

Alphinity Global Equity Fund (Managed Fund)



MONTHLY REPORT - AUGUST 2024

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)	0.0	4.9	21.7	8.5	13.6	15.0	13.3
MSCI World Net Total Return Index (AUD) ³	-1.2	4.5	18.8	9.6	12.9	13.7	12.4

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	\$625m
Distributions	Annually at 30 June
Min. Investment	\$10,000
Max. cash position	20%

Top 10 positions

Company	Sector	%
Nvidia	Info. Technology	6.2
Microsoft	Info. Technology	5.8
Apple	Info. Technology	5.4
Bank of America	Financials	4.5
Motorola Solutions	Info. Technology	4.4
Alphabet	Communication Services	4.3
Merck & Co	Health Care	4.1
Thermo Fisher	Health Care	4.0
American Express	Financials	3.8
Linde	Commodities	3.7
Total		46.2

Data Source: Fidante Partners Limited, 31 August 2024

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

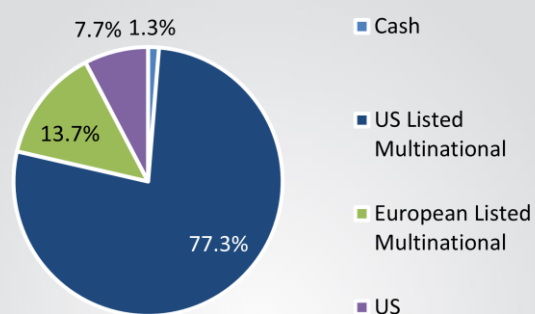
Concentrated: A long only, concentrated portfolio of 25-40 of our best ideas, highly diversified across sectors and regions. A truly global fund consistently exposed to powerful trends reshaping our world.

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.

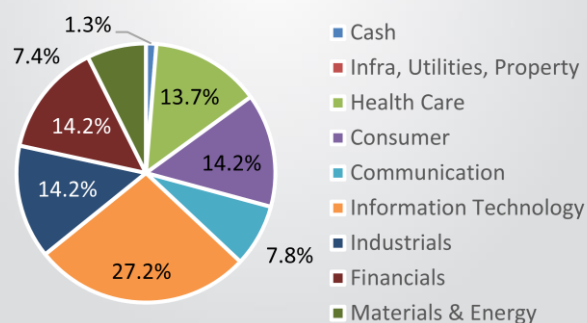
Talent: A united and deeply experienced team of global portfolio managers each with an average of 22 years of financial experience.

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

Geographical exposure



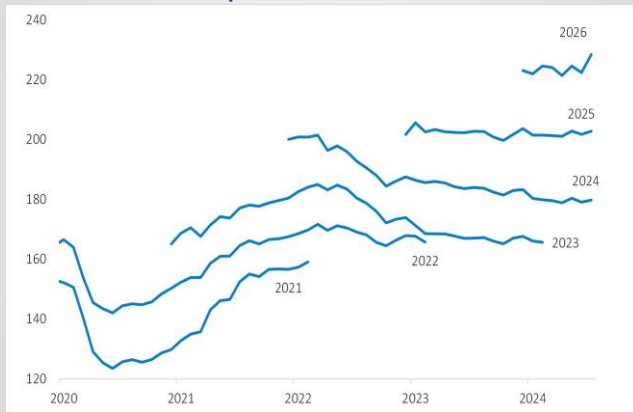
Sector exposure



Portfolio comment and outlook

The ISM Manufacturing PMI and consumer spending have both weakened recently, and a soft August jobs report recently raised concerns that the Fed is behind the curve and may now push the US economy into recession. However, the labour market remains generally healthy, with no signs of significantly higher joblessness. Consumer savings and positive wage growth should offer further support for consumption and a potential “soft landing”. Meanwhile, the Fed is on track for a September rate cut, and with more cuts expected to follow it’s likely that easier monetary conditions will ultimately support economic growth and financial markets.

MSCI World CY EPS Forecasts – Return to growth expected from 2024



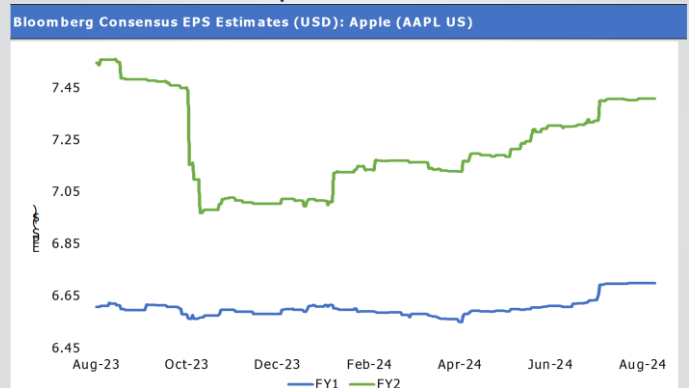
Source: Alphinity, Factset, 31 August 2024

The global earnings cycle outlook cooled off slightly over the last month but was overall supported by a solid second quarter earnings season. For the second quarter, EPS increased by 10.0% year-over-year, beating expectations and accelerating from +3.2% in the first quarter. Notably, this marks the fourth consecutive quarter of positive annual EPS growth. The Alphinity Global Diffusion Index also remains positive, reflecting a constructive corporate earnings environment with more analyst upgrades than downgrades. Over the past three months, consensus estimates for the current financial year have been slightly upgraded (+0.1%), while projections for next year have been more positive (+0.8%). The relative sector earnings leadership is changing somewhat at the margin, with Financials, Industrials, Health Care and Utilities improving. Technology is still seeing upgrades albeit at a slower pace (Hardware & Semis positive but weighed down by Software), and the Communications sector experienced some weakening trends. The Energy and Materials sectors continue to see the largest downgrades. Consensus expects 2024 earnings growth of +9.0% y/y for the MSCI World Index, accelerating to +13.0% y/y in 2025, with a gradual broadening out of leadership. The so-

called Mag-5 (Nvidia, Microsoft, Alphabet, Meta, Amazon) delivered the strongest earnings growth in the second quarter (+53% y/y) and the group has seen continued upgrades post reporting season. These leading Tech stocks are forecast to continue growing strongly, however the growth gap to the rest of the market is expected to narrow further over the next several quarters.

We divested four portfolio stocks in August, all for company-specific reasons. Following weak earnings reports from other travel-related peers, we sold AirBnB before its report. London Stock Exchange also left the portfolio as we see stronger earnings momentum in other holdings in the Financials sector. Similarly, we divested the remainder of Home Depot after a soft report – we still see the US Housing cycle improving but have higher conviction in other portfolio stocks into this recovery. After previously trimming it back, the remainder of ConocoPhillips was sold on wavering earnings support and oil supply/demand. We also trimmed back positions in Amazon (headwinds in retail business) and Trane Technologies (taking some profit). This capital was deployed to increasing positions in Apple (strong report and reasonable expectations into '25), Cadence (steady, long-term winner in Ai theme) and The Coca-Cola company (building position in this quality business after a good earnings update). We will continue to be disciplined about following earnings leadership within a challenging macro backdrop, which has a complex mix of early and late cycle dynamics across different sub-sectors and geographies. The team is travelling widely in September to test conviction on our current investments, but also to maintain a fresh and diverse 'bench' of potential new investment ideas for any future changes to the global earnings cycle.

Apple – Building position following a strong report and reasonable expectations into '25



Source: Bloomberg, 31 August 2024

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For further information, please contact:

Fidante Partners Investor Services

Phone: 1300 721 637 Email: info@fidante.com.au Web: www.fidante.com.au

Alphinity Investment Management

Web: www.alphinity.com.au



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. 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.