

The Alphinity Global Equity Fund (the Fund) is a portfolio of high-quality global companies diversified across different industries and countries.

Why choose this fund?

The Fund invests in quality global companies where prospects are being underestimated. It is managed by an experienced investment team using a unique, disciplined and proven investment process. It is designed to sit as a core exposure to global equities in a diversified portfolio.

Key features of the Fund:

- **Concentrated:** Long only portfolio of 30-45 high conviction, quality companies.
- **Talent:** United and deeply experienced team of investment professionals who specialise in global equities.
- **Robust process:** Application of Alphinity's disciplined and comprehensive approach.
- **Highly diversified across sectors and regions:** A truly global fund consistently exposed to powerful trends reshaping our world yet not easily accessed by individual investors.
- **Consistent returns:** Aims to provide consistent strong risk-adjusted returns across different market cycles.

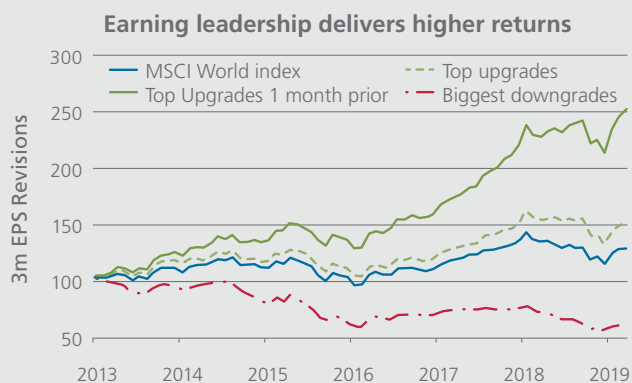
The Alphinity way

Alphinity's approach is best described as 'relative earnings surprise'.

- We seek to find quality companies with underappreciated prospects.
- And invest in those that we foresee having material upgrades in the forecasts of their growth potential i.e. displaying 'earnings leadership'.
- As share prices tend to follow upgrades of expectations, our process leans towards these stocks at the right price.
- Conversely, if a company's earnings are downgraded, it is likely to be followed by more and, in our view, is an indicator to review our thesis and potentially sell.

Capturing this in a portfolio can deliver persistent strong returns over time:

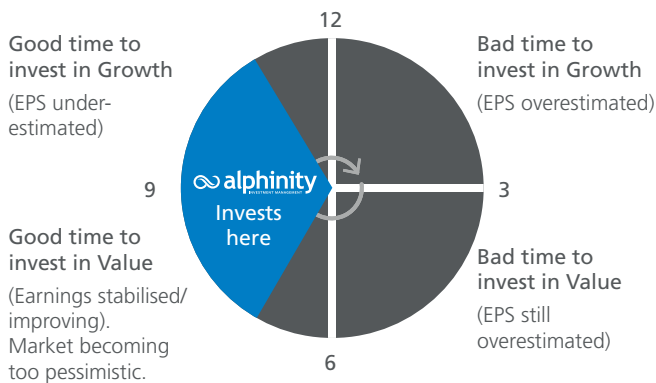
- We exploit the proven tendency for earnings revisions to be serially correlated and seek out consistent positive revisions.
- We avoid potential value traps (apparently cheap but deteriorating outlooks) and potential growth traps (strong growth but where the market is too optimistic) – investing at the right time of a stock's earnings cycle.
- We use transparent data analytics tools to inform our decision making along the investment path. This enhances our success in portfolio positioning as well as supporting strong buy and sell disciplines.
- We develop a deep understanding of macroeconomic conditions (economic, geopolitical, financial conditions) to enhance our stock selection and portfolio construction.



The chart shows that investing in a portfolio of companies delivering better than expected results (top upgrades), and avoiding those that disappoint (biggest downgrades), delivers consistently better returns than the index over time. In addition, identifying those companies with earnings leadership **before** the market does – as Alphinity aims to do – can deliver even stronger results over time.

Source: BoA Merrill Lynch, as at 31 March 2020.

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



The investment process

The Alphinity Global investment team combines fundamental research with specific quantitative analytics to uncover opportunities. This process is dynamic and iterative, with fundamental and quantitative inputs at every stage of the process from idea generation through to research and portfolio construction.

Detailed company research

Investment ideas come from a range of fundamental research sources (e.g. corporate meetings, industry conferences, independent research), as well as the Alphinity Quantitative Model (AQM). Specifically, the process searches for businesses with:

- expected positive earnings and price momentum (*momentum*);
- backed by strong cash flows and returns on capital (*quality*); and
- trading at an attractive valuation (*value*).

Portfolio construction

Stocks with leading momentum (M) and quality (Q) characteristics, attractive valuations (based on proprietary research) and highest assessed risk-adjusted returns, typically comprise the largest positions in the portfolio.

Country, sector and currency risks are monitored so that portfolio allocations are well distributed and idiosyncratic stock selection is the dominant return driver.

Fund characteristics

Inception date: 21 December 2015

APIR code: HOW0164AU

Benchmark: MSCI World Net Total Return Index (AUD)

Maximum cash holding: 20%

Distribution frequency: Annually at 30 June

Management fee: 0.75% p.a.

Performance fee: 10% of the Fund's daily return (after fees and expenses, and after adding back distributions paid) above the Performance Benchmark and the absolute return performance hurdle.*

Minimum initial investment: \$10,000, or \$1,000 with Regular Savings Plan.

*The Performance Benchmark is the MSCI World Net Total Return Index (AUD), the Performance Hurdle is the Reserve Bank of Australia (RBA) cash rate target.

About Alphinity

The Alphinity Global investment team manages over \$4bn of funds as part of Alphinity Investment Management, an Australian based boutique firm founded in 2010, managing over \$14.9bn as at 30 June 2021. The Alphinity investment team are all deeply experienced with a unique, collegiate

approach to managing clients' portfolios. The Alphinity structure ensures a clear alignment of interests with clients and it has a long history of delivering consistent outperformance for them. Alphinity uses the expertise of Fidante Partners' administration and distribution services.

Find out more

To find out more, please contact your local Fidante Partners Business Development Manager or call the Fidante Partners' Adviser Services Team on 1800 195 853 or visit us at: www.alphinity.com.au

Important information

This material has been prepared by Alphinity Investment Management Pty Limited ABN 12 140 833 709 AFSL 356 895 (Alphinity), the investment manager of Alphinity Global Equity Fund (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. Fidante is not an authorised deposit-taking institution (ADI) for the purpose of the *Banking Act 1959* (Cth), and its obligations do not represent deposits or liabilities of an ADI in the Challenger Group (Challenger ADI) and no Challenger ADI provides a guarantee or otherwise provides assurance in respect of the obligations of Fidante. 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.