Monthly Market Commentary

February saw global equity markets continue their strong rally with many major indices reaching new highs. In the US, the NASDAQ and S&P500 enjoyed their best February since 2015 to close at record levels after rising 6.1% and 5.2%, respectively. While small caps lagged in a relative sense, the S&P600 Small Cap Index still delivered a respectable 3.2% return for investors.

Concentration, particularly in the US is now a well-known market phenomenon. But the numbers can still be striking. February saw the largest one-day market value gain in history for an individual stock when NVIDIA's Q4 result saw its stock up 17%. With a multi-trillion market cap and its share price up 28% for the month, NVIDIA alone accounted for around 20% of the S&P500 month's gains.

Chinese equities benefitted from a Lunar New Year rally with the Shanghai Composite Index the standout performer in Asia, up 8.1% for the month. Helping fuel this was a combination of very low starting multiples (~10x next year's earnings at the end of January), potential exhaustion in selling by international investors, as well as some better economic updates. Japanese equities also did very well again with the Nikkei225 up 7.9% to reach a new all-time high, an achievement thirty-four years in the making. Underpinning the continued strength in Japanese equities has been a wider recognition of the country's efforts to improving governance and capital allocation across listed companies; something we laid out in our June 2023 Quarterly Update.

European bourses were more mixed. Germany's DAX rose 4.6%, helped by its IT constituents benefiting from the AI theme, along with expectations of ECB rate cuts which also helped the CAC 40, up 3.5% for the month. Across the English Channel, performance was harder to come by as the UK FTSE closed flat for the month, weighed down by its oversized exposure to Materials and Financials.

While a well-received earnings season helped broader sentiment, attention now turns to the year ahead. On this basis, S&P500 FY24 EPS consensus is for 11% growth. This is a meaningful step-up on Q4 FY23 EPS actual growth run-rates of 4%. Therefore momentum needs to start accelerating from current levels if consensus is to be achieved. Given the S&P500's starting P/E of ~20x, there is no allowance for any operational slippage.

The Fund delivered -1.49% in February while the 12-month performance is +9.15%. An overweight exposure to defensive sectors (i.e. Healthcare), the usual ups and downs of reporting season, and some sub-par stock specific updates all affecting performance.

Japanese telco KDDI was a notable disappointment. The company unexpectedly announced the acquisition of convenience store operator Lawsons. This move was inconsistent with one pillar of our investment thesis which incorporated the continuation of a rational capital allocation policy towards shareholders. We significantly reduced our exposure as a consequence.

At a sector level, IT and Consumer Discretionary benefitted from their exposure to the Magnificent 7, up 6.1% and 7.5%, respectively. To the extent that this was driven by cyclical considerations, Industrials also benefitted, closing up 5.6%. Defensives were laggards, with Utilities down 1.3%, Staples up 0.2%, and Health Care up 2.1%.

The AUD fell 1.1% against the USD. Commodities were mixed with the Bloomberg Commodity Index down 1.9% and WTI up 3.2%. VIX fell another 0.95 points in February to close at 13.40 while yields on 10yr US Treasuries rose 34bps.

US pharma giant, Johnson & Johnson (JNJ) was the biggest contributor to Fund performance. Its shares participated in the broader market rally after FY24 EPS guidance for growth of ~7% was broadly in-line with consensus. Given JNJ's defensive earnings profile, strong balance sheet and still attractive valuation (~6.6% prospective earnings yield), it remains a key Fund holding.

In terms of new positions, the Fund recently gained exposure to Japanese car-marker, Subaru. As a leader in the fast-growing SUV category with ~10% share, Subaru is one of the highest quality automakers. This is evident in its high operating margins, low inventory and lack of incentives needed to drive sales. While Subaru is still relatively early on its EV transition journey, something that will ultimately consume substantial resources, it is starting with significant net cash on hand (>¥1trillion vs ~¥2.5 trillion market cap) and partnering up with bigger players to share the burden. With the stock trading on an EV/EBIT of less than 4x, we also think a lot of this risk is reflected in the valuation. Given strong fundamentals and a solid balance sheet, we think Subaru makes for a compelling investment proposition.

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 – Currency Hedged (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.

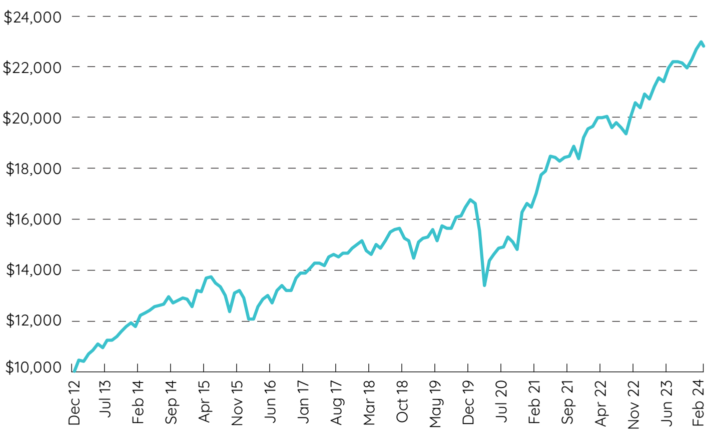
Performance as at 29 February 2024[1]

	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	-1.49%	1.44%	1.81%	9.15%	9.99%	8.19%	7.02%	6.38%	7.59%
Avg. Market Exposure[4]	58%	57%	57%	57%	56%	56%	58%	59%	58%

1 Fund Returns are calculated after fees and expenses and assume the reinvestment of distributions
2 Inception date for performance calculation is 31 December 2012
3 Past performance is not a reliable indicator of future performance

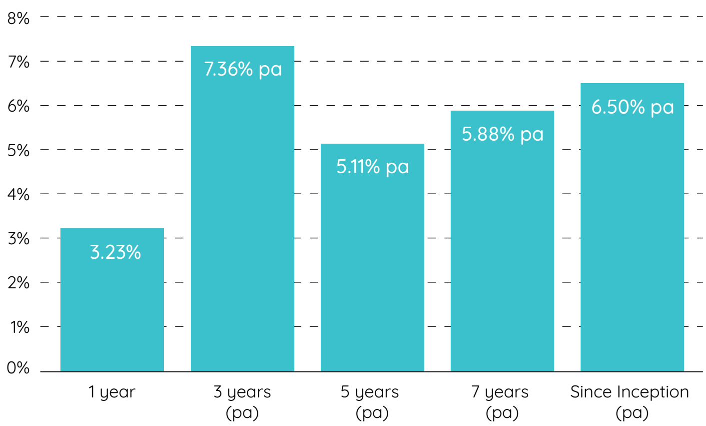
4 Average Market Exposure calculated on delta-adjusted exposure of underlying portfolio. Since inception market exposure is calculated from 31 December 2012

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 - Currency Hedged (Managed Fund) Units for the financial year ending 30 June 2023. Inception date is 31 December 2012.

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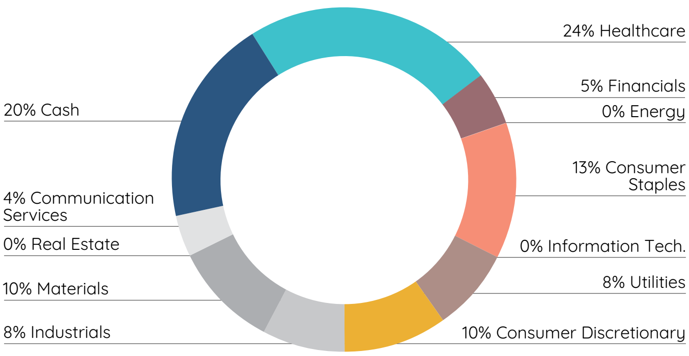
Zenith Fund Awards Winner 2022

Top 10 Holdings[7]

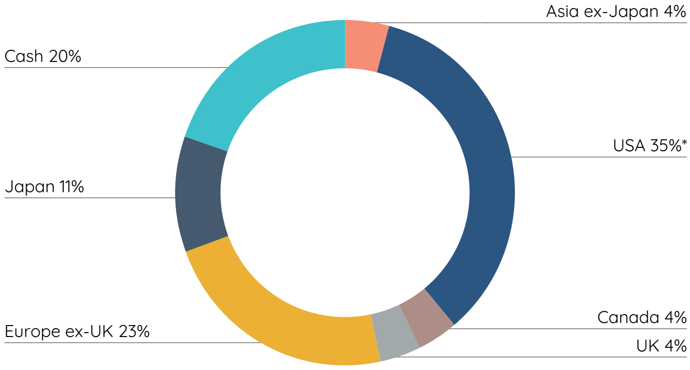
Company Name	Holding	Country	Sector	Description
Roche	5.0%	Switzerland	Healthcare	A global leader in Cancer treatments
Sanofi	4.9%	France	Healthcare	Top 5 pharmaceutical firm with leading positions in diabetes and rare diseases
Johnson & Johnson	4.8%	USA	Healthcare	Pharmaceutical, medical devices and consumer health products company
Wec Energy	4.4%	USA	Utilities	A US regulated electricity and gas utility company
Gilead	4.3%	USA	Healthcare	Leading research based biopharmaceutical company
FEMSA	4.1%	Mexico	Consumer Staples	Operates largest Mexican convenience store chain, and part owner of Coca-Cola bottling and Heineken
Wheaton Precious Metals	4.1%	USA	Materials	Large precious metals streaming company
Alibaba	3.5%	Hong Kong	Consumer Discretionary	One of the world's largest eCommerce and technology groups
Nestle	3.5%	Switzerland	Consumer Staples	The world's largest food company measured by revenues
Bunzl	3.5%	United Kingdom	Industrials	Multinational distribution and outsourcing business

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	WFS0547AU	**Inception Date**	31 December 2012
Management Fee	1.20% 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**	$5.72710 (29 Feb 2024)
		Buy / Sell Spread	0.25% / 0.25%
Major Platform Availability	Asgard, Ausmaq, BT Wrap, BT Panorama, CFS FirstWrap, Hub24, IOOF, Linear, Macquarie, Mason Stevens, MLC Wrap, MLC Navigator, Netwealth, Powerwrap, Praemium, Grow Wrap/Voyager	**Distributions**	Quarterly
		Minimum Investment	$5,000

Important Information