QUARTERLY REPORT MAR 2025
Alpha Moderate Fund

At a glance

Global Shares declined in the first quarter, weighed down by continued weakness in US Technology	US and Australian bond yields fell on recession fears further elevated by Trump's proposed tariffs	Emerging markets outperformed, led by a sharp rebound in Asian Technology Shares	DeepSeek's Artificial Intelligence (AI) breakthrough stirred debate over NVIDIA's dominance and the future payback of investment in AI

Markets Update

Financial markets remained volatile through the first quarter of 2025, shaped by ongoing political shifts, central bank policy, and the evolving dynamics of the AI sector. US Tech stocks extended their recent underperformance, with Tesla falling another 36% amid weaker sales and the distraction of Elon Musk's involvement with the Department of Government Efficiency (DOGE). Broader US equities were mixed — Financials and Healthcare outperformed, while higher-growth stocks, particularly the Magnificent Seven, came under pressure.

Gold and gold miners performed strongly, supported by falling bond yields, a weaker US Dollar, and renewed demand for defensive assets amid rising uncertainty.

Emerging markets outperformed, buoyed by a strong rally in Chinese Technology Shares. The Hong Kong market rose +16% for the quarter, led by Tencent and Alibaba. The launch of DeepSeek — an open-source AI model developed in China — helped drive the rally, triggering a $1.3 trillion surge in Chinese equities and highlighting renewed confidence in political support for the corporate sector, particularly in technology.

Bond yields declined meaningfully, with the US 10-year Treasury yield falling 0.33% to finish the quarter at 4.24%. Slowing US growth and growing concerns about the impact of Trump's proposed tariffs on global trade weighed on sentiment across bond markets. Traders have since revised their expectations, now pricing in fewer US rate cuts for 2025.

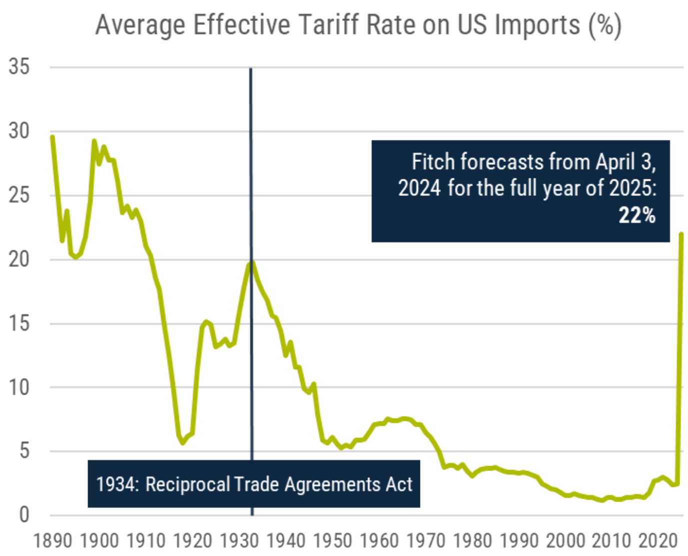
In the AI space, NVIDIA reported record Q4 revenue of $39.3 billion, with data centre sales rising 93% year-on-year. However, the stock fell -19% for the quarter, amid ongoing concerns about potential export restrictions to China and intensifying competition. DeepSeek's emergence underscored that cutting-edge models can be developed without NVIDIA's most advanced chips, raising questions about the durability of its competitive advantage.

In Australia, the RBA cut interest rates by 0.25% to 4.10% in February, responding to easing inflation (CPI at 2.4%, trimmed mean at 3.3%) and soft per capita growth.

The Australian share market fell -2.8% for the quarter, dragged down by an uninspiring corporate reporting season. Australian listed property also underperformed, with REITs down 7%, largely due to a 20% fall in Goodman Group. In contrast, Global Listed Infrastructure delivered solid performance, while Global Listed Property was flat.

Looking Ahead

Markets are navigating a challenging period, marked by heightened short-term geopolitical flashpoints and longer-term structural uncertainty. In the near term, investors have been unsettled by the escalation in US trade tariffs and the speed at which events are unfolding. It is now clear that there is a trade war, and the extreme level of uncertainty has added to market volatility. The primary target of President Trump's tariffs appears to be China, with the US recently lifting its tariff rate on Chinese goods to 145%. China has retaliated with a 125% tariff on US imports.



Source: US Census Bureau, US International Trade Commission, Tax Foundation, Fitch Ratings

Domestically, the upcoming Australian federal election is not expected to have a major impact on financial markets. While policy differences between the major parties — particularly around taxation and energy — do exist, they are unlikely to lead to significant market disruption. With inflation now within the RBA's target range, markets are pricing in further rate cuts over the course of 2025, although the weak Australian dollar may limit how far the RBA is willing to ease.

In this more volatile environment, we remain cautious around elevated valuations in parts of the market. The combination of rising trade tensions, shifting policy landscapes, and ongoing uncertainty around the profitability of emerging technologies like AI points to a more unsettled backdrop for risk assets in the months ahead.

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YOUR PORTFOLIO PERFORMANCE MAR 2025
Alpha Moderate Fund

Key Features

Name	Alpha Moderate Fund
APIR Code	ETL6153AU
Inception Date	2 April 2007 (Merger 9 September 2021)
Internal BM	Morningstar AUS Moderate Target Allocation NR $A
Peer Group	Australia Fund Multisector Moderate
Mgmt Costs	0.65% p.a.
Buy/Sell Spread	0.25% / 0.25%
Platforms	Insignia, Praemium, HUB24, PlatformplusWRAP
Fund Size	$8.1m

Quarterly Commentary

The Alpha Moderate Fund delivered a total return of 0.44% (net of fees) in the March 2025 quarter, outperforming the Morningstar Australian Moderate Target Allocation Index by +0.07% and the Peer Median by +0.14%.

The key contributors to performance were Asian technology and financial holdings (Alibaba, Tencent, and BOC Hong Kong), gold miners (Gold Road Resources and Northern Star Resources), Williams Companies, and Roche. Relative returns also benefited from underweight (or nil) positions in Tesla, Apple, and Goodman Group, which significantly underperformed during the period.

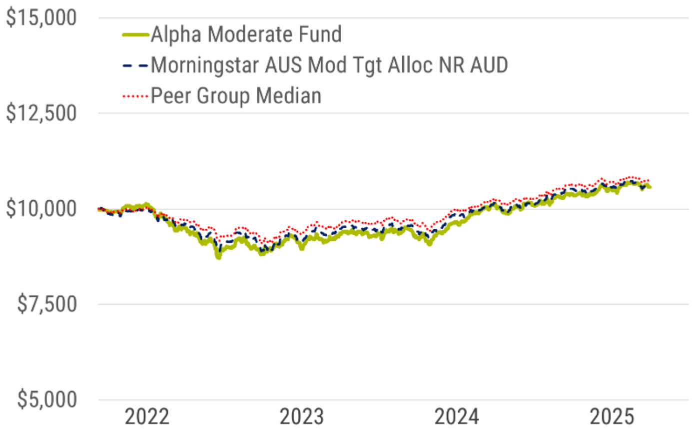
The key detractors held included large-cap US tech stocks—NVIDIA, Alphabet, Microsoft, and Amazon—along with Novo Nordisk, West Pharmaceutical Services, Ivanhoe Mines, Deckers Outdoor, and TSMC, as market sentiment rotated away from high-growth sectors. Fixed income delivered positive returns for the quarter, supported by falling bond yields and stable credit spreads.

The Fund remains slightly overweight growth assets and bonds, positioned for a range of market and macro-outcomes, including ongoing volatility in equity markets and potential central bank easing later in 2025. This positioning reflects our view that market leadership may broaden beyond US mega-cap tech, and that balanced exposure is key in an uncertain policy environment.

Key portfolio changes during the quarter included:

- Adding high-quality global defensives such as Nestlé, Johnson & Johnson, GSK, and Walt Disney
- Re-building exposure to Australian banks (NAB, Westpac, ANZ) at more attractive valuation re-entry points
- Adding to gold miners to benefit from rising safe-haven demand and strong gold price momentum
- Trimming select outperformers in AI and weight-loss drugs (including TSMC, Novo Nordisk, and Eli Lilly) to lock in gains and manage risk
- Exiting US private equity names (KKR and Hamilton Lane) due to valuation concerns and limited near-term upside
- Hedging most of the US Dollar exposure early in the quarter to take advantage of AUD weakness and manage currency risk.

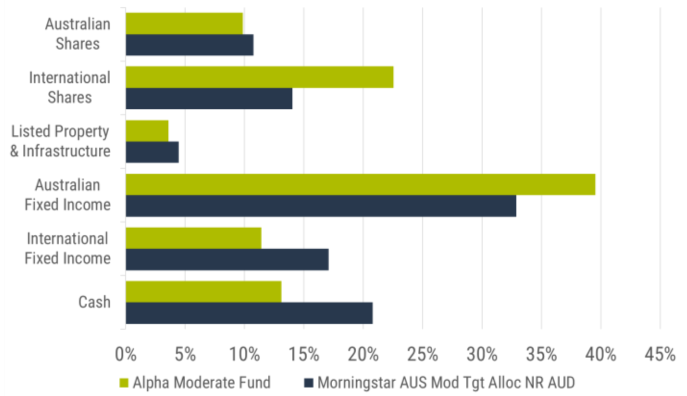
Performance



Performance	1mth	3mth	1yr	2yr	3yr	Inc*
Alpha Moderate	-1.02%	0.44%	4.36%	6.22%	3.61%	1.58%
Benchmark	-1.01%	0.37%	4.36%	5.77%	3.36%	1.67%
Peer Group Median	-0.92%	0.30%	4.45%	5.78%	3.47%	2.05%

Disclaimer: Net performance figures are shown after all fees and expenses. Past performance is not an indicator of future performance. Returns for periods 1 year or greater are calculated on an annualised basis.
Inception*: The date refers to the fund merger on 9 September 2021
Peer Group Median: Morningstar Category: Australian Multisector – Moderate
Source: Morningstar Direct (to 31 March 2025)

Asset Class Exposures



Top 10 Share Holdings

Security	Ticker	Country	Weight
Rio Tinto PLC	RIO	United Kingdom	1.1%
Alphabet	GOOGL	United States	0.9%
BHP Group	BHP	Australia	0.7%
Tencent	00700	Hong Kong	0.7%
NVIDIA	NVDA	United States	0.7%
Westpac	WBC	Australia	0.7%
National Australia Bank	NAB	Australia	0.6%
ANZ Group	ANZ	Australia	0.6%
Cheniere Energy	LNG	United States	0.5%
Alibaba Group	09988	Hong Kong	0.5%