

# Monthly Market Commentary

Global equity markets delivered modestly positive returns in the fourth quarter of 2025. A partial reversal of the momentum trade in November and December was the most noteworthy development. But, despite the wobble, markets across the globe ended the year near all-time highs.

The momentum trade took a pause in the quarter. Questions around the pace of AI adoption relative to the enormous CAPEX spend led to a partial rotation out of tech. The main beneficiaries of the rotation were the healthcare sector as well as out of favour European shares. Gold prices climbed to new highs while oil prices fell further. The Japanese yen weakened significantly against all major currencies, which, in turn, gave rise to a very strong performance for Japanese equities in local currency.

By region, US markets were the relative laggards with the S&P 500 rising just +2.3% and the NASDAQ advancing +2.6% over the quarter. European equities did better, with the Stoxx 600 gaining +6.1%, supported by strength in the UK. The FTSE 100 rose +6.2%, while France's CAC 40 gained +3.2% and Germany's DAX increased +2.6%. Asian markets were led by Japan, where the Nikkei jumped +12%, supported by the appointment of a new prime minister and a weaker yen. China's Shanghai Composite posted a more modest gain of +2.2%, reflecting ongoing caution around the domestic economic outlook.

Against this backdrop the Fund delivered a return of +2.18% for the quarter.

**Distributions: The Fund paid a December 2025 quarterly distribution of 7.25 cents per unit taking its 12-month income return to +9.08%.**

Sector performance reflected a partial reversal of the momentum trade. Healthcare was the best outperformer, rising +10.3% on the back of solid earnings and regulatory clarity. Materials also generated solid gains of +5.0%, supported by higher gold and silver prices. On the other end of the spectrum were sectors associated with the momentum trade. IT and Consumer Discretionary, posted only very modest gains of +1.3% and +0.7%, respectively. Energy also lagged the broader market, up just +1.2%, reflecting a weaker oil price.

Market volatility declined further during the quarter, with the VIX falling from 16.3 to 15.0. Bond yields edged higher, with the US 10-year Treasury yield rising 2 basis points to 4.17%. The US dollar strengthened modestly, with the DXY index up +0.6%, while the Japanese yen weakened 6% against the US dollar. Oil prices declined sharply, falling -7.9% over the quarter, weighing on energy markets but providing support to inflation-sensitive sectors.

The strongest contributors to portfolio performance during the quarter were Roche, Bayer and Newmont. Bayer benefited from a positive development around its long-running Roundup glyphosate litigation in the United States. Roche benefitted from a successful Phase 3 drug trial, while Newmont, as the largest gold miner in the world, rallied on the back of a higher gold price and its positive implication for company earnings.

The main detractors from portfolio performance were Bunzl, Sodexo and CF Industries. Bunzl underperformed amid concerns around margin pressure (muted top line pricing and rising SG&A), while Sodexo lagged following disappointing FY26 guidance. Unfavorable gas price developments contributed to weakness in CF shares. We continue to hold the shares as valuation remains compelling across all three companies.

During the quarter, the Fund initiated a new position in A. O. Smith, the largest manufacturer of hot water heaters in the US. The company combines a strong competitive position with a conservative balance sheet and high returns on capital.

The Fund exited Nestlé, Ambev and Cenovus on valuation grounds following strong prior performance.

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 31 December 2025<sup>1</sup>

	1 Month	3 Months	6 Months	1 Year	3 Years (pa)	5 Years (pa)	7 Years (pa)	10 Years (pa)	Since Inception (pa) <sup>2</sup>
Total Return	0.13%	2.18%	4.39%	7.89%	9.13%	10.91%	9.40%	7.97%	7.42%
Avg. Market Exposure <sup>4</sup>	56%	58%	58%	61%	60%	58%	58%	59%	61%

<sup>1</sup> Fund Returns are calculated after fees and expenses and assume the reinvestment of distributions.  
<sup>2</sup> Inception date for performance calculation is 18 August 2008.  
<sup>3</sup> Past performance is not a reliable indicator of future performance.

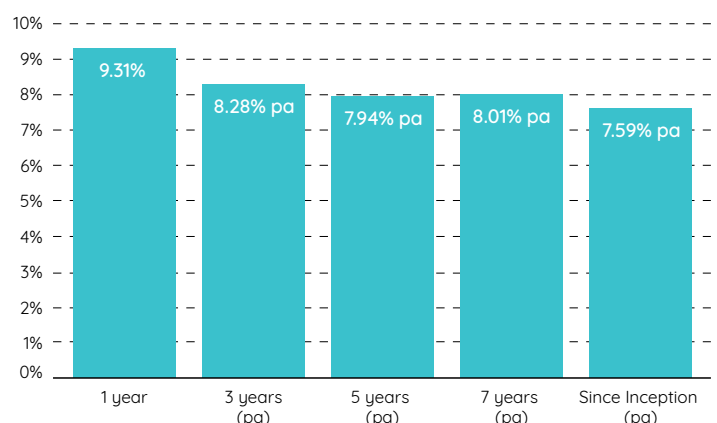
<sup>4</sup> Average Market Exposure calculated on delta-adjusted exposure of underlying portfolio. Since inception market exposure is calculated from September 2008.

## Growth of \$10,000 Since Inception<sup>5</sup>



<sup>5</sup> 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<sup>6</sup>



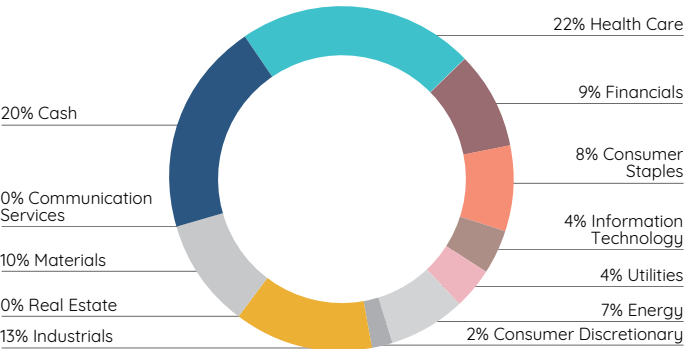
<sup>6</sup> Illustrates Distribution Returns for the Talaria Global Equity Fund Complex ETF Units for the financial year ending 30 June 2025. Inception date is 18 August 2008.

Top 10 Holdings<sup>7</sup>

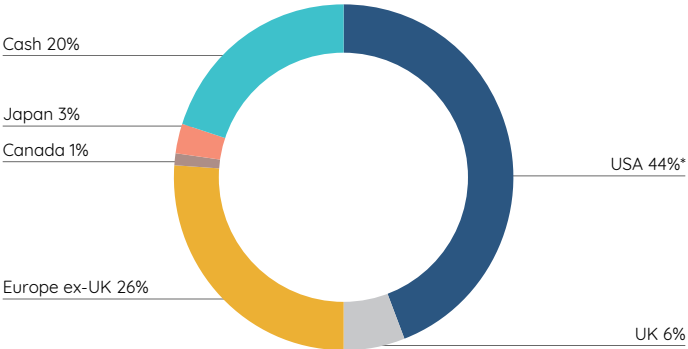
Company Name	Holding	Country	Sector	Description
Newmont	6.0%	USA	Materials	One of the top 3 gold producers in the world
Essity	5.1%	Sweden	Consumer Staples	A global health and hygiene company based in Sweden
Roche	4.8%	Switzerland	Health Care	A global leader in cancer treatments
EOG Resources	4.6%	USA	Energy	One of North America’s largest independent oil and gas producers
Everest Group	4.4%	USA	Financials	Leading global provider of reinsurance and insurance services
Bayer	4.1%	Germany	Health Care	Multinational pharmaceutical and life sciences company
Bunzl	4.0%	United Kingdom	Industrials	Multinational distribution and outsourcing business
CF Industries	3.7%	USA	Materials	North America’s largest manufacturer of nitrogen-based fertiliser
Johnson & Johnson	3.7%	USA	Health Care	Pharmaceutical, medical devices and consumer health products company
Chubb	3.6%	USA	Financials	Global property & casualty insurance company

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<sup>8</sup>



Regional Allocation<sup>9</sup>



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	\$4.9581 (31 Dec 2025)
Major Platform Availability	Asgard, Ausmaq, BT Panorama, BT Wrap, CFS Edge, CFS FirstChoice, Dash, Expand, Hub24, IconIQ, IOOF Pursuit, Linear, Macquarie, Mason Stevens, Netwealth, North, Powerwrap, Praemium	Buy / Sell Spread	0.20% / 0.20%
		Distributions	Quarterly
		Minimum Investment	\$5,000

Important Information

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