

2 August 2021

Equity Trustees launches global active ETF fund

Responding to strong demand from investors, Equity Trustees has partnered with Eight Bays Investment Management to create a new global fund that uses passive ETFs in an active way.

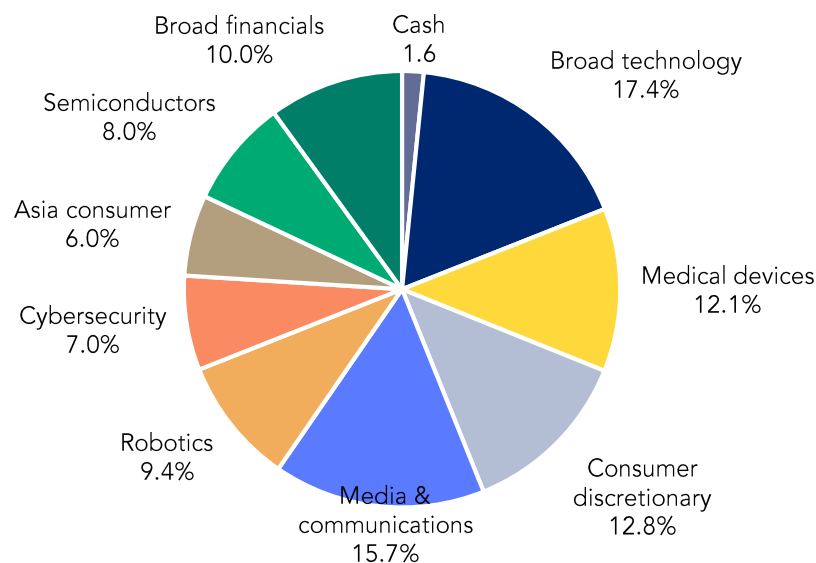
The EQT Eight Bays Global Fund will use offshore exchange traded funds (ETFs) to provide investors here with access to growth from sectors not available locally, such as information technology, cyber security, communications services, medical devices and robotics among others.

Darren Thompson, Head of Asset Management at Equity Trustees, said the rapidly growing and highly liquid US\$5 trillion ETF market is an efficient and effective way to invest in these industries, and that the new fund had been developed specifically with charities and for-purpose organisations in mind.

“More of the organisations and individuals that Equity Trustees serves are seeking global investments that can grow and diversify their capital.

“We believe it represents an excellent opportunity for investors to access new markets with less stock specific risk.”

INDUSTRY SECTORS COVERED BY THE EQT EIGHT BAYS FUND



Source: <https://etfdb.com/>

Chris Haynes, Head of Equities at Equity Trustees and the team from Eight Bays Investment Management had been working on the concept for the last two years.

“We have spent considerable time in preparing and testing the Global Fund strategy, which is consistent with, and complements the successful investment principles employed in our domestic equity products. We believe this is an innovative way to achieve strong and consistent investor outcomes,” said Mr Haynes.



George Clapham, one of the founders of Eight Bays Investment Management, added: “Industry factors are the most important driver of shareholder value over the longer term.

“The most efficient way for Australian investors to achieve global industry diversification is by investing in overseas industry ETFs. An actively managed global ETF portfolio can provide superior performance with relatively low volatility and at a lower cost to investors.”

The objective of the fund is to deliver outperformance of 2-3% a year over the benchmark of the MSCI All Countries index over the medium term, by selecting a portfolio of industry ETFs that provide exposure to companies possessing long-term sustainable growth prospects that exceed that of the broader market.

“We add value by narrowing down the investable universe of ETFs and capitalising on changing dynamics of industries by selecting a portfolio which possess the most attractive prospects,” Mr Clapham said.

US ETF MARKET COMPARED TO AUSTRALIA

	US EQUITY ETFs	AUS EQUITY ETFs
Size and depth	US\$5 trillion >1,700 ETFs	US\$80 billion 173 ETFs
Liquidity (Avg daily value)	US\$100 billion	US\$160 million
Choice	Over 120 discrete industries	Around 10
Expense Ratio	51bps	56bps
Research	Multiple Independent Sources	A small number
Number of Sponsors	Over 145	24

Source: eftdb.com, ASX, marketindex.com.au

Equity Trustees has been safeguarding the wealth of Australian individuals, families and philanthropic organisations for over 130 years. The group created its own asset management operation in 2002 and has A\$4 billion in assets under management as at end March 2021.

Eight Bays Investment Management is an investment company based in Sydney, which was established in 2019 by Richard Newton, Charles Cropper and George Clapham with the specific purpose of building and managing customised ETF portfolios for Australian retail, institutional and wholesale clients. The group’s global ETF strategy was seeded in January 2020.

See more about Equity Trustees [Asset Management here](#), and more detail about the [EQT Eight Bays Global Fund here](#).

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