SG HISCOCK & COMPANY

Morgan Stanley

Morgan Stanley Global Quality Select Fund

30 November 2025

Performance[1] (Unhedged)	Total Net Return[2]	MSCI World (Net) Index [3]	Fund vs the Index
1 month (%)	-0.94	0.11	-1.05
3 months (%)	-4.17	5.37	-9.54
6 months (%)	-6.47	12.32	-18.79
1 year (%)	-2.32	16.22	-18.53
3 years (% p.a.)	10.44	19.94	-9.50
5 years (% p.a.)	7.98	15.56	-7.58
Inception (% p.a.) [2]	10.67	14.20	-3.53

Performance[1] (Hedged in AUD)	Total Net Return	MSCI World (Net) Index - Hedged[4]	Fund vs the Index
1 month (%)	-0.96	0.26	-1.22
3 months (%)	-3.59	6.14	-9.73
6 months (%)	-4.75	14.67	-19.42
1 year (%)	-3.46	15.50	-18.96
3 years (% p.a.)	8.14	17.82	-9.68
5 years (% p.a.)	4.61	12.68	-8.07
Inception (% p.a.) [5]	5.77	14.47	-8.70

[1] Total Net Return is the Fund return after the deduction of ongoing fees and expenses and assumes the reinvestment of all distributions.

[2] Performance prior to 30 June 2020 (highlighted in blue) is for the Global Sustain Composite and its inception date is April 30, 2018. This Composite comprises all separately managed accounts managed on a fully discretionary basis according to the Global Sustain strategy. This has been adjusted to reflect the fee of 1.18 pa for Morgan Stanley Global Sustain Fund.

[3] Net of Withholding Tax, AUD

[4] MSCI World (Net) Index – hedged to AUD

[5] The inception date for the Morgan Stanley Global Sustain Fund (Hedged) (ETL5365AU) is 1 July 2020, with a start unit NAV price of $1.0133. While the Morgan Stanley Global Sustain Fund was seeded on 29 June 2020, the Hedged class was not invested until 1 July 2020.

[6] Includes estimated GST payable, after taking into account Reduced Input Tax Credits ("RITC").

Past performance is not a reliable indicator of future performance.

Key Facts

Investment manager	SG Hiscock & Company Ltd
Fund manager	Morgan Stanley Investment Management (Australia) Pty Limited (MSIM)
Inception date	29 June 2020
Management fee[6]	1.18%
Performance fee	n/a
Fund size	$141.3M
Dividends payable	Annually
Buy/sell spread	+0.20/ -0.20%
Minimum initial investment	$20,000
Base currency	AUD
APIR	ETL9199AU
APIR (hedged)	ETL5365AU
Domicile	Australia
	Unit price (unhedged, $)
Application	1.4220
Net Asset Value	1.4192
Withdrawal	1.4164
	Unit price (hedged, $)
Application	1.3417
Net Asset Value	1.3390
Withdrawal	1.3363

Fund Investment team

William Lock, Portfolio Manager (Morgan Stanley)
Bruno Paulson, Portfolio Manager (Morgan Stanley)
Marte Borhaug, Portfolio Manager (Morgan Stanley)

For more information visit the Fund webpage or the News & Views section of our website.

Fund strategy

The Morgan Stanley Global Quality Select Fund offers a high-quality approach to ESG investing with a clearly defined process. The Strategy invests in high-quality companies at reasonable valuations that can sustain their high returns on operating capital over the long term. The portfolio has a low carbon impact and scores well on environmental, social and governance (ESG) factors as measured by third parties, such as MSCI ESG, relative to broad equity indices such as the MSCI World Index. The Strategy seeks to provide attractive long-term returns with less long-term volatility than the broader market.

Portfolio positioning

10 Largest Holdings

Name	Country	Sector	Portfolio
Microsoft Corporation	United States	Information Technology	6.1
SAP SE	Germany	Information Technology	5.6
Alphabet	United States	Communication Services	5.0
TSMC	Taiwan	Information Technology	4.2
VISA Inc	United states	Financials	4.0
Coca-Cola	United States	Consumer Staples	3.7
Thermo Fisher	United States	Health Care	3.5
Procter & Gamble	United States	Consumer staples	3.5
RELX	United Kingdom	Industrials	3.4
ASML	The Netherlands	Information Technology	3.1
TOTAL			42.1

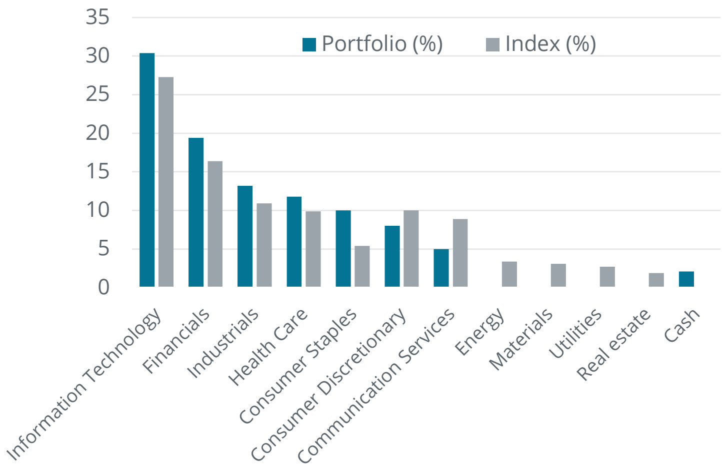
Stock Attribution

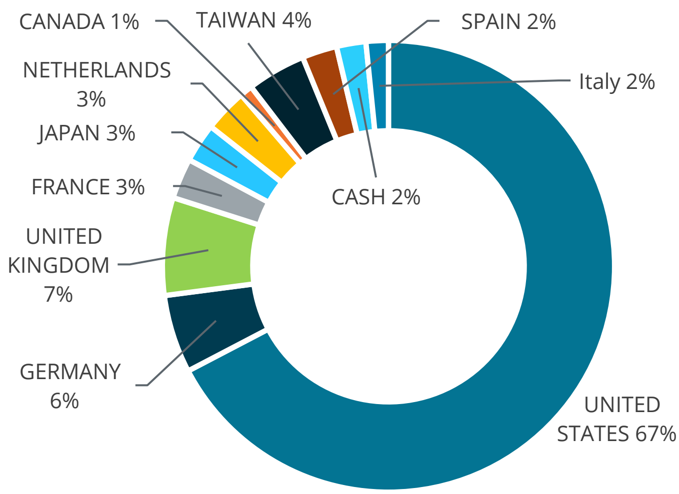
Top 5 Absolute Contributors	Performance Return	Contribution
Alphabet	13.69	0.61
Coca-Cola	5.95	0.21
Intercontinental Exchange	7.34	0.20
Steris	13.08	0.19
Haleon	5.47	0.15

Top 5 Absolute Detractors	Performance Return	Contribution
SAP	-6.74	-0.40
RELX	-9.10	-0.34
Microsoft	-4.98	-0.32
TSMC	-6.12	-0.27
Keyence	-8.72	-0.27

Source: Morgan Stanley Investment Management. Data as of 30 November 2025

Sector & Country Allocation (% of Total Net Assets)





Source: Morgan Stanley Investment Management. Data as of 30 November 2025.

Market Review

Global equity markets were softer in November, with the MSCI World returning +0.28% in U.S. dollars ([USD], +0.25% in local currency and +0.11% in AUD), as markets digested a combination of cooling inflation, softening macro data and a rotation away from the year's most crowded, AI-exposed names. Sector performance showed an emerging divergence between cyclicals and defensives: IT (-5%) momentum stalled after a strong year, with profit-taking in several mega-cap, perceived AI beneficiaries, and notable drawdowns in Software & Services (-7%) and Semiconductors (-6%). Consumer Discretionary (-2%) was another laggard, reflecting weaker U.S. retail sales and fading confidence indicators. By contrast, Health Care (+8%), Consumer Staples (+4%) and Utilities (+2%) outperformed as the market rotated into traditionally defensive sectors.

Regionally, the U.S. was flat in USD (+0%), supported by resilient large-cap defensives even as tech leadership faded. Europe outperformed, up +1.5% in USD (+0.9% in local currency), bolstered by easing inflationary pressures across the euro area boosting rate-sensitive sectors such as Financials, and improving macro data easing sentiment towards cyclical sectors such as Industrials. Within Asia, performance was mixed with Hong Kong (+2.6%, 2.7% local) outperforming the index while Singapore (flat USD and local) and Japan (-0.7%, +0.6%) underperformed.

Portfolio Review

In an environment of high valuations and uncertainty, our strategy focuses on companies capable of sustained earnings per share (EPS) growth. We believe our Portfolio is set to deliver resilient topline growth well above that of the index and is available at a significant free cash flow discount to the market, to an extent not seen for over a decade.

Alphabet was the largest absolute contributor, outperforming amidst broader tech sector volatility. The company reported record earnings and a cloud driven EPS uplift, which was further complemented by positive updates relating to its vertical integration strategy. Another top contributor in the month was Intercontinental Exchange, which benefitted from rising artificial intelligence (AI)-driven demand for proprietary data, and positive investor sentiment towards recent acquisitions. In addition, November saw defensive stocks in Consumer Staples and Health Care amongst the top contributors. Within Consumer Staples, Coca-Cola performed well as third quarter organic growth beat consensus and management reaffirmed full-year guidance, while investors positively received Haleon's reports on costtakeout potential through supply-chain, manufacturing, and productivity improvement efforts. In Health Care, Steris benefited from positive earnings momentum, supported by robust demand as well as operational efficiencies and a favourable product mix, in addition to reaffirming guidance.

Turning to the top absolute detractors, both SAP and RELX continued to suffer from negative investor sentiment driven by AI disruption fears, which we believe are overstated. SAP was also impacted by third quarter results, which indicated slower-than-expected cloud growth, margin pressure and a continued drag on profits from the transition to cloud-based revenues in the near term. Additionally, SAP, alongside Microsoft, was caught in a broad sell-off across high-multiple technology names as investors took profits. Keyence continued to suffer from tariff headwinds and weakness in Europe, which offset second quarter organic growth momentum in the Americas and Asia. Despite strong third quarter results, TSMC was impacted by the broader tech sector volatility as investors took profit amongst rising concerns around increased capex demands and sustainability of demand.

In terms of relative performance, the Portfolio's overweight to Health Care and Consumer Staples showed up as a positive effect.

While we saw a positive contribution within Communication Services from owning Alphabet, Health Care and Industrials both had negative stock selection. Health Care was affected by the lack of exposure to large-cap Pharmaceuticals (up 13% in the month), while within Industrials data-rich Professional Services names such as RELX and Experian continued to be affected by AI disruption fears, alongside much of Software, fears that we see as unfounded.

As of November 30, 2025, The Portfolio's weighted average carbon intensity (WACI) was 77% lower than the MSCI AC World Index. [A]

Outlook

Recent months have highlighted a dynamic tension within global equity markets. On one side, optimism persists that AI will drive a visible transformation in corporate profitability and potentially accelerate the U.S. economy. On the other, there is growing scepticism that these high expectations will be fully realised in the near term. November provided early indications of this shift, as investors rotated out of some of the best-performing cyclical sectors and into more traditionally defensive areas. Despite this, the MSCI World Index continues to trade at over 20x forward earnings, with the S&P 500 at 22x valuations that rest on the assumption of robust, double-digit earnings growth and further margin expansion from already elevated levels. Whether the November moves signal a questioning of the AI-driven growth narrative, a reassessment of the macroeconomic backdrop, or simply profit-taking after a period of strong performance remains to be seen.

Amid these crosscurrents, the underperformance of quality equities relative to the broader market has reached levels last seen during the dot-com era. Historically, such periods have often been followed by a meaningful resurgence in quality stocks, both in absolute terms and relative to the broader market. In this environment of elevated valuations and uncertainty, our strategy remains focused on companies with the capacity for sustained earnings per share growth. We believe our portfolio is positioned to deliver resilient topline growth well ahead of that offered by the market, 8.5% over the next two years versus 5.8% for the index, alongside the quality metrics such as ROOCE which sits at 72% for the portfolio versus 24% for the index and the gross margin of 56% for the portfolio versus 33% for the index. Not only does the portfolio look compelling from a quality perspective, it is also trading at a significant free cash flow discount to the market, an unusual scenario not seen in the past decade. This combination presents a compelling opportunity, particularly on a relative basis.

It is not clear if this narrative driven market cycle will unwind gradually through rotation or through an abrupt collapse.

Today’s market differs from previous episodes in several respects. Leverage is concentrated in private markets and corporate balance sheets rather than in banks or households, while much of the Advanced AI capex cycle has to date been funded by internally generated cash flows, although debt financing is now increasing. As the market gradually recalibrates its expectations—whether due to slower mega-cap earnings growth, regulatory developments, or capital constraints—valuation compression in market leaders may be offset by expanding multiples elsewhere. This environment has historically favoured quality stocks, which tend to outperform as market leadership broadens from the current, highly concentrated levels and fundamentals reassert themselves.

In summary, while the last decade was characterised by ultra-low rates, passive flows, and growth-driven narratives, we believe the coming period will reward disciplined capital allocation and a renewed focus on quality. As the current cycle matures, portfolios built around companies with resilient earnings, strong brands, and pricing power are well positioned to benefit from a return to fundamentals. The adjustment may be gradual, but history suggests that such environments offer attractive opportunities for active management and for investors committed to quality.

Source for data cited, unless otherwise stated: MSIM, FactSet, as of November 30, 2025.

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For detailed information about the ESG processes applied within this fund, please refer to the PDS here.

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