Alphinity Global Equity Fund

Monthly Fact Sheet January 2019

Performance[1]	1 month %	Quarter %	1 year %	2 years % p.a	3 years % p.a	Inception % p.a[2]
Fund return (net)	2.6	-1.9	3.2	13.8	9.9	8.9
MSCI World Equity ex Australia (Net) Index	4.1	-2.2	3.8	10.8	10.1	8.7
Active return[3]	-1.5	0.3	-0.7	3.1	-0.2	0.2

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, Nikki Thomas
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 daily return (after fees and expenses and after adding back any distribution paid) above the Performance Benchmark and the absolute return performance hurdle.[1]
Buy/sell spread	+0.25% / -0.25%
Fund size	$37.8M
Distribution frequency	Annual

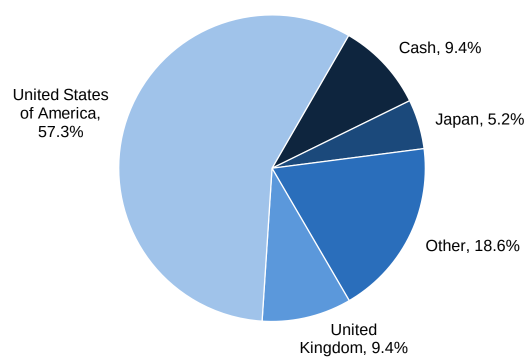
[1] The Performance Hurdle is the Reserve Bank of Australia (RBA) cash rate target.

Top 10 positions

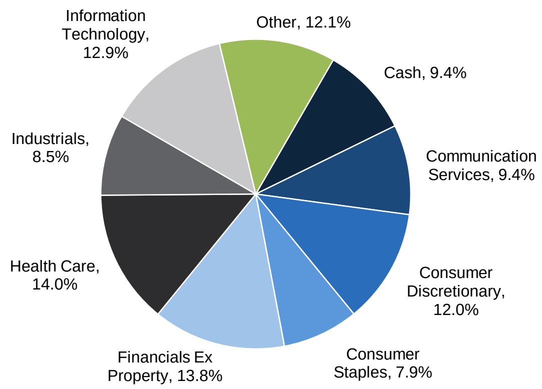
Company	Sector	Port
Alphabet Inc	Communication Services	3.8%
McDonald's Corp	Cons. Discretionary	3.8%
Mondelez International Inc	Consumer Staples	3.7%
Merck & Co Inc	Health Care	3.2%
Roche Holding AG	Health Care	3.1%
UnitedHealth Group Inc	Health Care	3.0%
Target Corp	Cons. Discretionary	3.0%
Sony Corp	Cons. Discretionary	3.0%
Diageo PLC	Consumer Staples	2.9%
Walt Disney Co/The	Communication Services	2.9%

Fund features
Concentrated: An actively managed, concentrated portfolio of 30-45 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 over 20 years in the industry.
Aligned: Alphinity Investment Management is a boutique firm, strongly aligned with its clients' investment objectives and focused solely on growing clients' wealth.

Country exposure



Sector exposure



Market comment

Global markets rebounded strongly in the month with MSCI World Index up +7.7%, the highest January return since the index was launched over thirty years ago. With overall global macro signals not improving, the main drivers seem to have been the more dovish tilt of tone from the US Federal Reserve (Fed) and optimism about the US-China trade negotiations. The US 10-year bond yield fell 5 basis points to 2.63%, credit spreads tightened somewhat again, and Brent oil rose 15% to close at $61.9/bbl. The equity market rally was also broad with Emerging Markets leading (MSCI EM +8.7%), but all other major regions rising at least 6%.

All sectors rose in January, but cyclicals such as Consumer Discretionary, Energy, Industrials and Banks led the market. In a clear reversal of December trends, defensive sectors Telecoms, Consumer Staples and Utilities were the biggest laggards. In terms of earnings expectations, global revisions stabilised in January, as around 70% of US and 60% of European companies have so far beaten fourth quarter earnings forecasts. However, keeping in mind that these forecasts were aggressively cut back ahead of reporting season, the more 'sticky' three-month revisions ratio continued to slightly fall in January, with downgrades outnumbering upgrades by roughly two-to-one globally. Downgrades of US earnings forecasts are now as broad as the rest of the world, having previously been more resilient. At a sector level, relative earnings leadership remains tilted to defensives (Utilities, Health Care, Property), with cyclicals seeing the biggest downgrades (Consumer Disc, Diversified Financials, Materials).

Market outlook

Tighter financial conditions and most leading indicators suggest global growth will slow further in 2019. The recent dovish shift by the Fed could be a factor for a future market and cycle trough, but the change of tone may need to be followed by more tangible factors to be sustainable. As regards China, we believe it remains unclear if recent stimulus will be enough to stabilise economic growth. At the same time, markets are exposed to looming deadlines for US-China trade negotiations, Brexit and potentially another US government shut down.

Against this backdrop, whilst pockets of interesting value have emerged, we still see earnings expectations as too high across large parts of the equity market. The portfolio remains overall defensively positioned, with marginal changes made during January. Nonetheless, we are already 6-9 months into this global downgrade cycle, and unless the ongoing 'earnings recession' develops into a more serious economic recession, we may see earnings expectations resetting in the next few quarters. This would create a more supportive backdrop for markets and potentially some more positive, pro-cyclical stock picking opportunities.

For further information, please contact:

Fidante Partners Investor Services | **p:** 13 51 53 | **e:** info@fidante.com.au | **w:** www.fidante.com.au