Alphinity Global Equity Fund

Quarterly Report March 2017

Performance[1]	Quarter	1 year (%)	3 years (%) p.a.	5 years (%) p.a.	10 years (%) p.a.	Since inception[2] (%)
Fund return (net)	3.08	13.06	-	-	-	4.15
MSCI World x Australia Net TR	0.85	15.55	-	-	-	7.00
Active return[3]	2.22	-2.49	-	-	-	-2.85

Past performance is not a reliable indicator of future performance.

[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.

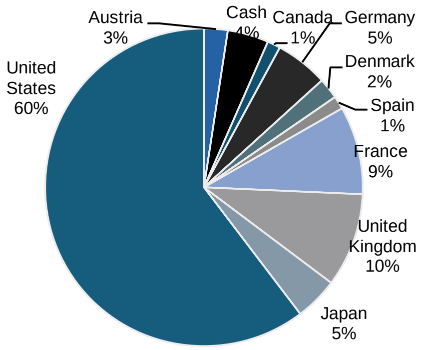
[2] The inception date for the Fund is 21 December 2015.

[3] Numbers may not add due to rounding.

Fund facts	
Portfolio managers	Jonas Palmqvist Lachlan MacGregor Jeff Thomson
Inception date	21 December 2015
Investment objective	To outperform the MSCI World ex Australia Net Total Return Index
Management Fee	1.00% p.a.
Performance Fee	10% of the Fund's return above MSCI World ex Australia Net Total Return Index
Buy/sell spread	+0.25%/-0.25%
Distribution frequency	Annually

Fund features
Diversification: Access to overseas investment opportunities offering diversification for an equities portfolio.
High conviction: Actively managed, high conviction approach.
Robust investment process: Global application of Alphinity's disciplined and comprehensive investment approach.
Experienced investment team: Managed by a team of experienced investment professionals who specialise in global equities.

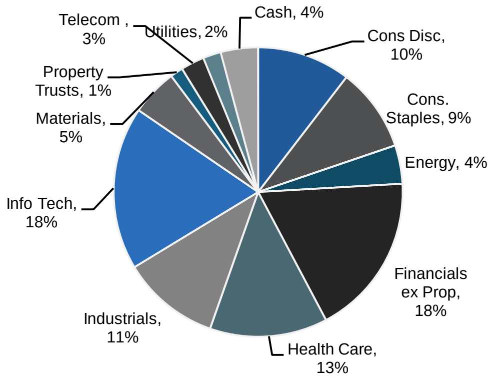
Country exposure



Top ten positions

Company	Sector	Port
Facebook	Info. Technology	4.2%
Alphabet	Info. Technology	4.2%
BAT Int. Finance	Consumer Staples	4.1%
Dow Chemical Co	Materials	3.9%
JPMorgan Chase & Co	Financials ex Prop	3.5%
Micron Technology	Info. Technology	3.1%
Bank of America	Financials ex Prop	3.0%
Applied Materials	Info. Technology	3.0%
Valeo	Cons. Discretionary	3.0%
Stanley Black & Decker	Industrials	2.9%

Sector exposure



Market commentary

The first quarter of 2017 delivered strong equity market returns. The MSCI World Index (MXWO) increased 5.8% and the MSCI Emerging Market Index (MXEF) rose 11.1%, with the latter benefiting from a moderate recovery in commodities and the emergence of Brazil and Russia from deep recessions. Key market movements this month were:

The S&P500 rose 5.5%; while the US was preoccupied with politics, extensive efforts to replace "Obamacare" came to nothing. Additionally the Fed raised rates in March as expected, with the accompanying FOMC outlook statement providing an unexpectedly 'dovish' outlook. This all served to put the 'reflation' trade under heavy scrutiny and caused Financials to surrender their market leadership position from the prior quarter.

European equities ignored political concerns surrounding the forthcoming presidential election in France and instead focused on the improved economic outlook to gain 5.5%, as measured by the Euro Stoxx 600 Index.

Japan was the only major market to register a negative return (-1.1%) with the strength of the Japanese Yen weighing heavily on exporters in spite of falling unemployment and business surveys indicating expansionary conditions.

Information Technology was the best performing GICS sector in the first quarter (+11.9%), as investors turned to tech companies in large part due to their decreased sensitivity to tax cuts and changes in interest rates.

Healthcare was not far behind, increasing 7.8%, as shares in hospitals soared on the demise of the American Health Care Act (AHCA) in the House of Representatives.

Energy was the laggard, and only sector to finish in the red (-5.6%) largely reflecting weaker oil prices with Brent suffering an 8.4% decline on higher US crude inventories as well as a high drilling rig count

Market outlook

Global macro data remained at expansionary levels, however the ratio of positive surprises versus expectations tapered off in the first quarter. The same can be said about policy expectations in the U.S., with Republicans so far failing to repeal and replace ACA. Markets are increasingly nervous about the administration's capability to push through tax reform, a far more important agenda for stock market valuations. We have been encouraged by the improving global growth prospects, but one growing concern is the widening gap between 'soft', forward-looking business and consumer surveys, and 'hard', underlying macro data. U.S. inflation expectations, which clearly rose towards the end of 2016, also flattened in the first quarter. This has put a brake on the rise in bond yields as well as the 'global growth recovery' and 'reflation' trades in equity markets.

At this point in time, we are unable to make a strong call on recovery and reflation, so we are managing the portfolio in a balanced way. From a bottom- up perspective, trends are more encouraging and there are plenty of interesting opportunities. In March, the Global earnings revisions ratio moved above 1.0 for the first time in six years – there are now more stocks with upgrades than downgrades. The improvement is broad across all regions and most sectors, but the leadership has moved from the U.S. (0.80) to Europe (1.14) and Japan (at an extremely high 1.8). Of course, this is partly due to currency effects, which may or may not be sustainable, but there are also underlying, fundamental factors such as the recovery in global industrial production, the oil price and rising bond yields.

From an investment process perspective, these earnings trends are generating positive signs for us. After the turbulent leadership change in the earnings cycle last year, the market is increasingly getting behind the 'new' earnings upgrade and momentum stocks. Encouragingly, many of these stocks are still trading at relatively attractive valuations, indicating how momentum and value have come closer together as the cycle develops. The portfolio is high conviction at a stock level, but remains relatively balanced at the allocation level where we find the risk/reward unattractive.

The global growth recovery appears somewhat fragile, politics in Europe and the U.S. are wild cards, and central bank policies are still not clear. We are invested in just over forty stocks, but maintain all sector and country tilts within 4-5% relative to benchmark. We also strive for relative balance in terms of major macro and market themes, instead focusing on finding undervalued earnings potential across the whole market landscape.

For further information, please contact:

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