within interest rate markets, we expect yield curve steepening to be back in vogue in 1H26 in anticipation of a dovish Federal Reserve and stubbornly high US government debt. We also expect a weaker US\$ to again become a dominate theme in 2026, helping to propel the A\$/US\$ towards 75c by mid-2026.

We are most overweight stocks within the Communication Services, Utilities and Energy sectors, and are underweight Industrials, Consumer Discretionary and Information Technology.

Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	11.70	3.60	8.10
Consumer Discretionary	4.65	7.27	-2.61
Consumer Staples	3.50	3.37	0.13
Energy	4.86	3.94	0.92
Financials	31.14	32.40	-1.26
Health Care	6.55	7.18	-0.62
Industrials	2.28	7.27	-4.99
Information Technology	0.00	2.24	-2.24
Materials	25.06	24.93	0.13
Real Estate	5.62	6.42	-0.80
Utilities	3.98	1.39	2.59

Top 3 holdings

	Portfolio %	Benchmark %	Active %
BHP	12.17	9.53	2.64
Commonwealth Bank of Australia	9.45	9.27	0.17
Westpac	6.01	4.93	1.08

Key active positions

Overweights	Portfolio %	Benchmark %	Active %
BHP	12.17	9.53	2.64
Origin Energy	3.03	0.75	2.27
Chorus	2.35	0.13	2.22
Underweights			
Wesfarmers	0.00	3.51	-3.51
National Australia Bank	2.55	4.93	-2.38
Goodman Group	0.00	2.33	-2.33

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	7.57	3.43	4.35	2.01
Distribution return	5.24	4.73	5.55	6.46

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.

Fund Metrics*

	Price to Earnings Ratio	Forecast Dividend Yield (pre franking)
Fund	17.65	3.97
Index	18.10	3.28
Difference	-0.45	0.69

* Consensus estimated, Factset, NTM

Features

Investment objective	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.
Recommended investment time frame	5 - 7 + years
Fund inception	November 2008
Fund size	A\$125.3 mn as at 31 January 2026
APIR code	TYN0038AU
Estimated management cost	0.80% p.a.
Buy/sell spread	+/- 0.15%
Platform availability	Hub24 Insignia Expand Netwealth

Applications and contacts

Investment into the Yarra Australian Equity Income Fund can be made by Australian resident investors only.

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