

Select Fund: Equity Class

Quarter 2 2025

Objective

To offer a convenient vehicle for investing in a portfolio of global equities, which are anticipated to provide the best opportunities for risk-adjusted capital growth.

Investment policy

To invest in a broad range of global equities, diversified across sector and geography. The strategy may use passive funds for managing tracking error and where deemed more appropriate, for example in Emerging Markets.

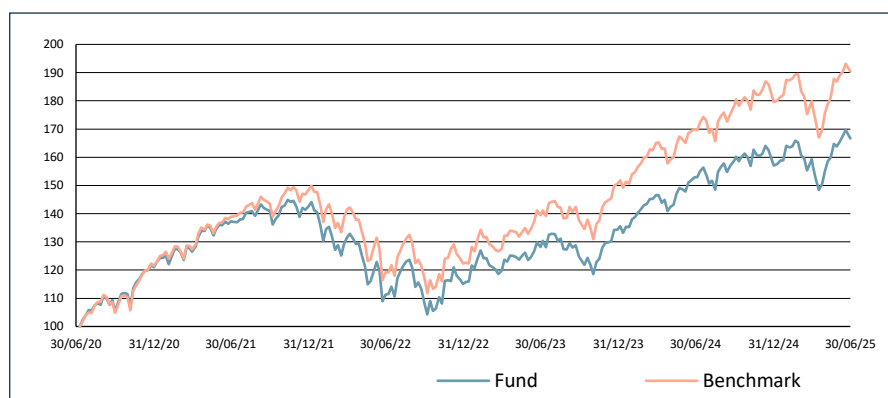
Investment process

The investment process utilises a combination of top-down and bottom-up analysis. The strategy is benchmark aware and typically has exposure to every major sector. Stocks tend to exhibit attractive quality and value characteristics, with long-term themes used to help ensure that the exposure is tilted towards sectors or companies with long-term tailwinds.

Key facts as at 30 June 2025

Currency	USD
Valuation	Weekly
Dealings	Friday
Front end fee	None
Units available	Accumulation
Identifier	BUTSLEQ.BH
Fiscal year end	30 June
Minimum investment	USD 10,000
Total expense ratio	1.27%
Size of fund (millions)	USD 88.78
NAV per share	USD 28.95
Risk rating	High risk/High return

Performance chart



Average annual compound returns

	Quarter	1 year	3 years	5 years	10 years
Total returns	10.44%	12.98%	15.70%	11.55%	8.31%
Benchmark	11.47%	16.26%	18.29%	14.54%	10.65%

Fund review

The Select Equity Fund returned 10.4% in the second quarter of 2025, slightly behind the MSCI World Index, which returned 11.5%. For the first six months of the year, the Fund returned 9.6%, marginally ahead of the MSCI World Index, which returned 9.5%.

The second quarter began with a sharp sell-off in equity markets when the US announced tariffs on trading partners ranging from 10% to 54%. Markets were braced for tariffs, but the rates were much higher than expected. US Treasury yields also rose (prices fell), and the US dollar depreciated. These market moves triggered a policy reversal, where many of the announced tariffs were paused for 90 days. This was a catalyst for the rapid market recovery, which lasted from the middle of April right through to the end of the quarter.

The best performing sector was Information Technology, returning 23.2%, after being the worst performing sector in the first quarter. Earlier in the year, investors had been questioning the sustainability of the heavy spending in Artificial Intelligence (AI) by the large technology companies. A new AI model from Deepseek in China raised concerns that data centre spending may come under pressure. However, strong first quarter earnings from the large technology companies and positive commentary around demand for AI-related computing services provided reassurance that AI spending will continue well into next year. A number of holdings in the Fund benefitted from the recovery here, namely Broadcom, Nvidia, Arista Networks, Applied Materials, Meta, Amazon, Quanta Services, and Trane Technologies.

Benchmark composition

100% MSCI World (Free) Index.

Contact us

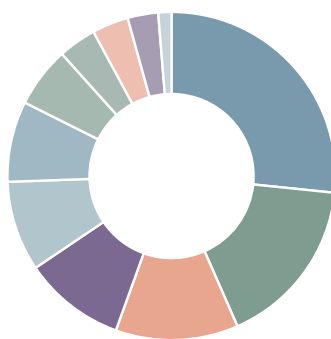
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The first-quarter earnings season also demonstrated how these US technology companies are dominating the US equity markets. The seven largest names grew earnings by 28% in aggregate in the first quarter, far outstripping the 9% earnings growth achieved by the remaining 493 stocks in the S&P 500 Index. The market recovery was led by cyclical shares, with defensive stocks underperforming. Market-implied recession probabilities fell as the quarter progressed, and this helped cyclicals. The Fund is well diversified in terms of cyclical, so cyclical names benefitted, but more defensive names in Staples, Health Care, and Insurance lagged. This marked a reversal of fortunes from the first quarter, and is a reminder of the importance of diversified factor exposure.

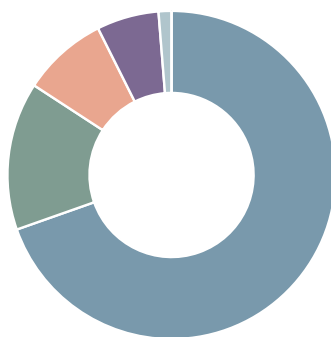
After significant outperformance from European Equities in the first quarter, regional performance was much closer in the second quarter. The recovery in technology stocks benefitted US equities, which have more exposure, but this was offset by continued weakness in the US dollar. The Fund is slightly underweight US equities and overweight European and Japanese stocks, but the regional weight remains primarily a function of individual company considerations.

Asset allocation



Information Technology	26.6%
Financials	16.8%
Industrials	12.1%
Health Care	10.0%
Communication Services	8.9%
Consumer Discretionary	8.0%
Consumer Staples	6.0%
Utilities	3.8%
Energy	3.6%
Materials	3.0%
Real Estate	1.3%

Regional allocation



North America	69.6%
Europe developed	14.6%
Asia/Pacific	8.4%
UK	6.1%
Emerging markets	1.3%

Top 10 holdings

1	iShares Global Financials ETF	7.6%
2	iShares MSCI Japan ETF	6.5%
3	NVIDIA Corporation	6.2%
4	Microsoft Corporation	4.7%
5	Apple Inc	4.0%
6	Alphabet Inc.- Class C	2.9%
7	Amazon.com Inc	2.9%
8	Meta Platforms Inc Class A	2.8%
9	The Financial Select Sector SPDR ETF	2.5%
10	Novartis AG ADR	2.4%

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