

Alphinity Global Equity Fund – Active ETF

MONTHLY REPORT – AUGUST 2025

Performance ¹	1 Month %	Quarter %	1 Year %	3 Years % p.a.	5 Years % p.a.	7 Years % p.a.	Since Inception ² % p.a.
Fund return (net)	0.2	4.6	9.3	15.5	14.6	12.8	12.9
MSCI World Net Total Return Index (AUD) ³	0.9	6.6	19.9	20.4	15.7	13.1	13.1

Fund facts

Portfolio managers	Jonas Palmqvist, Jeff Thomson, Trent Masters, Chris Willcocks.
APIR code	HOW0164AU
Inception date	21 December 2015
ASX Code	XALG
Investment objective	To outperform the MSCI World Net Index (AUD).
Management fee	0.75% 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	\$681m
Distributions	Annually at 30 June
Min. Investment	\$10,000
Max. cash position	20%

Top 10 positions

Company	Sector	%
Microsoft	Information Technology	6.2
Nvidia	Information Technology	5.7
JP Morgan	Financials	4.6
The Coca Cola Company	Consumer Staples	4.2
AstraZeneca	Health Care	4.2
CRH	Materials	3.8
Linde	Materials	3.8
Morgan Stanley	Financials	3.8
CBRE	Real Estate	3.7
Amphenol	Information Technology	3.7
Total		43.8

Data Source: Fidante Partners Limited, 31 August 2025

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 30 April 2019, the Benchmark was the MSCI World Equity ex Australia (Net) Index. The current index is effective from 1 May 2019

Fund features

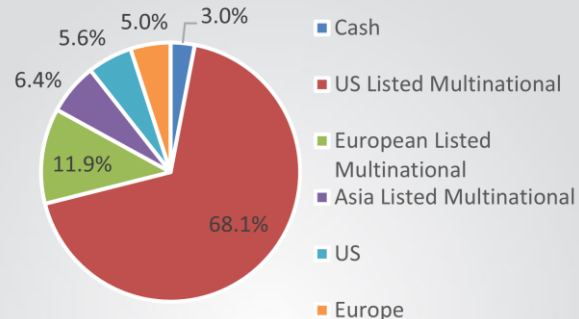
Consistent returns: Aims to provide consistent strong risk-adjusted returns across different market cycles

Style agnostic: Can invest in growth, value, cyclical or defensive companies, because we aim to own them at the right time in their earnings cycle.

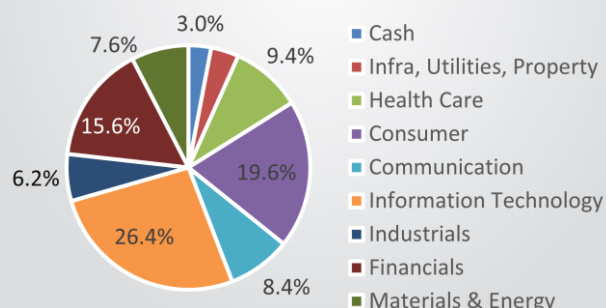
Concentrated: An actively managed, long only portfolio of 25-40 high conviction, quality companies, which is also diversified across sectors and regions

Robust process: A disciplined and repeatable investment process finding high-quality businesses with strong earnings that are under appreciated by the market.

Geographical exposure



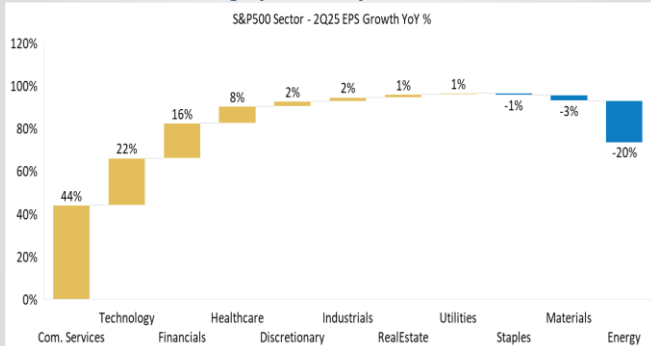
Sector exposure



Market comment and outlook

Global equity markets continued their grind higher throughout August, led by expectations for rate cuts in the US, tariff uncertainty fears beginning to wane, and a quarterly earnings season where both Q2 and 2025 earnings estimates substantially improved throughout the month. Despite the better-than-expected earnings season in the US which led to positive earnings revisions for both 2025 and 2026, performance on beats faded while those that missed on earnings had sharper negative price reactions. The noise and volatility around earnings continued to escalate, driven by the composition of market participants changing. The rise of passive flow, numerous ETFs the ability to trade thematic baskets of stocks can risk inhibiting price discovery and wild swings on earnings days are becoming more common.

2Q25 US Reporting season – Strong overall growth of 12%, but largely driven by 3 sectors



Source: Bloomberg, 15 August 2025

Global shares (MSCI World Index) gained 0.7% over August in AUD terms, with the US market closing almost flat, although the S&P 500 index did gain 1.9% in USD terms. A stronger AUD vs USD reduced offshore returns when converting back to AUD currency. European shares gained 1.4%, although strength in UK and Spanish markets helped offset weakness in France and Germany. Political instability in France with Prime Minister Bayrou losing his confidence vote and President Macron appointing the country's 6th leader in 5 years did little to restore confidence. Lack of clarity on the path ahead and worsening fiscal dynamics mean the risk premium on French bonds and domestic equities is unlikely to fall materially soon. Asian markets outperformed, driven by strong performance in China and index heavyweights Alibaba, Samsung, Tencent and Taiwan Semiconductor all posted double digit returns.

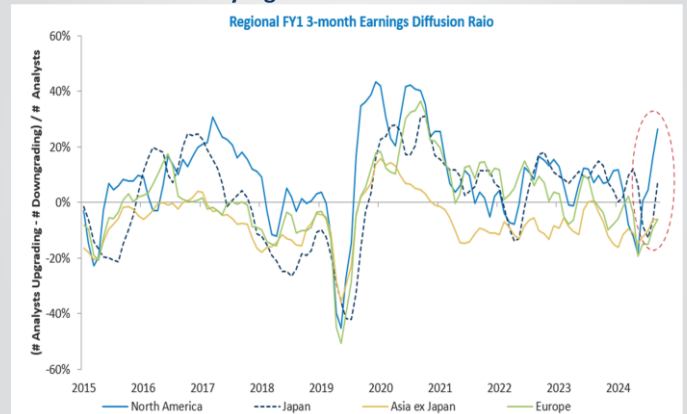
Economic data, while mixed, was overshadowed by weaker jobs growth which is putting further pressure on Federal Reserve to cut rates, in addition to the political pressure which has been brewing ever since Trump's re-election. While this has helped propel risk assets, investors will be closely watching for any further deterioration in the labour market in coming months and whether this could spark a recessions fears, although the data so far hasn't suggested this as a likely scenario. In fact, Q2 GDP growth in the US printed above expectations at a 3.3% annualized rate. The US added only 22k jobs in August, beneath already lowered expectations for 75k and coming off the back of downward revisions to previous months. Bond yields

reacted accordingly, with the 10 year bond yield falling 15 basis points to 4.23%. While lower rates have helped Property Trusts and the Homebuilders, most homeowners in the US are more concerned about the longer 30 year mortgage rates which are still hovering around 7%.

Portfolio comment and outlook

The U.S. policy environment has stabilized somewhat, but the implications for growth, inflation, and interest rates remain uncertain. Consumption has proven more resilient than expected, with positive momentum still evident through July and August. Yet signs of goods inflation are emerging as tariff-related costs work their way through supply chains. How an already pressured consumer will absorb these additional costs is unclear, particularly as labor markets also show signs of softening. Expectations for Federal Reserve rate cuts have understandably strengthened on the back of this weakness, reinforced by Chairman Powell's recent dovish remarks. Still, the Fed's ability to respond with easier policy may yet be constrained if a more stagflationary backdrop develops. Against this backdrop - with full earnings expectations and historically rich valuations - caution remains warranted; especially as tariff-driven cost pressures are likely to intensify in the months ahead.

Regional Earnings Diffusion/Sentiment back in positive territory – led by big inflection in the US



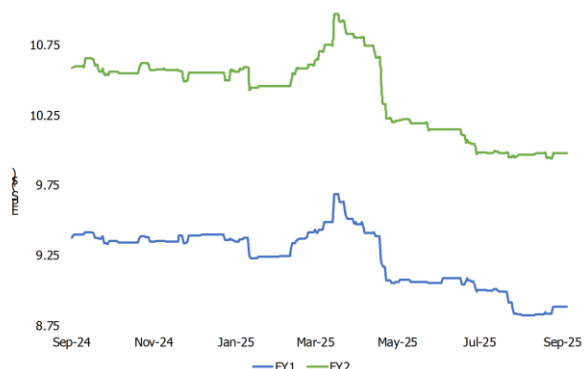
Source: Bloomberg, 31 August 2025

Meanwhile, the second quarter earnings season delivered strong headline growth. MSCI World Index revenues increased +3.0% y/y and EPS grew +8.7% y/y. This was better than expected, led by the US where according to Goldman Sachs c.60% of companies beat consensus by more than a standard deviation. More importantly, c.58% of companies also raised full-year 2025 guidance, nearly double the rate in the first quarter and higher than the historical average of c.46%, prompting analysts to also raise estimates. Nevertheless, earnings power remains quite narrow, with the AI thematic within Technology, Communications and select parts of Industrials and Utilities, the main source of growth and positive surprise. Financials also continue to show strength, while most other cyclical sectors such as Consumer Discretionary, Materials and Energy remain notably weak.

Following a period of higher activity in response to the leadership rotation earlier in the year, the Portfolio has once again established strong exposure to fundamentally driven, positive earnings revisions. During August, we added O'Reilly Automotive (leading auto parts retailer with resilient growth drivers) and Veeva Systems (life science cloud software provider in a strong upgrade cycle). This was funded mainly through the sale of a long-held position in Schneider Electric reflecting weaker earnings revisions and lower confidence in management execution. We also took some profit in positions including Netflix, American Express and Parker-Hannifin. At present, the Portfolio combines exposure to resilient growth leaders along with select opportunities in more defensive businesses that are better positioned to withstand macro volatility. Cyclical exposure is mainly focused on high-quality Financials with strong fundamentals and established earnings leadership. The Alphinity investment process consistently targets a diversified portfolio of high-quality companies within underappreciated earnings upgrade cycles. This has proven to be successful in managing a wide range of market cycles over the last ten years.

SOLD SCHNEIDER ELECTRIC – Reflecting weaker earnings revisions and lower confidence in management execution

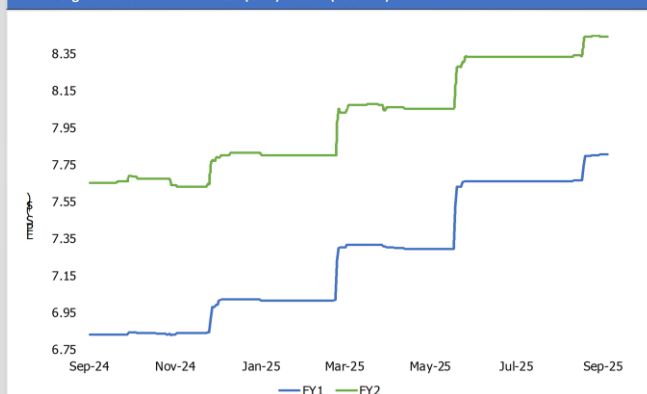
Bloomberg Consensus EPS Estimates (EUR): Schneider Electric (SU FP)



Source: Bloomberg, 15 September 2025

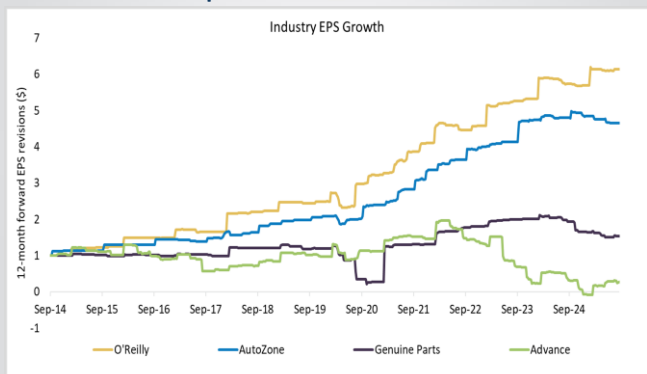
BOUGHT: VEEVA - Life science cloud software provider in a strong upgrade cycle

Bloomberg Consensus EPS Estimates (USD): Veeva (veev US)



Source: Bloomberg, 15 September 2025

BOUGHT O'REILLY – Leading auto parts company with resilient growth drivers - enjoying superior earnings growth relative to key peers over the last decade



Source: Bloomberg, 28 August 2025

What's on our mind: Turning Turbulence into Triumph: Two Stocks Mastering Market Themes

Five powerful themes are reshaping the investment landscape, creating winners and losers across global markets. The AI revolution stands as the defining narrative, driving fundamental shifts in capital allocation and valuation frameworks. Lower interest rate expectations and regulatory reform have reignited investor confidence, while Trump's tariff agenda injects supply chain uncertainty and continues to impact both corporate margins and consumer spending power. Meanwhile, geopolitical tensions fuel unprecedented defence spending and strategic consolidation as companies position for an increasingly fragmented world.

These converging forces created a tale of two markets during 2Q25 earnings season. On the surface, the numbers appeared robust: over 80% of US companies beat earnings expectations, guidance upgrades accelerated to double the 1Q25 rate, and consensus pushed earnings growth forecasts to an impressive 11% and 13% for 2025 and 2026 respectively. Yet beneath this veneer of strength lay a more complex reality. Earnings growth concentrated heavily within just three sectors and performance diverged sharply among industry peers.

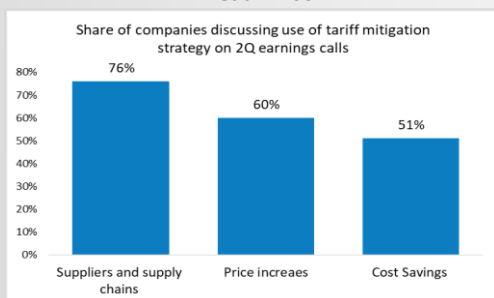
This bifurcated landscape has created an unforgiving environment where execution excellence separates winners from casualties. Companies skilfully navigating these themes are thriving, while those stumbling face harsh consequences. Two high quality companies with underappreciated earnings potential that exemplify this successful navigation are Amphenol and O'Reilly Automotive, transforming market complexity into competitive advantages and turning potential headwinds into powerful tailwinds through exceptional strategic execution.

Five Themes Defining Corporate Performance

The recent reporting season once again highlighted these five powerful themes that continue to reshape the investment landscape and define how companies are adapting to the current environment. Below, we examine how these themes have evolved and intensified through the latest earnings cycle:

1. AI From Speculation to Implementation
2. Defence Modernisation Acceleration
3. Tariff Adaptation Strategies
4. Strategic M&A Consolidation
5. Consumers Not out the Woods yet

Increased confidence in corporates' ability to mitigate tariff headwinds



Source: Goldman Sachs, 15 August 2025

Quality in Action: Two Exceptional Operators

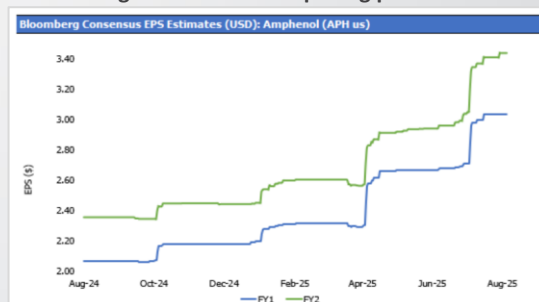
Among the winners emerging from this challenging environment, two companies showcase exceptional strategic positioning across multiple themes. Amphenol and O'Reilly Automotive have not merely survived current market forces—they have actively leveraged them to strengthen their competitive moats, accelerate growth, and deliver consistent outperformance through disciplined execution and opportunistic capital deployment.

Amphenol: Wired for AI, Armed for Defense, Primed for M&A

Amphenol, a leading connector and fibre optics supplier with 12% global market share, sits perfectly at the intersection of three key themes: AI infrastructure buildout, defence spending acceleration, and strategic M&A activity.

- **AI Content Multiplication** Amphenol expects to grow at 2x their end markets due to significant content uplift in AI applications. Unlike traditional data centres, AI requires every chip to be interconnected, creating multiples of connections. This structural advantage delivered exceptional Q2 2025 results—revenue beat expectations by 11% and EPS by 21%. Management noted AI customers "continue to spend with no one slowing down investments."
- **Strategic M&A Execution** The \$10.5 billion CCS acquisition exemplifies Amphenol's disciplined M&A approach in today's active dealmaking environment. Acquired at a reasonable 11x EBITDA, CCS brings \$3.6 billion in expected 2025 sales at 26% EBITDA margins. The deal adds complementary fibre capabilities with minimal overlap to existing operations. With leverage remaining under 2x and management's proven integration track record (13% annual revenue growth over five years, 2x their end markets), this represents smart capital deployment in an M&A-friendly market.
- **Defense Expansion** The \$300 million acquisition of Narda-MITEQ, a leading provider of active RF and microwave components, expands Amphenol's existing defence exposure. This positioning capitalizes on unprecedented global defence spending increases driven by geopolitical tensions and deglobalization trends.
- **Structural Margin Expansion** Management raised conversion margin targets from 25% to 30%, citing better pricing power as technology complexity increases. This adds a new earnings growth lever beyond their traditional organic growth, M&A, and buyback strategy.
- **Attractive Valuation** Trading at 30x CY26 EPS versus the S&P 500's 21x, Amphenol's market premium sits at the lower end of its historical 40-85% range despite earnings growing 40-50% above average years.

Amphenol – Strong earnings upgrade cycle underpinned by multiple growth levers and pricing power



Source: Alphinity, Bloomberg, 28 August 2025

Find the full note here: [Turning Turbulence into Triumph: Two Stocks Mastering Market Themes - Alphinity](#)

Author: Elfreda Jonker – Client Portfolio Manager

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For further information, please contact:

Fidante Partners Investor Services

Phone: 1300 721 637 Email: info@fidante.com.au Web: www.fidante.com.au

Alphinity Investment Management Web:
www.alphinity.com.au



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