Equity Trustees

GLOBAL INDUSTRY ETF REVIEW

Eight Bays Investment Management

2024 GLOBAL INDUSTRY ETF REVIEW & OUTLOOK

Major Sector ETFs ranked by 6 month returns

| Instrument	Symbol	Last traded	% 6M ▼	% 1Y total return	% 3Y total return	% 5Y total return
ETF The Consumer Discretionary Select Sector ...	XLY:arcx	224.7600	23.00%	26.47%	12.58%	86.62%
ETF The Financial Select Sector SPDR ETF	XLF:arcx	48.3500	17.56%	30.42%	30.68%	73.24%
ETF The Communication Services Select Sector...	XLC:arcx	96.8100	13.02%	34.65%	28.33%	88.67%
ETF The Utilities Select Sector SPDR ETF	XLU:arcx	75.42	11.08%	23.22%	16.10%	37.23%
ETF The Industrial Select Sector SPDR ETF	XLI:arcx	131.83	8.12%	17.37%	30.84%	75.67%
ETF Vanguard Information Technology ETF	VGT:arcx	627.67	7.84%	29.27%	38.80%	164.09%
ETF Vanguard Real Estate ETF	VNQ:arcx	89.11	6.35%	4.92%	-13.46%	15.75%
ETF iShares MSCI ACWI ETF	ACWI:xnas	117.50	4.54%	17.41%	17.29%	61.59%
ETF The Consumer Staples Select Sector SPDR ...	XLP:arcx	78.5800	2.65%	12.19%	10.31%	42.35%
ETF VanEck Vectors Gold Miners ETF	GDX:arcx	33.8504	-0.06%	10.18%	10.76%	23.56%
ETF Vanguard Health Care ETF	VHT:arcx	252.6000	-4.63%	2.65%	-0.62%	41.57%
ETF The Materials Select Sector SPDR ETF	XLB:arcx	83.86	-4.72%	0.12%	-1.30%	51.55%
ETF The Energy Select Sector SPDR ETF	XLE:arcx	85.69	-6.02%	5.52%	72.12%	77.91%

Source: Saxo Capital

2024 Wrap

Global equities generated strong returns in 2024 with the benchmark MSCI (ACWI ETF) rising a healthy 17% and compares to a 22% gain in 2023 and a 12% fall in 2022. We are two years into this bull market. From a historical perspective bull markets of course vary in length. The average length of a bull market in stocks varies depending on the specific index and time period analysed, but generally falls between 3.8 to 5.5 years.

Since the bull market began around the beginning of 2023 the standout performing sectors have been Broad Technology (+90%), Communication Services (+89%) and Consumer Discretionary (+64%). The big underperformers have been Energy (-2%), Real Estate (+1%) and Healthcare (+5%).
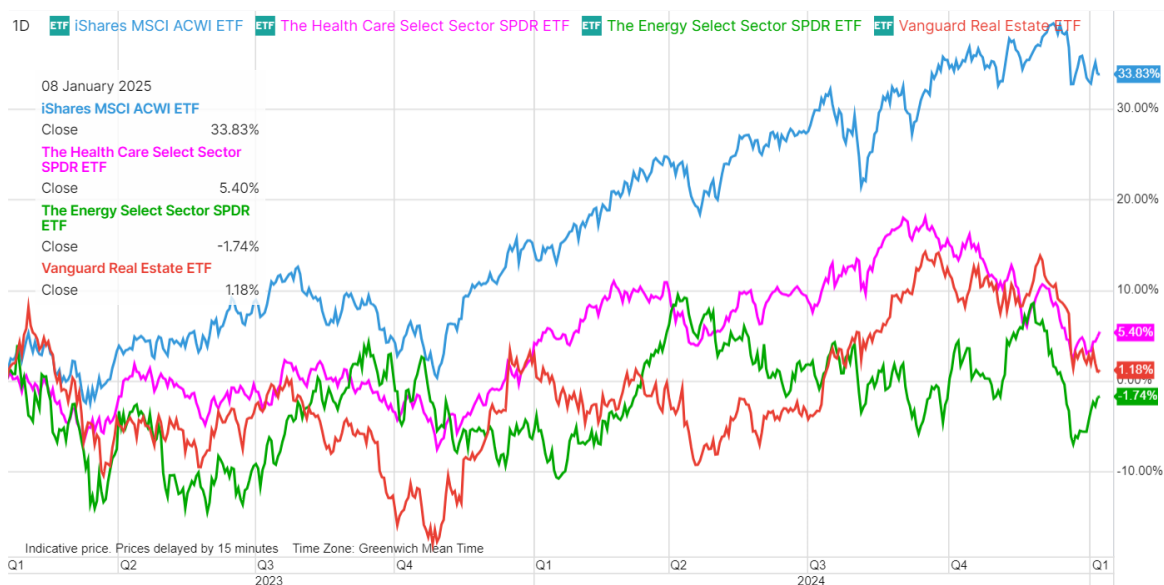
Biggest relative winners over 2 years – Technology, Com Services, Cons Discretionary
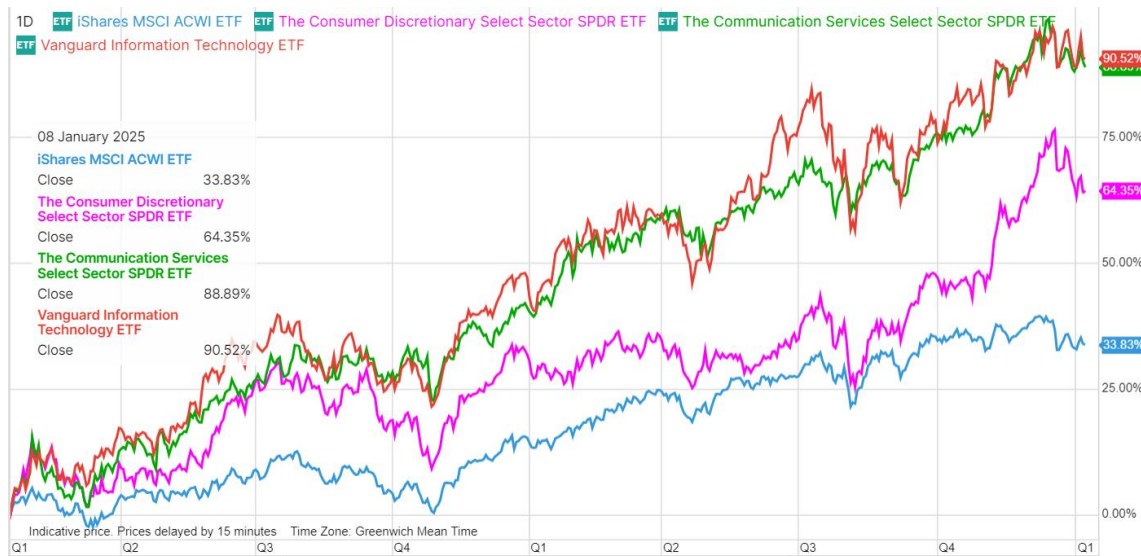
Source: Saxo Capital

Biggest relative losers over 2 years – Energy, Real Estate, Healthcare

Source: Saxo Capital

In the second half of 2024, less growthy sectors like financials, utilities, industrials, and real estate benefitted from Fed rate cuts which had a broadening effect on the market, reducing the dominance of major technology. That said the annual gains of some large cap tech names were stella – NVDA +200% y/y, META +79%, AMZN +57%, TSLA +73% and GOOG +44%. Outside these names some new members of the plus $1 trillion market cap club emerged – Broadcom (AVGO) +125% and Taiwan Semiconductor (TSMC) +121%. We think such moves will be hard to replicate in 2025, even though earnings growth for many of these names looks robust. Whilst the multiples on the Big Tech 10 are elevated (29x ex Telsa), earnings growth averaging 30% is quite exceptional.

Big Tech 10 Investment Fundamentals

Company	LAST	MC (BN)	EPS gr F1	EPSg F2	PE F1 (x)
NVIDIA CORPORATION	$ 140.11	$ 3,431	128%	50%	31.6
Taiwan Semiconductor Manufact	$ 207.17	$ 847	36%	29%	22.8
MICROSOFT CORPORATION	$ 424.56	$ 3,157	11%	15%	28.3
APPLE INC.	$ 242.70	$ 3,669	10%	12%	29.2
AMAZON.COM, INC.	$ 222.13	$ 2,336	77%	20%	36.0
ALPHABET INC.	$ 193.95	$ 2,400	38%	12%	21.6
Meta Platforms, Inc.	$ 610.72	$ 1,542	52%	12%	24.0
ADVANCED MICRO DEVICES, IN(	$ 121.84	$ 207	25%	53%	23.9
BROADCOM INC.	$ 229.31	$ 1,075	30%	20%	36.2
TESLA, INC.	$ 394.94	$ 1,268	-21%	31%	159.3
GROUP AVERAGE			**39%**	**26%**	**41.3**

Source: Seekingalpha

Market returns diversified in the second half of 2024, reducing MSCI benchmark concentration risk and indicating potential positive returns for 2025. Over the past five years, market concentration has grown, with the top 10 companies now comprising 24.5% of the market, compared to 12.5% in 2019. The S&P 500 index shows even greater concentration, with its top 10 companies representing 36% of the index.

Top 10 MSCI World Companies 2024 & 2019

| Dec-24 Top 10 companies	24.8%	Dec-19 Top 10 companies	12.5%
Holding	Weighting	Holding	Weighting
Apple Inc.	4.7%	Apple Inc	2.5%
NVIDIA Corporation	4.5%	Microsoft Corp	2.2%
Microsoft Corporation	3.8%	Amazon.com Inc	1.5%
Amazon.com, Inc.	2.7%	Facebook Inc	1.0%
Meta Platforms Inc Class A	1.7%	JPMorgan Chase & Co	0.9%
Tesla, Inc.	1.5%	Alphabet Inc	0.9%
Alphabet Inc. Class A	1.4%	Alphabet Inc	0.8%
Broadcom Inc.	1.3%	Johnson & Johnson	0.7%
Alphabet Inc. Class C	1.2%	Visa Inc	0.7%
Taiwan Semiconductor Manufactu	1.0%	Nestle SA	0.7%

Source: VettaFi

Factors to consider for 2025

We identify seven significant industry/macroeconomic/geopolitical factors that could influence global equity returns in 2025.

1) Interest rates and inflation: It is anticipated that central banks worldwide will reduce interest rates, which would be favourable for equities, provided that inflationary pressures are controlled, and long-term bond yields remain stable. We expect rate cuts expectations could be wound back.

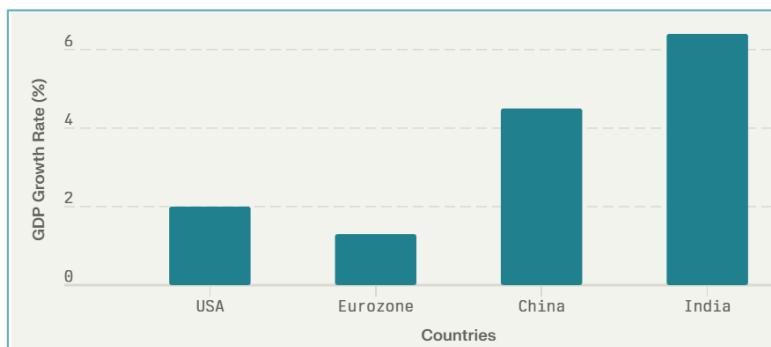**US Fed and Euro policy rates**
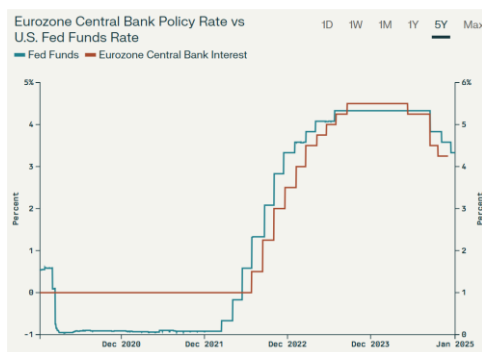
Source: US Federal Reserve

US Fed's expected rate profile 2025
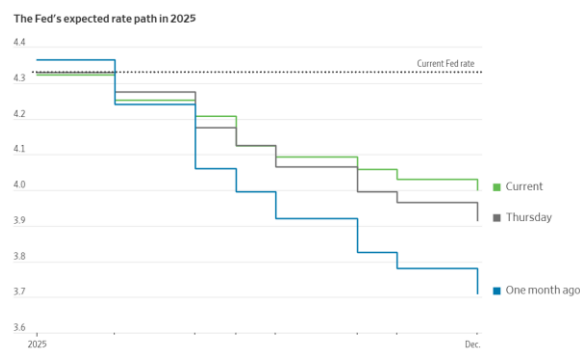
Source: LSEG

2) Global economic growth is estimated at 2.5-3.1%, which is generally supportive for stocks. The weakest growth is anticipated in the Eurozone, balanced by stronger growth in the US, China, India, and Japan.

Forecast GDP growth rates for 2025

Source: Goldman Sachs

3) Government policy: The policy rollout under the new Trump administration is expected to have varied impacts on different economies and industries. While lower tax rates may promote growth, higher import tariffs could have a negative effect. Additionally, increased fiscal discipline might adversely affect economic expansion. Meanwhile, reduced personal and corporate tax rates are anticipated to support growth. Furthermore, national elections are scheduled to take place in Germany, Canada, Australia, France, and South Korea.

4) Generative AI rollout: Tech giants are investing over $200 billion in next-generation computing, likely boosting productivity and growth across all industries. Demand for high end GPUs used for Ai applications is forecast to grow by mid double-digit CAGR from 2025- 2034.

The Global Graphic Process Unit (GPU) Market
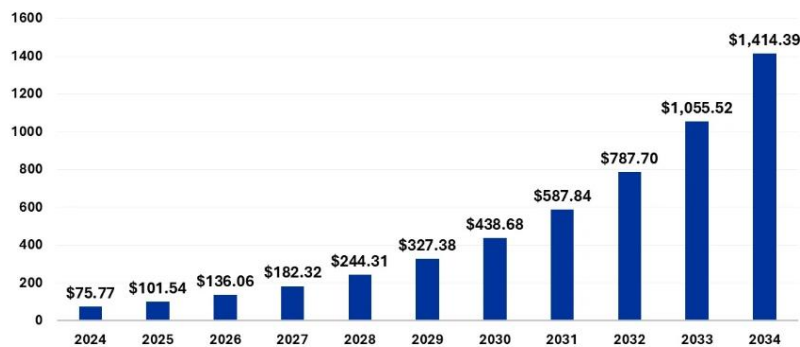
Source: Precedence Research

5) Currency moves: The strong US dollar is expected to benefit industries and countries outside the US. Global economic conditions and geopolitics developments are supportive of a firm US dollar.

US Dollar Trade Weight Index

Source: Trading Economics

6) Wars: The outcomes of conflicts in the Middle East and Ukraine are unpredictable, but any resolution would benefit economies and markets.

7) Healthcare: The rollout of GLP1 receptor drugs is expected to accelerate in 2025 with significant implications for the healthcare industry and human health broadly in developed nations.
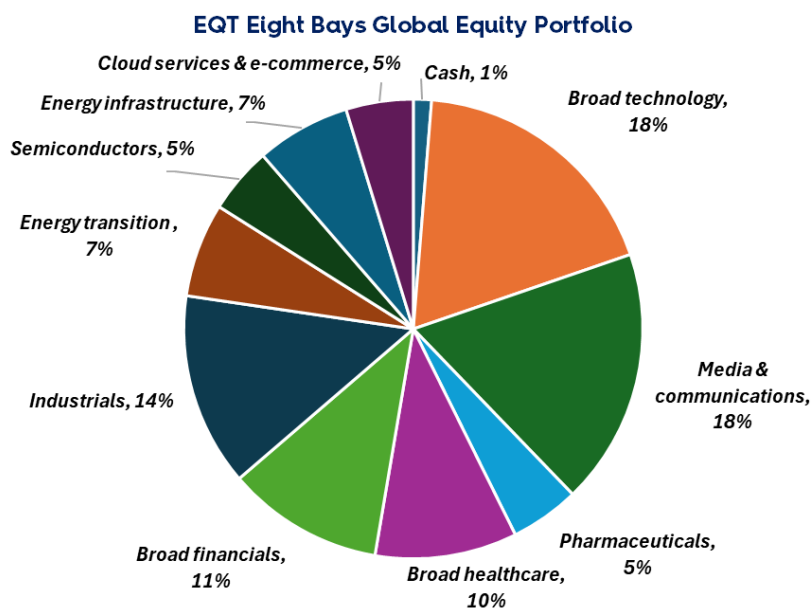
GLP-1 Receptor Market by Indication (US$ billion)
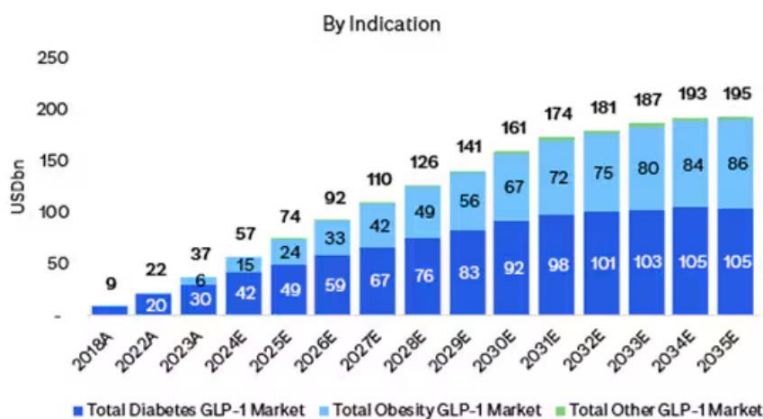
Source: Citigroup

EIGHT BAYS GLOBAL ETF STRATEGY – Portfolio Review

In 2024, we have strategically positioned the portfolio to capitalize on opportunities in emerging growth industries while being mindful of valuations. Key additions include intelligent cloud services, digital advertising, energy transition, and North American oil & gas infrastructure. We increased our holdings in communications services, industrials, added Amazon and two new ETFs: First Trust Nasdaq Clean Edge Smart GRID Infrastructure and Global X MLP & Energy Infrastructure. These were funded in part by reducing broad technology and healthcare exposure. Additionally, we tactically overweighted US financial institutions during the period.

Eight Bays Portfolio Top 20 + Sector Weights (January 2025)

EQT Eight Bays Global Equity Portfolio

- Cloud services & e-commerce, 5%
- Cash, 1%
- Energy infrastructure, 7%
- Semiconductors, 5%
- Energy transition, 7%
- Broad technology, 18%
- Media & communications, 18%
- Industrials, 14%
- Broad financials, 11%
- Broad healthcare, 10%
- Pharmaceuticals, 5%

Source: Eight Bays January 2025

EQT EIGHT BAYS INDIVIDUAL LOOK THROUGH STOCK EXPOSURE

	Holding	Portfolio Weight
1	Amazon.com, Inc.	4.8%
2	Meta Platforms Inc Class A	3.6%
3	NVIDIA Corporation	3.3%
4	Apple Inc.	2.9%
5	Microsoft Corporation	2.5%
6	Alphabet Inc. Class A	2.0%
7	Eli Lilly and Company	1.7%
8	Alphabet Inc. Class C	1.6%
9	Broadcom Inc.	1.4%
10	Berkshire Hathaway Inc. Class B	1.4%
11	Netflix, Inc.	1.3%
12	JPMorgan Chase & Co.	1.1%
13	Eaton Corp. Plc	1.1%
14	Walt Disney Company	0.9%
15	UnitedHealth Group Incorporated	0.8%
16	Take-Two Interactive Software, Inc	0.8%
17	AbbVie, Inc.	0.8%
18	Visa Inc. Class A	0.8%
19	T-Mobile US, Inc.	0.8%
20	Johnson & Johnson	0.8%
21	Electronic Arts Inc.	0.8%

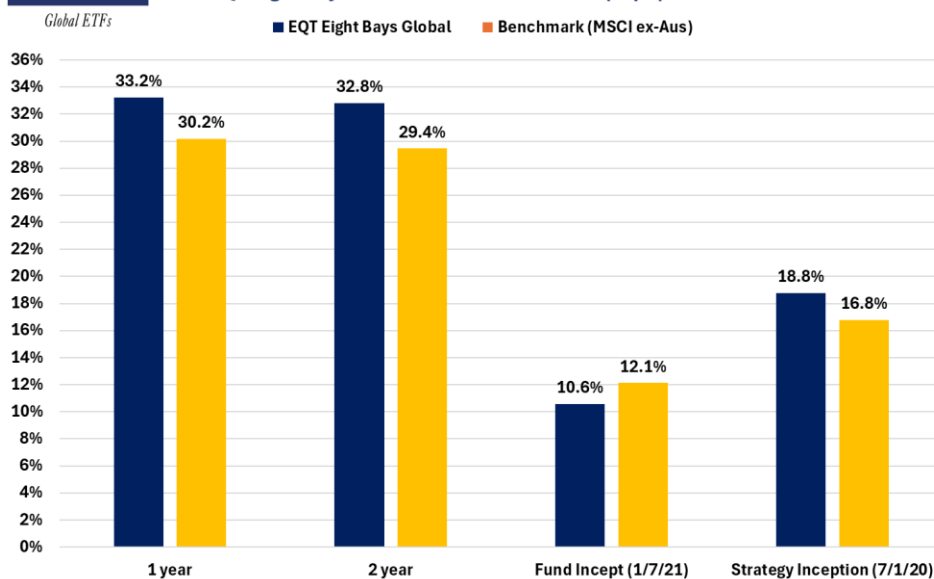*Source: Eight Bays, Portfolio Visualizer*

Portfolio Returns

EQT Eight Bays Global Fund Performance (% pa)

EIGHT BAYS *Global ETFs*

- ■ EQT Eight Bays Global
- ■ Benchmark (MSCI ex-Aus)

	1 year	2 year	Fund Incept (1/7/21)	Strategy Inception (7/1/20)
EQT Eight Bays Global	33.2%	32.8%	10.6%	18.8%
Benchmark (MSCI ex-Aus)	30.2%	29.4%	12.1%	16.8%

Performance - Eight Bays Global Strategy vs MSCI ex Aust vs ASX200

EIGHT BAYS *Global ETFs*

- — Eight Bays Global Fund/Strategy
- — MSCI ex Aust
- — ASX200 Accum

EB Fund Inception
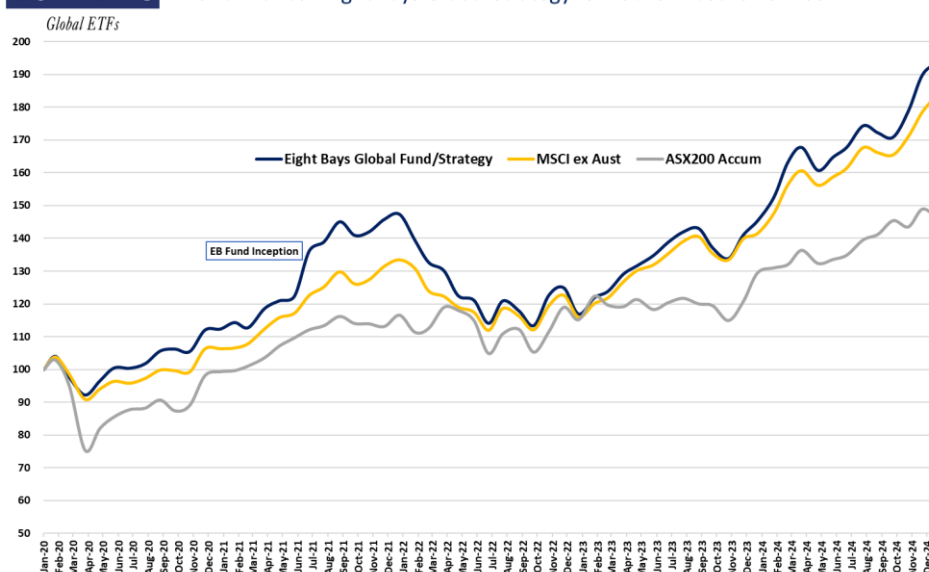
Source: EQT, MSCI. Past performance is not a reliable indicator of future performance.

Note: Performance data includes combined returns of Eight Bays Global Strategy and the EQT Global Fund

Over the last 12 months the Fund has delivered a total net return of 33.2%, outperforming the benchmark by 3.1%. Since inception (1/7/21) the Fund has delivered a very robust total net return of 10.6% and 18.8% annually since the Eight Bays Global Equity strategy began on January 7, 2020.

For the 2024 year the Fund was well exposed to three of the four best performing sectors Communication Services (+39%), Information Technology (+35%) and Financials (+28%), while exposure to the other top performing sector Consumer Discretionary (+29%) was introduced with the June addition of Amazon as a single stock position.

The Fund had minimal exposure to three of the four worst performing sectors in 2024, Materials (-2%), Real Estate (+1.7%) and Energy (+2.3%), with Healthcare (+0.9%) remaining an overweight position.

Industry ETF full-year review

2024 was an exceptional year of growth for the US ETF industry with more than $1trilion flowing into a range of assets including crypto ETFs (a new asset class) which were approved this year. Total assets of U.S. based ETFs reached a record $10.6 trillion at the end of November, according to monthly ETFGI data, an increase of more than 30% from the start of 2024.

US Listed Exchange Traded Fund Market (US $trillion)
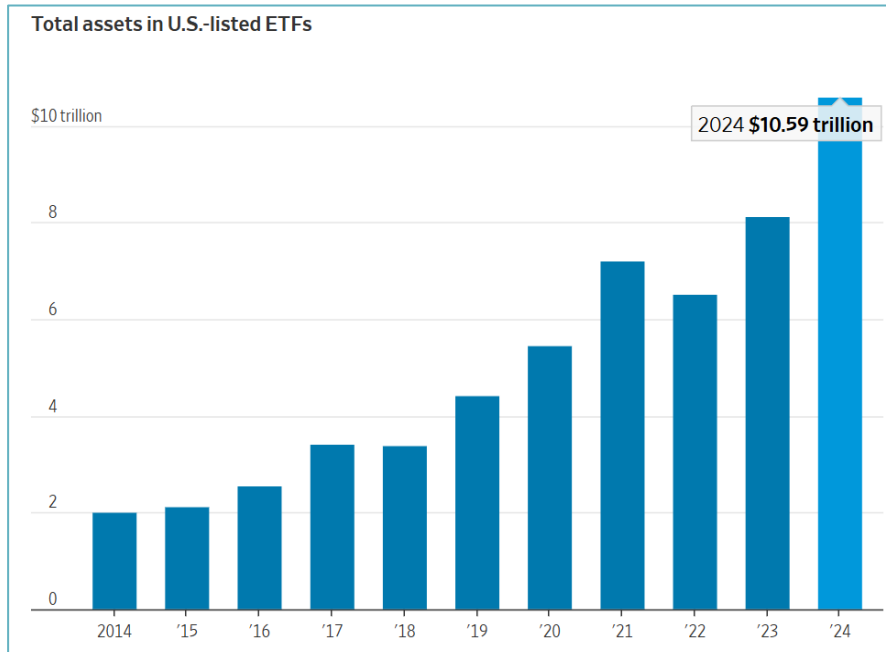
Source: ETFGI

As of December 2024, the US industry ETF segment was valued at $1.3 trillion, up from $1.0 trillion in December 2023. Industry ETFs make up about 16% of all US equity ETFs ($8.3 trillion). In 2024, the US equity ETF market saw around 470 new listings and net inflows of $38 billion. Active strategies, including leveraged and option-enhanced funds, were prominent this year. There were 34 industry ETFs with a total market value of $5.6 billion. The largest thematic sector ETFs were Invesco MSCI North America Climate ETF ($2.4 billion, ER 9bps) and Invesco MSCI Global Climate 500 ETF ($1.7 billion, ER 10bps).

Top 10 new ETF listings 2024

ETF Name	Symbol	Style	Total Assets	Inception	ER	YTD FF
Invesco MSCI North America Climate ETF	KLMN	Active	$2,364,550,000	11/12/2024	0.09%	$2,403,309,615
Eagle Capital Select Equity ETF	EAGL	Active	$2,215,330,000	25/03/2024	0.80%	$207,914,470
Invesco MSCI Global Climate 500 ETF	KLMT	Passive	$1,711,360,000	26/06/2024	0.10%	-$2,784,042
YieldMax MSTR Option Income Strategy ETF	MSTY	Active	$1,624,180,000	22/02/2024	0.99%	$1,783,469,223
Global X Russell 2000 ETF	RSSL	Passive	$1,550,190,000	5/06/2024	0.08%	$1,391,863,215
Brown Advisory Flexible Equity ETF	BAFE	Active	$1,007,660,000	18/11/2024	0.54%	$997,486,190
T-Rex 2X Long MSTR Daily Target ETF	MSTU	Active	$ 936,832,000	18/09/2024	1.05%	$23,832,985,600
CCM Global Equity ETF	CCMG	Active	$ 933,002,000	18/01/2024	0.33%	$852,151,340
FT Energy Income Partners Enhanced Income ETF	EIPI	Active	$ 926,006,000	6/05/2024	1.10%	-$368,671,621
AB International Low Volatility Equity ETF	ILOW	Active	$ 891,125,000	15/07/2024	0.50%	$105,605,075

Source: VettaFi

The industry ETF universe comprises approximately 340 funds, excluding leveraged and short strategy ETFs. The technology sector is the largest at about $670bn, up from $479bn at the end of 2023, making up 52% of the industry with over 60 funds. In 2024, $44bn flowed into tech ETFs. Healthcare ETFs are valued at $88bn but saw $8bn in outflows. Expense ratios averaged 49bps, unchanged from 2023.

Top 10 new Industry ETF listings 2024

ETF Name	Symbol	Style	Total Assets	Inception	ER	YTD FF
Invesco MSCI North America Climate ETF	KLMN	Active	$ 2,364,550,000	11/12/2024	0.090%	$ 2,403,309,615
Invesco MSCI Global Climate 500 ETF	KLMT	Active	$ 1,711,360,000	26/06/2024	0.100%	-$ 2,784,042
Alerian MLP Index ETNs due January 28, 2044	AMJB	Active	$ 802,887,000	26/01/2024	0.850%	$ 668,409,950
ALPS CoreCommodity Natural Resources ETF	CCNR	Active	$ 279,271,000	10/07/2024	0.390%	$ 304,662,823
Range Nuclear Renaissance Index ETF	NUKZ	Active	$ 111,145,000	24/01/2024	0.850%	$ 108,295,675
F/M Emerald Life Sciences Innovation ETF	LFSC	Active	$ 49,117,100	31/10/2024	0.540%	$ 2,029,971
iShares A.I. Innovation and Tech Active ETF	BAI	Active	$ 46,623,400	21/10/2024	0.550%	$ 34,035,508
Roundhill GLP-1 & Weight Loss ETF	OZEM	Active	$ 40,377,400	21/05/2024	0.590%	$ 42,846,817
VanEck Fabless Semiconductor ETF	SMHX	Active	$ 30,829,600	28/08/2024	0.350%	$ 27,135,155
Sprott Copper Miners ETF	COPP	Active	$ 23,925,800	5/03/2024	0.650%	$ 27,141,794

Source: VettaFi

Key sector data – December 2024

Sector	No. of ETFs	AUM (US$mm)	Share of total	YTD Funds Flow (US$mm)	Average change YTD	PE (x)	Yield	Average Beta	Funds Flow/MV	Expense Ratio
Information Technology	64	$670,397	52%	$43,547	24.7%	19.9	0.30%	1.18	6%	0.54%
Healthcare	41	$87,853	7%	-$7,621	-2.4%	16.7	1.01%	0.85	-9%	0.50%
Consumer Discretionary	25	$42,555	3%	-$717	17.7%	15.0	0.69%	1.27	-2%	0.48%
Communication Services	7	$27,645	2%	-$1,210	29.0%	16.1	1.04%	1.01	-4%	0.35%
Consumer Staples	13	$29,111	2%	-$1,272	7.1%	14.7	1.79%	0.75	-4%	0.56%
Industrials	40	$74,378	6%	$8,427	14.4%	19.0	0.78%	1.14	11%	0.53%
Financials	33	$91,371	7%	$9,622	24.1%	11.7	2.34%	1.10	11%	0.48%
Materials	42	$53,583	4%	-$3,276	-5.0%	9.2	2.17%	1.11	-6%	0.52%
Energy	21	$79,563	6%	-$7,090	0.6%	6.0	2.21%	1.39	-9%	0.57%
Utilities Infrastructure	23	$46,764	4%	$4,367	16.9%	17.9	2.49%	0.74	9%	0.47%
Real Estate	30	$73,796	6%	$2,749	1.4%	13.0	3.77%	0.91	4%	0.38%
Total industry ETFs	339	$1,277,017	100%	$47,528.4	11.7%	14.5	1.69%	1.04	4%	0.49%

Source: VettaFi

TECHNOLOGY

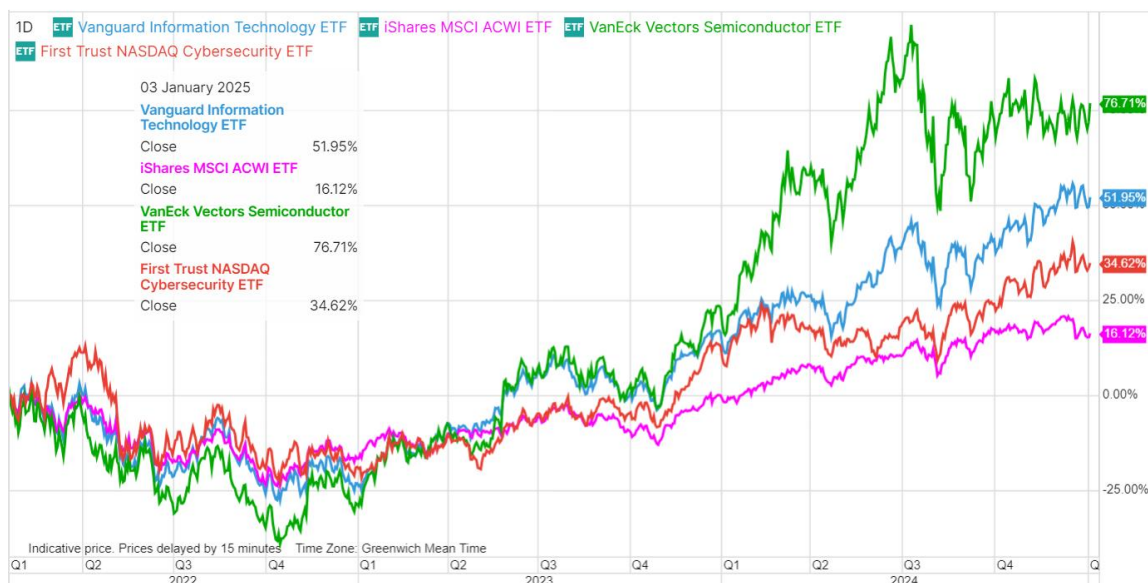| TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
Defiance Quantum ETF	52.0%	$785m	ROBO Global Robotics & Automation Index ETF	-1.8%	$1072m
Bitwise Crypto Industry Innovators ETF	48.2%	$194m	Invesco S&P SmallCap Information Tech ETF	-1.1%	$315m
VanEck Digital Transformation ETF	48.0%	$197m	Global X Internet of Things ETF	-0.8%	$235m

Source: etfdb.com

The technology sector includes semiconductors, cloud services, AI and robotics, software, and cybersecurity. In 2024, Nvidia's stock surged by 200%, Broadcom by 119%, and Oracle by 62%. In contrast, Intel, Adobe, and AMD saw declines of 56%, 25%, and 7%, respectively. Despite AI interest, the semiconductor sector underperformed in the second half of 2024.

Looking ahead to 2025, technology stocks are expected to diverge. The semiconductor industry, driven by GPU and data center demand from AI leaders like Alphabet, Amazon, Microsoft, and Meta, is set for significant growth. Demand for GPUs is forecast to growth in the mid-teens over the medium driven by demand for Ai based solution. Enterprise software firms like Adobe, Salesforce, and Microsoft are integrating AI, presenting challenges and opportunities.

Investment fundamentals in tech range from fair to expensive, with earnings remaining positive. Growth is strong in GPU data centers, but limited in consumer tech. We hold a neutral position in this sector with our exposure weighted into cloud services and semiconductors.

## Selected Technology ETFs

Source: Saxo Group

HEALTHCARE

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
Invesco Pharmaceuticals ETF	9.0%	$267m	Amplify Seymour Cannabis ETF	-56.1%	$18m
iShares U.S. Medical Devices ETF	8.8%	$4,477m	ARK Genomic Revolution ETF	-27.7%	$1,146m
VanEck Pharmaceutical ETF	7.7%	$600m	AdvisorShares Pure Cannabis ETF	-20.2%	$30m

Source: etfdb.com

The healthcare sector includes medical devices, pharmaceuticals, biotechnology, services, and genomics. The XLV ETF is valued at $37 billion, up 2% underperforming the benchmark for a second year in a row. Over the past two years, the sector has lagged due to weaker-than-expected earnings, the impact of GLP-1 drugs from Eli Lilly and Novo Nordisk, and higher loss rates for managed care and insurers. Despite this, long-term prospects are strong with an aging population driving demand for healthcare and new products like GLP-1 receptor and genome-based drugs. We maintain an overweight position in this sector and have a bias towards the pharmaceutical/GLP-1 stocks as valuations are relatively attractive.

Selected Healthcare ETFs
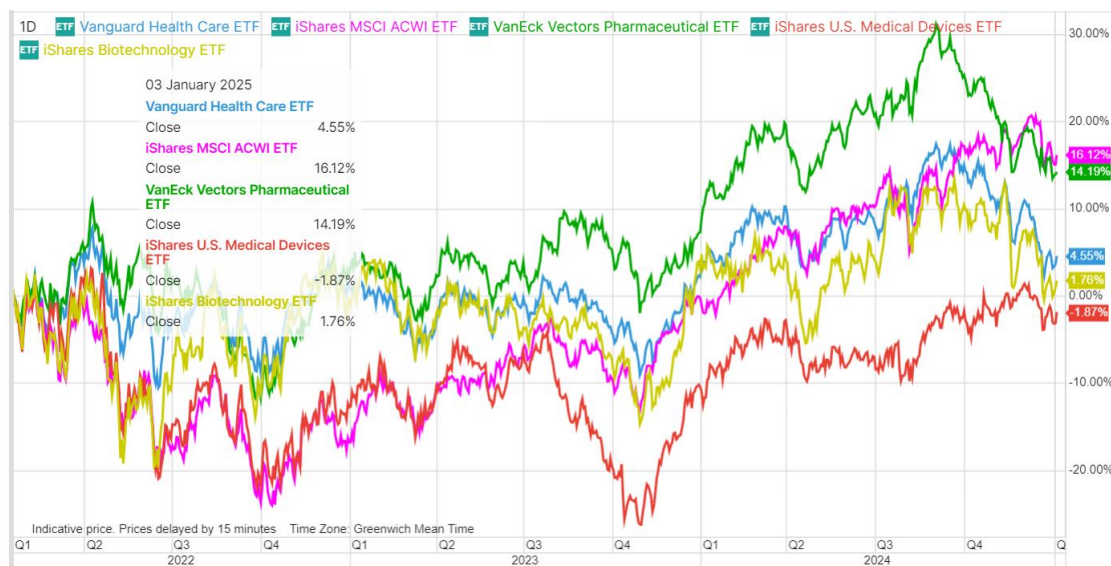
Source: Saxo Group

FINANCIALS

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
ProShares Ultra Financials	55.3%	$844m	Range India Financials ETF	-0.2%	$10m
SPDR S&P Capital Markets ETF	37.7%	$547m	Invesco KBW High Div Yield Financial ETF	3.2%	$397m
Invesco KBW Bank ETF	36.7%	$2,712m	Acquirers Fund ETF	9.0%	$47m

Source: etfdb.com

The financial sector includes retail and commercial banks, investment banks, asset managers, credit cards, payment services, and insurance providers. The XLF, the largest exchange-traded fund (ETF) in this category, holds a market value of $46 billion and experienced a 30% increase, outperforming the MSCI index. Throughout the year, mergers and acquisitions (M&A) as well as initial public offerings (IPO) activity increased, potentially boosting returns for investment banks. Additionally, rate cuts by the Federal Reserve are considered beneficial for financial stocks. The recent U.S. presidential election results have further raised expectations for heightened M&A activity under the Trump administration.

We maintain an underweight position in this sector globally but hold an overweight position in U.S. investment banks and insurers.

Selected Financial ETFs
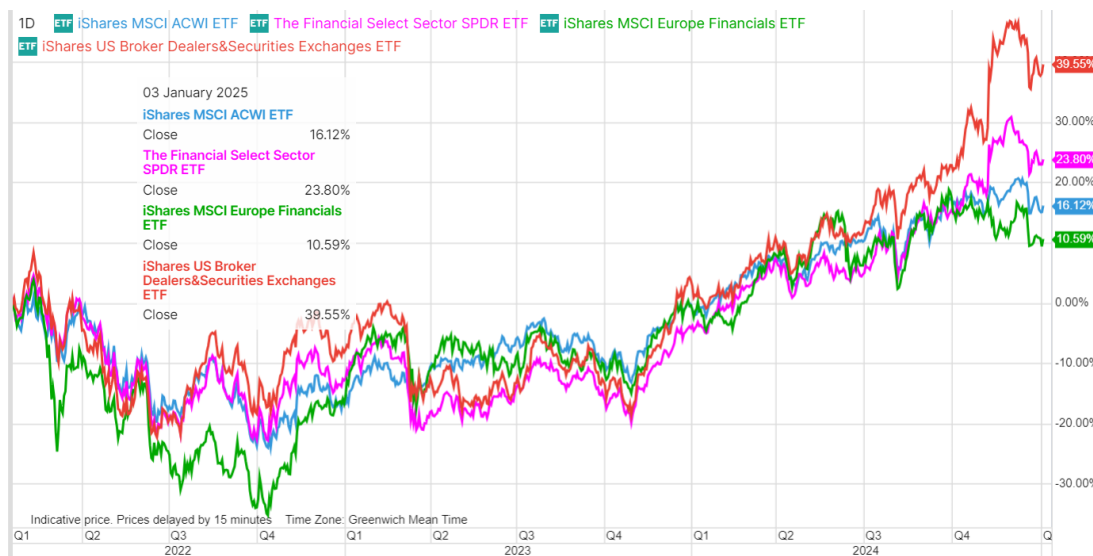
Source: Saxo Group

INDUSTRIALS

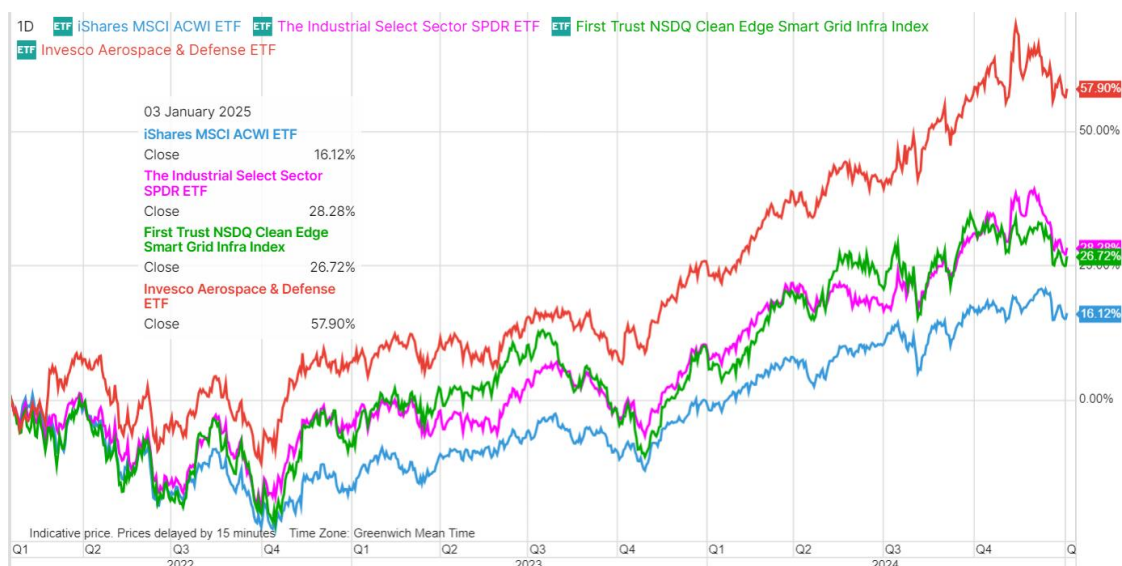| TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
ARK Autonomous Technology & Robotics ETF	36.1%	$992m	SPDR S&P Kensho Smart Mobility ETF	-6.0%	$25m
Global X Defense Tech ETF	34.7%	$667m	iShares MSCI Agriculture Producers ETF	-5.3%	$87m
U.S. Global Jets ETF	33.7%	$1,114m	ROBO Global Robotics & Automation Index ETF	-1.8%	$1,073m

Source: etfdb.com

This sector includes industries like aerospace, defense, transport, building, infrastructure, industrial products, water services, and robotics. The largest industrial ETF, XLI, with $21bn in assets, grew by 18% with $3bn inflows. We also hold First Trust Nasdaq Clean Edge Smart GRID Infrastructure Index ETF (GRID), which focuses on large-cap industrial enterprises leading the transition in transport and energy infrastructure, including ABB, Schneider Electric, Eaton Corporation, and Johnson Controls.

Global industrial companies may face impacts from potential tariffs and policy reviews by the Trump administration, affecting energy transition and infrastructure. Defense and aerospace sectors could be hit by reduced US government spending. However, the new US administration aims to onshore manufacturing and cut tax rates. This sector's returns correlate with US industrial activity and manufacturing PMI, both of which are trending positively.

We maintain an overweight position through our holdings in XLI and GRID.

Selected Industrial ETFs

Source: Saxo Group

COMMUNICATION SERVICES

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
Communication Services Select Sector SPDR Fund	35.2%	$20,397m	First Trust Index NextG ETF	12.9%	$371m
SPDR S&P Telecom ETF	34.9%	$149m	iShares U.S. Telecom ETF	20.3%	$458m
Vanguard Communication Services ETF	33.9%	$4,479m	iShares Global Comm Services ETF	32.2%	$397m

Source: etfdb.com

Industries in this sector include telecommunications, social and traditional media, film and television, online gaming, cloud services, and video streaming. The XLC (+35%, AUM $20 billion) is the largest ETF in this sector and includes major companies such as Alphabet, Meta, Disney, T-Mobile, and Electronic Arts. Both Meta and Alphabet are increasing their investment in generative AI, with Meta allocating approximately $40 billion and Alphabet approximately $50 billion towards capital expenditures in 2024, primarily focused on generative AI data centers.

Media services are expected to benefit from the implementation of generative AI processes from both cost and revenue perspectives. Alphabet, which holds a 95% share of the search market and has 2.5 billion monthly YouTube users, along with Meta, which has 3.14 billion daily users, maintain significant positions in terms of consumer data and technological infrastructure and are advancing AI services. The sector's fundamentals remain relatively attractive.

Selected Communications ETFs
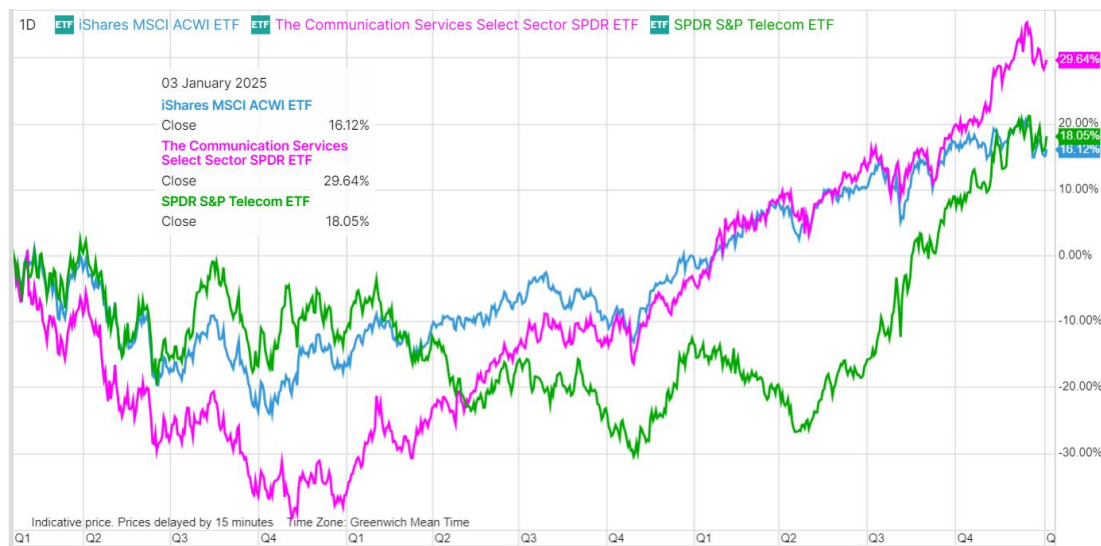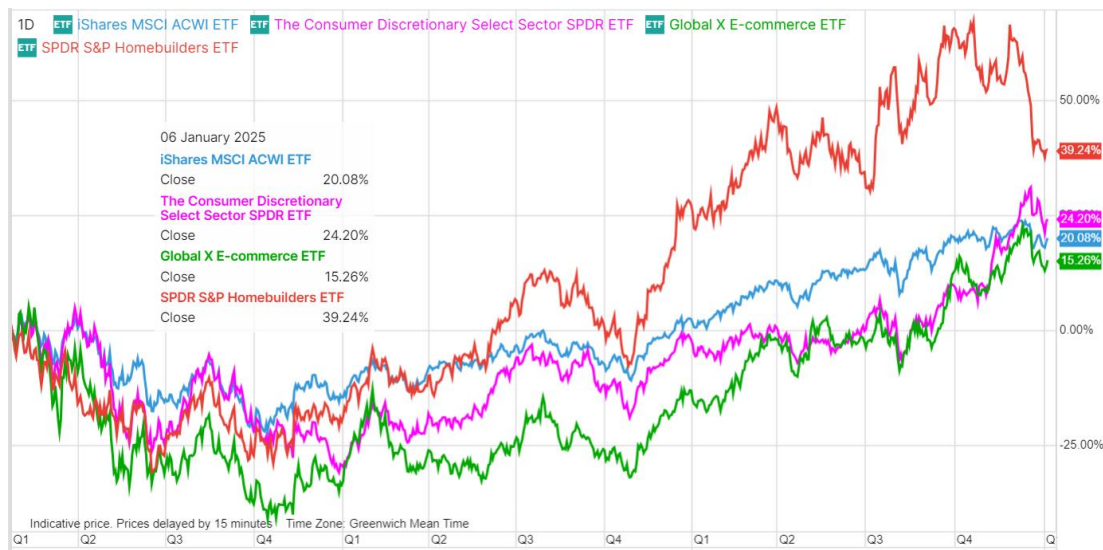

Source: Saxo Group

CONSUMER DISCRETIONARY

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
VanEck Video Gaming and eSports ETF	48.9%	$284m	VanEck Gaming ETF	-1.9%	$31m
Global X E-commerce ETF	31.4%	$67m	iShares U.S. Home Construction ETF	2.0%	$2,654m
iShares U.S. Consumer Discretionary ETF	28.4%	$1,612m	First Trust S-Network Future Vehicles & Tech	4.2%	$29m

Source: etfdb.com

This sector covers various industries, including apparel (Nike), retail (Amazon), automotive (Tesla, GM), home improvement (Home Depot, DR Horton), casinos, travel services, and online gaming. XLY (+28% y/y) is the largest ETF in this sector ($23bn), with significant holdings in Tesla (+73% y/y) and Amazon (+57% y/y). Fund flows were negative ($1.2bn).

Amazon has a significant presence in e-commerce and cloud services, which are not extensively represented by current ETFs. Amazon's dominance in these growth industries is a predominant reason for our investment in this name.

Selected Consumer Discretionary ETFs

Source: Saxo Group

CONSUMER STAPLES

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
AdvisorShares Restaurant ETF	23.5%	$3m	First Trust Nasdaq Food & Beverage ETF	-3.0%	$23m
ProShares Ultra Consumer Staples ETF	15.9%	$7m	Invesco S&P 500 Equal Weight Consumer Staples ETF	-2.6%	$283m
Invesco Dorsey Wright Consumer Staples Momentum ETF	15.0%	$92m	Invesco S&P SmallCap Consumer Staples ETF	0.3%	$53m

Source: etfdb.com

The Consumer Staples sector includes food, beverages (Coca-Cola, Pepsi), consumer goods (P&G, Nestle) and grocery retailers (Walmart, Costco). The largest ETF is the Consumer Staples Select Sector SPDR Fund (XLP) appreciated 11% YTD, lagging the benchmark. Net outflows were $258m. Inflation/cost of living factors are causing consumers to shift their buying patterns to lower value home brands and reported sales growth figures across the major companies P&G, Coca-Cola, Nestle and Unilever have scarcely exceeded inflation. We retain an underweight position in this sector.

Selected Consumer Staples ETF
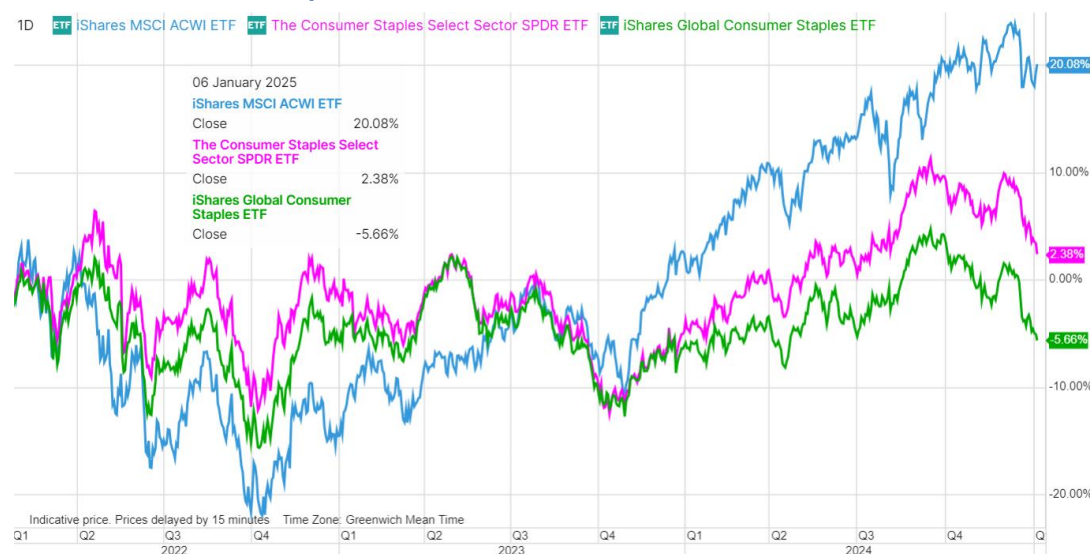
Source: Saxo Group

MATERIALS

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
Horizon Kinetics Inflation Beneficiaries ETF	23.1%	$1,032m	iShares Lithium Miners and Producers ETF	-44.7%	$4,042m
iShares MSCI Global Gold Miners ETF	15.2%	$864m	Sprott Lithium Miners ETF	-43.4%	$6,386m
VanEck Junior Gold Miners ETF	14.5%	$4,474m	VanEck Rare Earth and Strategic Metals ETF	-34.4%	$225m

Source: etfdb.com

This sector includes precious metals, base metals, steel, timber, and agriculture. GDX increased by 10% year-over-year but was behind a 30% rise in gold prices. The XLB materials ETF remained unchanged. Copper Miners (COPX) rose by 2%, following an 8% increase in copper prices, while falling lithium prices (-20% year-over-year) affected battery material stocks, with the Lithium ETF, LIT down by 20%. We retain an underweight position in this sector.

Selected Materials ETFs

Source: Saxo Group

ENERGY

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
Pacer American Energy Independence ETF	43.5%	$77m	Invesco Solar ETF	-36.7%	$815m
Global X MLP & Energy Infrastructure ETF	42.0%	$2,364m	Global X CleanTech ETF	-35.9%	$32m
Alerian Energy Infrastructure ETF	41.7%	$230m	Global X Hydrogen ETF	-32.8%	$36m

Source: etfdb.com

This sector includes oil & gas producers, coal, and clean energy sources such as solar and wind. The largest ETF, the XLE ($33bn), increased by 4% year-over-year, compared to a 2% rise in oil prices ($73/bbl). Renewable energy ETFs within this sector experienced declines. The future performance of energy stocks will likely depend on the pace of the global transition to non-carbon energy sources. Conventional energy sources like oil and gas are expected to remain necessary for several years, and limited investment in these areas may support prices. Currently, there is an overweight position in this sector through a holding in the North American energy infrastructure ETF (MLPX). Additionally, we have exposure to this sector via a holding in an energy transition ETF (GRID) within the industrial sector.

Selected Energy ETFs

Source: Saxo Group

UTILITIES & INFRASTRUCTURE

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
Virtus Reaves Utilities ETF	46.0%	$279m	ClearBridge Sustainable Infrastructure ETF	-6.2%	$9m
ProShares Ultra Utilities	38.6%	$18m	JPMorgan Sustainable Infrastructure Fund	-1.6%	$20m
Invesco Dorsey Wright Utilities Momentum ETF	24.0%	$51m	iShares Emerging Markets Infrastructure ETF	0.7%	$8m

Source: etfdb.com

This sector can be split into regulated utilities, toll roads, pipelines and other energy infrastructure. Utilities Select Sector SPDR Fund (XLU +23% y/y) is the largest utility ETF ($16b) and Global X US Infrastructure Development ETF (PAVE +18%y/y) is the largest infrastructure ETF ($9bn). PAVE received sizeable inflows during the period ($2bn) and is a likely beneficiary of large US government infrastructure spending programs such as the Chips and Science Act, the Inflation Reduction Act and the Infrastructure Investment and Jobs Act. This sector's performance tends to be inversely correlated to changes in long-term bond prices. Despite the US 10-year yield rising c60bps y/y to 4.60% both Utilities & Infrastructure ETFs appreciated. We have an underweight position in the sector.

Selected Utilities & Infrastructure ETFs
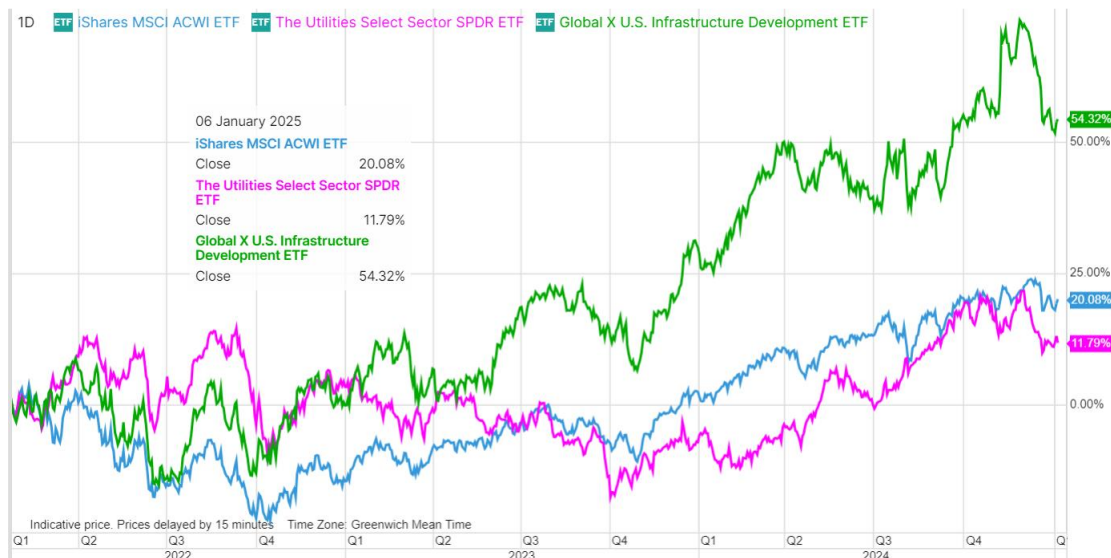
Source: Saxo Group

REAL ESTATE INVESTMENT TRUSTS (REITS)

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
iShares Residential and Multisector Real Estate ETF	11.5%	$1,067m	Pacer Industrial Real Estate ETF	-13.6%	$151m
US Diversified Real Estate ETF	8.9%	$77m	SPDR Dow Jones International Real Estate ETF	-12.2%	$225m
iShares Core U.S. REIT ETF	7.4%	$2,807m	iShares International Developed Real Estate ETF	-7.0%	$87m

Source: etfdb.com

Vanguard Real Estate ETF (VNQ, +4% y/y) is the dominant ETF in this space ($34bn). The commercial real estate (CRE) market, which is the largest sub-segment of REITs is experiencing record vacancy rates in many major cities, Interestingly, despite these issues the VNQ modest net inflows. The average sector dividend yield is 3.8% which is hardly appealing relative to fixed income returns and a US 10-year bond yield of ~4.60%. Over a 3-year history REITs have underperformed the MSCI. We hold no REIT exposure.

Selected REIT ETFs

Source: Saxo Group

THE STRATEGY

The Eight Bays Global Equity Fund is a US dollar denominated portfolio of Exchange Traded Funds (ETFs) and stocks designed to complement domestic equity portfolios by investing in global growth industries and equities not well represented on the ASX. The portfolio comprises securities that are listed on major US exchanges. The strategy has an investment bias towards growth industries with attractive structural characteristics. The portfolio can hold between 5 and 20 ETFs/stocks. The fund can hold a maximum cash weighting of 20%, but typically has a greater than 95% equity exposure.

INVESTMENT PHILOSOPHY

We believe that industry factors are the primary drivers of long-term shareholder value. Industry growth rates, consolidation, fragmentation, regulation, social & political change, macroeconomic trends are all major drivers of industry and equity returns. Our investment process is based on understanding these industry dynamics and identifying those securities that will benefit from such dynamics. Importantly, we believe investing primarily in industry ETFs provides an efficient way to deliver above-average equity returns.

PORTFOLIO GUIDELINES

Benchmark:	MSCI World Index (AWCI)
Universe:	US Equity ETF Market
Number of securities:	5 to 20
Security weights:	Min 1% Max 20%
Portfolio Turnover:	~30%
Cash holdings:	Up to 20%
Hedged:	No. US Dollar product
Investment objective:	2-3% pa > MSCI World

Learn more about the EQT Eight Bays Global Fund at Equity Trustees or Eight Bays.