

Alphinity Global Equity Fund – Active ETF



MONTHLY REPORT – MAY 2025

Performance ¹	1 Month %	Quarter %	1 Year %	3 Years % p.a.	5 Years % p.a.	7 Years % p.a.	Since Inception ² % p.a.
Fund return (net)	4.3	-5.2	9.5	14.8	13.6	13.2	12.7
MSCI World Net Total Return Index (AUD) ³	5.3	-1.3	17.5	17.4	14.9	13.5	12.7

Fund facts

Portfolio managers	Jonas Palmqvist, Jeff Thomson, Trent Masters, Chris Willcocks.
APIR code	HOW0164AU
Inception date	21 December 2015
ASX Code	XALG
Investment objective	To outperform the MSCI World Net Index (AUD).
Management fee	0.75% p.a.
Performance fee	10% of the excess return of the Fund above the Performance Benchmark (MSCI World Net Return Index (AUD)) and only paid if performance is above the Performance Hurdle (Reserve Bank of Australia cash rate target). Any negative or unpaid performance is carried forward to the next period. ¹
Buy/sell spread	+0.25% / -0.25%
Fund size	\$757m
Distributions	Annually at 30 June
Min. Investment	\$10,000
Max. cash position	20%

Top 10 positions

Company	Sector	%
Microsoft Corp	Information Technology	6.1
Nvidia Corp	Information Technology	4.8
Netflix Inc	Communications Services	4.6
Coca-Cola Co/The	Consumer Staples	4.4
ServiceNow Inc	Information Technology	4.3
Linde PLC	Materials	4.0
Costco Wholesale Corp	Consumer Staples	3.9
Waste Connections Inc	Industrials	3.8
AstraZeneca PLC	Health Care	3.7
American Express Co	Financials Ex Property	3.6
Total		43.2

Data Source: Fidante Partners Limited, 31 May 2025

¹ Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures.

² The inception date for the Fund is 21 December 2015

³ From 21 December 2015 to 30 April 2019, the Benchmark was the MSCI World Equity ex Australia (Net) Index. The current index is effective from 1 May 2019

Fund features

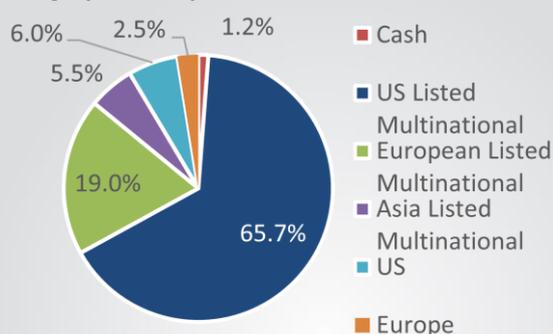
Concentrated: A long only, concentrated portfolio of 25-40 of our best ideas, highly diversified across sectors and regions. A truly global fund consistently exposed to powerful trends reshaping our world.

Discipline: A disciplined process finding quality businesses with strong earnings that are under appreciated by the market. This approach has proven successful across different market cycles.

Talent: A united and deeply experienced team of global portfolio managers each with an average of 22 years of financial experience.

Aligned: Alphinity Investment Management is a boutique firm, strongly aligned with its clients' investment objectives and focused solely on growing clients' wealth.

Geographical exposure



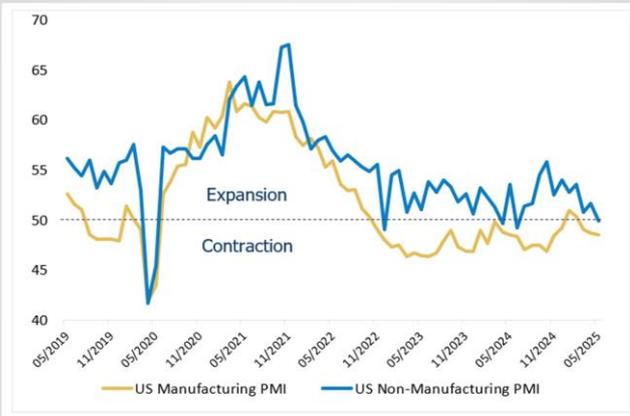
Sector exposure



Market comment and outlook

Global equity markets rebounded in May on the prospect of Trump’s tariff and trade policies being watered down from initially aggressive levels that threatened global growth. A new acronym for Trump was invented – TACO (Trump Always Chicken’s Out) – and ‘the TACO trade’ helped push markets higher last month. Following a concerning trend higher in US bond yields since the “Liberation Day” announcement in early April, bonds had a reprieve towards the end of May which helped calm equity markets and sent US shares soaring 6.2% in local currency terms, its best month in 2.5 years. The Nasdaq, heavy with tech stocks and the MAG-7, gained nearly 10% in USD terms, although this move was more a recovery from losses early in the year. The fear of peak US exceptionalism and whether flows would continue to move out of the US into other regions was outweighed by investors’ willingness to buy US stocks which are broadly trading at reasonable valuations.

US ISM Manufacturing and Non-Manufacturing PMI still soft



Source: Bloomberg, 12 June 2025

Global equities (MSCI World Index in A\$) gained 5.2%, more or less inline with US performance, while many other markets including Japan, Europe and Global Emerging Markets all gained 3.5%. An index of the US Mag 7 stocks rallied 11.3%, recovering some losses in previous months although the group is still down 8% so far in 2025. The US 10 year bond yield closed 23 basis points higher to 4.4%, although came down from intra month highs of 4.6% as expectations on the severity of tariffs were lowered. Global sector performance was led by cyclical growth while defensives lagged. Technology (+9.9%), Communication Services (8.4%) and Industrials (+7.4%) were the best performers while Healthcare (-4.3%), Property Trusts (+0.8%), Consumer Staples (+0.9%) and Utilities (+1.9%) were the biggest laggards.

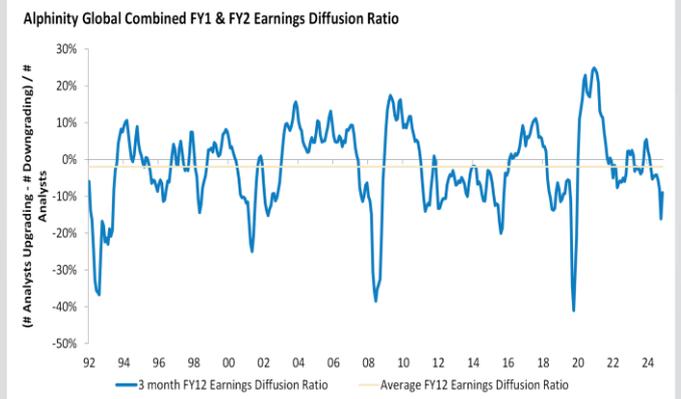
Despite all the tariff uncertainty, inflation continued to print lower with monthly CPI for May rising 0.1%, below expectations for a 0.2% rise. Shelter was the biggest driver, while the fall in energy prices contributed the most with odds now increasing slightly of a Fed rate cut in September. Elsewhere the economic data was mixed, with US ISM manufacturing printing below expectations at 48.5, and in a downward trend the last 3 months. Jobs data surprised to the upside, with payrolls increasing 139k, although the jobs growth has

declined over the last 2 months. The falling US Dollar has been an ongoing theme for most of 2025, and despite a brief rally in May, it resumed its downward trend. Its traditional ‘safe haven’ status has been challenged recently given the volatility around US fiscal and trade policy, leading to flows away from USD exposure. This has given other assets like Gold a boost and should be positive for Emerging Markets.

Portfolio comment and outlook

Recent news flow has been more constructive, including further back-peddalling on hawkish tariff announcements, continued resiliency of so-called hard economic data and a relatively supportive reporting season with mostly reassuring company updates on current trading conditions. Nevertheless, the outlook remains fragile and uncertain. The 90-day tariff deadline is fast approaching, and we still do not know where trade policy will ultimately settle; nor what the transmission through to the real economy will be. Furthermore, the combination of large fiscal deficits and inflation across the world may limit potential policy responses.

Earnings Diffusion/Sentiment still negative but recent seen a modest improvement



Source: Bloomberg, 31 May 2025

Reflecting these challenges, the earnings cycle has turned downwards, with the breadth and magnitude of analyst revisions both sharply negative over the last few months. While it’s worth noting that there has been some modest improvement in revision breadth over the last few weeks, we remain cautious approaching second quarter earnings season which will incorporate the first real impacts from tariffs. Earnings revisions remain weakest in cyclical sectors including Energy, Consumer Discretionary and Industrials, although relative strength from Utilities, IT Software, Communications and Financials is quite mixed. Over the last three months, consensus estimates have been cut by c.3% for both 2025 and 2026, however analysts continue to forecast EPS growth of +6.9%/+12.9% for 2025/26 respectively. These expectations may still prove to be too optimistic without a decisive pivot from the US administration towards a more pro-growth agenda.

After a period of higher activity in February and March due to the leadership rotation in large parts of the market, activity has been lower recently.

In May we added Amphenol, a leading manufacturer of a diverse range of electronic componentry geared to cyclical and structural growth drivers in various attractive end markets including data centres. This was financed through selling out of Chipotle Mexican Grill and UnitedHealth, both of which are seeing negative revisions with an uncertain path to recovery. The Alphinity investment process will always organically adapt and recalibrate around abrupt macro earnings leadership changes through a disciplined application of our investment philosophy. Consequently, recent Portfolio changes reflect new and emerging leadership within select, relatively more Defensive and non-US exposures. However, we also continue to observe relative strength in higher quality, growth compounders, including in the U.S., who are likely to be able to navigate the more challenging macro environment better than most. We acknowledge that the range of outcomes is wide and includes upside risks (e.g. policy reversals, trade deals, tax cuts), as well as potentially significant downside risks (e.g. escalating trade wars, geopolitical tensions and recession); consequently, we intend to continue maintaining a high quality, balanced and diversified Portfolio focused on idiosyncratic earnings leadership which we expect to be relatively less impacted by tariff and geopolitical uncertainty.

SOLD: CHIPOTLE – Earnings downgrades on slower US consumer

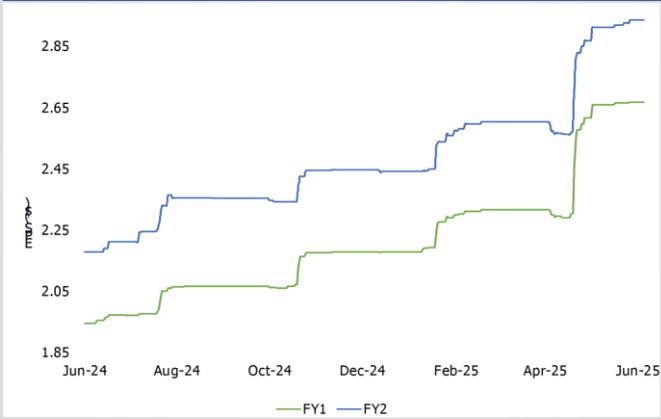
Bloomberg Consensus EPS Estimates (USD): Chipotle Mexican Grill (cmg US)



Source: Bloomberg, 12 June 2025

BOUGHT: Amphenol – leading electronic componentry manufacturer geared to cyclical and growth drivers

Bloomberg Consensus EPS Estimates (USD): Amphenol (APH US)



Source: Bloomberg, 12 June 2025



We are pleased to publish Alphinity’s fourth Environmental, Social and Governance (ESG) and Sustainability Report. This report highlights key ESG and sustainability outcomes and achievements for the 2024 calendar year across all Alphinity strategies.

Key Takeaways



Over 100 company examples and case studies highlighted, showcasing real-world applications of ESG principles across various industries.



Dedicated sections on eight key ESG themes for the period, including climate change, nature, workforce, human rights and modern slavery, First Nations, digital technology, reputation and social license and governance.



Integrated and risk-based approach to ESG and sustainability supported by internal and external ESG specialists.



Alphinity’s sustainable strategies aim to invest in companies that generate products and services that have a net positive alignment to the United Nations Sustainable Development Goals (SDGs) and offer attractive prospective returns.

As active managers we recognise that our research and engagement activities have the ability to support better ESG and sustainability outcomes and drive outperformance overtime. Through our specialised sustainable funds, we also aim to play a role in supporting positive sustainable change.

New in 2024

Finalised three frameworks:

- Responsible AI Framework (with CSIRO)
- Net Zero Alignment Framework
- Sustainable Banks Framework

Expanded ESG risk assessment approach:

- Introduced materiality and management scoring in company assessments
- Enhanced thematic frameworks to cover topics like biodiversity, data privacy, modern slavery, and workplace culture

Two sustainable funds rated ‘Sustainable Plus’ by the RIAA certification program:

- Enhanced disclosure of positive and negative alignment across all 17 Sustainable Development Goals

Pillars of Responsible Investing

We are signatories to the United Nations-backed Principles for Responsible Investment (PRI). The PRI defines responsible investment as a strategy and practice to incorporate environmental,

social and governance (ESG) factors in investment decisions and active ownership. Our five pillars of responsible investing were established in 2021 and are relevant for all aspects of Alphinity’s investment practices across all strategies.

The implementation of activities under our pillars of responsible investing are shared between all members of the investment team. This helps to ensure that responsible investing, and our fiduciary responsibility to deliver the best risk return outcome for our clients, is embedded at all stages of the investment process.

Pillar	Goal	2024 updates
<p>ESG integration We integrate ESG factors into investment decision making</p>	<p>Implement an ESG Framework to identify and manage ESG risks and opportunities for holdings and potential holdings</p> <p>Monitor ESG risks and opportunities and influence on investment decisions</p>	<ul style="list-style-type: none"> • Completed three new frameworks to better analyse more complex issues such as Responsible AI • Expanded the number of ESG topics to more than 40 (from 25 in 2023) and enhanced our scoring approach • ESG risk level assessed for all 2024 portfolio companies • No material changes in 2024. Examples of ESG integration, engagement and research are presented throughout this report
<p>Stewardship and active engagement We are active managers and focus on using our influence to encourage better ESG outcomes where we believe it can improve risk and return outcomes</p>	<p>Establish ESG engagement objectives and engage with companies on an ongoing basis to manage ESG risks</p> <p>Vote on all resolutions put to shareholders</p> <p>Escalate ESG issues in line with our Stewardship Policy</p>	<ul style="list-style-type: none"> • Completed 199 ESG engagements with approximately 120 companies • More than 40 active engagement objectives across 2024 holdings • We voted on 100% of proposals put to shareholders. Further information on voting practices is in the proxy voting section of this report • No material changes in 2024. Examples of escalation are throughout this report
<p>Sustainable investing We have two dedicated sustainability strategies structured around the UNSDGs</p>	<p>Use a consistent and documented approach for the Sustainable Development Goal (SDG) analysis</p> <p>Report the SDG alignment strategy holdings</p> <p>Maintain Responsible Investment Association of Australia (RIAA) certification for both sustainable funds</p>	<ul style="list-style-type: none"> • Our SDG alignment results as described on page 37 has been assured by KPMG for the third year. KPMG’s limited assurance report is attached to this report • Our weighted SDG alignment are presented in this report. The positive and negative alignment to the SDGs for all holdings in the reporting period are presented in Appendix 2 • Our two sustainable strategies were re-certified under the RIAA certification program in May 2023 and received the highest classification level of ‘Sustainable Plus’. Recertification will be required in 2025
<p>Thematics We consider, research, and assess key ESG and sustainability themes</p>	<p>Identify key sustainability themes and undertake research to inform broader views on ESG and sustainability, or for specific companies</p> <p>Integrate thematic assessments into our ESG Framework</p>	<ul style="list-style-type: none"> • Used our ESG materiality assessment for 2024 holdings to identify 8 priority themes aligned with 30 key ESG issues. An overview of each thematic, including our research efforts, company engagements, and case studies are presented under pillar 4 of this report • Completed 5 research trips to better understand thematic and ESG issues such as European regulation and the energy transition • We have developed 5 thematic frameworks, three of which were finalised this year
<p>Transparency We disclose proxy activities, portfolio holdings and have a public ESG Policy and Stewardship Policy</p>	<p>Publish an annual ESG and Sustainability Report</p> <p>Review Responsible Investment policies and develop additional policies as needed</p>	<ul style="list-style-type: none"> • This is Alphinity’s fourth annual ESG and Sustainability Report. It covers the reporting period from 1 January 2024 to 31 December 2024 • All policies have been reviewed and updated as necessary. No additional policies have been published in 2024

Research and Engagement Highlights

- Responsible AI research with the Commonwealth Scientific and Industrial Research Organisation (CSIRO). Collaborated with CSIRO and engaged 28 companies across 8 sectors
- Sustainable Banks Framework Developed 40+ criteria to analyse the sustainability and ESG risks of large banks
- Rio Tinto: Stewardship in practice
- First Nations’ research trip example Meeting with the Robe River Kuruma Aboriginal Corporation and others to gain a detailed understanding of risks and opportunities
- Pilbara (WA) Met with 6 mining companies and 5 Traditional Owner groups, including the Robe River Kuruma and Banjima communities Life360 sustainability example Integrating big data and privacy risk within our SDG analysis
- Evaluated against data privacy and AI frameworks

Link: [Alphinity-2024-ESG-and-Sustainability-Report.pdf](https://www.alphinity.com.au/2024-ESG-and-Sustainability-Report.pdf)

Alphinity Global Equity Fund

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Important information: This material has been prepared by Alphinity Investment Management Limited (ABN 94 002 835 592, AFSL 234668) Alphinity, the investment manager of the Alphinity Global Equity Fund. Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (Challenger Group) and is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at www.fidante.com should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. Past performance is not a reliable indicator of future performance. Alphinity and Fidante have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, Alphinity and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.