

Monthly Market Commentary

Concerns over US debt, optimism on the US economic outlook, and rising odds of a Trump administration characterised by fiscal expansion, all contributed to surging US government bond yields through October, alongside a stronger US dollar. Compared to movements in currencies and bonds, global equities took a back seat, with most indices finishing lower for the month.

In US markets, small caps saw the steepest declines, with the S&P 600 Small Cap Index down 2.7%, while large caps fared somewhat better: the NASDAQ and S&P 500 dropped 0.5% and 1.0%, respectively. European markets were generally weaker, led by the French CAC40 (down 3.7%), followed by the UK FTSE (down 1.5%) and German DAX (down 1.3%). Asia showed mixed results, with Japan's Nikkei 225 up 3.1% despite some political challenges, while China's Shanghai Composite fell 1.7% as stimulus optimism faded.

By month end, over 70% of S&P 500 companies had reported earnings with three broad trends standing out.

Firstly, Magnificent 7 stocks continue to drive the bulk of headline earnings growth. Excluding these, Q3 earnings grew only 1.9% year-on-year. Secondly, thanks to greater sensitivity to macro headwinds and rates, smaller companies are doing it tougher than large caps with S&P400 Mid Cap earnings down 2.27% on a trailing 12-month basis. The decline in profits has been even more pronounced for the S&P600 Small Cap Index where earnings have fallen 6.7% on a trailing 12-month basis. Thirdly, companies more exposed to non-US markets are performing relatively worse. Most notably, global cosmetics group Estee Lauder saw its shares plunge 21% due to weak earnings, withdrawal of guidance, and a dividend cut, thanks to worsening consumer sentiment in China.

By sector, Communication Services led with a 1.2% gain, while Energy and Financials were slightly positive, up 0.1% and 0.5%, respectively. Other sectors ended lower, with Materials down 5.8%, followed by Healthcare and Staples, which declined by 4.9% and 4.7%, respectively.

The USD strengthened notably in October, with the DXY Index up 3.2%. The AUD dropped 4.8% against the USD, likely influenced by weaker commodity prices, with the Bloomberg Commodity Index down 2.2%. However, oil prices defied the broader trend, with WTI crude up 1.6%. October also saw heightened volatility, with the VIX rising 6.4 points to close at 23.2. In credit markets, US 10-year Treasury yields surged 50 basis points to end at 4.28%, marking one of the largest selloffs since 2022.

Against this backdrop The Fund delivered a return of +1.74% for the month.

In terms of new positions, the Fund recently invested in Amdocs, a US-based leader in billing and customer relationship tools for the telecom sector. Amdocs provides critical infrastructure that telcos rely on for billing and customer interaction. With high switching costs and mission-critical services, Amdocs maintains a strong market position, translating into steady financial performance. Since 2010, the group has achieved approximately 3% organic growth, with stable margins around 16% due to its flexible cost base. Over 75% of sales are from long-term contracts, which provides revenue stability, though recent softness in consulting has pressured its share price. Given the business's underlying strength, we believe this to be temporary and have taken the opportunity to buy shares at attractive prices. Our fair value estimate for the shares is around \$106, which is roughly 15% above current levels.

German chemical distributor Brenntag was a major detractor in October, reflecting broader weakness in the chemicals sector. Conversely, catering company Sodexo was one of the biggest contributors to the Fund's performance after FY24 results came in at the high end of guidance. Sodexo also dispelled M&A rumours and gave an encouraging FY25 outlook, projecting ~6% organic growth and a ~35 basis point margin improvement. We find the shares compellingly valued and will continue to hold.

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 October 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	1.74%	1.31%	5.40%	6.82%	9.66%	8.04%	8.33%	7.99%	7.64%
Avg. Market Exposure ⁴	63%	64%	64%	61%	57%	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 1 October 2005
³ Past performance is not a reliable indicator of future performance

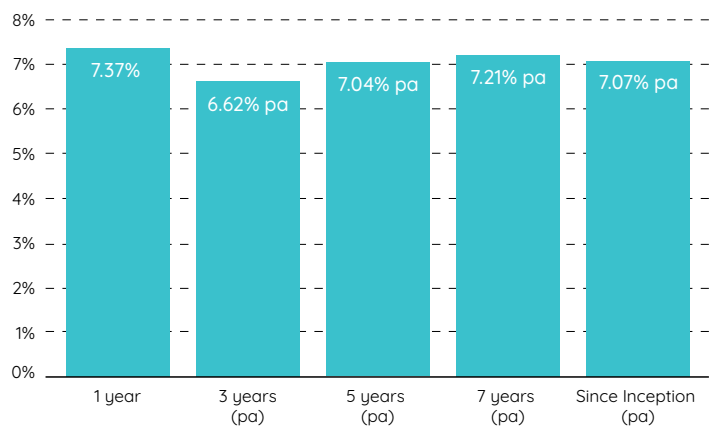
⁴ Average Market Exposure calculated on delta-adjusted exposure of underlying portfolio. Since inception market exposure is calculated from 1 October 2005

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



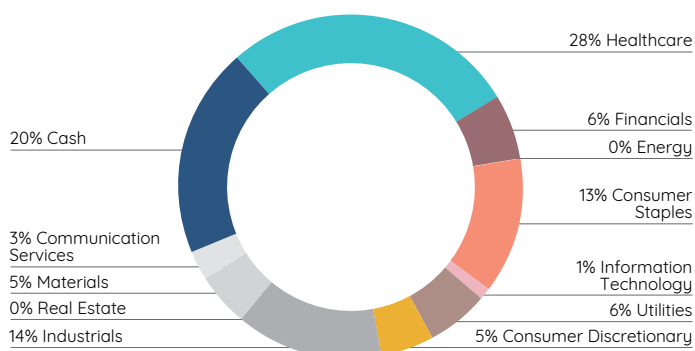
⁶ Illustrates Distribution Returns for the Talaria Global Equity Fund - Foundation Units for the financial year ending 30 June 2024. Inception date is 1 October 2005

Top 10 Holdings⁷

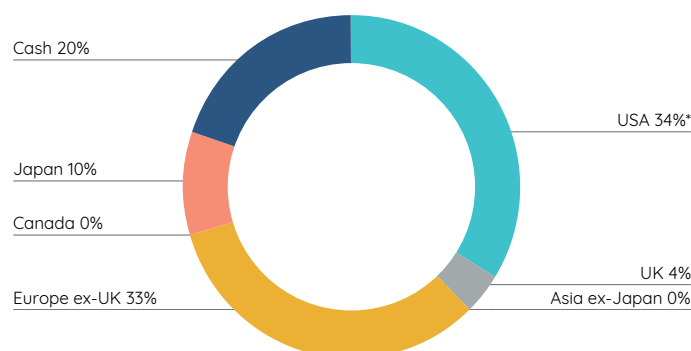
Company Name	Holding	Country	Sector	Description
Roche	5.7%	Switzerland	Healthcare	A global leader in cancer treatments
Johnson & Johnson	5.6%	USA	Healthcare	Pharmaceutical, medical devices and consumer health products company
Sanofi	5.3%	France	Healthcare	Top 5 pharmaceutical firm with leading positions in diabetes and rare diseases
Gilead	5.2%	USA	Healthcare	Leading research based biopharmaceutical company
Bunzl	4.4%	United Kingdom	Industrials	Multinational distribution and outsourcing business
Medtronic	3.7%	USA	Healthcare	A leading medical devices company
Secom	3.6%	Japan	Industrials	Japan's largest protective and electronic security solutions provider
Nestle	3.5%	Switzerland	Consumer Staples	The world's largest food company measured by revenues
Henkel	3.4%	Germany	Consumer Staples	A multinational household products and adhesives company
Brenntag	3.4%	Germany	Industrials	Largest third-party chemicals and ingredients distributor in the world

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 Depositary 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.

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Signatory of:
 Principles for Responsible Investment