Equity Trustees

June 2025
Quarterly Report

EQT RESPONSIBLE INVESTMENT GLOBAL SHARE FUND – CLASS B

FUND OBJECTIVE

The investment objective of Equity Trustees' Responsible Investment Global Share Fund – Class B (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

CERTIFIED BY RIAA

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 RESPONSBILE INVESTMENT GLOBAL SHARE FUND 3 MONTHS	1 YEAR	3 YEARS (P.A.)	5 YEARS (P.A.)	SINCE INCEPTION (P.A.)[2]
Distribution return	4.54%	4.89%	3.35%	6.67%	5.36%
Growth return	0.81%	8.50%	10.79%	4.13%	1.42%
Total net return	5.35%	13.39%	14.14%	10.80%	6.78%
Benchmark return[3]	5.99%	18.48%	20.22%	15.69%	8.78%
Active return	-0.64%	-5.08%	-6.08%	-4.89%	-2.00%

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 5.35% for the June quarter, underperforming the benchmark by 0.64%. Over the last 12 months, the Fund recorded a total net return of 13.39%, underperforming the benchmark by 5.08%.

In the June quarter the Orbis Global equity Fund performed strongly outperforming the benchmark, while Cooper Investors lagged. Over the last year, Orbis has been the strongest performing manager, while the Alphinity Global Sustainable Equity Fund has been the largest drag on performance.

MANAGER SUMMARY

MANAGER PERFORMANCE[1]	1 MONTH RETURN	3 MONTHS RETURN	1 YEAR RETURN
Vontobel Global Equity Fund	0.6%	4.6%	16.6%
Alphinity Global Sustainable Equity Fund	1.6%	3.4%	2.9%
Orbis Global Equity Fund	7.2%	12.7%	27.3%
Cooper Investors Global Endowment Fund[2]	-0.5%	2.0%	14.8%
Benchmark Return[3]	2.4%	6.0%	18.5%

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).

Orbis Global Equity Fund

The Orbis Global Equity Fund is actively managed with a contrarian long-term investment approach. Their style may often see their portfolio positioned considerably different to the benchmark providing strong diversification benefits to traditional core managers. The (Price-earnings) valuation on the Orbis Portfolio is well below that of the benchmark leaving a 'margin of safety' for investors.

Despite being underweight the US market the Fund outperformed the index strongly over the quarter assisted by strong stock selection. Key positive contributors were QXO, Nebius Group and Nintendo.

Orbis are selectively positioned within the US but see a greater subset of opportunities in other international markets where valuation is much more compelling and where investors are underweight. They continue to favour businesses with durable franchises at undemanding valuations and are investigating markets such as Brazil and Japan in greater detail where expectations are low leaving ample room for positive surprises.

Cooper Investors Global Endowment Fund

The Coopers Fund underperformed the benchmark during the quarter. Key contributors to return included Microsoft (MSFT) (+144bps), Yellow Cake (YCA) (+73bps) and Taiwan Semiconductor Manufacturing Co (2330) (+70bps). Conversely, detractors included Hess Midstream (HESM) (-63bps), Willis Towers Watson (WTW) (-40bps) and London Stock Exchange Group (LSEG) (-32bps). Dispersion within the market during the quarter was wide with Coopers noting that 'U.S. semiconductor names advanced roughly 30%, while healthcare retreated almost 10%, its poorest relative showing in decades'.

The Cooper Investors Portfolio operates two pools of risk, 'Grow' and 'Protect'. The portfolio is positioned 53% in the 'Protect' bucket and 47% in 'Grow'. The Portfolio looks to invest in quality companies with a strong value proposition and aims to have lower volatility than the global equities market and to out-perform the market during periods of market weakness.

Coopers note in their quarterly report that "Given the latter focus on downside protection in this portfolio we are reasonably satisfied that a ~9-10% per annum compounding return through cycle for investors fulfils the 'grow' element, provided that the risk management of the portfolio around the preserve or 'protect' aim is intact. We saw this well stress-tested earlier in the year - over the 'Liberation Day' drawdown the MSCI All Countries World Index in AUD fell peak-to-trough -12.6% between 13 February and 21 April. During the same period the portfolio fell only -5.6%, a downside capture of ~44%. For those interested in risk-adjusted returns the portfolio Sharpe ratio was 2.1 for the year."

Coopers feel their portfolio is well positioned for the year ahead given over-extended valuations, evidence of "greed" emerging and heightened geopolitical uncertainty.

Vontobel Global Equity Fund

Vontobel is a Quality Growth manager. The Vontobel Global Fund underperformed the index over the June quarter. The strategy's lack of exposure to the Energy sector was the largest contributor to relative returns, followed by stock selection in Consumer Discretionary. In contrast, stock selection in Financials and an underweight to Information Technology were the largest detractors from relative results.

On an individual stock basis, Microsoft, Taiwan Semiconductor Manufacturing Company (TSMC), and Meta Platforms were the top contributors to absolute performance, while Thermo Fisher, Pepsi, and LVMH were the largest detractors from absolute results.

Vontobel remain wary of US economic risks and believe that should the US see a more meaningful slowdown that the companies they own would be less impacted than most. This is because Vontobel's exposure is to invest in companies with low economic sensitivity and high profitability, which tend to lessen the negative effects of operating leverage during a downturn. Therefore Vontobel believes that maintaining a defensive stance is particularly prudent at this time, especially given that the market has rebounded, essentially dismissing concerns about the impact of tariffs.

Vontobel see opportunities in Europe where consumers are benefiting from lower inflation and interest rate cuts of 200 basis points over the past 12 months. Select emerging markets also appear more promising, particularly India, where the Reserve Bank of India (RBI) has cut interest rates by 100 basis points this year.

Alphinity Global Sustainable Equity Fund

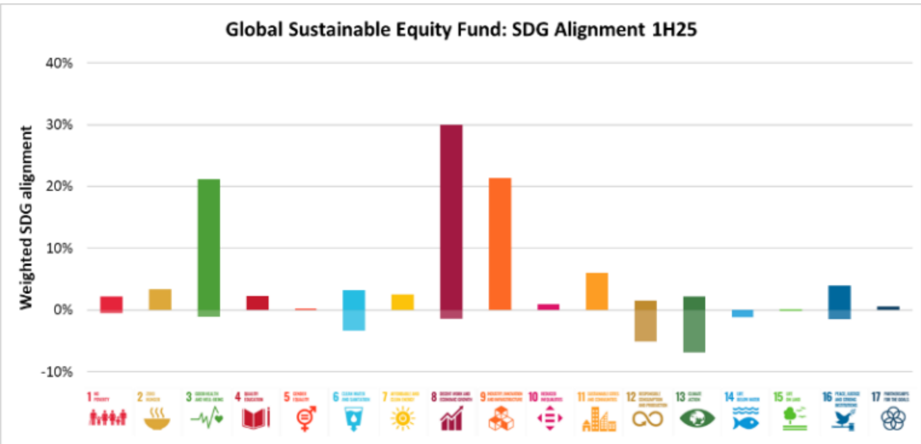
The Alphinity Global Sustainable Equity Fund can invest in growth, value, cyclical or defensive companies as they aim to own them at the right time in their earnings cycle. The Alphinity Global Sustainable Equity Fund underperformed over the June quarter. Uncertainty in the global macroeconomic outlook and divergence in earnings revisions impacted on stocks owned. Despite the turbulence, holdings in high-quality compounders have continued to perform well.

Key comments regarding the performance include:

- The new administration's policies on fiscal spending, geopolitics and especially tariffs all surprised negatively, creating uncertainty about the outlook for US growth, inflation and rates. This was a catalyst for significant market volatility and an abrupt rotation in market and style leadership. This has been a challenging backdrop for performance, including over the last three months.
- By sector, Healthcare was the largest detractor given the significant proposed changes to industry policy and regulation from the new Trump administration, driving underperformance in the sector overall, as well as in several of the Fund's Healthcare stocks (see below). Industrials and to a lesser extent Financials also detracted from performance. Communications and Energy (not held) made positive contributions.
- By stock, Thermo Fisher (policy headwinds to life sciences), Motorola Solutions (tariff related cost pressures) and AstraZeneca (policy headwinds to pharma) were the largest negative contributors, while TSMC, Spotify and ServiceNow made positive contributions.
- The Alphinity investment strategy is style agnostic and will always adapt to such macro changes through a disciplined application of our earnings-focused investment process. Consequently, recent portfolio changes have included the addition of select Defensive and non-US stocks, while maintaining investments in high conviction, high-quality growth compounders, including in the U.S.
- Exposure to the Healthcare sector has been restructured to reflect the more challenging outlook, with positions in Merck, Thermo Fisher and United Health all being divested. Remaining exposures to the sector includes Intuitive Surgical (medtech which is somewhat insulated from policy headwinds) and AstraZeneca (offers the largest, late-stage growth pipeline in the sector), with an overall underweight exposure versus the Index.
- Recent changes mean that the Fund continues to be invested in a balanced and diversified portfolio of high-quality businesses within established earnings upgrade cycles; and aligned to overall market leadership. The core Global strategy has experienced several such macro changes over its close to 10-year history and in each case the process has organically adapted and recalibrated around new earnings leadership leading to a recovery in performance.

The Manager has chosen to divest exposures to Apple and Alphabet on weaker earnings and rising structural risks and has also reduced exposure to healthcare names given increasing policy pressure from the US administration.

The Fund uses the United Nations Sustainable Development Goals (SDGs) to identify companies that have a net positive sustainability contribution. This chart presents the weighted SDG alignment of the Global Sustainable Equity Fund during the first half of 2025*. These insights outline the fund's SDG characteristics and examples of holdings in this period.



**To reflect our sustainable investing activity over the 6-month period, we weight each company's SDG alignment with its average portfolio weight. This upweights the SDG score of companies held at larger weights for longer periods. This methodology is used to present SDG data in our annual ESG and Sustainability Report.*

FUND HOLDINGS

MANAGER ALLOCATION

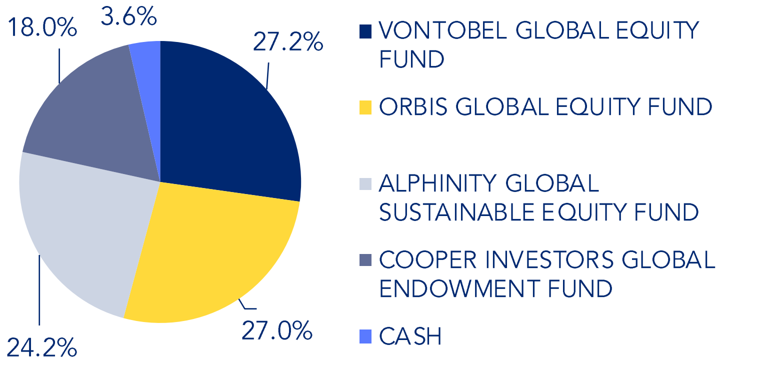
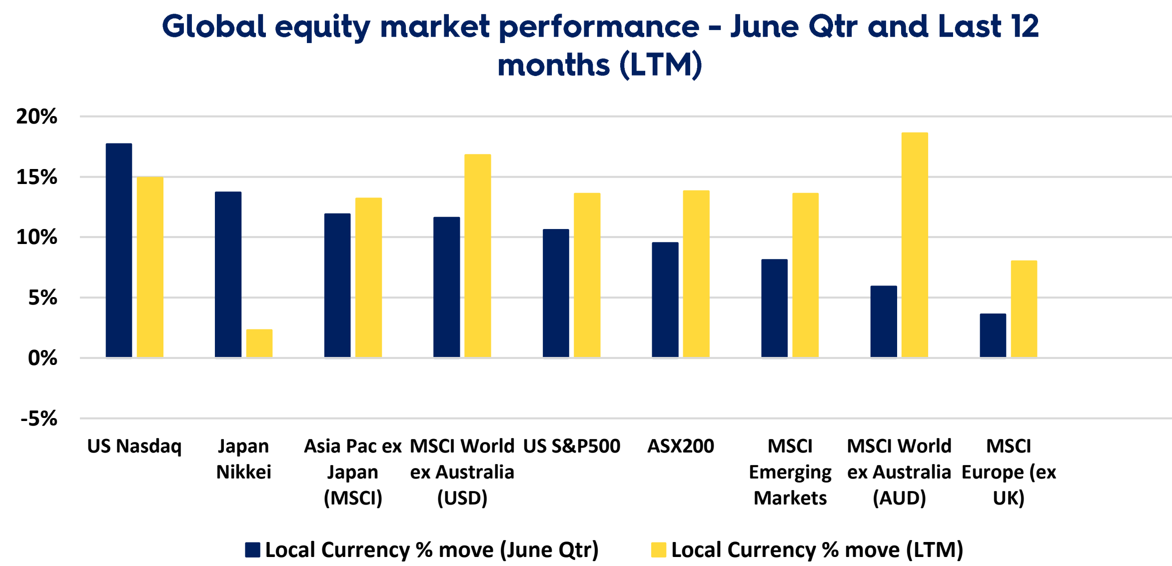


Chart 1

MARKET SUMMARY

The June quarter was marked by significant volatility, primarily driven by geopolitical tensions and shifting trade policies. Despite these challenges, global equity markets rebounded strongly from the lows in early April, with the MSCI World ex Australia index (in USD) posting an impressive 11.6% gain for the quarter and a 16.8% increase over FY25. In AUD terms the MSCI World ex Australia rose 5.9% in the June quarter and 18.6% in FY25.

In local currency terms the US Nasdaq (+17.7%), Japanese Nikkei (+13.7%) and MSCI Asia-Pacific ex Japan (+11.9%) indices outperformed during the quarter. Korea rallied strongly. The rebound in tech stocks fuelled gains in the Nasdaq. Japanese equities benefited as trade tensions reduced, yen appreciation lessened, investor flow increased, and corporate reforms reaccelerated. Conversely, European (+3.6%) and Emerging Markets (+8.1%) relatively underperformed.



Source: Equity Trustees

This resurgence in the June quarter was fuelled by easing geopolitical tensions, including a cease-fire between Israel and Iran, a rebound in tech stocks and improved investor sentiment. Earnings revisions were mildly positive, and economic growth has remained sound without being spectacular. Investor concern about tariffs reduced while optimism around the US' "One Big Beautiful Bill", that offers stimulatory tax cuts, emerged. However deglobalisation is intensifying as President Trump's protectionist measures evolve and trade flows are re-organised.

The US' S&P 500 and Nasdaq reached all-time highs largely attributed to robust earnings in the tech sector, the pause in implementation of US tariffs and expectations of future U.S. interest rate cuts. American wealth is tied to the equity market which has performed strongly, while homeowners have benefited from locking their mortgages in at low-rate levels in prior years. Stocks exhibiting strong growth and earnings momentum factors outperformed in the US.

The tech sector rebounded after a "DeepSeek" induced sell-off in the March quarter. Concerns regarding the amount of future investment spend, returns on capital spent and barriers to entry dissipated over the quarter as AI related investment continued, Mega-tech companies delivered solid results, regulatory clarity emerged, and investor confidence grew.

After a strong start to the year, European markets were impacted by concerns the European central bank may pause its rate cutting regime as higher inflation emerged in June. Within Europe, the Defence and Banking sectors have performed well in 2025 powered by increased NATO-aligned defence spending, notably in Germany. Additionally, the euro appreciation against the dollar reached a near four-year high making European assets more appealing for U.S. investors.

Global economic growth remained broadly resilient assisted by the pull-forward of activity before tariffs are enacted. Global inflation measures remained well behaved. A number of central banks around the world cut rates to support economic growth.

The US Federal Reserve remained on hold through-out the quarter in a "wait and see mode", but the expectation is for future Fed cuts. US employment data remained solid. US Inflation normalised but inflation expectations increased as concerns about the impact of tariffs rose. Hard data remained strong while "soft" data (or leading indicators) weakened. The US Dollar continued to fall as international investors diversifed their holdings, concerns around the US fiscal position and economic policy uncertainty has increased.

In China, the two-speed economy continued where exports and manufacturing remained strong while the property market remained weak. Household confidence remains low and retail sales subdued. Chinese exports to the US reduced while exports to the Rest-of-World increased. As the quarter wore on, a number of economists increased their expectations for GDP growth in China in 2025. Policy makers have set a 5% GDP growth target for 2025 highlighting the importance of boosting domestic demand, however deflation remains an issue. Continued policy stimulus remains in place to support the economy.

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 – Focus on Governance

The following examples from the year to 30 June 2025 illustrate how we have engaged with companies to encourage change by sharing ideas that we believe will further our clients' interests by enhancing or preserving their risk-adjusted returns. We do not disclose company names in order to respect the confidentiality of our engagements and preserve open, constructive dialogue with investee companies. While we believe our perspectives may have contributed to some of the outcomes described, it is impossible to prove that any specific changes resulted from our actions.

In February 2024, we wrote to the Board of Directors of a Korean financial services company, encouraging it to consider establishing a clear capital allocation framework. Despite solid growth in fundamentals, the company's shares had experienced a significant valuation de-rating over the previous decade, resulting in meagre returns for shareholders. We recommended setting a higher return-on-capital hurdle for growth investments and routinely evaluating the merits of share repurchases. Following a disappointing response, we wrote again in October, this time to individual board members. We highlighted the company's deep valuation discount to a key peer with weaker fundamentals and expressed concern that capital management decisions appeared to favour the controlling shareholder over minorities. We urged the board to provide disclosures under Korea's Value-up Program (a government-backed initiative aimed at encouraging listed companies to enhance shareholder value and capital efficiency), including a concrete plan to boost shareholder returns, a clearly articulated capital allocation framework, and enhanced governance to better protect minority shareholders. In early 2025, the company appointed a new CFO and indicated it was reviewing its capital management approach. It published a Value-up Plan in May, which, while lacking detail, did improve shareholder returns, and more explicit targets may follow pending government reforms. This engagement remains ongoing. Even though progress has been gradual, we remain cautiously optimistic – and investor sentiment has improved markedly.

In September 2024, we met with management of a Japanese consumer goods company to encourage a more disciplined approach to capital management, in line with the Tokyo Stock Exchange's initiative for listed companies to be more conscious of their cost of capital and share price. We subsequently wrote to the board, recommending enhanced financial disclosures, closer alignment of key profit metrics with free cash flow, and a commitment to increased shareholder returns – including a progressive dividend policy and a clear preference for share buybacks over M&A. The board discussed our proposals, but initial feedback from management was disappointing. We reiterated our views in a further letter, encouraging the adoption of a more ambitious dividend-on-equity (DOE) target that could support a re-rating of its shares. In February 2025, the company announced a new mid-term plan. While lacking detail in some areas, the plan included several encouraging elements: a higher DOE target, a more disciplined M&A framework, and earnings per share growth targets that implied substantial share repurchases. Although the timeline remains unclear, investor sentiment has improved, and we will continue to monitor progress closely as the company seeks to deliver on its commitments.

OUTLOOK AND STRATEGY

FY25 investment market returns were strong across a wide range of asset classes. In the first half of FY25 returns were assisted by lower inflation, expectations of interest rate cuts, resilient economic data and US technology sector earnings growth and investment. The second of FY25 was a more volatile period impacted by slowing economic growth, US tariff concerns and geopolitical conflicts. Despite these events, the June half still finished strongly, as trade tensions reduced, global economic growth remained stubbornly resilient, central banks moved to lower interest rates and US tech companies reinforced their strong growth outlook. Notably, the equity market rebound from the post "Liberation Day" lows was swift and powerful.

Our key points with respect to current conditions are:

- Global economic growth is likely to slow in the 2H of CY25
    - Global economic growth has benefited from a pull forward in demand prior to the enactment of US tariffs. This likely means the second half of 2025 will see economic growth slow.
    - Despite pauses put in place, the US Tariff environment remains uncertain and inevitably we think there will be tariffs enacted that will act as a drag on global economic growth.
    - While deals will ultimately be negotiated, we think markets are already pricing in an environment where global growth is not disrupted in any major way.
- Global economic growth remains below trend but is unlikely to fall into recession.
    - Global growth is likely to slow to ~2.3% in FY26. Offsets to the tariff drag include lower interest rates and fiscal spending. Markets are pricing in 100bps of US Fed easing for FY26 and another rate cut by the European Central Bank. Broadly global inflation is back within targeted bands, and the services sector has become an increasing driver of economic growth in the US with lower volatility than the goods sector.
    - The question for the US will be to what degree that higher inflation (from August & albeit potentially transitory) from tariffs mitigates the Federal Reserve from cutting interest rates. This should not be an issue for many other parts of the world.
    - Further questions may emerge about the sustainability of the US fiscal position which may see international investors continue to diversify assets away from the US putting further pressure on the US Dollar and treasury market.

  - Geopolitical flare-ups also remain an ongoing risk, but the market has seemingly looked through these issues if the oil market is not majorly disrupted.
- Chinese growth to be managed
  - The Chinese economy has been resilient due to strong export and manufacturing markets. The Chinese have been swift to redirect export flows from the US to other markets. The Real estate market, however, remains soft.
  - Policy makers will be focused on hitting the 5% GDP growth target. We don't expect any major stimulus out of China but think there will be increased focus on the domestic market, industrial reform / development and high-end sectors such as Technology.
- Earnings per share forecasts for the year ahead is ~10% for US and International equities.
  - Earnings revisions have been more stable for international markets recently.
  - International equity market earnings are likely to be supported by strong growth from US Tech companies, central bank rate cuts and increased fiscal spending in Europe. A broadening of geographic and industry growth drivers should help underpin markets also.
- Equity market valuations are back at expensive levels
  - Following the swift rebound in the June quarter, International equity market Price-Earnings (PE) multiples are back at elevated levels. Investors appear complacent toward risks around US tariffs and geopolitical conflicts.
  - Elevated PE multiples make it challenging for the market to move strongly higher in the near term unless earnings growth is delivered well above current expectations (which appears hard to see in the current economic climate).
- Real Assets such as property securities and infrastructure should remain supported as interest rate cuts support valuations, cashflows are stable and income generation sound.
  - Defensive characteristics of infrastructure remain appealing at times of uncertainty and inflation-linked revenues should provide for reasonable top line growth also. Relative value appeal of the asset class is emerging while there remains a widening scope of infrastructure investment opportunities.
  - Within Australian Real Estate Trusts (AREITs), asset valuations have generally troughed, rental growth remains solid, data centre demand remains strong and lower interest rates should support the retail and residential sectors. Absolute valuations aren't cheap, but the relative appeal against the All Industrials is fair.

Therefore given strong market gains over the last two years, fair to expensive valuations across most asset classes, below trend economic growth and continued tariff uncertainty, we expect lower overall returns for diversified portfolios in FY26 to what was received in FY25.

Tactically we remain slightly cautious on equity markets due to their higher valuations.

- Our positioning is to preserve the capital of our clients and invest in assets where on a risk-adjusted basis we see more value.
- We noted last quarter that 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.
- Given a more subdued overall return environment we think this offers opportunities for fundamentally, active stock / security pickers to generate returns above the index.
- 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.