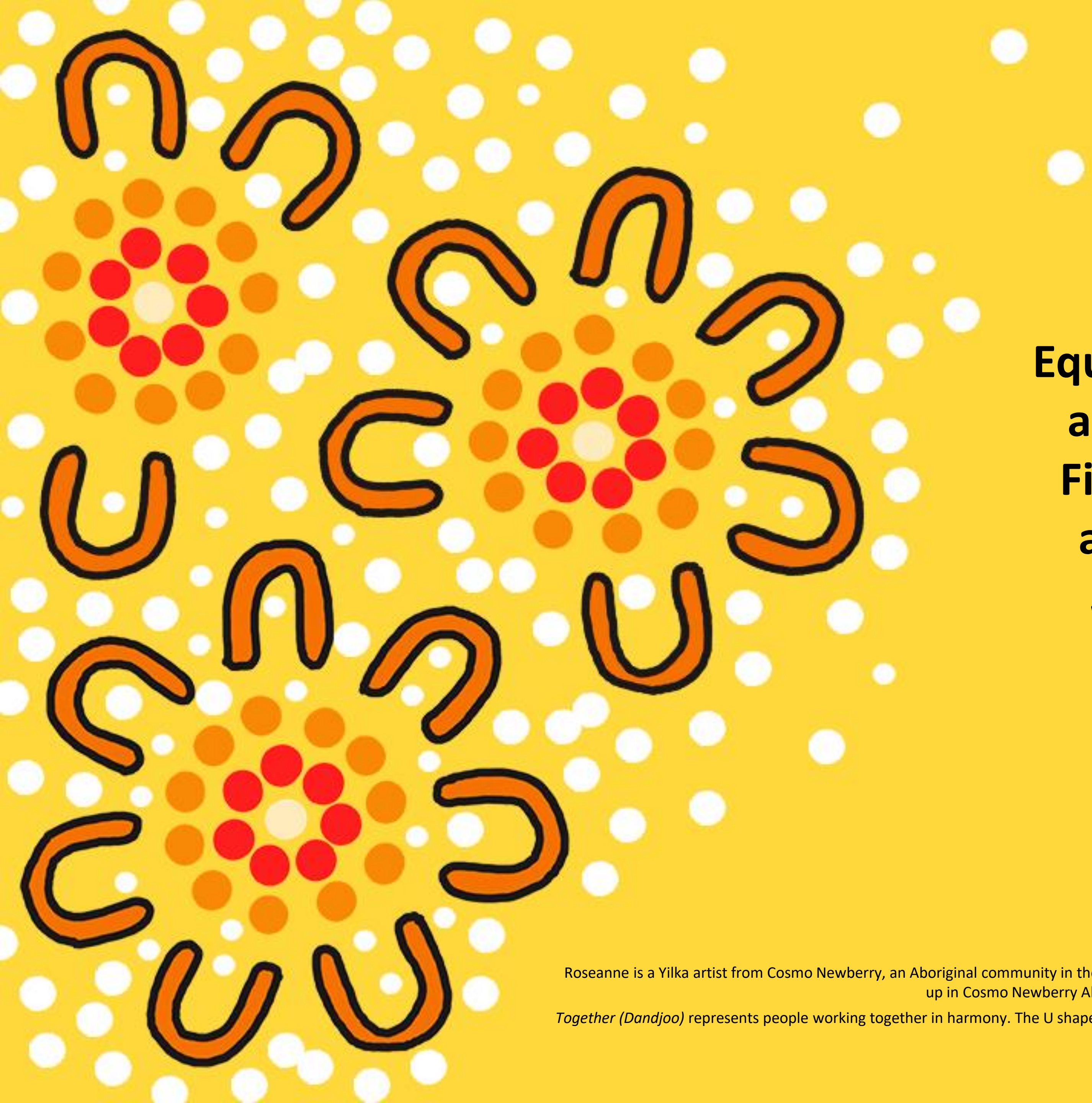
Equity Trustees

THE 100

Brought to you by Australia's leading trustee company

WEDNESDAY 21 JUNE 2023



Equity Trustees acknowledges Aboriginal and Torres Strait Islander people as the First Australians and respects their long and enduring connection to their land.

We pay our respects to all Elders past, present and emerging.

Art *Together (Dandjoo)* by Roseanne Paine.

Roseanne is a Yilka artist from Cosmo Newberry, an Aboriginal community in the north eastern Goldfields of Western Australia. Roseanne is a proud Noongar/Yamatji/Wongutha woman and grew up in Cosmo Newberry Aboriginal Community and Laverton WA. Roseanne loves painting traditional and contemporary art pieces on canvas.

Together (Dandjoo) represents people working together in harmony. The U shapes represent people and the circle dots represent meeting places where they are coming together. The bright yellow of the painting represent the growth and change that happens when we work together for a shared purpose.

SPEAKERS

MICK O’BRIEN
Managing Director

RUSSELL BEASLEY
Executive General Manager,
Corporate Trustee Services

JOHNNY FRANCIS
General Manager,
Business Development &
Custody

DILAN ASHTON
General Manager,
Responsible Investing

TODAY'S SESSION OUTLINE

1 OVERVIEW (AND WHAT'S WITH THE FISH?)

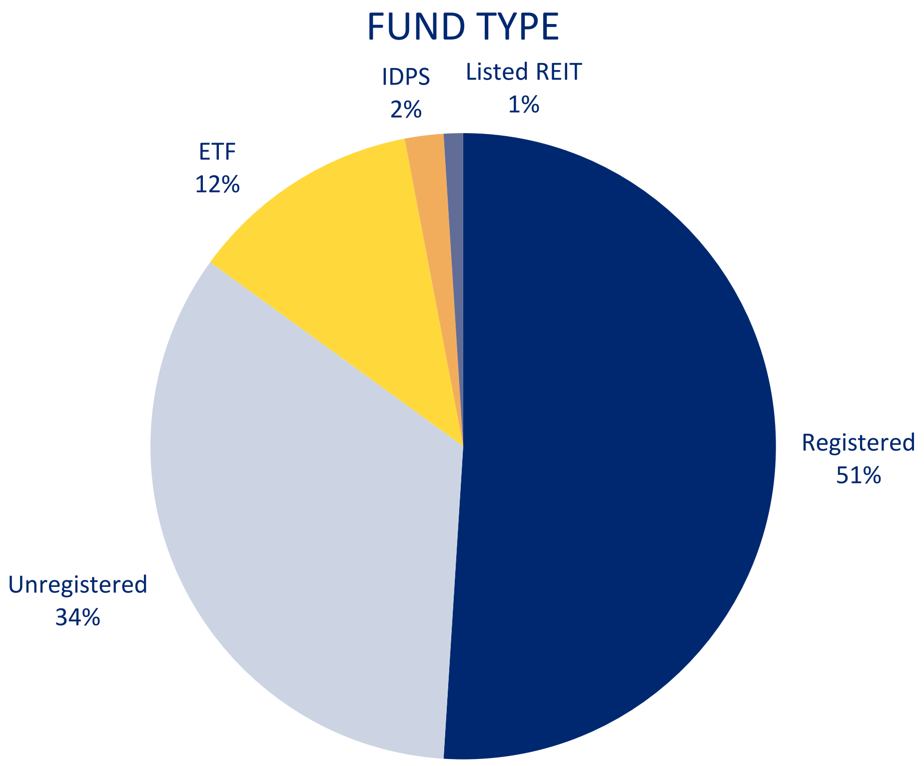
2 HOW WE CAME TO HAVE THIS DATA

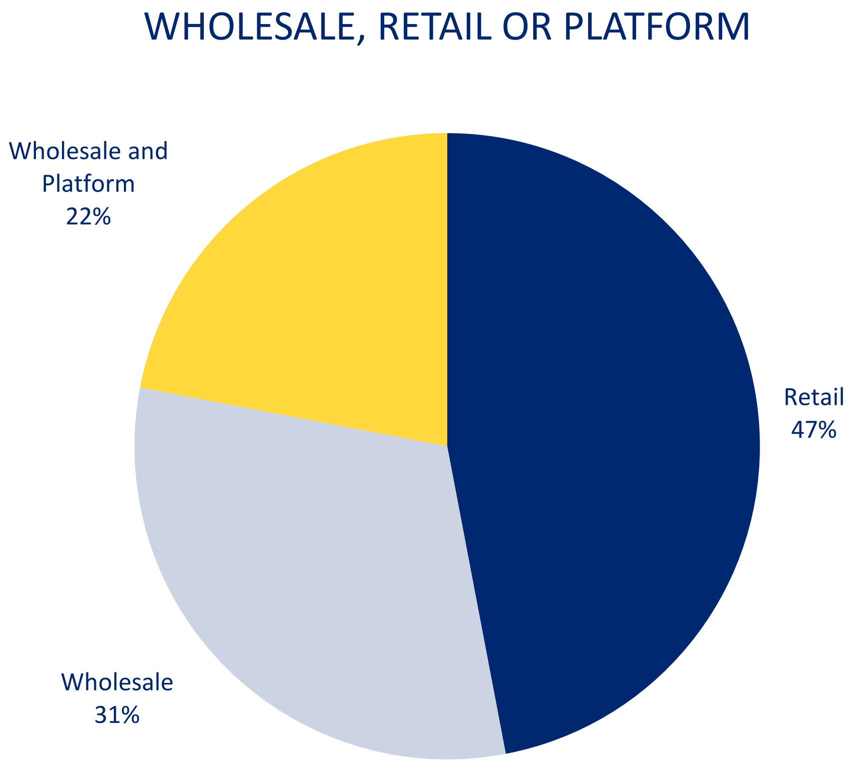
3 WHAT WE'VE FOUND

4 DISCUSSION AND Q&A

5 CLOSE

WHICH TYPE OF FUND IS MOST POPULAR?

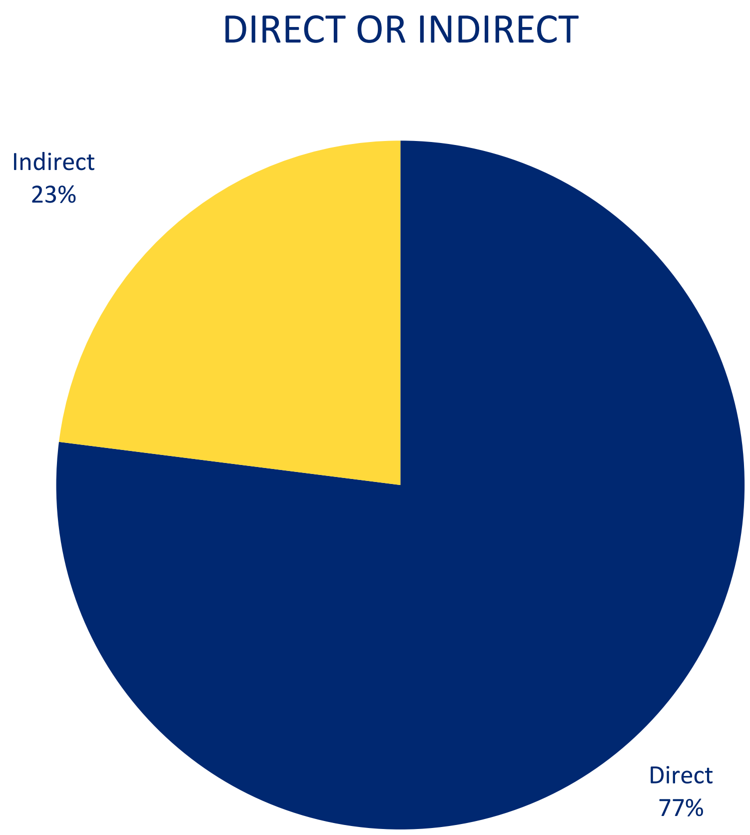


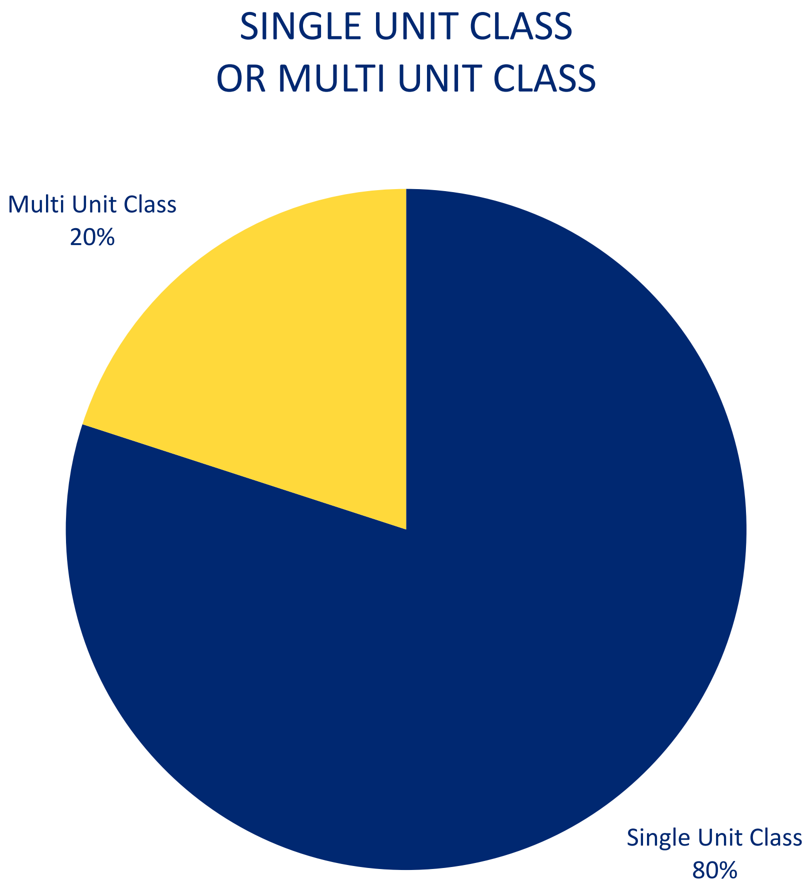


ACCESS TO RETAIL

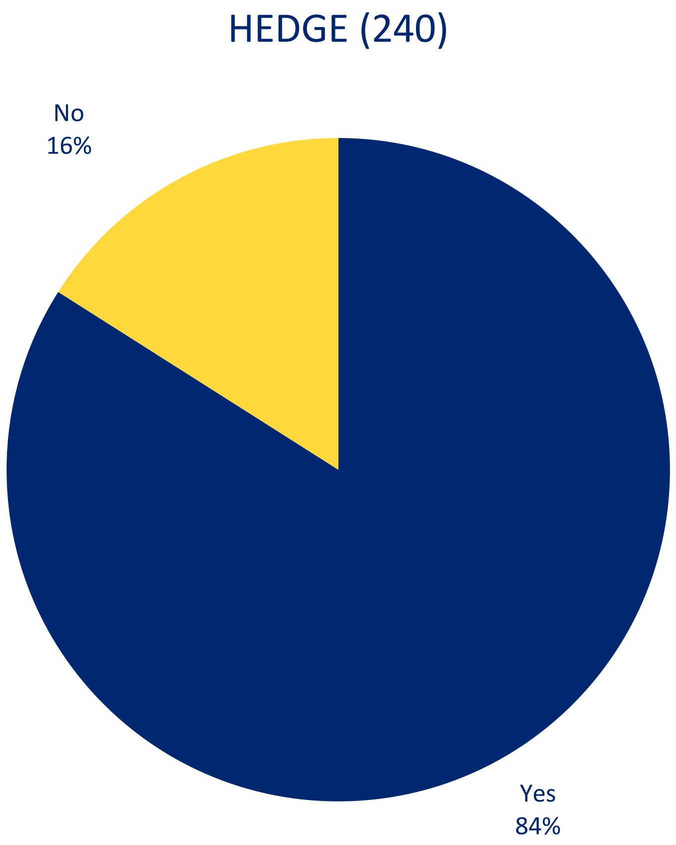
- Clear preference for fund managers to access retail either directly or through platforms (indirect retail)
- ETFs continue to be a popular product for Fund Managers, some looking to extend their product offering while others look to democratise asset classed previously not available to retail investors
- COVID saw the rise of younger investors through apps and smartphones, providing access to the future generation of investors is becoming more important
- With management platforms exceeding $1tn FUA providing products fit for platforms is the norm
- Typical Fund manager journey is being seen from purely wholesale to Platform (and possibly retail)
- Registered vehicle often required for some product design or at investor request
- Significant increase in boutique managers coming from larger organisations
- Fee pressure across the industry potentially driving interest in retail funds
- SMAs and IDPS Schemes remain popular requiring a Responsible Entity licence
- Fund Transitions (particularly registered funds) increasing

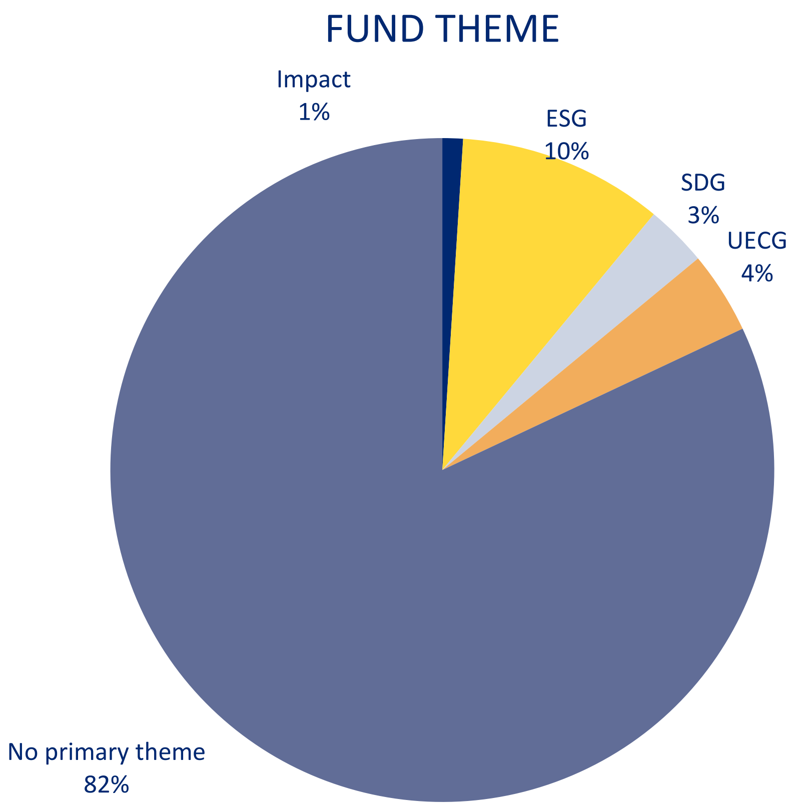
DIRECT STRATEGIES OUTWEIGH INDIRECT





HEDGE FUNDS AND EMERGING THEMES



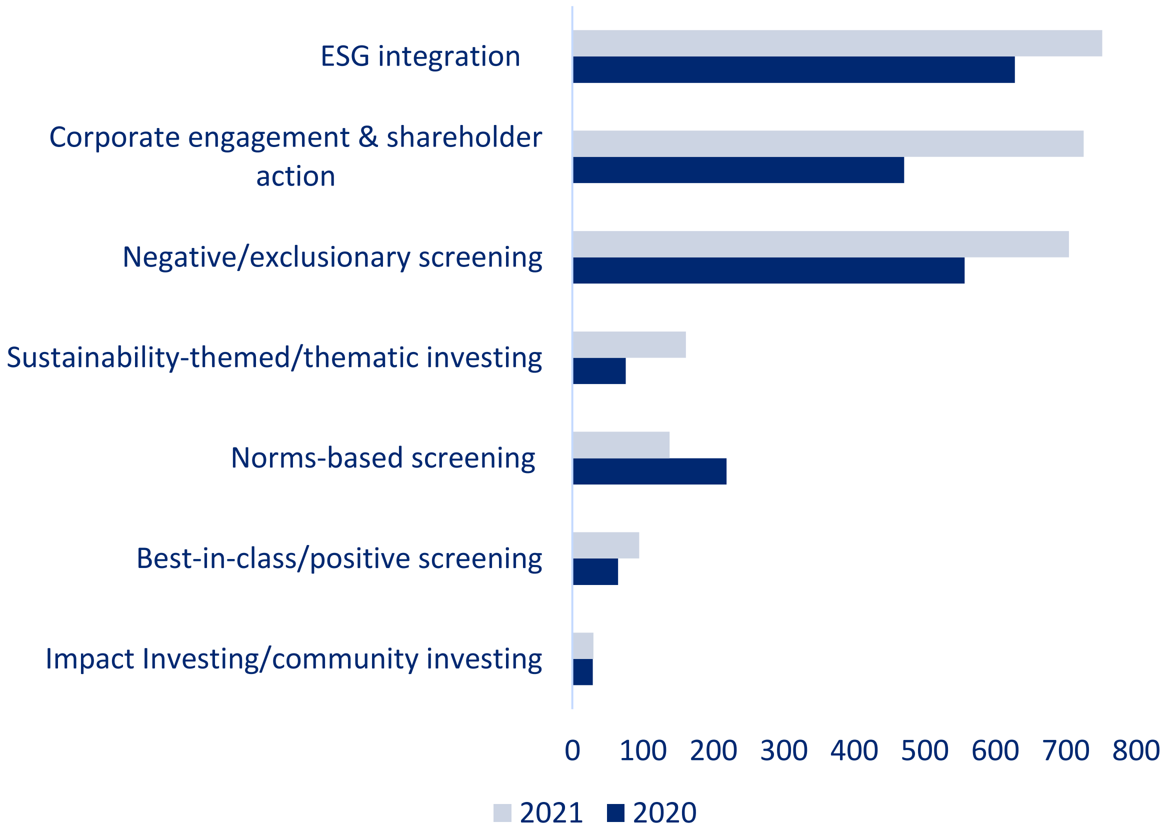


* Sustainable Development Goals
** Ultra Ethical Code of Governance (Sharia)

RESPONSIBLE INVESTMENT TRENDS

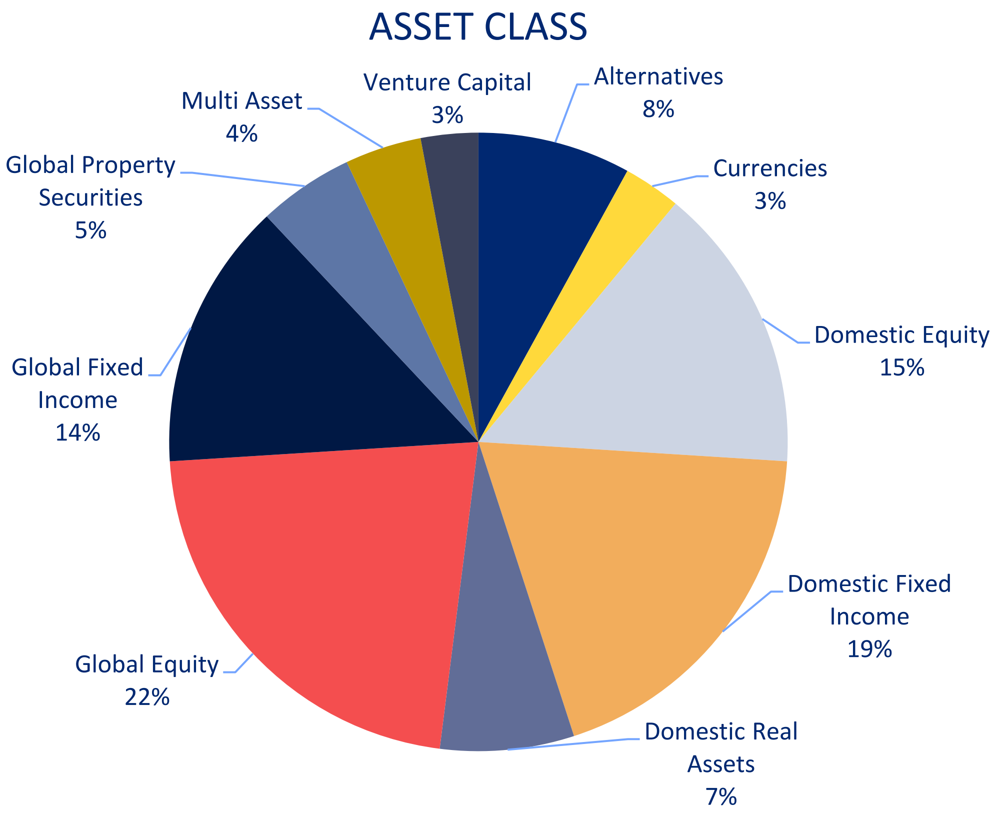
- Record inflows into Responsible Investment (RI) offerings in Australia, reaching $1.54 trillion in Assets Under Management (AUM), representing 43% of all professionally managed funds
- Almost three-quarters of investment managers apply ESG integration to at least 85% of their AUM
- AUM in Sustainability-themed investments have more than doubled to $161 billion – Top theme: Climate change (renewables, energy efficiency).
- Strong growth in investment managers using corporate engagement as a tool to drive positive impact
- Impact investment market is in its infancy but one of the fastest growing areas of RI – demand forecast to be $100 billion by 2025.
- Since publishing INFO 271, ASIC have expanded surveillance and enforcement activities related to greenwashing

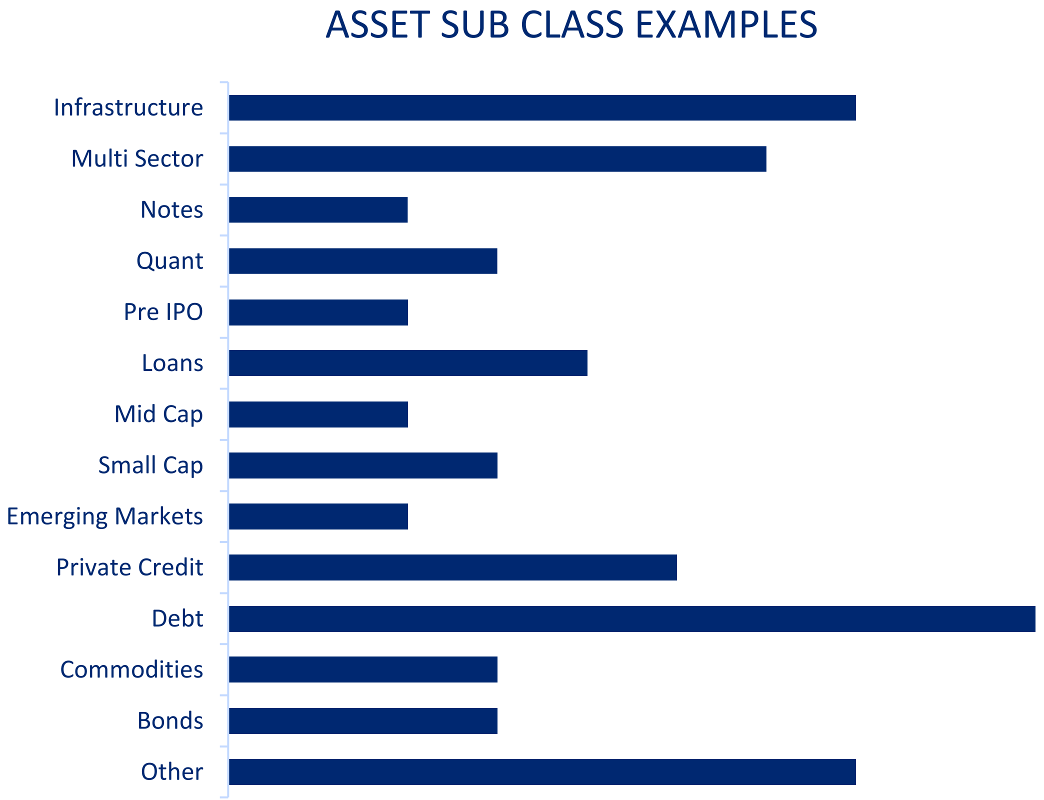
RESPONSIBLE INVESTMENT APPROACH – TOTAL AUM ($ BILLION)



Source: Responsible Investment Benchmark Report 2022 Australia

WIDE RANGE OF ASSET CLASSES SUPPORTED





ASSET CLASS DIVERSIFICATION

- Increased diversification across a number of asset classes
- More fixed income products (including Corporate and Government bonds, ABS and Notes) coming to market
- Private debt and credit funds being launched (e.g. senior secured loans)
- Alternative products remain popular including commodities, infrastructure, FX and quant strategies
- Emerging markets, Japan and China strategies still largely ignored
- VC, Pre IPO funds still being launched albeit with limited flows
- Interest in digital assets stalled pending clearer regulation
- Product differentiation on top of the agenda

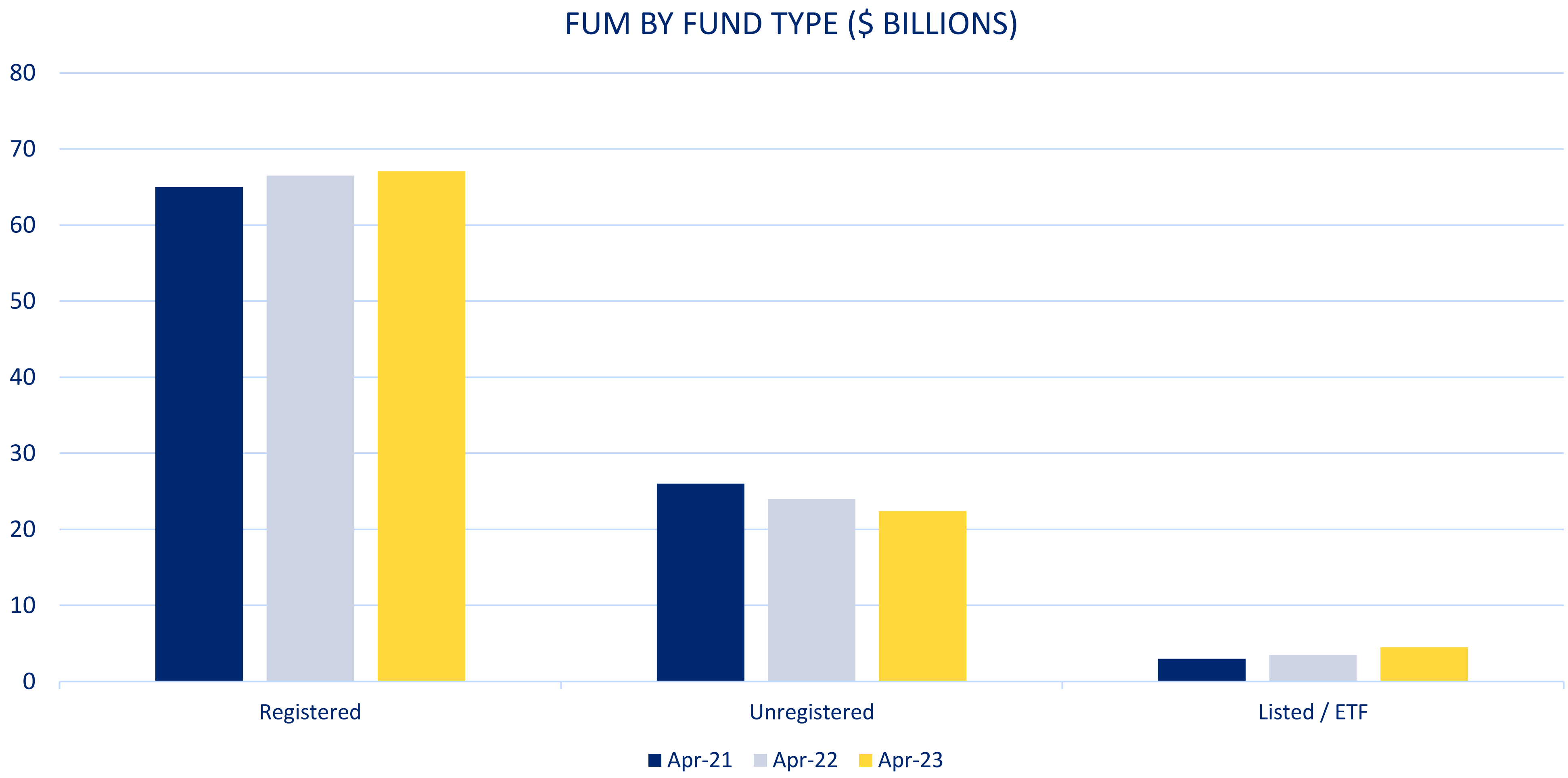
INVESTMENT STRATEGIES

INTERESTING AND UNIQUE FUNDS

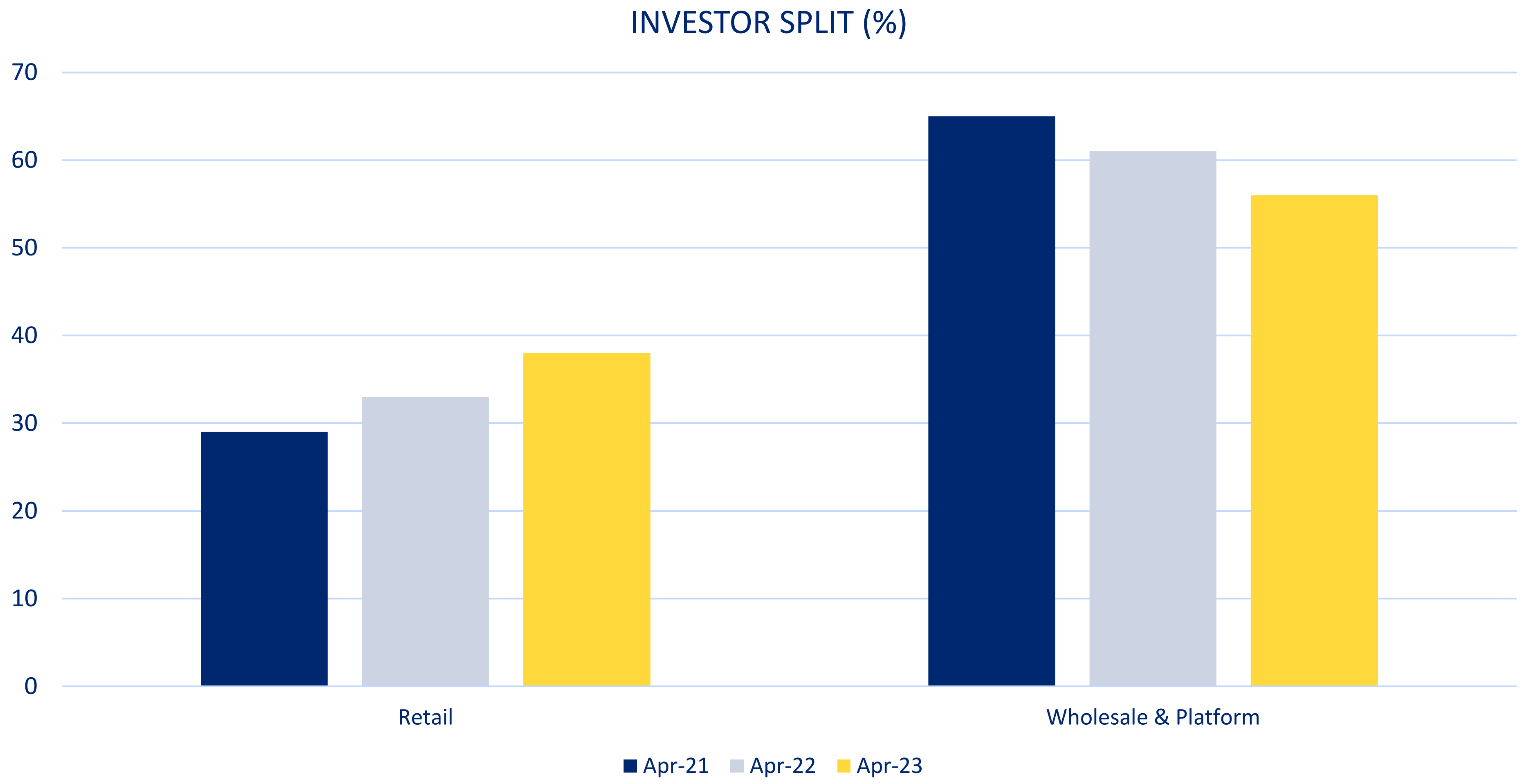
Asset Class	INFRASTRUCTURE	MULTI-ASSET (FI, AE, IE, REAL ASSETS)
Fund Structure	Corporate	Suite of multiple unregistered funds
Investment management approach	Impact investing, renewables	Growth, Income, Capital Protection etc.
Investment Objective	Energy infrastructure upgrades across NSW	Deliver returns on a multi billion dollar portfolio of life insurance and retirement funds
TMD	Institutional, private sector investment	Directed Trustee Model
Challenges	Unique structure and new legislation	Significant portfolio across a number of asset classes

Asset Class	ASX SECURITIES	ALTERNATIVES
Fund Structure	Multiple Registered MISs	Wholesale, multi-unit class
Investment management approach	Fundamental (ESG lens)	Capital Growth
Investment Objective	Various Australian Equities strategies	Diversified menu of global institutional alternative fund opportunities
TMD	Institutional, asset consultants, retail via platforms	Institutional investors, clients of wholesale asset consultants and high net worth investors
Challenges	New service provider relationships	Liquidity restrictions, capital calls

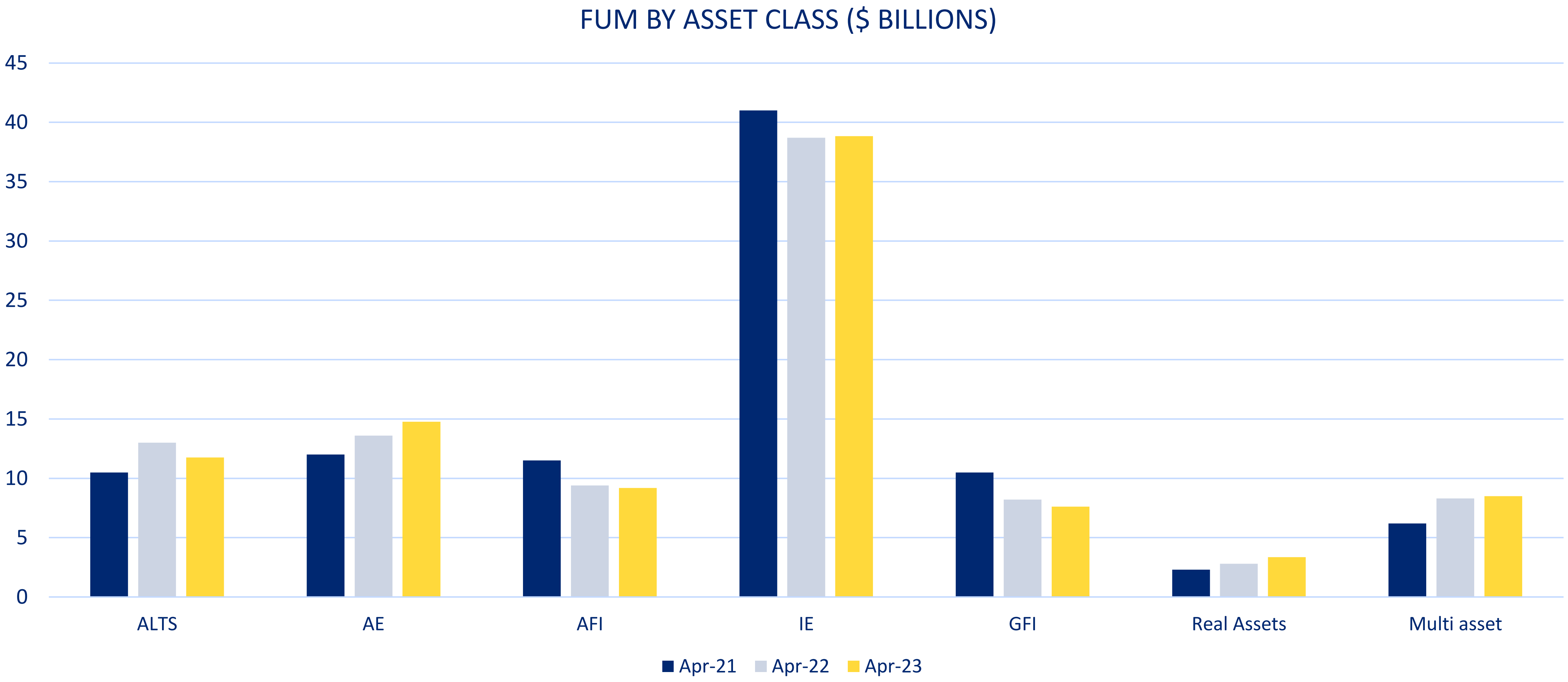
FUND FLOWS YEAR ON YEAR – FUND TYPE



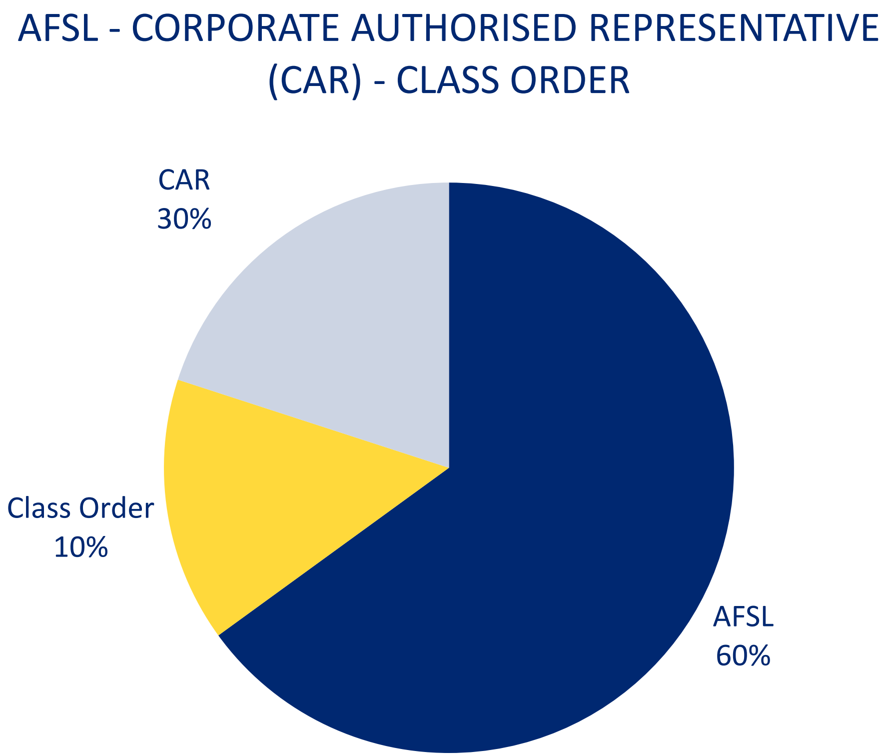
FUND FLOWS YEAR ON YEAR – INVESTOR TYPE

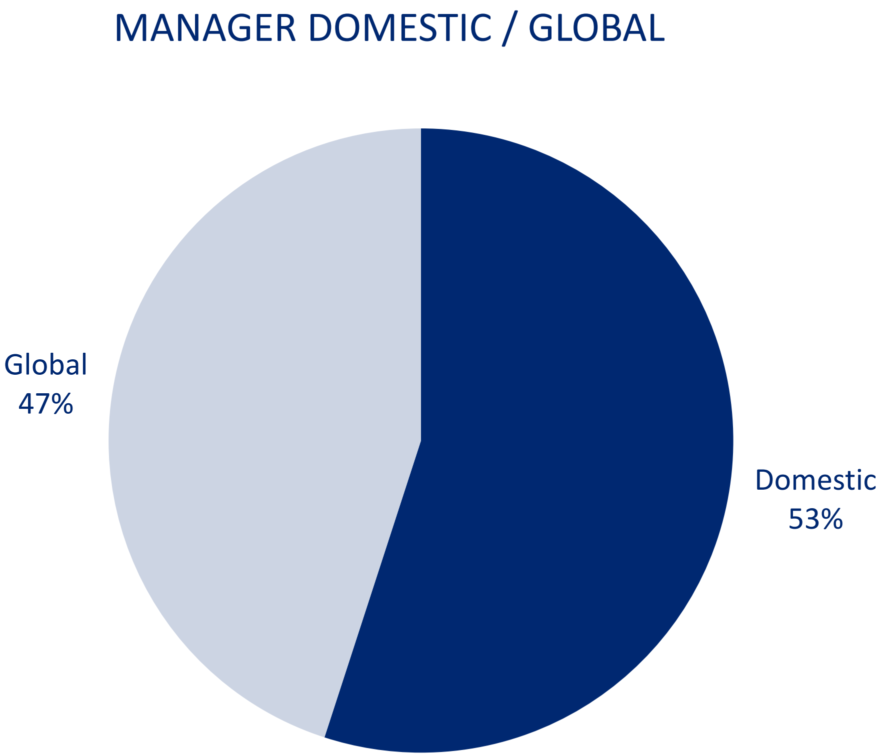


FUND FLOWS YEAR ON YEAR – FUND TYPE

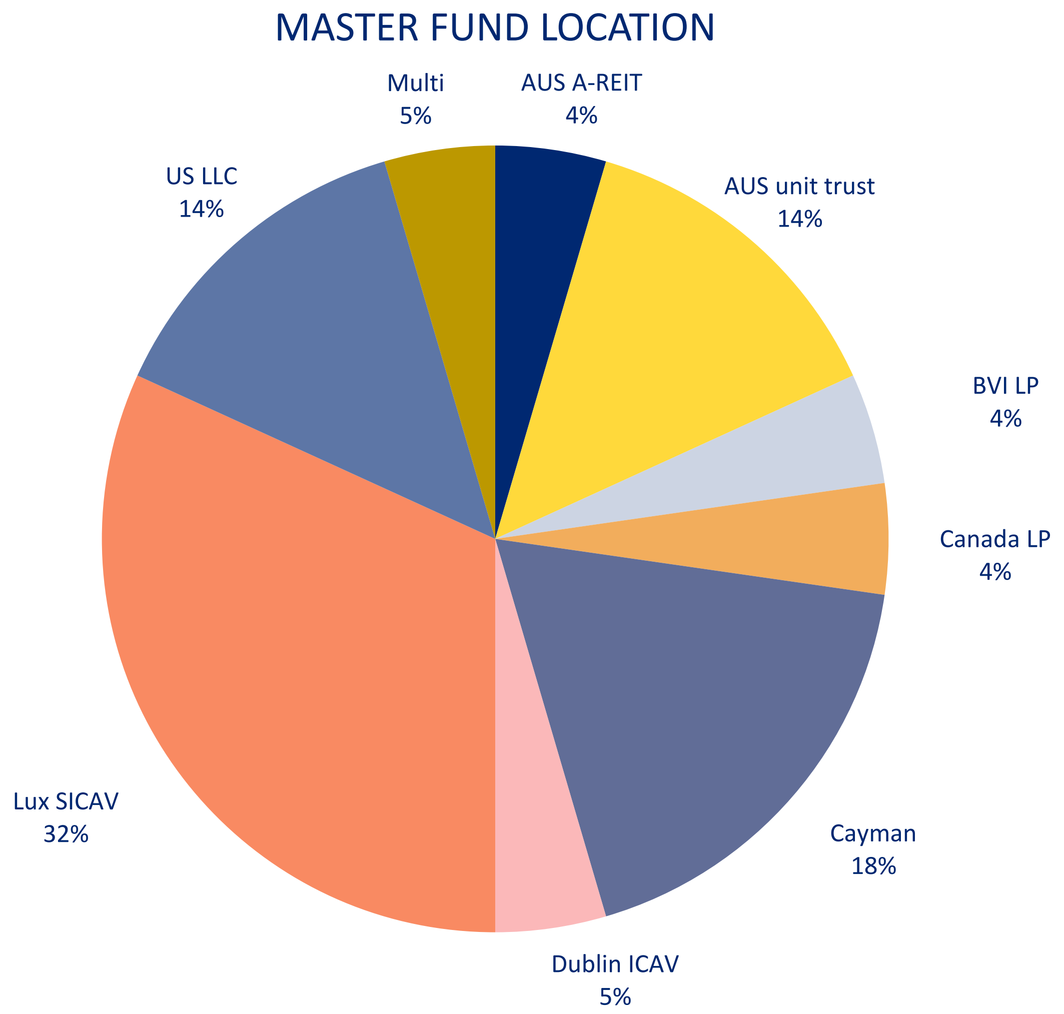


LICENSING OPTIONS

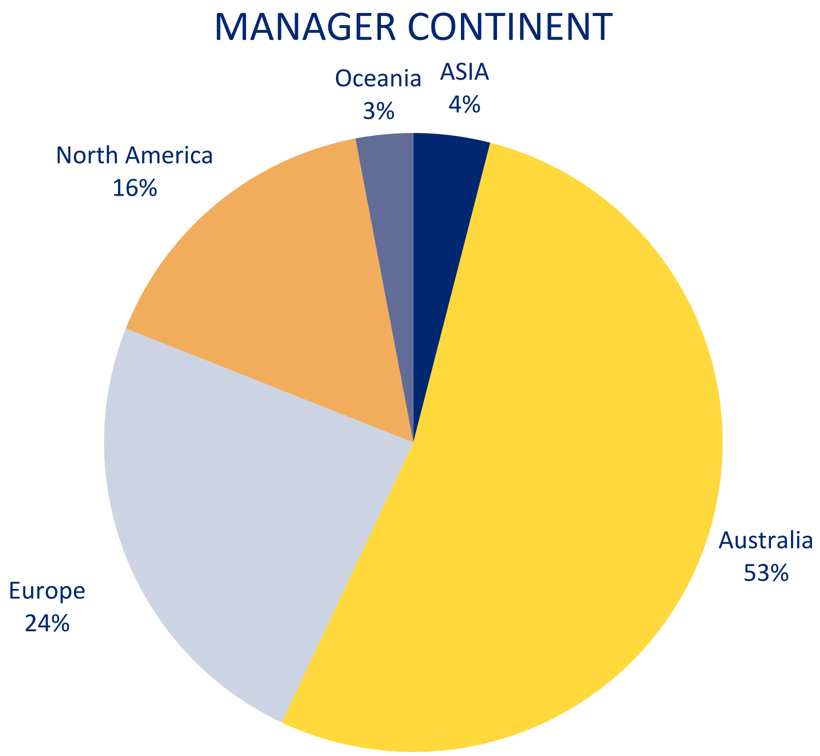


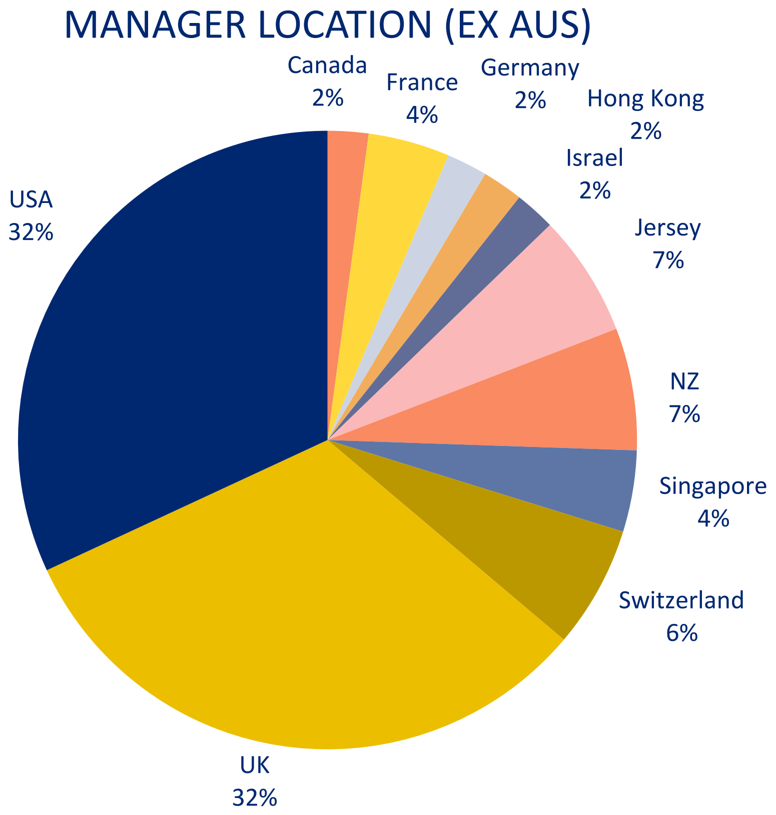


MASTER FUND LOCATIONS

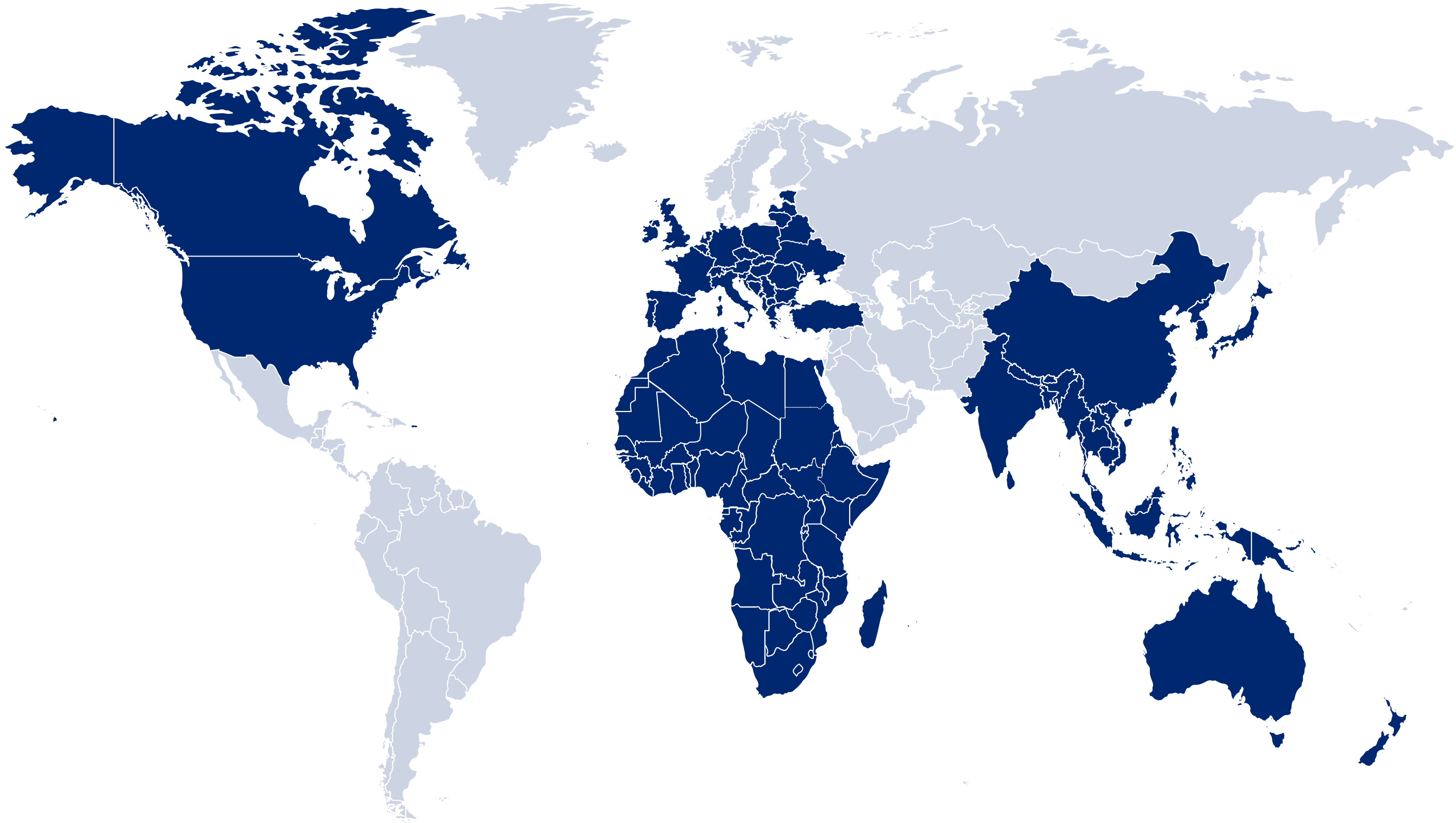


ASSET MANAGER LOCATIONS





EQT GLOBAL FOOTPRINT



Africa
Asia
Australia
Europe
Oceania
North America

OVERALL TRENDS AND TAKEAWAYS

- Access to retail (direct or indirect) remains the key
- Continued growth in FUM and number of funds
- Global fund managers coming back to Australia
- Alternative funds continue to attract capital
- Feeder funds remain popular with large global managers
- We are seeing an increasing diversity of investment strategies
- Fund managers are increasingly listing vehicles to expand distribution, ETFs still popular
- There has been little interest yet in managers developing CCIVs
- Continued rise of ESG related products
- Fixed income products popular from rising interest rates
- More boutique managers exiting larger organisations, will the trend continue

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Disclaimer

Equity Trustees Limited (ABN 46 004 031 298) AFSL 240975) is part of the EQT Holdings Limited (ABN 22 607 797 615) group of companies, listed on the Australian Securities Exchange (ASX:EQT).

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