

Monthly Market Commentary

US equity markets outperformed in November as a GOP electoral sweep fuelled hopes the new US administration's pro-business agenda will be quickly enacted. Another Federal Reserve rate cut, and more encouraging economic data also contributed to investor demand for US shares, funded in part by selling non-US equity holdings.

Against this backdrop the S&P500 posted its best month of 2024, rising 5.7% and setting new record highs. While the NASDAQ narrowly missed on resetting record levels, it too delivered a strong performance, rising 6.2% to post its best month since May. However, all this pales in comparison to the strength in US small caps with the S&P600 Small Cap Index surging 10.8% in November, also setting new highs.

Performance in Europe was more muted with the German DAX and UK FTSE up 2.9% and 2.2%, respectively. In contrast, the French CAC fell 1.6% due to ongoing political instability. Equity markets in Asia were also mixed with the Japan's Nikkei225 falling 2.2%, while China's Shanghai Composite Index rose 1.4%.

Electoral considerations also drove sector performance. Growing ties between Tesla founder Elon Musk and the new administration, saw its shares surge 38%, contributing to Consumer Discretionary rising 9.3% in November. Financials were also up strongly as prospects of less regulation and a more accommodating M&A regime saw the sector rise 7.8%. In contrast, Health Care stocks failed to participate in the broader rally with the sector down 1% in November. Materials were also lower by 1.0%, while defensives Utilities and Staples lagged in a relative sense, up 1.5% and 2.3%, respectively.

The USD continued to strengthen in November with the DXY Index up 1.8%. The AUD fell 1.1% against the US currency as commodities were broadly weak. The Bloomberg Commodity Index was flat for the month while WTI crude fell 2.0%. Clarity on US election outcomes also contributed to a sharp fall VIX, down 9.6 points to close at 13.5. Yields on US 10yr Government Bonds also fell 12bps to 4.16%.

The Fund returned -1.18% for the month, impacted by its underweight position in US equities and weakness in several EU Health Care holdings, namely Roche, Sanofi and Bayer.

Roche and Sanofi fell on no specific news, mirroring broader weakness in Health Care, while Bayer was weaker after it downgraded guidance and gave a cautious outlook at its Q3 results. Litigation issues still plague the group, and earnings visibility is low, however Bayer's underlying cash generating abilities remain solid. A newly adopted capital allocation framework should also see cash prioritized for debt-pay down, something we believe will result in meaningful equity build-up over the medium-term.

The biggest contributor to performance for the month was US-based fertilizer giant CF Industries. Following a good Q3 result, its shares continued performing strongly as natural gas prices internationally outpaced North American levels driving spreads wider. Natural gas is the key feedstock for CF's fertilizer production. Given its proximity to low-cost US natural gas hubs, CF is also one of the world's most cost advantaged producers. Hence, CF's earnings benefit when industry cost curves steepen, usually brought on by international natural gas prices rising faster than US prices.

The Fund also benefitted from its holdings in US-based Gilead Sciences, the world leader in HIV treatments. Its shares performed strongly after a solid Q3 result where management raised F24 EPS guidance by ~16% on lower R&D spend and higher-than-expected product sales (~2% upgrade), thanks to stronger HIV and COVID sales.

With earnings season now largely concluded, S&P500 consensus expectations are for double-digit earnings growth over the next twelve months. With the S&P500 trading on ~25x next year's estimated earnings, there is little room for error.

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 30 November 2024¹

	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	-1.18%	-0.68%	5.13%	5.99%	8.57%	7.18%	7.76%	7.58%	7.53%
Avg. Market Exposure ⁴	66%	65%	65%	61%	57%	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 1 October 2005
³ Past performance is not a reliable indicator of future performance

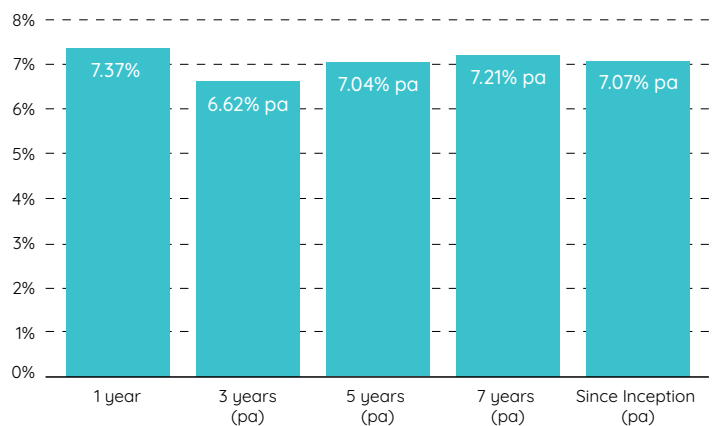
⁴ Average Market Exposure calculated on delta-adjusted exposure of underlying portfolio. Since inception market exposure is calculated from 1 October 2005

Growth of \$100,000 Since Inception⁵



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 Distributions⁶



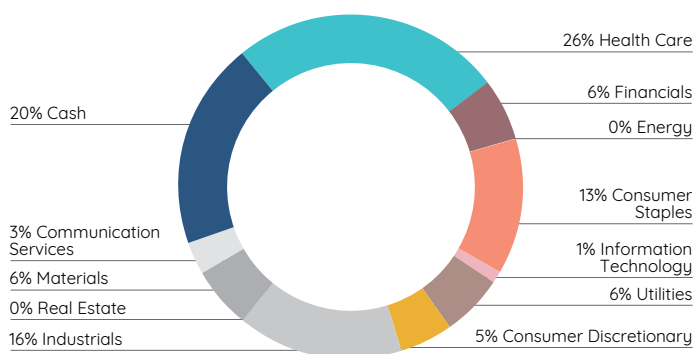
⁶ Illustrates Distribution Returns for the Talaria Global Equity Fund - Foundation Units for the financial year ending 30 June 2024. Inception date is 1 October 2005

Top 10 Holdings⁷

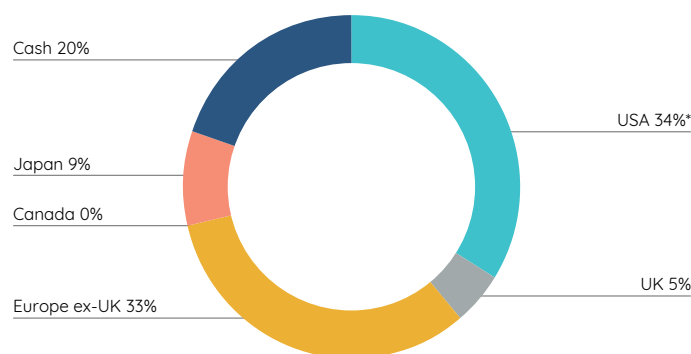
Company Name	Holding	Country	Sector	Description
Roche	5.6%	Switzerland	Health Care	A global leader in cancer treatments
Johnson & Johnson	5.5%	USA	Health Care	Pharmaceutical, medical devices and consumer health products company
Sanofi	5.2%	France	Health Care	Top 5 pharmaceutical firm with leading positions in diabetes and rare diseases
Bunzl	4.5%	United Kingdom	Industrials	Multinational distribution and outsourcing business
Gilead	4.3%	USA	Health Care	Leading research based biopharmaceutical company
Everest Re	3.8%	USA	Financials	Leading global provider of reinsurance and insurance services
Brenntag	3.7%	Germany	Industrials	Largest third-party chemicals and ingredients distributor in the world
Secom	3.5%	Japan	Industrials	Japan's largest protective and electronic security solutions provider
Nestle	3.5%	Switzerland	Consumer Staples	One of the world's largest food companies measured by revenues
Medtronic	3.4%	USA	Health Care	A leading medical devices 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 Allocation⁸



Regional Allocation⁹



^{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. 533732 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.

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