

ALCapital

ALC Active International Equities Fund

Monthly report – February 2025

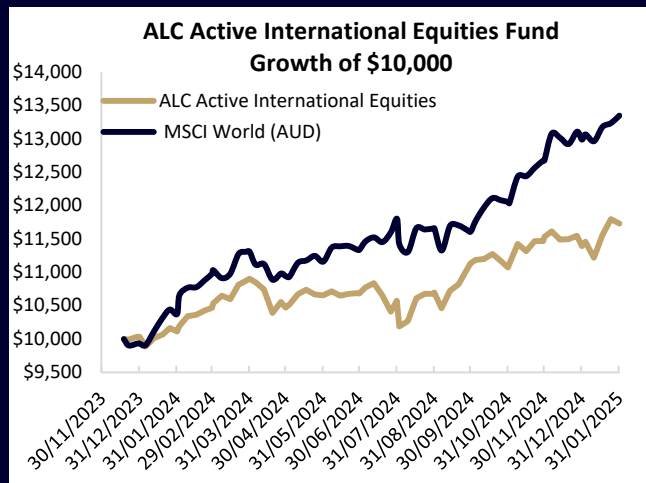
Returns	1 month	3 months	6 months	9 months	12 months	Since inception p.a.*
ALC Active International Equities Fund	-0.44%	1.26%	9.16%	9.59%	11.56%	13.79%
MSCI World (AUD)	-0.42%	4.87%	14.02%	19.11%	21.07%	26.78%
Outperformance	-0.03%	-3.61%	-4.86%	-9.52%	-9.52%	-12.99%

Performance is reported net of all fees. Returns greater than one year are annualized. Past performance is not a reliable indicator of future returns. *The inception date of the ALC Active International Equities Fund is 19/12/2023.

The Fund seeks to generate returns above the performance benchmark by investing in Global Equities. The Fund expects to generate outperformance from three sources: stock picking, regional allocation, and currency hedging. The benchmark is the MSCI World index measured in Australian Dollars.

AL Capital employs a combination of quantitative tools and fundamental stock analysis to select stocks in four regions: USA, Europe, Asia-ex Japan, and Japan. Similarly, the weight of the four regions in the portfolio is determined by a combination of quant signals and the manager's view on the relative short-term attractiveness of each region.

Risk management sits at the heart of the investment process, playing a defensive role in helping AL Capital avoid losses. AL Capital considers risk from both a bottom-up and top-down perspective. The bottom-up analysis employs a proprietary risk scoring methodology and considers risk at the security level while the top-down assessment considers risk at a portfolio level.



Past performance is no indication of future performance. Investments may rise and fall in value and returns cannot be guaranteed.

Performance

The fund returned -0.44% in February, underperforming its benchmark by 3 bps.

The stocks in the portfolio outperformed the benchmark in constant currency in the Asia and Japan, but underperformed in the US and Europe. Overall, stock picks detracted from relative performance.

Our allocation to the different regions contributed to relative performance. On currency, the portfolio was broadly hedged. Since the index was helped by the weakening of the AUD, our portfolio lost some relative performance as a result of being hedged on currency.

Largest contributors/detractors

The largest contributors for the month were BYD (Hong Kong, +36 bps), T-Mobile (US, +29 bps), and Gilead Sciences (US, +23 bps). The largest detractors were Google (US, -40 bps), Broadcom (US, -34 bps), and Amazon (US, -26 bps).

Portfolio positioning

At the end of the month our largest positions were Nvidia (US), Eli Lilly (US), and Amazon (US).

The portfolio is well diversified with 77 stocks, and the top-5 positions less than 15% of exposure. The portfolio is currently close to index weight in all four regions. However, at the time of writing the exposure to the US has been reduced.

Market commentary

February saw markets driven by trade policy shifts, central bank actions, and key economic data releases. Notably, President Trump reaffirmed tariffs on Mexico and Canada and the EU which contributed to a greater sense of uncertainty in the global financial markets.

A lower-than-expected Consumer Price Index (CPI) reading in Australia saw the Reserve Bank of Australia (RBA) pushed to reduce the cash rate by 25 basis points to 4.10%, marking the first cut since 2020. However, the RBA's minutes reflected caution regarding further easing, noting uncertainties.

Australian 10-year government bond yields exhibited volatility, trading within a 23 bp range, before closing lower at 4.29%. Similarly, U.S. 10-year Treasury yields fluctuated between 4.25% and 4.62%, closing lower at 4.20%. Throughout the month, credit spreads widened by 2-3 basis points as investors absorbed a flurry of new issuances.

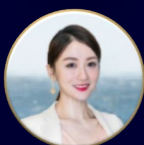
The ASX200 declined by 3.79% after the most volatile reporting season on record, with 20% of companies moving +/- 10% on their result, with many of the stocks that dropped more than 10% despite providing either no change or a very little downward change to future earnings guidance.

Likewise in the US, the S&P 500 fell 1.30% while the tech-heavy NASDAQ fell 3.91%, its biggest monthly decline since April 2024, largely driven by concerns about slowing economic growth and looming tariff plans

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ALC Active International Equities Fund's Target Market Determination is available <https://www.eqt.com.au/insto>. A Target Market Determination 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.