

Monthly Market Commentary

While currency movements impacted regional equity market returns on a USD basis, in local currency terms, January was generally a good month for most indices, with some even breaking previous index level records.

Chief amongst them was the S&P500 which set all-time highs for five straight trading sessions before finishing the month up 1.6%. Even the NASDAQ, which was up 1% in January, is now only a few percentage points off its prior all-time high set in November 2021. However, outside of US large caps performance was lacking, as profit taking saw the S&P600 fall 4%, having rallied more than 20% off its October 2023 lows.

Japan's Nikkei225 was also busy hitting multi-decade highs with an eye-popping 8.4% gain in January, thanks to a weaker yen and expectations of low rates continuing, pushing the index above 35,000 for the first time since 1990.

In doing so, the Tokyo Stock Exchange also regained the top spot in Asia by market capitalisation, displacing China's Shanghai bourse which had its worst January since 2016, falling 6.4% to hit a five-year low. More disappointing macro updates, deflationary pressures, ongoing property sector issues, and a view that authorities will need to do more to support growth, weighed heavily on Chinese equities where even valuation arguments failed to provide much support (China's Shanghai Composite Index is currently trading on a prospective P/E of less than 10x).

France's CAC40 dominated European league tables after a strong set of Q4 results from luxury goods giant LVMH pushed the index to an all-time high and ending the month up 1.5%. While the German DAX also managed to deliver positive returns, finishing up 0.9%, the UK FTSE meaningfully underperformed as a stronger-than-expected domestic inflation print and weakness amongst commodity-linked stocks saw the index fall 1.3%.

At a sector level, the absolute standout performers were Information Technology and Communications, both up more than 4% courtesy of their overweight exposure to US mega-cap tech stocks. Healthcare, Finance and Staples also delivered positive returns up, 2.6%, 1.4% and 0.5% respectively. Materials and Utilities fared the worst, down 4.7% and 3.4% respectively.

Against this backdrop the Fund delivered 2.24% for the month, taking its 12-month return to 12.91%.

The AUD fell 3.6% against the USD with the Bloomberg Commodity Index broadly flat for the month. In contrast, some good economic updates from the US and rising geopolitical tensions in the Middle East, helped boost WTI Oil prices by 5.9%. VIX rose modestly by 1.9 points to close at 14.3 while yields on 10yr US Treasuries remained largely unchanged at 3.9%.

The Fund's biggest contributors and detractors for the month mirrored regional equity market trends. Chinese e-commerce group, Alibaba, was the biggest drag, while the Fund's holdings in Japanese telco NTT, and French companies Sanofi and Sodexo were the biggest contributors, in that order. Amongst the top five contributors was also the Fund's position in Japanese banking group, Sumitomo Mitsui Trust and US pharmaceutical giant, Johnson & Johnson.

In terms of new positions, the Fund recently gained exposure to US-based medical devices company, Medtronic plc. As one of the world's largest manufacturer of products to help treat a range of ailments including diabetes, heart, spine, and orthopaedic conditions, the group has enjoyed GDP+ levels of organic growth at very high margins. While operational issues have plagued the group in recent years, there are signs these are now in the rearview mirror with the stock continuing to trade on reasonably supportive relative multiples to peers. Hence, should management keep delivering on operational improvements we think the stock still has some upside on offer.

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 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 January 2024¹

	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	2.24%	2.79%	4.08%	12.91%	13.13%	9.54%	8.76%	8.06%	7.73%
Avg. Market Exposure⁴	55%	56%	57%	57%	56%	56%	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 1 October 2005
³ Past performance is not a reliable indicator of future performance

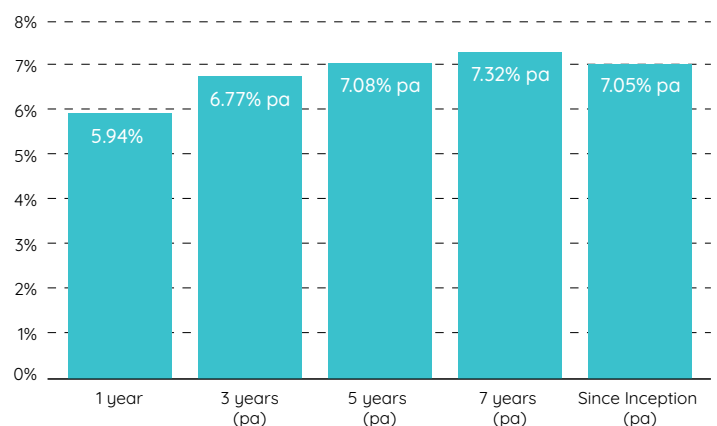
⁴ Average Market Exposure calculated on delta-adjusted exposure of underlying portfolio. Since inception market exposure is calculated from 1 October 2005

Growth of \$100,000 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



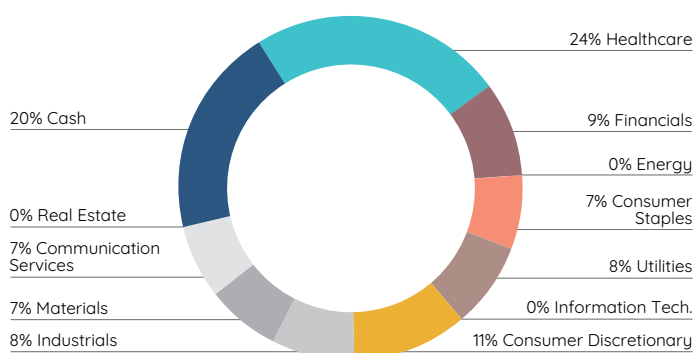
⁶ Illustrates Distribution Returns for the Talaria Global Equity Fund - Foundation Units for the financial year ending 30 June 2023. Inception date is 1 October 2005

Top 10 Holdings⁷

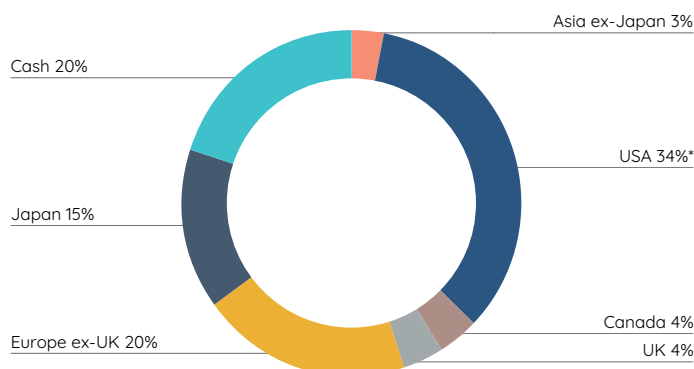
Company Name	Holding	Country	Sector	Description
Roche	5.6%	Switzerland	Healthcare	A global leader in Cancer treatments
Johnson & Johnson	4.8%	USA	Healthcare	Pharmaceutical, medical devices and consumer health products company
Sanofi	4.6%	France	Healthcare	Top 5 pharmaceutical firm with leading positions in diabetes and rare diseases
Wec Energy	4.5%	USA	Utilities	A US regulated electricity and gas utility company
Secom	4.4%	Japan	Industrials	Japan's largest protective and electronic security solutions provider
Gilead	3.9%	USA	Healthcare	Leading research based biopharmaceutical company
Sodexo	3.8%	France	Consumer Discretionary	A multinational food services and facilities management company.
Wheaton Precious Metals	3.8%	USA	Materials	Large precious metals streaming company
Bunzl	3.6%	United Kingdom	Industrials	Multinational distribution and outsourcing business
CF Industries	3.6%	USA	Materials	North America's largest manufacturer of nitrogen-based fertilizer

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



Regional Allocation⁹



^{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 Depository Receipts (ADRs) listings.

Fund Snapshot

Management Fee	Nil	Inception Date	1 October 2005
Performance Fee	20% - subject to High Watermark	Liquidity	Daily
Distributions	Quarterly	Availability	Wholesale Clients Only
Minimum Investment	\$50,000	Buy / Sell Spread	0.20% / 0.20%

Important Information

Foundation Units in the Talaria Global Equity Fund are issued by Australian Unity Funds Management Limited ABN 60 071 497 115, AFS Licence No. 234454. Foundation Units are currently available to what the Corporations Act 2001 (Sections 761GA and 761G) defines as Wholesale Clients. Talaria Asset Management Pty Ltd ABN 67 130 534 342, AFS Licence No. 333732 is the investment manager and distributor of the Fund. References to "we" means Talaria Asset Management Pty Ltd, the investment manager. The information in this document is general information only and is not based on the financial objectives, situation or needs of any particular investor. In deciding whether to acquire, hold or dispose of the product you should obtain a copy of the current Information Memorandum and consider whether the product is appropriate for you. A copy of the Information Memorandum can be obtained by calling Talaria Asset Management on (03) 8676 0667. Investment decisions should not be made upon the basis of the Fund's past performance or distribution rate, or any ratings given by a rating agency, since each of these can vary. In addition, ratings need to be understood in the context of the full report issued by the rating agency itself. The information provided in the document is current at the time of publication.

The Zenith Fund Awards were issued on 14 October 2022 by Zenith Investment Partners (ABN 27 130 132 672, AFSL 226872) and are determined using proprietary methodologies. The Fund Awards are solely statements of opinion and do not represent recommendations to purchase, hold or sell any securities or make any other investment decisions. To the extent that the Fund Awards constitutes advice, it is General Advice for Wholesale clients only without taking into consideration the objectives, financial situation or needs of any specific person, including target markets where applicable. Investors should seek their own independent financial advice before making any investment decision and should consider the appropriateness of any advice. Investors should obtain a copy of and consider any relevant PDS or offer document before making any investment decisions. Past performance is not an indication of future performance. Fund Awards are current for 12 months from the date awarded and are subject to change at any time. Fund Awards for previous years are referenced for historical purposes only.

Signatory of:
 Principles for Responsible Investment