

Monthly Market Commentary

Most global equity markets started the year strongly, but it was the strength in European bourses outperforming US markets, that was perhaps January's stand out feature.

Better-than-expected Eurozone economic data helped drive part of this rotation. However, EU stocks also likely benefited from their significant valuation discount relative to more expensive US stocks, a topic we covered in the Talaria December 2024 Quarterly Report.

Also contributing to Europe's outperformance was the region's lack of exposure to mega-cap tech stocks. These came under intense selling pressure as news emerged of China's growing AI capabilities. The biggest casualty was global chip designer NVIDIA, whose market cap fell by approximately USD 600bn - the largest single-day drop ever for a US company.

Highlighting further how concentration can work both ways, US markets also underperformed thanks to some mixed results amongst mega-cap names. For example, Microsoft shares dropped 6.2% after issuing disappointing Q3 guidance, including softness in its Azure unit. Apple also struggled throughout the month following reports of lacklustre sales in China.

Despite these headwinds, US markets delivered decent results with the S&P500 and NASDAQ, up 2.7% and 1.6%, respectively. Small caps also did well with the S&P600 Small Cap Index rising 2.8% during the month. As noted above, European bourses led the way in January with the German DAX up 9.2%, followed by the French CAC, up 7.7% and UK FTSE, up 6.1%. Asian markets were more muted with Japan's Nikkei 225 down 0.8% and China's Shanghai Composite also weaker by 3%.

Against this backdrop, Information Technology was the only sector to finish in the red, falling 1.5% during the month. In contrast, Telecommunications was the best performing sector, rising 8.7%. Financials also did well, up 6.5%, thanks to higher capital market fees and no signs of stress in lending books.

Health Care was another strong performer, up 6.3% during the month as investors rotated back into the sector. Energy, Utilities, and Staples also performed well, rising 2.5%, 2.3%, and 1.8%, respectively.

Against this backdrop, the Fund delivered +2.29% in January.

The AUD rose 0.5% against the USD, with the US Dollar Index also broadly flat for the month following a period of sustained strength. Commodities were stronger with the Bloomberg Commodity Index rising 4% with WTI Oil also up 1%. Yields on 10-yr US government bonds fell 3bps to close at 4.54% while VIX fell 0.9 points ending the month at 16.4.

During the month, the Fund exited its positions in Japanese financial services group Sumitomo Mitsui Trust Group and Japanese telecom company KDDI Corp, both on valuation grounds

Pharmaceutical giants Roche and Sanofi were the two biggest contributors to performance. Both participated in the broader healthcare rally after posting good results with FY25 EPS guidance of double-digit growth at Sanofi and high-single digit growth at Roche, excluding FX. Sanofi also announced a ~EUR5bn buyback program accounting for ~4% of its current market capitalisation. French catering group Sodexo was the biggest detractor with the shares underperforming due to disappointing Q1 volumes. However, with the stock trading on a ~12x P/E, no balance sheet risk, and the group still delivering >4% organics sales growth, we will continue to hold and see good upside for shareholders over the medium term.

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 January 2025¹

	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	2.29%	2.77%	4.12%	6.80%	7.99%	7.52%	8.76%	7.60%	7.69%
Avg. Market Exposure ⁴	72%	69%	66%	64%	58%	57%	59%	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

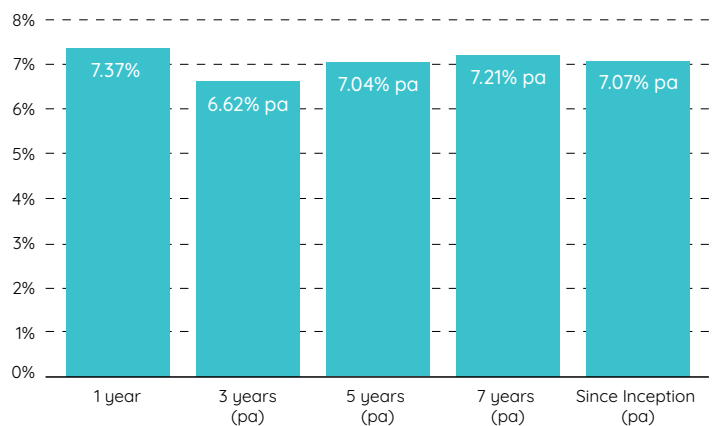
⁴ Average Market Exposure calculated on delta-adjusted exposure of underlying portfolio. Since inception market exposure is calculated from 1 October 2005

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



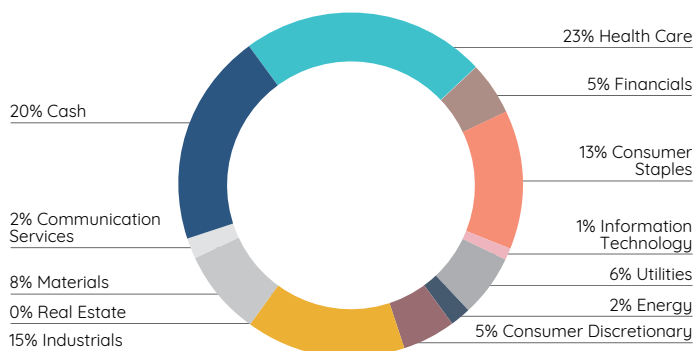
⁶ Illustrates Distribution Returns for the Talaria Global Equity Fund - Foundation Units for the financial year ending 30 June 2024. Inception date is 1 October 2005

Top 10 Holdings⁷

Company Name	Holding	Country	Sector	Description
Roche	5.8%	Switzerland	Health Care	A global leader in cancer treatments
Johnson & Johnson	5.6%	USA	Health Care	Pharmaceutical, medical devices and consumer health products company
Sanofi	5.4%	France	Health Care	Top 5 pharmaceutical firm with leading positions in diabetes and rare diseases
Newmont	4.8%	USA	Materials	One of the top 3 gold producers in the world
Nestle	4.3%	Switzerland	Consumer Staples	One of the world's largest food companies measured by revenues
Bunzl	4.2%	United Kingdom	Industrials	Multinational distribution and outsourcing business
Brenntag	3.7%	Germany	Industrials	Largest third-party chemicals and ingredients distributor in the world
Everest Re	3.6%	USA	Financials	Leading global provider of reinsurance and insurance services
Henkel	3.4%	Germany	Consumer Staples	A multinational household products and adhesives company
WEC Energy	3.3%	USA	Utilities	A US regulated electricity and gas utility company

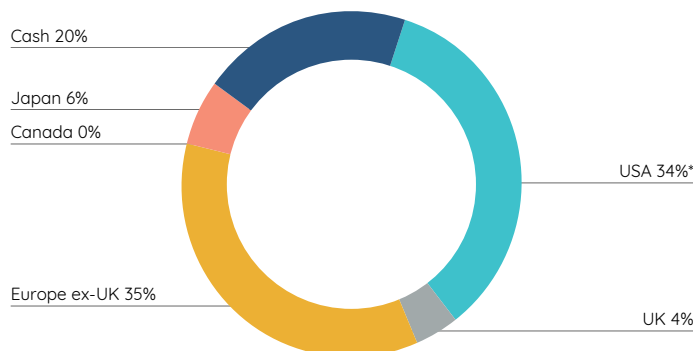
⁷ Weightings include option positions held and cash backing put options. It assumes that put options will be exercised. Should the put option not be exercised the cash will revert to the unencumbered cash portfolio or may be used to cover further put options.

Sector Allocation⁸



^{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.

Regional Allocation⁹



* 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. The Zenith Investment Partners (ABN 27 103 132 672, AFS Licence 226872) ("Zenith") rating (assigned November 2024 for funds AUS0035AU and WFS0547AU) 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 05/2024 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. © 2024 Lonsec. All rights reserved. Past performance is not an indication of future performance. 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.

Signatory of:
 Principles for Responsible Investment