Yarra Australian Equity Income Fund

Gross returns as at 30 September 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)^	-1.74	2.93	5.87	11.71	9.98	10.19	11.43
S&P/ASX 200 Accumulation Index (grossed up for franking credits)	-2.14	1.77	3.79	12.64	9.05	10.48	10.91
Excess return (before fees)‡	0.40	1.16	2.08	-0.93	0.93	-0.29	0.52

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 30 September 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^	-2.19	2.06	3.58	9.18	7.15	7.32	8.52
Yarra Australian Equity Income Fund Yield (grossed up Dividend Yield)			7.45	7.34	8.19	8.34	8.53
S&P/ASX 200 Accumulation Index Yield (grossed up Dividend Yield)			4.48	4.62	5.15	5.26	5.65
Excess yield‡‡			2.98	2.71	3.04	3.08	2.88

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

Australian equities advanced over the quarter.

The S&P/ASX 200 Accumulation Index returned +1.3% for the quarter, taking its 12-month return to +2.7%. The broader S&P/ASX 300 Accumulation Index returned +1.3%, whilst globally, the MSCI World Index delivered +1.8% for the quarter.

Health Care (+26.9%) was the largest contributor, following a positive reporting season with sector earnings coming in 3% ahead of expectations. The sector was led by CSL (CSL, +62.7%) with Ansell (ANN, +44.7%) and Ramsay Health Care (RHC, +27.8%) also rising.

Materials (+4.6%) contributed positively, as the gold price and commodity prices rose during the quarter. BHP Group (BHP, +4.6%), Northern Star Resources (NST, +32.4%) and South32 (S32, +31.8%) rose during the quarter.

Energy (+17.4%) advanced, as the continued US-Iran conflict and the disruption of the Strait of Hormuz led to oil price increases. Woodside Energy (WDS, +15.8%), Santos (STO, +21.9%) and Ampol (ALD, +40.1%) all rose strongly.

Utilities (+3.1%) added modestly, supported by APA Group (APA, +4.6%) and Origin Energy (ORG, +2.6%).

Consumer Discretionary (-9.9%) was the largest detractor, reflecting weakness in Wesfarmers (WES, -13.9%), Lottery Corporation (TLC, -14.1%) and JB Hi-Fi (JBH, -11.0%). Subdued consumer sentiment driven by interest rate rises and persistent inflationary pressures weighed on the sector.

Real Estate (-8.7%) declined, driven by Goodman Group (GMG, -12.7%), Charter Hall Group (CHC, -17.5%) and Centuria Capital (CNI, -34.5%).

Industrials (-3.9%) detracted, led by SGH (SGH, -18.9%), Qantas Airways (QAN, -12.0%) and Transurban Group (TCL, -7.9%).

Information Technology (-7.6%) weakened, driven by NextDC (NXT, -25.7%), Xero (XRO, -21.2%) and Life360 (360, -29.1%), while Codan (CDA, +50.0%) advanced.

Communication Services (-3.4%) was lower, reflecting declines in CAR Group (CAR, -11.6%), Seek (SEK, -9.0%) and Telstra

Group (TLS, -2.7%), partially offset by REA Group (REA, +14.3%).

Financials (-0.9%) declined slightly, with Commonwealth Bank of Australia (CBA, -6.7%) and Zip Co (ZIP, -37.4%) offsetting gains in ANZ Group Holdings (ANZ, +8.4%) and AMP (AMP, +64.0%).

Portfolio review

Key Contributors

Wesfarmers (WES, underweight) – the diversified conglomerate underperformed during the period after reporting an in-line result. However, the company's core retail offers (Bunnings/Kmart) remain exposed to a tightening consumer backdrop, with outsized exposure to housing turnover and interest rates. With the company still trading on a premium FY27 P/E multiple of 28.0-times vs 23.4-times the 10-year average, and a modest 3.1% dividend yield, expectations remain relatively high for the stock.

Northern Star Resources (NST, overweight) – the gold producer outperformed during the September quarter as gold prices rose 4% due to a weaker U.S. dollar, falling bond yields, and the U.S. Treasury's decision to increase long-term bond buybacks. Despite recent operational challenges, the company's FY26 financial results and FY27 guidance were largely in-line and we believe that Northern Star has the most robust organic production growth profile in the gold sector.

Woodside Energy Group (WDS, overweight) – the oil and gas producer outperformed as oil (Brent +41%) and global gas (JKM +61%, TTF +62%) prices rose materially during the quarter on renewed hostilities around the Strait of Hormuz. Historically approximately 20% of global oil products and 22% of LNG traverse the Strait. We remain attracted to the company's organic growth pipeline led by the Scarborough project that remains on budget and scheduled to increase production by more than 30% over the next two years.

Key Detractors

CAR Group (CAR, overweight) – the online vehicle classifieds company underperformed in line with other Australian tech businesses during the quarter. CAR's recent result demonstrated continued strong growth across revenue, EBITDA and NPAT with all metrics growing double digit with low reliance on price increases to underpin growth. There is no evidence of disruption to market leading online marketplaces from online search anywhere globally to date (if anything, AI is more likely to act as a source of leads to online marketplaces) and we view CAR's now discounted valuation of 19.4-times FY27 P/E as more than capturing this risk.

Pinnacle Investment Management (PNI, overweight) – the multi affiliate fund manager underperformed during the period given market concerns regarding PNI private credit manager Metrics. PNI continues to have a significant growth opportunity through growing existing managers (3-times capacity upside) and expanding globally with material existing businesses in Europe, US and Asia and through adding additional fund managers both via capital light team lifts or acquisitions.

ANZ Group (ANZ, underweight) – ANZ outperformed during the period following a third quarter update that was in line with expectations. Notwithstanding a lending mix more skewed to business and a low collective provision coverage ratio (relative to peers), ANZ has not increased collective provision despite the deteriorating macro backdrop, which has supported earnings relative to peers. With the valuation gap to NAB and Westpac now largely closed, we prefer other banking exposures.

Market outlook

September was a more difficult month for growth assets as higher oil prices, rising sovereign yields and renewed central-bank tightening lifted the cost of capital. The S&P/ASX 200 Index fell 2.4% including dividends, underperforming global equities, while the MSCI World Index declined 1.2% in US-dollar terms. Australian investors received some protection from the weaker currency, with unhedged international equities outperforming hedged exposures.

Market leadership remained unusually narrow. US mega-cap technology and AI-related stocks supported the Nasdaq, but the broader S&P 500 Index eased and the Dow fell sharply. Europe and Australia lagged as higher discount rates pressured banks, resources, property and other cyclical or rate-sensitive sectors. The key signal was not a wholesale retreat from risk, but a market increasingly unwilling to look through higher funding costs.

Bond markets drove the cross-asset adjustment. Long-dated government yields rose across the United States, Europe and Japan as investors absorbed stronger data on activity, heavier fiscal borrowing and a less forgiving inflation outlook. The US dollar index gained around 2%, while the Australian dollar fell by 3.1%, amplifying offshore returns for unhedged Australian investors. Credit also weakened, as wider spreads compounded the rise in government yields.

Commodities reinforced the inflation shock. Brent crude rose more than 10% and traded above US$100 a barrel as US–Iran tensions and uncertainty around Middle East supply intensified. Gold reversed part of August's surge, falling more than 6% as higher real yields and a stronger US dollar outweighed safe-haven demand. The combination of firmer energy prices and rising bond yields was particularly damaging for long-duration assets.

The Federal Reserve delivered its first increase in around three years, lifting the federal funds target range by 25 basis points to 3.75%–4.00%. The unanimous decision reflected resilient domestic spending, robust capital investment and elevated inflation. Chairman Kevin Warsh delivered a firm message: policymakers would act to deliver price stability and financial conditions were not restrictive, leaving markets to price in a meaningful risk of another increase before year-end.

The tightening was global. The European Central Bank (ECB) raised its deposit rate by 25 basis points to 2.50%, citing energy-driven inflation and an economy that was proving to be

more resilient than expected. The Bank of Japan also lifted its policy rate to 1.25%, while the Bank of England held at 3.75%. Collectively, September marked a sharp reversal from earlier expectations that the next coordinated move by major central banks would be toward easing.

Locally, the Reserve Bank of Australia (RBA) unanimously raised the cash rate by 25 basis points to 4.60%, its fourth increase of 2026 and the highest rate since 2011. The Board judged that upside inflation risks were materialising through higher global energy prices, stronger-than-expected domestic inflation and persistent capacity pressures. Yet the late-cycle trade-off is becoming more severe: unemployment has risen to 4.6%, housing prices and new lending are weakening, and consumer spending is slowing. We expect growth to fall below 1% into early 2027. The RBA may retain a tightening bias, but September's move is likely to prove the final hike before an easing cycle begins around mid-2027.

As relative interest rates converge across the developed world and as the economic growth outlook tapers towards the end of 2026, the A$ is expected to underperform. If our prediction for the RBA to commence easing around mid-2027 proves to be correct then not only will the A$ depreciate more than most suspect, but a sector rotation in the equity market back towards interest rate sensitive sectors and away from commodity exposure is likely into the end of 2026 and first phase of 2027.

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

Sector allocation

	Portfolio %	Benchmark %	Active %
Communication Services	8.55	3.21	5.33
Consumer Discretionary	4.01	6.42	-2.42
Consumer Staples	3.95	3.72	0.23
Energy	4.92	4.66	0.25
Financials	30.92	32.71	-1.79
Health Care	6.92	6.92	0.00
Industrials	2.22	6.85	-4.63
Information Technology	0.00	2.05	-2.05
Materials	29.15	26.56	2.59
Real Estate	3.08	5.46	-2.38
Utilities	2.88	1.42	1.46

Top 3 holdings

	Portfolio %	Benchmark %	Active %
BHP Group	14.91	11.62	3.30
Commonwealth Bank of Australia	7.24	9.50	-2.26
Westpac Banking	6.36	4.51	1.85

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.

Key active positions

Overweights	Portfolio %	Benchmark %	Active %
BHP Group	14.91	11.62	3.30
Coles	3.34	1.18	2.16
CAR Group	2.40	0.32	2.09
Underweights			
Wesfarmers	0.00	3.27	-3.27
Commonwealth Bank of Australia	7.24	9.50	-2.26
Rio Tinto	0.14	2.33	-2.19

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Income and growth

	1 year %	3 years % p.a.	5 years % p.a.	10 years % p.a.
Growth return	-10.35	1.41	-0.16	0.12
Distribution return	13.93	7.77	7.31	7.19

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	17.00	4.09
Index	17.10	3.54
Difference	-0.10	0.55

* 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$82.4 mn as at 30 September 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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