

The Alphinity Sustainable Share Fund (the Fund) is managed by Alphinity and seeks to invest in sustainable companies that have the capacity to make a positive impact on society in areas of economic, environmental and social development and to avoid companies that are principally in the business of conducting activities we consider to be harmful to society. Specifically, the Fund targets companies that have strong environmental, social and governance (ESG) characteristics, display appealing investment characteristics and, where possible, can contribute toward the advancement of at least one of the United Nations Sustainable Development Goals (SDG).

The Fund aims to be invested across different industries and sectors in order to meet its investment objectives in a risk-controlled manner. The Fund will utilise Alphinity's unique process of seeking quality, sustainable, undervalued companies in or about to enter an earnings upgrade cycle.

The Fund is intended to be suitable for investors looking to invest in companies that promote sustainable development and social responsibility at the same time as offering attractive prospective returns. Investors should have an investment horizon of at least five years and be comfortable with high levels of volatility, including the possibility of periods of negative returns. To help you understand the following information relating to the Fund's investments, definitions of the important investment terms are provided in the Additional Information Booklet available on our website.

## Investment approach

Alphinity is an active, core Australian equities manager that believes a company's earnings ultimately will drive its share price over time. Alphinity believes the market is typically inefficient at accurately pricing future consequences of new information that will affect company earnings, therefore clearly identifiable characteristics exist for companies whose earnings ability is likely to be under (or over) estimated by the market, allowing an investor to exploit this inefficiency to create outperformance.

Alphinity's investment approach is based on a combination of strong fundamental bottom-up research and targeted quantitative inputs aimed specifically at identifying mispriced companies likely to deliver earnings in excess of those expected by the market. The combined output of this fundamental and quantitative research is brought together in Alphinity's proprietary Composite Research Model (CRM). The CRM is used throughout the investment process and enables the investment team to objectively compare companies across, as well as within, sectors in addition to identifying research priorities. It provides both 'buy' and 'sell' signals and helps to construct portfolios that aim to offer a high level of return for a given level of risk.

## Investment universe and portfolio construction

The investment universe is comprised of stocks listed on the ASX with market capitalisation greater than \$100m at the time of investment. To be eligible for inclusion in the Fund, companies must:

- Undertake operations and activities that are compatible with the Fund's Sustainable Charter\*, specifically, be in the top 60% of ESG performers. This is determined using the ratings of an external ESG research house and is vetted by our Compliance Committee. The Compliance Committee includes two independent sustainability experts.
- Be responding appropriately to any involvement in major controversies.
- Not have more than 10% of their revenue from producing or operating business involved in the socially harmful activities identified in the Charter\*.
- Be assessed to have strong or moderately strong operational and product alignment with at least one of the SDGs.

For more details refer to the Fund's [Sustainable Charter](#) and [Investment Process](#).

The Fund can invest in listed equity securities, hybrid equity securities such as convertible notes, redeemable preference shares, partly paid shares and unlisted securities provided these are expected to list within six months of purchase. It can also enter into underwriting agreements relating to shares able to be held by the Fund provided there are sufficient liquid assets in the Fund to cover such obligations. Alphinity does not intend to gear the Fund through the use of derivatives.

The Fund aims to be fully invested, with a final portfolio, made up of between 35 and 55 companies, selected based on their sustainability, CRM score and the fundamental analysis by the investment team. The Fund's Compliance Committee, which contains two independent sustainability experts, supports this process. Portfolio construction guidelines limit the Fund's exposure to any one company or sector.

\*The Fund's Sustainable Charter is available [here](#).

## Want more information?

To find out more, please visit [www.alphinity.com.au](http://www.alphinity.com.au) or email us: [contact@alphinity.com.au](mailto:contact@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 Sustainable Share Fund (ARSN 093 245 124). 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.