Equity Trustees

September 2025
Quarterly Report

EQT EIGHT BAYS GLOBAL FUND – CLASS B

FUND OBJECTIVE

The EQT Eight Bays Global Fund - Class B (The Fund) investment objective is to deliver gross performance (less fees) above the benchmark over rolling 3-year periods.

The Fund is designed to give investors exposure to global growth industries and world leading companies, primarily through a portfolio of US Exchange Traded Funds (ETFs).

FUND PERFORMANCE

Over the September quarter the Fund produced a total net return of 5.62% underperforming the benchmark by 1.32%. Over the last 12 months the Fund has delivered a total net return of 21.95% underperforming the benchmark by 1.25%.

Over the last 3 years the Fund has delivered a very strong total net return of 22.46% p.a. outperforming the benchmark by 0.40%. Since inception (1/7/21) the Fund has delivered a total net return of 10.53% per annum.

PERFORMANCE[1]	3 MONTHS	6 MONTHS	1 YEAR	3 YEARS (P.A.)	SINCE INCEPTION (P.A.)[2]
Income return[1]	0.00%	1.13%	1.24%	0.42%	0.26%
Capital return	5.62%	10.21%	20.72%	22.05%	10.26%
Total net return	5.62%	11.34%	21.95%	22.46%	10.53%
Benchmark return[3]	6.94%	13.19%	23.20%	22.07%	12.55%
Active return	-1.32%	-1.85%	-1.25%	0.40%	-2.02%

Table 1

[1] Performance: Income and total net returns are fund returns after the deduction of ongoing fees and expenses and assumes the reinvestment of all distributions. Results greater than one year are annualised.

[2] Inception date is 1 July 2021.

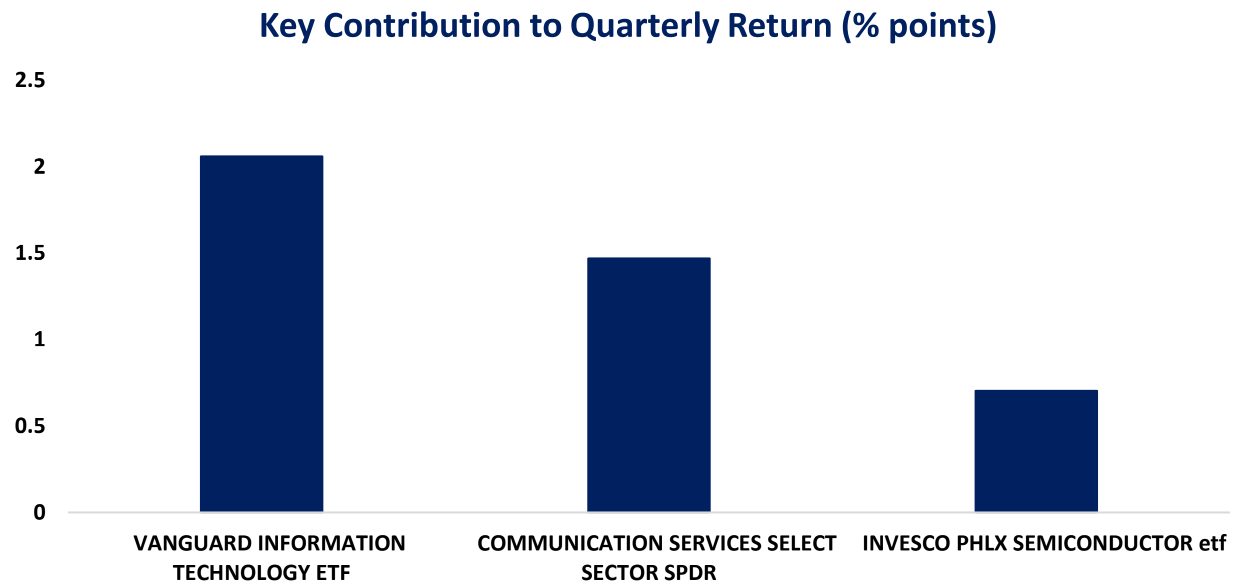
[3] Benchmark return is the MSCI ACWI ex Australia net return Index (AUD).

Past performance is not an indicator of future performance.

ETF PERFORMANCE SUMMARY

The best performing Exchange Traded Fund (ETF) positions in the September 2025 quarter were Semiconductors (up 14.8%), Information Technology (up 12.6%) and Communication Services (up 9%). Underperforming ETFs were Midstream Gas (flat), Global Pharmaceuticals (up 2.7%) and Financials (up 2.9%). For the Fund's individual stock holdings, semiconductor leader Nvidia (up 18%) continued its strong upside move, while mobility leader Uber Technologies rose 5%.

CONTRIBUTION



Source: Equity Trustees / Factset

FUND ACTIVITY

In the September 2025 quarter, the single stock position in Uber was boosted. Uber is also a 4% holding in the US Industrials ETF (XLI).

As mentioned in the June quarterly report, a significant change was made to the Fund's healthcare exposure on 1 July 2025.

On 1 July the Broad Healthcare ETF was sold and the portfolio allocation to the Global Pharmaceutical ETF (PPH) was increased from 5% to 12%. The effect of this change is to concentrate the Fund's healthcare exposure in Global Pharmaceuticals, while effectively removing exposure to US managed healthcare, medical devices and the more speculative end of biotechnology. US managed healthcare includes health insurers and pharmacy benefit managers (PBMs), a sector beset with problems viewed as more intractable than the current political wrangling with pharmaceuticals over tariffs and drug pricing.

The Fund has benefited from holding medical devices stocks although valuations were elevated when sold. However, quality growth companies such as Intuitive Surgical and Boston Scientific remain on our watchlist.

The Global Pharmaceuticals ETF has a 7% allocation to Danish diabetes and obesity leader Novo Nordisk, and this exposure was boosted by adding Novo Nordisk as a single stock position. The mid-September 2025 purchase was after the stock price had fallen 60% in the 15 months from 30th June 2024.

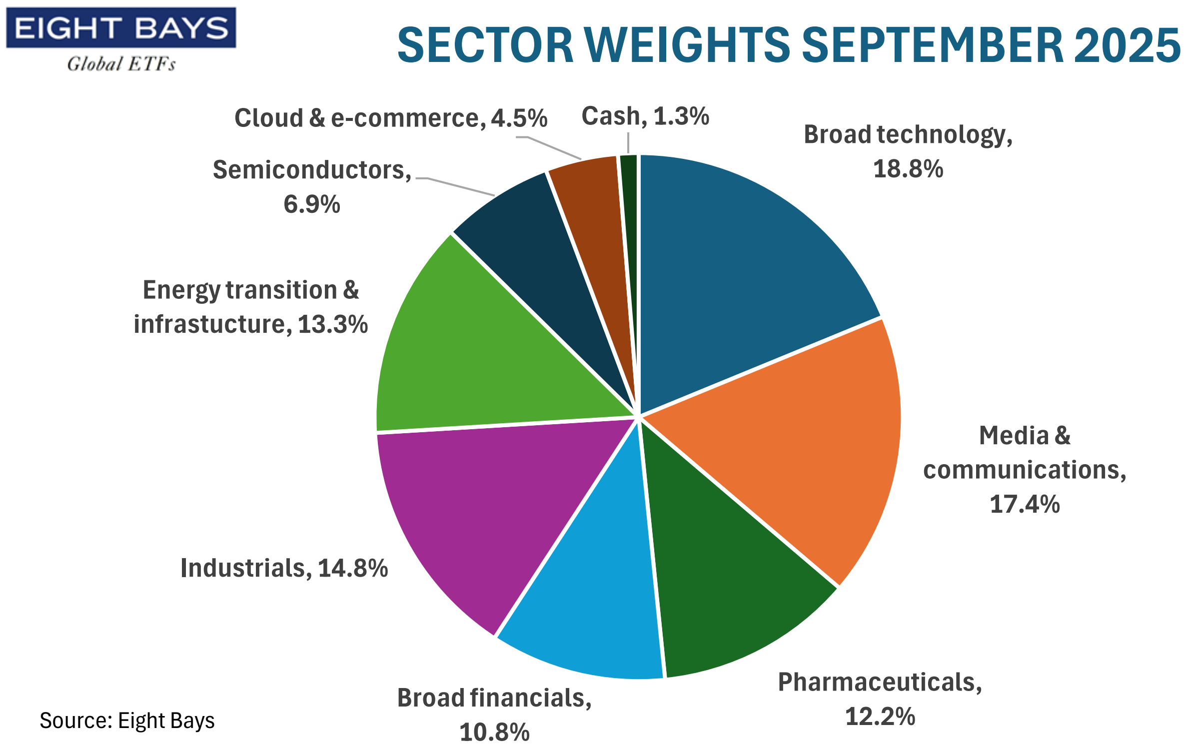
INDIVIDUAL STOCKS: Amazon.com / Nvidia / UBER Technologies / Novo Nordisk

ETF CONSTITUENT COMPANIES

We highlight significant companies in each Exchange Traded Fund (ETF) as follows:

INDUSTRY ETF EXPOSURE	MAJOR COMPANY EXPOSURE
MIDSTREAM ENERGY INFRASTRUCTURE	ONEOK, Kinder Morgan, Cheniere, Williams
SMART GRID / ENERGY TRANSITION	ABB, Schneider Electric, Johnson Controls, Eaton PLC
SEMICONDUCTORS	Advanced Micro Devices, Broadcom, Taiwan Semiconductor, NVIDIA
INFORMATION TECHNOLOGY	Apple, Microsoft, NVIDIA, Oracle, Palantir, Broadcom
BROAD HEALTHCARE	United Health, Eli Lilly, Johnson & Johnson, Merck
GLOBAL PHARMACEUTICALS	Eli Lilly, Novo Nordisk, J&J, Novartis, Zoetis, Takeda, Sanofi
COMMUNICATIONS	Alphabet, Meta Platforms, Netflix, Electronic Arts, Disney, T-Mobile
FINANCIALS	Berkshire Hathaway, JP Morgan, Visa, Mastercard, Goldman Sachs, Blackrock
INDUSTRIALS	Caterpillar, GE Aerospace, Honeywell, UBER Technologies, Boeing

SECTOR EXPOSURE



Source: Eight Bays 30 September 2025

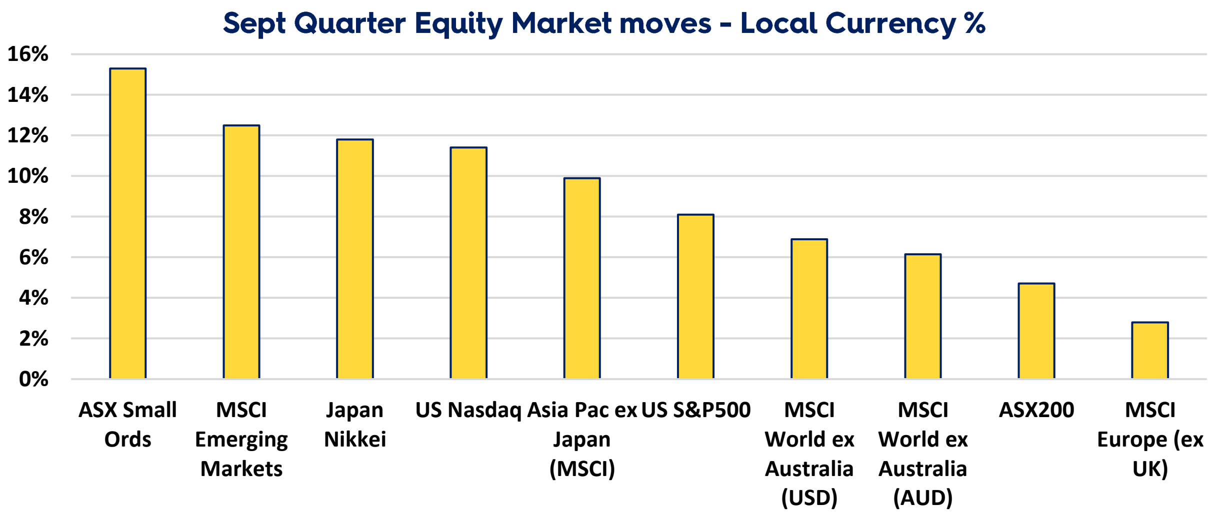
EQT EIGHT BAYS INDIVIDUAL LOOK THROUGH STOCK EXPOSURE

NVIDIA Corporation	5.1%
Amazon.com, Inc.	4.1%
Meta Platforms Inc Class A	3.4%
Microsoft Corporation	2.6%
Apple Inc.	2.4%
Alphabet Inc. Class A	2.4%
Eli Lilly and Company	2.0%
Alphabet Inc. Class C	1.9%
Uber Technologies, Inc.	1.5%
Broadcom Inc.	1.4%
Netflix, Inc.	1.4%
Novo Nordisk A/S Sponsored ADR Class B	1.3%
Berkshire Hathaway Inc. Class B	1.3%
Johnson & Johnson	1.3%
JPMorgan Chase & Co.	1.2%
Warner Bros. Discovery, Inc. Series A	1.0%
GE Aerospace	0.9%
Visa Inc. Class A	0.9%
Electronic Arts Inc.	0.9%
Eaton Corp. Plc	0.9%

Source: Eight Bays 30 September 2025

MARKET COMMENTARY

The September quarter continued the rally that was seen post the Liberation Day lows in early April. Easing trade tensions, solid corporate earnings, central bank rate cuts and massive AI-related investment spurred gains in international equities. Many global equity markets indices hit all-time highs during the quarter. In local currency terms global equities (MSCI World Ex Aust) rallied 6.9%. Emerging Markets (+12.5%), Japan's Nikkei (+11.8%) and the US Nasdaq (+11.4%) all performed strongly in local currency terms. Europe lagged.



Source: Equity Trustees

While renewed enthusiasm for AI saw mega-tech stocks drive equity markets higher, it wasn't all just IT. Notably, small cap indices such as the Russell 2000 performed strongly as the Federal Reserve cut interest rates in September and the market moved to price in another four rate cuts over the next year. Corporate results were once again solid relative to expectations. Corporate earnings growth in the US remains robust and is improving in other parts of the globe.

Emerging Markets were driven by a weaker U.S. dollar, optimism surrounding the extended U.S.-China trade truce and strong tech sentiment. The Chinese equity markets surged, with the CSI 300 Index nearing a three-year high. This rally was fuelled by investor optimism surrounding artificial intelligence advancements, progress in domestic chip production, and Beijing's efforts to curb destructive price wars in key sectors. While Chinese exports to the US reduced, exports to other parts of the world remained robust as supply chains were reconfigured.

Japan's equity market showed resilience amid complex economic and geopolitical dynamics. The Nikkei 225 posted solid gains, supported by investor optimism around corporate reforms, inflation-linked earnings growth, and accommodative Bank of Japan policies. Despite headwinds from U.S. tariffs, Japanese exporters maintained sales volumes by cutting export prices and holding local retail prices steady.

European markets gained, but not by as much as other parts of the globe. European equities rallied mid resilient corporate earnings and easing monetary policy across the region. Banks shares rallied supported by stable interest rate expectations and improved profitability. Political instability in France weighed toward the end of the quarter.

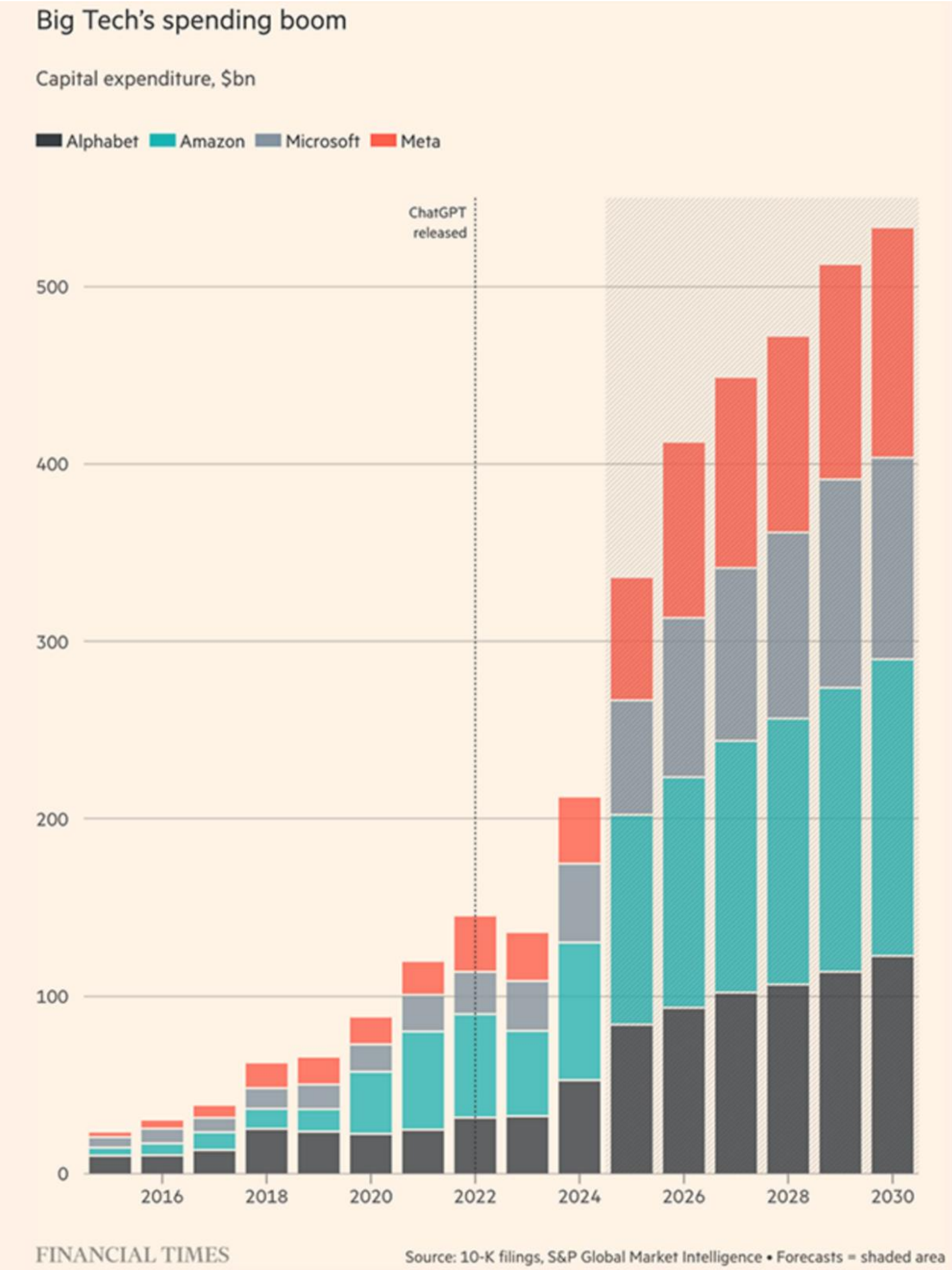
Globally, economic data was broadly resilient. In the US, weakening jobs data allowed the Federal Reserve to lower rates, alleviating some of the pressure President Trump had been placing on Governor Powell. In China, the economic backdrop remained mixed: while GDP growth held at a resilient 5.2% in Q2, underlying challenges persisted, including weak consumption, overcapacity, and a faltering housing sector. Meanwhile in Europe, the broader economic landscape remained mixed, with rising cost pressures, regulatory shifts, and energy market volatility continuing to challenge industrial sectors. The European Central Bank maintained a cautious stance; balancing inflation concerns with the need to support growth.

PORTFOLIO COMMENTARY

The Wall Street Journal headline on 25th September said it all: "Spending on AI is at record levels. Will it ever payoff?" Across the Atlantic on 6th October the Financial Times was even more succinct: "The US is now one big bet on AI."

The September 2025 quarter saw an acceleration in mega deals notable for a degree of circularity, at such a speed and scale that will be virtually impossible to maintain and raising fears of an Artificial Intelligence (AI) bubble. These circular deals involved companies such as Open AI, Nvidia, Oracle and Advanced Micro Devices making huge purchase orders linked to equity investment commitments.

The chart below illustrates the capital expenditure commitments of the "hyperscalers" - Alphabet (Google), Amazon, Meta and Microsoft. Notably Apple is not running down its huge cash reserves on such capex, but a September 2025 antitrust court ruling allows Alphabet to keep Google Chrome and continue to pay Apple advertising revenue sharing payments for Google searches on Apple devices. It is theorized that rather than building its own Artificial Intelligence capabilities, the door is now open for Apple to integrate Google's Gemini AI into its devices.



Source: Financial Times 23 August 2025

The EQT Eight Bays Global Fund has benefited from calibrated exposure to the main AI facilitators through The Information Technology ETF and the Semiconductor ETF. The Smart Grid Electrification ETF has also performed well as a beneficiary of grid modernization and data centre build out. The Fund weightings in the big tech "hyperscalers" are reasonably balanced, with Amazon most overweight and Tesla most underweight.

ETF FOCUS - VANECK PHARMACEUTICAL ETF (PPH)

Top 15 Holdings

Symbol	Holding	% Assets
LLY	Eli Lilly and Company	21.51%
NVS	Novartis AG Sponsored ADR	9.58%
NVO	Novo Nordisk A/S Sponsored ADR Class B	7.88%
MRK	Merck & Co., Inc.	7.47%
PFE	Pfizer Inc.	4.87%
ABBV	AbbVie, Inc.	4.65%
JNJ	Johnson & Johnson	4.64%
MCK	McKesson Corporation	4.59%
GSK	GSK plc Sponsored ADR	4.58%
AZN	AstraZeneca PLC Sponsored ADR	4.49%
SNY	Sanofi SA Sponsored ADR	4.42%
ZTS	Zoetis, Inc. Class A	4.10%
BMY	Bristol-Myers Squibb Company	4.05%
COR	Cencora, Inc.	3.57%
HLN	Haleon PLC Sponsored ADR	2.82%

The PPH ETF (12% portfolio weighting) holds 25 stocks in Global Pharmaceuticals, led by diabetes and obesity leader **Eli Lilly,** and several world class companies facilitating advancement in health outcomes. Many valuations are viewed as inexpensive, weighed down by US tariff and drug pricing threats, US health secretary Robert Kennedy's raising questions on the benefits of many vaccines, and the ongoing issue of patent expiry.

Despite this, the benefits of many recent pharmaceutical treatments are manifest and ultimately such innovation is likely to be supported. Eli Lilly and Novo Nordisk dominate the diabetes and weight loss markets, with both companies making huge investments in manufacturing capacity as the use cases for GLP-1 drugs continues to broaden. Both companies are advancing a pill version to supplement and expand the current injectable market, with Eli Lilly expecting to release its treatment in mid-2026, and Novo Nordisk possibly before then if it receives regulatory approval before the end of 2025. Analysts (Guggenheim 19 September 2025) expect the market to expand to $US 150 billion annually over the next decade, with the tablet form accounting for one third of sales.

Eli Lilly continues to innovate across its portfolio and is also a leader in oncology. It is advancing ongoing projects in a most intractable disease – Alzheimer's and dementia.

GLOBAL PHARMACEUTICALS ETF (PPH) COUNTRY BREAKDOWN

United States	61.33%	France	4.42%	Ireland	0.68%
United Kingdom	11.89%	Japan	2.41%	Canada	0.13%
Switzerland	9.58%	Israel	1.69%	Other	0%
Denmark	7.88%				

THE ROLE OF ARTIFICIAL INTELLIGENCE IN PHARMACEUTICALS

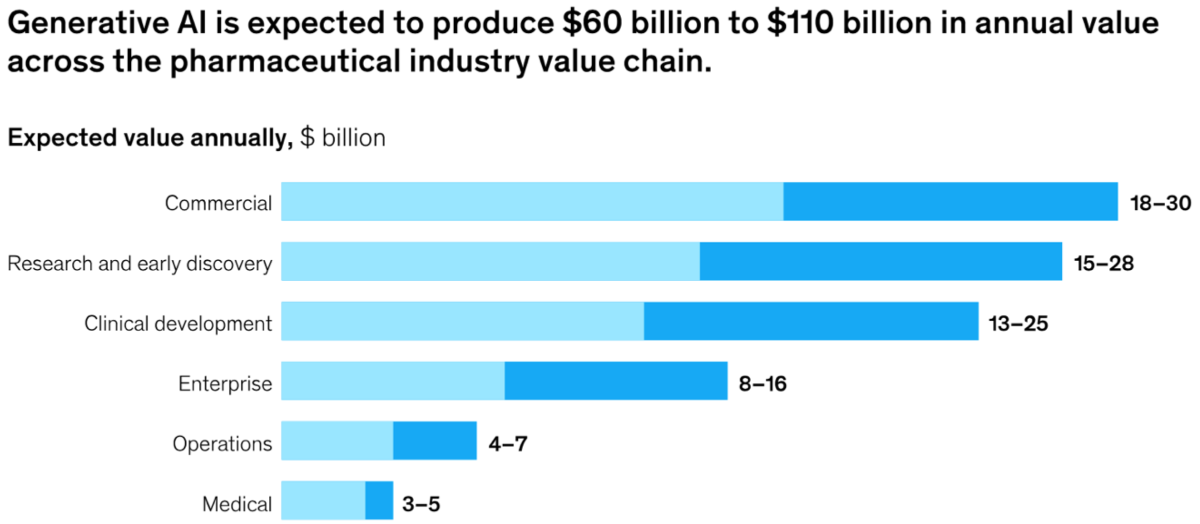
While much attention is focused on the beneficiaries of the development of AI (such as Semiconductor leader Nvidia) and the massive capital expenditure ($US 90 billion a quarter) by the hyperscalers and Open AI, ultimately, we need to see that there are clear cost/benefits to companies integrating AI into their business.

For example, will a business find AI to be a replacement or just complementary to their existing technologies such as edge computing (processing data closer to where it is created) and CRM software (customer relationship management)?

On 9th October 2025 investment bank Jefferies cited research from the Massachusetts Institute of Technology (MIT) in August 2025 that "95% of enterprise generative AI pilots have failed to deliver any financial returns despite US$ 30-40 billion in investment". Jefferies analyst Chris Wood also highlighted a September 2025 Bain Global Technology Report that stated, "that for the wave of AI infrastructure spending to be monetized will require US$ 2 trillion in annual revenue by 2030."

However, the Pharmaceutical Industry looks to be a clear beneficiary from the integration of AI. A report from McKinsey "Generative AI in the pharmaceutical industry: moving from hype to reality" highlights the challenges facing all industries seeking to utilise AI:

"Harnessing this powerful new technology, of course, will not be easy. Executives will have to grapple with tricky strategic decisions and operational challenges in an uncharted landscape marked by fast changing technology and emerging risks."



Source: McKinsey & Company 9th January 2024.

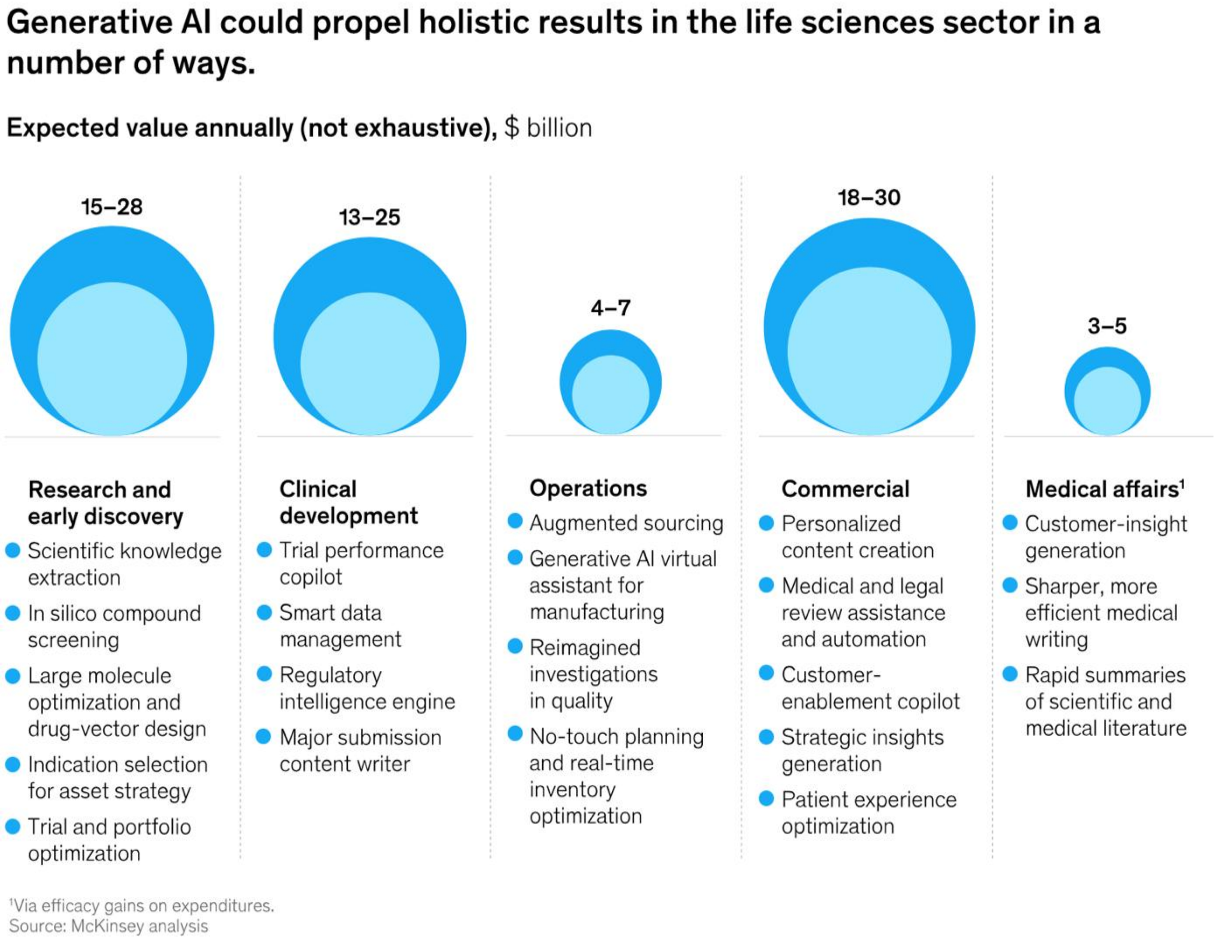
The McKinsey report highlights many potential benefits including

1 - accelerated drug discovery

2 – more efficient clinical trials

3 – quicker regulatory approvals

4 – ultra targeted marketing generated inhouse



Source: McKinsey & Company 9th January 2024

The Pharmaceutical industry has the potential to be transformed by AI, accelerating research and improving patient outcomes. Challenges such as data privacy and cybersecurity will be significant. Successful integration of AI into existing systems efficiently will be an initial target.