Monthly Market Commentary

A sharp increase in the US dollar against all major currencies and rising US bond yields were the most notable developments in financial markets. But it was also interesting that growth in global equity indices slowed considerably in the fourth quarter. Market leadership narrowed towards large US tech and away from Europe and emerging markets. US-listed equities reached 67% of global equity market capitalization, an all-time high.

A renewed optimism for US equities in the wake of the election of Donald Trump for US president dissipated somewhat in December. The resilient US economy and potential policy proposals from the incoming US administration helped push the trade-weighted US dollar index to an all-time high while Fed policy tightened. Elsewhere in Europe, political and economic woes continued to put pressure on local equity indices. Emerging markets were particularly weak, as US dollar strength and the prospect of tariffs continued to weigh on sentiment. Yields rose in both the US and Europe.

By region, the US delivered another positive quarter but with a notable slowdown from earlier in the year. Leadership was also narrower, again favouring larger and growthier stocks. The tech-heavy NASDAQ, home to the Mag 7, was up a solid +6.2% while the broad-based S&P500 was up just 2.1% and the small-cap S&P600 ended down -1.0%. Europe had a tough quarter amid macroeconomic woes. The Stoxx600 index was down -2.9% while the French CAC was down -3.3% due to continued political instability. Germany's DAX was the exception to the negative trend, up +3.0%, in anticipation of a political change viewed favourably by markets.

The rally in China that started in September, fizzled out by the end of December. Shanghai's composite rose just +0.5% as freshly announced fiscal and monetary stimulus programs failed to live up to market expectations. In Japan, the Nikkei 225 delivered a more solid +5.2% but on the back of a much weaker yen.

Against this backdrop the Fund delivered a return of +2.16% for the quarter.

Distributions: The Fund paid a December 2024 quarterly distribution of 7 cents per unit taking its 12-month income return to 7.80%.

Narrower market leadership was also evident across sectors with only four of the ten closing higher. Consumer discretionary, home to Tesla (up +52% in Q4), was up the most at +8.5%. The other tech-heavy sectors, communication services and IT, were also up +6.5% and +4.5%, respectively. Financials was the only other positive sector, up +3.6%, buoyed by optimism from potential banking deregulation proposals. On the flip side, the worst performing sector was Materials, down -14.5%, on the back of weaker European and Chinese demand. Defensive sectors were also lower with healthcare the worst performing, down -11.6%.

The US 10-year yield jumped almost 80 basis points and closed the quarter at 4.57%. Stronger economic growth, the implications of a Trump presidency and still-present inflation all contributed to a hawkish shift in the Fed narrative.

The US Dollar also rallied against most major currencies on the back of expected monetary tightening (DXY Index up +7.6%). The broader Bloomberg commodity index was down -1.6%, reflective of global demand softening while oil was up +5.2%, driven by still-tense geopolitical landscape in the Middle East as well as OPEC production cuts. The VIX was marginally up by 0.7 points to close the quarter at 17.4, still below the long-term average but with considerable intra-quarter volatility.

The largest contributor to Fund performance was Gilead, a US-based pharmaceutical company. Strong quarterly results along with positive Phase 3 drug trial data on HIV treatment have supported the shares. WEC, a US utility company, is another strong contributor to performance. After an initial rally, the shares ended the quarter roughly at the same price as they started. We generated strong premium income from selling both puts and calls. We remain invested as the current price continues to offer upside.

The largest detractor to returns this quarter was Bayer, a German pharmaceutical and agrichemicals company. The main reason for the decline was the company's deteriorating 2025 earnings outlook. Despite the weaker outlook, our investment case remains intact, and we continue to see Net Debt to EBITDA moving lower, along with broadly stable earnings and a manageable litigation payment profile. Newmont, the largest gold miner in the world, was another detractor in the quarter. Despite a stable gold price, Newmont reported rising operating costs that have negatively impacted on the earnings outlook. The company remains a high margin, long life miner for as long as the gold price remains over $1,000 per ounce, with assets in relatively stable jurisdictions and a free cash flow yield of 6.5% to 7% this year.

The Fund initiated two new positions in the quarter. One was Amdocs, a leading provider of billing and customer relationship tools for the US telecom sector. It has stable margins, generates solid revenues from long-term contracts while maintaining a leading market position. We see recent share price pressures as temporary and value the business at $106, about 25% above current levels. The other is Cenovus, a Canadian oil and gas company. Given its strong operational performance, low-cost production, and significant royalty income, Cenovus is returning substantial capital to shareholders through dividends and buybacks, with an attractive valuation and high free cash flow yield. The Fund exited Alibaba, a Chinese online retail giant and cloud provider, after the shares rallied on Chinese government proposals in October.

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

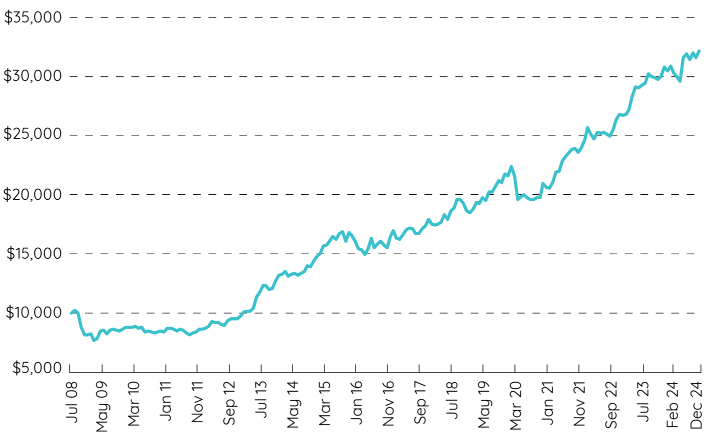
The investment process behind the Talaria Global Equity Fund (Managed Fund) takes a high conviction, value biased approach to construct a portfolio of high quality, large cap companies from around the globe. Our unique investment methodology harnesses the benefits of consistent income generation and capital appreciation to grow investors' real wealth.

Performance as at 31 December 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	1.68%	2.16%	8.56%	7.11%	9.26%	8.27%	9.04%	8.07%	7.39%
Avg. Market Exposure[4]	66%	65%	65%	62%	58%	57%	58%	59%	61%

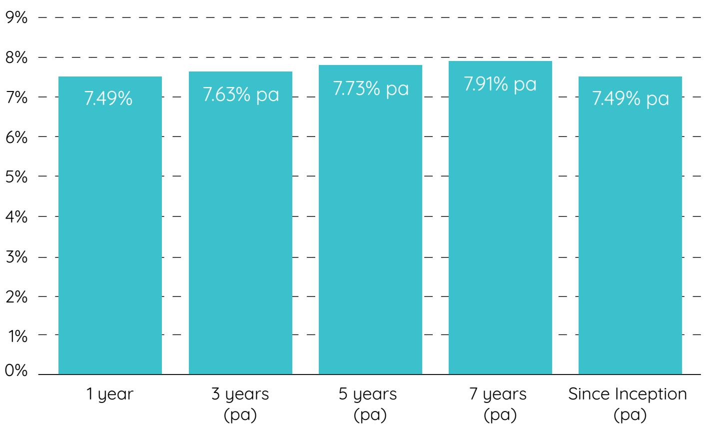
1 Fund Returns are calculated after fees and expenses and assume the reinvestment of distributions
2 Inception date for performance calculation is 18 August 2008
3 Past performance is not a reliable indicator of future performance
4 Average Market Exposure calculated on delta-adjusted exposure of underlying 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 2024. Inception date is 18 August 2008.

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

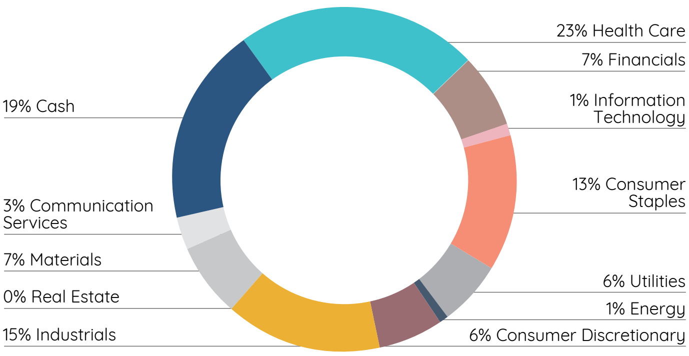
Zenith Fund Awards Winner 2022

Top 10 Holdings[7]

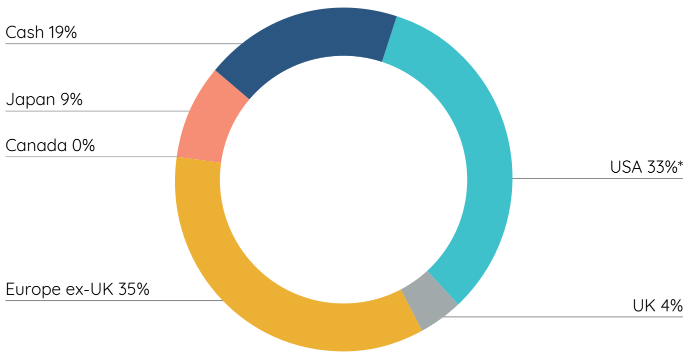
Company Name	Holding	Country	Sector	Description
Roche	5.7%	Switzerland	Health Care	A global leader in cancer treatments
Johnson & Johnson	5.6%	USA	Health Care	Pharmaceutical, medical devices and consumer health products company
Sanofi	5.4%	France	Health Care	Top 5 pharmaceutical firm with leading positions in diabetes and rare diseases
Nestle	4.3%	Switzerland	Consumer Staples	One of the world's largest food companies measured by revenues
Bunzl	4.3%	United Kingdom	Industrials	Multinational distribution and outsourcing business
Everest Re	4.1%	USA	Financials	Leading global provider of reinsurance and insurance services
Sodexo	3.8%	France	Consumer Discretionary	A multinational food services and facilities management company.
Henkel	3.6%	Germany	Consumer Staples	A multinational household products and adhesives company
Brenntag	3.6%	Germany	Industrials	Largest third-party chemicals and ingredients distributor in the world.
Newmont	3.5%	USA	Materials	One of the top 3 gold producers 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 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**	$5.01490 (31 Dec 2024)
		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, IconiQ Investment, Linear, Macquarie, Mason Stevens, MLC Wrap, MLC Navigator, MyNorth, Netwealth, Powerwrap, Praemium, Xplore Wealth	**Distributions**	Quarterly
		Minimum Investment	$5,000

Important Information

Signatory of:

PRI Principles for Responsible Investment