EQUITY TRUSTEES ASSET MANAGEMENT

Equity Trustees Asset Management is an active investment manager in Australian and Global Equities, Credit and Fixed Income. We focus on identifying quality investments to deliver consistent outperformance.

Our specialist team is directly responsible for the management of $4bn of funds; $2.5bn of which is on behalf of over 650 for-purpose organisations, including philanthropic trusts and charitable foundations.

Safeguarding the wealth of Australian individuals, communities, families and charities is a part of our DNA as key part of Australia's leading specialist trustee company.

We've been looking after people's assets since we were established as an independent trustee and executor company in 1888. But being a trustee is not the same as your usual asset or fund manager – it means we have a focus beyond getting the best return (although we aim to do that too).

We've now weathered five pandemics and two world wars, supporting our clients through numerous market cycles including the depressions of the 1890s and 1930s, the 1970s energy crisis, Latin American debt crisis, 1980s recession, Black Monday market collapse, US saving and loan failure, Black Wednesday, Asian Financial Crisis of the 1990s, the 2001 technology bubble, the 2007 global financial crisis and, most recently, COVID-19.

OUR APPROACH

Our aim is to preserve and grow the real value of capital over the long term while providing clients, beneficiaries and co-trustees with the income they need.

WE BELIEVE

An agreed Strategic Asset Allocation Framework is fundamental in capturing a clients' investment objectives; these key decisions define investment return objectives, risk appetite, income and/or capital stability.

Markets are efficient over the long term but can be inefficient in the short term; this can enable excess return through active decision making at both as asset class level (Tactical Asset Allocation) and within certain asset classes. The ability to derive excess return through active management varies between asset classes.

Responsible investing and incorporation of Environmental, Social and Governance (ESG) as an integrated component of our investment process aligns with portfolio outperformance over time. Consistent with this philosophy our investment process focuses on securities with sustainable, quality characteristics at reasonable prices to deliver long term capital growth and growing, consistent income streams.

We aim to deliver performance that meets our client's expectations and risk/reward profile. To achieve this, we combine in-house capabilities with the best external domestic and international fund managers that are diversified both across and within asset classes.

This approach can benefit a wide range of investors, who want (or need) to take less risk but still receive positive returns and income for the long-term. Our experience has been largely focussed on servicing not for profit organisations, high net worth clients, and corporate superannuation.

Responsible investing and incorporation of Environmental, Social and Governance (ESG) principles, as well as negative screening, are an integrated component of our investment process.

We believe in what we do and how we do it because our approach and proven processes have been developed and implemented over many decades and stood the test of time by delivering for our clients.

ASSET ALLOCATION DECISION MAKING PROCESS

1
AGREE CLIENT INVESTMENT OBJECTIVES

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- Return objectives
- Risk tolerance
- Investment horizon
- Investment overlays (e.g. ESG, ethical, other)
- Ability to access capital
- Income requirements
- Tax status
- Liquidity/cashflow needs

2
STRATEGIC ASSET ALLOCATION (SAA)

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Confirm SAA construct most notably

- SAA Asset Classes
- SAA benchmarks weights and min/max ranges

SAA determined with regard to capital market assumptions regarding return/volatility. Utilise range of sources including external consultants (currently Atchison, Heuristics), Mercer as well as internal AM expertise.

3
TACTICAL ASSET ALLOCATION (TAA)

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TAA decision made by Asset Allocation Committee (AAC) comprising Head of AM, Head of Equities, Head of FI

- Under constant review but meets formally monthly
- Recommendations and decisions reviewed by Management Investment Committee
- Utilise internal asset class specialists, brokers, consultants (e.g. Atchison, Mercer)

4
IMPLEMENTATION OF STRATEGY

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Implement strategy by asset class through use of:

- Internal active strategies
- Passive (EFTs) where fee/alpha tradeoff
- External active managers for targeted asset class, market exposure

Preference is to use specialist internal active strategies as core solution due to heightened confidence surrounding process, tax, ESG. Augmented by external managers and passive options.

PROVEN INVESTMENTS – AND PERFORMANCE

Our Asset Management team conducts their own research, discussion and peer review which encapsulates other investment themes into an overall stock and portfolio focus. Our quality-focus, medium to long term timeframes and regard to income are all key attributes of the investment processes that follow on from our broader investment philosophy.

We actively manage portfolios in the following asset classes:

- Australian equities
- International Equities
- Australian Fixed income
- Mortgage securities
- Cash.

RESPONSIBLE, SOCIALLY AWARE INVESTING

Equity Trustees Asset Management recognises the importance of environmental, social and governance (ESG) considerations in investment.

- We take a holistic approach to analysing companies, including ESG metrics
- We explicitly evaluate, query and assess ESG issues in our fundamental analysis and interactions with companies
- Not only do we use our internal equities research team, but we also use specialist providers such as MSCI and Glass Lewis, as well as other sources to augment our views and understanding
- Our approach is to focus on ESG because it makes good business and financial sense creating more sustainable investments.
- We also aim where possible to be active advocates for positive change when interacting with companies
- Equity Trustees manages a bespoke Australian equities fund that specifically excludes investments such as those in gaming, alcohol, the tobacco and defence sectors and adult entertainment.

INVEST WITH A NOT-FOR-PROFIT SPECIALIST

Given that we have specialist expertise in charitable and not-for-profit investment mandates, our investment process recognises the unique requirements of charities and social purpose organisations – in the areas of tax, investment categories, capital preservation, reporting and risk management.

The benefits of using a specialist NFP asset manager include:

- Sector expertise – An understanding of the NFP environment and challenges the sector faces
- A holistic service offering - encompassing investment management and Philanthropy Value-add services
- Strong internal understanding of the investment objectives of NFP organisations
- End-to-End investment service incorporating advice, implementation and reporting
- Flexible implementation approach with Responsible Investing solutions
- Long term investment timeframes and strategies that balance capital preservation along with capital growth
- An income-focus to facilitate granting or operational cashflow requirements
- Tax-effective strategies to enhance returns
- Tailored service and cost-effective investment solutions
- Corporate and team values which align with the charitable and NFP sector.

PRODUCT OR STRATEGY NAME	BENCHMARK	INCEPTION DATE	EXCESS/ ABSOLUTE RETURN OBJECTIVE	TARGET TE (& OTHER RELEVANT RISK TARGETS E.G. VOLATILITY) RANGE	FUM	INVEST-MENT TIMEFRAME
EQT Eight Bays Global Fund	International Equities	MSCI ACWI ex-Australia (Unhedged) Index	1/07/2021	To deliver gross performance (less fees) above the benchmark over a rolling 3-year periods	High	3-5 years
EQT Core International Equity Fund	International Equities	MSCI World Index net dividends reinvested (AUD)	31/01/2006	The Fund aims to outperform the benchmark over rolling 5-year periods (before fees and expenses)	High	5-7 years
EQT Flagship fund	Australian Equities	S&P/ASX200 Accumulation Index	1/08/2006	The Fund aims to outperform its benchmark over a rolling 5-year period, after taking into account Funds fees and expenses	High	3-5 years
EQT Australian Equities Tax-Aware Fund	Australian Equities	ASX200 Accumulation index	1/07/2019* (Previously known as Common Fund 103 – inception 1/7/2004)	To deliver gross performance (less fees) above the benchmark over rolling 3-year periods. There is a distinct focus on the after-tax returns offered to investors	High	3-5 years
EQT Australian Equities Ethical Tax-Aware Fund	Australian Equities	S&P/ASX200 Accumulation Index	31/10/2007 (previously known as Common Fund 102)	To provide investors with a high-income stream and the potential for capital gain similar to the benchmark via investment in a diversified portfolio of shares with specific exclusions including Alcohol, Tobacco, Gaming, Armaments and Adult Entertainment.	High	3-5 years
EQT Australian Diversified Fixed Income Fund	Australian Fixed Income	Bloomberg Ausbond Composite 0+ Year Index	14/10/2014	To outperform the benchmark over a rolling 3-year period	Low to medium risk level; Modified duration managed to +/-1.5 years around benchmark	3-5 years
EQT Mortgage Income Fund	Fixed Income (Alternative Income – Mortgage Securities)	RBA Cash Rate	1/10/2002	To outperform the RBA Cash Rate over rolling 3-year periods	Low to medium risk level	1-3 years
EQT Cash Management Fund	Cash	Bloomberg AusBond Bank Bill Index	30/03/1989	Performance Investment objective is to deliver returns in excess of the benchmark over a rolling 12-month period	Low to Medium risk level	1-2 years
EQT Growth Fund	Multi-asset	Blended Benchmark of asset class exposures	1/07/1995	To provide moderate income and capital growth over the medium to longer term	High	5-7 years

EXPERT TEAM

Our in-house Asset Management team comprises specialist Australian Equities and Fixed Income managers supported by research analysts and client portfolio dealers. With 11 investment professionals with over 250 years of aggregate investment experience, we manage tailored investment portfolios for charitable, corporate and private clients and specialise in funds management for tax-exempt entities and structures.

The structure and experience of the team is backed by the global expertise of our independent asset consultant, Mercer Investments (Australia) Limited.

Asset allocation

DARREN THOMPSON
Head of Asset Management
30 yrs experience

Darren Thompson is Head of Asset Management and has ultimate responsibility for Asset Allocation decision making. He also chairs the Asset Allocation Committee (AAC) which also comprises Chris Haynes (Head of Equities) and Allister Lahood (Head of Fixed Income).

Growth Exposure

CHRIS HAYNES
Head of Equities
28 yrs experience
(Portfolio Manager / Media / Banking / IT)

Defensive Exposure

ALLISTER LAHOOD
Head of Fixed Income
16 yrs experience

TIM GALLAGHER
Head of Mortgages
14 yrs experience

Communication & Service

GRANT MUNDELL
Investment Specialist
20 yrs experience

HUGH CAMERON
Portfolio Manager
30 yrs experience
(Industrials / Building Materials / Asset Managers)

PAUL DAVOREN
Senior Investment Analyst
20+ yrs experience
(Consumer / Telco / Healthcare / REIT's)

THI DOAN
Investment Analyst
9 yrs experience
(Mining / Energy / Gaming / Steel)

STEVE COFFEY
Investment Analyst
20+ yrs experience
(Telco / Financials / Utilities)

SIEW WONG
Client Portfolio Manager & Dealer
25 yrs experience

THE BENEFITS OF EQUITY TRUSTEES ASSET MANAGEMENT

- Strong governance – Equity Trustees is heritage Australian brand and our position as a trustee company requires an extra level of fiduciary duty to ensure client portfolios are prudently managed
- More than advice, our highly experienced team are hands on – investing across key asset classes and closely monitoring stocks and investment managers
- Not-for-profit specialists – we work with not-for-profits every day and understand the necessity of steady income to fund the critical work they do – and how hard they work to accumulate fundraising dollars.
- We have sufficient scale to obtain institutional pricing but we're boutique enough to remain agile.

FOR MORE INFORMATION CONTACT

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