Monthly Market Commentary

July saw mixed global equity market performance as heavy selling in growth and technology stocks saw value, cyclicals and European bourses meaningfully outperform.

Weakness within the technology landscape was largely confined to semiconductors and AI-supply chain beneficiaries, driven by profit-taking, hedge fund deleveraging and greater scrutiny over potential returns on unprecedented AI spending. Investors also contended with more energy price volatility and the prospects of higher rates as yields on US 30yr Treasuries rose to levels not seen since June 2007.

On a regional basis, Japan's Nikkei225 was the worst performer amongst developed world indices, falling 8.1% in local currencies, thanks to weakness in semiconductors and AI-related stocks. China's Shanghai Composite Index also struggled in July, down 6.4% thanks to technology weakness and energy market disruptions.

In US markets, a 21% decline in the broad-based semiconductor index, the SOX, disproportionally impacted the NASDAQ which fell 3.2% in July versus a broadly flat finish for the S&P500. Interestingly, while the Magnificent-7 complex was up strongly in July, +2.1% as a group, there were also signs of investors becoming increasingly discerning about AI returns and capex budgets even within this cohort. For example, Microsoft shares rose 15% on a well-received Q4 result buoyed by good headline AI monetization trends, measured capex commentary and FY27 guidance for positive FCF. In contrast, Meta shares dropped 8% after management 'upgraded' FY capex and opex at its Q2 results alongside underwhelming Q3 sales guidance. At the other end of the capitalisation spectrum, rate headwinds and profit-taking weighed on US small caps with the S&P600 Small Cap Index down 2% in July.

In contrast to US and Asian market weakness, European bourses delivered good performance in July, led by the UK FTSE which finished up 3.5% in local currencies thanks to outsized exposure to Financials and Energy. Germany's DAX and France's CAC also rose 2.5% and 1.3%, respectively, benefitting from having little exposure to AI-supply chain themes and supportive macro data. Given USD weakness towards the end of the month (DXY Index -1.3% in July), returns on a USD basis were even better for European bourses.

Information Technology was the biggest laggard from a sector perspective, down 4.2%, while higher oil prices helped Energy rise 12.6% for the month. Financials were also well supported, up 6.4%, thanks to higher rate backdrop, good bank results characterised by robust capital market activity and encouraging provisioning trends, and ongoing strength in insurers. Elsewhere, movements were more modest with Staples and Consumer Discretionary up approximately 2% while Utilities and Industrials fell less than 2%.

The AUD strengthened 1.4% against the USD alongside stronger commodity prices as the Bloomberg Commodity Index and WTI Oil rose 7.2% and 21.8%, respectively. The VIX fell 0.46 points to close at 15.99 while yields on 10yr US Treasuries rose 27bps to finish the month at 4.73%.

Against this backdrop the Fund delivered a return of 2.56% for the month.

The Fund gained exposure to US-based retirement and life insurer, Corebridge during the month. While the business needs to execute on its integration, we are attracted to Corebridge's large, sticky retirement annuity franchise along with a history of producing double-digit ROE and substantial capital generation. The company has been repurchasing ~$1bn of shares annually (~7% of market cap) which at current valuation of ~0.8x Book Value makes these particularly accretive.

Water-heater maker, A.O. Smith was the biggest detractor in July after it downgraded FY26 EPS guidance by ~2% on the back of intensifying cyclical headwinds (cost inflation) at the Q2 result. While there is still elevated risk to revised guidance, we continue to hold given a solid balance sheet, strong fundamentals (~20% margins, near 100% cash conversion), and supportive valuation. The stock is currently trading on a ~6% FCF yield, struck off what we believe to be close-to-trough earnings ahead of a meaningful replacement cycle and potential recovery in depressed new housing starts. We estimate fair value is ~$73/share with scope for the stock to potentially further benefit from any successful sale of its sub-scale China business.

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 July 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	2.56%	7.97%	6.64%	9.75%	7.22%	8.52%	8.20%	8.22%	7.65%
Avg. Market Exposure[4]	60%	59%	56%	57%	60%	58%	58%	59%	61%

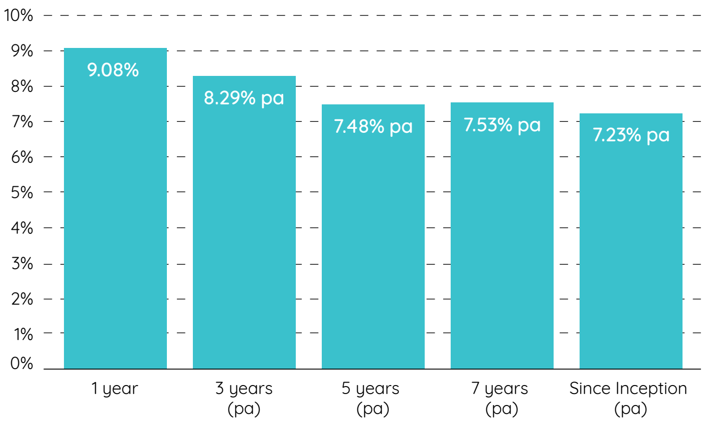
1 Fund Returns are calculated after fees and expenses and assume the reinvestment of distributions.
2 Inception date for performance calculation is 1 October 2005.
3 Past performance is not a reliable indicator of future performance.

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 2026. Inception date is 1 October 2005.

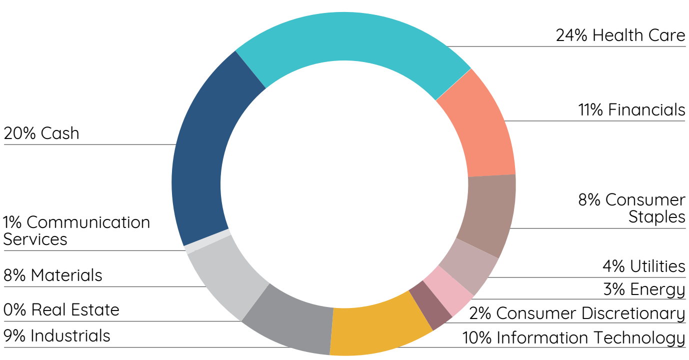
Talaria Asset Management
330 Collins Street
Melbourne, VIC, Australia 3000
info@talariacapital.com.au
talariacapital.com.au

Top 10 Holdings[7]

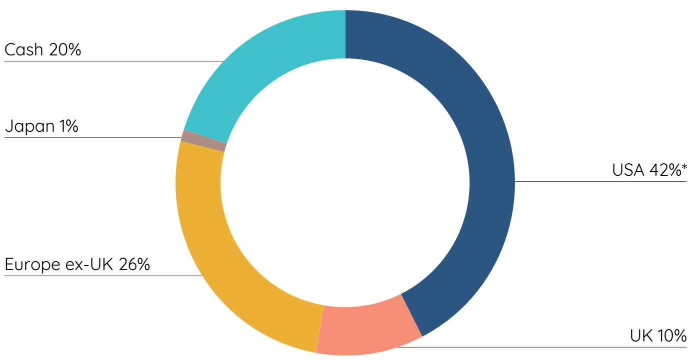
Company Name	Holding	Country	Sector	Description
Everest Group	5.1%	USA	Financials	Leading global provider of reinsurance and insurance services
Bunzl	5.0%	United Kingdom	Industrials	Multinational distribution and outsourcing business
Bayer	4.8%	Germany	Health Care	Multinational pharmaceutical and life sciences company
GSK	4.7%	United Kingdom	Health Care	One of the world's largest pharmaceutical companies
Newmont	4.5%	USA	Materials	One of the top 3 gold producers in the world
Henkel	4.4%	Germany	Consumer Staples	A multinational household products and adhesives company
Pfizer	4.2%	USA	Health Care	A research led global pharmaceutical company
Exor	4.1%	Netherlands	Financials	A diversified holding company
Roche	4.1%	Switzerland	Health Care	A global leader in cancer treatments
A.O. Smith	3.5%	USA	Industrials	A leading manufacturer of water heaters in North America

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

Signatory of:

PRI Principles for Responsible Investment