Alphinity Global Equity Fund

Monthly Fact Sheet February 2019

Performance[1]	1 month %	Quarter %	1 year %	2 years % p.a	3 years % p.a	Inception % p.a[2]
Fund return (net)	4.8	4.8	7.8	15.8	12.7	10.3
MSCI World Equity ex Australia (Net) Index	5.6	5.2	10.1	13.0	12.8	10.3
Active return[3]	-0.7	-0.4	-2.3	2.8	-0.1	0.0

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	$39.7M
Distribution frequency	Annual

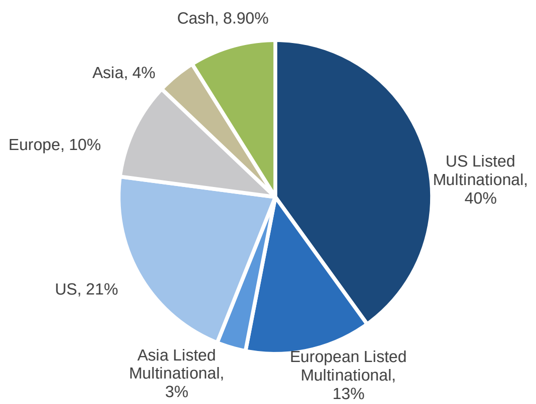
[1] The Performance Hurdle is the Reserve Bank of Australia (RBA) cash rate target.

Top 10 positions

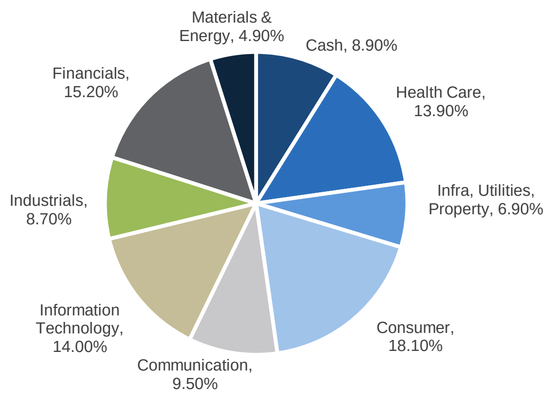
Company	Sector	Port
McDonald's Corp	Cons. Discretionary	3.8%
Alphabet Inc	Communication Services	3.7%
Mondelez International Inc	Consumer Staples	3.6%
Microsoft Corp	Info. Technology	3.4%
Merck & Co Inc	Health Care	3.4%
FleetCor Technologies Inc	Info. Technology	3.1%
Roche Holding AG	Health Care	3.1%
Vinci SA	Industrials	3.0%
Target Corp	Cons. Discretionary	2.9%
Diageo PLC	Consumer Staples	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 equity markets rose for the second consecutive month this year, with the US (S&P 500: +3.2%) and Europe (Arrestors +4.4%) leading the way. From a sector perspective Technology (+6.3%), Industrials (+4.6%) and Financials (+2.9%) were strongest, with Consumer Discretionary (+1.1%) and Real Estate (+0.2%) lagging. The 10y US bond yields rose slightly to close at 2.72%. Commodities also continued to rise, led by Oil (+6.7%) and Copper (+5.9%).

Despite generally weak economic data, investor sentiment was buoyed by a more constructive tone around US-China trade talks, signs of additional Chinese stimulus and confirmation of the US Federal Reserve's (Fed's) recent dovish tilt from the January Federal Open Market Committee minutes. The February Eurozone and Chinese manufacturing Purchasing Managers Indices (PMI's) both dropped into contractionary territory (49.3 and 49.2 respectively), although in contrast the US remains relatively resilient with the latest manufacturing PMI at 53.

Fourth quarter earnings season modestly beat sharply-lowered consensus expectations, although a more challenging outlook for global growth and generally cautious forward guidance from management, have seen consensus earnings expectations continue to fall, albeit at a slower pace.

The Alphinity Global diffusion ratio remains negative over the last four-weeks, with a notably defensive sector bias – revisions remain weakest in cyclical sectors including Material, Energy and Financials.

Market outlook

The tug-of-war between slowing growth and policy stimulus is likely to continue for the foreseeable future. So far this year policy appears to be winning, with the dovish tilt from the Fed unquestionably positive for risk assets. In contrast we are somewhat cautious about the outlook for China, where it remains unclear whether stimulus introduced so-far will be sufficient to stabilise growth.

Persistently negative earnings revisions is another reason to be thoughtful about the outlook, although we would note that the pace of downgrades appears to be slowing. We recognise that we are 6-9 months into this global downgrade cycle, and unless the ongoing 'earnings recession' develops into a more serious economic recession, we are likely to see earnings expectations reset over the next few months. This would create a more supportive backdrop for markets and potentially some more positive, pro-cyclical stock picking opportunities. For the moment the portfolio remains overall defensively positioned, with only marginal stock-specific changes made during the month.

For further information, please contact:

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