

At a glance

Global Shares performed strongly in the second quarter lead by technology from the US and Asia

For the quarter long dated bond yields rose strongly on tariffs and inflation uncertainty but fell back as fears eased

Emerging markets performed in line with global peers led by local technology shares

Trump's Liberation Day tariffs spooked markets, the trade standoff with China and conflicts drove volatility. The RBA cut rates in May and growth is sluggish

Markets Update

In April, President Trump reignited trade tensions by announcing broad-based tariffs on most imported goods, and higher rates for cars and steel. China and other key trading partners were directly targeted. Markets initially sold off on fears of a renewed trade war, but sentiment improved 7 days later when Trump announced a 90-day delay to the start of the tariff regime. China responded by imposing additional tariffs on the US which began a tit-for-tat escalation of tariff rates between the two. The trade war ended with a partial agreement in June, though China has restricted exports of Rare Earths and the US similarly with semi-conductor design software and advanced Artificial Intelligence (AI) chips.

Financial markets in the June quarter were predominantly influenced by shifting trade policy and geopolitical risks. Despite this, March quarter corporate earnings were stronger than expected aiding markets to recover strongly from early tariff driven weakness to end the quarter higher. The MSCI Global Share index rising 11.6% for the quarter, the US S&P 500 index reaching a new all-time high of 6,205 as the large US technology stocks had a particularly good quarter.

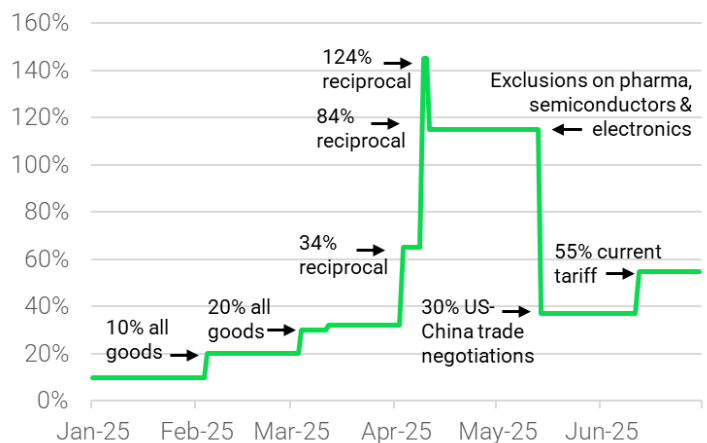
Bond markets were more volatile, US long-term Government Bond yields briefly touched 5%, the highest level in 18 years. This due to rising US Government debt and inflation uncertainty as a result of trade policy, though yields eased modestly toward quarter end.

Technology remained the key driver of global equity returns. Nvidia's earnings reflected ongoing strength in AI infrastructure and Asian technology stocks participated as well. Gold reached a new all-time high briefly above US\$3,500 per oz. in early April and backed off to US\$3,287 per oz. by quarter end as trade and geopolitical tensions eased.

The RBA cut interest rates by 0.25% in May for the second time this cycle as inflation receded. By contrast, the European Central Bank has cut its interest rate 8 times in the last year as they struggle to combat slowing growth. The US Federal Reserve (Fed) held interest rates steady at 4.25%–4.50% in June. While inflation is easing, the uncertain inflationary impact of tariffs saw the Fed take a wait and see approach.

In Australia, the ASX 200 rose 8.9% for the quarter, led by CBA whose share price closed June at \$185, rising circa 50% since July 2024. The unemployment rate held steady at 4.1% though economic conditions remain benign and, along with slowly moderating inflation, is keeping downward pressure on interest rates.

US Average Tariff Rate on China



Source: US Census Bureau, USTR, Macquarie Macro Strategy

Looking Ahead

Overall, risk levels remain elevated driven by; uncertainty surrounding the roll out of US trade policy, ongoing geopolitical tensions (not just current conflicts) and US President Trump's 'transactional and fluid' style of policy development and implementation.

Central Banks continue to ease interest rates in the coming months as economic growth, among major developed world economies, slowly trends down, which will be supportive of markets. That said, we do not anticipate these economies declining into recession and conditions can remain flat to positive, providing the twists and turns of the coming months do not shock the system beyond what it is expecting or able to withstand.

We expect share markets to remain mildly positive notwithstanding, valuations across major share markets are elevated relative to history, particularly in sectors that have led recent gains. Hence diversification and exposure selection are key in this more uncertain environment.

China's economy remains sluggish and until the tariff situation globally has settled, we expect this to continue despite ongoing and targeted stimulus measures.

The Australian share market will continue to lag a little while technology outperforms. A rebound in resources would change this outlook but would also require a recovery in China, and no undue tariff impact.

We retain a neutral allocation to growth assets and focused on well diversified portfolios of quality assets for the coming months.

Key Features

Name	Alpha Moderate Fund
APIR Code	ETL6153AU
Inception Date	2 April 2007 (Merger 9 September 2021)
Perf Benchmark	Morningstar AUS Moderate Target Allocation NR \$A
Peer Group	Australia Fund Multisector Moderate
Mgmt Costs	0.73% p.a.
Buy/Sell Spread	0.20% / 0.20%
Platforms	Insignia, Praemium, HUB24, PlatformplusWRAP
Fund Size	\$8.5m

Quarterly Commentary

The Alpha Moderate Fund delivered a total return of 2.54% (net of fees) in Q2 2025, underperforming the Morningstar Australian Moderate Target Allocation Index by -1.05%.

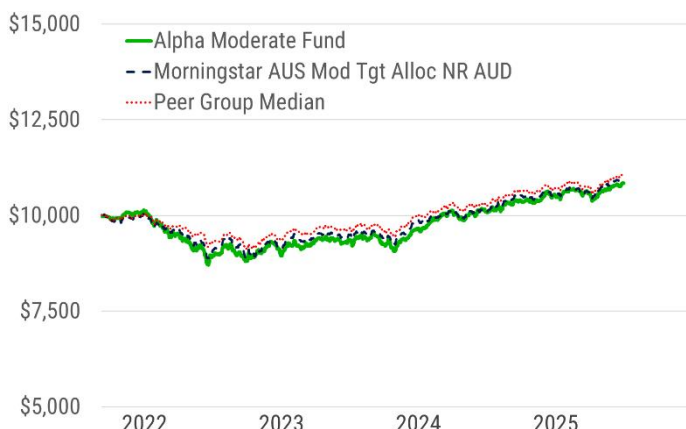
Global share markets dipped sharply at the start of the quarter after the US increased tariffs on all trading partners, igniting a trade war. Sentiment pivoted on 9 April, when President Trump paused the planned tariffs after a sell-off in long-dated US bonds. AI-related technology stocks remained strong, driving markets higher, and the ASX 200 edged up, led by a rebound in financials and record highs at Commonwealth Bank. Oil prices spiked then stabilised as geopolitical tensions between Iran, Israel and the US eased.

Within the Fund, the strongest contributors were large US tech and AI-focused names—NVIDIA, Broadcom, TSMC, Meta Platforms, Microsoft, and Alphabet. Australian gold miners also outperformed, with Gold Road Resources drawing a takeover bid. Healthcare stocks such as GSK and consumer defensives like Nestlé lagged as markets rotated into growth sectors on tariff relief. The biggest detractors were China-related names, including Alibaba, Rio Tinto and Geely Automobiles. Fixed income posted positive returns in Q2 despite lingering unease over rising US government debt.

In April we trimmed overall growth asset exposure and added longer-dated bonds, reflecting concerns that the tariff war could trigger a recession. We rotated into defensive sectors—taking new positions in healthcare names such as CSL and West Pharmaceutical Services, and consumer staples including Coca-Cola, Pepsi and L'Oréal. Conversely, we exited or trimmed higher-valued Australian names such as Technology One and Macquarie, cyclical resource exposures (pipelines), and financials including BlackRock, Visa and JPMorgan. We also sold our positions in Geely and Barry Callebaut after their respective earnings results.

The Fund remains neutral and diversified, with only minor changes in May and June. Our focus remains on company fundamentals and diversification, and we see lasting opportunity in AI. Healthcare also appears attractive after lagging recent gains. We continue to favour high-quality companies and retain a slight tilt away from high-valuation stocks. Fixed income remains integral to risk management, with a preference for Australian bonds. We remain cautious amid ongoing uncertainty around US tariffs and rising government debt—while markets have held up, long-term risks persist.

Performance



Performance	1mth	3mth	1yr	2yr	3yr	Inception
Alpha Moderate	0.71%	2.54%	7.34%	7.68%	6.73%	2.15%
Perf Benchmark	1.07%	3.59%	8.57%	7.61%	6.67%	2.51%
Peer Median	1.05%	3.19%	7.78%	7.15%	6.29%	2.72%

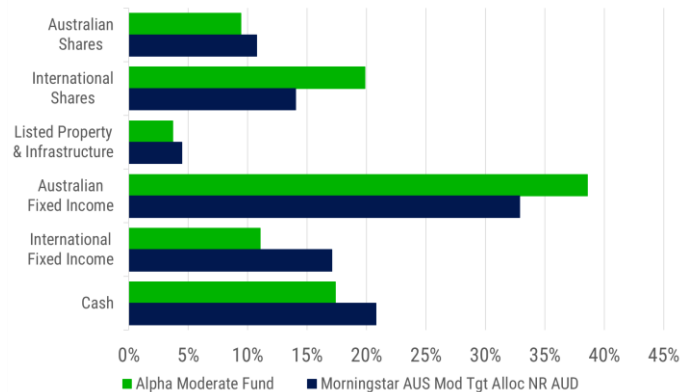
Disclaimer: Net performance figures are shown after all fees and expenses. Past performance is not an indicator of future performance. Returns for periods 1 year or greater are calculated on an annualised basis.

Inception*: The date refers to the fund merger on 9 September 2021

Peer Median: Morningstar Category: Australian Multisector – Moderate

Source: Morningstar Direct (to 30 June 2025)

Asset Class Exposures



Top 10 Holdings

Security	Ticker	Country	Weight
BHP Group	BHP	Australia	1.1%
Rio Tinto PLC	RIO	United Kingdom	1.0%
Alphabet	GOOGL	United States	0.9%
NVIDIA	NVDA	United States	0.9%
National Australia Bank	NAB	Australia	0.7%
Westpac Banking Corp	WBC	Australia	0.7%
Tencent	00700	Hong Kong	0.6%
ANZ Group	ANZ	Australia	0.5%
Vicinity Centres	VCX	Australia	0.5%
Microsoft Corp	MSFT	United States	0.5%

DISCLAIMER: Equity Trustees Limited ("Equity Trustees") ABN 46 004 031 298 | AFSL 240975, is the Responsible Entity for the Alpha Moderate Fund ("Fund"). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). Alpha Fund Managers is a corporate authorized representative of Alpha Investment Management Pty Ltd ABN 13 122 381 908 (AFSL 307379). Both of these companies are wholly owned subsidiaries of Infocus Wealth Management Limited ABN 28 103 551 015. This publication has been prepared to provide general information only. In preparing this information, Alpha did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Equity Trustees, Alpha, nor any of their related parties, their employees or directors, provide any warranty of accuracy or reliability in relation to such information or accept any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product. The relevant Target Market Determination (TMD) is also available via www.alphafundmanagers.com.au. This document may include general commentary on market activity, sector trends or other broad-based economic or political conditions that should not be taken as investment advice. Information stated herein about specific securities is subject to change. Any reference to specific securities should not be taken as a recommendation to buy, sell or hold these securities. While the information contained in this document has been prepared with reasonable care, no responsibility or liability is accepted for any errors or omissions or misstatements however caused.