

Monthly Market Commentary

A broad-based decline in global equities left investors with few places to hide this quarter. A surge in oil prices and bond yields were the two most noteworthy developments. Some would argue that a market pullback is only natural after a strong first half of the year. We are of the view that recent weakness is a continuation of a turbulent period for equity markets that started last year and that is more reflective of underlying economic realities.

The reality that interest rates might have to stay higher for longer drove bond yields to fresh, multi-decade highs and weighed heavily on investor sentiment. Supply concerns pushed oil prices significantly higher and further exacerbated the upside risk to inflation. At the same time, the AI hype that propelled tech stocks earlier in the year fizzled out somewhat and led to the tech sector underperforming the broader market. Risk indicators like the VIX rose, reminding investors that coming out of the woods unscathed is not a given amidst the most aggressive monetary tightening cycle in recent history.

Almost all major equity indices suffered losses in the third quarter. The broad-based S&P 500 and the tech-heavy NASDAQ fell by -3.6% and -4.1%, respectively. Asian markets were also weak with the NIKKEI down -4% and Hong Kong's Hang Seng down -5.9%. In Europe, the Euro Stoxx 50 dropped by -5.1% with both the French CAC and the German DAX in the red. UK's FTSE 100 was the only notable index that bucked the trend and finished up 1%.

Against this challenging backdrop, the Fund delivered a positive quarter, gaining 2.55%, taking the 12-month return to 17.66% while maintaining substantially lower market risk.

Distributions: The Talaria Global Equity Fund paid a September 2023 quarterly distribution of 7.3 cents per unit taking its 12-month income return to 8.15%.

Energy was the only sector that delivered meaningful positive returns of +10.4% on the back of resurgent oil prices. Utilities were at the other extreme, suffering a -9.9% drop with a surge in bond yields the main culprit. Tech is also worth noting, down -6.2%, and underperforming the broader market for the first time this year as excitement around AI subsided. All other sectors were down low to mid-single digits in a broad-based market weakness.

Oil prices saw their strongest quarter since June of last year, increasing significantly by 28.5% and closing above the \$90 mark. Constrained supply rather than a surge in demand is to blame with other commodity prices increasing only modestly (Bloomberg commodity index up just 3.3%). US treasury yields surged, with the 10-year increasing by a whopping 73 bps and closing the quarter at 4.57%, the highest since 2007. The VIX jumped by 4 points from June lows not seen since pre-COVID to 17.5 points. The USD gained against nearly all major currencies.

Two American firms contributed most to the Fund's performance this quarter. On top was H&R Block, a tax preparation company with operations in the US, Canada and Australia. It delivered a better-than-expected margin and stronger buybacks that have propelled the shares materially higher. A close second was CF Industries, an agricultural fertiliser manufacturer. Strong results and the gas price differential between Europe and the US stabilising, supported the shares.

The largest detractor to performance this quarter was Swiss pharmaceutical giant Roche (see stock in focus). Despite recent weakness we see significant value and took advantage of the weakness to add to the position. Brazilian brewer Ambev was another detractor. Weakness in the Brazilian Real and a P/E derating on the back of worsening sentiment on Argentina, one of their key export markets, were some of the main drivers.

The fund initiated a new position in KDDI, the second biggest Japanese telecom. Low levels of debt provide balance sheet optionality while carrying a low valuation relative to earnings potential and growth. The fund exited two positions on valuation grounds after reaching our price targets - CNQ, a Canadian energy company, and Loews, an American insurance conglomerate.

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 30 September 2023¹

	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	-0.66%	2.55%	6.09%	17.66%	14.98%	8.86%	9.76%	9.57%	7.53%
Avg. Market Exposure ⁴	55%	58%	57%	56%	56%	57%	58%	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

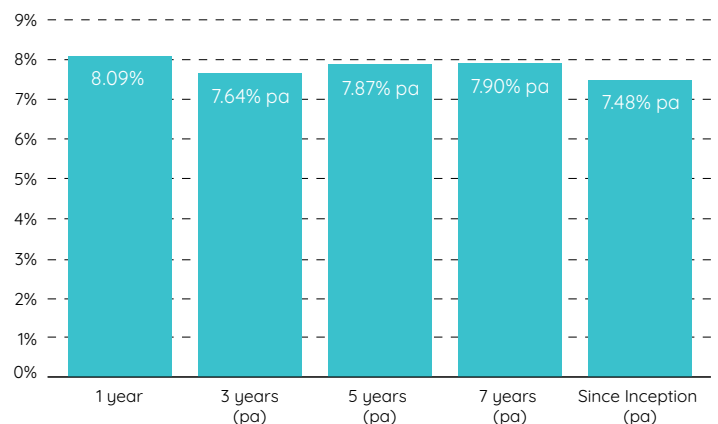
⁴ Average Market Exposure calculated on delta-adjusted exposure of underlying portfolio. Since inception market exposure is calculated from September 2008

Growth of \$10,000 Since Inception⁵



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 Distributions⁶



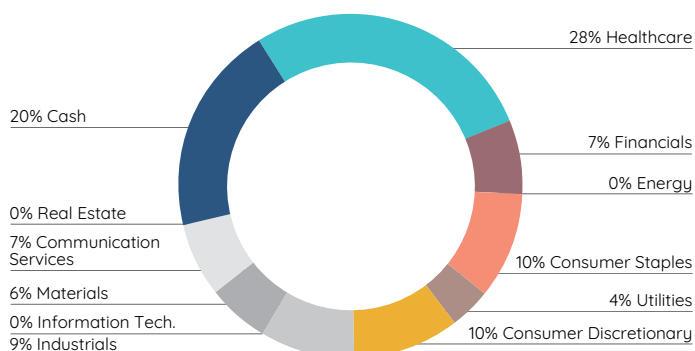
⁶ Illustrates Distribution Returns for the Talaria Global Equity Fund (Managed Fund) Units for the financial year ending 30 June 2023. Inception date is 18 August 2008.

Top 10 Holdings⁷

Company Name	Holding	Country	Sector	Description
Roche	5.7%	Switzerland	Healthcare	A global leader in Cancer treatments
Gilead	5.4%	USA	Healthcare	Leading research based biopharmaceutical company
Johnson & Johnson	5.1%	USA	Healthcare	Pharmaceutical, medical devices and consumer health products company
Sanofi	4.9%	France	Healthcare	Top 5 pharmaceutical firm with leading positions in diabetes and rare diseases
Sodexo	4.6%	France	Consumer Discretionary	A multinational food services and facilities management company.
Secom	4.1%	Japan	Industrials	Japan's largest protective and electronic security solutions provider
Novartis	4.0%	Switzerland	Healthcare	One of the world's largest pharmaceutical companies.
Chubb	3.9%	USA	Financials	Global Property & casualty insurance company
Wheaton Precious Metals	3.8%	USA	Materials	Large precious metals streaming company
Redeia	3.7%	Spain	Utilities	Regulated utility with a monopoly over electricity transmission in Spain.

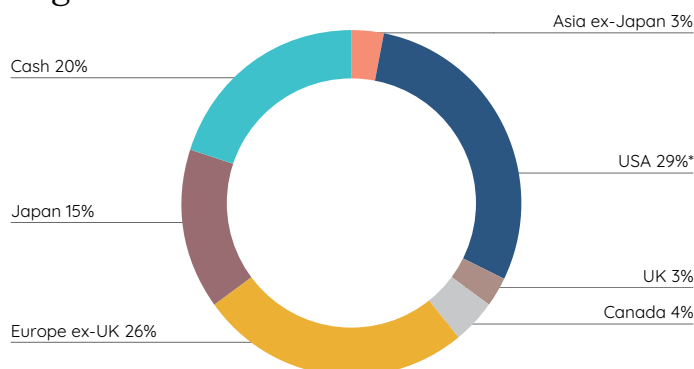
⁷ Weightings include option positions held and cash backing put options. It assumes that put options will be exercised. Should the put option not be exercised the cash will revert to the unencumbered cash portfolio or may be used to cover further put options.

Sector Allocation⁸



^{8,9} 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.

Regional Allocation⁹



* USA includes American Depositary Receipts (ADRs) listings.

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	\$5.12570 (30 Sep 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

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