Monthly Market Commentary

Global equity markets rebounded strongly in May with strength in four mega-cap technology shares (Microsoft, Nvidia, Apple, Alphabet) driving US outperformance over other regional indices.

Investor sentiment was buoyed by some softer-than-expected US economic updates (cooler CPI print, weaker jobs data), renewing hopes of a Fed rate cut by year end which also sent yields on government bonds lower. For now, investors seem to be favouring the narrative that sees lower interest rates as only good for equity valuations rather one that takes in the idea that risks to the economy (and therefore to corporate earnings) are the reasons why interest rates can fall.

This view will likely hold for as long as investors have confidence that future cash flows will materialise, with some pointing to still solid headline corporate earnings growth as reasons to be optimistic on this front (S&P500 Q1 EPS +5.9%). The issue though is that there are signs a slowing economy is indeed beginning to weigh on corporate earnings. For example, if you strip out the Magnificent 7, earnings per share for the S&P493 in Q1 actually fell 1.80%. This also goes to highlight just how concentrated US equity markets have become, with more than half of the S&P500 gains in May attributable to just four stocks.

US markets dominated performance in May with the NASDAQ and S&P500 up 6.9% and 4.8% respectively. US small caps also delivered strong performance with the S&P600 Small Cap Index up 4.9% to finish broadly flat over a two-month time horizon. European bourses lagged with the French CAC amongst the weakest, up only 0.1%, while Germany's DAX and the UK FTSE up 3.2% and 1.6%, respectively. Asian markets were quieter with Japan's Nikkei225 up only 0.2% and China's Shanghai Composite Index closing down 0.6%.

IT and Communications delivered exceptional performance, up 8.5% and 6.4%, respectively. Utilities also did well, up 6.9%, benefitting from the lower yield dynamic. Most other sectors delivered between 2% to 3% during the month, however it was notable how weak Consumer Discretionary and Energy were with both essentially flat.

Against this backdrop the Fund delivered -0.92% for the month.

The AUD rose 2.8% against the USD, with the Bloomberg Commodity Index also up 1.3% despite a 6% fall in WTI Oil prices. The VIX fell 2.73 points to close at 12.9 - very low vs history. Against the backdrop of a lower rates outlook, yields on US 10yr Government Bonds fell 18bps to finish at 4.50%.

In terms of new positions, the Fund recently gained exposure to gold miner, Newmont Corporation. In addition to the stock's prospective ~8% Free Cash Flow yield at current gold prices, we were also attracted to the group's well-diversified portfolio of long-lived assets in geopolitically attractive regions, which has only been enhanced by its acquisition of fellow gold miner, Newcrest. Given its status as one of the world's lowest cost producers with an all-in-cost base of $1,250, we feel confident that Newmont can continue generating strong cash flows with management indicating a policy of returning all free cash flow to shareholders once the company's asset disposal program is complete.

German-based consumer brands and adhesives manufacturer, Henkel was the Fund's biggest contributor to performance in May. Shares rose strongly after management upgraded FY24 EBIT guidance by 11% (two months after previously being issued) in a Q1 pre-release. Driving the upgrade was both solid operational performance on the margin front and a lower drag from FX/M&A. Given solid momentum, a strong balance sheet, and sales-based multiples which continue to price in margins below what we believe the business can earn on a through-cycle basis, we think risk/reward remains attractive and will continue to hold even after recent share price strength.

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Zenith FUND AWARDS WINNER 2022

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.

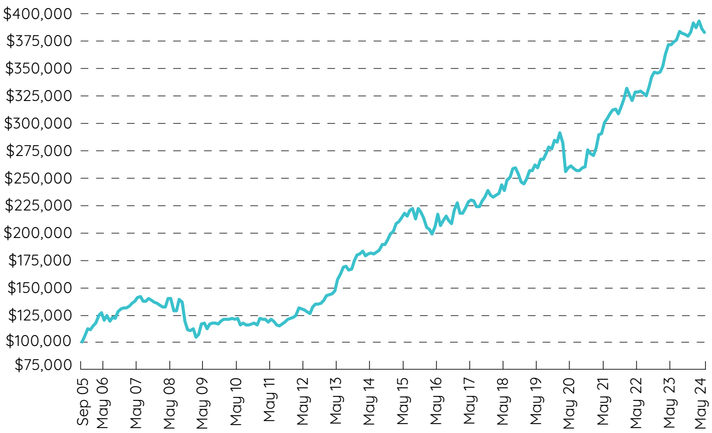
Performance as at 31 May 2024[1]

	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	-0.92%	-1.27%	0.82%	2.99%	8.37%	8.12%	7.58%	7.76%	7.46%
Avg. Market Exposure[4]	59%	58%	58%	58%	56%	56%	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

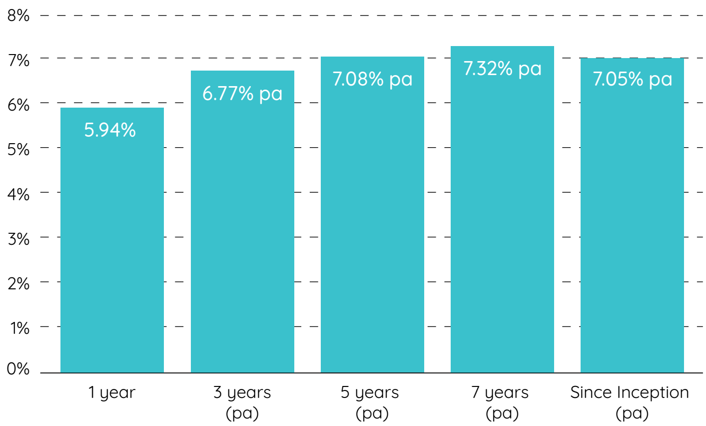
4 Average Market Exposure calculated on delta-adjusted exposure of underlying portfolio. Since inception market exposure is calculated from 1 October 2005

Growth of $100,000 Since 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 - Foundation Units for the financial year ending 30 June 2023. Inception date is 1 October 2005

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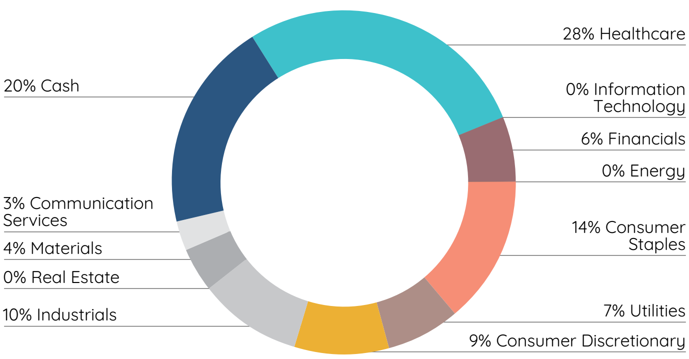
Top 10 Holdings[7]

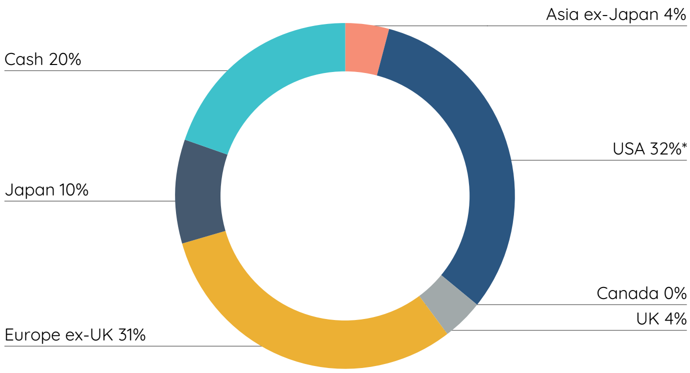
Company Name	Holding	Country	Sector	Description
Sanofi	5.5%	France	Healthcare	Top 5 pharmaceutical firm with leading positions in diabetes and rare diseases
Johnson & Johnson	5.1%	USA	Healthcare	Pharmaceutical, medical devices and consumer health products company
Gilead	4.9%	USA	Healthcare	Leading research based biopharmaceutical company
Roche	4.6%	Switzerland	Healthcare	A global leader in Cancer treatments
Alibaba	4.2%	Hong Kong	Consumer Discretionary	One of the world's largest eCommerce and technology groups
Henkel	3.7%	Germany	Consumer Staples	A multinational household products and adhesives company
FEMSA	3.7%	Mexico	Consumer Staples	Operates largest Mexican convenience store chain, and part owner of Coca-Cola bottling and Heineken
Bunzl	3.6%	United Kingdom	Industrials	Multinational distribution and outsourcing business
Nestle	3.5%	Switzerland	Consumer Staples	The world's largest food company measured by revenues
WEC Energy	3.5%	USA	Utilities	A US regulated electricity and gas utility 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

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.

Signatory of: PRI Principles for Responsible Investment

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