

Tyndall Diversified Bond Fund

Investment objective

The investment objective of the Tyndall Diversified Bond Fund¹ (the Fund) is to provide investors with diversified fixed interest returns through exposure to a diversified mix of Australian and international investment grade fixed interest securities and liquid assets with an aim to outperform benchmark returns over any rolling three-year period.

Key benefits

- **Strong and disciplined focus on risk.** The team's chief priorities are liquidity and risk control. If a security's risk isn't adequately priced in, the team simply won't invest in it.
- **Managed using a multi-strategy approach.** The Tyndall² fixed income team uses multiple strategies such as duration, curve positioning, sector rotation and credit, rather than one single strategy, allowing them to take advantage of opportunities in all parts of the fixed income market in all market conditions.
- **Long track record of consistent performance.** The Fund has consistently delivered 'top quartile' performance over the long term.
- **Managed by a highly experienced team.** The Tyndall fixed income team has an average of 14 years' investment experience and a long track record in managing fixed income portfolios.
- **Multi-award winning.** The Fund and team have received numerous high profile industry awards.

Fund characteristics

- Active, opportunistic and disciplined investment style
- Exposure to a diversified mix of Australian and international investment-grade fixed interest securities and liquid assets
- Invests primarily in units issued by the Tyndall Australian Bond Fund and Tyndall International Bond Fund
- Manager seeks to add value from duration management, country exposure management and successful yield curve positioning
- 'Top-down' fundamental value-adding process, merged with 'bottom up' quantitative portfolio construction and credit process
- All investments are fully hedged back into Australian dollars
- No leveraging of the Fund is permitted

Performance

Tyndall's fixed income team has a long and established track record in delivering top quartile fixed interest performance. It has also been the recipient of a number of high profile industry awards, making Tyndall one of the leading fixed interest managers in Australia. Table 1 shows the gross and net performance of the Tyndall Diversified Bond Fund over the short and long term. Please note past performance is not a guarantee of future performance.

Table 1: Tyndall Diversified Bond Fund
Fund performance as at 30 September 2011

	Fund (%)	Index (%)	Excess Return (%)
1 month	0.99	1.26	-0.27
3 months	3.88	4.99	-1.11
6 months	6.38	7.77	-1.39
1 year	7.59	8.38	-0.79
2 years p.a.	8.03	8.71	-0.68
3 years p.a.	8.66	8.69	-0.03
5 years p.a.	7.39	7.83	-0.44
10 years p.a.	6.95	7.08	-0.13
Since inception p.a. (July 2000)	6.75	7.37	-0.62

50% Overseas Fixed Interest JP Morgan Index Global Gov't Bond Index ex-Aust in \$A (hedged); 50% Aust Fixed Interest: UBS Aust Composite Bond (All Maturities) Index

Source: Tyndall Investment Management Limited

Past performance is not a guarantee of future performance

Tyndall Diversified Bond Fund

Product Summary

Investment philosophy

Tyndall's fixed income investment philosophy is based on identifying pricing anomalies through a unique combination of fundamental economic analysis and in-depth valuations. Inherent in this investment philosophy is the belief that markets are often incorrect in forecasting short- and medium-term influences and conditions.

The Tyndall fixed income team believes that the efficient market hypothesis often doesn't hold due to varied reactions to information as it becomes available. The resulting disequilibrium in the balance of demand and supply, particularly in the short term, causes prices to adjust to new levels as new information is absorbed, often resulting in markets overshooting fair value levels.

This mis-pricing can be exploited via the application of sound fundamental analysis, disciplined risk and return analysis, skill, experience and a robust process. This market behaviour often provides opportunities for managers to add value for their clients.

The resulting mis-pricing by the market may not only occur, but can continue for a considerable period of time. Therefore a disciplined risk control process must be employed to control the risk from the decision making process as well as consistently reviewing the Tyndall fixed income current strategy and performance emanating from these decisions.

Investment style and process

Tyndall's fixed income process aims to achieve outperformance with a strong focus on diversifying the portfolio's sources for value-adding activities to achieve lower portfolio risk. Strong adherence to a moderated risk strategy that delivers consistent excess returns is fundamental to this philosophy.

Tyndall's fixed income management style is active, opportunistic and disciplined. It uses a 'top-down' fundamental value-adding process merged with a 'bottom-up' quantitative portfolio construction and credit process (as illustrated in chart 1).

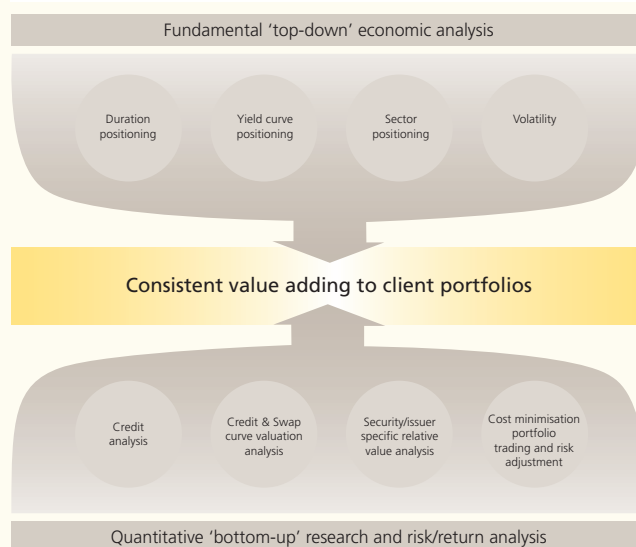
Top-down (or 'macro') strategies include positioning the portfolio to take advantage of interest rate, yield curve and sector risk premiums as well as our overall views of the economic and business environment.

Bottom-up strategies include security-specific analysis within each sector as well as security-specific yield curve analysis. The most important element of the bottom-up analysis is the commitment of company management in maintaining their credit quality and capital structure. In selecting credit securities, the credit team takes a long-term view and has a strong focus on diversification, liquidity and risk.

We believe in a balanced approach to fixed income, rather than one single strategy, allowing us to take advantage of opportunities in all parts of the fixed income markets.

We identify current conditions, how they are likely to change and the risks of this outcome not eventuating to determine how to best exploit the market using a variety of strategies prevalent at the time and expectations of changes in the future. The ability to use duration, curve positioning, sector rotation and other trading strategies ensures that excess returns can be generated from multiple sources in all market conditions.

Chart 1: Logical and Transparent decision making process



Source: Tyndall Investment Management Limited

Investment team

Tyndall's nine-member fixed income team has an average of 14 years' experience in fixed income investment and is responsible for managing approximately \$16 billion³ in funds on behalf of its clients.

Tyndall's fixed income capabilities include:

- Cash
- Enhanced cash
- Domestic and international fixed interest
- Credit
- Mortgages and other securitised bonds
- Inflation linked bonds
- Diversified bond funds.

Introducing the Tyndall fixed income team

Roger Bridges - Head of Fixed Income

BA (Hons) Economics; MA Economics

Roger joined Tyndall in 1998 and is responsible for managing the Tyndall award-winning fixed interest portfolios. This covers all aspects of fixed interest team management and development and portfolio implementation, and ensuring similar risk structures prevail across all the portfolios.

He has over 28 years' experience in the fixed interest market, including 15 years with the Commonwealth Bank in the Treasury area as well as time as a financial markets economist.

Darren Langer - Head of Portfolio Management

M. App. Fin; B. Bus

Darren joined Tyndall in 2008 and has overall responsibility for certain Australian nominal and indexed bond portfolios under Tyndall's management. He has responsibility for the macro strategy, interest rate, curve and sector exposures which are used as a source of alpha in the Tyndall fixed income process. Darren has 25 years' investment experience, including 13 years with Perpetual Limited where he was Senior Portfolio Manager, Fixed Interest.

John Sorrell - Head of Credit

PhD Pure Maths; MA (Hons) by coursework in Pure Maths; BA (Hons) majoring in Pure Maths

John joined Tyndall in 2008 and is responsible for Tyndall's credit process and strategy for all credit embedded in the bond portfolios as well as for portfolios with 100% exposure to credit. He also has responsibility for credit analysis for the domestic and global universe of credit including corporate issuers, mortgage and asset backed securities and structured products. He has 24 years' experience in the fixed income market including 11 years with Credit Suisse First Boston and six years with Merrill Lynch.

Anita Daum - Head of Portfolio Management

BMATHFin (Hons); Graduate Diploma of Applied Finance and Investment; CFA Charter Holder

Anita joined Tyndall in 2001 and is responsible for portfolio management including portfolio construction and trading for various domestic and global fixed interest mandates. She is also responsible for the production of proprietary research which forms part of Tyndall's economic analysis and provides the foundation for foreign exchange and fixed interest trading and portfolio construction. Anita has 10 years' experience in the fixed income market.

Ileria Chan - Senior Credit Analyst

Masters of Commerce - Finance Major & Economics Minor; Bachelor of Commerce (Accounting); Honours Diploma in Accountancy

Ileria originally joined Tyndall in 2006 and is responsible for credit analysis of the domestic and global universe of investment grade credits including corporate issuers, mortgage and asset backed securities and structured credit. Ileria has 18 years' experience, 11 of which have focused on the credit market.

Vladimir Kazakov - Quantitative Analyst

PhD Quantitative Finance; PhD Engineering; MS Physics

Vladimir joined Tyndall in 2007 and is responsible for providing quantitative support to the fixed income team. Prior to joining Tyndall, Vladimir was responsible for designing and optimising automated trading engines for Deutsche Bank Australia and Citigroup Australia. He has seven years' experience in the investment industry. Prior to this Vladimir worked in academia where he specialised in constructing algorithms and developing optimisation applications.

Alex Nguyen - Portfolio Manager

BMATHFin

Alex joined Tyndall in 2007 and is responsible for the management of daily cash flows and all cash investments for the Tyndall and Suncorp cash portfolios. He is also responsible for reconciliations between HiPortfolio, Austraclear, RITS, CHES and bank accounts. Alex has four years' experience in the fixed income market.

Simon Wang - Credit Analyst

Bachelor of Commerce (major in Actuarial Studies) and Science (Statistics)

Simon joined Tyndall in 2011 and is responsible for aiding in the development of the credit process, strategy and reporting. He also has responsibility for credit analysis of the domestic and global universe of investment-grade credits, focusing mainly on corporate issuers.

Chris Rands - Credit Analyst

BCommerce

Chris joined Tyndall in 2011 and is responsible for assisting the senior credit analysts with fundamental credit analysis of the domestic universe of non-government issuers, including corporate, mortgage- and asset-backed securities to provide the team with insights into the key risks associated with and the stability of the credit quality of issuers. In addition, he manages the daily cash flows and all cash investments.

Tyndall Investment Management Limited

Established in 1989, Tyndall Investment Management Limited ('Tyndall AM') is an award-winning investment manager of Australian investment funds, specialising in Australian shares, Australian fixed interest and international fixed interest. It is a wholly owned subsidiary of Nikko Asset Management Co., Ltd. ('Nikko AM'), which is one of the largest asset management companies in Japan with approximately A\$160 billion in funds under management as at 30 September 2011. Of this total, approximately A\$22 billion is managed by its Australian investment teams on behalf of retail and institutional investors, private clients, superannuation funds and charitable trusts.

Tyndall AM strives to thoroughly understand the needs of its clients by tailoring solutions to meet their objectives, being adaptive and maintaining a thorough research-driven investment process. Its active style, disciplined processes and strong focus on risk are designed to add value to clients' funds over the longer term. This approach and performance track record have been highly rated by the research community and contributed to the receipt of many high profile industry awards.

Tyndall Diversified Bond Fund at a glance

Inception date	July 2000
Benchmark	50% Overseas Fixed Interest JP Morgan Index Global Gov't Bond Index ex-Aust in \$A (hedged); 50% Aust Fixed Interest: UBS Aust Composite Bond (All Maturities) Index
Management Cost	0.55% p.a.
Minimum initial investment*	\$25,000
Minimum additional investment*	\$1,000
Distribution frequency^	Half yearly following 30 June and 31 December

*Tyndall Asset Management Limited ABN 34 002 542 038 AFSL 229664 (TAML), the Responsible Entity for the Fund, may accept lower amounts at any time at its discretion.

^ Fund returns can be volatile. TAML does not guarantee to provide distributions, or the amount of distributions.

Contact us

For information about Tyndall and our products and services, or to download a product disclosure statement, please call **Tyndall Investor Services** on **1800 251 589** or visit us online at www.tyndall.com.au. Alternatively please contact our retail sales team as listed below.

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