



Talaria Global Equity Strategy | Implementation Process

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Signatory of:



Talaria Global Equity Strategy - Implementation Overview

Talaria's implementation process generates consistent income while creating a buffer against loss.

- We believe in buying the **right shares** at the **right price**, but most importantly in increasing the certainty of returns by buying shares in the **right way**.
- Therefore we sell put options to enter our stock positions.

What does selling a put option mean?

- We agree to buy shares - at a predetermined price lower than their current market price.
- We are paid an option premium for entering into the agreement.

How long does the put option last?

- Typically 2 months

What happens when the put option expires?

A. If the share price is higher than price we agreed to buy it at:

- The put option expires and we walk away from our obligation.
- However, we always keep the option premium received when we first sold the put option.

OR

B. If the share price is lower than the price we agreed to buy it at:

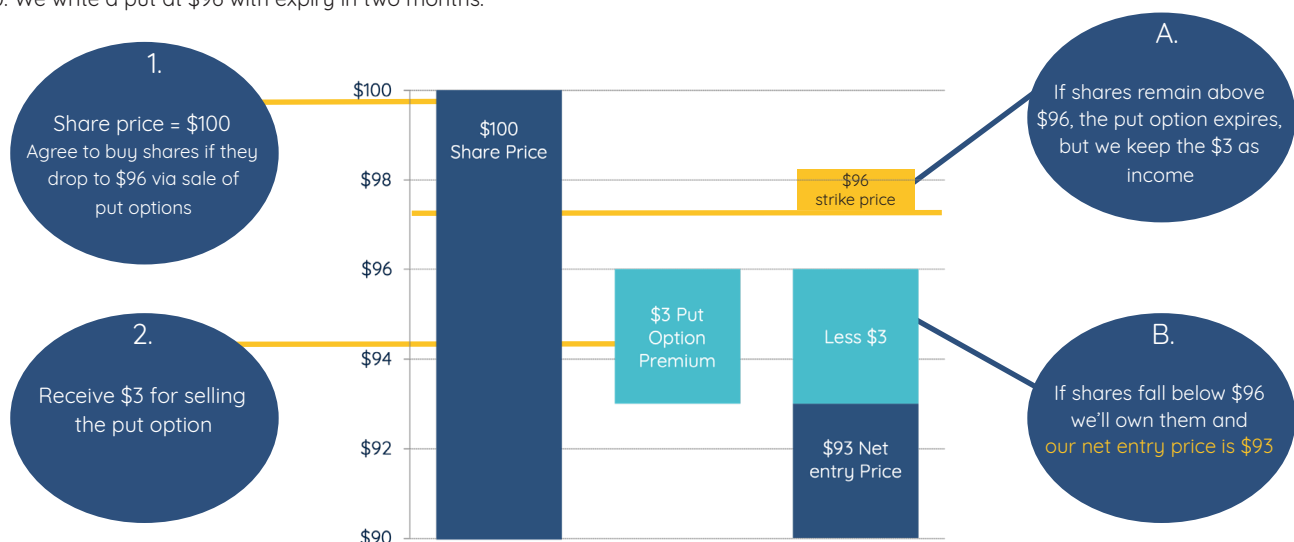
- We buy the shares at the agreed price.
- As a result we've bought shares below where they were previously trading and we still keep the option premium, so our entry price has been reduced by the option premium.

> On average around 1/3 of our put options are exercised. Of that 1/3, the premium written reduces the net entry price of the equity bought and in the process is assigned to the capital account - and therefore not distributable until shares are ultimately sold.

> The process aims for a minimum 15% annualised return on put options written, which allows us to write puts expiring in two months with the 3-5% buffer we seek.

ILLUSTRATIVE TRADE EXAMPLE:

We believe the share is worth \$125 based on bottom-up research, but is trading at a price of \$100. We write a put at \$96 with expiry in two months.



Talaria Global Equity Strategy - Impelmentation Overview

How does this change my expected return profile?

- Creates a downside buffer to first loss
- Generates significant, consistent income from the option premium
- Reduces portfolio volatility; and
- Diversifies the sources of portfolio returns

Is there any leverage?

- No. All put options are fully cash backed.

How long have you been doing this?

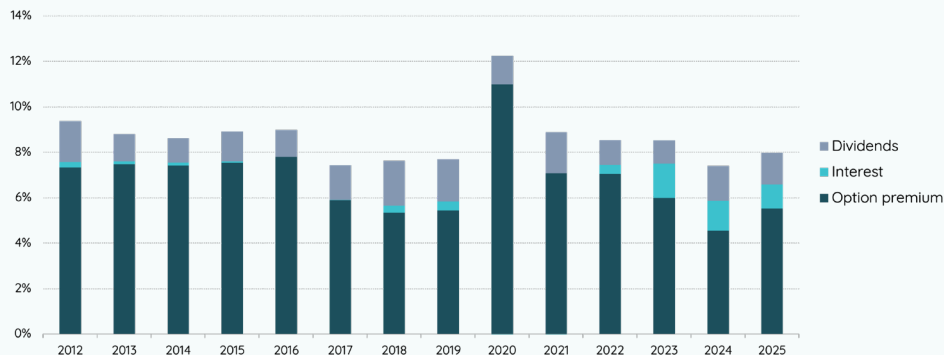
- Since inception of the strategy in 2005.

What happens to the option premium in volatile markets?

- Option premium typically rises in volatile markets.
- The chart below shows option premium is the largest component of our income.
- The average option premium is ~7% p.a.
- In 2020-21 our option premium was far higher than in the recent prior years.

Consistent income from differentiated sources

- We generate consistent income as part of the total fund return.
- This comes from a variety of sources creating more stable returns to investors.



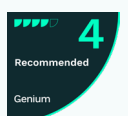
Source: Talaria, as at 31 December 2025. Put option premia on exercised options is not distributable as income, but forms part of the equity cost base. Unexercised put option premia and all call option premia is distributable as income.

What are your external research ratings?

Zenith – “Highly Recommended”
 Lonsec – “Recommended”
 Genium – “Recommended”

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