

Alphinity Global Equity Fund

Monthly Fact Sheet November 2019

Performance ¹	1 month %	Quarter %	1 year %	2 years % p.a	3 years % p.a	Inception % p.a ²
Fund return (net)	6.0	5.8	27.5	14.6	19.3	13.8
MSCI World Net Total Return Index (AUD) ³	4.7	7.2	23.5	13.5	15.8	12.8
Active return ⁴	1.3	-1.4	4.0	1.1	3.5	1.0

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 From 21 December 2015 to 31 March 2019, the Benchmark was the MSCI World Equity ex Australia (Net) Index. The current index is effective from 1 April 2019.

⁴ Numbers may not add due to rounding

Fund facts	
Portfolio managers	Jonas Palmqvist, Lachlan MacGregor, Jeff Thomson, Nikki Thomas
APIR code	HOW0164AU
Inception date	21 December 2015
Investment objective	To outperform the MSCI World Net Index (AUD).
Management fee	1.00% p.a.
Performance fee	10% of the Fund's daily return above the Performance Benchmark ¹ and only paid if performance is above the absolute return Performance Hurdle during the performance period ² .
Buy/sell spread	+0.25% / -0.25%
Fund size	\$62.3M
Distribution frequency	Annual

¹The Performance Benchmark is the MSCI World Net Total Return Index (AUD). Performance is calculated after fees and expenses and adding back distributions.

²The Performance Hurdle is the Reserve Bank of Australia cash rate target. If the hurdle isn't met, positive relative performance is carried forward to the next period.

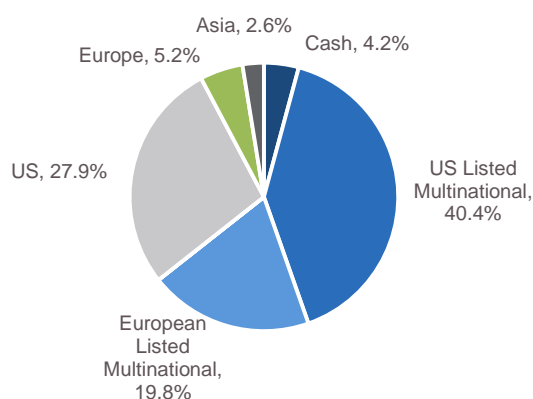
Top 10 positions

Company	Sector	Port
Alphabet Inc	Communication Services	5.2%
Microsoft Corp	Info. Technology	4.9%
UnitedHealth Group Inc	Health Care	4.9%
Roche Holding AG	Health Care	4.4%
Bank of America Corp	Financials Ex Prop	4.3%
Target Corp	Cons. Discretionary	3.5%
ASML Holding NV	Info. Technology	3.4%
FleetCor Technologies Inc	Info. Technology	3.4%
McDonald's Corp	Cons. Discretionary	3.1%
Ingersoll-Rand Co	Industrials	3.1%

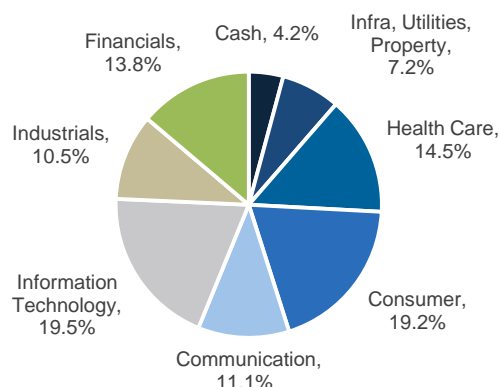
Source: Fidante Partners Limited, 30 November 2019.

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 continued to move higher in November on optimism of a US/China trade deal, as well as some signs of stabilisation in manufacturing data in both the US and Europe. The S&P 500 (+3.4%) and STOXX Europe 600 (+1.5%) led the rally, while the MSCI Emerging Market Index (-0.2%) lagged held back by a strong dollar (Dollar Index +1%) and continued unrest in Hong Kong (Hang Seng Index -2%). The US 10 year bond yield rose 9bps to close at 1.78%.

The US labour market continued to be a standout source of strength with October Nonfarm Payrolls growing a robust 128,000 and a strong upward revision to September's release. The unemployment rate remained flat at 3.6% and average hourly earnings rose a healthy 3% year-on-year. Manufacturing data remained somewhat weak and patchy, albeit with some signs of stabilisation. October ISM Manufacturing (48.3) and New Orders (49.1) suggest continued contraction, although both rose slightly from the prior month. The US, Eurozone and Chinese Manufacturing Purchasing Managers Indices also all increased marginally, albeit remaining generally weak.

Sector price leadership during the month came from Information Technology (+5.2%), Health Care (+4.6%) and Industrials (+3.0%), while defensive sectors including Utilities (-2.2%) and Real Estate (-1.9%) lagged. Meanwhile corporate earnings expectations continue to be revised lower with continued defensive sector leadership. Looking at analyst estimates for 2020, Energy, Materials and Consumer Discretionary earnings revisions were weakest, while Health Care, Information Technology and Communications held up best (although still fell).

Market outlook

Investor confidence about the outlook for growth has been boosted by a wave of rate cuts by central banks across the world, including a return to bond purchases and balance sheet expansion by the Federal Reserve. Optimism has been further underpinned by expectations of a US/China trade deal and signs of stabilisation in the global manufacturing sector.

These are all welcome developments however we remain cautious about the prospect of a robust cyclical recovery in global growth which financial markets are increasingly beginning to discount. Corporate confidence remains fragile with still significant tail-risks from tariffs, Hong Kong, Brexit and the approaching U.S. Federal election cycle. Furthermore, while economic data has stabilised somewhat, other leading indicators such as the Institute for Supply Management (ISM) New Orders have continued to fall.

In the context of a late cycle economy, and U.S. unemployment already at levels not seen since 1969, we expect any growth recovery to be relatively weak. The outlook for corporate earnings also remains challenging, with downside risks to margins in the context of tariffs and rising labour costs. Consequently, we have made limited changes to our positioning over recent months and remain somewhat defensively positioned, continuing to focus on investments where we have conviction around idiosyncratic earnings cases. Nevertheless, acknowledging the fluid and uncertain outlook, we continue to work hard to ensure we have an active 'bench' of stocks for both up and downside surprises to growth.

For further information, please contact:

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