

## Alphinity 10 years on – Much has changed, much remains the same

October 2020



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Many of us at Alphinity are well into the 3rd or even 4th decade of our financial markets' careers but even in that perspective Alphinity's 10 year anniversary is a significant milestone. It's been a lot of hard work but many enjoyable moments too. Managing people's money, and often retirement savings, is a great responsibility. It feels good to know that we have been adding value in our domestic strategies for 10 years and that our global investment team, which will soon be celebrating its 5 year anniversary managing client money, has also been successful in delivering strong and competitive returns. We believe it demonstrates that we have built a successful business on a sound and longstanding investment capability.

It would be easy to reminisce about all that has happened during the last decade. And much has: On the political front the continuing rise of China, the unlikely election of Donald Trump, five different Prime Ministers in Australia and BREXIT. In the commercial world we've had the mining boom and bust, and close to boom again, record low interest rates following a decade of low to no inflation, the (second) tech boom (but so far only one bust!) and the FANG phenomena, a Royal Commission resulting in record financial compensation and the end of several CEO and board careers. We've seen ESG (Environment, Social and Governance), climate change and sustainability become front of mind investment topics and all that before COVID-19, which has become synonymous with the word unprecedented, hit the world in 2020.

With such a long and still very uncomplete list of events one would be forgiven for thinking that the world is becoming ever more unpredictable. However, we're pretty sure we could come up with an equally impressive list for the previous decade, and the one before that. The world has simply continued to evolve as it always has, sometimes in positive ways, sometimes in a more negative direction.

As investors we also need to continue to evolve. We need to learn from our mistakes and our successes, and we need to learn about new consumer trends, business models, technologies, regulations and much more. However, we also need to recognize that some things remain the same. Legendary investor Sir John Templeton is quoted as saying "The four most expensive words in the English language are, 'This time it's different.'" Of course, many things are, and will be, different, but to us at Alphinity one of the investment principles we are convinced will not be different is that a company's earnings will continue to drive share prices. Investors will at times over and under-estimate the earnings for a company, for a sector or for a whole market but ultimately earnings will be what determines the investment outcome.

Identifying those companies that can grow earnings over time and investing in them when that growth is underestimated is what has guided our investments for 16 years and the last ten of those as Alphinity. How we find them will continue to evolve but no doubt fundamental research of companies and industries while also leveraging complimentary objective quantitative data and hard work will continue to be at the core of our search for earnings leadership also in the future.

Thank you to all our clients and business partners that together with us have made Alphinity what we are today.

#### **Important information**

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