

# GLOBAL INDUSTRY ETF REVIEW

Eight Bays Investment Management

## GLOBAL INDUSTRY ETF REVIEW

### MAJOR SECTOR ETFS RANKED BY 6 MONTH RETURNS

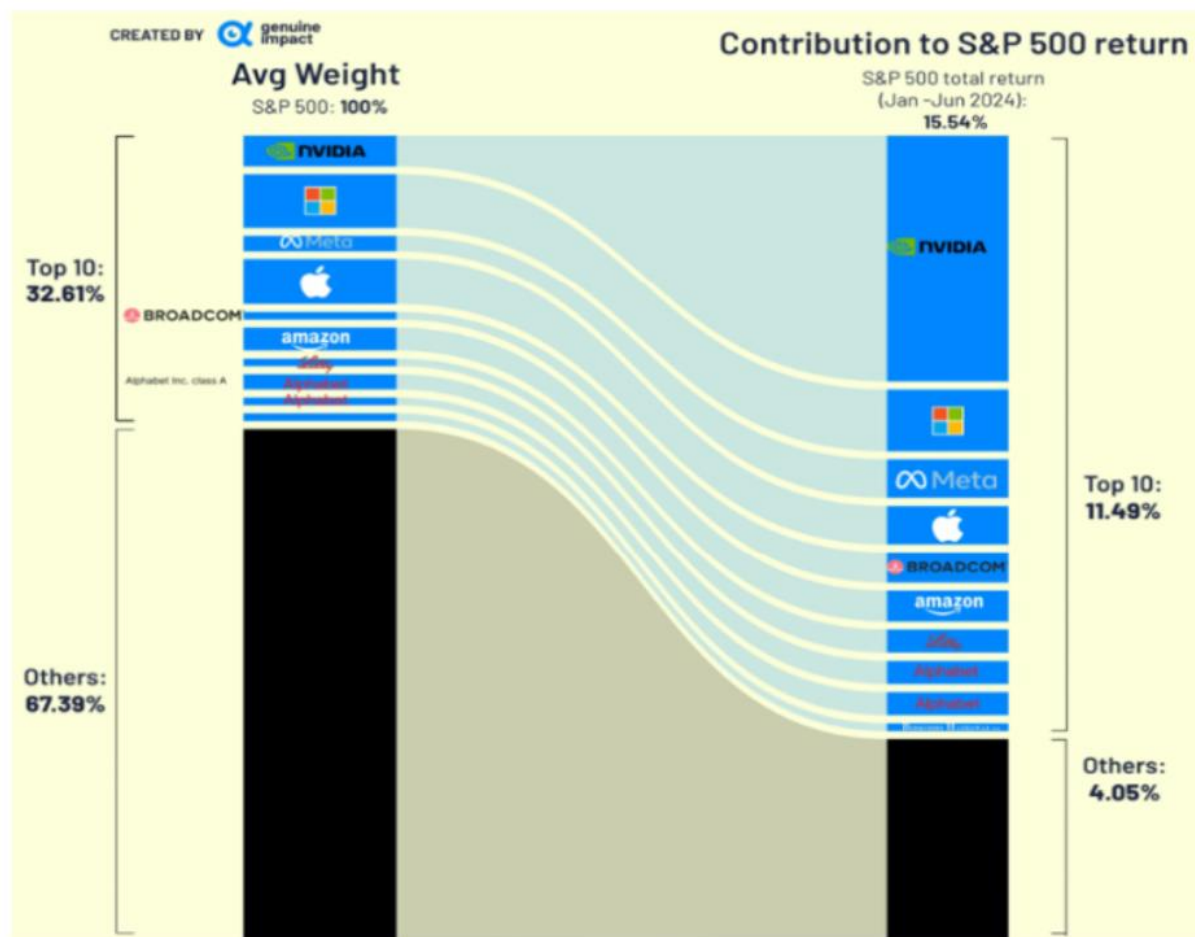
Instrument	Symbol	Last traded	% 6M ▼	% 1Y total return	% 3Y total return	% 5Y total return
ETF Vanguard Information Technology ETF	VGT:arcx	585.00	24.37%	32.65%	49.55%	184.42%
ETF The Communication Services Select Sector...	XLC:arcx	86.1100	19.11%	32.44%	7.54%	79.84%
ETF iShares MSCI ACWI ETF	ACWI:xnas	113.19	12.18%	19.51%	17.22%	66.20%
ETF VanEck Vectors Gold Miners ETF	GDV:arcx	34.0200	11.32%	14.32%	4.69%	44.70%
ETF The Financial Select Sector SPDR ETF	XLF:arcx	41.6400	10.38%	24.30%	17.82%	63.17%
ETF The Energy Select Sector SPDR ETF	XLE:arcx	91.09	7.54%	16.15%	87.35%	84.31%
ETF The Industrial Select Sector SPDR ETF	XLI:arcx	121.34	7.43%	14.16%	22.74%	69.37%
ETF The Utilities Select Sector SPDR ETF	XLU:arcx	68.00	5.87%	6.93%	16.27%	33.47%
ETF The Consumer Discretionary Select Sector ...	XLY:arcx	186.4000	5.32%	8.63%	4.52%	59.35%
ETF The Consumer Staples Select Sector SPDR ...	XLP:arcx	76.5800	5.12%	5.58%	18.10%	48.84%
ETF Vanguard Health Care ETF	VHT:arcx	263.7600	3.61%	9.63%	10.63%	62.14%
ETF The Materials Select Sector SPDR ETF	XLB:arcx	87.10	2.01%	7.05%	11.72%	63.51%
ETF Vanguard Real Estate ETF	VNQ:arcx	83.32	-6.46%	3.64%	-8.86%	14.62%

Source: Saxo Capital

Broad Technology (VGT) and Communication Services (XLC) were the only two sectors to eclipse MSCI's (ACWI) 12% return for the half year. The ten largest stocks in the S&P 500 have driven more than 70% of the index's 2024 YTD return. More interestingly, an outsized portion of this is due to Nvidia's rally alone with this stock appreciating 155% over the 6 month period on the back of exceptionally strong earnings growth - 208% revenue growth & 803% EPS growth (latest quarter). By and large most of the big tech names reported better than forecast earnings during the period, somewhat justifying their share price moves.



## Exhibit 3: S&P 500 Constituent Contribution to 2024 YTD Return

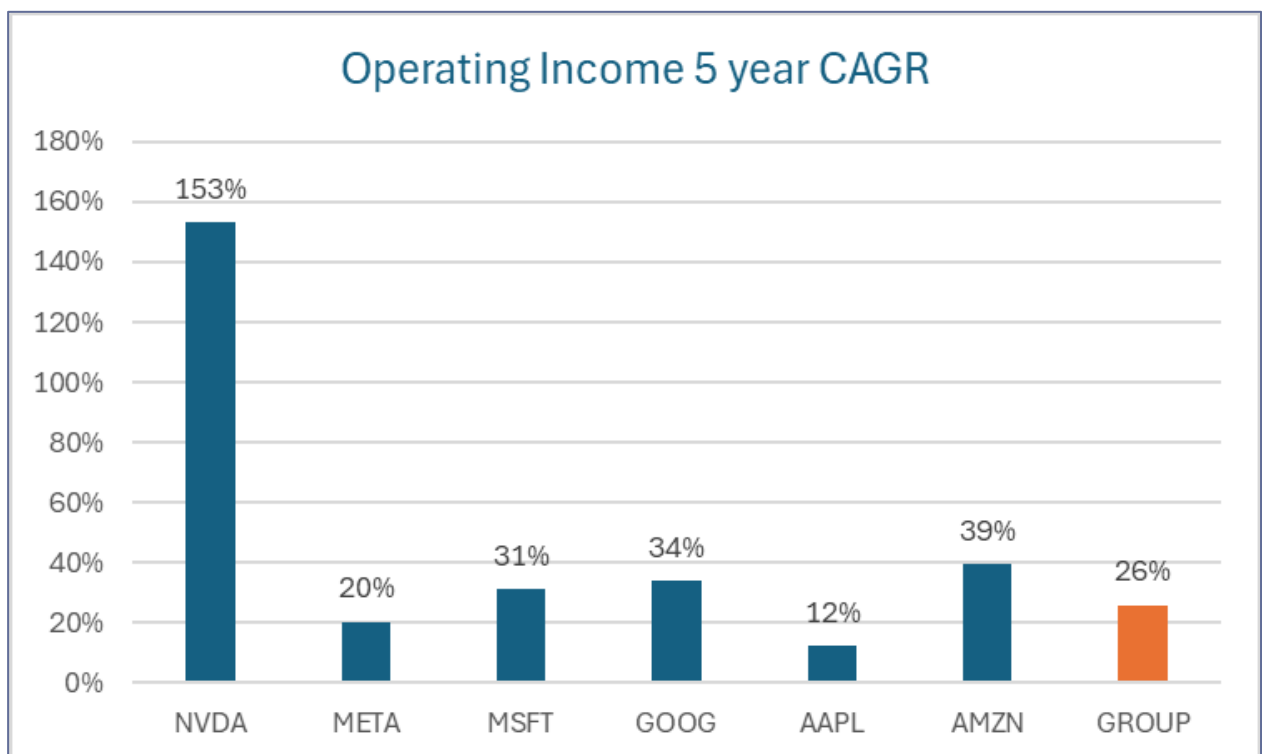
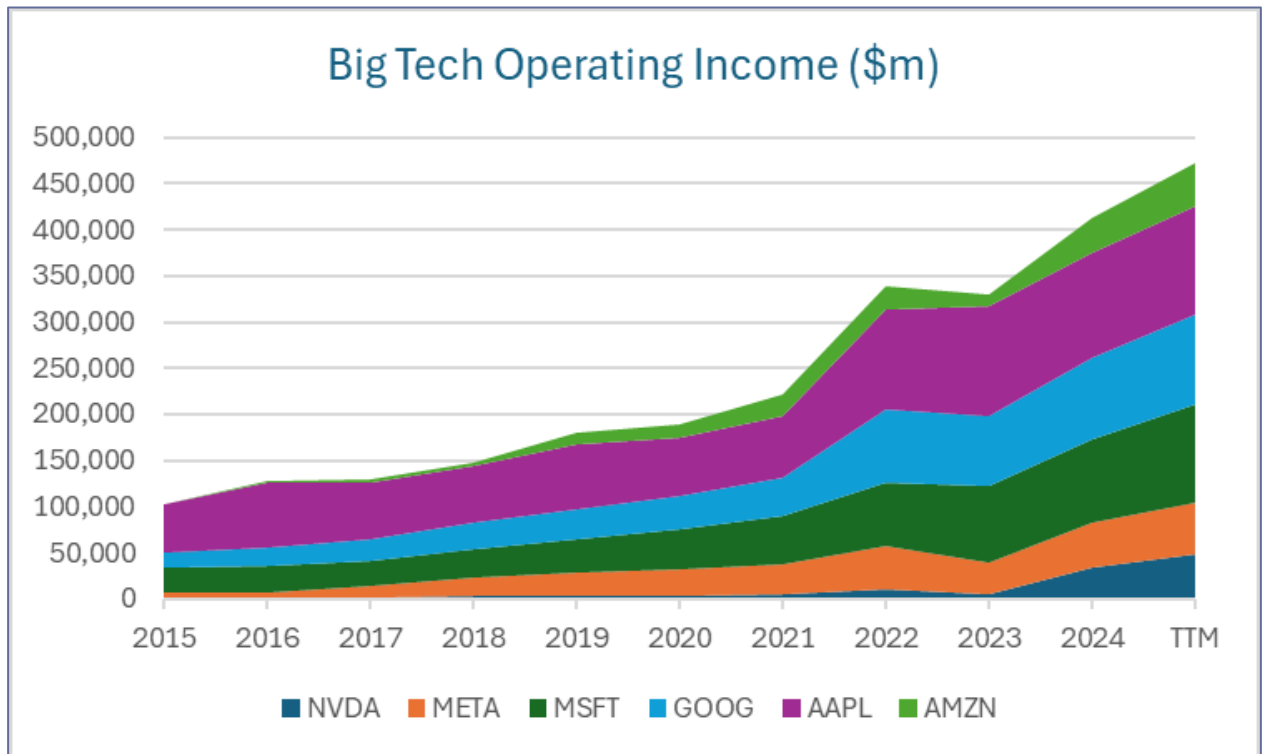


Source: Genuine Impact, Bloomberg, Twitter @Mayhem4Markets

The dominance of the US technology sector in terms of stockmarket performance in recent years can be largely attributed to superior earnings growth delivered by the major participants relative to the rest of the market. Compound growth in operating earnings was 26% over the past 5 years for the major tech companies, with Nvidia being a stand out grower with 153% CAGR. The current operating income run rate for the big six is over \$500bn, more than double the combined earnings in 2020.



## BIG 6 TECHNOLOGY COMPANY OPERATING INCOME



Source: SeekingAlpha, Company filings



**The key question for investors are can these businesses sustain such earnings growth and more importantly what will be the drivers of future growth?**

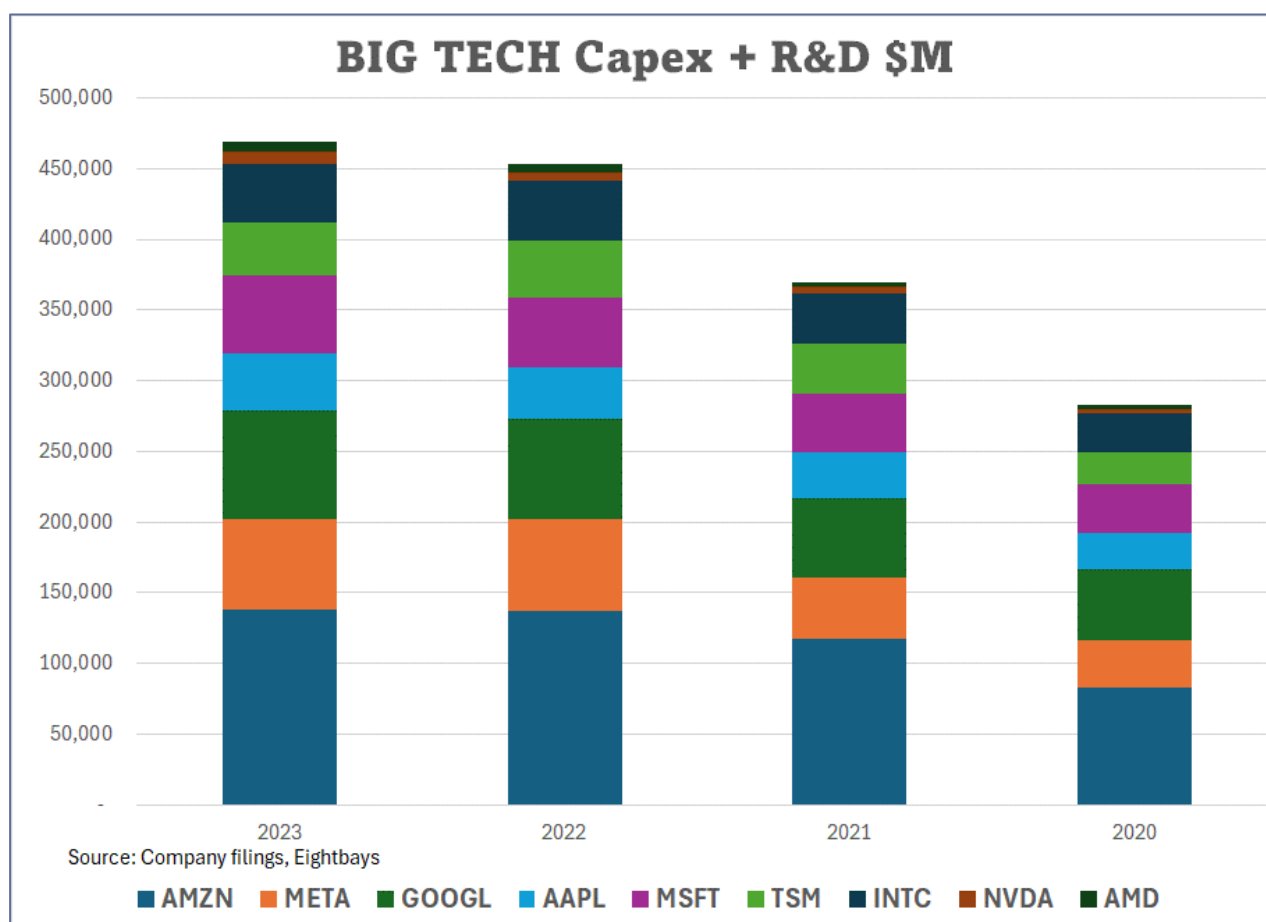
There are dynamics within the technology sector that we believe will support earnings growth for these business. The biggest single dynamic being the transition from general computing (CPU intensive) to parallel computing (GPU intensive) for the delivery of machine learning and artificial intelligence functions such as those provided by Large Language Models or LLMs. This revolution in the global compute environment requires considerably more IT expenditure. We note that capex and R&D budgets were increased substantially in the most recent quarterly reports by all the major technology businesses.

*"We anticipate our overall capital expenditures to meaningfully increase year-over-year in 2024, primarily driven by higher infrastructure CapEx to support growth in AWS, including generative AI." Andy Jassy CEO Amazon.com*

This first phase of expenditure is largely absorbed by the hardware providers ie data centres (Cloud Service Providers or CSPs), semiconductor and memory chip manufacturers and suppliers of network equipment. The next area of growth will be in Ai enabled devices such as PCs, laptops and smart phones. Most analysts are forecasting a strong upgrade cycle in such devices. Software development for Ai related use cases is likely to become an important and fast growing industry.

*"collectively, the companies on the AI 50 List have raised a total of \$34.7 billion in funding." Forbes Magazine*

We are already witnessing developments across a broad range of industries from drug development to legal services. It is important to remember that the major driver of the spend is, and will continue to be, to improve customer experience, data collection and management, business efficiency and returns to the end user base while maintaining a competitive position.





# INDUSTRY ETF MID-YEAR REVIEW

The US industry ETF market was valued at US\$1.12tr as at June 2024 (\$1.0tr at Dec 2023). Industry ETFs represent about 17% of all US equity ETFs (\$7.1 tr).

The US equity ETF market had a strong six months both in terms of funds flow and performance. Only one sector delivered negative returns and that was real estate (-6%). However, what is interesting is that only two sectors outperformed the MSCI benchmark (+12%) - Technology (+24%) and Communication Services (+19%). Net funds flow in the first six months of 2024 was \$270bn and a record 190 ETFs were listed. The total market value of these new listings was \$12bn. Eagle Capital Select Equity ETF was the largest listing (\$1.98bn) and Global X Russell 2000 ETF was next largest (\$1.2bn). The smallest listing was the Themes Silver Miners ETF (\$509k). Most listings were smart beta/active ETFs together with leveraged strategies and as such the expense ratios of these ETFs are typically much higher than those in our investment universe.

## TOP 10 NEW ETF LISTINGS YTD 2024

ETF Name	Symbol	Stype	Inception	Total Assets	ER	YTD FF
Eagle Capital Select Equity ETF	EAGL	active	25/03/2024	\$1,986,600,000	0.80%	\$109,212,260
Global X Russell 2000 ETF	RSSL	passive	5/06/2024	\$1,213,630,000	0.08%	\$1,194,232,405
FT Energy Income Partners Enhanced Income ETF	EIPI	active	6/05/2024	\$969,034,000	1.10%	-\$281,917,421
CCM Global Equity ETF	CCMG	active	18/01/2024	\$864,974,000	0.34%	\$803,142,565
Alerian MLP Index ETNs due January 28, 2044	AMJB	active	26/01/2024	\$791,701,000	0.85%	\$668,409,950
Fidelity Hedged Equity ETF	FHEQ	active	9/04/2024	\$459,196,000	0.48%	\$447,787,289
Neuberger Berman Option Strategy ETF	NBOS	active	29/01/2024	\$449,027,000	0.56%	-\$45,136,565
NEOS Nasdaq 100 High Income ETF	QQQI	active	30/01/2024	\$316,553,000	0.68%	\$312,041,994
YieldMax MSTR Option Income Strategy ETF	MSTY	active	22/02/2024	\$296,732,000	0.99%	\$342,273,028
YieldMax Universe Fund of Option Income ETFs	YMAX	active	17/01/2024	\$257,755,000	1.28%	\$270,512,750

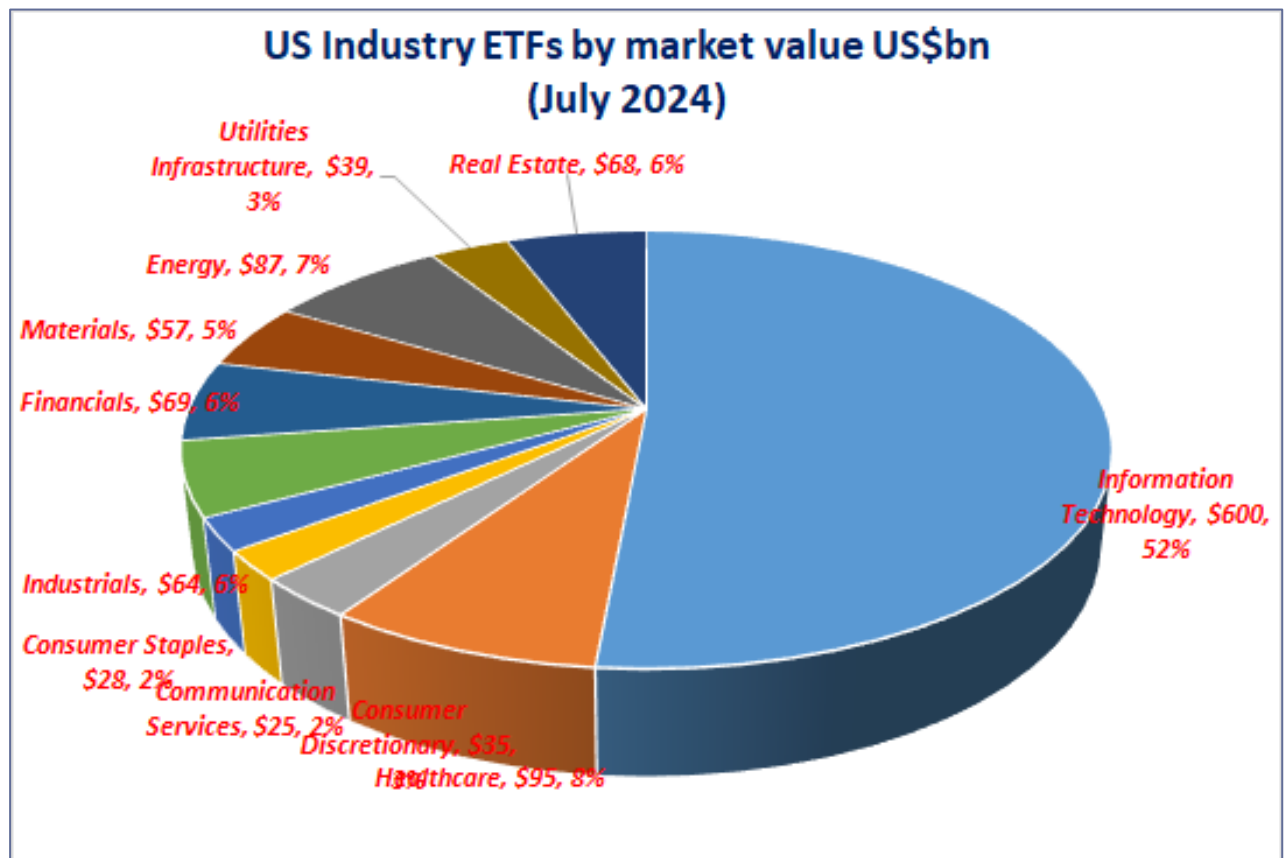
Source: VettaFi

The universe of industry ETFs includes over 320 funds, excluding leveraged and short strategy ETFs. The technology sector remains the largest with a market value of approximately \$600bn up from \$479b as at YE 2023. Technology ETFs account for 51% of the industry universe (47% YE 2023) and are the most populous sector with over 60 funds. Funds flow in tech ETFs was positive in the second half of 2023. Healthcare ETFs were valued at \$95bn (\$92bn YE 2023) or 8% of industry ETFs (9% YE 2023) and includes 36 funds. Net funds flow into industry ETFs exceeded \$20b over the 6-month period with Technology ETFs receiving inflows of \$22bn. The Industrial sector recorded \$4bn of funds. Net outflows were highest in Materials (-\$2bn) and Energy (-\$1.5bn).

## KEY SECTOR DATA – JULY 2024

Sector	No. of ETFs	Market Value \$bn	Share of total	YTD Funds Flow (\$bn)	Average change YTD	PE (x)	Yield	Average Beta	Funds Flow/MV	Expense Ratio
Information Technology	63	\$600	51%	\$22.0	15.0%	18.4	0.33%	1.15	4%	0.55%
Healthcare	36	\$95	8%	\$0.0	0.9%	16.6	0.72%	0.85	0%	0.49%
Consumer Discretionary	26	\$35	3%	-\$0.7	4.7%	15.0	0.77%	1.27	-2%	0.48%
Communication Services	7	\$25	2%	-\$0.2	10.6%	16.1	0.93%	1.01	-1%	0.35%
Consumer Staples	13	\$28	2%	-\$1.3	3.2%	14.7	2.11%	0.75	-5%	0.57%
Industrials	37	\$64	5%	\$4.0	3.2%	19.0	0.80%	1.13	6%	0.52%
Financials	32	\$69	6%	-\$0.1	7.0%	11.3	2.49%	1.10	0%	0.56%
Materials	37	\$57	5%	-\$2.1	-0.6%	9.4	1.96%	1.11	-4%	0.51%
Energy	19	\$87	7%	-\$1.5	9.1%	6.8	2.40%	1.39	-4%	0.60%
Utilities Infrastructure	26	\$39	3%	\$0.3	4.0%	17.9	2.67%	0.74	1%	0.50%
Real Estate	32	\$68	6%	-\$0.2	-4.4%	13.0	3.69%	0.91	0%	0.39%
Total industry ETFs	328	\$1,166	100%	\$20.2	4.8%	14.4	1.71%	1.04	2%	0.50%

Source: VettaFi, Eight Bays





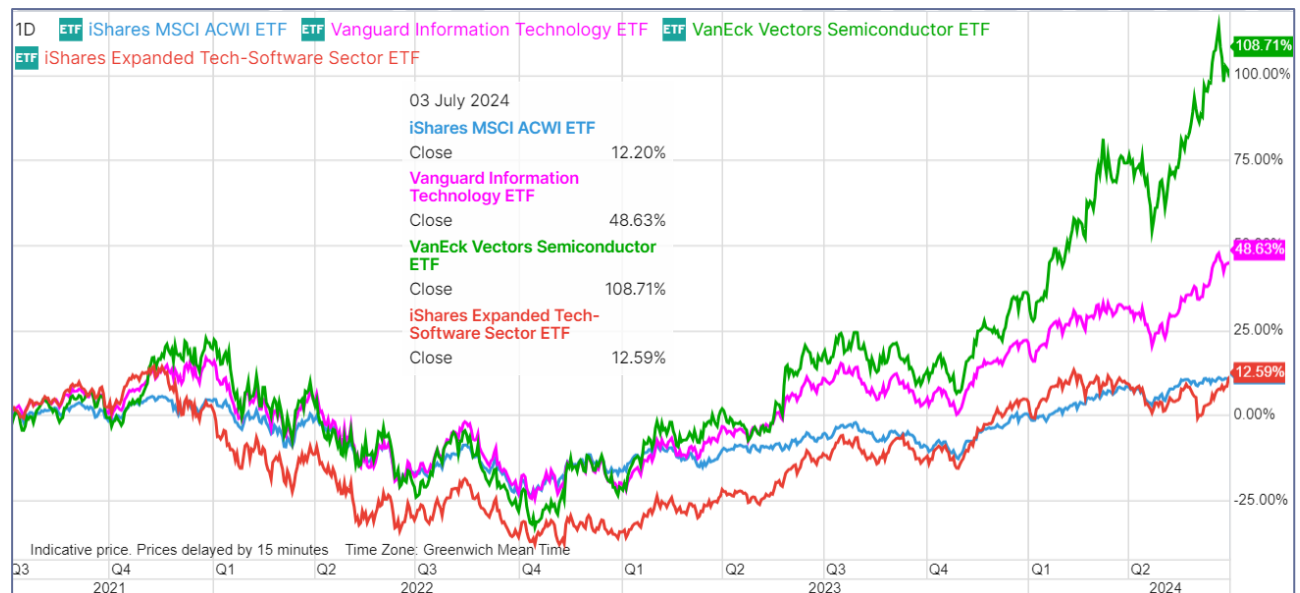
## TECHNOLOGY

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
VanEck Semiconductor ETF	49.3%	\$22bn	Direxion Moonshot Innovators ETF	-16.2%	\$19m
ProShares Ultra Technology	34.0%	\$35m	ARK Innovation ETF	-15.1%	\$1944m
Invesco PHLX Semiconductor ETF	31.8%	\$475m	Global X Cloud Computing ETF	-12.9%	\$125m

Source: etfdb.com

The technology sector includes industries such as semiconductors, cloud services, AI & robotics, software and cybersecurity. The semiconductor ETFs performed strongly in the year-to-June. Nvidia, now a three trillion-dollar company, is the largest company in this space and is benefiting from accelerated demand for advanced GPU chips which are needed for the build out of generative AI infrastructure. Nvidia experienced another wave of earnings upgrades during the year. ETFs in this sector that did not hold Nvidia clearly suffered over the period. ARKK (an active fund) and IGV (the largest software ETF) experienced large net fund outflows - \$1.9bn and \$1.1bn respectively. QQQ (broad tech), SMH (semis) and VGT (broad tech) recorded strong inflows – \$17bn into the QQQ. Given the continued digitalization of the economy and shift to the era of parallel computing we retain an overweight position in the sector.

## SELECTED TECHNOLOGY ETFs







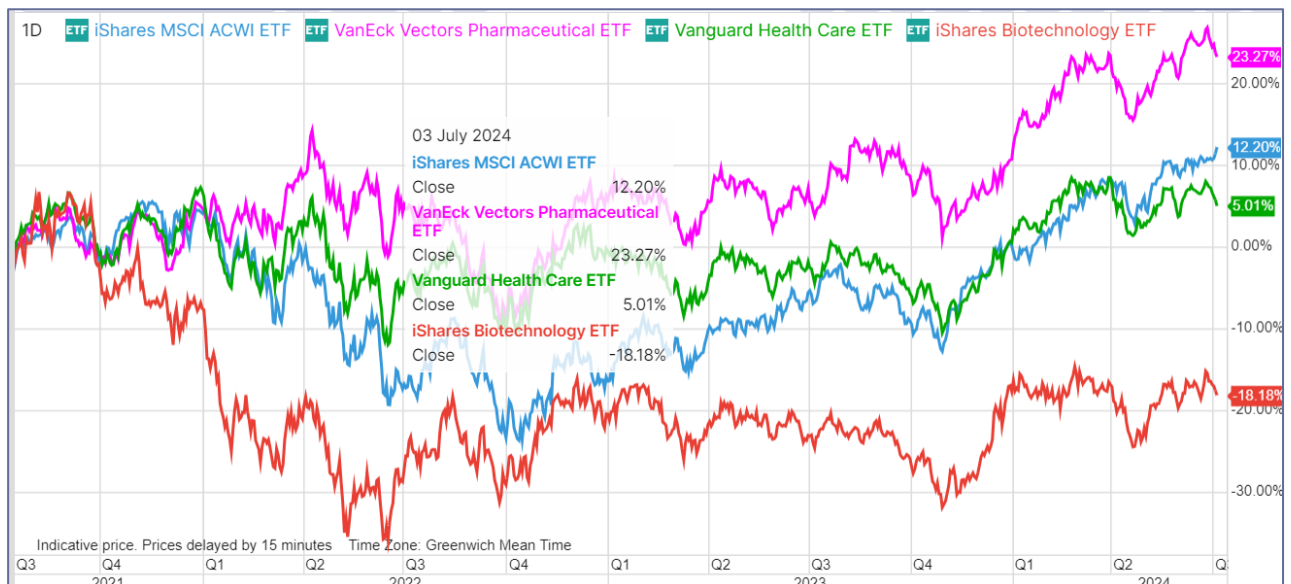
## HEALTHCARE

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
VanEck Pharmaceutical ETF	13.4%	\$603m	ARK Genomic Revolution ETF	-29.2%	\$1278m
AdvisorShares Pure Cannabis ETF	12.6%	\$44m	KraneShares MSCI All China Health Care ETF	-24.2%	\$39m
Invesco Dorsey Wright Healthcare Momentum ETF	10.1%	\$139m	Global X Telemedicine & Digital Health ETF	-14.2%	\$44m

Source: etfdb.com

Industries within the healthcare sector include medical devices, pharmaceuticals, biotechnology, healthcare services and genomics. XLV is the largest healthcare ETF (\$37bn market value) and appreciated by 7%, underperforming the MSCI. Broad Healthcare ETFs performed better than specialized health ETFs such as genomics, biotech and medical devices. Specialized ETFs underperformed on concerns that GLP-1 (weight loss) drugs will lessen demand for treatments for conditions such as heart and kidney disease, sleep apnea, and even hip replacements. Net outflows were \$3.6bn for the period. We retain our overweight position and have added a global pharmaceutical ETF, VanEck Pharmaceutical (PPH) to the portfolio. Healthcare valuations remain relatively attractive, and the sector maintains defensive characteristics with good longer-term growth prospects.

## SELECTED HEALTHCARE ETFs



Source: Saxo Group





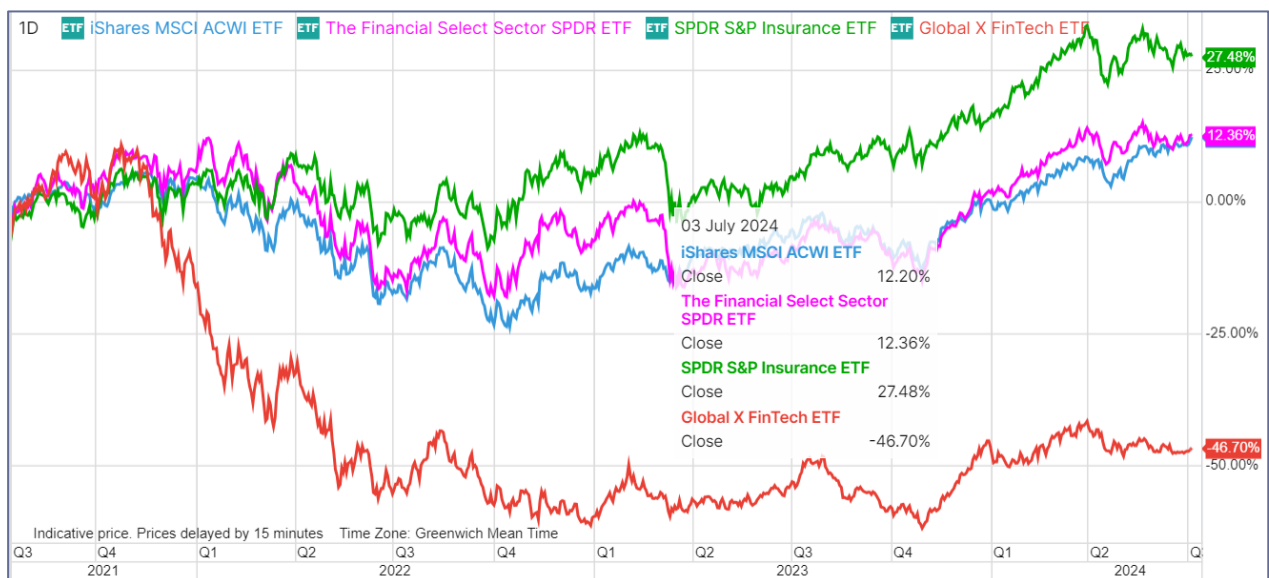
## FINANCIALS

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
Bitwise Crypto Industry Innovators ETF	23.2%	\$141m	First Trust NASDAQ ABA Community Bank Fund	-6.9%	\$58m
ProShares Ultra Financials	16.7%	\$654m	SPDR S&P Regional Banking ETF	-5.3%	\$2712m
iShares U.S. Insurance ETF	13.5%	\$604m	Invesco S&P SmallCap Financials ETF	-2.6%	\$18m

Source: etfdb.com

The financial sector includes retail & commercial banks, investment banks, asset managers, credit cards, payment services and insurance. The XLF is the largest ETF (market value \$33bn). The XLF underperformed the MSCI marginally, appreciating 12% YTD. Net funds flows were slightly negative with regional banks recording larger outflows whilst insurance & broad financial received inflows. The insurance and fintech sectors tended to outperform. Higher interest rates are depressing lending activity in traditional banks. M&A and IPO activity accelerated during the half, which should support investment bank returns. We retain an underweight position in this sector.

## SELECTED FINANCIAL ETFS





## INDUSTRIALS

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
First Trust RBA American Industrial Renaissance ETF	15.5%	\$1,206m	SPDR S&P Kensho Smart Mobility	-10.6%	\$44m
TCW Transform Supply Chain	13.0%	\$16m	First Trust Nasdaq Artificial Intelligence & Robotics	-7.4%	\$521m
Invesco Aerospace & Defense	11.0%	\$3,303m	SPDR S&P Transportation	-6.8%	\$167m

Source: etfdb.com

This sector covers a broad collection of industries including aerospace and defense, transport, building and infrastructure, industrial products, water and environmental services, capital equipment and robotics. The largest industrial ETF (\$18bn), the XLI rose 7% and received inflows of \$1.5bn. The fund holds XLI. We also hold a more targeted position in the First Trust Nasdaq Clean Edge Smart GRID Infrastructure Index ETF (GRID). This fund's portfolio includes primarily large cap industrial enterprises that are at the forefront of the global transition in transport and energy infrastructure. Companies held include ABB, Schneider Electric, Eaton Corporation and Johnson Controls. We retain an overweight position in the industrial sector ETFs despite selling our position in BOTZ (robotics).

## SELECTED INDUSTRIAL ETFs



Source: Saxo Group



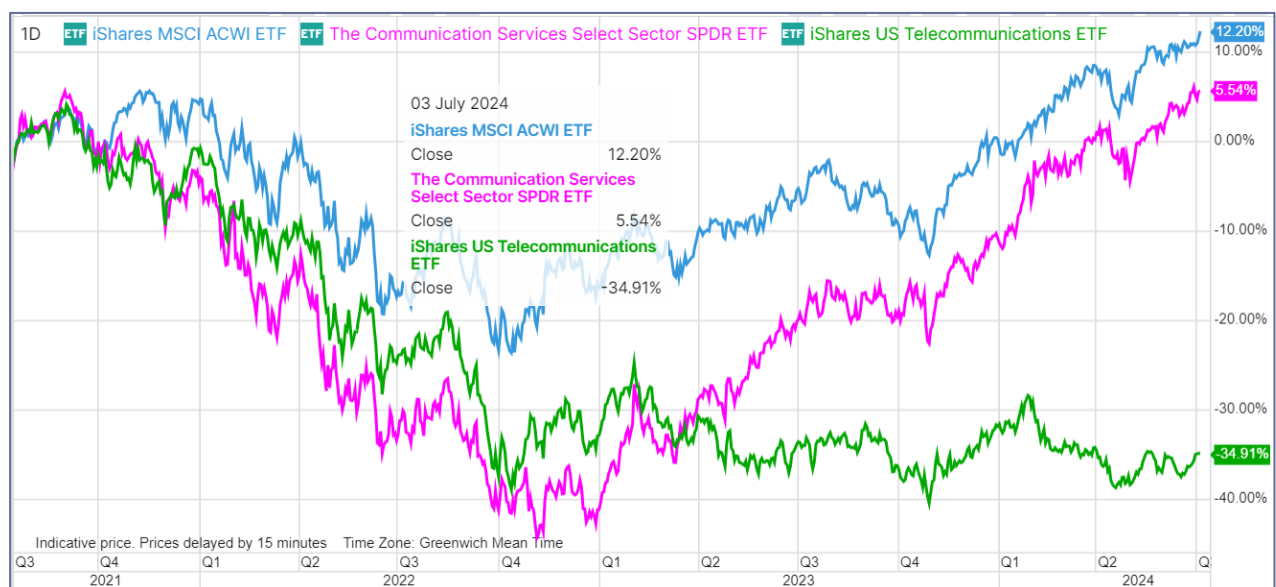
## COMMUNICATION SERVICES

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
iShares Global Comm Services ETF	19.6%	\$395m	iShares U.S. Telecommunications	-3.2%	\$214m
Communication Services Select Sector SPDR	18.0%	\$18,991m	SPDR S&P Telecom ETF	-2.3%	\$60m
Vanguard Communication Services	17.5%	\$4,096m	First Trust Index NextG ETF	7.3%	\$381m

Source: etfdb.com

Industries in this sector include telecommunications, social and traditional media, film/television, on-line gaming, cloud services and video streaming. The XLC (+18%, AUM \$19bn) is the largest ETF in this sector and includes companies such as Alphabet, Meta, Disney, T Mobile and Electronic Arts. Alphabet, Meta and Netflix reported healthy earning growth over the quarter. We believe media services will be one of the primary beneficiaries of the roll-out generative Ai processes from both a cost and revenue perspective. Alphabet and Meta have leading positions in terms of consumer data and technological infrastructure and are leading the push into Ai services. We are overweight this sector.

## SELECTED COMMUNICATIONS ETFs



Source: Saxo Group



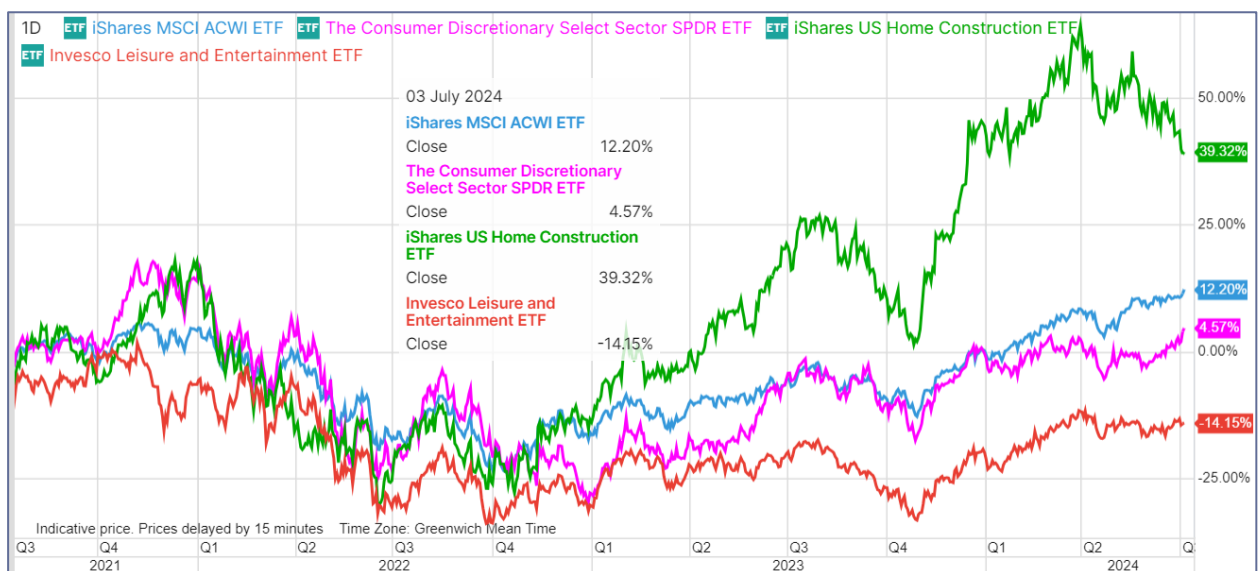
## CONSUMER DISCRETIONARY

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
Columbia India Consumer ETF	19.8%	\$342m	VanEck Gaming ETF	-6.2%	\$37m
VanEck Video Gaming and eSports ETF	16.5%	\$247m	Invesco S&P SmallCap Consumer Discretionary	-3.9%	\$27m
Invesco Dorsey Wright Consumer Cyclical	15.7%	\$68m	iShares U.S. Home Construction ETF	-2.9%	\$2,635m

Source: etfdb.com

This sector is extraordinarily broad and includes apparel (Nike), traditional and on-line retailing (Amazon), automotive (Tesla, GM), home building, home improvement (Home Depot), casinos, travel services and online gaming. XLY (+8% YTD) is the biggest ETF (\$19bn) in this sector and has a large holding in Tesla and Amazon. Funds flows were negative for the period (\$0.5b). We think high consumer interest rates are beginning to impact negatively on consumer spending on cars and household goods. Indeed, some of the larger branded companies such as Tesla, Nike, Lululemon did experience earnings downgrades during the period including due to slowing sales. Late in the June quarter we added Amazon to the portfolio which reduces our underweight position. Amazon is the world's leading e-commerce and cloud services company – two industries not well covered by the current range of ETFs. We are optimistic about both these industries, hence our investment in this name.

## SELECTED CONSUMER DISCRETIONARY ETFS



Source: Saxo Group



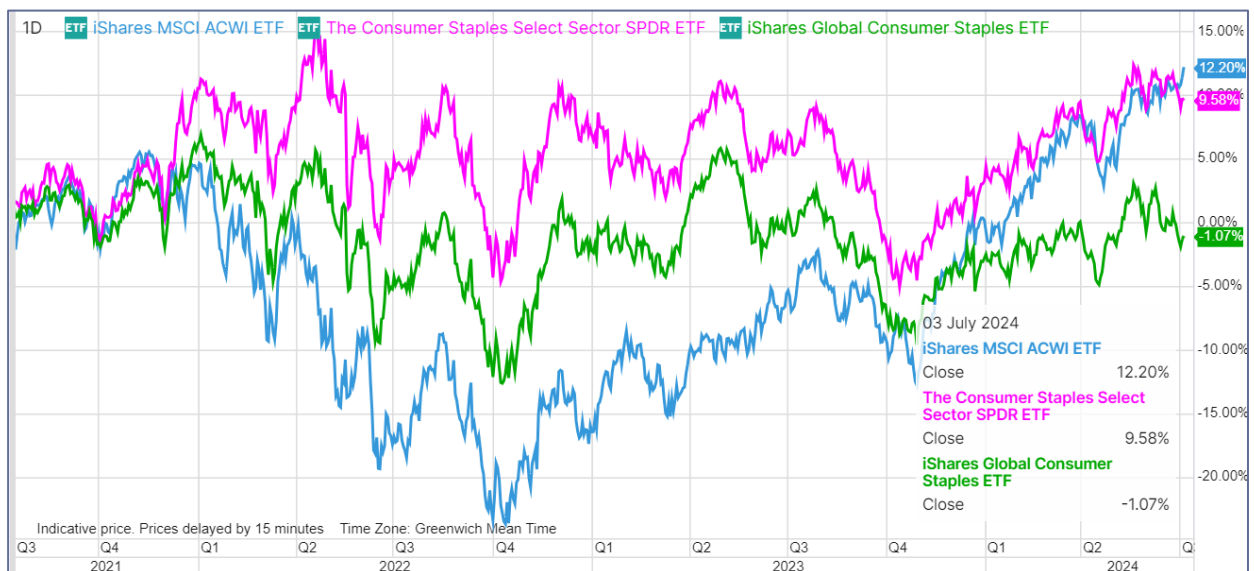
## CONSUMER STAPLES

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
ProShares Ultra Consumer Staples	10.7%	\$7m	Invesco S&P SmallCap Consumer Staples ETF	-7.4%	\$54m
WBI BullBear Quality 3000 ETF	7.5%	\$39m	First Trust Nasdaq Food & Beverage ETF	-2.6%	\$40m
Consumer Staples Select Sector SPDR Fund	7.1%	\$16m	Invesco S&P 500 Equal Weight Consumer Staples	-1.9%	\$369m

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) which appreciated 7% year-to-date, lagging the benchmark. Net outflows were \$1.3bn. 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 staple companies P&G, Coca-Cola, Nestle and Unilever have scarcely exceeded inflation. We retain an underweight position in this sector.

## SPDR CONSUMER STAPLES ETF



Source: Saxo Group



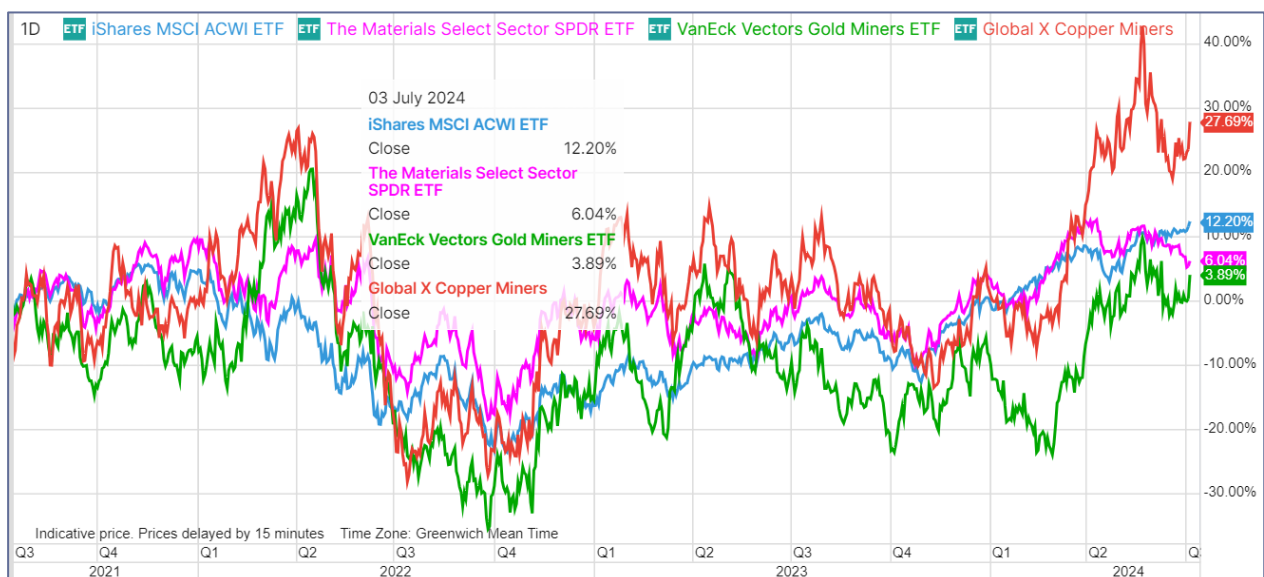
## MATERIALS

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
Global X Copper Miners ETF	21.7%	\$3m	Sprott Lithium Miners ETF	-37.6%	\$6m
iShares Copper and Metals Mining ETF	18.1%	\$38m	iShares Lithium Miners and Producers ETF	-37.0%	\$3m
iShares MSCI Global Silver Miners ETF	12.9%	\$217m	VanEck Rare Earth and Strategic Metals ETF	-30.2%	\$282m

Source: etfdb.com

This highly diverse set of mostly extractive industries includes precious metals, base metals, steel, timber and agriculture. GDX (Van Eck Vectors Gold Miners), the largest ETF in this sector (\$13bn) rose 9% YTD lagging a 16% rally in gold. The broad materials ETF, the XLB rose 2%. Copper Miners rallied on the back of 21% rise in copper prices, whilst plunging lithium prices (-70% Y/Y) hit the battery materials-based stocks. We are underweight the sector.

## SELECTED MATERIALS ETFS



Source: Saxo Group



## ENERGY

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
InfraCap MLP ETF	21.0%	\$401m	Invesco WilderHill Clean Energy ETF	-32.6%	\$289m
Alerian Energy Infrastructure ETF	18.7%	\$155m	Invesco Solar ETF	-26.5%	\$961m
Alerian MLP ETF	17.9%	\$9m	Global X CleanTech ETF	-26.3%	\$41m

Source: etfdb.com

This sector encompasses oil & gas producers, coal and clean energy (solar, wind). The largest ETF – the XLE (\$38bn) rose 10% YTD lagging a 20% increase in oil prices (\$84/bbl). Renewable energy ETFs, part of this sector, continued to suffer declines. The outlook for energy stocks will depend upon the rate at which the world transitions to non-carbon related energy sources. That said, it is likely that existing conventional energy sources gas as oil and gas will be needed for some years and that the lack of investment in these sources should support prices. We are underweight this sector but retain exposure via our holding in an energy transition ETF in the industrial sector.

## SELECTED ENERGY ETFS



Source: Saxo Group





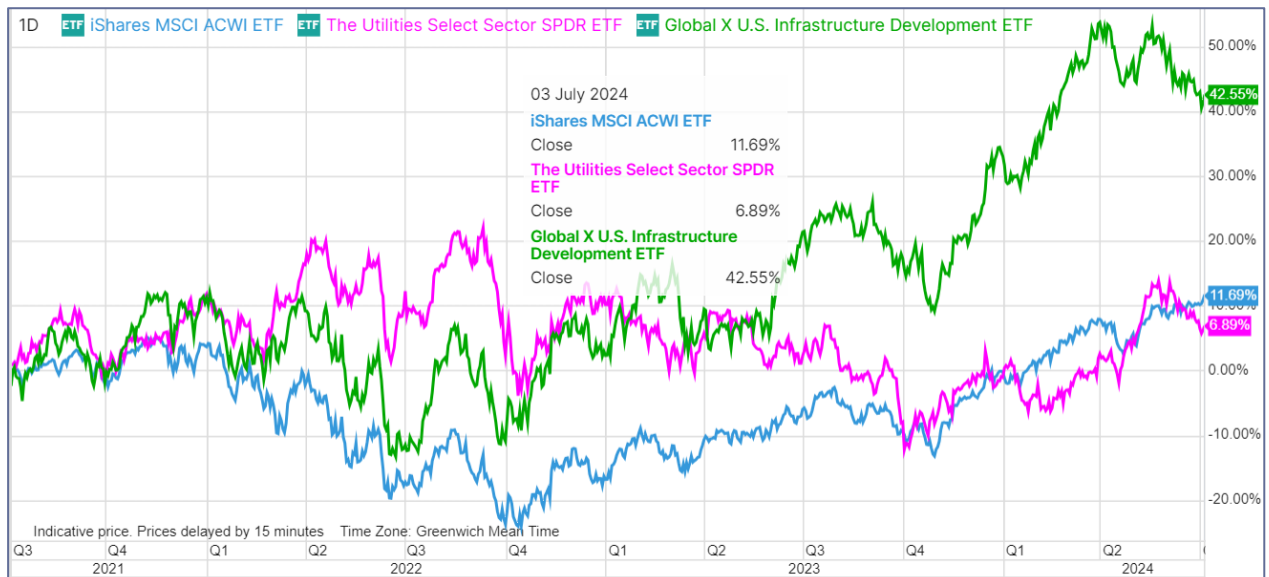
## UTILITIES & INFRASTRUCTURE

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
Virtus Reaves Utilities ETF	17.1%	\$98m	Invesco S&P SmallCap Utilities & Communication Services ETF	-7.9%	\$14m
ProShares Ultra Utilities	12.2%	\$14m	ClearBridge Sustainable Infrastructure ETF	-5.7%	\$8m
iShares U.S. Utilities ETF	10.2%	\$1m	VanEck Green Infrastructure ETF	-4.9%	\$2m

Source: etfdb.com

This sector can be split into regulated utilities, toll roads, pipelines and other energy infrastructure. Utilities Select Sector SPDR Fund (XLU +9% YTD) is the largest utility ETF (\$14b) and Global X US Infrastructure Development ETF (PAVE +6%YTD) is the largest infrastructure ETF (\$7.4bn). PAVE received sizeable inflows during the period (\$1.2bn) 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 40bps to 4.37% in the half both Utilities & Infrastructure ETFs appreciated. We have an underweight position in the sector.

## SELECTED UTILITIES & INFRASTRUCTURE ETFS



Source: Saxo Group



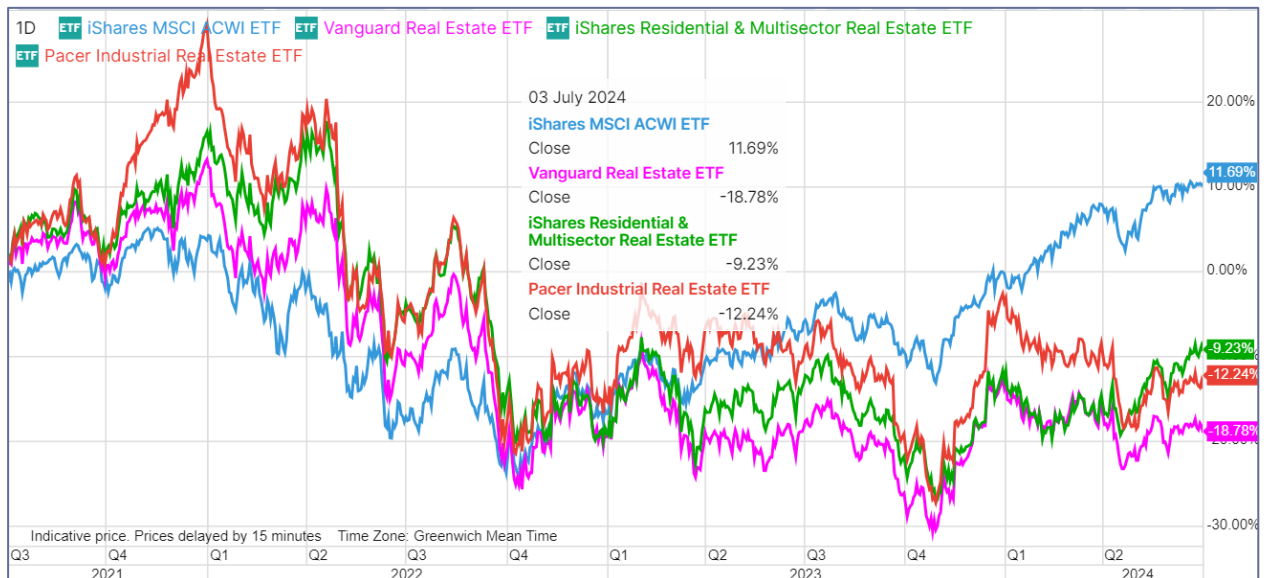
## REAL ESTATE INVESTMENT TRUSTS (REITS)

TOP GAINERS	CHANGE	AUM	TOP LOSERS	CHANGE	AUM
iShares Residential and Multisector Real Estate ETF	4.9%	\$655m	ProShares Ultra Real Estate	-11.1%	\$59m
US Diversified Real Estate ETF	0.5%	\$126m	SPDR Dow Jones International Real Estate ETF	-10.7%	\$261m
iShares Core U.S. REIT ETF	-1.2%	\$2,448m	Pacer Industrial Real Estate ETF	-9.3%	\$202m

Source: etfdb.com

Vanguard Real Estate ETF (VNQ, -4% YTD) is the dominant ETF in this space (\$32bn). 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 3.69% which is hardly appealing relative to fixed income returns and a US 10-year bond yield of 4.37%. Over a 3-year history REITs have underperformed the MSCI. We hold no REIT exposure.

## SELECTED REIT ETFs

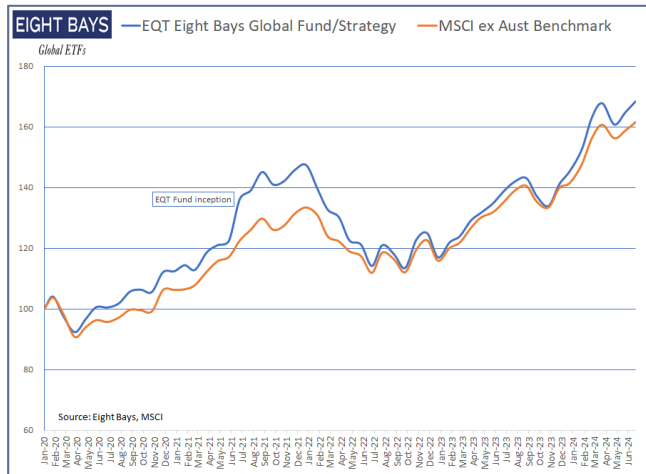


Source: Saxo Group



# EIGHT BAYS GLOBAL ETF STRATEGY - PORTFOLIO REVIEW

## PORTFOLIO PERFORMANCE

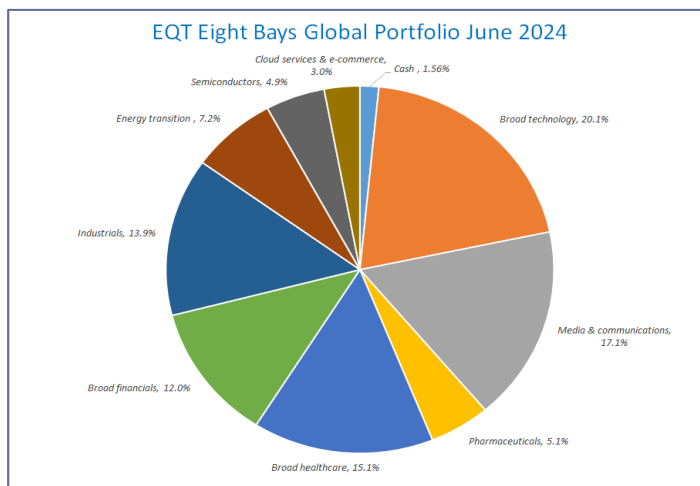


	EQ Eight Bays Fund/Strategy	Benchmark MSCI ex-Aust	Alpha
28-Jun-24 Unit Price AUD	\$1.24		
Strategy Inception	68.31%	61.45%	6.86%
12 months rolling	21.29%	19.38%	1.90%
3 months rolling	0.37%	0.53%	-0.17%
1 month	2.16%	1.73%	0.43%
CAGR	15.3%	13.7%	1.53%

Source: EQT, MSCI

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

## EIGHT BAYS PORTFOLIO/ACTIVE SECTOR WEIGHTS (JULY 2024)



Sector	Portfolio	MSCI	Active
Financials	11.5%	15.5%	-3.95%
Information Technol	27.3%	25.8%	1.46%
Healthcare	20.3%	10.9%	9.46%
Industrials	17.1%	10.3%	6.77%
Consumer Discretionary	3.3%	10.3%	-7.04%
Consumer Staples	0.0%	6.3%	-6.25%
Communications Ser	17.4%	7.8%	9.61%
Energy	0.0%	4.3%	-4.25%
Materials	0.0%	4.0%	-3.95%
Real Estate	0.0%	2.0%	-2.04%
Utilities	1.4%	2.5%	-1.13%
Cash/Other	1.6%	0.3%	1.28%
Total	100.0%	100.0%	

Source: Eight Bays, Portfolio Visualizer



## 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 returns and in turn equity performance. 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 effective and 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](#).

DISCLAIMER : This report is intended as a source of information only. No reader should act on any matter without first obtaining professional advice which takes into account an individual's specific objectives and financial situation.