Alphinity Global Equity Fund

Monthly Report April 2022

Performance[1]	Quarter %	6 months %	1 year %	3 years % p.a	5 years % p.a	Inception % p.a[2]
Fund return (net)	-10.0	-9.4	7.5	12.4	13.5	12.3
MSCI World Net Total Return Index (AUD)[3]	-9.0	-6.3	4.9	10.1	11.3	10.9
Excess return[4]	-1.0	-3.2	2.6	2.3	2.2	1.3

Fund facts	
Portfolio managers	Jonas Palmqvist, Jeff Thomson, Trent Masters, Mary Manning, Chris Willcocks.
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	$191m
Distributions	Annually at 30 June
Min. Investment	$10,000
Max. cash position	20%

Top 10 positions

Company	Sector	%
Microsoft	Info. Technology	5.9
UnitedHealth Group	Health Care	5.4
Nestle	Consumer Staples	5.0
Apple	Info. Technology	4.7
Pepsico	Consumer Staples	4.5
McDonalds	Consumer Staples	4.5
Alphabet	Comm Services	4.5
Merck & Co	Health Care	4.4
Danaher	Health Care	3.4
Nextera Energy	Utilities	3.2
Total		**45.5**

Data Source: Fidante Partners Limited, 30 April 2022

[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

Fund features

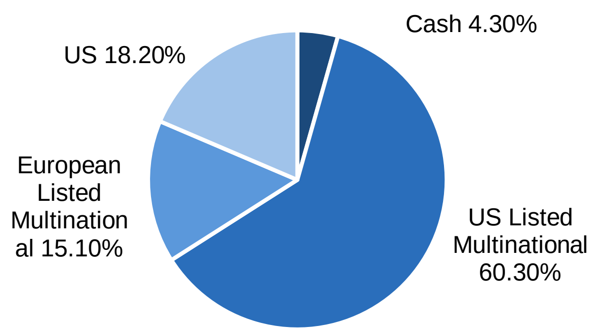
Concentrated: A long only, concentrated portfolio of 25-40 of our best ideas, highly diversified across sectors and regions. A truly global fund consistently exposed to powerful trends reshaping our world.

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.

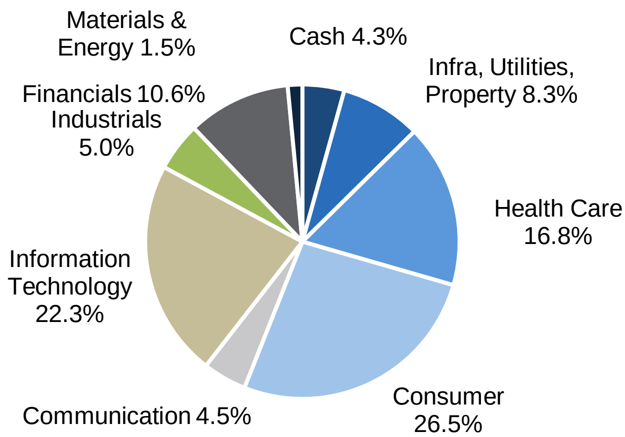
Talent: A united and deeply experienced team of global portfolio managers each with over 20 years in the industry.

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



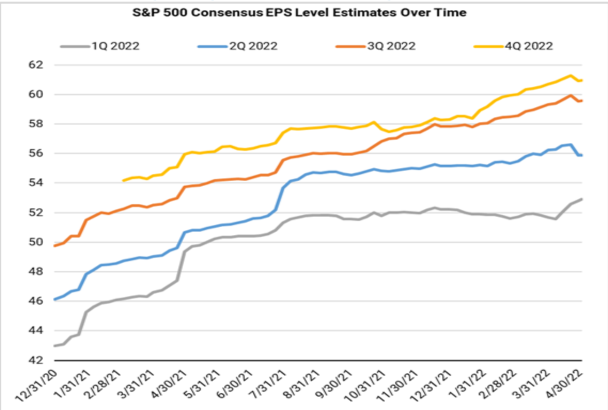
[3] From 21 December 2015 to 30 April 2019, the Benchmark was the MSCI World Equity ex Australia (Net) Index. The current index is effective from 1 April 2019.

[4] Numbers may not add due to rounding

Portfolio comment and outlook

Inflation is running at its' highest level since 1981, the Federal Reserve remains intent on executing the most aggressive monetary tightening cycle since at least 1994, Chinese Covid lockdowns are disrupting global supply chains again and the Russia-Ukraine War has pushed commodities to new highs. Against this backdrop, it's not surprising to see both economic and corporate earnings growth slowing. While at this point these risks are mostly understood, investor anxiety remains elevated as concerns grow about the path of US Federal Reserve (Fed) tightening and the risk of recession. We are now at the two-year mark of the global recovery from the Covid lockdown bottom, and the market environment looks likely to remain challenging and volatile in 2022.

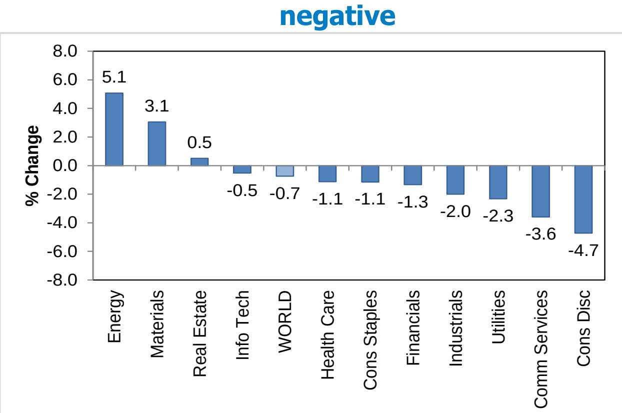
US corporates reducing forecast guidance – driving negative earnings revisions



Source: Morgan Stanley, 2 May 2022

Global earnings revisions have recently turned negative, with expectations for both '22 and '23 falling 0.7% over the last month through the first quarter earnings season. Downgrades have also widened to include most sectors outside of Energy and Materials, with Consumer Discretionary and Communication Services both especially weak. Despite this, analysts continue to expect positive earnings growth in most GICs sectors, and in aggregate for global equities, in both '22 and '23. This seems increasingly optimistic considering continued cost pressures impacting margins across a wide range of sectors, but also potentially lower demand as global growth continues to slow.

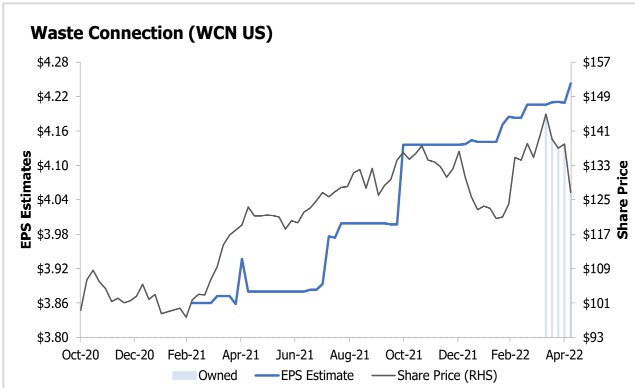
MSCI World Earnings revisions for FY22 now negative



Source: Alphinity, Bloomberg, 2 May 2022

With the cycle turning negative and falling visibility, we believe stock selection and a relatively concentrated portfolio around high conviction ideas will be important for performance. Driven by our bottom-up views on the outlook for earnings, our portfolio has continued to evolve to reflect increasingly defensive market earnings leadership. During the last month we added new positions in Waste Connections (quality waste collection business benefitting from pricing power and acquisitions), Deutsche Boerse (earnings tailwinds from higher interest rates and volatility) and Sika (high quality, sustainable leader with upside from pricing and structural growth opportunities), while trimming various positions including Bank of America, Apple, Amazon and Eli Lilly. The combination of a negative earnings cycle, war, inflation and policy tightening have certainly increased risks. Nevertheless, the range of potential macro-outcomes remains relatively wide, and we will continue to be focused on identifying stocks with the most reliable and misunderstood earnings outlooks.

Waste Connections – Quality waste collection business benefiting from pricing power



Source: Alphinity, Bloomberg, 2 May 2022

For further information, please contact:

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