Monthly Market Commentary

October was a difficult month for global equity markets as broad-based selling took hold across geographies and sectors.

There were plenty of reasons for this, but one which was probably weighing disproportionately on equity valuations was the ongoing rise in 10-year US government bond yields because higher rates reduce the present value of future cash flows, all else being equal. While both inflation expectations and expected short term rates have played their parts in lifting 10-year yields, the main recent driver has been a rise in 'term premium', which is the extra compensation investors demand for holding longer term versus shorter term bonds. Given the parlous state of US finances and political uncertainty it is hardly a surprise that investors want more payment for taking on the risk.

Downbeat outlook commentaries from a wide range of corporates this results season also caused some investor angst. Hershey flagged a weak Halloween season, Hasbro cut full year sales guidance for a second time this year and UPS also cut guidance thanks to weaker package demand and higher wages. Budget travellers are also feeling the pinch with US low-fare carriers slowing capacity growth as travel demand fades. Even luxury customers are feeling pain with Porsche warning that inflation/rates are dampening car buying, while distiller Remy Cointreau flagged weaker-than-expected US demand for high-end spirits. In short, there is growing evidence of pressure on corporate profitability.

On a regional basis, US small caps bore the brunt of October's sell-off with the S&P Small Cap Index falling 5.8%. US large caps fared better with the S&P500 and NASDAQ down 2.2% and 2.8%, respectively, outperforming major Asian and European bourses, almost all of which fell more than 3%.

The AUD was 1.5% lower against the USD, with the Bloomberg Commodity Index down 0.2% and WTI down 11%. VIX rose 0.6 to close at 19.86 while yields on 10-year US government bonds rose 36bps to close at 4.89%.

Against this backdrop the Fund delivered -0.28% for the month, taking the 12-month return to 13.47% with substantially lower market risk.

With investors in sell-mode, it was no surprise to see Utilities top the leader board as the only sector in the green, finishing up 0.5%. Staples and Technology also fared well, falling a relatively modest 1.8% and 0.9%, respectively. Energy was down 4.4% on oil price weakness, while Consumer Discretionary fell 4.8% on the back of some disappointing megacap updates, notably Tesla flagging more product discounting. Healthcare was another source of weakness, down 4.8% despite its defensive attributes.

France's largest drug-maker, Sanofi was this month's biggest detractor as news of changes to its capital allocation priorities saw the stock fall sharply. Taking advantage of its superior revenue visibility to the end of the decade, and rock-solid balance sheet, Sanofi will now be embarking on a program of higher organic R&D spend rather than M&A. While this adds some complexity for those modelling near term trends, we think it was the right strategic decision to make, and one which only serves to further boost the company's longer-term value proposition.

As disappointing as the share price performance has been, the reality is that the business carries no financial risk, current sales continue to grow at a reasonable pace, and the stock is now exceptionally cheap in our opinion. For example, the difference between the current value of Sanofi's patent protected cash flows and the market's valuation of the company is approaching €90b. Put another way, the market is pricing Sanofi stock as if the business will spend €90bn on R&D, or almost a decade's worth of investment, and generate nil value. We think this is far too pessimistic, particularly if you consider that since 2013 every €1 of R&D spend at Sanofi has generated €3.40 of value. Taking advantage of this share price weakness, we have therefore decided to accumulate more exposure to Sanofi stock at prices we think are very attractive.

At the other end of the performance spectrum, was the Fund's holding in global catering and rewards group, Sodexo. Shares rallied on a solid set of FY2023 results that highlighted organic sales continue to grow strongly across the group. Should the company execute on its FY2025 targets we think Sodexo stock could be worth ~€150/share.

Talaria Asset Management
330 Collins Street
Melbourne, VIC, Australia 3000
info@talariacapital.com.au
talariacapital.com.au

Talaria Global Equity Fund (Managed Fund)
Ticker code: TLRA
Monthly Update | October 2023

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.

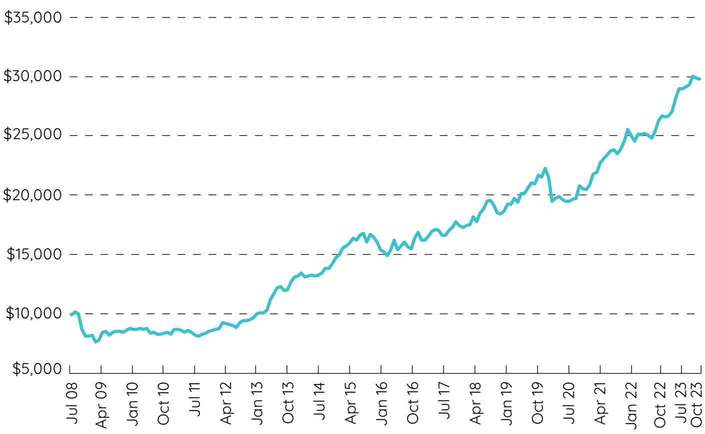
Performance as at 31 October 2023[1]

	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	-0.28%	1.53%	2.70%	13.47%	14.76%	9.22%	9.81%	9.46%	7.47%
Avg. Market Exposure[4]	58%	58%	58%	57%	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

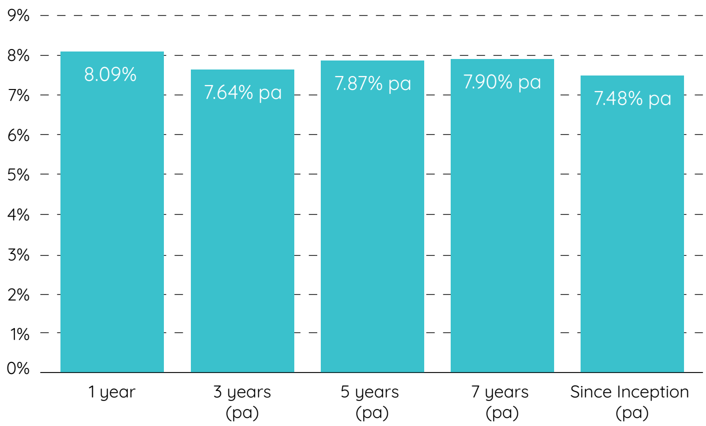
4 Average Market Exposure calculated on delta-adjusted exposure of underlying portfolio. Since inception market exposure is calculated from September 2008

Growth of $10,000 Since 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.

Talaria Asset Management
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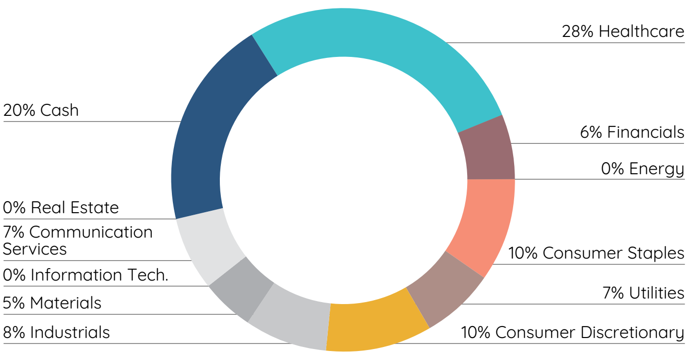
info@talariacapital.com.au
talariacapital.com.au

Top 10 Holdings[7]

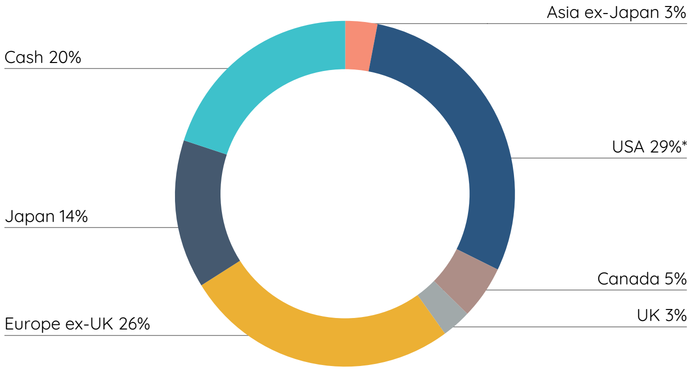
Company Name	Holding	Country	Sector	Description
Roche	5.3%	Switzerland	Healthcare	A global leader in Cancer treatments
Sanofi	5.2%	France	Healthcare	Top 5 pharmaceutical firm with leading positions in diabetes and rare diseases
Johnson & Johnson	5.1%	USA	Healthcare	Pharmaceutical, medical devices and consumer health products company
Gilead	5.0%	USA	Healthcare	Leading research based biopharmaceutical company
Secom	4.8%	Japan	Industrials	Japan's largest protective and electronic security solutions provider
Sodexo	4.7%	France	Consumer Discretionary	A multinational food services and facilities management company
Wheaton Precious Metals	4.6%	USA	Materials	Large precious metals streaming company
Femsa	3.8%	Mexico	Consumer Staples	Operates largest Mexican convenience store chain, and part owner of Coca-Cola bottling and Heineken
Novartis	3.7%	Switzerland	Healthcare	One of the world's largest pharmaceutical companies
Redeia	3.6%	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 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. 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.

* 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**	$5.0384 (31 Oct 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