



Investment Perspectives

Presentation to Balywn Central Probus Investment Group
16 September 2025



David Humphreys
FCA



Introduction

I am a seasoned investment professional who has been engaged by a broad range of investment management and financial institutions. For the past 20 years I have worked across investment markets as an asset owner, investment manager, sell-side equity analyst and in listed company investor relations and corporate development.

Key Appointments

- Industry Mentor Sustainability Reporting - RMIT
- Investment Advisory Group member – Salvation Army
- Head of Sustainable Investment - Telstra Super
- Head of Investment Research - JCP Investment Partners
- Executive Manager Corporate Development – Suncorp Group
- Vice President Equities Research – Morgan Stanley

Agenda

- Introduction
- Foundations of Investing – The Three Cs
- Timeless Wisdom – Howard Marks' Principles
- Cautionary Tale – “Other Peoples Money”
- Identifying Quality Investments
- Case Study – Market Cycle of Insurance sector
- Current Market Valuation – “Playing with Fire”?
- Stocks of Interest
- Market Maxims to reflect on

Foundation of Investing: The Three Cs



Certainty of Earnings



Capital



**Confidence in
Management**

FINANCIAL STATEMENTS – “Management Earnings”



“Here we have the calculations for this quarter’s EBITDA.”



FINANCIAL STATEMENTS – “Management Earnings”

	2024 \$000	2023 \$000
Management adjusted EBIT	1,148,771	1,032,529
Management adjustment items (before related income tax effect):		
Loss on sale of US MS (note 9)	(184,605)	-
Acquisition related integration expenses	(114,259)	(106,383)
Amortisation of acquisition related intangible assets	(94,593)	(96,205)
Major restructuring costs	(64,034)	(39,742)
Contingent consideration remeasurement	(28,000)	4,074
Acquisition and disposal related expenses	(4,598)	(6,679)
Marked to market adjustments - derivatives	391	1,001
Impairment of assets	-	(25,164)
Initial loss on disposal of KCC	-	(13,643)
Gain on other disposal	-	1,742
Total management adjustment items (note 4)	(489,698)	(280,999)
Finance costs	(162,976)	(133,839)
Profit before income tax from continuing and discontinued operations	496,097	617,691
Continuing operations	694,445	671,764
Discontinued operations	(198,348)	(54,073)
Profit before income tax from continuing and discontinued operations	496,097	617,691

WORDS & ACTIONS ARE IMPORTANT



"There's two terms I'd like to discuss with you in your financial report to our investors: apocalyptic and bajillion."



"That, sir—that dismissive little hand wave? It's way too Enron."

Timeless Wisdom - Howard Marks



OAKTREE

Risk & Uncertainty

- “You can’t predict, but you can prepare.”
- True risk = wide range of possible outcomes.

Market Cycles & Timing

- Know where we are in the cycle – act accordingly.
- Focus on present conditions, not forecasts.

Philosophy & Discipline

- What feels uncomfortable is often most profitable.
- Patience and decisiveness go hand-in-hand.
- Stick to a clear philosophy under pressure.

Price & Value

- Success = buying well, not just buying 'good' things.

Market Sentiment

- Market pendulum swings between euphoria ↔ despair.
- Independent thinking and skepticism drive long-term success.

Investment success doesn't come from “buying good things,” but rather from “buying things well.”

Howard Marks

Cautionary Tale – Other People's Money

Collapse of FAI & HIH Insurance

Due Diligence is Critical

- HIH's acquisition of FAI made without proper scrutiny → huge losses.

Risk Management Failures

- Mispricing of risks in new/unfamiliar markets.

Transparency & Reporting

- Aggressive accounting masked financial deterioration.
- Reinforces need for honesty and clear disclosure.

Overexpansion & Overleveraging

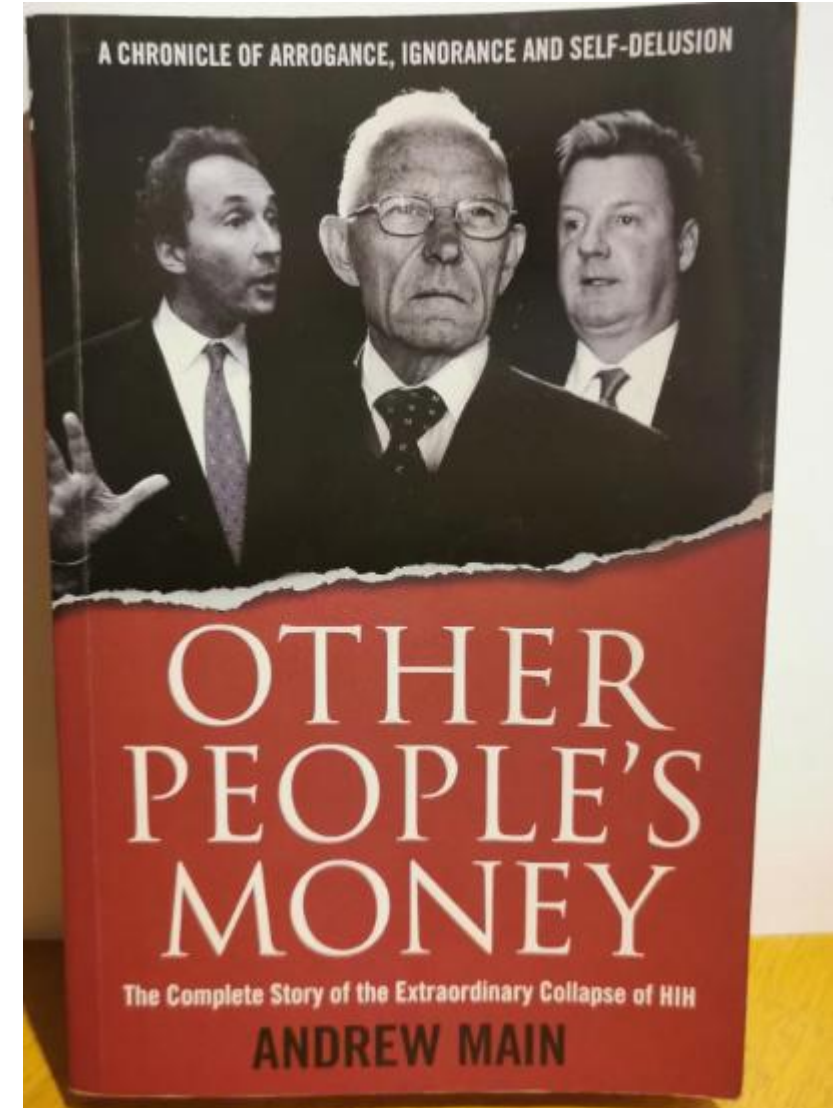
- Expansion into areas without expertise increased vulnerability.

Corporate Governance

- Weak oversight by boards, management & auditors.
- Strong governance is essential for investor protection.

Stakeholder Impact

- Collapse hurt policyholders, employees, retirees & shareholders.
- Shows systemic risk of poor corporate discipline.



Recent past shows history often repeats!

By no accident, Ford barely said a word during his only set of results in February 2018. Through the subsequent investor meetings, he maintained a monastic silence.

Sadly, his vow did not survive management's sit-down with sophisticated insurance investor, JCP Investment Partners. After Regan and QBE's Australia chief Vivek Bhatia had presented, one of JCP's portfolio managers insisted on an insurance terminology pop quiz for the mute, new numbers man. First up, Ford couldn't summon the meaning of IBNER (incurred but not enough reported) - a disturbing gotcha for his hosts given the centrality of aggressive reserving to QBE's run of earnings downgrades under John Neal.

The poor bloke then fluffed another couple of questions consecutively. At none from three, Regan mercifully stepped in and ended the humiliation.

Myriam Robin

myriam.robin@fairfaxmedia.com.au;
Twitter: @myriamrobin

AMP's Mike Wilkins urged to take advice from AFL legend John Kennedy

In corporate Australia, no analogies roll off the tongue quite as easily as those involving the AFL.

And so at the AMP investor briefing, after the company released a 74 per cent statutory net profit plunge, JCP head of research **David Humphreys** extolled acting chief **Mike Wilkins** to seek inspiration from one of the greats.

Asking a question about the company's much-delayed portfolio review, Humphreys said he'd like to preface it with a quote from AFL legend (and long-serving Hawthorn coach) **John Kennedy**.

"[Kennedy] said years ago at a grand final that 'don't think, do'," Humphreys said,

What makes a Quality Investment?



GCQ Industry Quality Checklist™

- ✓ Durable secular growth
- ✓ High margins
- ✓ Limited competition
- ✓ Low disruption risk
- ✓ Bargaining power with customers
- ✓ Bargaining power with suppliers
- ✓ Durable industry structure
- ✓ Predictable
- ✓ Low regulatory risk



GCQ Business Quality Checklist™

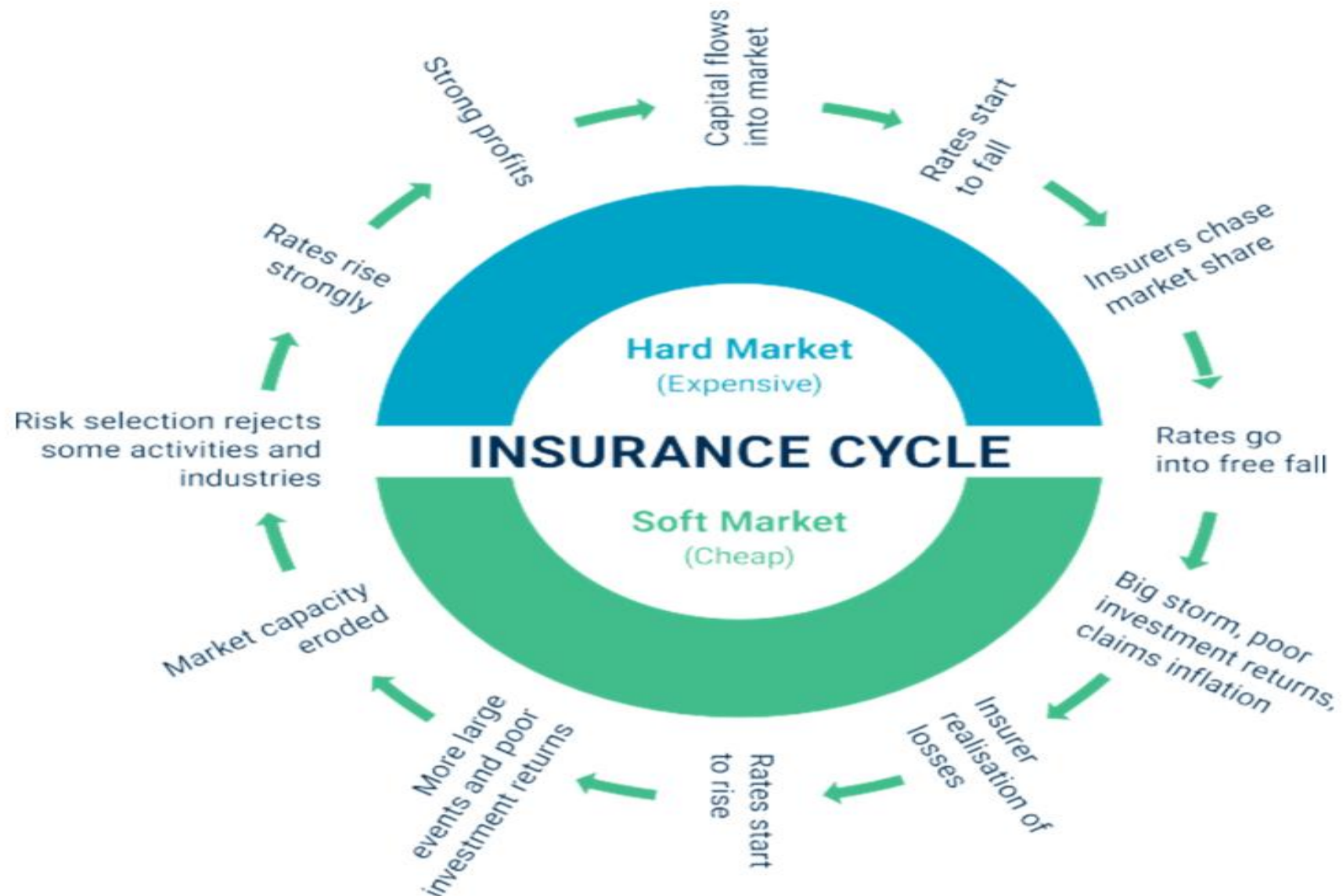
- ✓ Strong organic secular growth
- ✓ Sustainable competitive advantages
- ✓ Pricing power
- ✓ High margins
- ✓ High returns on incremental invested capital
- ✓ Durable cash flows
- ✓ Predictable
- ✓ Low operational risks
- ✓ Balance sheet strength
- ✓ Capable management
- ✓ Manageable ESG risks



GCQ Industry-Specific Checklists™ (e.g., super-luxury goods)

- ✓ **Brand heritage:** Has the brand been around for >100 years?
- ✓ **Discounting:** Does the brand avoid discounting?
- ✓ **Distribution:** Does the brand control its distribution?
- ✓ **Category durability:** Preference for leather goods and jewellery
- ✓ **Predictability:** Is the brand immune to fashion cycles?
- ✓ **Pricing power:** Does the brand increase prices regularly?

Market Cycle Case Study Insurance clock – What time is it?



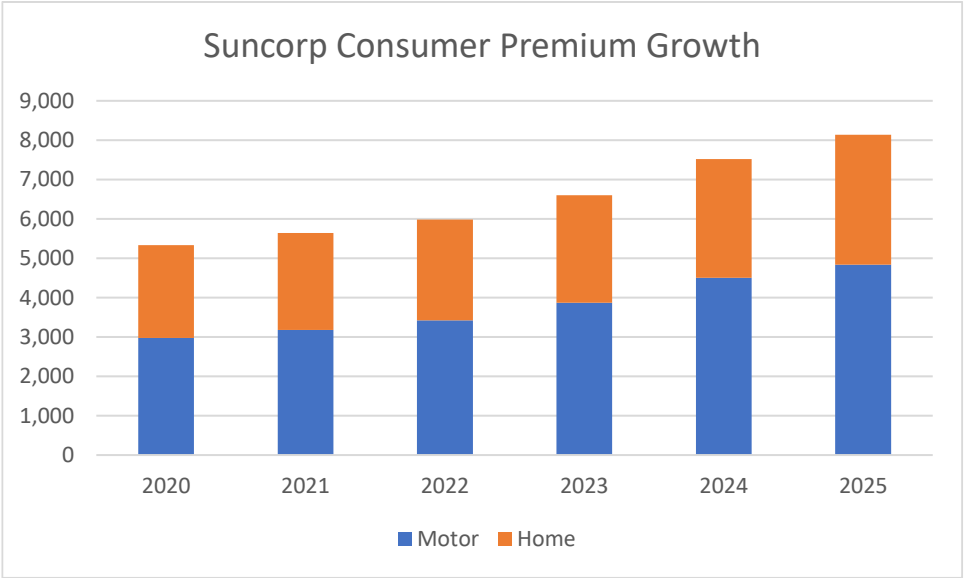
Investing in insurers best evidence of the power of knowing where we are at in the earnings cycle

Over 5yrs – QBE:+123% SUN +102% IAG +85% vs ASX200 51%






Suncorp – profit expansion 2020 to 2025 driven fundamentally by consumer rate rises

Premium	2020	2021	2022	2023	2024	2025
Motor	2,976	3,179	3,425	3,869	4,507	4,839
Home	2,362	2,468	2,561	2,736	3,019	3,303
GWP - Total	5,355	5,656	5,996	6,615	7,526	8,146
Profit before tax	320	302	277	212	473	785
Margin	6.9%	6.3%	5.6%	3.9%	7.6%	11.1%

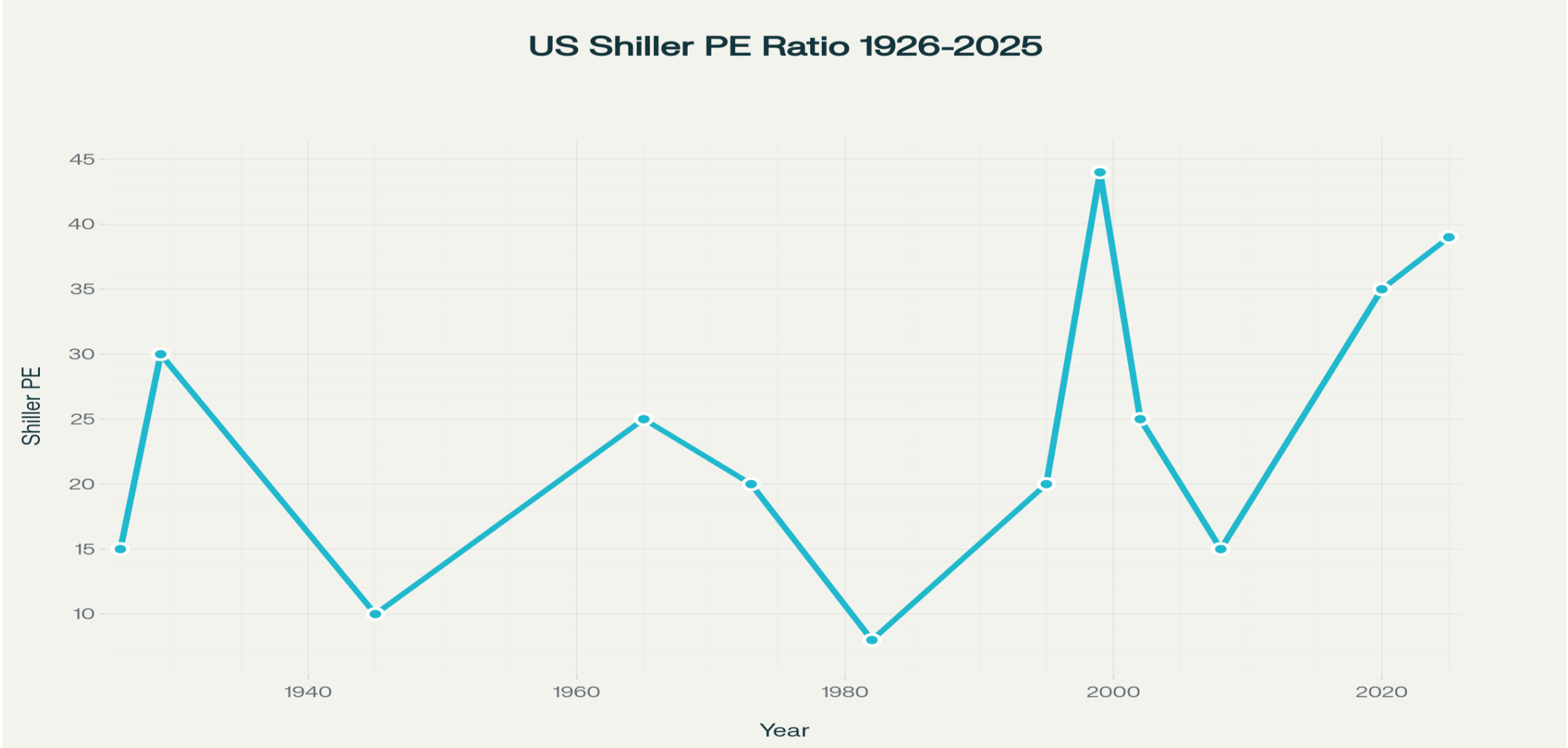


Average Premium change	2020	2021	2022	2023	2024	2025	Aggregate
Motor	2.1%	4.2%	4.9%	11.3%	14.4%	7.1%	44.0%
Home	2.5%	8.1%	8.7%	11.3%	8.9%	9.5%	49.0%
Total Consumer	2.2%	5.9%	6.6%	11.4%	12.1%	8.0%	46.1%

What multiples are they on now?

Company	Stock Price	P/Earnings FY25/26e	P/Book	Div Yield
	\$8.67	18.7x	2.7x	3.5% (60%Fr)
	\$21.07	17.1x	2.1x	4.2% FF
	\$20.72	11.0x	1.7x	4.5% (20%Fr)

Current US Market Valuation – “Playing with Fire”?



Back to the Future 2000s dot-com style?

As we witness high valuations and expectations reminiscent of the dotcom era, the 2002 insights of Scott McNealy, co-founder and former CEO of Sun Microsystems, feel relevant once again:

"At 10 times revenues, to give you a 10-year payback, I have to pay you 100% of revenues for 10 straight years in dividends. That assumes I can get that by my shareholders. That assumes I have zero cost of goods sold, which is very hard for a computer company. That assumes zero expenses, which is really hard with 39,000 employees. That assumes I pay no taxes, which is very hard. And that assumes you pay no taxes on your dividends, which is kind of illegal. And that assumes with zero R&D for the next 10 years, I can maintain the current revenue run rate. Now, having done that, would any of you like to buy my stock at \$64? Do you realize how ridiculous those basic assumptions are? You don't need any transparency. You don't need any footnotes. What were you thinking?"

Source: Bloomberg. "A Talk With Scott McNealy." 1 April 2002.

Current US Market Valuation – “Playing with Fire”?

For me, the message of this chart is this: If the percentage relationship falls to the 70%-80% area, buying stocks is likely to work very well for you. If the ratio approaches 200%, as it did in 1999 and part of 2000, you are playing with fire.”

- Warren Buffett, Forbes, 2001

Buffett Indicator

Aggregate US Equities Market Cap as a Percent of Gross Domestic Income



Source: Ned Davis Research. Data from 31 January 1945 through 30 June 2025. You cannot invest directly in an index. PAST PERFORMANCE MAY NOT BE INDICATIVE OF FUTURE RESULTS.

Current ASX Stocks of Interest



Price \$AUD	12.48
FY26e	
\$US EPS underlying	0.80
\$US Div	0.52
AUD:USD	0.67
P/Ex	10.5
Div Yield	6.2%



Summary

Immutep Ltd (IMM), is a clinical-stage biotechnology company developing LAG-3 immunotherapy for cancer and autoimmune disease.

Share Price	25cents
Market Cap	\$338m (\$125m cash on hand)
Risked valuation	\$1
Unrisked valuation	\$6.50 to \$10



Ticker	IFL
Stock Price	\$4.50
Agreed Takeover	\$4.80
Likely close	30/04/2026
Potential upside	6.7%

See: [Immutep Wilsons Research report](#)

Market Maxims to reflect on

"Bears sound smart, but bulls make you money,"

"Practically perfect people never permit sentiment to muddle their thinking."

- Mary Poppins

"I never buy at the bottom, and I always sell too soon."

- Baron Nathan Rothschild's success formula

"Be fearful when others are greedy and greedy when others are fearful."

- Warren Buffett

"Every time everyone's talking about something, that's the time to sell."

- George Lindemann (1936 – 2018, #703 on the Forbes 2018 list of the world's billionaires)

"I just like the great businesses."

- Charlie Munger

"I always remind myself, the economy will be a whole lot bigger in 10 years."

- Jamie Dimon, Chief Executive Officer of JPMorgan Chase, July 2022

"If you wait for problems to disappear before investing in stocks, you'll never commit – or earn – a penny."

- Ralph Wanger

"The stock market is the only market where things go on sale and all the customers run out of the store."

- Cullen Roche