Product Assessment

Report as at 25 Jun 2026

APPROVED

Yarra Australian Equity Income Fund

Rating issued on 25 Jun 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, Yarra aims to provide long-term capital growth over the same timeframe.

Manager	Yarra Capital Management Group
Distributor	Yarra Capital Management Group
Sector	Australian Shares \ Equity Income
Investment Style	Derivative Overlay
Equity Style	Neutral
RI Classification	Integrated
Absolute Risk	High
Relative Risk	Active - Benchmark Unaware
Investment Timeframe	7+ Years
Zenith Benchmark	S&P/ASX 300 (Accum)
Min Investment Amount	$10,000
Redemption Frequency	Daily
Income Distribution	Quarterly
Fund Size (29 May 2026)	$105.54M
Management Cost	0.80% 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
- Portfolio turnover expected to average 60% p.a. over a market cycle

Viewpoint

The Fund, managed by Melbourne-based Yarra Capital Management (Yarra), offers investors an income-focused exposure to Australian equities. Although Zenith gains comfort from Yarra’s overarching investment process and experienced team, we note that the Fund's portfolio manager has limited lead portfolio management experience and the underlying strategy has a relatively short track record. As such, we will seek to build conviction in the Fund's portfolio manager and closely monitor portfolio outcomes going forward.

Yarra was established in 2017 following the management buyout of Goldman Sachs Asset Management's Australian-focused investment capabilities, backed by private equity group TA Associates. Yarra's senior management owns 40% of the equity in the firm, with TA Associates owning 40% and Nikko Asset Management owning 20%.

The Fund is managed by Marcus Ryan, who assumed portfolio management responsibilities in January 2026. However, Dion Hershan leads the predominantly Melbourne-based Australian equities team comprising 19 members, with direct support from Katie Hudson. Zenith believes Hershan and Hudson have the requisite experience to manage the investment team. In addition, we consider the investment team to be sufficiently resourced and experienced. However, we will seek to build conviction in Ryan, given that he has limited experience in a lead portfolio management capacity.

Yarra's investment process is premised on the belief that equity markets are inefficient and that asset prices do not always reflect their intrinsic value. To exploit these market inefficiencies, Yarra seeks to develop unique insights and adopts a longer-term investment horizon. Zenith considers the Fund's investment philosophy to be intuitive.

The investment team places a strong emphasis on seeking out investment ideas that have not yet been identified by the market. Analysts will actively engage with company management, competitors, suppliers and customers to gain a heightened understanding of the factors impacting the market. Specific to the Fund, analysts maintain a key focus on the assessment of sustainable dividend capacity by analysing balance sheet strength, earnings durability and payout sustainability. Overall, Zenith believes Yarra's standardised approach to security analysis is intuitive and results in a consistent and detailed framework to identify ideas.

The portfolio construction process aims to produce a portfolio of securities with payoffs spread across multiple time horizons to improve diversification. Stocks are categorised based on Yarra's assessment of risk characteristics and expected payoffs. Income generation is driven primarily by stock selection, supported by active positioning around ex-dividend dates and options, which are used sparingly. Zenith is comfortable with Yarra's portfolio construction approach and believes it ensures a connection between the output of its security selection process and the resultant weight of the stock in the Fund.

Effective January 2026, management of the Fund transitioned to Yarra Capital Management, with the Fund's performance prior to this date attributable to Tyndall Asset Management.

Fund analysis

Fund characteristics

Constraint	Value
Security Numbers	40 to 70 (Typically)
Active Stock Weight	-6% to 6%
Active Sector Weight	-15% to 15% (Soft Limit)
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, Yarra aims to provide long-term capital growth over the same timeframe.

Yarra's investment process is premised on the belief that equity markets are inefficient and that asset prices do not always reflect their intrinsic value. To exploit these market inefficiencies, Yarra seeks to develop unique insights and adopts a longer-term investment horizon.

Yarra believes the Australian market is extremely narrow, with little differentiation between value and growth securities. As such, Yarra seeks to be opportunistic, preferring to have the ability to oscillate between value and growth securities. In addition, the Fund has a particular focus on income generation and dividend sustainability.

Zenith considers the Fund's investment philosophy to be intuitive.

Portfolio applications

In general, compared to most other asset classes, equities offer investors the opportunity for higher capital growth over the longer term, albeit with some income. However, this higher growth potential is typically accompanied by greater volatility. As such, investors should adopt a longer investment time horizon 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 representing a significant proportion of the benchmark. In addition, the Australian market accounts for only a small portion of global equity markets in terms of market capitalisation. Accordingly, Zenith believes investors should consider diversifying their exposures across asset classes, both domestically and internationally, to mitigate concentration risk.

The Fund's investment approach focuses on income generation whilst attempting to maintain a level of capital growth over the long term. As such, Zenith believes the Fund may suit investors seeking regular, stable income from a lower-risk equity investment, with the Fund's market sensitivity expected to average approximately 0.9 over a market cycle.

While Yarra has the flexibility to use derivatives and hybrids, these are applied sparingly, with the majority of income generated from holdings in higher-yielding equities. Zenith believes this relatively straightforward approach may appeal to investors seeking income without reliance on more complex derivative based strategies. The Fund also aims to provide relatively stable quarterly income distributions over time.

Given its style-neutral approach, Zenith believes the Fund may be suitable as a core exposure to the Australian equities sector, particularly for investors with smaller portfolio allocations. In addition, the Fund may be complemented with other style-neutral, value and/or growth-oriented Australian equities strategies to achieve a more diversified exposure.

The Fund's portfolio turnover is expected to average approximately 60% p.a. over a market cycle, which Zenith considers to be moderate. Yarra has indicated that approximately 70% of the expected turnover is attributed to resizing existing positions, and approximately 30% to initiating and closing positions. Given this expected level of turnover, the Fund's returns are expected to be delivered via both capital appreciation in the unit price and the realisation of capital gains in income distributions. In addition, realised capital gains are likely to be eligible for the capital gains tax discount. As such, holding all else equal, this could be beneficial for investors with higher marginal tax rates, although 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*	Integrated
Has Responsible Investment Policy	Yes
Negative screens**	**Full/Partial**
Armaments	Full
Fossil fuels	Partial
Gaming	Full
Adult Entertainment	Full
Tobacco	Partial
Nuclear Power	Full
Human rights abuse	Full
Other Measures	Conflict Zone Investing (Full), Detention or Incarceration (Full), Drift Net or Trawl Fishing (Full), Palm Oil (Full), Predatory Lending (Full), Thermal Coal (Partial)
PRI Status	
PRI Signatory	Yes

*Zenith RI Classification scale:

- Traditional
- Aware
- Integrated
- Thematic
- Impact

***Data has been supplied by third parties. While such information is believed to be accurate, we do not accept responsibility for any inaccuracy in such data.*

Absolute performance

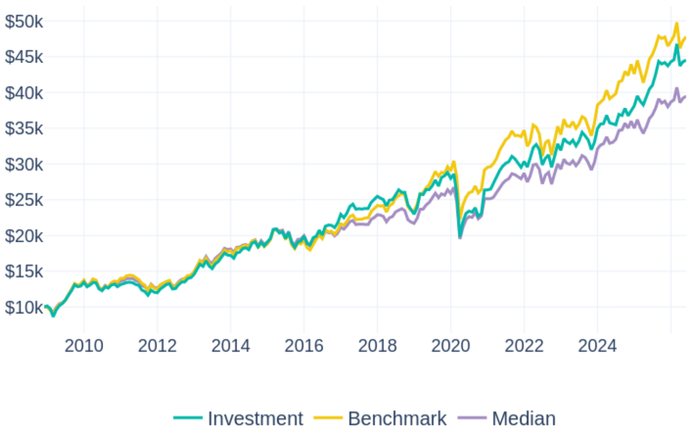
Performance as at 31 May 2026

Monthly performance history (%, net of fees)

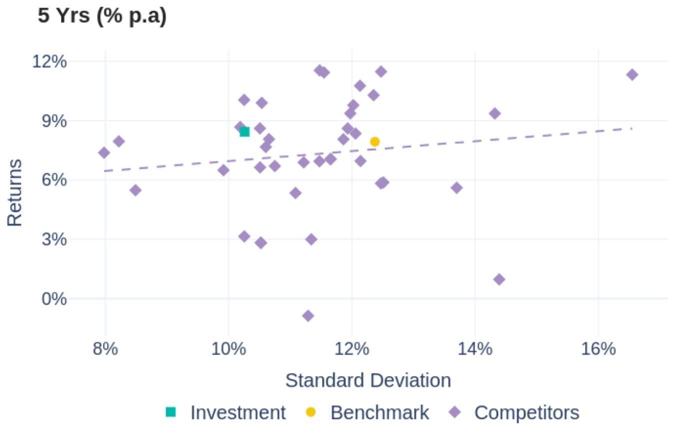
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD	BM YTD*
2026	0.66%	4.98%	-6.59%	1.34%	0.46%								0.49%	1.42%
2025	3.65%	-1.84%	-1.37%	3.20%	2.51%	1.33%	3.59%	4.35%	-0.78%	0.45%	-1.05%	1.31%	16.15%	10.66%
2024	1.86%	0.11%	3.30%	-2.86%	-0.54%	-0.23%	4.09%	-0.40%	2.71%	-2.74%	1.87%	1.87%	9.12%	11.37%
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%

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

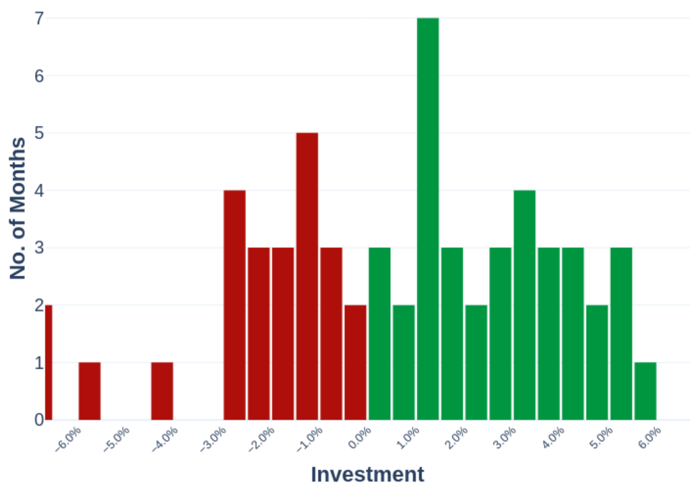
Growth of $10,000



Risk / return



Monthly histogram



Minimum and maximum returns (% p.a.)

Absolute performance analysis

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	9.96%	11.02%	8.43%	7.94%	8.91%
Benchmark	7.02%	10.96%	7.93%	9.07%	9.35%
Median	8.60%	9.88%	7.68%	6.91%	8.16%
Cash	3.78%	4.18%	3.03%	2.17%	2.75%

Ranking within sector (p.a.)

Ranking within Sector	1 Yr	2 Yrs	3 Yrs	5 Yrs
Fund Ranking	14 / 36	14 / 36	13 / 36	13 / 35
Quartile	2nd	2nd	2nd	2nd

Absolute risk

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Standard Deviation (% p.a.)					
Investment	9.97%	9.28%	10.26%	13.98%	13.56%
Benchmark	10.04%	10.61%	12.37%	13.51%	13.32%
Median	8.70%	9.01%	10.19%	12.34%	12.02%
Downside Deviation (% p.a.)					
Investment	6.71%	5.42%	6.31%	9.95%	9.21%
Benchmark	7.79%	6.56%	8.08%	9.61%	9.00%
Median	5.84%	5.29%	6.41%	8.97%	8.16%

Absolute risk/return ratios

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Sharpe Ratio (p.a.)					
Investment	0.62	0.74	0.53	0.41	0.45
Benchmark	0.32	0.64	0.40	0.51	0.50
Median	0.55	0.63	0.46	0.38	0.45
Sortino Ratio (p.a.)					
Investment	0.92	1.26	0.86	0.58	0.67
Benchmark	0.42	1.03	0.61	0.72	0.73
Median	0.83	1.08	0.73	0.53	0.66

For consistency purposes, Zenith benchmarks all Australian equities funds against the S&P/ASX 300 Accumulation Index. Accordingly, all performance and risk measurements are calculated using Zenith's assigned index. The Fund is measured against the S&P/ASX 200 Accumulation Index, grossed up for franking credits, with any long term differences between the indices expected to be minimal.

Zenith notes that the performance data presented does not incorporate the additional benefit of franking credits generated by the Fund.

Effective January 2026, management of the Fund transitioned to Yarra Capital Management, with the Fund's performance prior to this date attributable to Tyndall Asset Management.

All commentary below is as at 31 May 2026.

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, Yarra aims to provide long-term capital growth over the same timeframe.

Given Yarra recently assumed portfolio management responsibilities for the Fund, there is insufficient performance history to conduct any meaningful analysis.

Relative performance

Excess returns

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Excess Return	2.94%	0.05%	0.50%	-1.13%	-0.44%
Monthly Excess (All Mkts)	50.00%	41.67%	45.00%	41.67%	49.05%
Monthly Excess (Up Mkts)	44.44%	32.00%	28.95%	35.80%	41.18%
Monthly Excess (Down Mkts)	66.67%	63.64%	72.73%	53.85%	63.51%

Capture ratios (% p.a.)

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Downside Capture	79.64%	69.89%	70.96%	91.67%	91.95%
Upside Capture	102.60%	84.38%	82.88%	90.01%	93.14%

Tracking error (% p.a.)

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	3.00%	4.63%	4.88%	4.70%	4.54%
Median	2.71%	2.44%	3.00%	2.48%	2.46%

Information ratio

Instrument	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Investment	0.98	0.01	0.10	-0.24	-0.10
Median	0.58	-0.44	-0.08	-0.87	-0.48

Beta statistics

Statistic	1 Yr	3 Yrs	5 Yrs	10 Yrs	Inception
Beta	0.95	0.79	0.77	0.97	0.96
R-Squared	0.91	0.81	0.85	0.89	0.89
Correlation	0.96	0.90	0.92	0.94	0.94

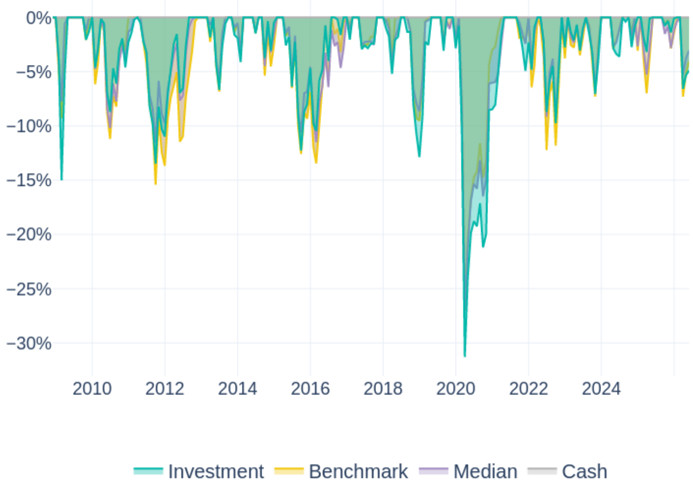
All commentary below is as at 31 May 2026.

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. In addition, we view a strategy's ability to produce stronger upside capture ratios relative to downside capture ratios as an attractive feature.

Given Yarra recently assumed portfolio management responsibilities for the Fund, there is insufficient performance history to conduct any meaningful analysis.

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 2026.

Given Yarra recently assumed portfolio management responsibilities for the Fund, there is insufficient performance history to conduct any meaningful analysis.

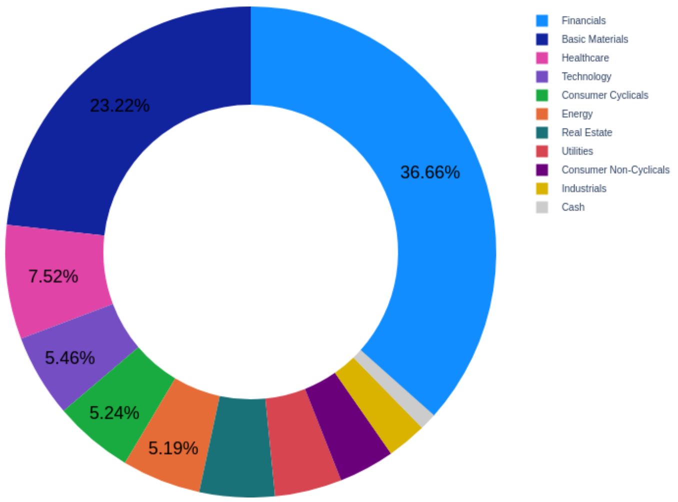
Product exposures

Holdings Report as at 31 Mar 2026

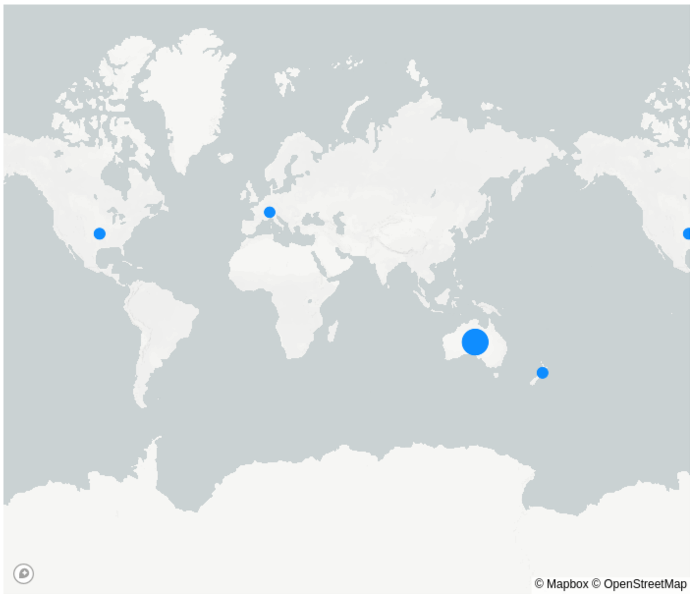
Top 10 holdings

Stock	Weight	Country	Sector	Active Exposure
BHP Group Ltd	13.03%	Australia	Basic Materials	3.50%
Westpac Banking Corporation	7.94%	Australia	Financials	2.91%
Commonwealth Bank of Australia	7.63%	Australia	Financials	-2.83%
National Australia Bank	6.62%	Australia	Financials	1.88%
Woodside Energy Group Ltd	5.19%	Australia	Energy	2.71%
Origin Energy	3.44%	Australia	Utilities	2.64%
Australia and New Zealand Banking Group	3.09%	Australia	Financials	-0.95%
Coles Group	2.96%	Australia	Consumer Non-Cyclicals	1.86%
Northern Star Resources	2.59%	Australia	Basic Materials	1.50%
CSL	2.35%	Australia	Healthcare	-0.20%
Total	54.84%			

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: Zenith considers key person risk to be high at Yarra and believes the departure of Dion Hershan or Marcus Ryan would be a material loss for the Fund, triggering an immediate review of our rating. However, we believe that Hershan and Ryan are appropriately incentivised to remain with Yarra, which somewhat mitigates our concerns.

Relative performance risk: The Fund adopts an income-focused and relatively benchmark-unaware investment approach, which may result in meaningful deviations in sector and stock exposures relative to the benchmark. As a result, performance may differ materially from the benchmark and peers over shorter to medium term periods.

Track record risk: Zenith notes that the strategy has a relatively limited track record dating back to January 2026. However, we draw comfort from the Yarra's track record managing Australian equities strategies over the long term under a similar investment philosophy and process.

Capacity risk: Zenith believes that high levels of funds under management (FUM) can potentially inhibit Yarra's ability to efficiently trade the portfolio, thereby limiting outperformance potential. As at 31 May 2026, Yarra managed approximately $A 8.3billion in Australian equities.

Yarra has advised that the indicative firmwide capacity limit for Australian equities is approximately 0.60% of the market capitalisation of the S&P/ASX 200 Index (approximately $A 16 billion as at 31 May 2026), at which point the relevant strategies would be soft closed to new investors. Given Yarra's current level of FUM, Zenith does not consider capacity to be an issue.

Focus risk: Given Ryan's role as deputy portfolio manager of Yarra's Australian equities strategy, Zenith believes his focus on this Fund may be diluted.However, we highlight that there is a high level of overlap between the strategies, which tempers our concerns.

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

Security/asset selection

The Fund's investment universe comprises securities listed on the S&P/ASX 300 Index. The initial universe is reduced to a more manageable size through the application of a liquidity filter that removes securities that would take more than 30 days to liquidate from the Fund, based on an average daily turnover and position size in the portfolio. It is anticipated that the liquidity filter will typically remove securities with a market capitalisation of less than $A 500 million.

Analysts are responsible for the coverage of all companies within their respective sectors, with companies being placed into the following categories:

- High Impact: Securities held in Yarra's portfolios or representing a significant portion of the benchmark index.
- High Interest: Stocks that have the potential to be included in the portfolio.
- Watch List: Securities that are not an immediate priority, however, are monitored and have the potential to be included in the portfolio.

Securities will be placed in the 'High Interest' and 'Watch List' categories if analysts believe they can identify unique company insights that would provide Yarra with a differentiated view relative to the market. Insights are developed through company, value chain, and broader industry analyses. Throughout this process, Hershan and Hudson provide close oversight to ensure that analysts utilise their time efficiently. Yarra's investment team is expected to conduct approximately 2,500 company meetings per year. The team will also engage with brokers to understand the market's expectations for specific industries and companies.

The investment team places a strong emphasis on seeking out investment ideas that have not yet been identified by the market. Analysts will actively engage with company management, competitors, suppliers and customers to gain a heightened understanding of the factors impacting the market. Specific to the Fund, analysts maintain a key focus on the assessment of sustainable dividend capacity by analysing balance sheet strength, earnings durability and payout sustainability.

Idea generation and individual analyst research agendas are driven by Hershan and Hudson, who meet analysts at least weekly to discuss their upcoming agenda. Zenith believes that by actively seeking investment opportunities that are yet to be recognised by the market, the Fund is well-positioned to capitalise on changing market dynamics.

Zenith views the active engagement of analysts with a variety of industry participants favourably and believes this approach provides analysts with a deeper understanding of industry dynamics.

When developing a company's valuation, analysts will consider a range of valuation methodologies including discounted cash flow analysis, free cash flow yields, price/earnings ratio, and other industry-specific valuation methods. Analysts apply a discounted cash flow model across all industries, with further valuation methodologies determined based on the industry in which a company operates.

The output of the research process is a one-page investment thesis articulating the valuation, risks and catalysts of a company. This analysis facilitates a peer-review process occurring during the morning and portfolio meetings. An important and differentiating aspect of the research output is the categorisation of securities into different payoff horizons (internally referred to as phases):

- Phase 1: High degree of visibility around earnings and key events - expected payoff in six to twelve months.
- Phase 2: Supportive industry and company trends, however no definitive near-term catalysts - expected payoff in one to three years.
- Phase 3: Clear value opportunity, however no insight or certainty in near-term financials - expected payoff uncertain.

The segregation of the investment universe based on expected payoff horizons enables the team to consider mispricing opportunities across varying investment timeframes, to assist in capturing the inefficiencies created by the short-term focus of many market participants.

Overall, Zenith believes Yarra's standardised approach to security analysis is intuitive and results in a consistent and detailed framework to identify ideas.

Responsible investment approach

Yarra has an established Responsible Investment Policy, last updated in March 2024. To be in line with industry best practice, Zenith believes Yarra's Responsible Investment Policy should be reviewed every 12 months, at a minimum, to reflect the constantly evolving nature of responsible investing.

Erin Kuo, Yarra's Chief Sustainability Officer, has over 15 years' experience within sustainability investing and works closely with Yarra's investment teams to support ESG integration into investment processes. Zenith views Kuo's appointment positively.

Further to the Fund's environmental, social and governance (ESG) screens, Yarra takes an active approach to ESG issues. ESG is evaluated as part of the team's fundamental analysis process, with analysts including an ESG score in each company's written assessment. Implications of material ESG issues are included in the valuation of each company, typically through added operating expenses or an increase in a company's weighted average cost of capital. Where ESG issues are deemed to be significant, they may preclude a company from 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 its share price. Overall, Zenith is comfortable with Yarra's approach to ESG.

Portfolio construction

Portfolio construction and position sizing are driven by Ryan, who draws on the fundamental research process conducted by the analysts.

In constructing the portfolio, Ryan seeks to create a balance across investment styles (value and growth) and investment timeframes, believing that stock-specific insights drive investment outcomes and should be capable of delivering outperformance across the full market cycle.

Stocks are categorised based on Yarra's assessment of risk characteristics and expected payoff. A stock's risk is defined as low, medium or high, with expected payoff categories of 10%, 20% or 30%. The lowest active weight is between 0% and 2% for a security with low risk and low payoff, or high risk and high payoff. The largest active position of up to 6% is for companies assessed as having high payoff with low risk.

Zenith has reviewed Yarra's target weighting guidelines and, whilst noting that it is not used as a direct method for determining security weights, we believe it provides a strong link to the security selection process.

The resultant portfolio typically consists of between 40 and 70 (typically 45) securities. Income generation is driven primarily by stock selection, supported by active positioning around ex-dividend dates and options, which are used sparingly. Whilst no strict portfolio constraints exist, the portfolio is constructed such that no single stock position can drive the performance of the portfolio and active sector weights are less than 15%.

The Fund is permitted to hold up to 20% in cash, although Yarra expects the portfolio to remain close to fully invested. Given our belief that actively managed equity funds should remain fully invested and that the asset allocation decision should be left to the individual investor, we believe there is scope for the Fund's cash limit to be lowered.

Positions will be exited in the following circumstances:

- The investment thesis is invalidated
- The position becomes overvalued
- A better relative value opportunity is identified

The Fund's portfolio turnover is expected to average approximately 60% p.a. over a market cycle, which Zenith considers to be moderate.

Zenith is comfortable with Yarra's portfolio construction approach and believes it ensures a connection between the output of its security selection process and the resultant weight of the stock in the Fund.

Risk management

Consistent with its emphasis on understanding and managing the risks of the portfolio, Yarra has implemented a strict risk management framework that is present throughout the investment process.

At the portfolio construction level, risk is managed by restricting the maximum investment in high-risk securities. Yarra does not apply fixed constraints at the stock and sector level, believing that such restrictions are ineffective in accounting for the differing risk profiles of various investments. However, Yarra closely monitors stock and sector correlations to ensure that correlations between single stocks/sectors or groups of stocks/sectors do not account for a material level of risk. In monitoring the risks at the portfolio level, Ryan will primarily consider the Tracking Error of the Fund, which is expected to be maintained between 2.5% p.a. and 4% p.a.

Yarra uses Axioma portfolio risk management to assess the portfolio's risk metrics. Whilst this highlights the Tracking Error of the portfolio, it decomposes each security's contribution to the active risk in the portfolio using different methodologies, thereby increasing Ryan's ability to identify unintended factor exposures and risks that could impact the portfolio. Risk software is typically run daily or when dictated by changing market conditions.

Zenith considers the risk management of the Fund to be well integrated at each stage of the investment process, ensuring that the team is cognisant of the risks inherent in the Fund. However, investors should be aware that there is a significant reliance on management judgement and skill.

Investment fees

	Fund	Sector Average
Total Fees and Costs (RG 97)	0.88% p.a.	0.84% p.a.
Management Fees and Costs	0.80% p.a.	0.71% p.a.
Transaction Costs	0.08% p.a.	0.14% p.a.
Performance fees	N/A	0.01%
Performance fees description	N/A	
Management Cost	0.80% p.a.	0.72% p.a.
Buy / Sell spread	0.20% / 0.20%	0.18% / 0.18%

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 is based on the average management cost of all flagship Australian Shares – Equity Income products surveyed by Zenith.

Overall, Zenith believes the Fund's fee structure is attractive relative to equity income peers that employ a derivative overlay strategy.

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

About the fund manager

Organisation

Yarra Capital Management (Yarra) is a Melbourne-based fund manager offering a range of active investment strategies across Australian equities, global equities, and fixed income.

Yarra was established in 2017 following the management buyout of Goldman Sachs Asset Management's Australian-focused investment capabilities and operating platform, backed by TA Associates, a global private equity firm with a strong track record of investing in funds management businesses.

In April 2021, Yarra completed the acquisition of Nikko Asset Management, which included Tyndall Asset Management (Tyndall). In early December 2025, Yarra announced the closure of Tyndall's large-cap business and the transition of its investment management responsibilities to Yarra, effective January 2026.

Amova Asset Management retains a minority equity stake in the combined business.

As at 31 May 2026, Yarra managed approximately $A 19billion in assets across its investment strategies.

As at 31 May 2026, Yarra managed approximately $A 460 million in the strategy, including $A 106 million in the Fund.

Investment personnel

Name	Title	Industry Experience (yrs)	Tenure (yrs)	Location
Marcus Ryan	Portfolio Manager	20	20	Melbourne, Australia

Dion Hershan leads the predominantly Melbourne-based Australian equities team comprising 19 members, with direct support from Katie Hudson. Zenith believes Hershan and Hudson have the requisite experience to manage the investment team.

The Fund is managed by Marcus Ryan, who assumed portfolio management responsibilities in January 2026. Prior to the management buyout, Ryan covered real estate, insurance and building materials at GSAM. Although Ryan has experience in co-portfolio manager and deputy portfolio manager roles, Zenith will seek to build conviction in his portfolio management capabilities, given that he has limited experience in a lead portfolio management capacity.

All members of the investment team have research responsibilities divided across sector lines. In addition, Zenith notes that the investment team has broader research coverage across the market cap spectrum.

The team also leverages the experience and expertise of Tim Toohey, Head of Macro and Strategy and Yarra's fixed income team, in order to gain a full understanding of factors that may impact company fundamentals. Zenith believes this resource is advantageous, given the insights it can provide on macroeconomic conditions.

Team interaction occurs frequently, with the investment team meeting on a daily basis to facilitate discussions regarding the broader economy as well as individual securities. Hershan and Hudson collaborate with the investment team throughout the research process, meeting with the analysts on a weekly basis. Portfolio meetings are held fortnightly, at which time stock attribution and overall risk exposures are discussed.

Yarra's remuneration structure comprises a base salary and performance bonus. Bonuses are discretionary in nature and are determined primarily following an assessment of fund performance, analyst stock calls and broader team contribution. Bonuses are paid in cash up to a predefined threshold, above which the balance is vested over three years to assist in staff retention. In addition, Zenith notes that the majority of the investment team holds equity in the business.

Overall, Zenith believes the team is sufficiently resourced, viewing its experience and stability favourably.

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 2026, 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 32.2% and Materials approximately 27.5%. In addition, the top 10 stocks represented approximately 48% 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: 25 Jun 2026

Role	Analyst	Title
Analyst	Tom Goodrich	Senior Investment Analyst
Sector Lead	Quan Nguyen	Head of Equities

Association & relationship

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Rating history

As At	Rating
25 Jun 2026	Approved
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

As At	Rating
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.

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Full details regarding the methodology, ratings definitions and regulatory compliance are available at Fund Research Regulatory Guidelines.

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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.