Monthly Market Commentary

October saw a sharp rotation in global equity markets, with value stocks, small-caps and equal-weighted indices meaningfully outperforming as investors moved out of growth and AI-exposed sectors.

A series of high-profile IPO delays, intensifying competition and concerns over capacity constraints all prompted a notable reassessment of the AI investment cycle during the month with investors increasingly looking through solid AI-fuelled earnings growth. Instead, focus has shifted to the risks around AI spending commitments (both on and off-Balance Sheet), financing needs and the timing of cash flows.

This dynamic weighed heavily on the Magnificent-7, with investors penalising stocks that failed to deliver on free cash flow (FCF) expectations. Most notably, Google-parent Alphabet fell 12.3% following a disappointing Q3 result in which advertising growth slowed and FCF turned deeply negative, against expectations for break-even. Social media giant Meta also fell 7% after Q3 FCF turned negative, alongside an increase to the lower end of its FY capex guidance and the creation of non-voting shares to facilitate future equity raisings.

In US markets, the NASDAQ bore the brunt of the selling, down 5.3% for the month, while the S&P500 fell 0.93%. Beneath the surface, however, breadth was notably strong, with the S&P500 Equal Weighted Index rising 4.9%, its largest monthly outperformance of its cap-weighted counterpart since April 2009. US small caps also outperformed, with the S&P600 Small Cap Index up 3.1%.

Selling in AI and technology stocks also weighed on Asian markets, with Japan's Nikkei 225 and China's Shanghai Composite falling 5.2% and 6.3% respectively. By contrast, European bourses delivered solid relative performance in local currency terms. Germany's DAX led the way, up 2.5%, benefitting from limited exposure to AI themes and strength in local ERP-software giant SAP. The UK's FTSE rose 1.2% on the back of its outsized exposure to Energy and Health Care. France's CAC40 finished broadly flat, as political uncertainty over the 2027 budget and concerns around stretched public finances weighed on sentiment with 10-year French government bond yields reaching their highest level since 2002.

At a sector level, Communication Services and Information Technology were the two worst performers, down 13.5% and 7.0% respectively, on broad-based AI weakness. Energy was the best performer, up 12.8% on higher oil prices, while defensive sectors Consumer Staples, Health Care and Utilities were also notably stronger, rising 10.5%, 9.8% and 7.8% respectively.

Against this backdrop the Fund delivered a return of +3.38% for the month.

The AUD rose 1.2% against the USD. The Bloomberg Commodity Index fell 0.4%, with a 15.2% rise in WTI largely offset by weakness in precious metals, as gold and silver fell 6.8% and 18.7% respectively. The VIX rose 3 points to close at 19.42, while yields on the US 10-year Treasury finished the month 36bps lower at 4.93%, having reached a high of 5.36% earlier in the month.

US-based reinsurer, Everest Group, water heater manufacturer, A.O. Smith and UK-based distributor, Bunzl were among the top contributors to Fund performance in October, with shares benefitting from the rotation alongside generally good results. There were no notable detractors during the month.

During the month, the Fund initiated a new position in US-based tax preparation specialist H&R Block. While we acknowledge the debate around the potential existential risk AI poses to the business, we believe the shares were acquired at a very compelling valuation (Free Cash Flow yield ~14%). The business also carries no financial risk, benefits from a highly variable cost base and generates strong FCF, almost all of which is returned to shareholders via dividends and buybacks.

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TALARIA

Talaria Global Equity Fund Complex ETF
Ticker code: TLRA
Monthly Update | October 2026

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.

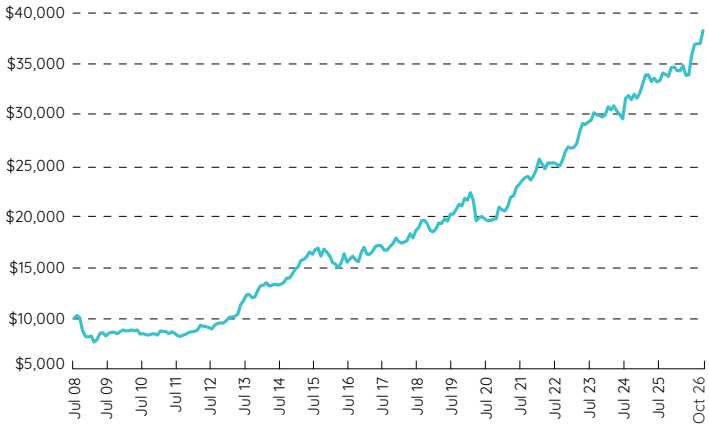
Performance as at 31 October 2026[1]

	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	3.38%	3.72%	13.04%	13.22%	8.54%	10.16%	8.90%	9.42%	7.64%
Avg. Market Exposure[4]	52%	52%	55%	55%	59%	58%	57%	58%	60%

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.

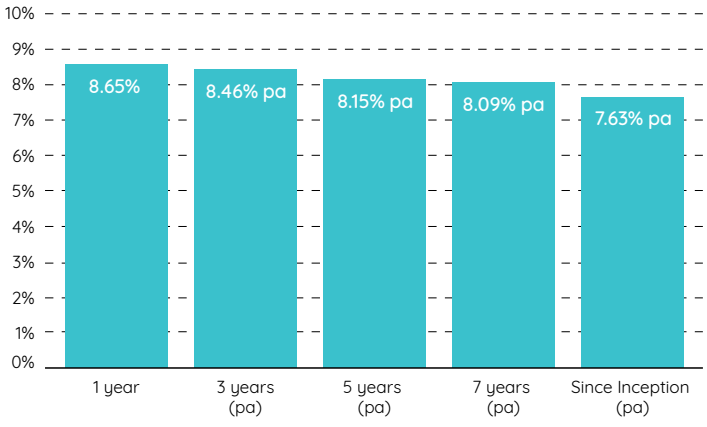
4 Average Market Exposure calculated on delta-adjusted exposure of underlying portfolio. Since inception market exposure is calculated from September 2008.

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.

Distributions[6]



6 Illustrates Distribution Returns for the Talaria Global Equity Fund Complex ETF at 30 Septemnber 2026. Inception date is 18 August 2008.

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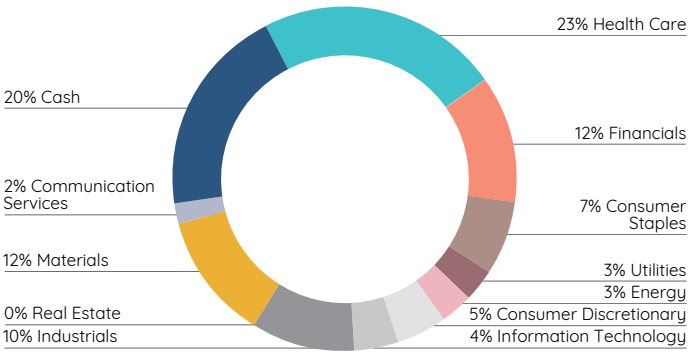
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Recommended Lonsec Research
4 Recommended Genium

Top 10 Holdings[7]

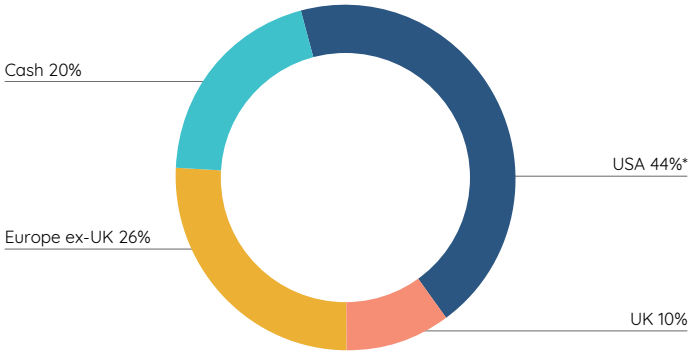
Company Name	Holding	Country	Sector	Description
Everest Group	5.2%	USA	Financials	Leading global provider of reinsurance and insurance services
Bayer	4.8%	Germany	Health Care	Multinational pharmaceutical and life sciences company
Bunzl	4.7%	United Kingdom	Industrials	Multinational distribution and outsourcing business
Roche	4.5%	Switzerland	Health Care	A global leader in cancer treatments
GSK	4.4%	United Kingdom	Health Care	One of the world's largest pharmaceutical companies
A.O. Smith	4.2%	USA	Industrials	A leading manufacturer of water heaters in North America
Henkel	4.2%	Germany	Consumer Staples	A multinational household products and adhesives company
Newmont	4.1%	USA	Materials	One of the top 3 gold producers in the world
CF Industries	3.9%	USA	Materials	North America's largest manufacturer of nitrogen-based fertiliser
Exor	3.8%	Netherlands	Financials	A diversified holding 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[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**	$5.03520 (31 Oct 2026)
		Buy / Sell Spread	0.20% / 0.20%
Major Platform Availability	Clearstream, BT Panorama, CFS Edge, CFS FirstChoice, Dash, MLC Expand, Hub24, IconiQ, Macquarie, Mason Stevens, Netwealth, North, Praemium	**Distributions**	Quarterly
		Minimum Investment	$5,000

Important Information

Signatory of: PRI Principles for Responsible Investment

Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the Talaria Global Equity Fund Complex ETF ("the Fund"). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). This report has been prepared by Talaria Asset Management (Talaria) to provide you with general information only. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Talaria, Equity Trustees nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product. Talaria Global Equity Fund Complex ETF's Target Market Determination is available here.
A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed. The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned November 2025 for fund AUS0035AU) referred to in this piece is limited to "General Advice" (s766B Corporations Act 2001) for Wholesale clients only. This advice has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without prior notice. It is not a specific recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision and should consider the appropriateness of this advice in light of their own objectives, financial situation and needs. Investors should obtain a copy of, and consider the PDS or offer document before making any decision and refer to the full Zenith Product Assessment available on the Zenith website. Past performance is not an indication of future performance. Zenith usually charges the product issuer, fund manager or related party to conduct Product Assessments. Full details regarding Zenith's methodology, ratings definitions and regulatory compliance are available on our Product Assessments and at Fund Research Regulatory Guidelines. The rating issued 04/2026 is published by Lonsec Research Pty Ltd ABN 11 151 658 561 AFSL 421 445 (Lonsec). Ratings are general advice only, and have been prepared without taking account of your objectives, financial situation or needs. Consider your personal circumstances, read the product disclosure statement and seek independent financial advice before investing. The rating is not a recommendation to purchase, sell or hold any product. Past performance information is not indicative of future performance. Ratings are subject to change without notice and Lonsec assumes no obligation to update. Lonsec uses objective criteria and receives a fee from the Fund Manager. Visit lonsec.com.au for ratings information and to access the full report. © 2026 Lonsec. All rights reserved. The Genium rating (assigned May 2025) presented in this document is issued by Genium Investment Partners Pty Ltd ABN 13 165 099 785, which is a Corporate Authorised Representative of Genium Advisory Services Pty Ltd ABN 94 304 403 582, AFSL 246580. The Rating is limited to "General Advice" (s766B Corporations Act 2001 (Cth)) and has been prepared without taking into account the objectives, financial situation or needs of any individual, including target markets of financial products, where applicable, and is subject to change at any time without notice. Past performance information is for illustrative purposes only and is not indicative of future performance. It is not a recommendation to purchase, sell or hold the relevant product(s). Investors should seek independent financial advice before making an investment decision in relation to this financial product(s). Genium receives a fee from the Fund Manager for researching and rating the product(s). Visit Geniumip.com.au for information regarding Genium's Ratings methodology. The Global Industry Classification Standard ("GICS") was developed by and is the exclusive property and a service mark of MSCI Inc. ("MSCI") and Standard & Poor's, a division of The McGraw-Hill Companies, Inc. ("S&P") and is licensed for use by Talaria Asset Management. Neither MSCI, S&P nor any third party involved in making or compiling the GICS or any GICS classifications makes any express or implied warranties or representations with respect to such standard or classification (or the results to be obtained by the use thereof), and all such parties hereby expressly disclaim all warranties of originality, accuracy, completeness, merchantability and fitness for a particular purpose with respect to any of such standard or classification. Without limiting any of the foregoing, in no event shall MSCI, S&P, any of their affiliates or any third party involved in making or compiling the GICS or any GICS classifications have any liability for any direct, indirect, special, punitive, consequential or any other damages (including lost profits) even if notified of the possibility of such damages.