

### Tyndall Enhanced Cash Fund

#### Investment objective

The Tyndall Enhanced Cash Fund<sup>1</sup> (the "Fund") aims to provide a liquid and well diversified pool of assets that outperforms the UBSA Bank Bill Index (after fees) while maintaining capital price stability and an S&P AAF rating<sup>2</sup>.

#### Key benefits

- **Same day access to funds<sup>3</sup>.** The Fund provides investors with same day access to their funds due to the highly liquid nature of the underlying assets, providing investors with the confidence that they will be able to access their funds when required.
- **Competitive return relative to bank bills.** The Fund's ability to invest in a range of moderately longer-term high quality investment-grade securities, which benefit from paying an additional credit premium, provides it with the potential to generate a superior return to bank bills.
- **'True to label' enhanced cash fund.** The Fund has been assigned an S&P AAF credit rating. This rating, S&P's second highest, indicates that the Fund provides a very strong capacity to maintain principal stability and limit exposure to principal losses from credit defaults<sup>4</sup>. One of the characteristics of the Fund is that it must hold at least 60% in securities with a short-term rating of A-1 or better (or long-term equivalent).
- **Managed by a highly experienced team.** The Fund is managed by the Tyndall<sup>5</sup> fixed income team. The team has an average of 15 years' investment experience and a long track record in managing cash and fixed income portfolios. The team currently manages approximately \$16 billion in cash and fixed income assets.
- **Strong and disciplined risk focus.** The fixed income team's key priorities are liquidity and risk control. If a security's risk isn't adequately priced in, the team simply won't invest in it.
- **Multi-award winning process and team.** The Tyndall cash and fixed income process and team have received numerous high profile industry awards.

#### Investor suitability

The Fund is suitable for Wholesale Clients<sup>6</sup> seeking to invest in a high quality, highly liquid cash investment that is expected to offer a superior return to bank bills. Investors could include institutional clients such as charities, local government authorities and industry funds.

#### Fund characteristics

- Invests in accordance with the guidelines outlined in the S&P Australian and New Zealand Principal Stability Fund Ratings Criteria for a fund with a AAF rating
- Typically invests in cash and securities with an average maturity in a range of benchmark +/-180 days, with 5% of the portfolio maturing within seven days at all times
- Invests in a diverse range of high quality, short-term instruments including bank accepted bills, commercial paper, semi-government promissory notes, floating rate notes and bank deposits
- Same day pricing<sup>7</sup> and same day access to funds<sup>3</sup>
- Flexible fee arrangements
- Minimum initial investment amount of \$500,000
- Managed using an active, opportunistic and disciplined investment style

#### Performance

The Fund was launched in November 1995. Table 1 shows the performance of the Fund since inception. Please note past performance is not a guarantee of future performance.

**Table 1: Tyndall Enhanced Cash Fund  
Gross Fund performance to 31 December 2011**

	Fund (%)	Index (%)	Excess Return %
1 month	0.41	0.40	0.01
3 months	1.26	1.22	0.04
6 months	2.30	2.47	-0.17
1 year	5.56	5.00	0.56
3 years p.a.	5.63	4.38	1.25
5 years p.a.	5.82	5.48	0.34
10 years p.a.	5.76	5.44	0.32
Since inception p.a.	5.81	5.56	0.25

Tyndall gross returns are pre fees, pre tax using redemption prices and assume reinvestment of distributions.

Index = UBSA Bank Bill Index

Source: Tyndall Investment Management Limited

Past performance is not a guarantee of future performance

1 ARSN 092 026 349

2 Standard & Poor's Disclaimer: Analytic services provided by Standard & Poor's Ratings Services ("Ratings Services") are the result of separate activities designed to preserve the independence and objectivity of ratings opinions. Credit ratings issued by Ratings Services are solely statements of opinion and not statements of fact or recommendations to purchase, hold, or sell any securities or make any other investment decisions. Accordingly, any user of credit ratings issued by Ratings Services should not rely on any such ratings or other opinion issued by Ratings Services in making any investment decision. Ratings are based on information received by Ratings Services. Other divisions of Standard & Poor's may have information that is not available to Ratings Services. Standard & Poor's has established policies and procedures to maintain the confidentiality of non-public information received during the ratings process. Credit ratings may be changed, withdrawn or suspended at any time. Standard & Poor's (Australia) Pty. Ltd. holds Australian financial services licence number 337565 under the Corporations Act 2001. Standard & Poor's credit ratings and related research are not intended for and must not be distributed to any person in Australia other than a wholesale client (as defined in Chapter 7 of the Corporations Act).

3 Same day access applies in normal market conditions.

4 In order to maintain the 'AAF' rating, the Fund must comply with certain Standard & Poor's criteria. The 'AAF' rating criteria is available from Tyndall Investment Management Limited.

5 Tyndall Investment Management Limited ABN 99 003 376 252 AFSL No: 237563 (TIML). Tyndall Asset Management Limited ABN 34 002 542 038 AFSL 229664 (TAML) is the Investment Manager and Responsible Entity for the Tyndall Enhanced Cash Fund.

6 As defined in section 761G of the Corporations Act 2001.

7 If an investor's completed Application Form and payment reach Tyndall at the address shown on the Application Form by 9:00am Sydney time on a business day other than a Saturday, Sunday or a public holiday in Brisbane, Queensland, units are issued based on that day's allotment price.

# Tyndall Enhanced Cash Fund

## Product Summary

### Investment philosophy

Tyndall's cash and fixed income management 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.

Based on this over-arching philosophy the team seeks to extract value from the risk premiums being paid to investors and the appropriateness of these premiums taking into account the team's fundamental outlook for interest rates and the economic environment. This means that the Tyndall cash and fixed income process looks to actively manage risk positions to take advantage of future movements in interest rates and credit risk.

Market mis-pricing 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 review the Tyndall fixed income current strategy and performance emanating from these decisions.

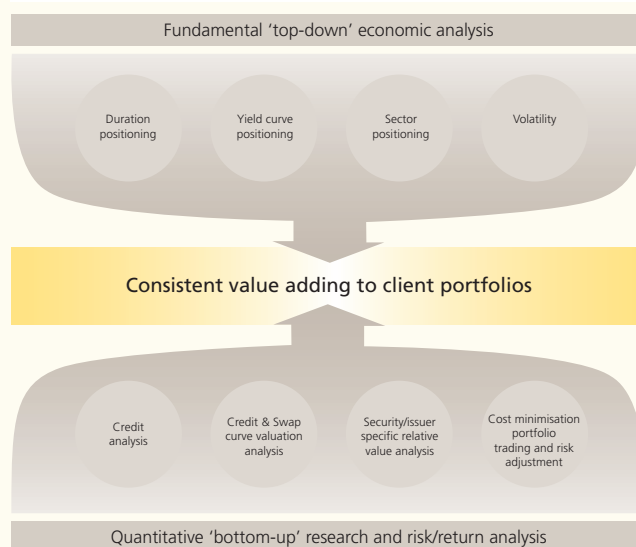
### Investment style and process

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

For the Tyndall Enhanced Cash Fund the process focuses primarily on the top-down (or 'macro') strategies which 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.

The Fund's performance is determined by the premiums on the rates being paid on short-term assets, out to a maximum of one year above the prevailing, or the market's expectations for, the future cash rate. This is known as the liquidity premium. As the Fund is designed for liquidity management purposes it largely invests in highly liquid assets with a maturity profile that ensures the Fund generates adequate cash flow to meet the regular day-to-day demands upon the Fund.

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 15 years' experience in cash and fixed income investment and is responsible for managing approximately \$16 billion<sup>8</sup> 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.

As well as being highly rated by the Australian research community, Tyndall's cash and fixed income team, process and funds have been the recipient of a number of high profile and prestigious industry awards.

## 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 29 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 26 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 25 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 11 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 19 years' experience, 12 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 eight 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 five 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\$151 billion in funds under management as at 31 December 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 Enhanced Cash Fund at a glance

Inception date	November 1995
Fund size (as at 31 March 2011)	\$1.2 billion
Benchmark	UBSA Bank Bill Index
Management Cost	Negotiable
Minimum initial investment*	\$500,000. A minimum balance of \$500,000 needs to be maintained in the Fund.
Distribution frequency <sup>^</sup>	Quarterly following 31 March, 30 June, 30 September 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.

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

### Contact us

For information about Tyndall, our products and services or to request a copy of the Tyndall Enhanced Cash Fund Information Memorandum, please contact:



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