

EQT RESPONSIBLE INVESTMENT GLOBAL SHARE FUND

FUND OBJECTIVE

The investment objective of Equity Trustees' Responsible Investment Global Share Fund (the Fund) is to provide investors with exposure to a diversified investment in international share markets and strong capital growth over the long-term.

The Fund aims to outperform its Benchmark over a rolling 5-year period, after taking into account Fund fees and expenses

RESPONSIBLE INVESTMENT

A multi-manager offering targeting managers that possess superior capability in investment process and a demonstrated focus on integrating responsible investing principles such as ESG integration, corporate engagement, proxy voting and negative screening.

Sustainable equity funds are viewed favourably in the manager selection process. Higher scores and priority are assigned to managers with a demonstrated and consistent process in selecting sustainable companies that have positive contribution to one or more of the United Nations Sustainable Development Goals (SDGs).

RIAA CERTIFICATION



This Fund is certified by the Responsible Investment Association of Australasia (RIAA). The Certification Symbol signifies that a product or services offers an investment style that takes into account environmental, social, governance or ethical considerations.

The symbol also signifies that the Fund adheres to the strict operational and disclosure practices required under the Responsible Investment Certification Program for the category of Product Provider. The Certification Symbol is a Registered Trademark of RIAA. Detailed information about RIAA, the Symbol and the Fund's methodology, performance and stock holdings can be found at <https://www.responsiblereturns.com.au/>, together with details about other responsible investment products certified by RIAA



FUND PERFORMANCE

PERFORMANCE ¹	EQT RESPONSIBLE INVESTMENT GLOBAL SHARE FUND		3 YEARS	5 YEARS	SINCE INCEPTION
	3 MONTHS	1 YEAR	(P.A.)	(P.A.)	(P.A.) ²
Distribution return	0.00%	0.87%	7.11%	7.03%	5.31%
Growth return	2.27%	15.65%	-1.64%	1.53%	1.15%
Total net return	2.27%	16.52%	5.47%	8.56%	6.47%
Benchmark return ³	2.39%	23.20%	10.56%	12.41%	8.30%
Active return	-0.13%	-6.68%	-5.09%	-3.85%	-1.83%

Table 1

¹ Performance: distribution return is the return due to distributions paid by the Fund, growth return is the return due to changes in initial capital value of the Fund, total net return is the Fund return after the deduction of ongoing fees and expenses and assumes the reinvestment of all distributions.

² The EQT Responsible Investment Global Share Fund was previously known as EQT Core International Equity Fund. The Fund was repositioned in September 2022 to have a Responsible Investment focus, resulting in a change in the investment manager line up. Inception date of the Fund is 31 January 2006.

³ Benchmark return is the MSCI World Index net dividends reinvested (AUD).

Past performances should not be taken as an indicator of future performance. Results greater than one year are annualised.

PERFORMANCE SUMMARY

The Fund recorded a total net return of 2.27% for the September quarter, performing broadly in-line with the benchmark. Over the quarter, the Orbis Global Equity Fund performed strongly rising 5.8%, while the Alphinity Global Sustainable Fund underperformed.

Over the last 12 months, the Fund recorded a total net return of 16.52%, underperforming the benchmark by 6.68%. The Fund has been negatively impacted by the underperformance of the Cooper Investors Global Endowment Fund and Vontobel Global Equity Fund.

MANAGER SUMMARY

MANAGER PERFORMANCE ¹	1 MONTH	3 MONTHS	1 YEAR
	RETURN	RETURN	RETURN
Vontobel Global Equity Fund	-0.1%	2.9%	16.4%
Alphinity Global Sustainable Equity Fund	-2.0%	-0.9%	26.8%
Orbis Global Equity Fund	-1.2%	5.8%	21.2%
Cooper Investors Global Endowment Fund ²	-0.6%	2.4%	8.3%
Benchmark Return ³	-0.4%	2.4%	23.2%

Table 2

¹ Manager returns are total gross returns before the deduction of ongoing fees and expenses.

² Coopers was a hedged strategy prior to 1 November 2022.

³ Benchmark is the MSCI World Index net dividends reinvested (AUD).



FUND HOLDINGS

MANAGER ALLOCATION

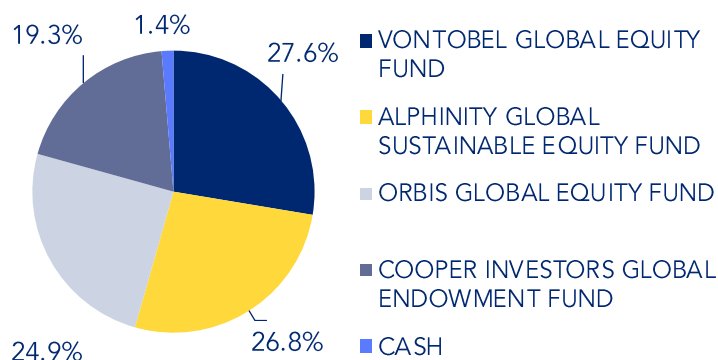
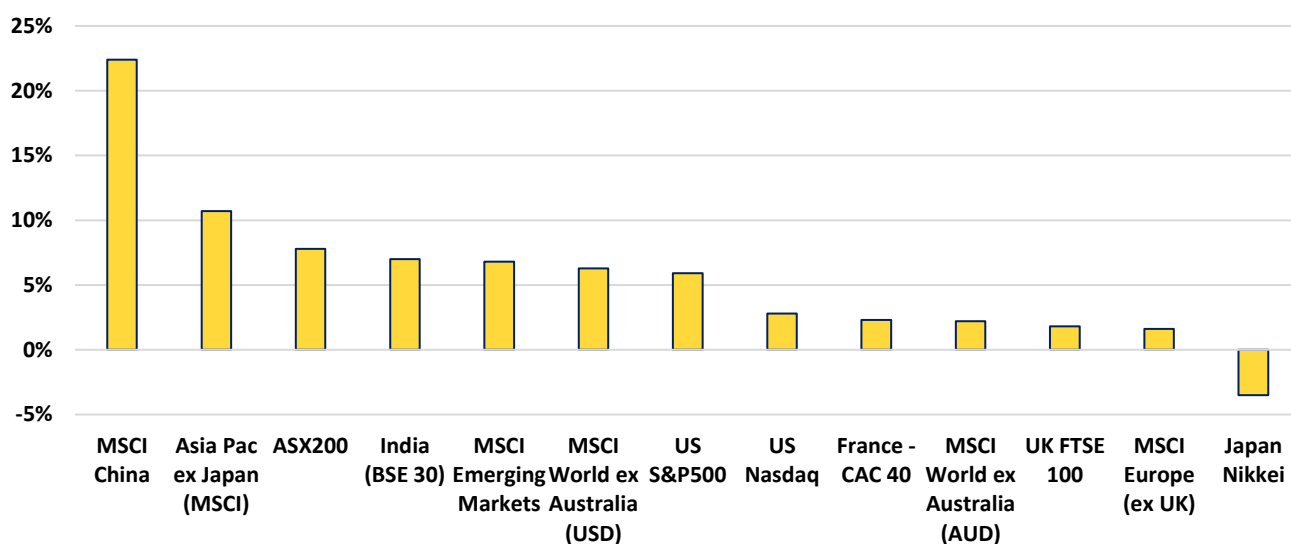


Chart 1

MARKET SUMMARY

The MSCI World ex Australia Index rose 6.3%. In \$A terms, however, the gains were more muted at +2.2%. In local currency terms the Asia-ex Japan index rose 10.7% and US S&P500 rose 5.5%. Emerging Markets outperformed Developed Markets. Relative underperformers included the Korean Kospi (-7.3%), Japanese Nikkei (-4.2%) and UK FTSE (+1.8%).

Sept Quarter Equity Market moves - Local Currency %

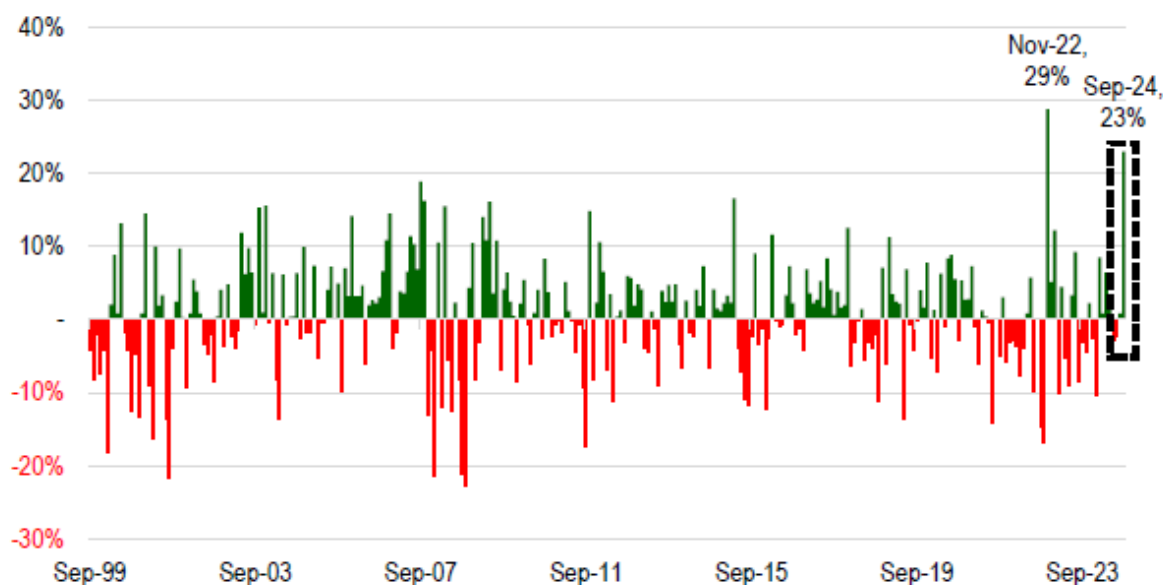


Source: Equity Trustees

Asian markets were buoyed by the Chinese (+22.4%) and Hong Kong (21.7%) stock markets late in the quarter following announcements by Chinese authorities of new stimulus. Throughout the quarter Chinese economic data was softer than expected leading the authorities to announce large scale stimulus measures at the end of September aimed at stabilising the ailing property market and lifting consumer confidence.



The stimulus-induced rally led to the second-best month-on-month performance for the MSCI China since 2000



Source: JPMorgan, Bloomberg Finance LP

In the US, the S&P500 hit all-time highs during the quarter. Interestingly the US S&P500 rose 5.5% outperforming the US Nasdaq (+2.6%). A feature of the quarter was a rotation from the large cap US Tech names into sectors that will benefit from lower interest rates and a broadening of economic growth.

Second quarter 2024 US reporting season was again solid. Year-on-year (yoy) earnings growth was 11.7% with earnings positively surprising by 4%. The 'Magnificent 7' posted ~38% yoy earnings per share growth for the quarter versus ~32% expected at the beginning of the reporting period. Financials and utilities delivered the strongest positive earnings surprise. Importantly, the US saw a broadening in earnings delivery.

In USD terms, the best performing sectors within the MSCI World over the quarter were Utilities (+16.9%), REITs/property (+16.2%) and Financials (+10.2%). Conversely, the laggards included Energy (-3.2%), IT (1.4%) and Communication Services (+2.6%). Global earnings expectations rose ~4% over the quarter. The MSCI Emerging Markets drove most of the upgrades with earnings expectations rising 5.2%.

Inflation in the US continued to normalise. The US Federal Reserve cut rates 50bp (0.5%) to 4.75% in September and guided to continued rate cuts over the next 12-18 months. While US economic data has slowed but been broadly resilient, a move to cut rates by the central bank has lessened fears around a recession. Policy rate cuts signalled that not only is inflation more controlled, but that the Fed is looking to support the Labor market and lower income households who are hurting from tighter economic conditions. The US Dollar fell against most major currencies and US 10-year bond yields fell 62bp to 3.78%.

Kamala Harris took over from Joe Biden as the Democrat representative for the US Presidency. As the quarter progressed polls became more evenly split between the Republicans and Democrats. While both parties have been vocal about further fiscal stimulus, the Democrat tariff related policies do not appear as onerous on exporting nations but have signalled for higher taxes.

Data out of Europe weakened during the quarter, especially Germany. Europe has been more affected by the softer Chinese economy. The European Central Bank and the Bank of England reduced rates amid stabilising inflation and economic challenges.



RESPONSIBLE INVESTMENT SPOTLIGHT – INSIGHTS FROM THE MANAGER

Equity Trustees Asset Management view active ownership as a key element of the responsible investment process and a valuable tool in generating long term value for our clients. The underlying investment managers within the EQT Responsible Investment Global Share Fund share the same view and each quarter we highlight the stewardship activities undertaken by one of the managers.

ORBIS INVESTMENT MANAGEMENT: ENGAGEMENT WITH AIB GROUP

At Orbis, we meet hundreds of investees and potential investee companies each year. We primarily use those meetings to improve our understanding of the business and may also exchange perspectives on issues that may be material to the company's intrinsic value. At times, we may follow up to share our views in writing when we believe there is an opportunity to encourage change that will further our clients' interests by enhancing or preserving their risk-adjusted returns.

Such an opportunity arose last April, when we felt that AIB Group, an Irish bank, was out of step with its peers in only returning capital to shareholders via dividends or share buybacks once per year. After sharing our views with management, we wrote to the Chair of the Board to encourage them to restore regular interim distributions. In our view, this would not only enhance AIB's return on equity without increasing risk unduly, but it would also mark another step in building a sustainable future for the company because it would no longer be in a minority of leading eurozone banks that relied solely on annual distributions.

AIB subsequently announced an interim share buyback when it announced 1H24 results. Companies speak to a wide range of internal and external stakeholders, making it impossible to prove that this positive outcome was the result of our efforts. While we would not make such a claim in this case, we believe our engagement provided a helpful perspective for the company's management and Board.

OUTLOOK AND STRATEGY

As detailed in our market summary, most asset sectors and asset classes continued to grind inexorably higher over the September quarter. Consensus views are of 'soft' or 'no' landing scenarios, whereby economic growth slows just enough to sustainably curb inflation while avoiding recessionary conditions and a sharp uptick in unemployment. The commencement of interest rate cutting cycles in the US and Europe has helped fuel investor optimism and willingness to pay ever higher market multiples, notwithstanding weakening earnings forecasts.

In updating our outlook and strategy from the June quarter, we would consider that much of what has occurred was anticipated and similar issues remain, leaving our tactical positioning largely unchanged.

The June 24 reporting period in the US and Australia was largely in line with expectations overall for earnings delivery. However, forward looking guidance from management teams was rather subdued and FY25 forecasts have continued to be modestly downgraded over the quarter.

Chinese authorities have reinforced the importance of meeting economic growth targets of 5% pa and have announced significant monetary policy stimulus to revive the ailing property market and stimulate consumers to save less and spend more. Markets are also expecting Chinese fiscal stimulus to be substantial and have rallied aggressively. While it is dangerous to underestimate the will of Chinese policy, we believe that the structural overbuild and excess supply in the Chinese property market as well as emerging demographic challenges will mean that the impact of these measures will fail to meet market expectations over coming periods.

China economic growth challenges are being exacerbated by the trend to deglobalisation, with Chinese exports being pressured by a range of measures in the EU and if Donald Trump were to reclaim the Presidency, US tariff increases are highly likely.

Of course, other geopolitical issues continue with the conflict in the Middle East widening. We have no particular insights as to how these conflicts will resolve themselves but note that downside risks from further escalation do not appear discounted into market valuations.

From a tactical asset allocation perspective, we remain modestly underweight equity markets from a tactical asset allocation perspective due to the perceived asymmetry between the current positive sentiment versus the



crystalising of any or all the risks identified above. The relative valuation appeal to bonds is also not as attractive as it has been in recent years.

While aggregate global equity market valuations are above historic levels, expectations are for higher earnings growth (~10%). The commencement of Central bank rate cuts have helped sentiment but we believe the rate cutting cycle may be slower and shallower than currently priced into forward curves.

We continue to note that while macro factors are important, in more challenging economic conditions it is beneficial to focus on basic micro factors as to what makes a good business and investment. We believe that active management in the right areas can contribute to strong overall returns.

The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

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