

The new era of investing



Signatory of:





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Executive Summary

The investment regime that shaped the past three decades is giving way to something different. Deep global integration, falling interest rates and abundant liquidity created an environment in which asset prices rose, valuations expanded, and passive exposure was consistently rewarded. These conditions can no longer be taken for granted.

The structural imbalances that accumulated during this period are becoming harder to ignore. Debt levels have climbed across governments, corporations and households, while fiscal flexibility has steadily narrowed. At the same time, economic nationalism is beginning to reshape trade and capital flows, reversing some of the forces that underpinned the era of easy returns.

Risk premia remain compressed and the benefits of diversification appear weaker than many investors assume. Income, once readily available across asset classes, is becoming both scarcer and less dependable at precisely the moment investors need it most.

Periods of transition tend to expose assumptions that were never tested during the good years. The question for investors isn't whether the world is changing - it most certainly is. Instead, it's whether they're ready for what comes next.

This paper explores what has changed, why it matters, and where the opportunities lie for those willing to look.

Introduction

In the mid 19th century, the not-yet-famed essayist and philosopher Ralph Waldo Emerson was still a successful man by the standards of his time. He had been educated at Harvard, ordained as a Unitarian minister, and was on a path toward intellectual authority and public respect.

But despite being a minister, the practices of the church weren't sitting well with him - Emerson couldn't accept them on a foundation of tradition alone. He resigned from the pulpit in his early thirties when he found that he couldn't continue to go through the motions of administering communion, questioning all the rituals clerics performed unthinkingly, institutions that derived authority from history rather than relevance, and habits of thought that persisted simply because they were familiar. What troubled him was not tradition itself, but the way it could continue long after the conditions that justified it had passed.

It is no accident that Emerson's well-known essay *Self-Reliance* emerged from that experience. The essay is often read as a declaration of individualism, but it is more precisely a warning: that inherited thinking hardens into habit, that past success dulls judgment, and that conformity feels safe only because it spares us the discomfort of reassessment.

Emerson couldn't have put it more clearly, "imitation is suicide".

We would do well to apply Emerson's lessons to financial markets. Investment approaches are shaped by experience, and experience is shaped by the conditions of its time. For much of the past three decades, those conditions rewarded leverage, global reach and faith in ever-lower funding costs. Strategies formed in that environment have come to feel like doctrine.

This paper begins from a different premise: that the beliefs and assumptions that underpinned the recent global system of markets are changing. Emerson's challenge was to think independently of precedent. For investors today, the challenge is the same.

"Inherited thinking hardens into habit, that past success dulls judgment, and that conformity feels safe only because it spares us the discomfort of reassessment."

Part 1:
The decline of
globalisation

A brief history of globalisation

The early 1990s marked a shift in the global economic order. The circumstances that enabled international trade as we've known it are grounded in 3 major shifts:

1 The liberalisation of planned economies

The collapse of the Soviet Bloc brought Eastern Europe into the global economy, while China devalued the renminbi in 1994 and later joined the World Trade Organization in 2001. Across Asia, liberalisation expanded trade, attracted foreign capital and integrated regional economies into global supply chains. By suppressing wage pressures and sustaining corporate margins, these developments supported stronger nominal cashflow growth than would have been foreseen at the outset.

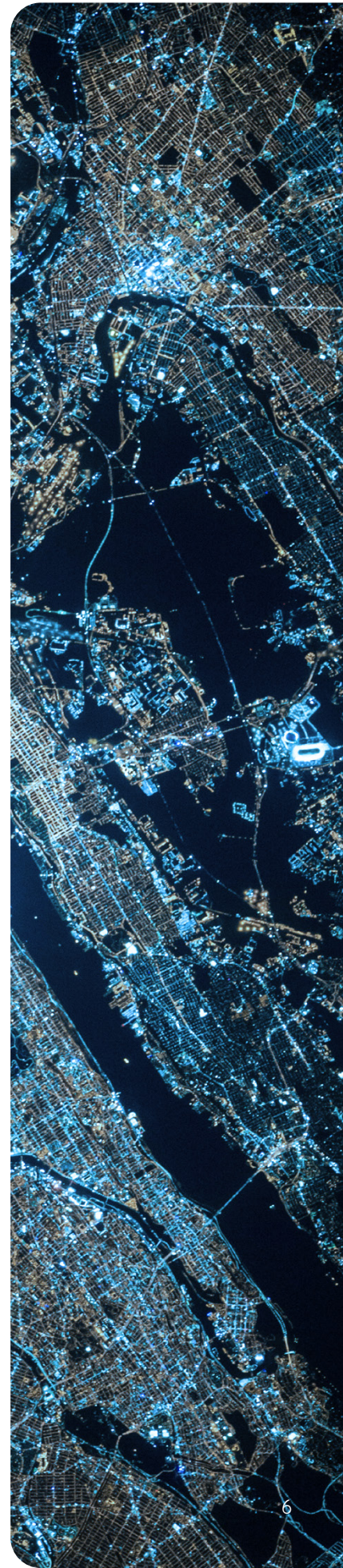
2 The establishment of international fiscal institutions

International institutions played a central role in embedding this transformation. The creation of the WTO formalised the reduction of trade barriers, while the IMF and World Bank supported liberalisation, infrastructure development and capital market integration. Global supply chains became longer and more complex, allowing firms to specialise, scale and lower costs. Production shifted to lower-cost regions, boosting corporate margins while suppressing inflation in developed markets.

3 The declining cost of funding

Disinflation, strong demand for government bonds and increasingly accommodating central bank policy pushed interest rates lower across much of the developed world. After the Global Financial Crisis, this dynamic intensified. From 2009 to 2022, real interest rates were often close to zero or even negative. Capital became abundant, mobile and relatively unconstrained by national borders.

For investors, this regime was highly supportive. Strong nominal cash-flow growth coincided with falling discount rates, reinforcing higher asset prices across equities, credit and real assets for nearly three decades. This experience shaped market behaviour and investor expectations in ways that still influence their decision-making today.



The imbalances beneath the surface

For all its benefits, the global integration regime also enabled the accumulation of structural imbalances that have only grown larger over time.

Trade & Capital Flows

Trade and capital flows have become increasingly asymmetric. The United States in particular runs sustained fiscal and current account deficits financed by large inflows of foreign capital, without triggering the adjustments that traditional economic models might predict. Rather than narrowing over time, these imbalances have proven remarkably persistent.

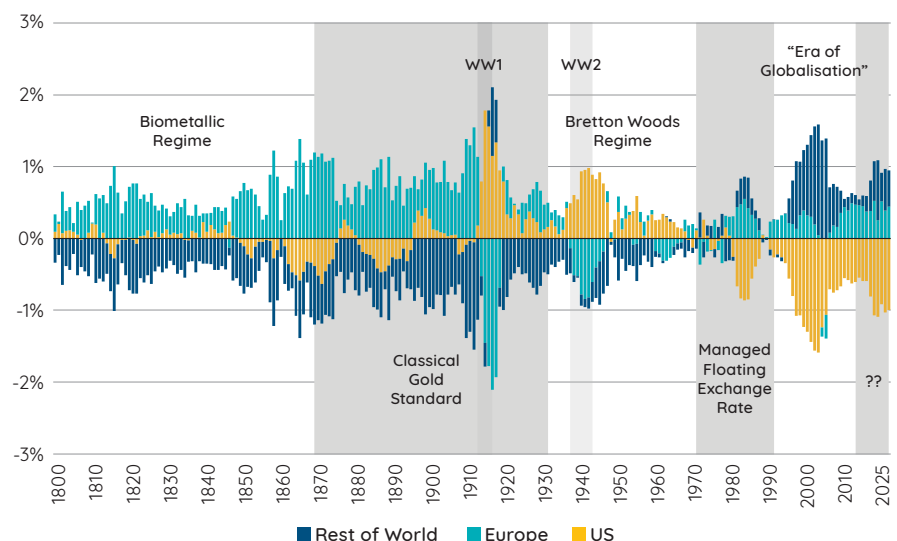
As Exhibit 1 illustrates, throughout history, regions have run enduring current account surpluses while others absorbed equally durable deficits, not as temporary dislocations but as structural features of the system. In earlier periods, Europe accumulated surpluses that reflected its position at the centre of global trade and empire. Today, the United States occupies the financial core of the system, sustaining persistent deficits as global savings flow into US assets.

Running a deficit isn't inherently bad. If that deficit is funding the creation of productive assets, it can support future economic growth and justify the implied liability. The US deficit, however, predominantly inflated financial assets rather than building productive capacity. What stands out is not the existence of the imbalances, but their longevity.

Instead of correcting, these flows have become embedded in the global economic architecture, reinforcing a division between creditor and debtor regions while entrenching unequal dependencies across the system. What has allowed them to persist far longer than anticipated is continued confidence in the system: in the dollar, in US institutions, and in global capital markets.

“What has allowed imbalances to persist far longer than anticipated is confidence in the system: in the dollar, in US institutions, and in global capital markets.”

Exhibit 1: Current account balance by region as a share of world GDP



Interpretation: Between 1800 & 1914, Europe had a permanent current account surplus (close to 2% of its GDP on average, and rising over time) while the rest of the world had a permanent deficit. Since 1994, the US has been persistently reliant on being funded by the rest of the world. Shaded areas represent (mainly) global monetary regimes.

Source: Talaria, wid.world (Piketty & Nievas, "Unequal Exchange and North-South Relations: Evidence from Global Trade Flows and the World Balance of Payments 1800-2025")



Winners & Losers

For the past three decades this system shaped how markets operate: capital moved freely across borders, supply chains spanned continents and monetary policy anchored inflation expectations. These conditions are not permanent features of capitalism, but instead have been features of a specific regime.

Over time, that same regime disproportionately rewarded capital over labour: financial asset holders benefited from rising corporate profitability and cheaper financing, while labour bore the adjustment cost as real wages stagnated under pressure from a vastly expanded global workforce.

Asset values rose faster than incomes, and wealth accumulated unevenly within and between countries. For a period, these outcomes were tolerated because growth was strong and inflation subdued.

Gradually, however, the political and economic costs became harder to ignore. Growing inequality contributed to the rise of populism, economic nationalism re-emerged, and confidence in established policy frameworks weakened.

“Growing inequality has contributed to the rise of populism, economic nationalism has re-emerged, and confidence in established policy frameworks has weakened.”

The return of economic nationalism

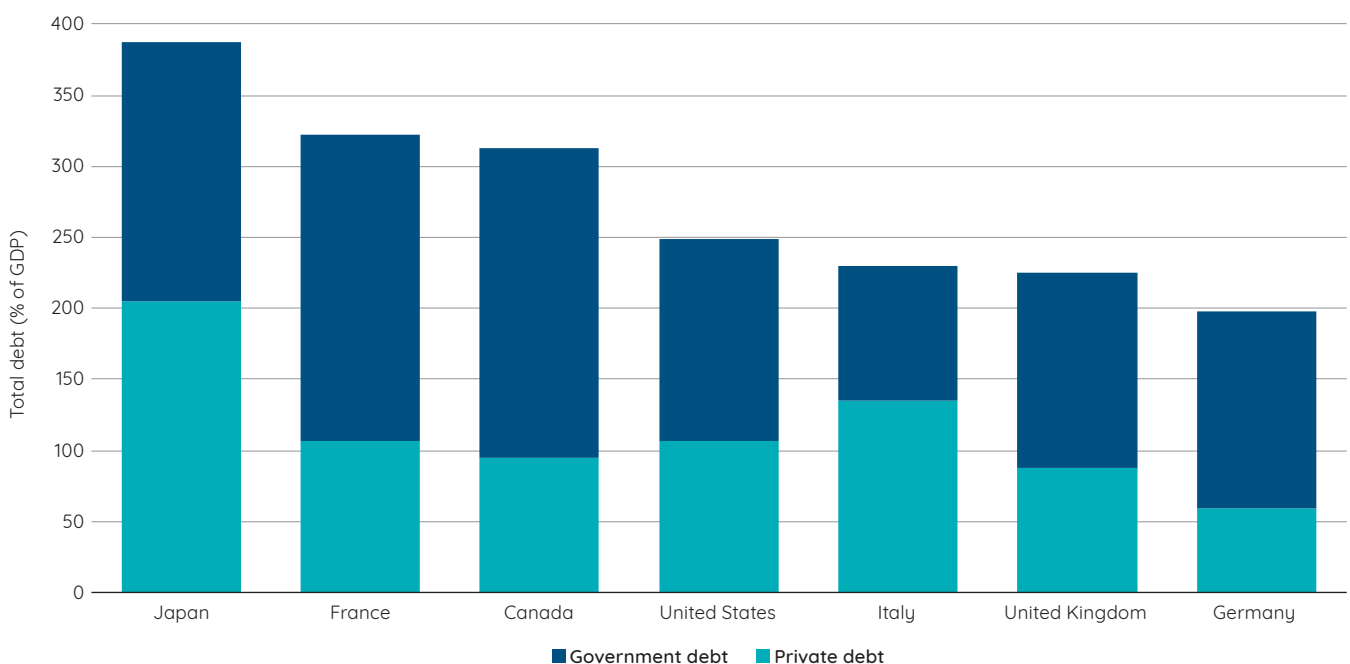
The world is shifting away from deep global integration and toward a great separation, a period where nations compete to retain their savings and fund their own priorities. This fight for capital is re-writing the rules of global trade and finance as supply chains shorten, defence spending rises, and governments encourage domestic investment. The abundant capital that once underpinned markets is being replaced by a sense of scarcity.

Governments are increasingly diverting private sector savings away from global markets and toward initiatives within their own borders. The UK’s Mansion House reforms, European defence bond proposals, and the Australian Future Fund’s revised mandate are all examples of this shift in action.

These ambitions are being pursued under tighter constraints than policymakers would like to admit. Many developed economies face high debt, persistent fiscal deficits, and rising debt-service costs. Some major economies, including Japan, France and Canada, now carry debt exceeding three times their annual output – more than Greece carried in 2010 when it was forced to request a bailout from the EU and IMF.

“The world is shifting away from deep global integration and toward a great separation – at heart, it’s a fight for capital.”

Exhibit 2: G7 Countries debt to GDP (%)

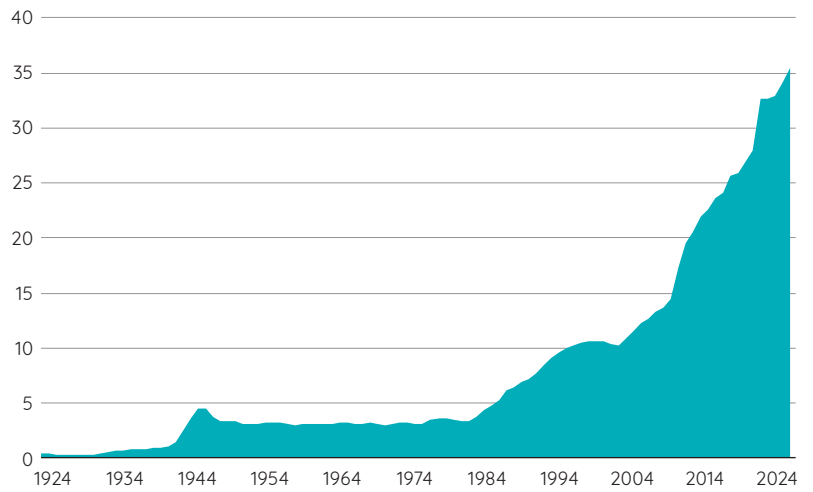


Source: Talaria, Bank for International Settlements Data Portal, 2024

US debt is 2.5x its annual output and servicing that debt has become increasingly costly as interest rates remain elevated. History shows that higher debt service costs, weak market confidence, and reduced ability to respond to shocks matter. Debt servicing now absorbs a much larger share of budgets, and fiscal flexibility has shrunk as mandatory outlays and interest payments dominate. Interest payments on public debt are now around USD \$1T while the total corporate tax is just USD \$452B. Importantly, this debt is financial debt, and doesn't include huge future financial liabilities already committed to, such as social security, pension and healthcare in the future.

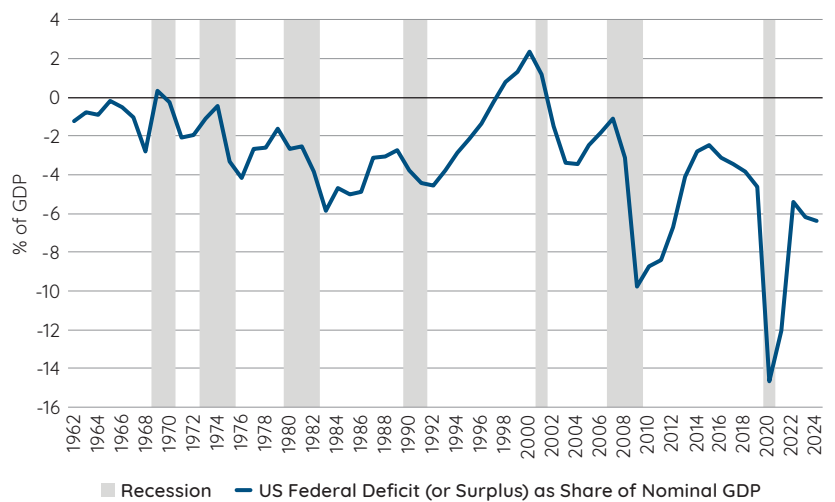
In the US, discretionary spending is now capped at roughly USD \$1.8 trillion. That represents only about a quarter of total federal outlays, or just 25 cents of every dollar over which policymakers retain meaningful control. Within that narrow band sits the defence budget, while yearly expenditure on mandatory programmes such as Social Security, Medicare and Medicaid, together with net interest payments, account for the remaining three-quarters. The rapid de-emphasis of the Department of Government Efficiency (DOGE) illustrates what happens when ambitious cost-cutting rhetoric collides with the scale and rigidity of these structural obligations.

Exhibit 3A: US National debt in USD over the last 100 years (inflation adjusted)



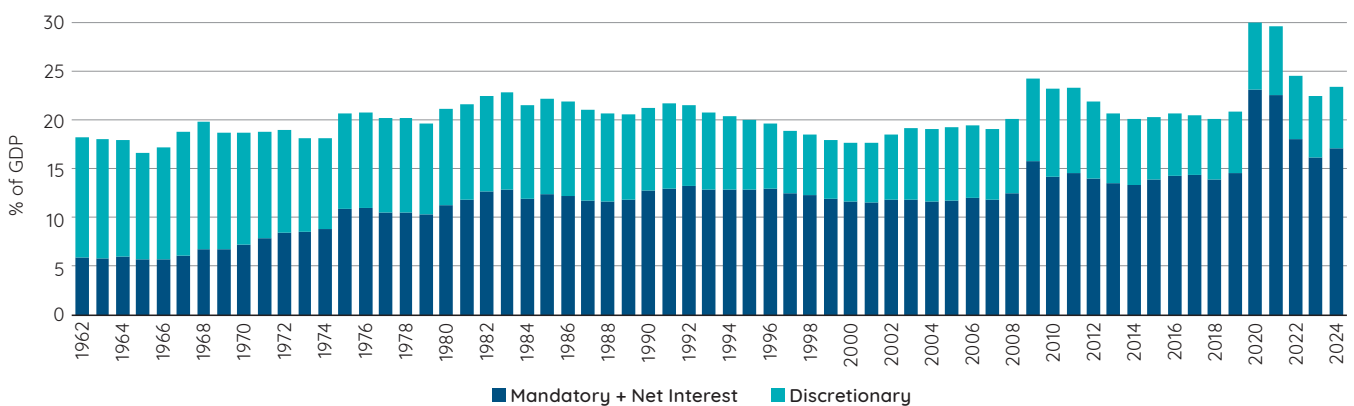
Source: Talaria, Fiscal Data - US Department of the Treasury

Exhibit 3B : The annual US federal deficit is the deepest in history outside recession



Source: US Congressional Budget Office, US Office of Management and Budget, Talaria

Exhibit 4: Mandatory spending now dominates US outlays, discretionary at historic lows



Source: Congressional Budget Office, Office of Management and Budget, Talaria.

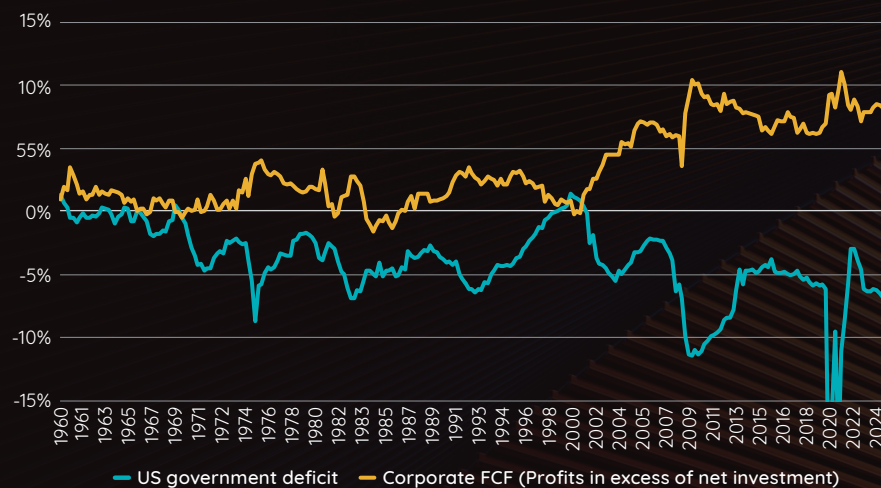
Part 2:
Changing investment
landscape



Valuations

What is often overlooked in this story is the extent to which deficit spending and debt accumulation have supported growth in the corporate profit pool: a deficit in one area of the economy is a surplus in another. This creates an inconsistency between the anxiety around debt and the exuberance around earnings, and it is that expanding profit pool which helped justify the re-rating of markets that followed.

Exhibit 5: US government deficit and corporate free cash flow (% of GDP)



Source: FRED, Talaria

“What is often overlooked is the extent to which deficit spending in the US has supported the corporate profit pool.”

Valuation is ultimately driven by three variables:

- 1 The required return,
- 2 Nominal cashflow growth
- 3 The cost of funding

For nearly thirty years, two of those three moved in the same favourable direction. Deficit spending sustained corporate cashflows, globalisation suppressed costs and boosted margins, and steadily falling funding costs did the rest. With the required return broadly stable, the arithmetic of higher valuations largely took care of itself.

Those conditions are now shifting. The forces that supported nominal cashflows, deep global integration, free trade, mobile capital and access to low-cost production, are reversing. Meanwhile the structural tailwind that kept funding costs low is fading: for years, capital recycled from low-cost producers back into developed market sovereign debt kept yields low across the entire system. That flow is now under pressure.

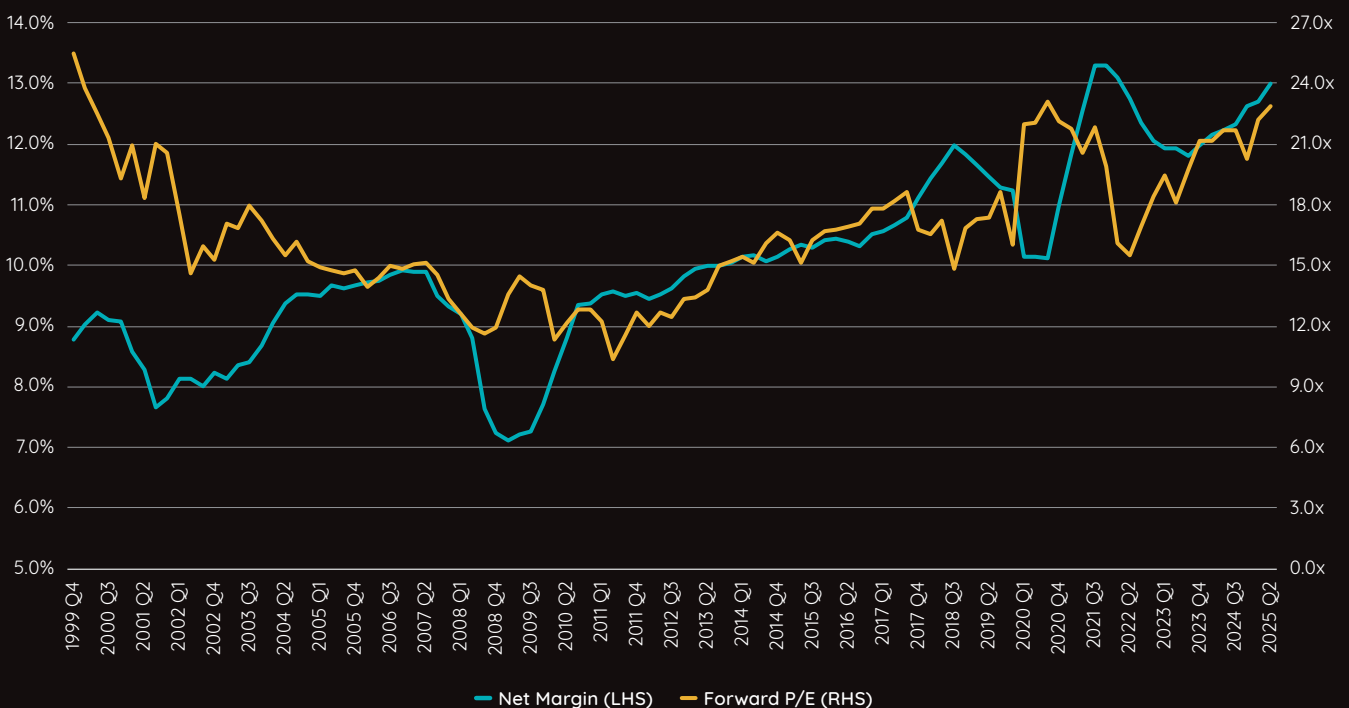
If cashflow growth faces structural headwinds while financing costs remain elevated, the forces that pushed valuations higher are at best no longer a tailwind.

This matters because current market valuations already embed strong assumptions about future growth. Forward price-to-earnings multiples for the S&P 500 sit near historical highs, applied to earnings forecasts that assume profit margins remain unusually elevated: a peak-on-peak setup. But the more important question is not whether margins fall from here. It is whether the forces that drove them higher, falling input costs, cheap financing and ever-deepening globalisation, can continue to do so.

If those tailwinds have structurally faded, markets priced for exceptional outcomes may find that even a perfectly ordinary future disappoints.

“If cash-flow growth faces structural headwinds while financing costs remain elevated, the forces that pushed valuations higher no longer apply”

Exhibit 7: S&P 500 net profit margin vs forward P/E



Source: FactSet

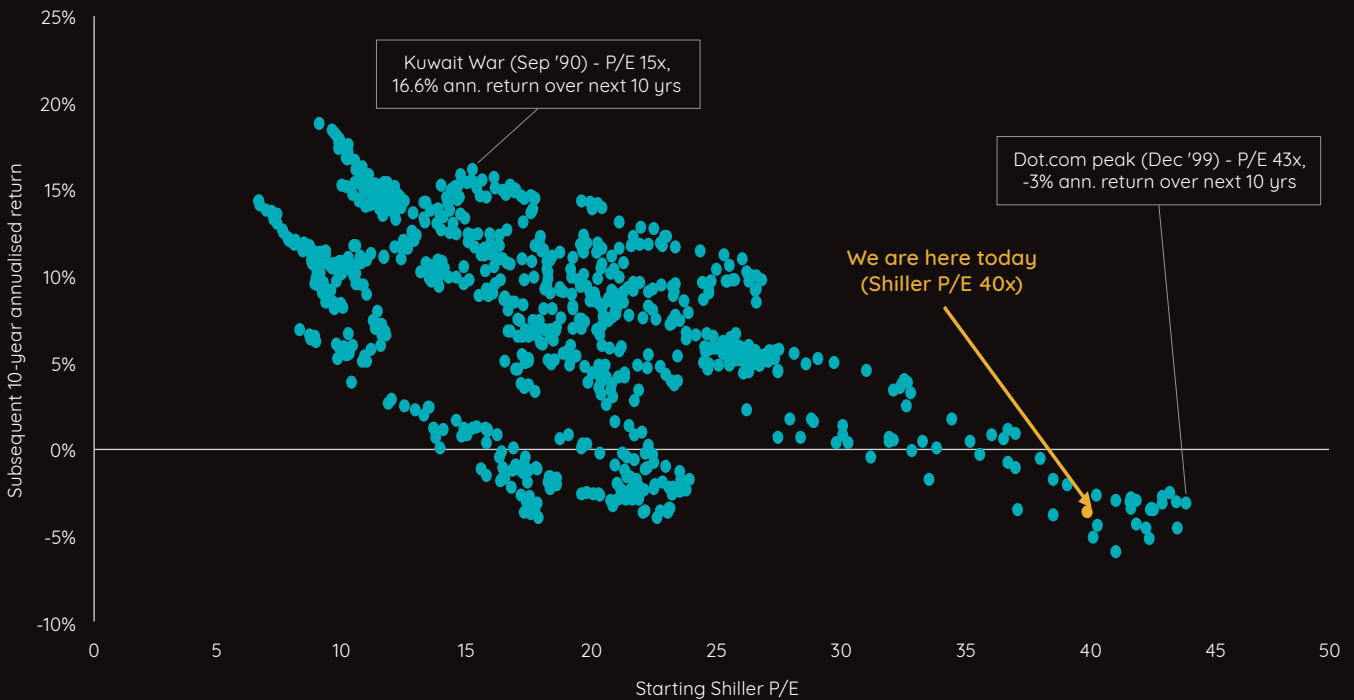
Long-term valuation measures reinforce this picture. The Shiller CAPE, or cyclically adjusted price-to-earnings ratio, smooths out short-term earnings volatility by averaging profits over ten years, giving a cleaner read on whether markets are cheap or expensive relative to history. On that measure, US equities currently sit at around 40 times earnings, a level exceeded only briefly during the dotcom peak of the late 1990s.

High valuations are not deterministic — expensive markets can stay expensive, and cheap markets can get cheaper.

But starting points matter. As the chart below illustrates, every period in which the Shiller P/E began near current levels has been followed by negative or negligible real returns over the subsequent decade. The dotcom peak is the nearest comparable, and investors who bought then waited the better part of a decade to break even.

In this context, chasing recent winners means paying for past success at a point where elevated valuations leave almost no margin for error.

Exhibit 8: Shiller P/E and subsequent 10-year annualised return



Source: Talaria, Robert J. Shiller (Shiller Data), Data from 1871 - 2025

Diversification

Harry Markowitz, the Nobel Prize-winning economist who pioneered modern portfolio theory, famously described diversification as the only free lunch in investing. His insight was that combining assets whose returns are not correlated can reduce risk without sacrificing expected return. In practice, however, many portfolios that appear diversified are increasingly exposed to the same underlying drivers. Multiple funds, broad indices and global exposures can mask a high degree of concentration, leaving outcomes dependent on a narrow set of companies, sectors or regions.

Diversification works because different asset classes carry different primary risks: equities compensate for economic uncertainty, credit for default risk, and government bonds for inflation and duration. When these risks are genuinely distinct, correlations are low and diversification is effective.

The current environment challenges this. The major risk premia are all priced aggressively. The term premium remains low despite rising debt levels and inflation uncertainty. Credit spreads sit near the bottom of their long-term range. The equity risk premium has compressed sharply, though this may partly reflect investors demanding more from government bonds rather than pure confidence in equities. Together, these conditions suggest a high degree of optimism across asset classes simultaneously.

Exhibit 9: Term premium



Source: Durham, J. Benson, 2023, 'What Do TIPS Say About Real Interest Rates and Required Returns,' *Financial Analysis Journal*, vol. 79, no. 2, pp. 21-44.

Credit risk premium



Source: Bloomberg

Equity risk premium



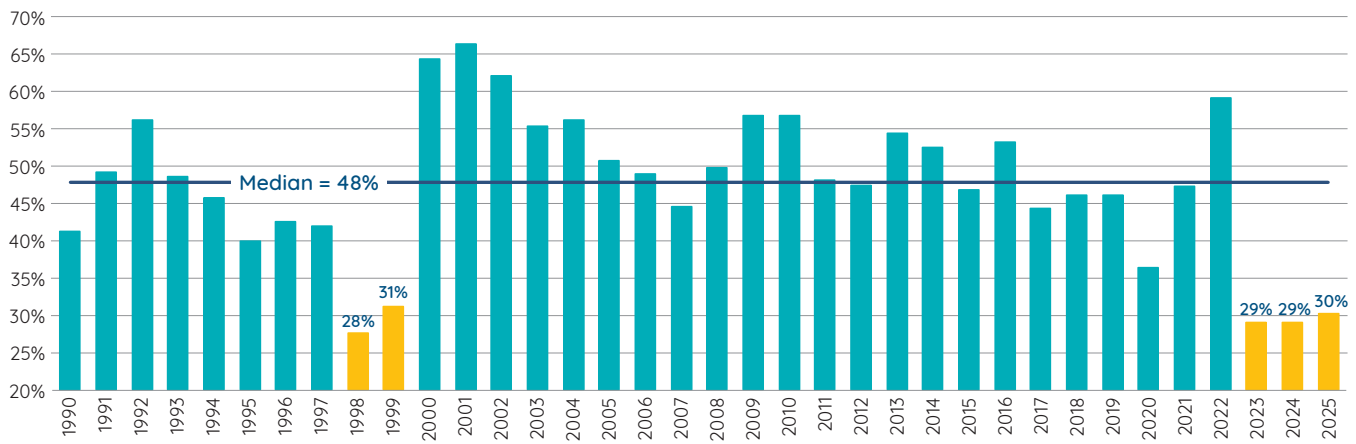
Source: Bloomberg

These premia share a common assumption: that the risk-free rate is appropriate and stable. When that assumption holds, diversification appears effective. When it shifts, as it did in 2022, assets assumed to offset one another can reprice together. In such environments, diversification by label offers less protection than investors expect.

This convergence has been reinforced by rising market concentration. Equity indices are increasingly driven by a small number of large-cap companies capturing a growing share of profits and index weights. What looks like diversification across regions or sectors often embeds exposure to the same dominant business models.

Investors may think they are buying apples and oranges, yet they remain exposed to the same fruit bowl.

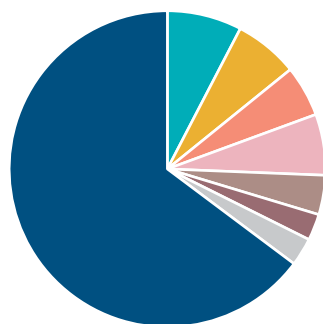
Exhibit 10: Percentage of stocks that outperformed¹ S&P 500 index



Note: (1) Outperformance based on price return

Source: Bloomberg

Exhibit 11: S&P 500 current market cap (%)



- 8% Nvidia
- 7% Apple
- 5% Microsoft
- 6% Google
- 4% Amazon
- 3% Meta
- 3% Broadcom Inc.
- 65% Rest of SPX index

Source: 2026, Bloomberg

“True diversification depends not on the number of holdings, but on exposure to genuinely different sources of risk and return - a distinction that matters more as correlations rise and assumptions converge.”

Passive investing has accelerated this dynamic. Capital is allocated by index weight rather than valuation or fundamentals, creating a feedback loop in which rising prices attract more capital, further increasing concentration. While often perceived as conservative, this embeds a momentum trade at the core of portfolios, systematically increasing exposure to the most expensive parts of the market and, with it, valuation risk for passive holders.

This can create the illusion of diversification, but true diversification depends not on the number of holdings, but on exposure to genuinely different sources of risk and return - a distinction that matters more as correlations rise and assumptions converge.

The search for income

Income has always been a critical component of total equity market return, but it is becoming harder to find. As the chart below illustrates, total distribution yield from the S&P 500 has roughly halved from its peak, with dividend yields near historic lows and buyback activity volatile across cycles. In Australia, bank hybrids are rolling off, removing another familiar source of income.

What makes this particularly striking is that yields are now approaching or below the levels seen during the dotcom crash and the GFC, periods when payouts were being actively cut under severe economic stress.

For investors drawing income, all this creates a structural problem: these forms of income are neither consistent nor reliable during downturns, precisely when it matters most.

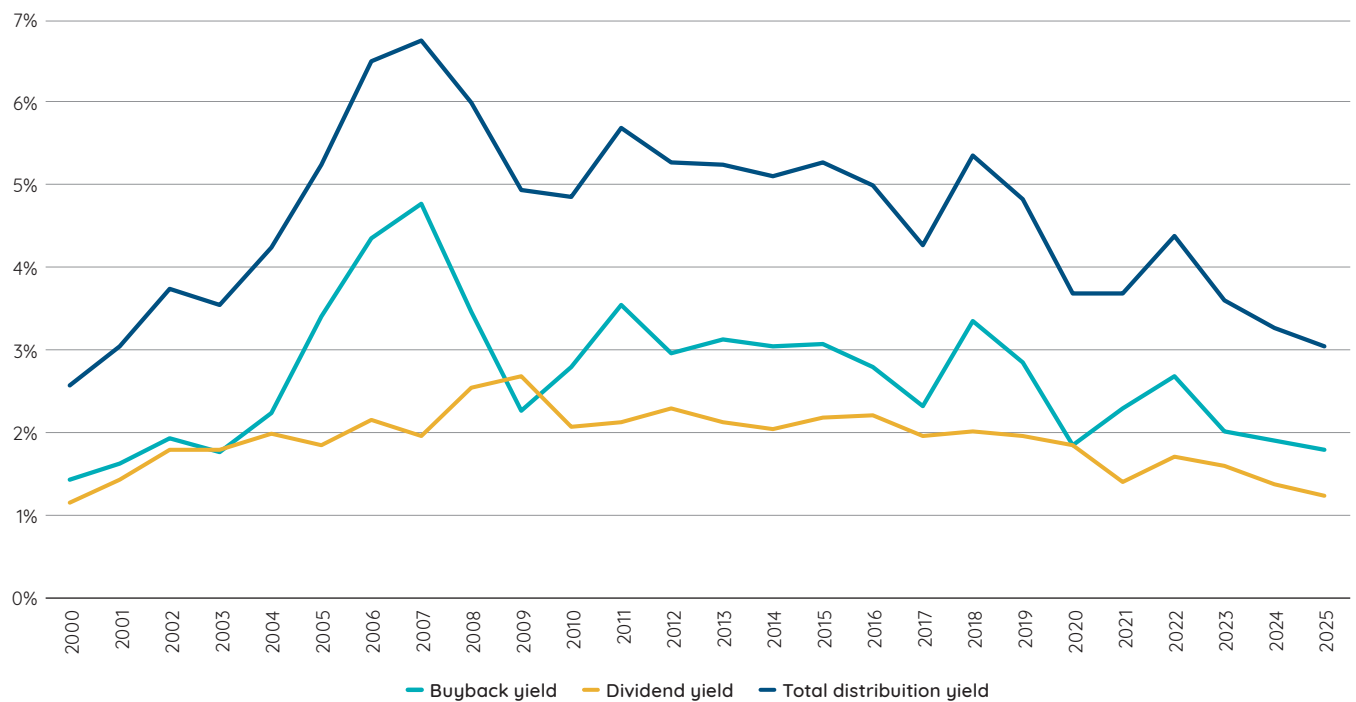
At the same time, traditional diversifiers have weakened. Correlation between bonds and equities has moved into positive territory in recent years, reducing fixed income's effectiveness as a hedge.

As hybrids roll off and yields remain compressed, diversified income streams that are decorrelated from both equity markets and interest rate risk are becoming scarcer and more valuable.

In reaching for yield, many investors have also taken on liquidity risk, allocating to private equity, private credit and unlisted assets where income and capital are less accessible. In private equity particularly, that trade-off is already being tested as exits have stalled and distributions remain well below historical norms.

In this environment, income generated independently of market direction and company payout decisions can play a critical role in preserving capital and smoothing returns.

Exhibit 12: S&P 500 buyback yield and dividend yield



Source: Bloomberg

Part 3:
The playbook for a
new era of investing



Periods of transition are rarely smooth, but they can create opportunities for investors who adapt more quickly than the market. As conditions shift from capital abundance toward greater scarcity, four principles matter most:

1

Short duration

When interest rates are low and stable, investors can afford to wait for distant cash flows. When the cost of funding matters again, the timing and certainty of cash flows become critical. Duration captures how exposed an investment is to changes in interest rates and to an uncertain future: getting paid back sooner means less exposure to whatever the future may bring. Shorter-duration assets are less vulnerable when rates are elevated and when the investment landscape itself is shifting.

2

Strong balance sheets

Companies with low leverage, strong cash generation and conservative capital structures are better positioned to navigate higher refinancing costs and economic volatility. They retain flexibility where others are constrained, allowing them to invest, defend margins or return capital through the cycle.

3

Real assets

Exposure to physical or inflation-linked assets, including commodities and infrastructure, can help preserve purchasing power if inflation proves persistent. In a more fragmented world, pricing power becomes a key differentiator.

4

Diversification

In a regime defined by fragmentation, higher volatility and less predictability, diversification must be real rather than cosmetic. Portfolios that draw on genuinely uncorrelated sources of return and include exposure to under owned assets are more resilient.

Finding Opportunities

These principles point toward a question every investor must eventually answer: where, concretely, do the opportunities lie? Plotting current real yields against the maximum drawdown each asset class has historically experienced offers a useful starting point.

As the analysis below shows, investors can sidestep the difficult question of whether major US indices are rationally priced because reasonable prospective returns are available in other parts of the market.

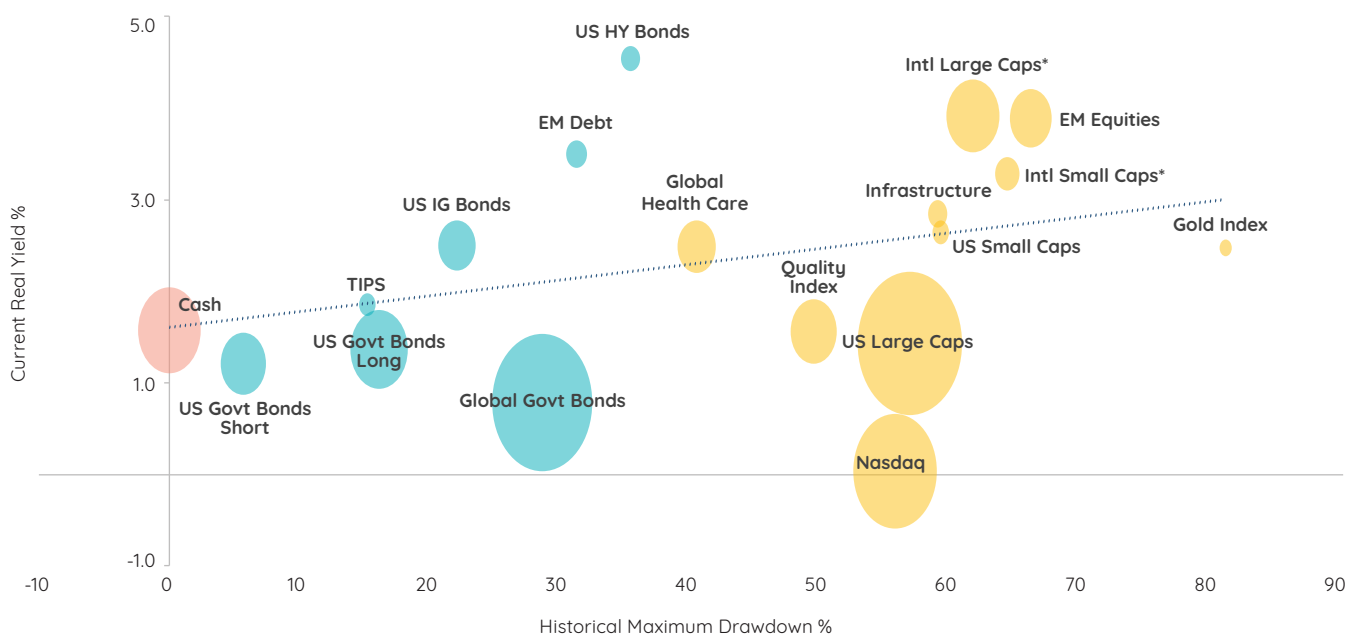
The horizontal axis shows how much pain investors have historically had to bear. The vertical axis shows today's real yield based on 5-year forward inflation expectations.

The dotted line is a line of best fit across the opportunity set. Its upward slope confirms the intuition that higher risk should be compensated for by higher reward. There have been periods when the relationship has been flat or even downward sloping. Those environments are far more challenging. Today the scatter around the trend line is wide and it is in those anomalies that the more interesting opportunities lie.

Within equities, the dispersion is striking. International large cap equities sit well above US large caps in terms of real yield for a similar level of historical drawdown, and the gap is wider still when compared with the Nasdaq. In the case of the Nasdaq, investors are effectively receiving no real yield for taking on full equity drawdown risk.

For any investor considering their portfolio, this analysis provides a natural starting point.

Exhibit 13: Asset class yields vs drawdowns



* Intl Large Cap & Intl Small Cap = EAFE (Developed markets ex-US).

Source: Talaria, Bloomberg, Board of Governors of the Federal Reserve System (US)

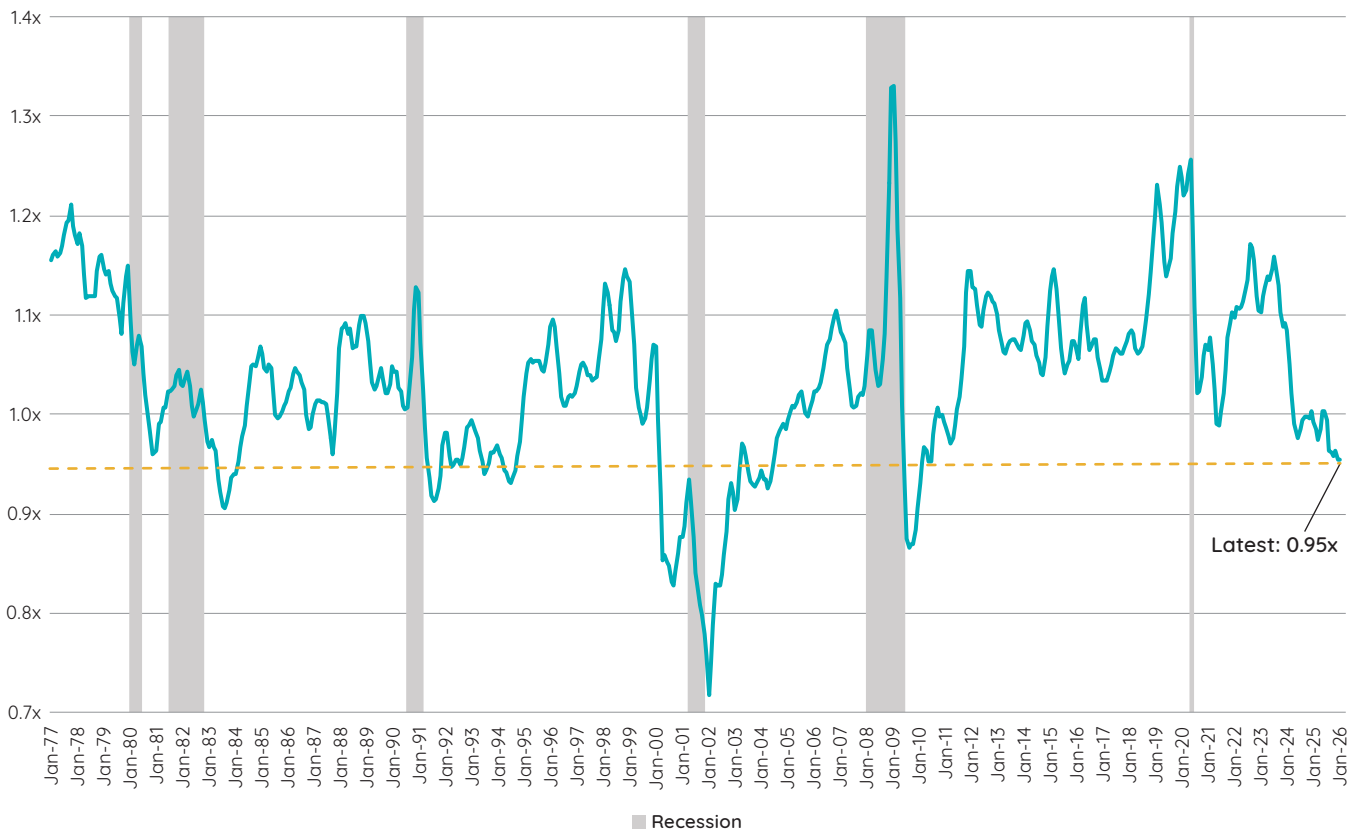
“For most of the past five decades, investors have paid a premium for certainty. Today, it trades at a discount.”

One anomaly is particularly striking. Within the US market, the companies that best embody the playbook principles, those with the highest levels of fundamental stability, today trade at valuations that are historically unusual.

For most of the past five decades, investors paid a premium for certainty. Today, those same characteristics trade at a discount.

This is the environment Talaria’s investment process is designed for.

Exhibit 14: Large-capitalisation stocks, top quintile of fundamental stability
Relative forward-P/E ratio¹ 1977 through late Nov 2025



¹ Equally-weighted data, smoothed on a three-month basis.

Source: Talaria, Empirical Research

Talaria's unique and alternative investment approach

Talaria's investment process is built around exactly these characteristics. As a value manager, we devote significant effort to selecting companies based on their fundamentals: typically large, cash-generative multinationals with business models and balance sheets capable of withstanding a wide range of adverse scenarios. They are relatively cheap without reference to growth, and when markets fall, these are the types of companies that tend to hold up better.

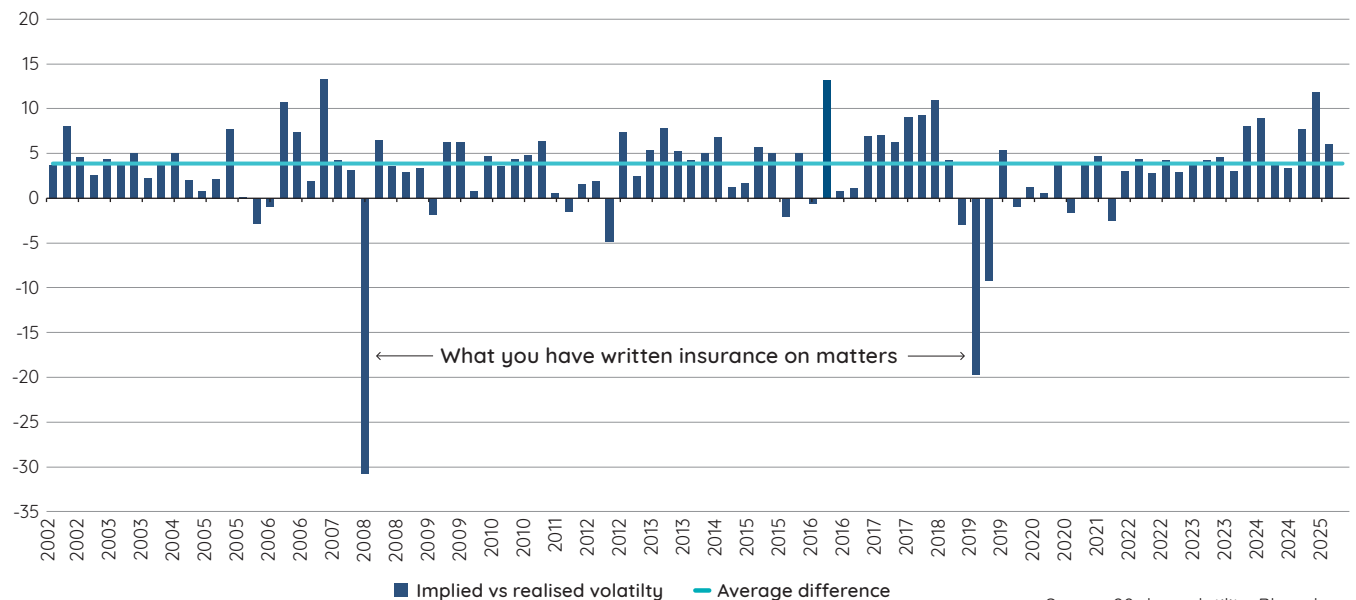
Talaria implements its strategy using an options-based overlay, which provides a second, uncorrelated source of return. By selling cash-backed put options on companies we want to own, we earn a premium that is largely independent of market direction and which tends to increase during periods of stress, when demand for protection is highest.

This approach is grounded in the persistence of the volatility risk premium: the tendency for investors to overpay for protection due to loss aversion. That difference between implied and realised volatility has been positive across most market cycles and, outside periods of severe stress, it has been remarkably consistent. Used in this way, volatility becomes a source of return rather than a threat.

The analogy with everyday insurance is instructive. People routinely pay more for insurance than the probability-weighted cost of loss, valuing certainty over expected value. Financial markets behave in much the same way. By selling insurance selectively and conservatively, Talaria captures this premium while reducing risk.

Historically, more than two-thirds of the put options we write expire unexercised, generating an alternative return source of approximately 5% that is largely uncorrelated with traditional equity returns. And when uncertainty rises, we can get paid significantly more. This return meaningfully shortens portfolio duration and reduces reliance on capital appreciation alone.

Exhibit 15: Volatility risk premium



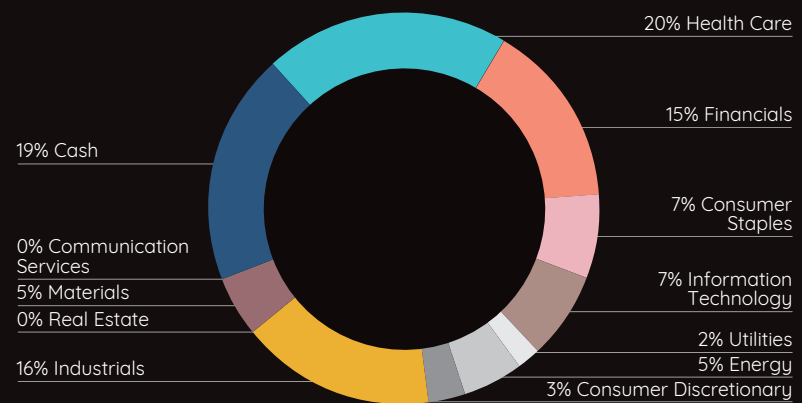
Source: 90 day volatility, Bloomberg

The Talaria portfolio

The result of our disciplined, bottom-up process is a portfolio that exhibits clear and deliberate characteristics. Equity exposure is short duration, conservatively financed and attractively valued, with the optionality of holding cash. While the equity portion trades at a substantial discount to the broader market, earnings growth among portfolio companies has kept pace with the index over time.

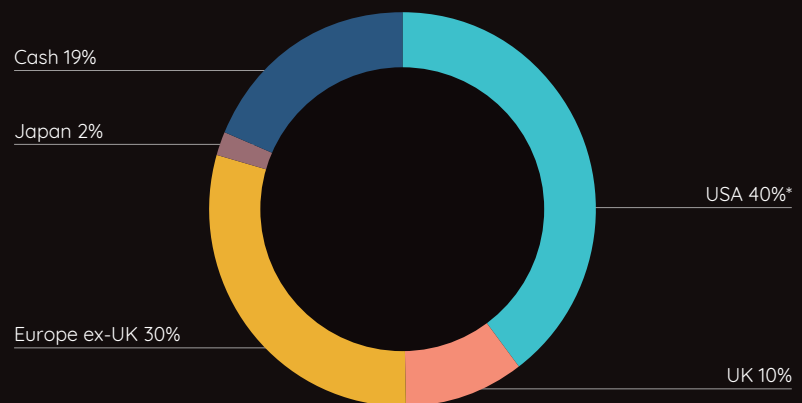
Talaria does not target sector or regional weights; exposures are the outcome of bottom-up stock selection. Currently, direct equity and put options together represent around 80% of capital at risk, with cash at approximately 20%. That cash is not idle: it can be deployed rapidly and opportunistically when dislocations arise. Sector exposure tilts toward areas such as Health Care and Consumer Staples, where cash flows are steadier and more predictable. Exposure to highly valued technology and AI-exposed sectors remains limited, largely on valuation grounds.

Exhibit 16: Talaria sector allocation¹



Source: Talaria

Exhibit 16: Talaria regional allocation²



Source: Talaria

^{1,2} 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.

Viewed on a common-size basis, treating the portfolio and the index as if each were a single company, the differences are clear. The Talaria portfolio is cheaper on both price-to-earnings and price-to-book measures. It generates higher returns on capital and equity, carries lower balance-sheet risk, and exhibits shorter duration through lower starting valuations and stronger cash flow.

Importantly, the valuation discount does not come at the expense of growth. Despite using less leverage, portfolio earnings growth has broadly tracked the market over the past decade. Today, that valuation discount is unusually wide, reflecting a market willing to pay aggressively for optimism elsewhere.

The Talaria process has left the portfolio well positioned for an environment in which valuation discipline, balance-sheet strength and diversified sources of return matter more than momentum or narrative. By focusing on prudence and long-term cash flows rather than popularity, the strategy is designed to deliver three consistent outcomes:

- 1 An additional source of return that does not rely on equity markets alone,
- 2 Lower than market volatility for a more consistent investor experience, and
- 3 Lower downside capture so that weaker conditions become an opportunity rather than a threat.

Metrics (Index 100 = Sales)	Talaria Portfolio	FTSE Developed
Income Statement Figures		
Sales	100	100
EBIT	12.9	18.8
Interest Paid	1.1	1.3 ⁽¹⁾
Pre-Tax	11.8	17.5
Tax Rate	25%	20% ⁽¹⁾
After-Tax Profit	89	14.0
Balance Sheet Figures		
Equity (Book Value)	45	78
Debt	31	94
Cash	14	67
Net Debt	17	27
Total Capital (Equity + Debt)	62	105
Leverage Ratios		
Debt/Equity	70%	121%
Net Debt / Equity	38%	35%
Net Debt / Total Capital	27%	26%
Efficiency/Profitability Ratios		
Sales/Total Capital	161.5%	95.5%
EBIT / Total Capital	20.8%	18.0%
ROE	19.7%	18.0%
Return on Total Capital	14.3%	13.4%
Valuation Figures		
Price	104	262
Price / Sales	1.0	2.6
Price / Book Value	2.3	3.4
Price / Earnings	11.8	18.7
Earnings Yield	8.5%	5.3%
Dividend Yield	3.2%	1.7%
Retained Earnings Yield	5.3%	3.7%
Dividend Payout Ratio	38%	31%
Enterprise Value / EBIT	9.4	15.4

Notes: (1) Based on Talaria estimate of index interest expense and tax rate. All other figures based on next 12 month estimates.

Source: FTSE Developed Market Index as at 30 January 2026, based on Talaria estimate of index interest expense and tax rate

Conclusion

Emerson did not argue for defiance or novelty for their own sake. He argued for good judgment, for the discipline to assess the world as it is. Self-reliance, in his sense, meant refusing to outsource conviction to fashion, authority or the comfort of consensus.

The investment conclusions of this paper are grounded in that same discipline. As global integration gives way to constraint, as capital becomes scarcer and policy more intrusive, strategies built for abundance and stability demand re-examination. Valuation matters again. Balance sheets matter again. The source and reliability of return matter again.

In this environment, resilience does not come from following what has worked most recently, but instead from understanding why it worked and recognising when those reasons no longer apply. In an era of change, self-reliance and prudence are indispensable.

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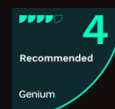
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