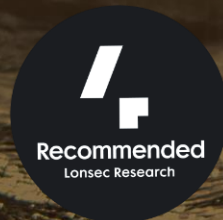


# Talaria Quarterly Webinar

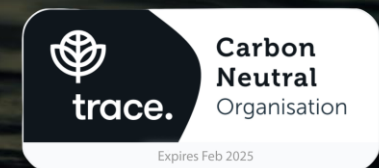
What's priced in

April 2025

Co-CIO Hugh Selby-Smith in conversation with  
Head of Sales, Lance Oliver



Signatory of:



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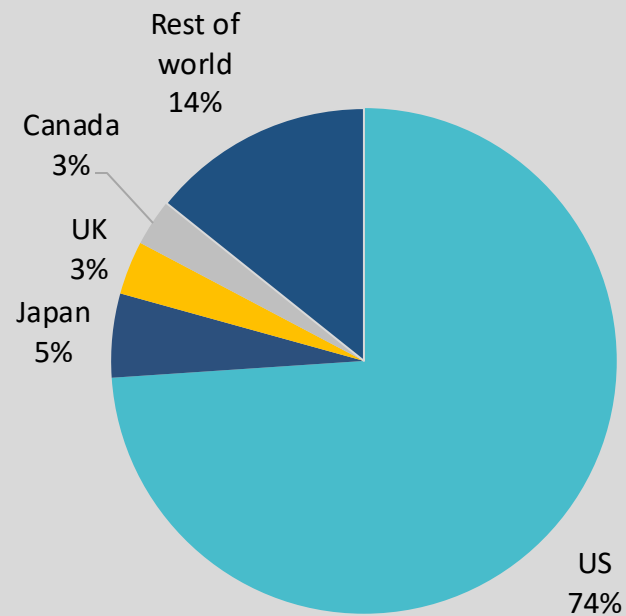
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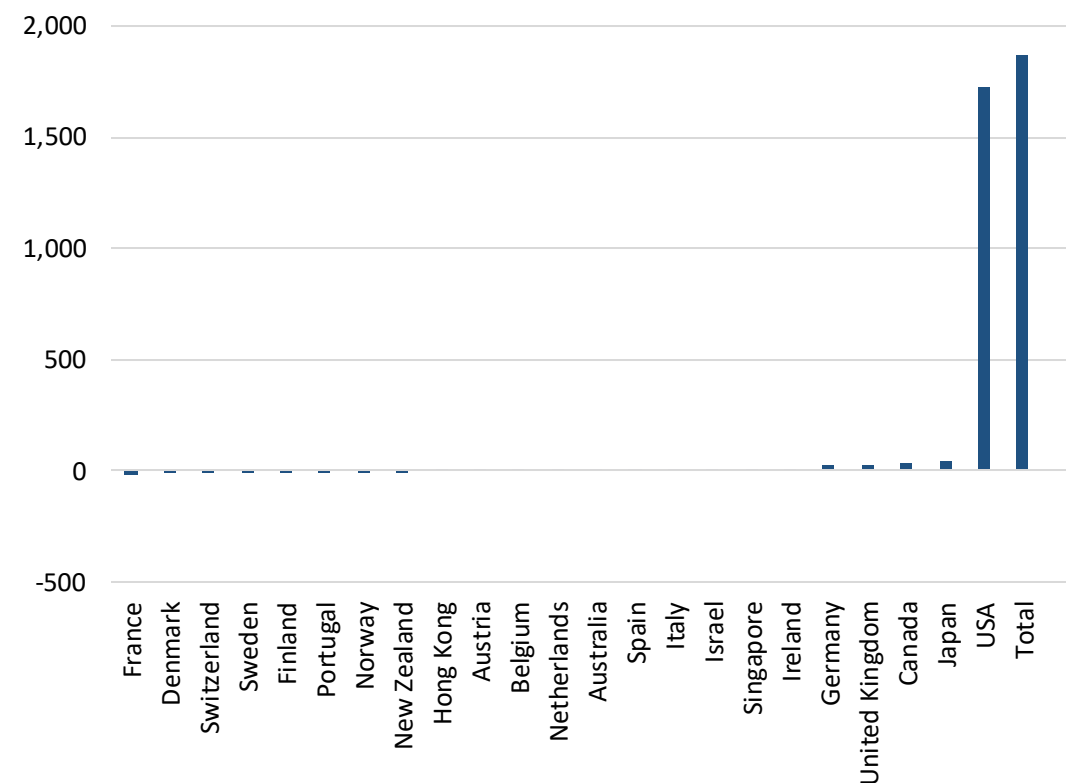
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# US was the world in 2024

% of MSCI world market cap by country  
(Dec 2024)

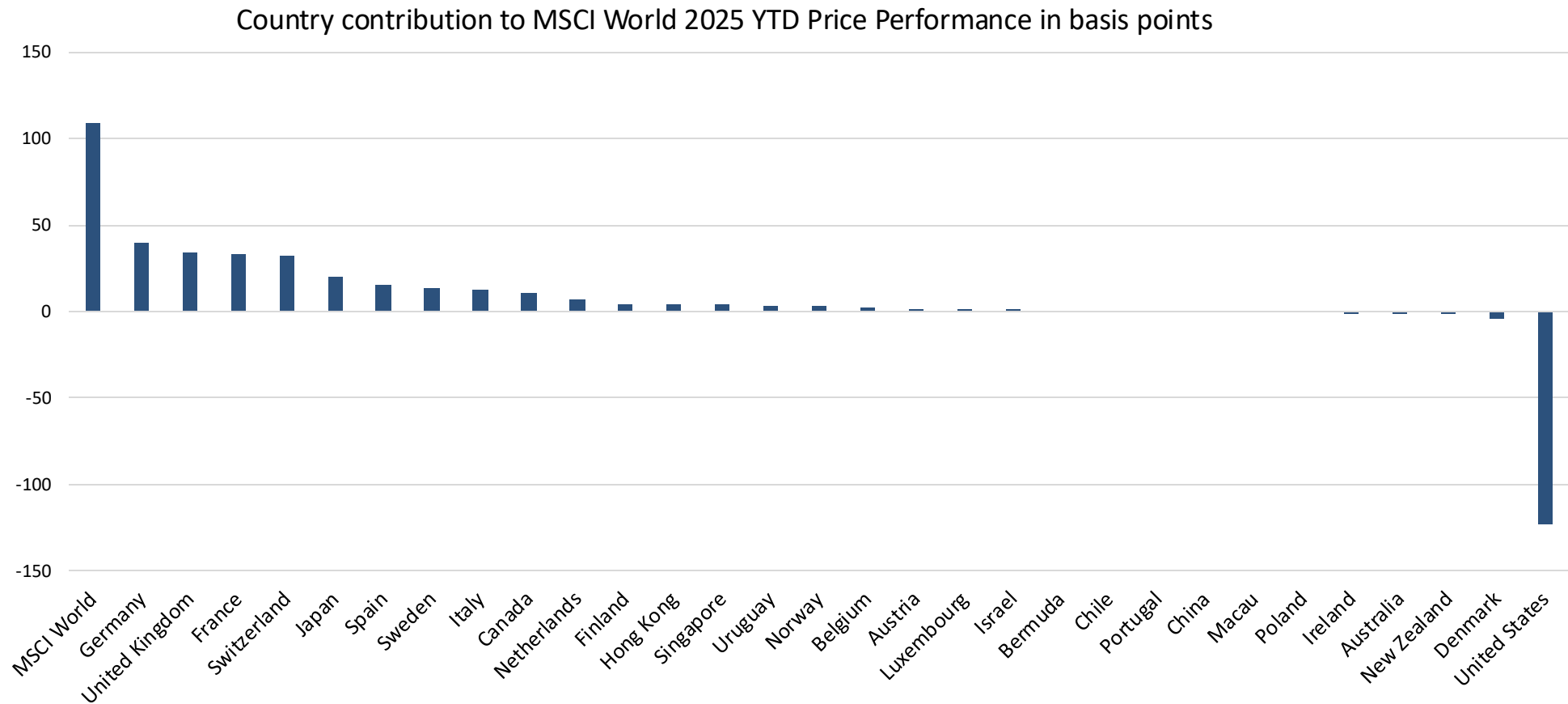


Country contribution to MSCI World 2024  
price performance (bps)



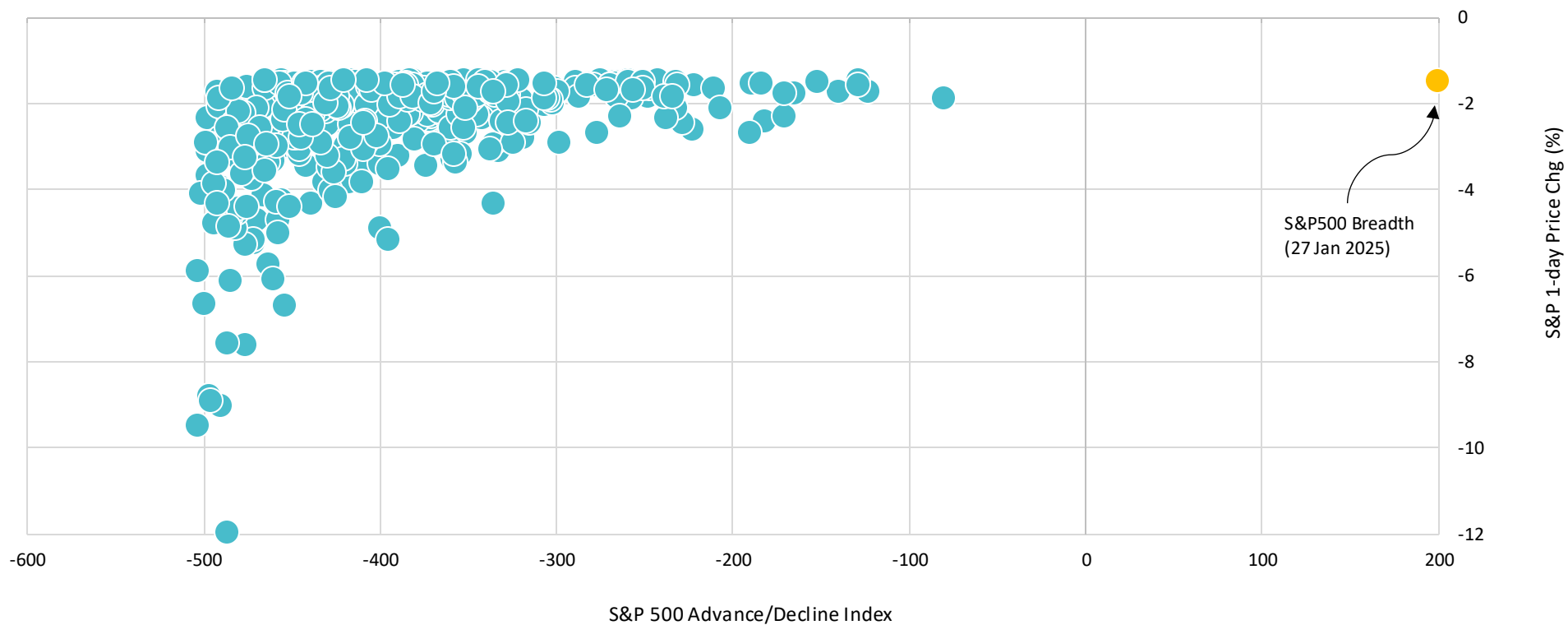
Source: Bloomberg 31 December 2024

# But 2025?



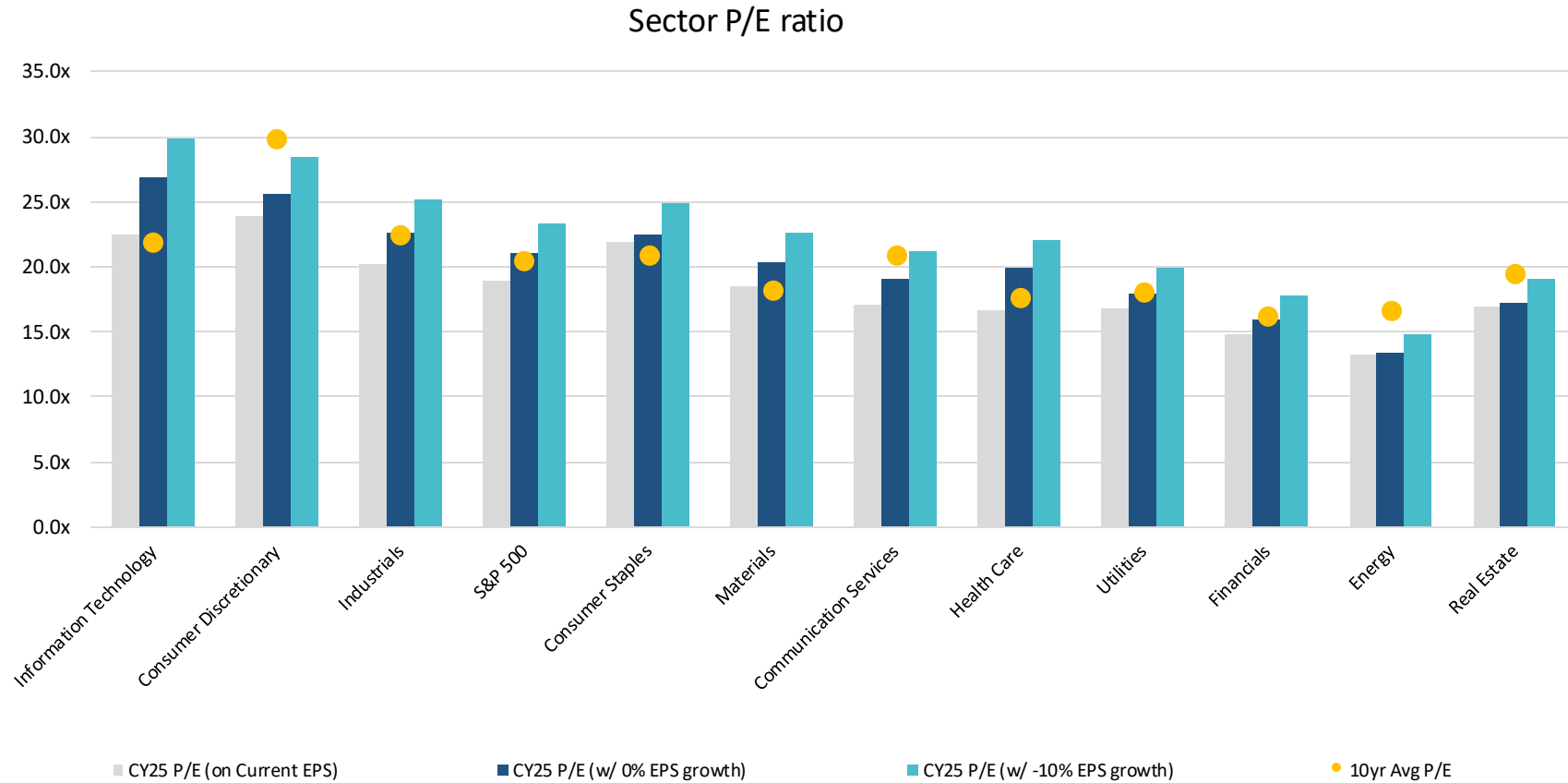
# Basis Risk

S&P 500 Advance/Dencline Index vs S&P 1-day Price Performance since 2001 (through to 14 Mar 2025)

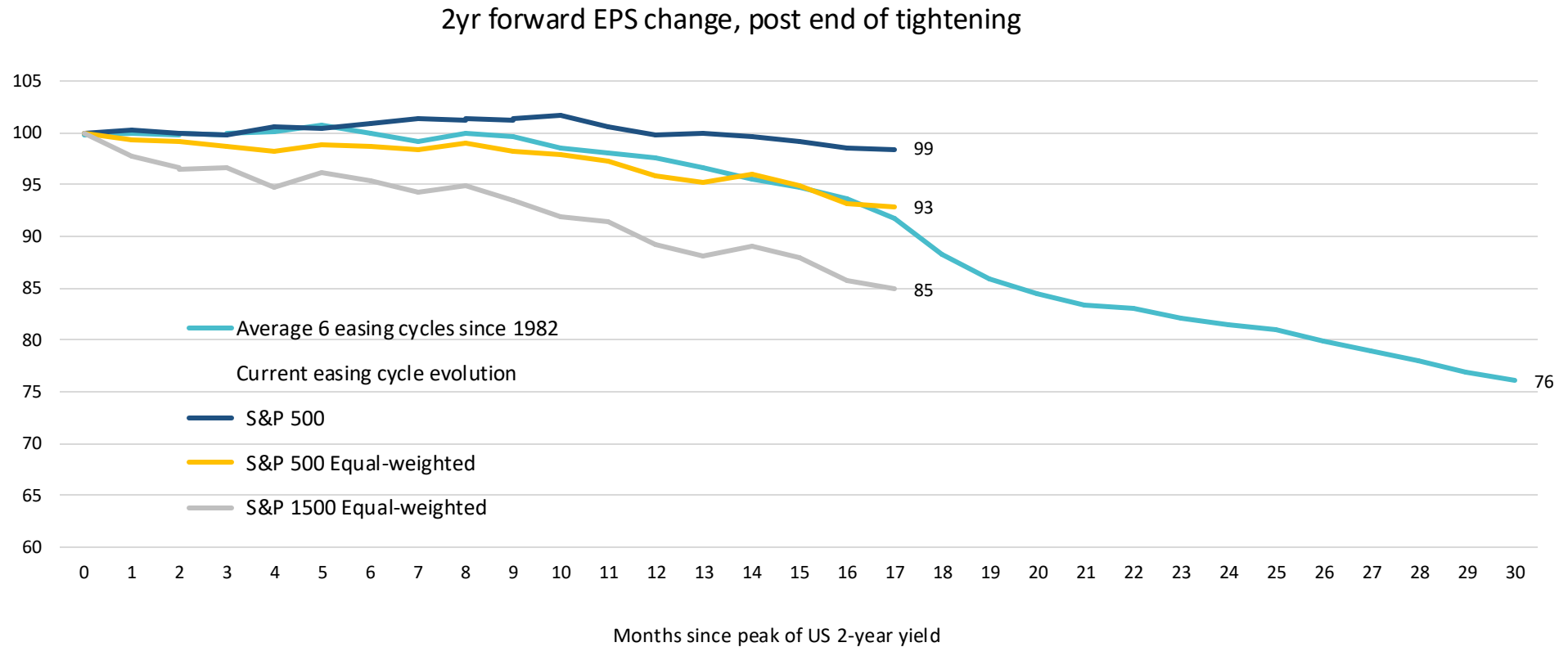


Note: Data only shows days with S&P500 index falling 1.5% or more  
Source: Talaria, Bloomberg

# Earnings Risk

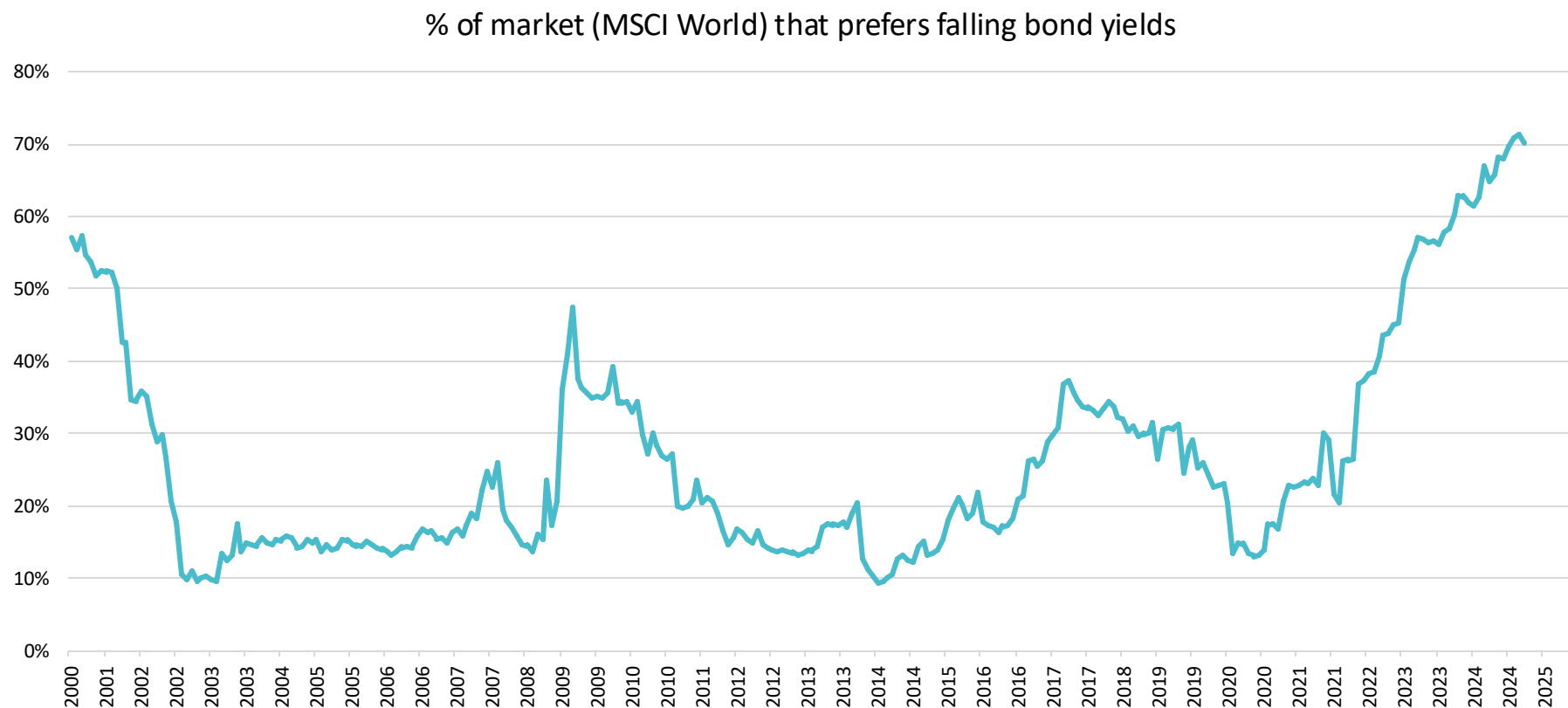


# Earnings Risk

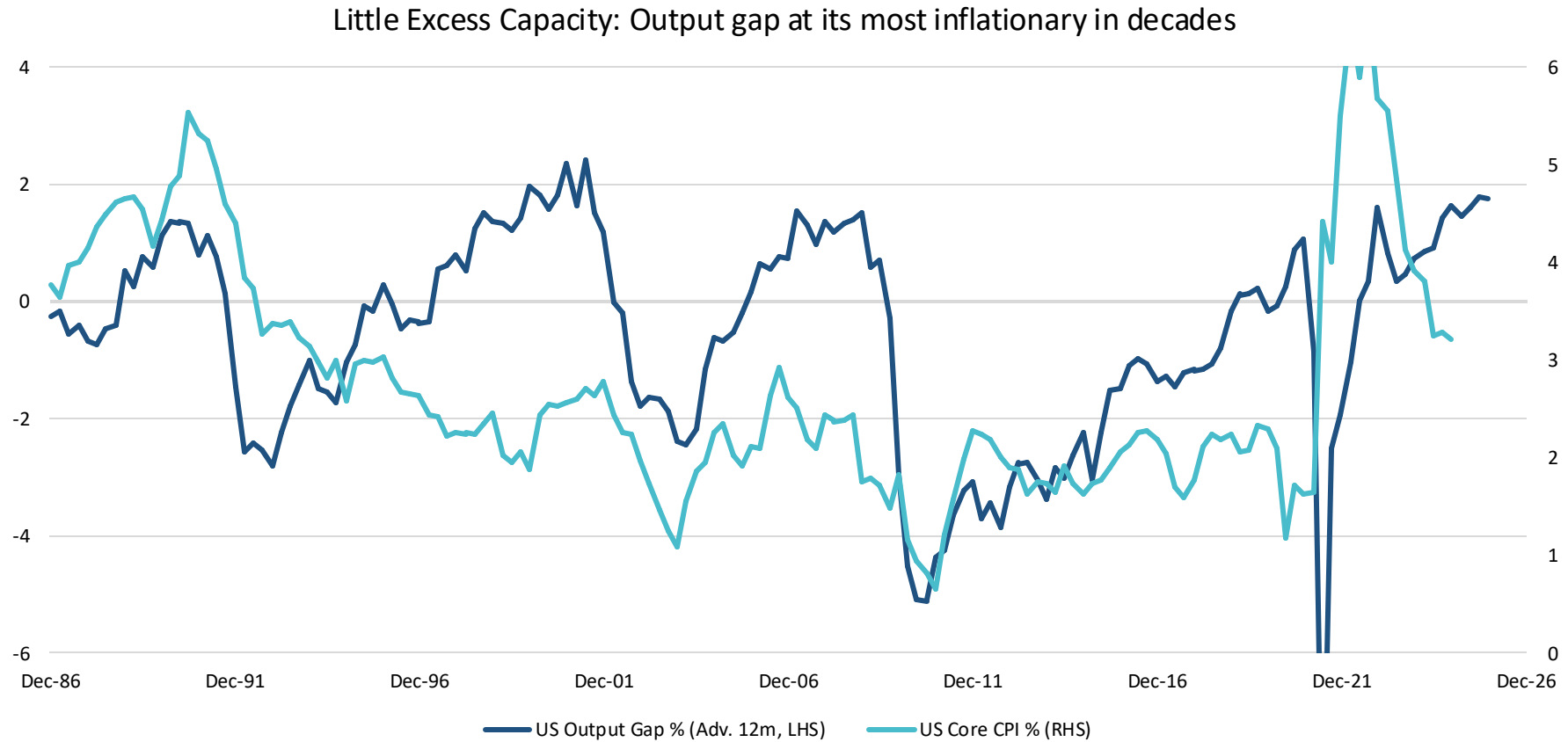




# Bond Risk

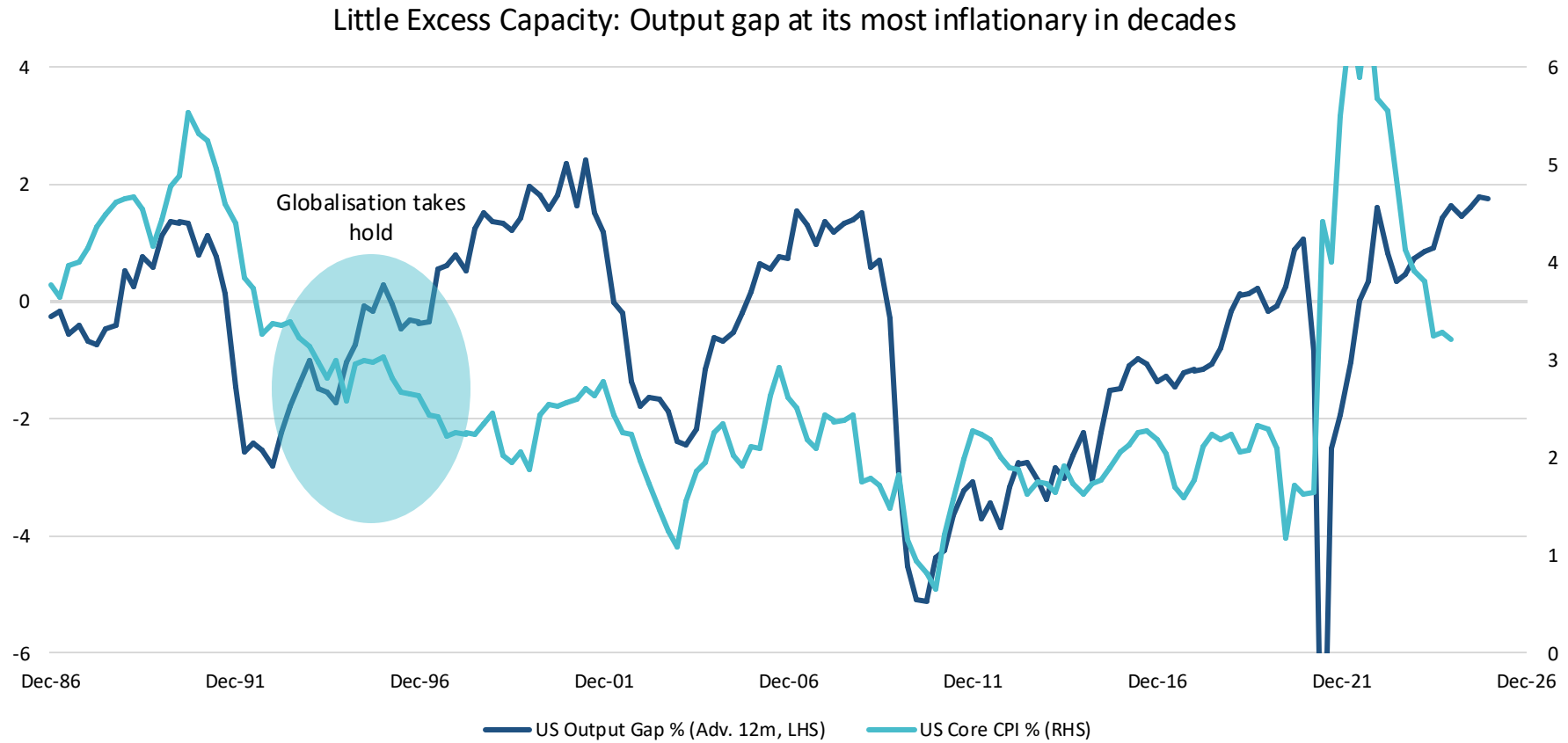


# Output Gap



Source: Talaria, FactSet, The Macro Institute. 31 December 2025

# Output Gap

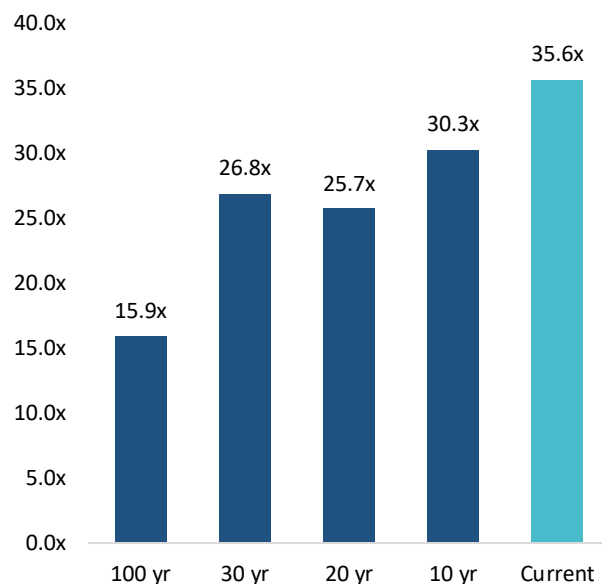


Source: Talaria, FactSet, The Macro Institute. 31 December 2025

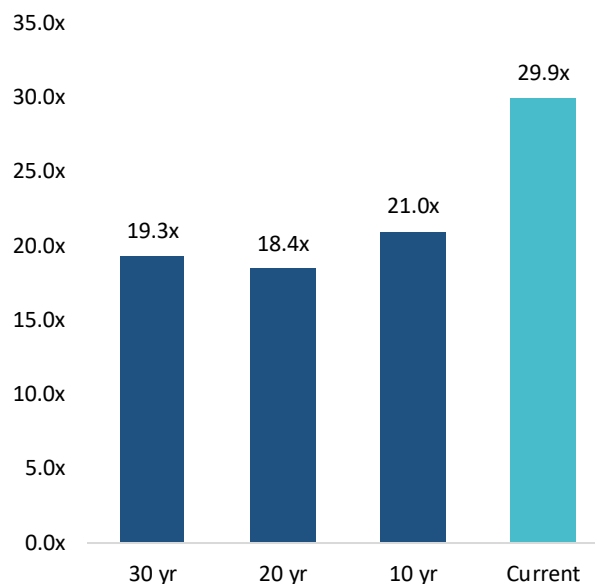
# The tailwind of rising prices

Investors are paying more for every dollar they earn, and aren't being compensated for risk

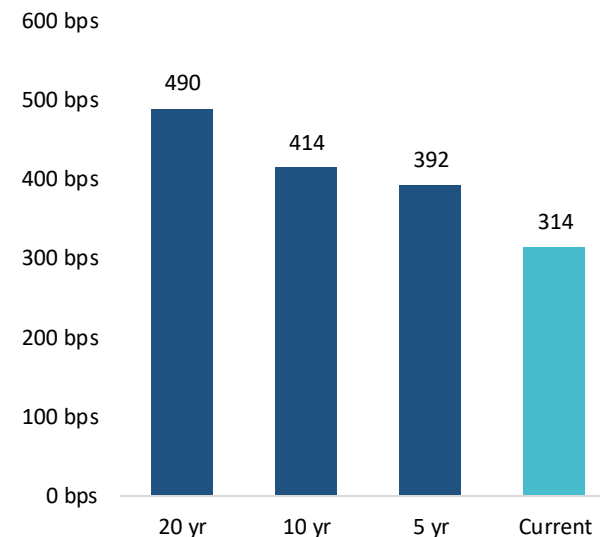
Equities: Average Shiller P/E



Real Estate: Average P/E

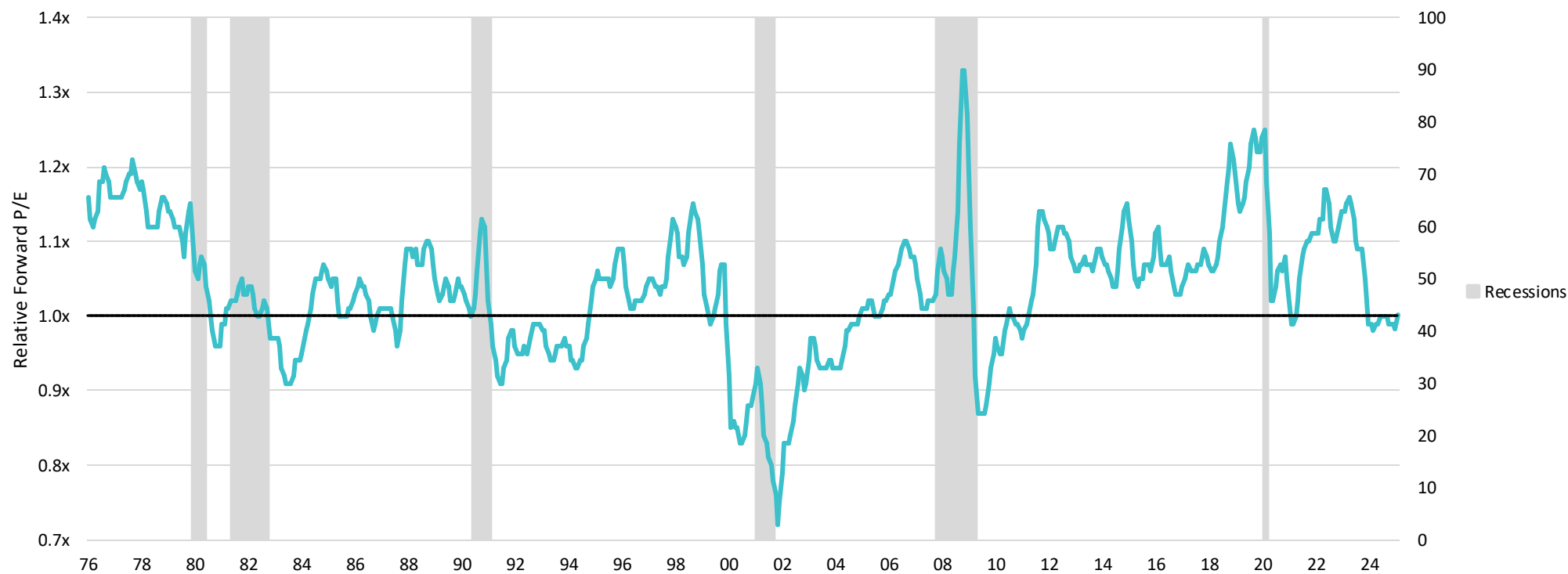


HY Bonds: Average Credit Spread



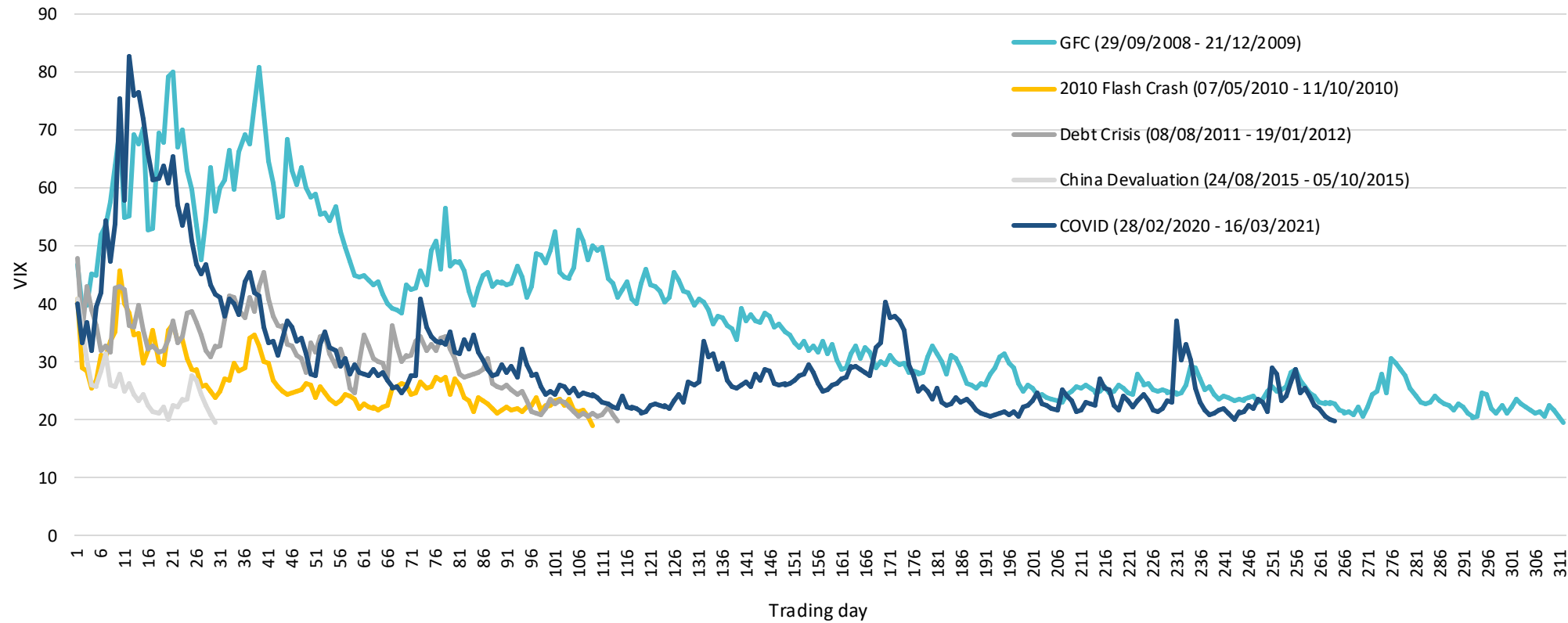
# Stability

Large-Cap Stocks  
Top Quintile of Fundamental Stability  
Relative Forward-P/E Ratios<sup>1</sup>  
1977 Through Mid-March 2025

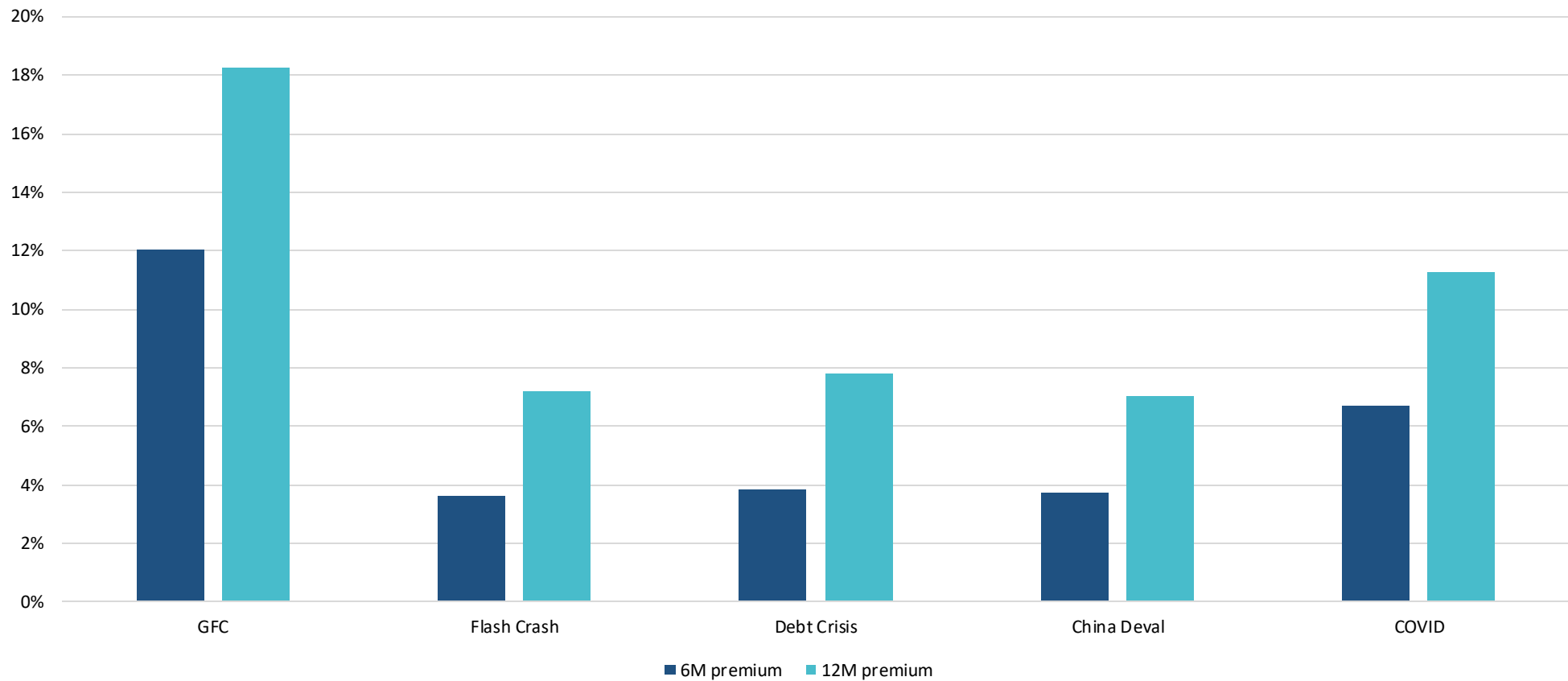


# Volatility

VIX: Path from 40 to 20



# Harnessing volatility



# Implementation process

We sell put options to buy shares at a future date at lower than market prices.

For using options, we are paid a premium

On maturity:

- ➡ If the **share price is at or above the strike price**, we don't own the stock but keep the premium
- ➡ If the **share price is below** the strike price, we own the stock at the strike price less the premium

✓ Whatever happens our investors always keep the premium either as income or reduced share price

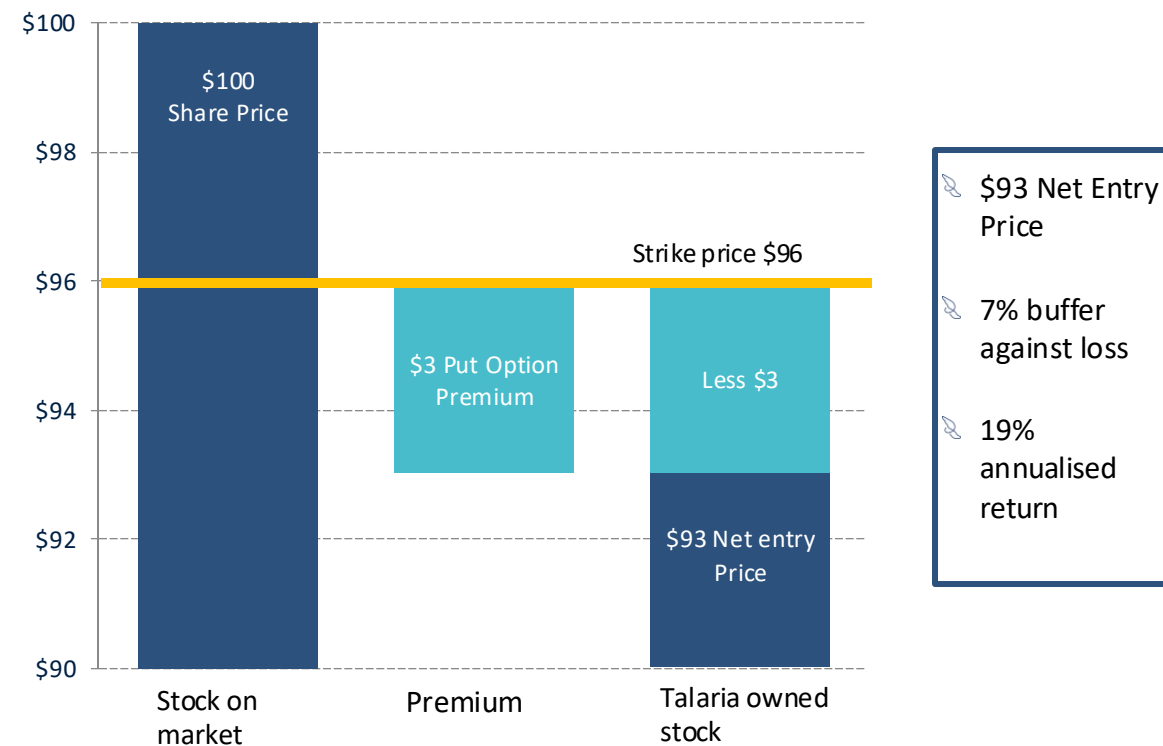


# Implementation process

Volatility regime ~20



**Example:** We want to buy a share which is trading at a price of \$100, which we believe is worth \$125.  
We write a put at \$96 with expiry in 60 days.



- ✓ **No leverage:** 100% cash backed in local currency
- ✓ **No counterparty risk:** Only exchange-traded

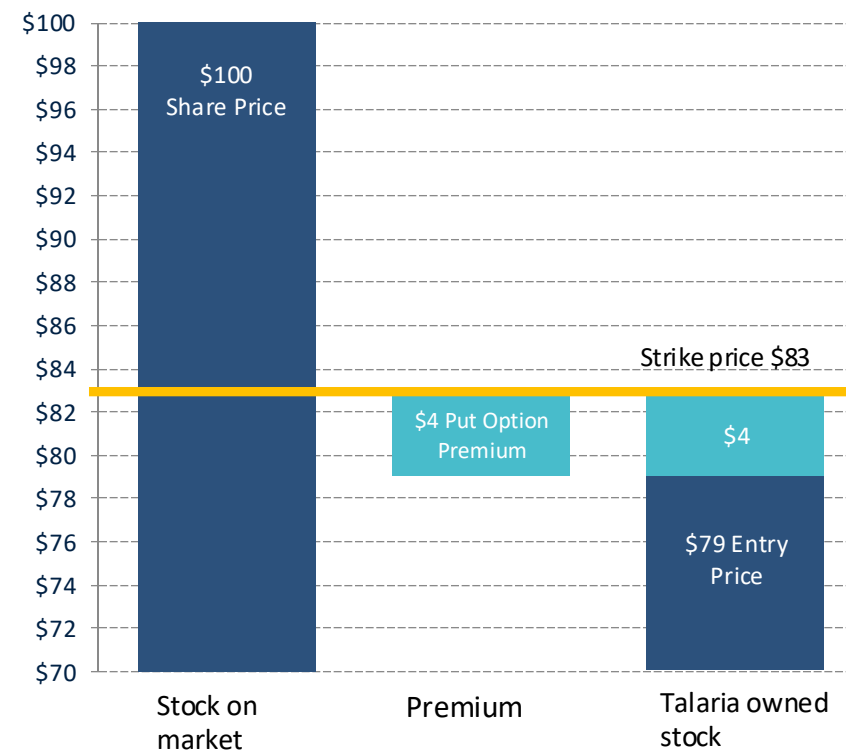
# Implementation process –

Heightened volatility regime i.e. >50



**Example:** We want to buy a share which is trading at a price of \$100, which we believe is worth \$125

We write a put at \$83 with expiry in 60 days.



\$79 Net Entry Price

21% Buffer against loss

29% Annualised return

- ✓ **No leverage:** 100% cash backed in local currency
- ✓ **No counterparty risk:** Only exchange-traded



# Current portfolio and performance

# Value biased, developed markets portfolio

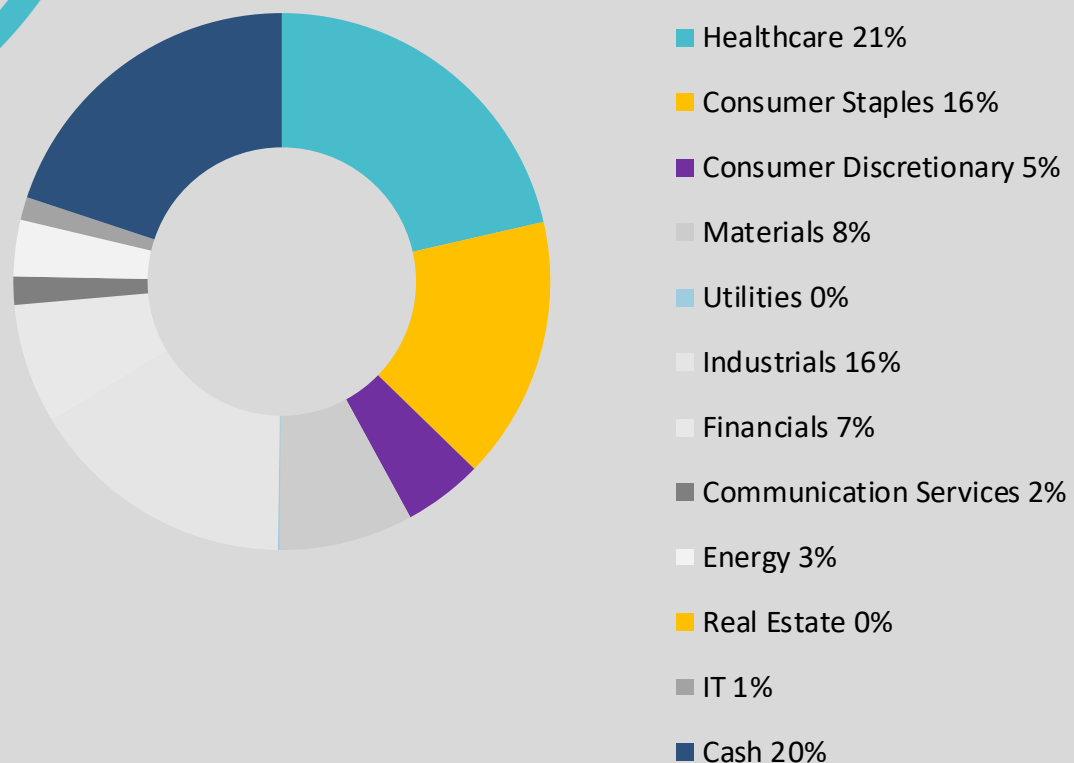
Metrics (Index 100 = Sales)	Talaria Portfolio	FTSE Developed
<b>Income Statement Figures</b>		
Sales	100	100
EBIT	11.1	16.2
Interest Paid	1.1	1.3 <sup>(1)</sup>
Pre-Tax	10.0	14.9
Tax Rate	21%	20% <sup>(1)</sup>
After-Tax Profit	7.9	11.9
Dividends	3.4	4.4
Retained Earnings	4.5	7.5
<b>Balance Sheet Figures</b>		
Equity ( Book Value)	49	75
Debt	31	98
Cash	11	64
Net Debt	20	33
Total Capital ( Equity + Debt)	69	108
<b>Leverage Ratios</b>		
Debt/Equity	62%	130%
Net Debt / Equity	40%	44%
Net Debt / Total Capital	29%	31%
<b>Efficiency/Profitability Ratios</b>		
Sales/Total Capital	145.8%	92.2%
EBIT / Total Capital	16.2%	14.9%
ROE	16.2%	15.8%
Return on Total Capital	11.6%	11.0%
<b>Valuation Figures</b>		
Price	91	205
Price / Sales	0.9	2.0
Price / Book Value	1.9	2.7
Price / Earnings	11.5	17.2
Earnings Yield	8.7%	5.8%
Dividend Yield	3.8%	2.1%
Retained Earnings Yield	5.0%	3.7%
Dividend Payout Ratio	43%	37%
Enterprise Value / EBIT	10.0	14.7

Notes: (1) Based on Talaria estimate of index interest expense and tax rate.

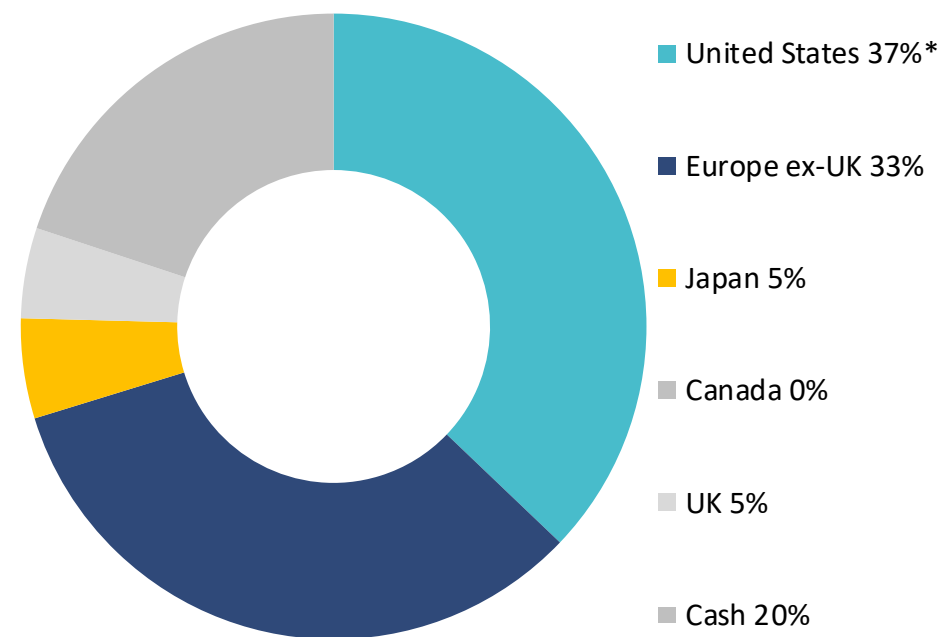
Top 10	Weight %
	4.8%
	4.6%
	4.5%
	4.5%
	4.4%
	4.4%
	4.1%
	3.9%
	3.6%
	3.5%

# Differentiated portfolio

Sector



Region



# Get in touch

**Lance Oliver**

Head of Sales

[loliver@talariacapital.com.au](mailto:loliver@talariacapital.com.au)

Ph: +61 403 626 456

**Mitch Hannigan**

Director - Sales

NSW, QLD

[mhannigan@talariacapital.com.au](mailto:mhannigan@talariacapital.com.au)

Ph: +61 424 253 898

**Joel Beebe CFA**

Director - Sales

VIC, SA, TAS

[jbeebe@talariacapital.com.au](mailto:jbeebe@talariacapital.com.au)

Ph: +61 402 065 317

**Sam Dowling**

Director - Sales

NSW, ACT, WA

[sdowling@talariacapital.com.au](mailto:sdowling@talariacapital.com.au)

Ph: +61 488 079 084



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