

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



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 RESPONSIBLE INVESTMENT GLOBAL SHARE FUND		3 YEARS	5 YEARS	SINCE INCEPTION
	3 MONTHS	1 YEAR	(P.A.)	(P.A.)	(P.A.) ²
Distribution return	0.00%	0.79%	7.37%	7.18%	5.18%
Growth return	-1.95%	5.21%	2.01%	3.78%	1.39%
Total net return	-1.95%	6.01%	9.38%	10.96%	6.58%
Benchmark return ³	-2.42%	12.06%	14.48%	15.71%	8.57%
Active return	0.48%	-6.06%	-5.11%	-4.75%	-1.99%

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 -1.95% for the March quarter, outperforming the benchmark by 0.48%. Over the last 12 months, the Fund recorded a total net return of 6.01%, underperforming the benchmark by 6.06%. Over this time period all four managers underperformed the benchmark.

MANAGER SUMMARY

MANAGER PERFORMANCE ¹	1 MONTH	3 MONTHS	1 YEAR
	RETURN	RETURN	RETURN
Vontobel Global Equity Fund	-4.1%	-1.2%	10.1%
Alphinity Global Sustainable Equity Fund	-6.3%	-7.8%	1.3%
Orbis Global Equity Fund	-1.6%	1.0%	9.2%
Cooper Investors Global Endowment Fund ²	-1.6%	2.9%	8.0%
Benchmark Return ³	-4.7%	-2.4%	12.1%

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.

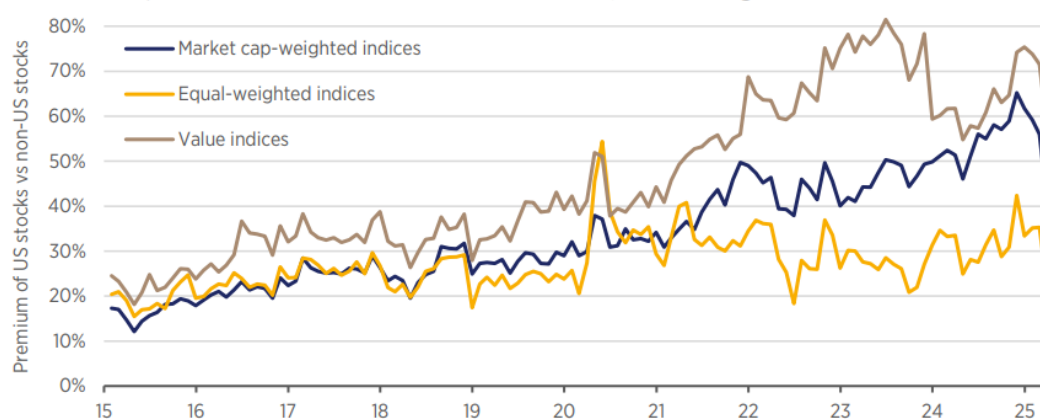
The past few years have been challenging for value-oriented contrarian investors – but there are signs the tide may be turning. Orbis have had long-standing underweight to the US, a relative performance drag for so long, has all-of-a sudden flipped into a contributor. Rather than predicting the timing of such changes in market mood, Orbis are guided by how share prices deviate from their assessment of intrinsic value.

Share prices can only fight for so long against the gravitational pull of fair value. The first sign that share prices have gone too far is often that even extraordinary results fail to meet lofty market expectations. In late February, Nvidia reported 78% growth for its most recent quarter, yet its stock was down the next day. And it has not been alone. While the S&P 500 is down 8% from late February, the tech-heavy Nasdaq is down 13%, and the Magnificent Seven are collectively down 17%.

When one considers just how stretched and skewed markets had become, it's possible there is further to go. On a headline basis, the US still commands a 45% valuation premium. Orbis' research continues to suggest there is much better value elsewhere and they continue to find shares priced at very reasonable levels with attractive margins of safety to the downside.

No matter how you cut it, the US market is (still) richly priced vs other markets

Premium in P/E ratio for the US vs world ex-US markets, 2015 through Mar 2025



Source: Bloomberg, Orbis. P/E is the price-earnings ratio. Using Bloomberg consensus estimates for next 12 month earnings. Calculated as the P/E ratio of the US divided by that of the world ex-US, minus one. US: S&P 500 indices. World ex-US: MSCI ACWI ex-USA indices.

On previous occasions when markets have become as dislocated as they still are today, Orbis typically found that shares neglected in the euphoria don't just protect downside in a market sell-off, they can actually go up as investors remove their blinders. So it is that, amid the declines in the Nasdaq, European stocks are actually up year-to-date. In dollars, Japanese shares are up. Global value stocks are up. In terms of pattern recognition, that's an encouraging sign for value-oriented contrarian investors like Orbis.

Cooper Investors Global Endowment Fund

The Cooper Investors Portfolio operates two pools of risk, 'Grow' and 'Protect'. The portfolio is positioned 56% in the 'Protect' bucket and 44% 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.

Thus far in this drawdown the Fund is behaving as designed, with the resilience of businesses like CME Group (CME) (+14% YTD), Franco-Nevada (FNV) (+34%), and American Water (AWK) (+18%) driving material outperformance and representing effective 'risk hedges' to some of the Fund's more growth-oriented investments which typically see weaker price action in a correlated sell-off.



Regarding concentration risk the Fund has limited exposure to the largest index constituents. With an aggregate allocation of 14% of capital invested across three world class businesses – Microsoft (MSFT), Taiwan Semiconductor Manufacturing Co (2330) and Visa (V), this represents a 25% 'underweight' to the top 50 stocks in the standard global equity benchmark.

The fund's relatively uncorrelated return profile continues to compound away, and the Manager is pleased with the underlying performance of the businesses they own. At the aggregate Fund level for 2025 Cooper Investors estimate around +7-8% revenue growth, +8-9% earnings growth, and cash distributions to owners (dividends plus buybacks) of a further +3%.

FUND HOLDINGS

MANAGER ALLOCATION

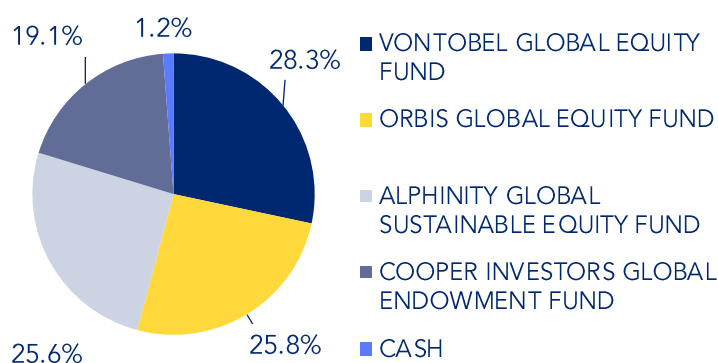
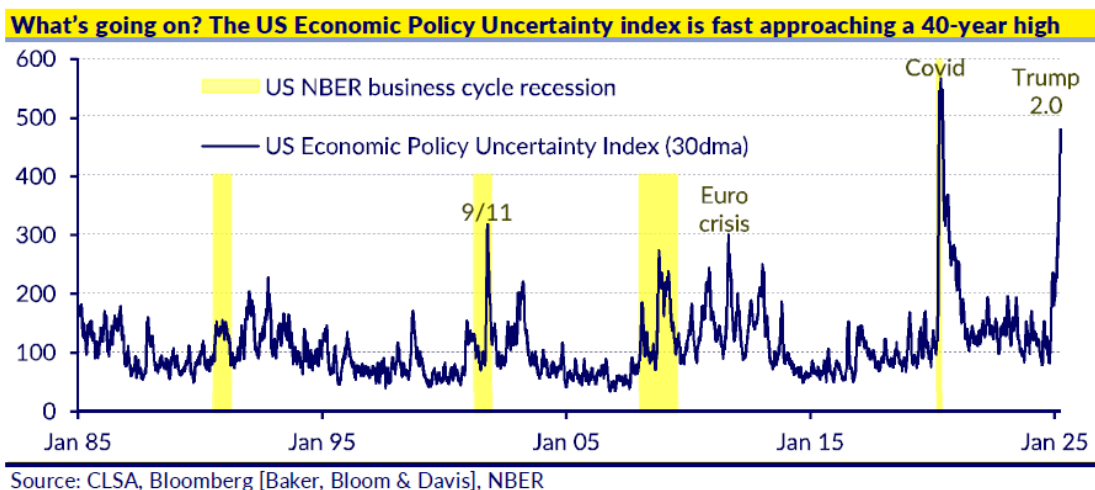


Chart 1

MARKET SUMMARY

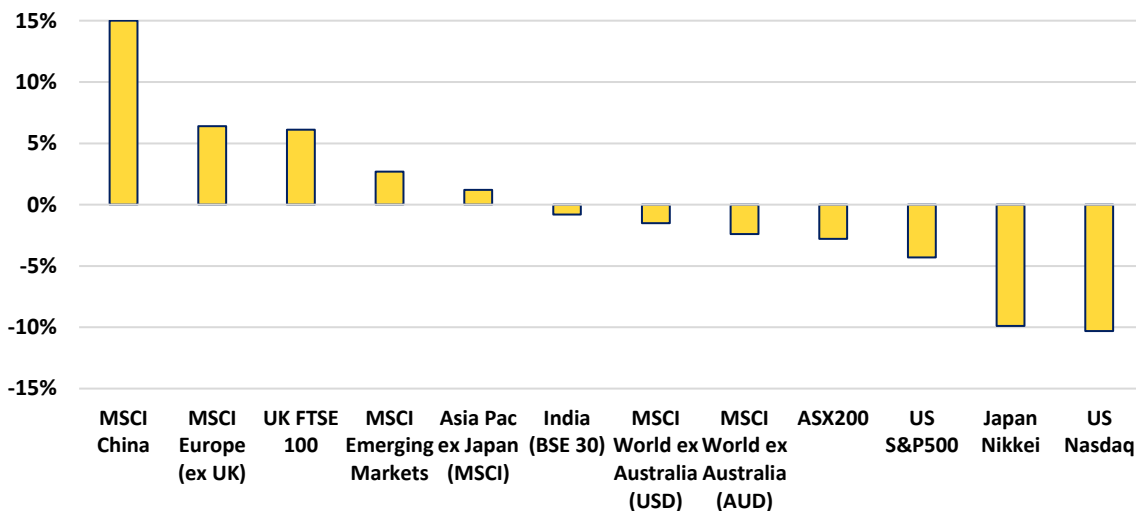
US entered 2025 with two strong years of performance under their belt. However, since then progressively the backdrop has worsened. On the back of rising US tariff concerns, economic policy uncertainty rose swiftly, inflation expectations rose, and economic data weakened. Talk of "stagflation" circled whilst economists slowly increased their odds that a recession may occur. At the same time questions about the magnificence of the Magnificent 7 has come into question. Despite a more "risk-off" backdrop, the US dollar has weakened as foreign capital has been withdrawn from the US into other regions such as Europe and Asia. Foreign investors have never been so exposed to the US dollar – but that appetite is now reversing. Uncertainty rose and confidence fell.





Slower growth, higher inflation and rising uncertainty weighed on equities. The MSCI World ex Australia fell 1.5% in USD terms and fell 2.4% in Australian dollar terms. In local currency terms the MSCI China (+15%) and MSCI Europe-ex UK (+6.4%) outperformed during the quarter. Conversely, US & Japanese equities lagged with the US Tech-laden Nasdaq dropping 10.3%, the Nikkei falling 9.9% and the US S&P500 losing 4.3%. Emerging Markets outperformed Developed markets. Asian markets were mixed with China, Hong Kong and Singapore gaining whilst other markets fell.

March Quarter Equity Market moves - Local Currency %

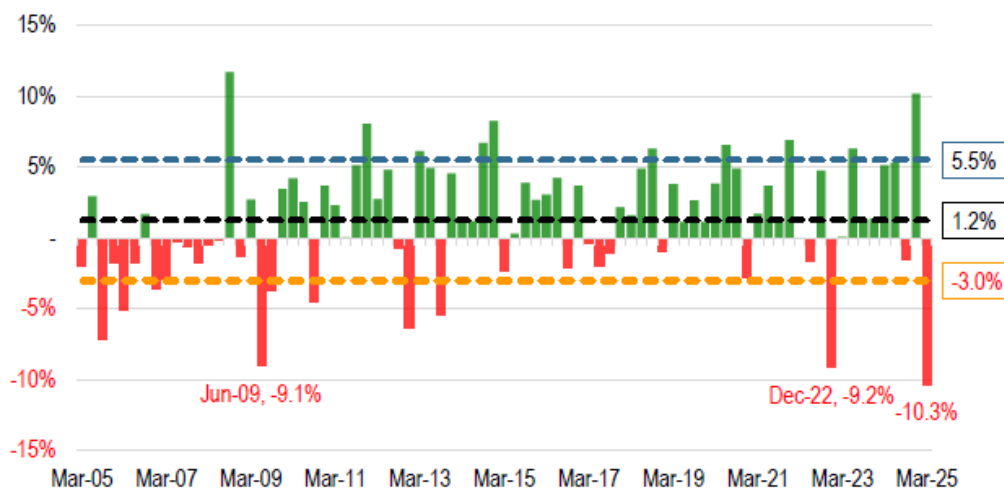


Source: Equity Trustees

Japanese equities sold off as talk of US tariffs gained momentum and a weaker global economy became more likely. 25% automobile tariffs could substantially weigh on Japanese corporate earnings. Rate hikes, higher inflation and a rising yen also weighed on the Nikkei.

Notably after leading global equities higher over the last two years, US equities experienced their worst quarterly performance relative to the MSCI EAFE (Developed Markets ex US) in 20 years. European markets rallied as the ECB cut rates, fiscal stimulus was enacted, peace deals were discussed, and relative valuation multiples appealed.

MSCI US vs MSCI EAFE quarterly performance



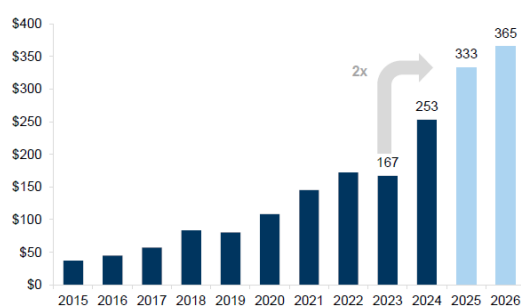
Source: JPMorgan, Bloomberg Finance LP



Also notable was the retracement of US Growth stocks versus Value stocks. The leadership of US Growth stocks has been in place over the last two years – primarily driven by Tech. The high stock and sector concentration in the US is starting to act as a drag on US index performance as large cap technology is underperforming.

Investors switched their Tech exposure from the mega-tech US names to Chinese tech companies after the launch of DeepSeek. DeepSeek, a Chinese start-up which competes with the likes of ChatGPT, announced it could be produced at a fraction of the price. Alibaba and Tencent have also launched competing Large Language Models (LLMs). Investors pondered whether the US Megatech players who have been spending billions of dollars on AI investment may not get the economic return that they are expecting and wondered if their 'moats' are as strong as many think. CLSA says that US software and services sector capex to sales rose to 13.1% (double the rest of the market). As the quarter wore on, news that some major tech companies were looking to reduce their spending. US tech companies also did not positively surprise on earnings in February to the same degree as seen over the last two years and their growth premium over the rest of the S&P500 is lessening. Investors sought Chinese entrepreneurship in tech at more attractive multiples.

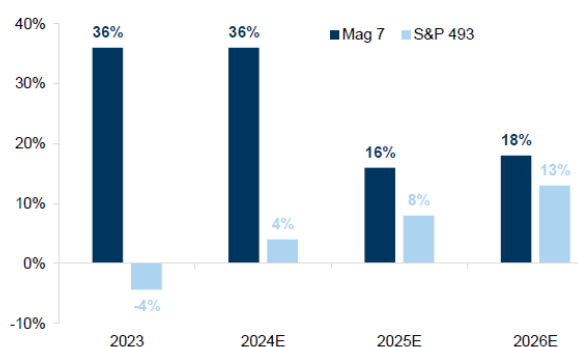
Magnificent Seven annual capex spend (\$ billions). Consensus estimates for 2025 and 2026



Notes: Magnificent 7 is a group of large US tech companies: Meta, Amazon, Apple, Microsoft, Alphabet, Tesla, NVIDIA

Source: FactSet, Goldman Sachs Global Investment Research

Annual earnings growth. Expected figures are based on consensus estimates



Source: FactSet, Goldman Sachs Global Investment Research

The US economic growth rate slowed. In its March summary of Economic projections, the US Federal Reserve lowered its US real GDP growth forecast and increased its inflation projections. The Department of Government efficiency (DOGE) worked to cut government spending and public sector jobs, Government spending has been a pillar of strength to the US economy over recent years. Consumer economic indicators such as retail sales and consumer confidence softened markedly. In March one-year inflation expectations rose to 4.9% as the US President launched a range of tariff announcement with major trading partners such as Canada and Mexico. Threats of limiting immigration added to inflation concerns.

As economic growth moderated from a high level in the US, growth prospects started to improve in other parts of the world such as Europe and China. In Europe, German leaders proposed an unprecedented fiscal package aimed at bolstering defence and infrastructure spending. Higher spending has lifted German bund yields which has led to a rally in European bank stocks. Chinese policy makers have added stimulus selectively and the soft real estate market appeared to stabilise. It appears the Chinese were also keeping their powder dry depending on the outcome of US tariffs.

Global earnings expectations rose in Q1, with the one-year forward consensus estimates for the MSCI ACWI rising by 2.2%. However, positive US equities earnings revisions have started to wane somewhat. While many major indices recorded positive earnings revisions over the quarter, the enactment of US tariffs is likely to see analysts implement downgrades in the June quarter.

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.



ALPHINITY: Engaging companies on responsible artificial intelligence

In May 2024, Alphinity and CSIRO, Australia's national science agency, released a landmark responsible artificial intelligence (AI) framework and actionable toolkit to help both investors and companies navigate the accelerating AI opportunity. The framework is a practical, three-part toolkit that bridges the gap between emerging RAI considerations and existing ESG principles, such as workforce, customer and social license.

Following the publication of this report, the investment team has maintained its focus on evaluating responsible AI risks and opportunities within the portfolio. We continue to actively engage with companies to explore this theme and assess the current state of responsible AI practices. Two recent examples are highlighted below.

We met with CaixaBank, a leading European bank, that has committed €5 billion in AI investments to leverage technology use in the business. We discussed responsible AI processes with the Head of Data Governance and noted the company's early AI success across customer service, process automation and general employee productivity. This is overseen by an AI Governance Framework and management of key risks such as cybersecurity, bias and reliability. These follow good practices in the financials industry and demonstrate preparedness for the European AI Act. We shared our report and recommended future disclosure of the AI policy to strengthen its commitments.

Another example involves Nvidia, a prominent AI enabler that supports more than 40,000 companies, including 18,000 AI startups, in technology development. In February, we participated in a meeting which discussed sustainable AI applications and responsible AI. Although AI can consume significant energy, it also provides solutions in various fields such as advanced weather modelling for adaptation and resilience, enhanced maintenance practices via digital twins, and automation and route optimisation to lessen carbon emissions in manufacturing and transport. Nvidia is working to summarise these different end-markets to create an overall picture of the company's sustainability contribution.

In terms of responsible AI, Nvidia launched its AI ethics committee in 2024 to oversee the development of trustworthy and ethical AI. The committee's initial focus was to identify new AI use cases and develop a framework to recognise potential risks in product development. For instance, the committee recommended additional testing and the implementation of guardrails for a specific product, which subsequently increased due diligence requirements for sales in certain regions and technologies. These were subsequently adopted by the development and sales teams which demonstrates a good level of responsible AI integration through the business. The meeting confirmed that the company is considering responsible AI and establishing appropriate governance structures for its implementation.

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.

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