

EQT DIVERSIFIED FIXED INCOME FUND (CLASS B)

PORTFOLIO OBJECTIVE

The Fund aims to provide investors with exposure to high-quality income-yielding investments. The Fund aims to outperform the benchmark over rolling three-year periods, after taking into account fees and expenses.

FUND PERFORMANCE

PERFORMANCE ¹	3 MONTHS	1 YEAR	3 YEARS (P.A.)	5 YEARS (P.A.)	SINCE INCEPTION (P.A.) ²
Total net return	0.34%	3.93%	4.06%	-0.49%	2.05%
Benchmark return ³	0.40%	4.09%	4.25%	-0.23%	2.49%
Active return	-0.05%	-0.16%	-0.19%	-0.27%	-0.45%

Table 1

Source: Equity Trustees as at 30/09/2025

¹ Performance: Total net return is the return after the deduction of ongoing fees and expenses. Results greater than one year are annualised.

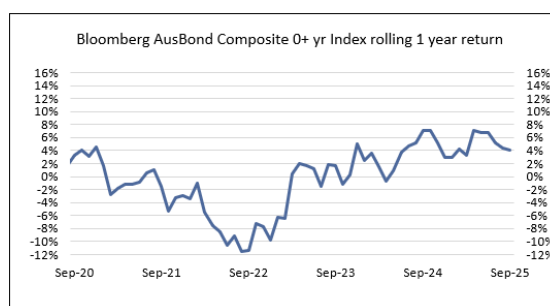
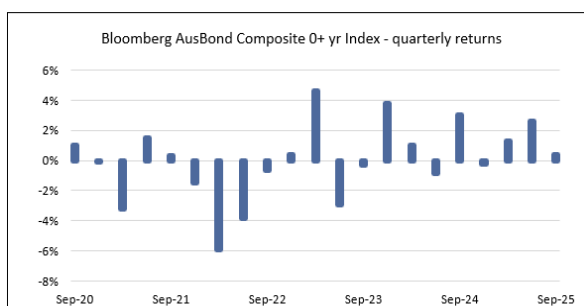
² Inception date is 14 October 2014.

³ Benchmark is the Bloomberg AusBond Composite 0+ Year Index.

Past performances should not be taken as an indicator of future performance.

PERFORMANCE SUMMARY

The Fund recorded a total net return of 0.34% for the September 2025 quarter, underperforming the Bloomberg AusBond Composite 0+ year Index by 5bps. Over the last 12 months the Fund recorded a total net return of 3.93%, underperforming the Index by 16bps. The total net return since inception is 2.05% p.a., underperforming the benchmark by 45bps over the same period.



Source: Bloomberg, Equity Trustees as at 30/09/2025



MARKET SUMMARY

Stronger US labour market data saw bond yields rise in July, with the unemployment rate printing at 4.1% against an expected lift to 4.3%. Job opening data was also higher than expected. In addition, the Feds preferred measure of inflation, the core PCE printed at 2.8% YoY versus an expected rate of 2.7%. Fiscal concerns also dampened demand for longer-dated bonds as the Congressional Budget Office warned of rising debt and interest costs, which contributed to a lift in term premium. Domestically, the RBA left the policy rate unchanged at 3.85% which saw Australian front-end yields shift higher.

Bond market price moves reversed in August, spurred by softer US labour market data as revisions wiped 258,000 jobs from previously reported numbers. This saw 2-year treasury yields fall 27bps in the immediate aftermath. Adding to the bid tone for US treasuries, Fed Chair Jerome Powell struck a dovish tone at Jackson Hole, with the Feds focus seemingly shifting from taming high inflation to managing the risk of a softening jobs market. Locally, the RBA delivered a 25bp rate cut.

September saw US 10-year treasury yields fall, again driven by softer non-farm payrolls data which showed 50,000 fewer than expected jobs added. The Fed cut its policy rate by 25bps and the threat of another US government shutdown later in the month renewed the bid-tone for longer-dated treasuries. In Australia, bond moves were less favourable as GDP growth surprised higher, indicating a recovery in private demand and inflation remained persistently high due to rising services prices. Unsurprisingly, the RBA left the policy rate unchanged, prompting many Economists to remove the prospect of further policy easing in November.

In terms of market movements, the yield on the Australian 3-year generic bond opened the quarter at 3.26% and rose through the months of July and September to close the quarter 29bps higher at 3.55%. The yield on the 10-year generic bond opened at 4.16% and rose 14bps to end September at 4.30%. The 3s/10s curve flattened by 15bps to 75bps.

The spread between the Australian 10-year government bond and US 10-year treasury note widened by 22bps, to close the quarter at 15bps.

GLOBAL BOND YIELD MOVES

	JUN QUARTER	SEP QUARTER	MOVE (BPS)	QUICK COMMENT
US 10-year note	4.23%	4.15%	-8	A softening labour market sees Fed pivot from its CPI focus
German 10-year bund	2.61%	2.71%	+10	Fiscal expansion due to increased defence spending
UK 10-year gilt	4.49%	4.70%	+21	High UK CPI and fiscal deficits dampen Gilt demand
Japanese 10-year bond	1.43%	1.64%	+21	Inflation well above 2% target places pressure on yields
Australian 3-year bond	3.26%	3.55%	+29	The market removes rate cuts following monthly CPI print
Australian 10-year bond	4.16%	4.30%	+14	Private demand recovers and inflation expected to be more persistent

Table 2

Source: Equity Trustees as at 30/09/2025



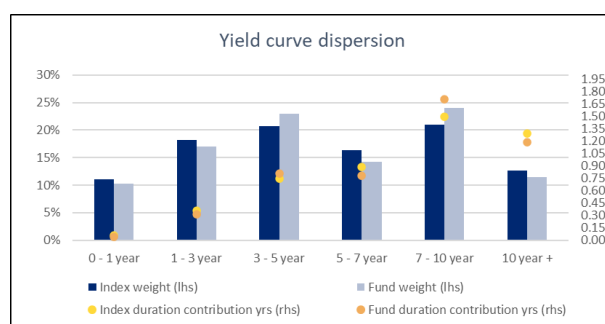
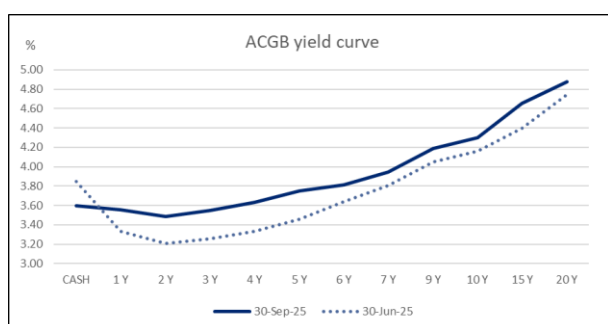
PORTFOLIO ACTIVITY AND ATTRIBUTION

DURATION

We started the quarter with a neutral duration position and broadly maintained that stance over the period, making small tactical tilts either side, but without any strong conviction.

YIELD CURVE

The domestic yield curve saw a parallel shift higher in July and sold-off again in September, where front-end yields underperformed, causing a bear-steepening scenario.



Source: Bloomberg, Equity Trustees as at 30/09/2025

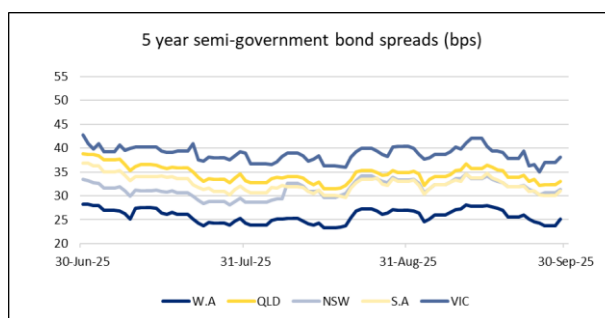
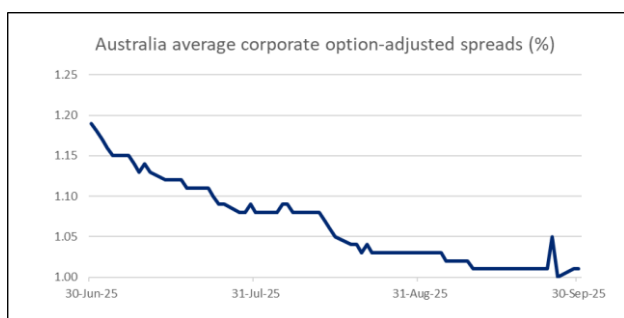
As we maintained a broadly neutral stance, our curve positioning had a negligible impact on relative performance.

SECTOR ALLOCATION

From a benchmark sector perspective, credit performed best, delivering 0.92% as corporate bond spreads continued the recent tightening trend, fuelled by generally positive economic data and ongoing investor demand for outright yield.

Semi-government bond spreads also tightened over the period, with 10-year bonds contracting 11bps and 5-year maturities tightening 4bps, delivering a 0.66% return for the sector.

Supranational bonds returned 0.42% and government bonds delivered a modest 0.09% return.



Source: Bloomberg, Equity Trustees as at 30/09/2025

As we maintained an overweight position in corporate bonds, our sector positioning contributed to performance.

Security selection also had a minor positive impact, with our 10-year QTC (semi-government) and major bank subordinated bonds performing best.

**Sector allocation as of 30 September 2025**

BENCHMARK ¹			PORTFOLIO		
SECTORS	BENCHMARK ¹ WEIGHTS	DURATION CONTRIBUTION	PORTFOLIO WEIGHTS	DURATION CONTRIBUTION	DIFFERENCE
Commonwealth Govt bonds	47.9%	2.44	34.4%	2.39	-0.05
State (semi) Govt bonds	33.3%	1.81	31.9%	1.77	-0.04
Supranational/sovereign/other	5.3%	0.16	4.0%	0.11	-0.05
Corporate bonds	13.5%	0.43	28.3%	0.57	0.14
Cash and related	0%	0.00	1.4%	0.00	0.00
	100%	4.84	100%	4.84	0.00

Source: Bloomberg, Equity Trustees as at 30/09/25

Note: Numbers taken from our Portfolio Management System may vary slightly from accounting or index reports. Numbers may not add precisely due to rounding.

¹ Benchmark is the Bloomberg AusBond Composite 0+ Year Index.

GLOBAL OUTLOOK**United States**

Employment data released in September showed the US added 22,000 jobs against an expected increase of 75,000. The participation rate printed at 62.3%, while the unemployment rate ticked up to 4.3% and average hourly earnings rose by 0.3% MoM, in line with expectations.

The US ISM manufacturing index increased from 48.0 to 48.7 and the ISM services index rose from 50.1 to 52.0, lifted by an increase in new orders. Factory orders (ex-transport) rose 0.6% in July, and durable goods orders were expected to rise 2.9% in August following a fall in July.

Retail sales rose 0.6% MoM in August, against an expected rise of 0.2%.

US headline inflation rose to 2.9% YoY in August and core CPI was running at 3.1%. The Feds preferred Core PCE inflation measure printed at 2.9% YoY, with all three measures far above the 2% target.

The third read of Q2 GDP printed at 3.8% annualised, revised from 3.3%.

As widely anticipated, the FOMC lowered its key policy rate by 25bps in September. Market pricing has a further 90bps of policy easing for this financial year.

China

Data released during September showed the real estate market continued to drag with home prices down 3.2% YoY.

The RatingDog manufacturing PMI index improved from 50.5 to 51.2 and the services PMI index fell from 53 to 52.9. Industrial production was up 5.2% YoY in August. Fixed asset investment growth increased 0.5% and retail sales rose 3.4% YoY against an expectation of 3.8%.

International trade data was softer as exports printed at 4.4% YoY versus an expected 5.5% and imports rose 1.3% against an expected increase of 3.4%.

Inflation continues to remain soft at -0.4% YoY.

In summary, fiscal and monetary support have helped stabilise activity, but structural issues including youth unemployment and weak private investment persist.

Europe

A new US / Europe trade agreement saw tariffs lifted on European exports, contributing to uncertainty and softening demand.

Flash PMI data for September showed manufacturing in slight decline at 49.8, but services expanding at 51.4. Industrial production rose 0.3% in July, while retail sales fell 0.5% MoM.

The third read of Q2 GDP printed at 0.1% QoQ and 1.5% YoY.



The annual headline rate of inflation for Europe was expected to print at 2.2% YoY in September and core inflation is expected to be running at 2.3% YoY.

The ECB maintained its deposit facility rate at 2% in September. Current market pricing implies the current rate will remain on hold into late 2026.

Growth is expected to gradually improve, supported by defence spending, a rebound in foreign demand and easier financial conditions.

Australia

Employment fell 5,400 in August, below the consensus of an increase of 21,200. The unemployment rate remained steady at 4.2% due to a small fall in the participation rate.

Manufacturing and service sector PMI indicators printed at 51.4 and 52, respectively. As measured by the NAB survey, business conditions rose, but business confidence fell in August.

Household spending rose 0.5% MoM in July which was in line with expectations.

The August monthly CPI data saw headline inflation rise from 2.8% YoY to 3% with market services inflation having an impact. The RBA's preferred trim mean measure fell from 2.7% YoY to 2.6%.

Q2 GDP printed at 0.6%, slightly higher than the 0.5% expected. The annual pace climbed from 1.3% to 1.8%.

The RBA lowered the target cash rate by 25bps in August but maintained the 3.6% policy rate in September citing a recovery in private demand, persistent inflation and a stabilising labour market. Current market pricing implies just one further 25bp rate cut by the end of the financial year.

SUMMARY

Australian 10-yr bond yields have traded within a 50bp range over the past 12 months, a trend that we expect to continue in the forthcoming period. Although our measure of fair value estimates a 10-year government bond yield closer to 4%, we expect direction to be largely influenced from offshore developments. In that regard, recent themes of persistent inflation, rising fiscal deficits and improving economic activity is likely to result in an elevated term premium for longer-dated bonds.

In summary, we prefer to maintain a neutral duration position in the short-term, waiting for better opportunities to present.

Our preferred portfolio construction is:

- Duration: Neutral
- Yield curve: We maintain a slight short duration position out to 5 years and a neutral duration position 7 years and beyond
- Sector/credit mix: We will maintain a broadly diversified portfolio consisting of short-dated highly rated corporate bonds and longer-dated semi-government and government securities.

Australian Executor Trustees Limited ("AETL") (ABN 84 007 869 794), AFSL 240 023, is the Responsible Entity for the EQT Diversified Fixed Income Fund – Class B. AETL is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT).

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Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product. The Fund's Target Market Determination is available here <https://www.eqt.com.au>. A Target Market Determination is a document which is required to be made available from 5 October 2021. It describes who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.

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