Monthly Market Commentary

Global equity markets struggled in August as investors worried that the Fed would keep interest rates higher for longer, bond yields rose and risk-off was back in fashion.

It was hard to find refuge in a month with all indices in the red, but US large caps fared better than most with the S&P500 and NASDAQ down 1.8% and 2.2%, respectively. EU bourses were all weaker with the UK FTSE down 3.4%, followed by the German DAX down 3%, and the French CAC down 2.4%. Performance in Asia was negative but mixed, with Japan's Nikkei225 down 1.7%, while a litany of macro risks sank China's Shanghai Composite Index, down 5.2% in August.

Central to investor concerns around China has been its sputtering growth engine as the country faces weak consumer demand, deflation, and rocketing youth unemployment. China's beleaguered property sector is also making matters worse as it continues to stumble from one crisis to the next with Country Garden missing two US dollar bond payments in August. To appreciate the enormity of the challenge facing authorities, consider that total on and off-balance sheet liabilities at Evergrande and Country Garden, the two largest developers, account for ~16% of China's GDP.

The other debt problem facing Chinese authorities is what to do with the ~USD$13 trillion in local government debt (~72% of China's GDP). While there are still many options left on the table such as central government bailouts, state bank debt restructuring, and possible asset sales, all are fraught with dangers and come with their own costs.

China is not the only country grappling with debt. In August ratings agency Fitch downgraded the USA's credit from AAA to AA+, citing "a high and growing debt burden" as a key factor. With a starting general government debt-to-GDP of ~113%, as measured by Fitch, US indebtedness is more than two times the 'AAA' rated median, while an increasing interest burden, demographic headwinds and growing cyclical pressures will all likely keep this ratio high.

Seeing as governments are unlikely to be able to grow, cut, or restructure their way out, there is impetus for governments to amortize the real value of debt by using measures to keep inflation high and nominal rates low, i.e. negative real rates. This approach goes by the unhelpful catch-all of 'financial repression'. Should governments venture down this path, it will be at the expense of savers.

Against this backdrop the Fund continued to perform well up +2.49% for the month, taking the 12-month return to +21.05%. As always this was achieved with substantially less market risk.

On a sector basis, only Energy delivered positive returns, up 1.2%, aided by stronger oil prices with WTI up 2.2%. Macro concerns weighed on Materials, down 5%, and Industrials, down 3.2%, while yield dynamics impacted Utilities, down 5.8%. Commercial property concerns also contributed to Financials' weakness, down 3.9%.

The AUD fell 3.5% against the USD, with the Bloomberg Commodity Index also down 1.2%. VIX remained largely unchanged at approx. 13, while yields on 10yr US Treasuries rose to 4.3% before falling modestly to close at 4.1%, up 15bps for the month.

US-based tax specialist, H&R Block was the Fund's best performing stock in August. Shares rose strongly following a better-than-expected FY23 result, which was accompanied by guidance for +10% EPS growth next year. Given the stock is still trading on a ~13% free cash flow yield, carries no balance sheet risk, with an outstanding buy back equivalent to ~12% of the market cap and scope to keep lifting margins, we think there is still good upside on offer. Should HRB keep executing we believe shares could be worth ~$50 over the next few years, some 30% upside.

Japanese security firm, Secom, was also a meaningful contributor to performance with shares up strongly following a well-received Q1 result. While it was encouraging to see organic momentum in the core security division accelerate on the back of much better pricing trends, the real piece of good news was Secom's announcement of another meaningful buyback equivalent to ~2.1% of shares by Dec-23. This growing willingness to lean on the balance sheet to supplement shareholder returns is the real bull case on Secom, where ~25% of the market cap is net cash.

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We believe the most compelling way to compound clients' wealth is by utilising multiple return sources to deliver superior risk-adjusted investment outcomes.

- Long-term compounding of investor wealth
- Multiple sources of return
- Quarterly distributions
- Risk focused investment mindset

The investment process behind the Talaria Global Equity Fund (Managed Fund) takes a high conviction, value biased approach to construct a portfolio of high quality, large cap companies from around the globe. Our unique investment methodology harnesses the benefits of consistent income generation and capital appreciation to grow investors' real wealth.

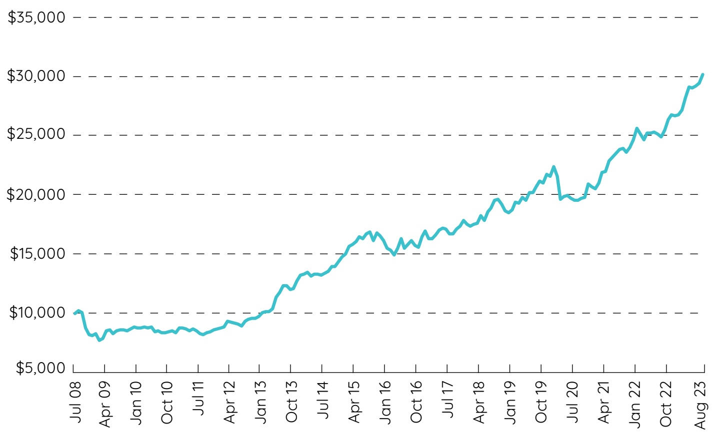
Performance as at 31 August 2023[1]

	1 Month	3 Months	6 Months	1 Year	3 Years (pa)	5 Years (pa)	7 Years (pa)	10 Years (pa)	Since Inception (pa)[2]
Total Return	2.49%	3.92%	11.12%	21.05%	15.51%	9.06%	9.39%	9.36%	7.62%
Avg. Market Exposure[4]	59%	57%	58%	55%	55%	56%	57%	59%	61%

1 Fund Returns are calculated after fees and expenses and assume the reinvestment of distributions
2 Inception date for performance calculation is 18 August 2008
3 Past performance is not a reliable indicator of future performance

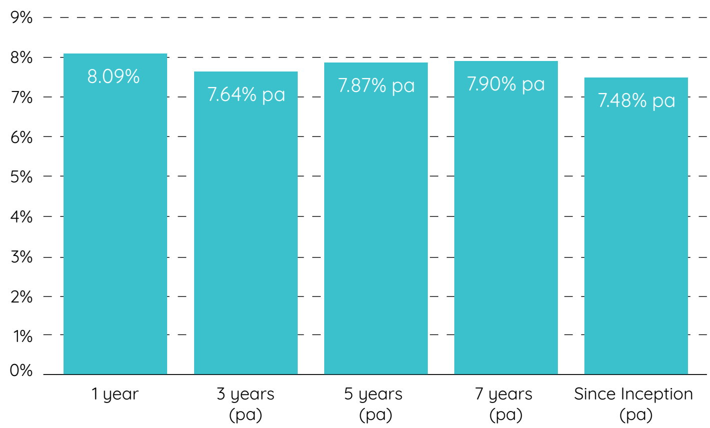
4 Average Market Exposure calculated on delta-adjusted exposure of underlying portfolio. Since inception market exposure is calculated from September 2008

Growth of $10,000 Since Inception[5]



5 Calculations are based on exit price, net of management fees and expenses and assumes reinvestment of distributions Past performance is not a reliable indicator of future performance

Annual Distributions[6]



6 Illustrates Distribution Returns for the Talaria Global Equity Fund (Managed Fund) Units for the financial year ending 30 June 2023. Inception date is 18 August 2008.

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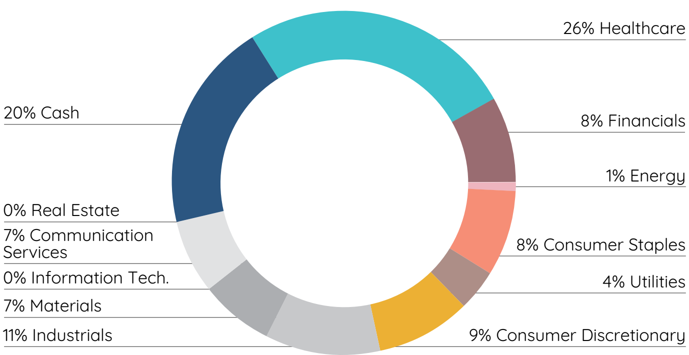
Top 10 Holdings[7]

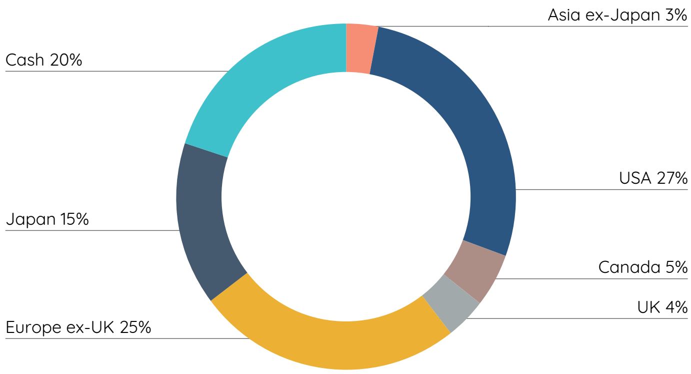
Company Name	Holding	Country	Sector	Description
Johnson & Johnson	5.1%	USA	Healthcare	Pharmaceutical, medical devices and consumer health products company
Roche	4.8%	Switzerland	Healthcare	A global leader in Cancer treatments
Gilead	4.7%	USA	Healthcare	Leading research based biopharmaceutical company
Sanofi	4.7%	France	Healthcare	Top 5 pharmaceutical firm with leading positions in diabetes and rare diseases
Secom	4.6%	Japan	Industrials	Japan's largest protective and electronic security solutions provider
Bunzl	4.4%	United Kingdom	Industrials	Multinational distribution and outsourcing business
Novartis	4.4%	Switzerland	Healthcare	One of the world's largest pharmaceutical companies.
Wheaton Precious Metals	4.2%	USA	Materials	Large precious metals streaming company
Sodexo	4.2%	France	Consumer Discretionary	A multinational food services and facilities management company.
Nippon Telegraph & Telephone Corp	3.8%	Japan	Communication Services	Japan's largest telecommunications provider

7 Weightings include option positions held and cash backing put options. It assumes that put options will be exercised.
Should the put option not be exercised the cash will revert to the unencumbered cash portfolio or may be used to cover further put options.

Sector Allocation[8]



Regional Allocation[9]



8,9 Weightings include option positions held and cash backing put options It assumes that put options will be exercised.
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Fund Snapshot

APIR Code	AUS0035AU	**Inception Date**	18 August 2008
Management Fee	1.16% p.a. of the net asset value of the Fund plus Recoverable Expenses	**Liquidity**	Daily
Recoverable Expenses	Estimated to be 0.12% of net asset value of the Fund each Financial Year	**Exit Price**	$5.1596 (31 Aug 2023)
		Buy / Sell Spread	0.20% / 0.20%
Major Platform Availability	AMP North, Asgard, Ausmaq, BT Wrap, BT Panorama, CFS FirstWrap, CFS FirstChoice, Hub24, IOOF Pursuit, Linear, Macquarie, Mason Stevens, MLC Wrap, MLC Navigator, MyNorth, Netwealth, Powerwrap, Praemium, Xplore Wealth	**Distributions**	Quarterly
		Minimum Investment	$5,000

Important Information