

EQT FLAGSHIP FUND - CLASS B

FUND OBJECTIVE

The EQT Flagship Fund – Class B (the Fund) aims to outperform its Benchmark over a rolling 5-year period, after taking into account Fund fees and expenses. The Fund is designed for investors seeking strong medium-to-long-term capital growth potential, coupled with an increasing income stream payable from the dividends of the underlying shares. There is a distinct focus on the after-tax returns offered to investors.

FUND PERFORMANCE

PERFORMANCE ¹	3 MONTHS	1 YEAR	3 YEARS (P.A.)	5 YEARS (P.A.)	SINCE INCEPTION (P.A.) ²
Distribution return	0.87%	2.32%	6.07%	5.64%	5.38%
Growth return	-4.73%	0.67%	-0.84%	7.88%	3.56%
Total net return	-3.86%	3.00%	5.24%	13.52%	8.94%
Benchmark return ³	-2.80%	2.84%	5.62%	13.24%	8.86%
Active return	-1.06%	0.16%	-0.38%	0.28%	0.08%

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. Results greater than one are annualised.

² Inception date is 1 August 2003.

³ Benchmark return is the S&P/ASX 200 Accumulation Index.

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

PERFORMANCE SUMMARY

The Fund recorded a total net return of -3.86% for the March quarter, underperforming the S&P/ASX 200 Accumulation Index by 1.06%. Over the last 12 months, the Fund recorded a strong absolute total net return of 3.00%, outperforming the benchmark by 0.16%.

The Fund has produced a total net return of 5.24%, underperforming the benchmark by 0.38% p.a. for the last three years and 13.52% per annum, outperforming the benchmark by 0.28% p.a. for the last five years. The total net return since inception has been 8.94% p.a., also outperforming the benchmark by 0.08% p.a. over the same period.

The Fund has also demonstrated it generates a dependable distribution stream over the long term with a distribution return of 6.07% over the last three years and 5.38% p.a. since inception.



PERFORMANCE DETAIL

At the stock level, over the last quarter the Fund benefited from its overweight positions in Telix Pharmaceuticals Ltd (TLX), Computershare Ltd (CPU), Telstra Group Ltd (TLS) and Coles Group Ltd (COL). An underweight position in Wisetech Global Ltd (WTC) also benefited the portfolio.

The main detractors to Fund performance were overweight positions in Block Inc CDI (XYZ), Pilbara Minerals Ltd (PLS), James Hardie Industries CDI (JHX) and Johns Lyng Group Ltd (JLG). An underweight position in QBE Insurance Group Ltd (QBE) also detracted from Fund performance.

ATTRIBUTION SUMMARY

MARCH 2025 QUARTER	TOTAL ATTRIBUTION
Top five contributors	
Wisetech Global Ltd	0.28%
Telix Pharmaceuticals Ltd	0.24%
Computershare Ltd	0.24%
Telstra Group Ltd	0.23%
Coles Group Ltd	0.20%
Bottom five contributors	
Block Inc CDI	-0.81%
Pilbara Minerals Ltd	-0.27%
QBE Insurance Group Ltd	-0.24%
James Hardie Industries CDI	-0.24%
Johns Lyng Group Ltd	-0.22%

Table 2

FUND ACTIVITY

Some adjustments to stock holdings were made in the Fund during the quarter.

STOCKS BOUGHT FOR THE FUND

THE LOTTERY CORPORATION (TLC)

The Lottery Corporation was spun out of Tabcorp in 2022, although its history goes back to 1881. It operates lotteries in all states except WA as well as Keno. Post the demerger with Tabcorp, TLC now has more control over its cost base, offering a high-quality revenue stream with operating leverage and further upside if they can renew their Victorian lottery licence on more favourable terms ahead of its expiry. The stock has underperformed over the past 1-2 years on a less favourable run of jackpots, which should normalise, and ongoing game changes will drive additional revenue growth.

WORLEY (WOR)

We initiated a new position in Worley (WOR). WOR is a global engineering, advisory and project management services company with a key sector focus that includes hydrocarbons (upstream & downstream), chemicals, mining, minerals, metals (MMM) and infrastructure. Following industry consolidation in the last down-cycle, we believe WOR is now well positioned to benefit from an improved outlook in capital project spending. We expect WOR's earnings to grow double-digit over the medium-term. We see value appeal in the company.

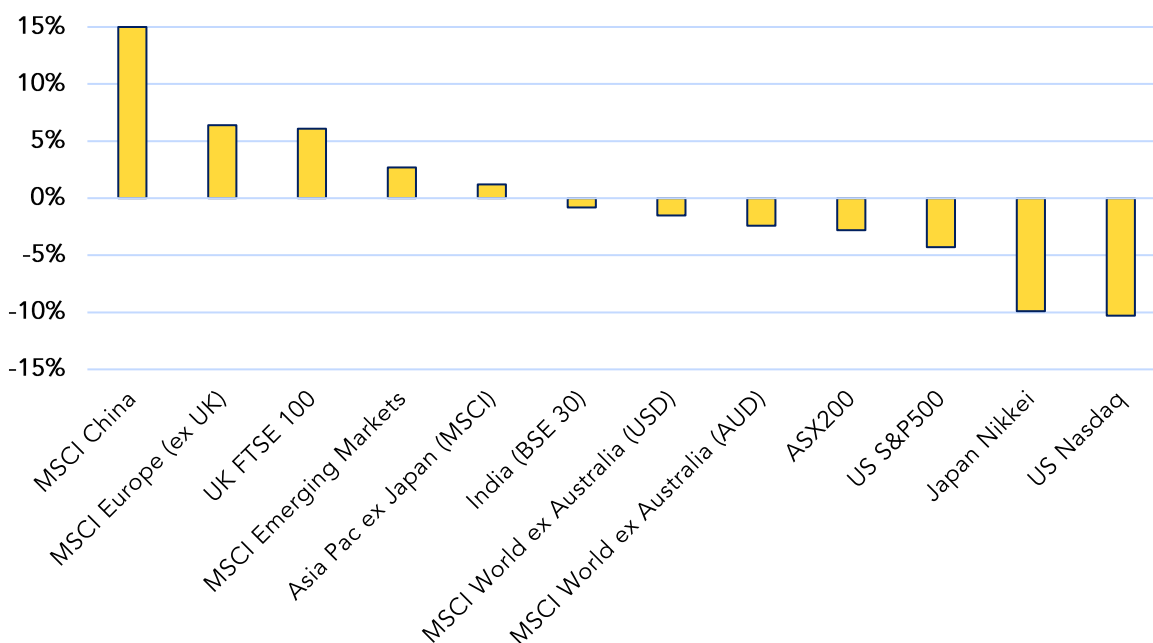


MARKET SUMMARY

KEY POINTS

- **Divergent equity market returns** – In local currency, the ASX200 (-2.8%) outperformed the US S&P500 (-4.3%) and the Japanese Nikkei 225 (-9.9%) but underperformed Asia-ex Japan (+1.2%), Emerging Markets (+2.7%) and European-ex UK markets (6.4%) during the quarter. The MSCI World ex Australia fell 1.5% in US Dollar terms and 2.4% in Australian dollar terms.

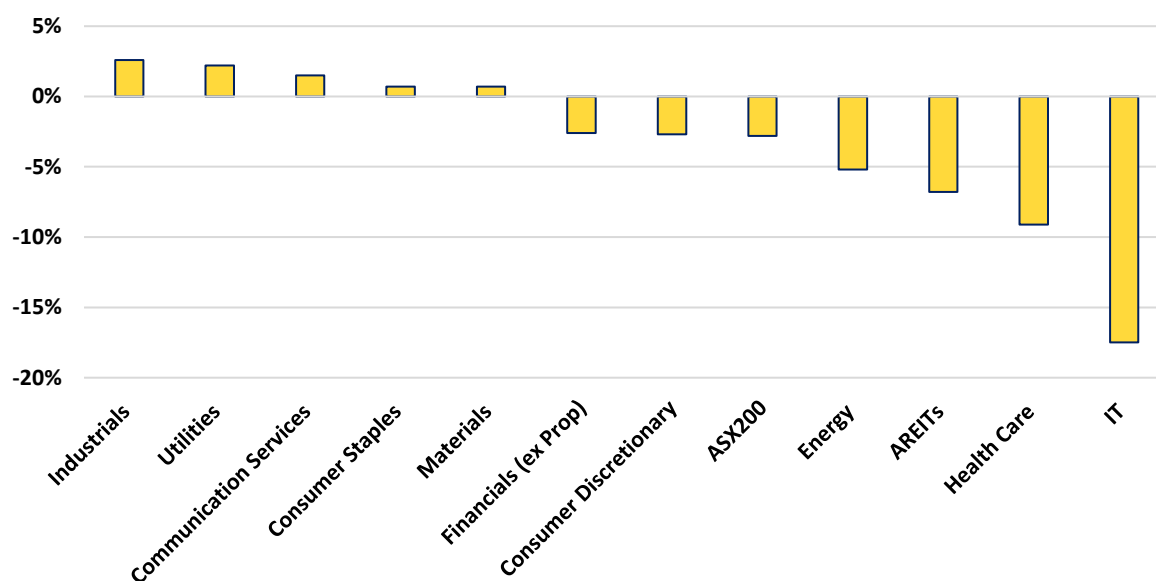
March Quarter Equity Market moves - Local Currency %



Source: Equity Trustees

- **The Tech sector led losses** - The best performing ASX200 sectors for the quarter were Industrials (+2.6%), Utilities (+2.2%) and Communication Services (+1.5%). The worst performers were Information Technology (-17.5%), Healthcare (-9.1%) and Property (-6.8%).

ASX200 Sectors - March Qtr change (%)

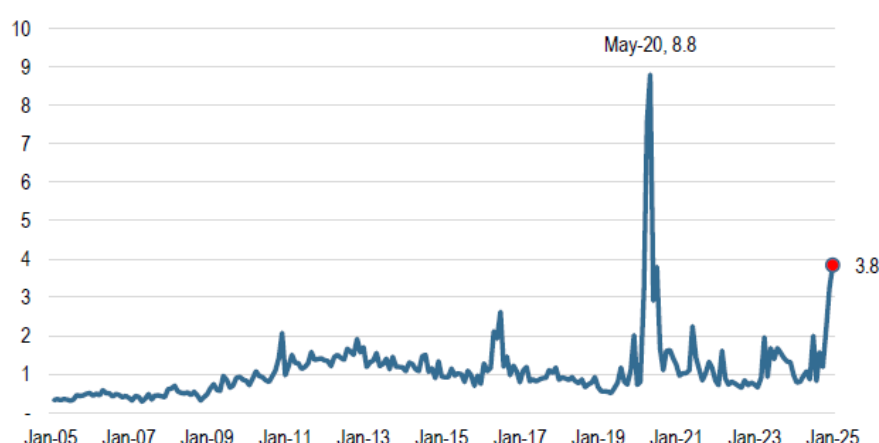




Source: Equity Trustees

- **Stock moves** - The top five performers from the S&P/ASX 200 Index for the quarter were West African Resources (+61.7%), Regis Resources (+53.7%), Genesis Minerals (+50.2%), Evolution Mining (+49.3%) and Gold Road Res (+41.7%). The bottom five performers were Nuix (-51.4%), Clarity Pharma (-49.4%), Zip Co. (-45.6%), Polynovo (-43.9%) and Block Inc. (-38.7%).
- **ASX200 contributors** - Taking market capitalisation into account, the major contributors to the index gains over the quarter included Evolution Mining (+15.3bps), QBE Insurance Group (+13.7bps), Northern Star Resources Ltd (+11.1bps), Computershare (+9.7bps) and Telstra Group (+7.8bps). The bottom five contributors were CSL (-52.5bps), Goodman Group (-48.0bps), National Australia Bank (-32.0bps), Macquarie Group (-29.8bps) and WiseTech Global (-25.1bps).
- **Australian Economy buoyed by expectation of RBA cuts this year** – After a softer inflation number in January, the RBA cut rates 0.25% in February to 4.1%. Over the quarter the Australian economy was broadly stable on the expectation of future rate cuts. The \$A/\$US rose 1% to 62.47c.
- **Global economic activity** – The US Federal Reserve held rates steady at 4.25-4.5% throughout the quarter. Inflation expectations in the US rose and economic data started to weaken. Tariff announcements and DOGE cuts weighed on consumer confidence. Stagflation fears rose over the quarter. The ECB cut rates twice to 2.5% and Germany announced a large fiscal package focused on defence and infrastructure. Chinese economic data was broadly stable. The US Dollar fell against all major currencies. The Yen rallied 4.8% and the Euro rose 4.5%.
- **US Bonds rallied but AU 10-year bonds were broadly unchanged** – The Bloomberg AusBond Composite 0+Y index rose 1.3%. Short end (2-year) bond yields declined over the quarter. Australian 10-Year bond yields rose 2.2bps to 4.38%, while US 10-Year bond yields fell 37bps to 4.21%. Australian credit markets rallied 1.52%, but credit spreads started to widen later in the quarter.
- **Commodities rose** – Precious metals (+17%) and base metals (+8.3%) indices soared led by gold (19%) and copper (+11.7%). Expectations of stimulus in China and Europe supported commodities. US monthly imports of non-monetary gold substantially increased during the quarter (see chart below). Gold has continued to rise on the back of heightened geo-political tensions, US tariff concerns and economic uncertainty. US Steel prices (HRC) rallied 25.5%. Iron ore rose 1.1%. Oil finished broadly flat.

US imports of non-monetary gold (US\$bn) rose substantially during the quarter



Source: JPMorgan, Bloomberg Finance LP

- **ASX200 earnings and valuation** – After some improved momentum at the end of 2024, ASX200 earnings were revised down (-1.5%) over the quarter driven down by the IT, Energy and Materials sectors. Utilities and Financials ex Property were the only sector to register upgrades. Given the uncertainty around US tariffs and the impact to the global marketplace we suspect the ASX200 face further near-term earnings downgrades. The ASX200 Price-Earnings (PE) multiple closed the March quarter at 17x (12-month-forward) and remains elevated versus its longer-term average of 15x.



RESPONSIBLE INVESTMENT SPOTLIGHT

Santos (STO): Moomba Carbon Capture and Storage (CCS) Site Tour

During the quarter we travelled to the Cooper Basin, a region 770km north of Adelaide to visit Santos' Moomba gas plant for a tour of their Carbon Capture and Storage (CCS) project which has been operational since October 2024.

CCS is a technology which has been around for decades, traditionally used by oil companies in the enhanced oil recovery process where CO₂ is injected into near-depleted oil reservoirs so more oil can be extracted. CCS is now recognised by the International Energy Agency (IEA) as an important technology for reducing global CO₂ emissions in the energy sector.

The Moomba CCS project is designed to capture CO₂ emissions at the Moomba gas plant, it is then fed into a CO₂ processing facility where water is removed, compressed into liquid, and transported via a 50km pipeline to depleted reservoirs in the Cooper Basin where the CO₂ is permanently stored.

The project has the potential to store up to 1.7 million tonnes of CO₂ per year, which is the equivalent to 700,000 petrol cars off the road, or to more than 10% of South Australia's total CO₂ emissions. Since Moomba CCS came online, STO has successfully captured, injected and stored 600,000 tonnes of CO₂ (as at the 12th of February 2025) - the project is operating as expected and delivering real emissions reduction.

In terms of cost, STO has been able to leverage existing infrastructure to make it one of the lowest cost CCS projects globally with a lifecycle cost of under US\$30/tonne of carbon stored.

Overall, the tour was a great opportunity to get an understanding of the process and scale of the project, especially given CCS has been controversial amongst some environmental activists.

From what we have seen, CCS could be a low cost and effective decarbonisation solution for STO as we move through the energy transition, where gas is still expected to play a critical role in meeting global energy demand for the foreseeable future, and in maintaining a reliable and affordable source of energy.



Picture 1: CO₂ Compressor

Looking ahead STO is exploring additional CCS opportunities and has ambitions to build a third-party carbon storage business which could have the capacity to store up to 10 million tonnes of CO₂ per year.

We will continue to watch how the STO CCS hubs develop but given the successful ramp-up of Moomba the outlook is optimistic.



Picture 2: CO₂ Pipeline



Corporate Engagement

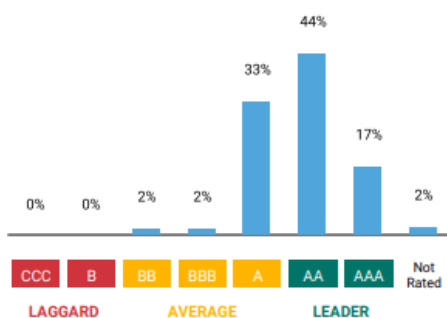
Examples of specific company engagements undertaken during the March quarter are listed below.

Company	ESG Topics	Engagement Focus
RIO Tinto (RIO)	Governance	2025 Annual General Meeting - Shareholder proposal request for review of dual listing structure.
Santos (STO)	Environment	Moomba Carbon Capture and Storage, emissions reduction.

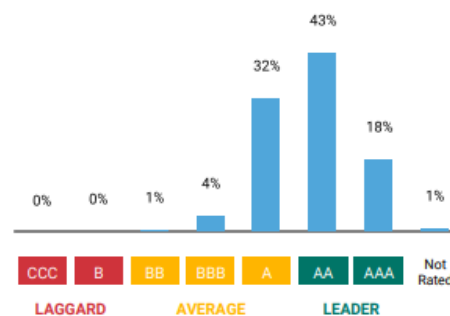
FLAGSHIP FUND ESG METRICS AS AT 31 MARCH 2025*

	PORTFOLIO	ASX 200
ESG Scores		
MSCI Weighted Average ESG Score (10 = highest, 0 = lowest)	7.5	7.5
Proportion of companies classified as ESG leaders (AAA and AA)	61%	61%
Governance Metrics		
Proportion of companies classified as governance leaders	81%	87%
Proportion of companies where women comprise at least 30% of the board of directors	85%	90%
Proportion of companies with a majority independent board	100%	98%
Carbon Metrics		
Companies with GHG emission reduction targets	92%	90%
Companies with targets across all scopes (Scope 1, 2 & 3)	59%	56%

Portfolio ESG Rating Distribution



Benchmark ESG Rating Distribution



*Data sourced from MSCI as at 31 March 2025



OUTLOOK AND STRATEGY

"In the short run the market is a voting machine, in the long run it is a weighing machine" – Benjamin Graham (as paraphrased by Warren Buffett)

First postulated by value investing pioneer Ben Graham and then popularised by his student Warren Buffet, the above sentiment is worth remembering during periods of intense market volatility such as that we are currently experiencing. Asset prices can swing wildly in the short term due to investor sentiment however will gravitate to their intrinsic value in the long run. While we are always eager to protect and grow capital through correctly assessing the short term, most value is obtained through accurately assessing an asset's value over time.

Our key points with respect to current conditions are:

- The US tariff announcements on Liberation Day April 2 were worse than expected and have seen market volatility increase materially. Subsequent announcements concerning pauses, exemptions and negotiated deals have placated (emboldened) markets for now but should be seen in the context of an ongoing cycle of whipsawing policy.
- US policy actions will continue to be detrimental to US and global growth due to inflationary pressures and productivity declines from deglobalisation. Business confidence and consumer sentiment are likely to decline further due to this policy uncertainty.
- The market may be underestimating China's ability to endure economic pain. While China has arguably more to lose than the US in the short term, it could well be more willing to endure a lose/lose scenario.
- Australia's direct exposure to US tariff's is low, however our ongoing reliance on commodity earnings will be impacted by deterioration in Chinese and global economic growth.
- Earnings per share forecasts are yet to be downgraded and market valuations not cheap enough to reflect this environment.
- We think it is likely that the equity market may trend lower in the near term interspersed with sharp "risk on" rallies.
- While bonds are slightly cheap on our fundamentals, concerns over stagflation and selling from global holders of US Bonds could see US10 year bond yields remain elevated.
- We therefore remain underweight equities and overweight cash from a Tactical Asset Allocation perspective.
- We do not envisage making any changes to our long-term Strategic Asset Allocation models at this stage, although we will continue to assess whether the current geopolitical stresses warrant a more sustained downgrading to investment returns of growth assets.

Investment markets are constantly changing, although arguably the pace of change has ratcheted up with the Trump 2.0 Presidency. Trump is such a polarising figure and his policy methods so extreme and unusual that there is the potential to dismiss his policy agenda as either "good" or "bad", depending on political leanings. We were expecting a pro-business/pro-US policy agenda with tariffs as a key component, resulting in inflationary pressures but potentially more resilient growth. The US is the leading global economy and the largest consumer, so looking to extract value for the US from this market power is not unreasonable – particularly as it relates to China. However, this market power is arguably being abused in the short term through the aggressiveness and pervasiveness of tariffs and lack of respect or value placed in the orderly global trade environment that has been an enabler of US prosperity. The desire to bring back investment and jobs to the US also makes sense, albeit arguably underestimating the timeframes required to reorient global supply chains or the attractiveness of these jobs to non-immigrant US workers.

However, many Trump policy viewpoints make little sense. Take the Trump calculation of "reciprocal tariffs" with any trade deficit considered an implicit tariff together with the inclusion of foreign domestic consumption taxes such as GST.

Irrespective of the flawed tariff logic, the fact remains that the US is in a powerful position and as President Trump has ungraciously remarked, countries are lining up to "kiss his ass" to protect their economies and current arrangements. This will likely result in short term "wins" for the US but at the expense of long term trust



in the US as a reliable partner. Further, we believe that China is far less likely to “kiss the ring” and the market may be underestimating their willingness to endure economic discomfort.

In this environment it is extremely difficult to have confidence in what will happen next, however our current assessment is that:

- Tariff positioning will reduce US and global growth with a better than 50/50 chance of a US recession.
- Near term volatility will remain. We expect a cycle of escalation, negotiation, escalation – but material ongoing tariffs. The situation remains very fluid with resulting elevated volatility providing opportunities for active managers.
- Along the way there will be offsetting “positive news” such as tax cuts, negotiated deals and interest rate cuts, albeit with a lagging impact.
 - While inflation expectations have risen in the US, wage growth has moderated, and oil prices are declining which should allow the US Federal Reserve to cut rates if required.
 - In Australia markets are pricing in ~125bps of cuts this year.
 - In Europe, the European Central Bank is cutting interest rates, fiscal stimulus is increasing, and energy costs are falling.
 - China is likely to announce further stimulus measures to offset the negative impact of US tariffs.
- Corporate earnings downgrades are yet to flow through but could be in the order of 7% to 12% for CY25.
- Australia – We see limited first order impact of the tariffs, however there are “indirect” implications for trade and commodity prices, primarily through our dependency on China as our largest trading partner.

As noted above, we think that equity markets may trend lower in the near term interspersed with sharp “risk on” rallies.

We entered the recent period of volatility being underweight equities and overweight defensive assets by holding excess cash.

- As mentioned in previous notes we have been underweight equities due to a belief that valuations were not adequately pricing in market risks. While equity markets rose last year, earnings and dividends did not, leaving equities at stretched valuations.
- We believed defensive assets offered better risk-adjusted returns.
- Our tactically defensive positioning was in place to preserve the capital of our clients.
- Further, it allows us the ability to deploy that excess cash at a time when equity markets retrace to more attractive valuations levels.
- However, equity markets are still not “cheap” on any long-term metric such as Price-Earnings multiples, Equity Risk Premium, Price/Book values and Price/Net Tangible Assets.
- We therefore remain tactically underweight equities, but watchful for opportunities as they present themselves.
- Earnings downgrades will likely flow through to lower dividends. Dividends may fall further than earnings if company Boards lower payout ratios due to heightened uncertainty.

Bonds would normally rally in a period of declining economic growth and lower interest rates. However as noted by Trump, bond markets have been a bit “yippy.”

- The bond market is engaged in a tug of war between slowing growth and heightened inflationary expectations associated with tariffs and other policy measures.
- In our fixed income portfolios, we are neutral duration and maintain a slightly heavier allocation to bonds out to 5 years on expectations of future interest rate cuts. Markets are currently anticipating the Reserve Bank of Australia to cut rates by 125bp this calendar year.
- While bonds may sell off further in the short term, we would consider this an opportunity to add to the asset class over a 12 to 18 month timeframe.



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.

FUND HOLDINGS

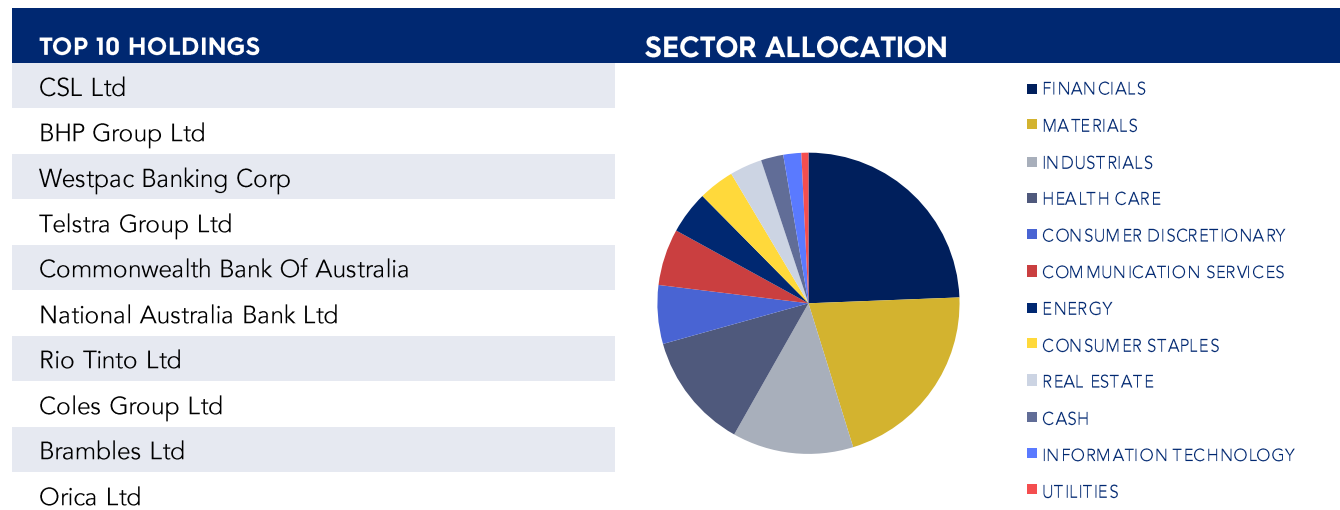


Table 3

Source: Equity Trustees as at 31/03/25

Australian Executor Trustees Limited ("AETL") (ABN 84 007 869 794), AFSL 240 023, is the Responsible Entity for the EQT Flagship 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). The Investment Manager for the Fund is Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975. This publication has been prepared by Equity Trustees, to provide you with general information only. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither AETL, Equity Trustees nor any of its related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. 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 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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