Alphinity Global Equity Fund

Monthly Fact Sheet November 2020

Performance[1]	Quarter %	6 months %	1 year %	2 years % p.a	3 years % p.a	Inception % p.a[2]
Fund return (net)	5.5	5.4	4.1	15.2	10.9	11.7
MSCI World Net Total Return Index (AUD)[3]	5.9	9.1	5.1	14.0	10.6	11.2
Excess return[4]	-0.5	-3.7	-1.1	1.2	0.3	0.6

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 excess return of the Fund above the Performance Benchmark (MSCI World Net Return Index (AUD)) and only paid if performance is above the Performance Hurdle (Reserve Bank of Australia cash rate target). Any negative or unpaid performance is carried forward to the next period.[1]
Buy/sell spread	+0.25% / -0.25%
Fund size	$73.9M
Distributions	Annually at 30 June
Min. Investment	$10,000
Max. cash position	20%

Top 10 positions

Company	Sector	%
Alphabet Inc	Communication Services	4.8
Microsoft Corp	Info. Technology	4.8
Morgan Stanley	Financials Ex Prop	4.1
Amazon.com Inc	Cons. Discretionary	3.7
Bank of America Corp	Financials Ex Prop	3.7
Target Corp	Cons. Discretionary	3.6
Nike Inc	Cons. Discretionary	3.4
Trane Technologies plc	Industrials	3.1
Visa Inc	Info. Technology	3.1
Activision Blizzard Inc	Communication Services	3.1
Total		**37.5**

Data Source: Fidante Partners Limited, 30 November 2020.

Fund features

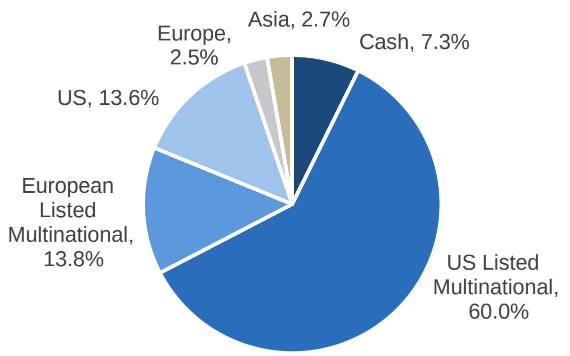
Concentrated: A long only, concentrated portfolio of 30-45 of our best ideas, highly diversified across sectors and regions. A truly global fund consistently exposed to powerful trends reshaping our world.

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.

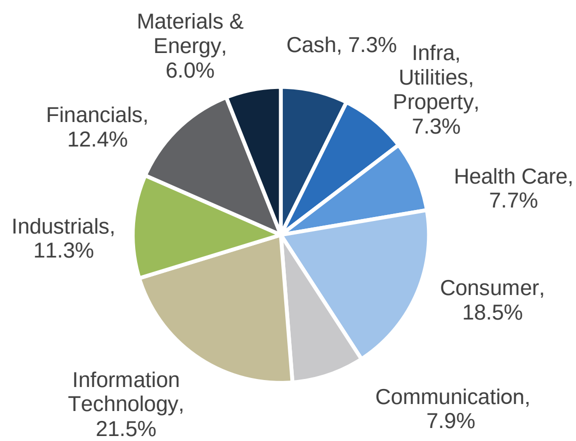
Talent: A united and deeply experienced team of global portfolio managers each with over 20 years in the industry.

Aligned: Alphinity Investment Management is a boutique firm, strongly aligned with its clients' investment objectives and focused solely on growing clients' wealth.

Geographical exposure



Sector exposure



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

Market capture

Down markets[5]	1 Yr	3 Yr	Since inception
No. of observations	4	9	16
Outperformance consistency	100%	89%	69%
Down market capture	79%	84%	91%

All markets	1 Yr	3 Yr	Since inception
Outperformance consistency	50%	61%	59%
Up market capture	72%	90%	98%

[5] Measures shown after fees. Down markets defined as a negative quarter, rolled monthly, for the index.
Data Source: eVestment, 30 November 2020.

Down market capture shows if the Fund has outperformed the benchmark during periods of market weakness, and if so, by how much. Over the past three years, the Fund return has exceeded the benchmark in 61% of all monthly rolling quarters, and 89% of down markets. It has captured only 84% of the fall in down markets. Since inception, it has captured 98% of up market returns.

Market comment

Global equities rallied very strongly in November as the MSCI World Index rose 12.7% during the month. The rally was broad but led by more cyclical regions like Europe (STOXX 600 up 16.7%), compared to the S&P 500 which was still up a significant 10.7%. By sector Energy, Materials and Financials outperformed, while defensives like Utilities, Real Estate and Consumer Staples lagged.

Markets were driven by a couple of noticeable de-risking moments during the month. The US election outcome, with a Biden-presidency but still likely Republican control of the Senate, was generally taken as supportive of both the economy and markets. The subsequent announcement of Janet Yellen for Treasury Secretary was also cheered on by the Street. Positive vaccine news further buoyed sentiment with several encouraging announcements for both COVID prevention and treatment.

Macro was mixed, with data released during the month indicating that the economic recovery continues, but with setbacks in regions which implemented new lock downs. Global manufacturing Purchasing Managers Indices (PMIs) moderated slightly in November to 53.7 after reaching the cycle high of 54.3 in October. Almost all country PMIs signal continued expansion in the manufacturing sector, while the services sector PMIs have dipped due to new restrictions. The U.S. 10y bond yield halted its previous rise, falling marginally (-3bps) to close at 0.84%. Adding to the picture of global economic recovery, commodity prices rallied strongly with equity markets, led by Brent Oil (+25%) and Copper (+14%). The USD fell 2.3% over the period, following the general risk-on sentiment.

Global earnings expectations continued to grind higher, with consensus for 2021 earnings rising another 1.3% in the month. The rotation of the relative earnings leadership towards more cyclical sectors continued in Consumer Discretionary, Materials, Energy and Financials. Sectors such as Information Technology, Health Care and Consumer Staples are now seeing the weakest relative earnings revisions.

Market outlook

Our conviction in the sustainability of the current global growth cycle continues to build. What began as a snapback in activity post initial COVID lockdowns, relatively weak and patchy at first, has been sustained over the last several months despite second and even third waves of COVID infections in many countries. Recent events now suggest that the outlook for growth may have improved further, with political and vaccine-related news set to improve corporate and consumer confidence over the next few months.

Meanwhile central banks should remain highly supportive, committed to keeping policy rates flat for several years, on top of further fiscal stimulus which is still likely in the U.S. and elsewhere. While this unusual level of policy support may continue to underpin valuations on the 'growth' side of the market, a stronger economic recovery is also creating some signs of a change in market leadership - away from relatively expensive 'growth' stocks towards more cyclical stocks and sectors.

Our recent portfolio changes have mainly reflected more cyclical earnings leadership. However, many of the strongest long-term earnings stories in the portfolio remain on the 'growth' side of the market, and we don't believe enough has fundamentally changed in the global backdrop to abandon most of these quality compounders. Therefore, our cyclical stock buying has mainly been funded by selling defensives where they have lost support under our process. During the month, we added Volvo (Industrial) and S&P Global (Financial) to the portfolio. We also added to our positions in Bank of America, Teck Resources, Visa and Alphabet, amongst others. We exited our position in Aon (loss of conviction in earnings case) and trimmed holdings in Nestle, Prologis, Vestas and Adobe.

For further information, please contact:

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