

Alphinity Global Sustainable Equity Fund



The Alphinity Global Sustainable Equity Fund (the Fund) provides a diversified portfolio of leading global sustainable listed companies which are aligned with one or more of the United Nations Sustainable Development Goals (SDGs), with strong Environmental, Social and Governance (ESG) characteristics, and which are also identified as undervalued and within an earnings upgrade cycle.

Alphinity's approach to sustainable investing

Society faces significant challenges to achieve sustainable development. Alphinity aims, through this specialised fund, to play a role in helping to address these challenges. We are committed to supporting those companies we believe do good and avoiding those we believe don't.

We seek to invest in companies that offer attractive financial returns, have strong ESG management practices and, where possible, have the capacity to make a positive impact on society in areas of economic, environmental and social development by contributing towards the advancement of at least one of the SDGs[^].

We seek to avoid companies that are involved in activities we consider incompatible with the objectives of the Fund (as defined in the Fund Charter), as they may be harmful to society and/or inconsistent with the achievement of the SDGs.

Key features of the Fund:

- **Alignment with the SDGs:** Invests in sustainable companies that have a net positive contribution to one or more of the SDGs, as well as a positive ESG profile.
- **Proven process:** Using a proven stock selection process and an experienced investment team with a long and successful track-record of superior risk-adjusted returns.
- **Active ownership:** Committed to active engagement with corporates and other investors wherever possible to promote positive change and support the transition to a more sustainable world.
- **Sustainability committee:** Supported by a Sustainable Compliance Committee, including two well regarded external experts that help challenge thinking, provide independent insights and support company engagement.

Fund characteristics

Inception date: 2 June 2021

Objective: To outperform the benchmark after costs over rolling three year periods.

Benchmark: MSCI World Net Total Return Index (AUD).

Minimum initial investment: \$10,000, or \$1,000 with a Regular Savings Plan.

Management fee: 1.00% p.a.

Performance fee: 10% of the Fund's daily return (after fees and expenses, and after adding back distributions paid) above the Benchmark and an absolute return performance hurdle (RBA cash rate target).

Maximum cash holding: 20%

Distribution frequency: Annually

APIR code: HOW1000AU

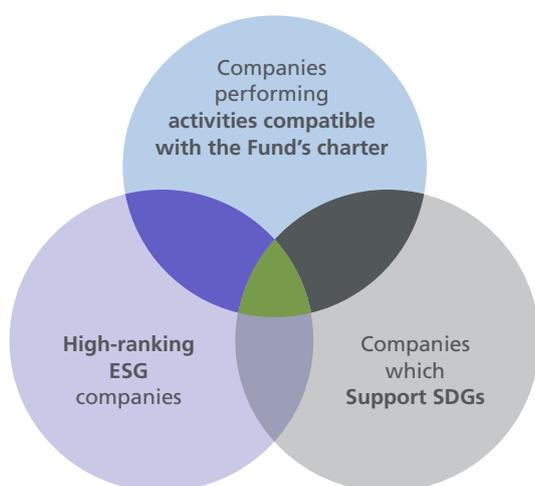
[^] Strong ESG practices[^] means companies that are not rated B or C by our external ESG research provider, MSCI, subject to review by the Sustainable Compliance Committee.

Portfolio construction

Step 1: Define the investable universe

We begin with a universe of high-quality global stocks, which are acknowledged sustainability and/or ESG leaders within their industries. This initial universe is then filtered for companies that:

- Perform activities/services compatible with the Fund's Charter
- Are assessed as having strong ESG performance, and
- Contribute towards one of more of the UN SDGs.



A screen is applied to eliminate any companies generating more than 5% (cumulative) of their revenues from activities that are incompatible with the Fund's Charter. These activities include:

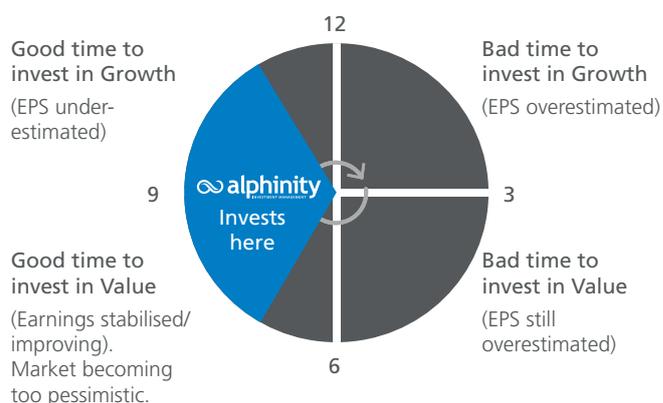
- Fossil fuels (including extraction, production and electricity production from fossil fuels), such as thermal coal, natural gas and oil
- Companies producing controversial fuels such as Uranium
- Gold mining, where Gold is the primary purpose of the mine
- Animal welfare including factory farming, animals in entertainment, live exports and animal testing for cosmetic products
- Predatory lending and hostile debt collection
- Addictions such as tobacco, gambling and alcohol
- Armaments manufacturers
- Old growth forest logging and non-RSPO palm oil
- Pornography

For healthcare, animal testing is tolerated only where necessary. The Fund has a zero-revenue tolerance for companies which produce Tobacco products or Controversial Weapons.

The SDG alignment of companies, and their operational ESG risks, are assessed in detail by Alphinity's internal ESG and Sustainability team using proprietary analysis, supported by external research providers (e.g. MSCI ESG Research) and the Sustainable Compliance Committee, as well as direct engagement with company management and other independent experts.

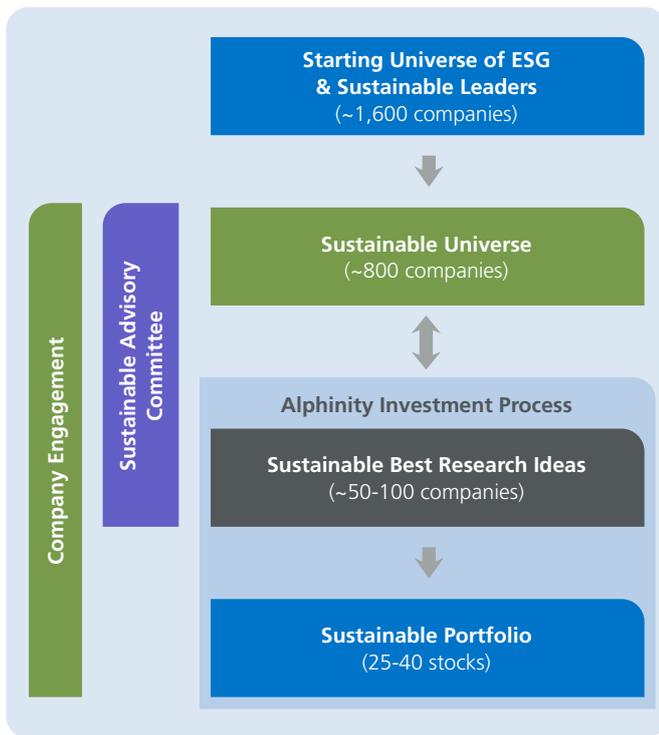
Step 2: Find compelling sustainable companies

Using Alphinity's investment philosophy and process, we combine Fundamental and Quantitative research to assess stocks within the Sustainable Universe to identify high quality, undervalued companies in or about to enter an earnings upgrade cycle. The following chart indicates our preferred time to invest in a company's earnings cycle, regardless of earnings growth rate or market conditions.



Step 3: Construct a balanced portfolio

A diversified portfolio of 25-40 high quality sustainable businesses is constructed, where each stock has a clear contribution to one or more of the SDGs, a positive ESG operational risk profile, and where the investment team also has high conviction that the market is currently underappreciating the earnings potential. We do not identify with any particular investment "style" as our approach has proven successful though a number of different market cycles, although our process will typically have a slight bias towards growth.



Global Sustainable Compliance Committee

A Sustainable Compliance Committee, which includes two independent sustainability experts, reviews the Sustainable Best Research Ideas to ensure compliance with the Charter, helps adjudicate on various “grey areas” and also assists in identifying areas for further company engagement.

A signatory to the United Nation’s backed Principles for Responsible Investment

Alphinity has been a signatory to the United Nations-backed Principles for Responsible Investment since 2011.

We have long adhered to these Principles as sound practice when managing money and supporting it reflects our desire to promote the Principles as a matter of good corporate governance. Find out more about the Principles for Responsible Investment by visiting: www.unpri.org

The UN Sustainable Development Goals

The 17 SDGs of the 2030 Agenda for Sustainable Development were adopted by world leaders at a UN summit in September 2015. Over the next fifteen years, countries are expected to mobilise efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind.



Visit <http://www.un.org/sustainabledevelopment/> to find out more about the Sustainable Development Goals.

About Alphinity

Alphinity is an equity investment manager with around A\$14.9 billion funds under management as at 30 June 2021. We invest in companies with underestimated forward earnings expectations which we identify using a combination of fundamental analysis and select quantitative inputs.

Alphinity's structure ensures a clear alignment of interests with our clients to deliver consistent outperformance over time. It has:

- A clear and proven investment philosophy.
- A unique, disciplined and rigorous investment process.
- A highly experienced, cohesive and accomplished investment team.

Alphinity utilises the expertise of Fidante Partners' administration and distribution services. Fidante is responsible for more than A\$84.9 billion funds under management, as at 30 June 2021.

Find out more

To find out more, please contact your local Fidante Partners Business Development Manager or call the Fidante Partners' Adviser Services Team on 1800 195 853 or visit us at: www.alphinity.com.au

Important information

This material has been prepared by Alphinity Investment Management Pty Limited (ABN 12 140 833 709 AFSL 356 895), the investment manager of Alphinity Global Sustainable Equity Fund (Fund). Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante), is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante in relation to the Fund, Fidante is not responsible for the information in this material, including any statements of opinion. It is general information only and is not intended to provide you with financial advice or take into account your objectives, financial situation or needs. You should consider, with a financial adviser, whether the information is suitable for your circumstances. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. The PDS for the Fund, issued by Fidante, should be considered before deciding whether to acquire or hold units in the Fund. The PDS can be obtained by calling 13 51 53 or visiting www.fidante.com. Neither Fidante nor any of its respective related bodies corporate guarantees the performance of the Fund, any particular rate of return or return of capital. Past performance is not a reliable indicator of future performance. Alphinity and Fidante have entered into arrangements in connection with the distribution and administration of financial products to which this material relates. In connection with those arrangements, Alphinity and Fidante may receive remuneration or other benefits in respect of financial services provided by the parties.