

# Alphinity Australian Share Fund

The Alphinity Australian Share Fund is a well-diversified portfolio of Australian stocks listed on the ASX.

## Why choose this fund?

The Fund is designed to sit as a core position in an equities portfolio. It aims to meet its investment objectives in a risk-controlled manner and has a suggested time horizon of at least five years.

## Key features of the Fund:

- Aims to deliver consistent incremental outperformance at comfortable levels of volatility.
- Quality large-cap exposure to the Australian share market.
- Core style with a growth bias, however the approach has proven successful through a number of different market cycles.
- Alpha delivered from stock selection with minimal sector biases.
- The combination of fundamental and quantitative research results in a strong buy and sell discipline.

## How does the Fund work?

### Investment philosophy

We believe that a company's current and expected earnings growth ultimately drives its share price performance. Research has shown there is a systematic mispricing of individual equities over the short to medium term – due to under, or over, estimation of a company's earnings ability.

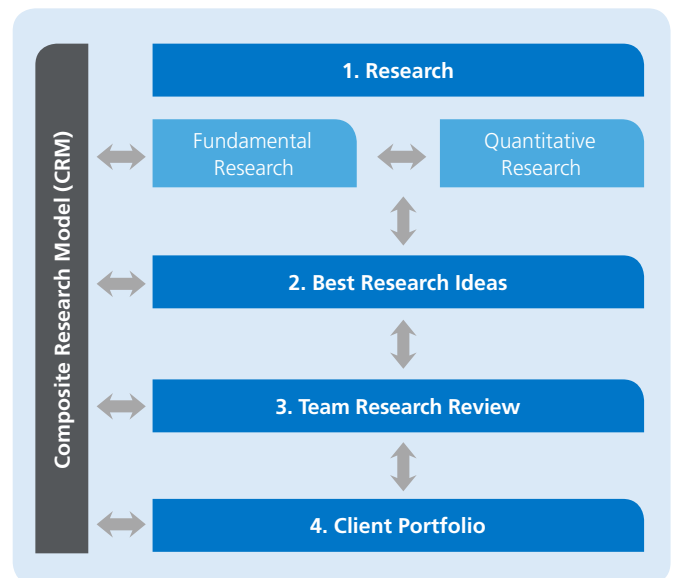
This provides an opportunity for increased investment returns once the true earnings path of a company becomes apparent to the market.

### Investment approach

The Alphinity Investment Management (Alphinity) investment approach is based on a combination of strong fundamental bottom-up research and targeted quantitative inputs. The goal is to identify companies that are likely to deliver earnings in excess of that expected by the market. We look for quality, undervalued companies in – or about to enter – an earnings upgrade cycle, as research has proven these companies will outperform over time.

Research is brought together by a proprietary in-house investment tool, the Composite Research Model (CRM). The CRM allows the team to objectively compare companies across, and within sectors, helping to construct efficient portfolios with the information available. Importantly, it provides our team with strong 'buy' and 'sell' signals.

## Portfolio construction



### Step 1: In-depth multi-discipline approach

The fundamental research (in the form of total expected return) and quantitative indicators are combined into a Composite Research Model (CRM) that scores the relative merits of stocks.

### Step 2: Best research Ideas

The best research ideas are those which have a high relative CRM score (or low score for sell ideas) and are backed by the analyst's strong fundamental conviction.

### Step 3: Rigorous team review

The best ideas (buy and sell) are rigorously reviewed by the team on a formal and continual basis, drawing on the fundamental and quantitative insights, and vetting those inputs.

### Step 4: Portfolio construction

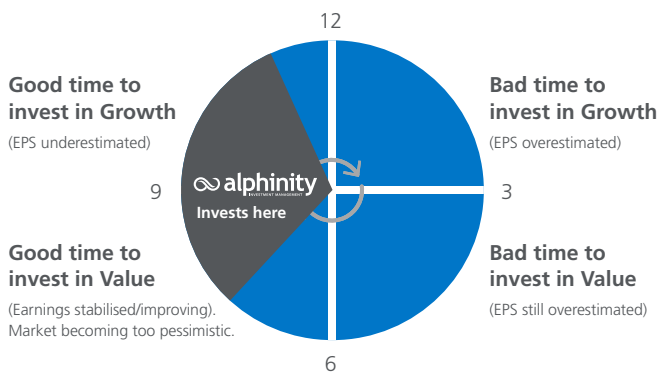
Stocks with the highest CRM score and highest team advocacy post review, make up the biggest positions in the portfolio.

## The outcome

The result is a portfolio of 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 our approach has proven successful though a number of different market cycles.

The following chart indicates our preferred time to invest in a company's earnings life cycle (regardless of earnings growth rate).



## About Alphinity

Alphinity is an equity investment manager with around A\$8 billion funds under management (as at December 2017). 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 its clients to deliver consistent outperformance over time. It has:

- A clear and proven investment philosophy.
- A unique, disciplined and rigorous investment process.
- A highly experience, cohesive and accomplished investment team.
- A contemporary model with powerful alignment.

Alphinity utilises the expertise of Fidante Partners' administration and distribution services. Fidante was responsible for more than A\$56 billion funds under management as at December 2017.

## Fund characteristics

**Inception date:** 1 September 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 Regular Savings Plan.

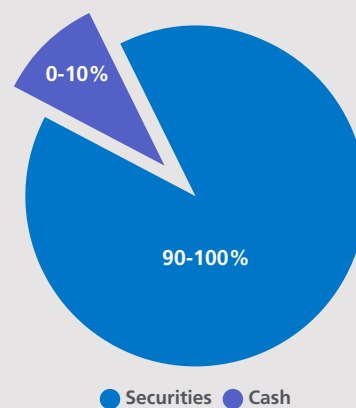
**Management fee:** 0.90% pa

**Distribution frequency:** Quarterly

**APIR code:** PAM0001AU

**ASX mFund code:** ALH01

### Asset allocation ranges



## 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](http://www.alphinity.com.au)

### Important information

Unless otherwise specified, any information contained in this publication is current as at the date of this publication and is provided by Fidante Partners Limited ABN 94 002 835 592, AFSL 234668 (Fidante Partners), the responsible entity and issuer of interests in the Alphinity Australian Share Fund (ARSN 092 999 301), Alphinity Australian Equity Fund (ARSN 107 016 517), Alphinity Concentrated Australian Share Fund (ARSN 089 715 659), Alphinity Sustainable Share Fund (ARSN 093 245 124) and Alphinity Global Equity Fund (ARSN 609 473 127) (Funds). Alphinity Investment Management ABN 12 140 833 709 AFSL 356 895 (Alphinity) is the investment manager of the Fund. It is intended to be general information only and not financial product advice and has been prepared without taking into account any person's objectives, financial situation or needs. Each person should, therefore, consider its appropriateness having regard to these matters and the information in the product disclosure statement (PDS) and any additional information brochure (AIB) for the Fund before deciding whether to acquire or continue to hold an interest in the Fund. The PDS can be obtained from your financial adviser, our Investor Services team on 13 51 53, or on our website [www.fidante.com.au](http://www.fidante.com.au). Please also refer to the Financial Services Guide on the Fidante Partners website.