

# Alphinity Concentrated Australian Share Fund

The Alphinity Concentrated Australian Share Fund is a well-diversified, high conviction concentrated portfolio of Australian stocks listed on ASX.

## Why choose this fund?

The Fund is suitable for investors aiming for a higher return compared to the market, but prepared to take on additional volatility. The Fund is a diversified portfolio of 20-35 best ideas derived from the broader Alphinity Investment Management (Alphinity) investment process. It has a suggested time horizon of at least five years and aims to meet the Fund's investment objectives in a risk-controlled manner.

## Key features of the Fund:

- Focused portfolio of quality large cap companies at the right point in their earnings cycle.
- Alpha will be delivered predominantly from high conviction stock selection.
- Active Share typically around 60%.
- Managed by a cohesive and experienced team that have used the proven process since 2004.

## 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.

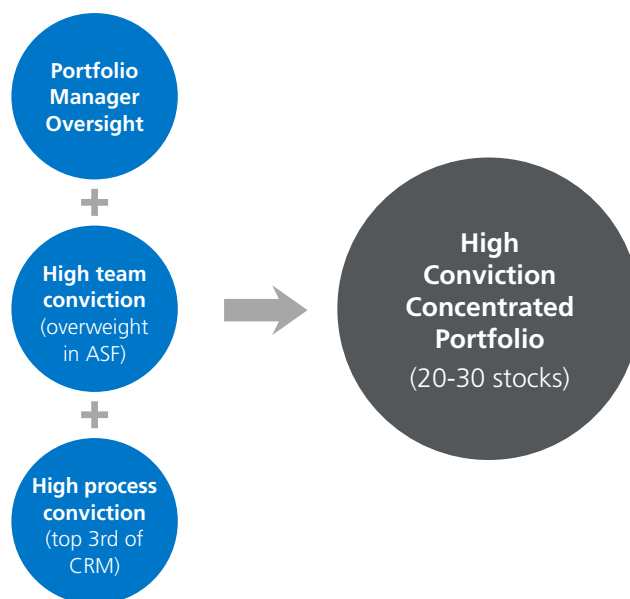
### Investment approach

The team conducts detailed fundamental and quantitative research on a large selection of Australian listed companies. The goal is to identify quality, undervalued companies in – or about to enter – an earnings upgrade cycle.

This 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 the team with strong 'buy' and 'sell' signals.

## Portfolio construction

We follow a disciplined process to ensure that the Fund is a collection of Alphinity's highest conviction calls.



### Step 1: High team conviction

The universe of eligible companies starts with the extensive work already undertaken on the Alphinity Australian Share Fund. Has the stock passed all the hurdles to make it into the broader ASF first as an overweight position? This ensures the disciplined rigorous process used to select stocks in the broader fund is replicated in the Alphinity Concentrated Share Fund.

### Step 2: High process conviction

For a stock to be included in the concentrated portfolio it must be the team's best ideas with highest conviction, with highest probability of getting it right. Therefore it has to have a top third ranking in the CRM, as a minimum.

### Step 3: Model portfolio construction

A concentrated portfolio of eligible stocks is then constructed by the portfolio manager. The manager takes an intentional large cap bias and aligns with the same risk/reward benchmark aware philosophy as the Alphinity Australian Share Fund.

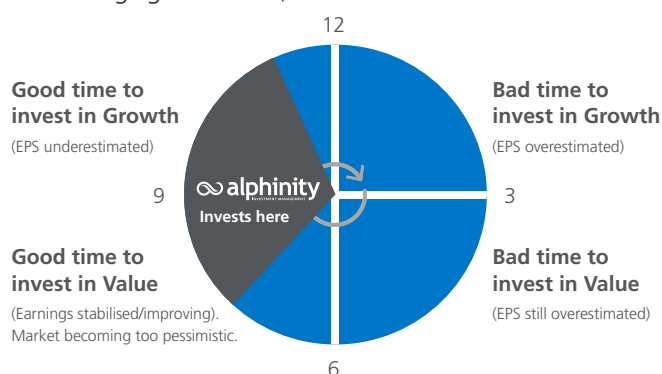
### Step 4: Risk oversight

Fundamental risk oversight is managed in the portfolio to check and adjust for any unintended sector or factor biases, that can result in a Concentrated fund.

## The outcome

The result is a portfolio of high conviction quality companies, with positive earnings momentum, constructed in a disciplined risk aware framework.

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 200 Accumulation Index

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

**Management fee:** 0.80% p.a.

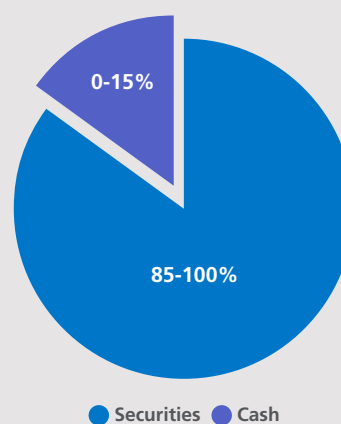
**Performance fee:** 15% of the Fund's return above the S&P/ASX 200 Accumulation Index

**Distribution frequency:** Quarterly

**APIR code:** HOW0026AU

**ASX mFund code:** ALH02

## 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

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