ALPHINITY INVESTMENT MANAGEMENT

Alphinity Sustainable Share Fund

FUND OVERVIEW

The Alphinity Sustainable Share Fund (the Fund) provides a diversified portfolio of Australian stocks listed on the ASX that have a net positive alignment to the United Nations Sustainable Development Goals, exceed Alphinity's minimum ESG criteria and offer attractive prospective returns.

Key features of the fund

Sustainable companies: An investable universe of companies that we believe have a net positive alignment with one or more of the 17 United Nations Sustainable Development Goals (SDG's) and exceed Alphinity's minimum ESG criteria.

Exclusions: Exclusions from the investable universe, defined by a Charter, for activities that are considered to be incongruent with the SDG's.

Sustainable compliance committee: To assist with oversight and governance, including two external experts in ESG and Sustainability.

Active ownership and stewardship: We seek to engage with companies on ESG matters and also intend to vote all proxies put to shareholders.

Consistent returns: The strategy aims to provide consistently strong risk-adjusted returns across different market cycles by applying a disciplined and repeatable investment process.

Style agnostic: We can invest in growth, value, cyclical or defensive companies, because we aim to own them at the right time in their earnings cycle.

How to invest

1. **Invest via the ASX mFund ALH03:** Please contact your broker
2. **Invest online directly:** www.alphinity.com.au/invest-online
3. **Invest via platforms:** www.alphinity.com.au/our-funds/platforms/

Fund facts

Inception date	31 August 2010
Objective	The Fund aims to outperform its benchmark after costs and over rolling five-year periods
Benchmark	S&P/ASX 300 Accumulation Index
Minimum initial investment	$10,000, or $1,000 with a Regular Savings Plan
Management fee	0.95% p.a.
Distribution frequency	Quarterly
APIR code	HOW0121AU
Asset allocation range	Securities 90-100% Cash 0-10%
ASX mFund code	ALH03
Fund size	A$887m*

*As at 31 March 2024. Inception date 31 August 2010. Past performance is not a reliable indicator of future performance.

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Alphinity's approach to sustainable investing

Society faces significant challenges to achieve sustainable development. Alphinity aims, through this specialised fund, to play a role in supporting positive sustainable change, and at the same time pursue strong, risk-adjusted returns through the disciplined application of Alphinity's proven investment process.

The strategy seeks to build a portfolio of high-quality, companies, which we believe have a net positive alignment with one or more of the 17 United Nations' Sustainable Development Goals (SDGs), exceed Alphinity's minimum ESG criteria, and which are also identified as undervalued and within an earnings upgrade cycle.

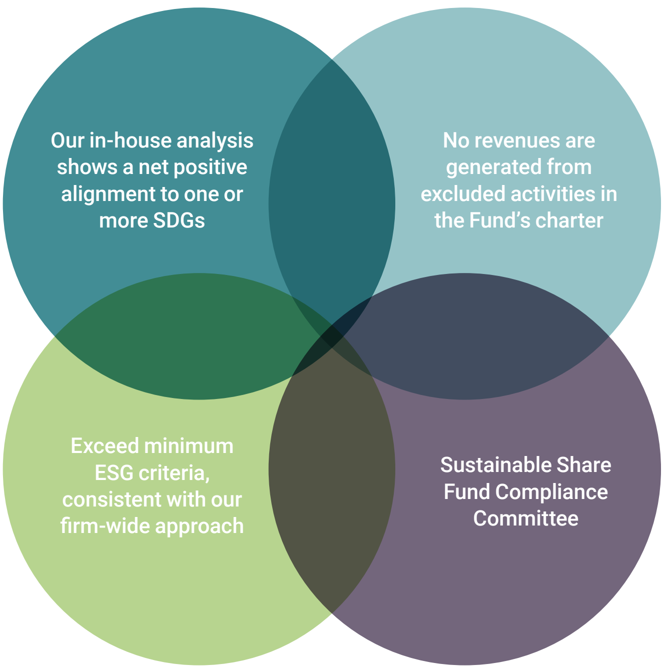
The SDGs were primarily developed for use by government, not-for-profit organisations, and industry bodies. However, given the holistic nature of the SDGs, that they are globally recognised, and include a clear set of 169 targets, we have found that they provide a suitable framework to define sustainability in the context of sustainable investing.

The Fund is intended to be suitable for investors who look to invest for at least five years, are seeking high levels of return and are comfortable with high volatility, including the possibility of periods of negative returns.

Portfolio construction

Step 1: Define the investable universe

We begin with the ASX300 and apply a screen to identify companies which:



Negative screens

Negative screens are applied to eliminate companies generating more than 10% of their revenues gross (cumulative) from activities that are incongruent with the SDG's. These activities include:

- Fossil fuels (including extraction, production and electricity production from energy coming from fossil fuels), such as Thermal Coal, Natural Gas and Oil, unless the company has a clear and credible commitment to divest from the use of fossil fuels within a reasonable timeframe. This divestment commitment should also be supported by clear emissions reduction;
- High-impact fossil fuels such as Coal Seam Gas, Oil Sands and those drilling in Arctic regions, regardless of any emissions commitments they might make;
- Production of controversial fuels such as Uranium;
- Gold mining, where Gold is the primary purpose of the mine;
- Factory farming, animals in entertainment, live exports and animal testing for cosmetic products, as well as other activities which are associated with animal welfare concerns. For healthcare, we tolerate testing only where necessary, that is where the benefits to humans are significant and procedures meet internationally recognised standards. We also require policies related to animal testing are in place;
- Predatory lending and hostile debt collection. Predatory loans are characterised by: excessively high set-up costs which are included in the principal of the loan; involvement in one or more intermediaries; swift enforcement action; false categorisation as a business or investment loan; no access to alternative dispute resolution; and reliance on assets rather than income to meet loan repayments;
- Addictions such as Alcohol and Gambling;
- Old growth forest logging and non-RSPO palm oil; and
- Pornography.

We have a zero-revenue tolerance for producers of tobacco and controversial weapons.

SDG alignment

Contribution to the SDGs is measured using an in-house methodology which seeks to quantitatively align company revenues with relevant SDGs to arrive at a net score for each company. The net score includes the positive and negative alignment to the relevant SDGs for each segment of company revenues. Net positive alignment is the measure of a company's contribution to the SDGs.

Minimum ESG criteria

A company's ESG risks are assessed using an in-house methodology and process (described in step 2 on the following page). Any stock that is assessed by us at the highest internal risk level of 'avoid' has not met Alphinity's minimum ESG criteria and consequently is excluded from the investable universe.

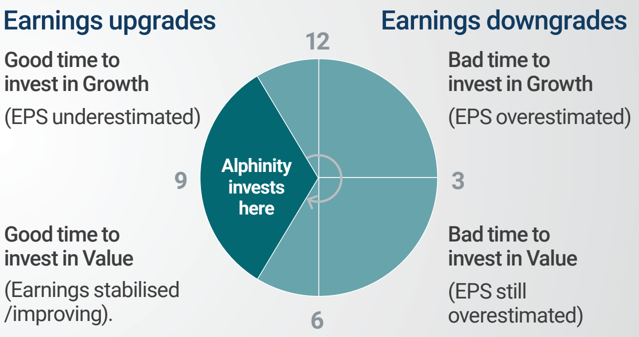
Step 2: Identify attractive investment opportunities from the investable universe

Detailed company research

Using Alphinity's investment philosophy and process, we combine Fundamental and Quantitative research to assess stocks within the Sustainable Investable Universe to identify companies with:

1. expected positive earnings and price momentum (Momentum);
2. backed by real cash flows and return on capital (Quality);
3. and trading at an attractive valuation (Value).

The diagram below illustrates Alphinity's investment style in the context of a company's earnings life cycle (regardless of earnings growth rate or market cycle).



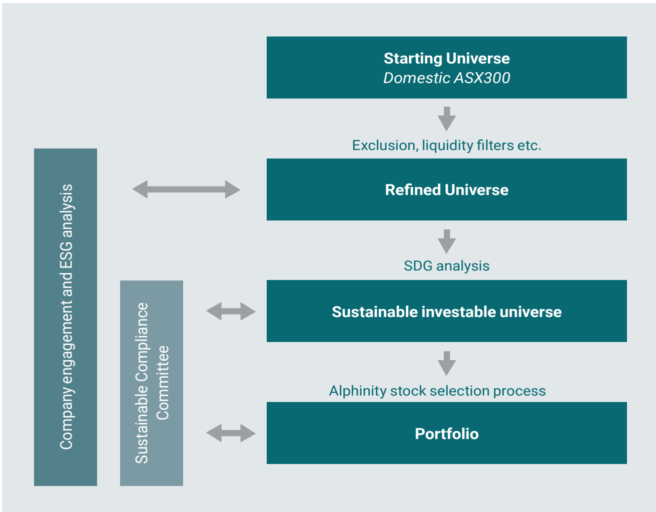
ESG integration

Alphinity believes that the integration of ESG considerations into investment management processes and ownership practices is essential, as these factors can have a significant impact on financial performance. The investment team, with support from internal ESG specialists, identifies and assesses material ESG issues for any stock actively being considered for investment, as well as on an ongoing basis for all stocks in the Fund. The outcome of this assessment is an overall ESG risk level. Significant matters are also incorporated into the qualitative assessment of the company, and/or into direct valuation parameters where appropriate, in order to maximise returns and minimise ESG risk.

Alphinity aims, wherever possible, to engage with investee companies on material ESG issues. Engagement is used to inform the assessment of ESG risks and opportunities, and to also encourage better ESG practices which reduce risks over time. Alphinity also intends to vote on every resolution put to shareholders.

Step 3: Construct a balanced portfolio

Of 35-55 undervalued quality companies, with positive earnings momentum, constructed in a disciplined risk aware framework. Invariably our portfolio tends towards core with a growth bias, however the portfolio aims to provide consistent strong risk-adjusted returns across different market cycles.



Sustainable Share Fund Compliance Committee

The Alphinity Sustainable Compliance Committee, which includes two external ESG and sustainability experts, meets monthly and provides oversight and governance of the investable universe for the Fund to help ensure compliance with the Fund Charter. The ESG team are responsible for providing research to the Alphinity Sustainable Compliance Committee and documenting and implementing decisions.

The Alphinity Sustainable Compliance Committee also assists the Alphinity team to discuss grey areas in sustainability and ESG and support company engagement and broader stewardship activities.

A signatory to the United Nation's backed Principles for Responsible Investment

Alphinity has been a signatory to the United Nations- backed Principles for Responsible Investment since 2011. We have long adhered to these Principles as sound practice when managing money and supporting it reflects our desire to promote the principles as a matter of good corporate governance. Find out more about the Principles for Responsible Investment by visiting: www.unpri.org

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About Alphinity

Alphinity is an equity investment manager with A$31.3bn funds under management as at 31 March 2024. We invest in companies with underestimated forward earnings expectations which we identify using a combination of fundamental analysis and select quantitative inputs.

Alphinity's structure ensures a clear alignment of interests with our clients to deliver consistent outperformance over time. It has:

- A clear and proven investment philosophy.
- A unique, disciplined and rigorous investment process.
- A highly experienced, cohesive and accomplished investment team.

Alphinity utilises the expertise of Fidante's administration and distribution services. Fidante was responsible for more than A$90.9bn funds under management as at 31 December 2023.

Domestic Portfolio Managers

Stephane Andre
Resources, Energy, Utilities

Bruce Smith
Consumer, REITs and Telecoms

Andrew Martin
Banks, Insurance, Diversified Financials & Technology

Stuart Welch
Healthcare, Transport, Infrastructure and Building Materials

The team is supported by experienced shared resources in ESG, Quant and Client Portfolio Managers.

Internal and external ESG & sustainability experts

Jessica Cairns
Head of ESG & Sustainability

Moana Nottage
ESG and Sustainability Analyst

Elaine Prior
External ESG Expert

Melissa Stewart
External Human Rights Expert

Signatory of:
PRI Principles for Responsible Investment

Get in touch

To find out more, please call the Fidante team on **1300 721 637** (Within Australia) **+612 8023 5428** (Outside of Australia) or visit us at: **www.alphinity.com.au**

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