Monthly Market Commentary

Global equity markets were particularly volatile in April as trade tensions dominated headlines. The fallout from higher-than-expected US 'Liberation Day' tariffs saw equities sell-off sharply, until buying, notably from retail investors and some "stepping back from the brink" on policy helped drive indices back to around where they started the month.

Point-to-point index returns were therefore a case of 'nothing to see here'. However, it is worth highlighting that at the most acute points of stress in April, even traditional safe-haven assets weakened. With the VIX reaching 52, yields on US government bond yields rose alongside a falling US dollar. This is an unusual set-up in a US context, more often observed in emerging markets.

With larger buffers to first losses and higher annualized rates of returns, the Fund capitalized on this period of elevated volatility to generate 62bps of premium in April, which will flow through to performance in the weeks ahead.

By the end of the month, there was still little clarity on where tariff levels will settle or how global trading relationships will evolve. That said, there are signs these policy settings are now impacting the real world. In April, the US Conference Board Consumer Confidence Index dropped to its lowest level since May 2020, while the first week of April saw a 64% decline in US import bookings from China vs the end of March.

Through result season, numerous companies have also flagged weaker outlooks. For example, PepsiCo downgraded its FY25 EPS thanks to "higher supply chain costs related to tariffs and subdued consumer backdrop". Others have withdrawn guidance completely (Harley Davidson, Logitech, Delta Airlines), some withdrew then revised down FY guidance (GM), and some even offered investors two sets of FY25 guidance to choose from (United Airlines). Results season has also been telling on how companies intend to mitigate some of these headwinds. Industrial goods manufacturer, Stanley Black & Decker was one of many companies to flag pricing as a lever to defend margins, stating it had implemented "high single digit price rises in April with plans for second increases effective beginning of Q3".

As discussed above, headline monthly returns masked a lot of the period's volatility. In the US, the NASDAQ finished up 0.9% while the S&P500 closed down 0.8%. The latter recorded both its worst two-day performance since March 2020, as well as its best day since October 2008 during the month. US small caps underperformed with the S&P600 Small Cap Index falling 4.3%. European bourses also delivered broadly 'uneventful' returns with the German DAX up 1.5%, alongside the UK FTSE and French CAC which fell 1% and 2.5%, respectively. Even in Asia, headline performance was muted with Japan's Nikkei225 up 1.2% and China's Shanghai Composite down 1.7%.

Energy was the worst performing sector in April, down 11.2% as demand headwinds from rising trade tensions and the prospects of higher OPEC+ production weighed on oil prices. Apart from Health Care which finished down 2%, all other sectors were higher in April led by defensives, Staples and Utilities, up 3.3% and 3.4%, respectively.

Against this backdrop the Fund returned -2.02% for the month.

The AUD rose 2.5% against the USD which was weaker against most major currencies as the DXY Index fell 4.5% for the month (down 5.7% at its weakest). The Bloomberg Commodity Index fell 5.1% thanks largely to the weakness in oil prices with WTI oil falling 18.6%. Yields on 10yr US Govt Bonds spiked to a high of 4.48% during the month, before settling to close at 4.16%. As noted, the VIX also reached a high of 52 before falling to close at 24.7, up 2.42 for the month.

In terms of portfolio changes, the Fund sold its positions in Secom, NTT, Femsa and Nestle on a mix of valuation reasons and changes to investment thesis. New positions included Japanese utilities group Daigas Group (formerly Osaka Gas) and Calgary-based Canadian Utilities.

One of the biggest contributors to performance in April was the Fund's holding in gold miner, Newmont Corporation. The company delivered a good set of Q1 results, in-line with consensus, and re-affirmed FY guidance, as the stock enjoyed support from a rising gold price. Based on current spot prices, cost per ounce of ~$1,650 and current go forward production (ex-disposals), we estimate the stock is currently trading on a FCF yield of ~7.5% with all of this set to be returned to shareholders.

UK-based distributor Bunzl was the biggest detractor after shares dropped ~25% on a disappointing Q1 update provided ahead of schedule. Execution issues, customer losses, price deflation, weaker volumes, and higher costs all weighed on momentum with the company flagging a ~100bps hit to H1 margins, alongside a downgrade to FY organic sales/margins. The company also paused its buyback and stepped away from prior M&A spending targets. Obviously, the company is facing many challenges, but we think most of these can be rectified in time and are probably being reflected in the price with the stock trading on a ~13x P/E (lowest level since 2012, ex. COVID). The balance sheet also carries no risk (~1.6x Net Debt/EBITDA) affording management duration as they seek to turn the ship around.

TALARIA

Talaria Global Equity Fund Complex ETF
Ticker code: TLRA
Monthly Update | April 2025

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 Complex ETF 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.

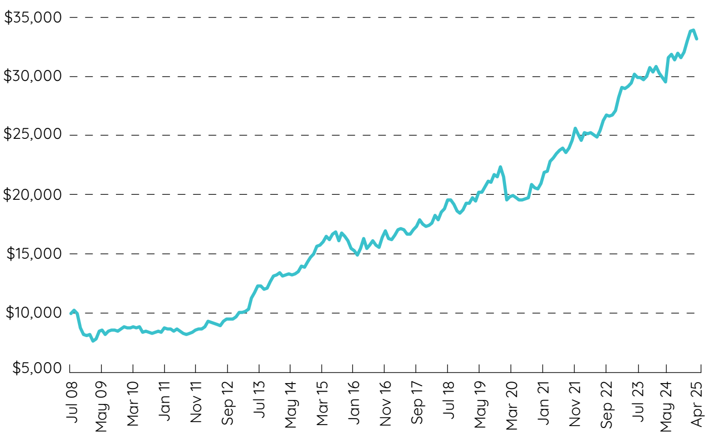
Performance as at 30 April 2025[1]

	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	-2.02%	0.65%	3.81%	9.69%	9.57%	10.85%	8.91%	7.53%	7.45%
Avg. Market Exposure[4]	64%	65%	67%	65%	59%	57%	59%	60%	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

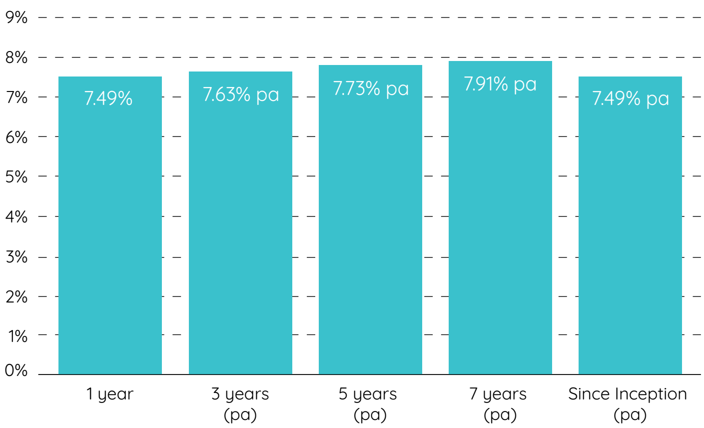
4 Average Market Exposure calculated on delta-adjusted exposure of underlying portfolio. Since inception market exposure is calculated from September 2008

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 Complex ETF 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 HIGHLY RECOMMENDED

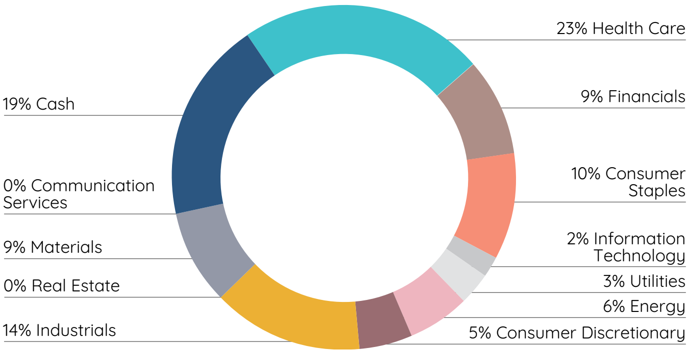
Recommended Lonsec Research

Top 10 Holdings[7]

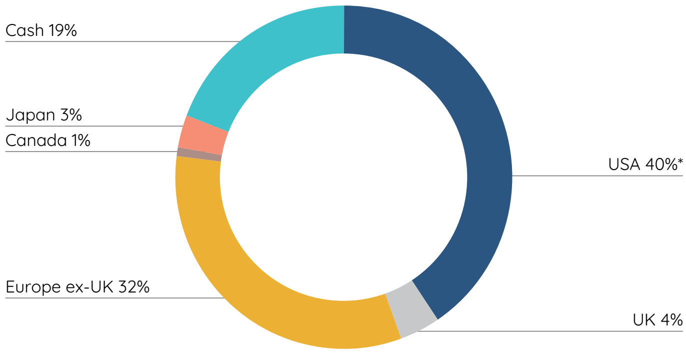
Company Name	Holding	Country	Sector	Description
Newmont	5.4%	USA	Materials	One of the top 3 gold producers in the world
Roche	5.3%	Switzerland	Health Care	A global leader in cancer treatments
Sanofi	4.9%	France	Health Care	Top 5 pharmaceutical firm with leading positions in diabetes and rare diseases
Henkel	4.9%	Germany	Consumer Staples	A multinational household products and adhesives company
Johnson & Johnson	4.5%	USA	Health Care	Pharmaceutical, medical devices and consumer health products company
Everest Re	3.9%	USA	Financials	Leading global provider of reinsurance and insurance services
Bunzl	3.7%	United Kingdom	Industrials	Multinational distribution and outsourcing business
CF Industries	3.7%	USA	Materials	North America's largest manufacturer of nitrogen-based fertiliser
Bayer	3.3%	Germany	Health Care	Multinational pharmaceutical and life sciences company
EOG Resources	3.2%	USA	Energy	One of North America's largest independent oil and gas producers

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**	$5.0393 (30 Apr 2025)
		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: