Alphinity Global Equity Fund – Active ETF

MONTHLY REPORT – FEBRUARY 2026

Performance[1]	Quarter %	1 Year %	3 Years % p.a.	5 Years % p.a.	7 Years % p.a.	10 Years % p.a.	Since Inception[2] % p.a.
Fund return (net)	-9.6	-8.7	10.9	10.9	11.8	12.1	**11.3**
MSCI World Net Total Return Index (AUD)[3]	-3.0	8.4	18.5	13.6	13.0	13.0	**12.2**

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	$423m
Distributions	Annually at 30 June
Min. Investment	$10,000
Max. cash position	20%

Top 10 positions

Company	Sector	%
AstraZeneca	Health Care	5.4
Microsoft	Information Technology	4.8
JP Morgan	Financials	4.7
Nvidia	Information Technology	4.4
Apple	Information Technology	4.1
The Coca Cola Company	Consumer Staples	3.9
CRH	Materials	3.7
Motorola Solutions	Information Technology	3.6
Parker Hannifin	Industrials	3.6
TSMC	Information Technology	3.6
Total		**41.7**

Fund features

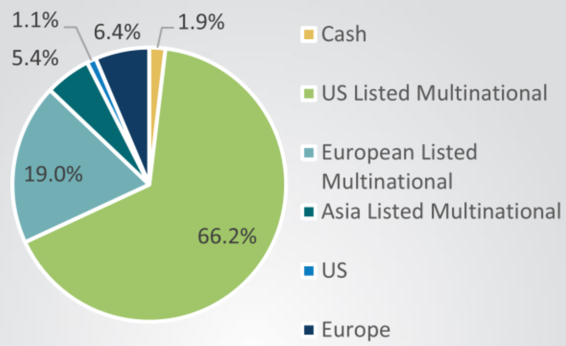
Consistent returns: Aims to provide consistent strong risk-adjusted returns across different market cycles

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.

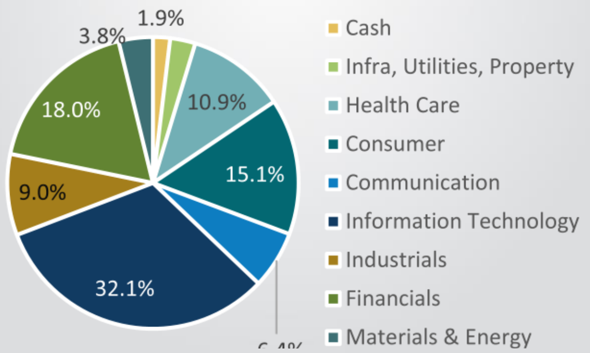
Concentrated: An actively managed, long only portfolio of 25-40 high conviction, quality companies, which is also diversified across sectors and regions

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



Data Source: Fidante Partners Limited, 28 February 2026
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

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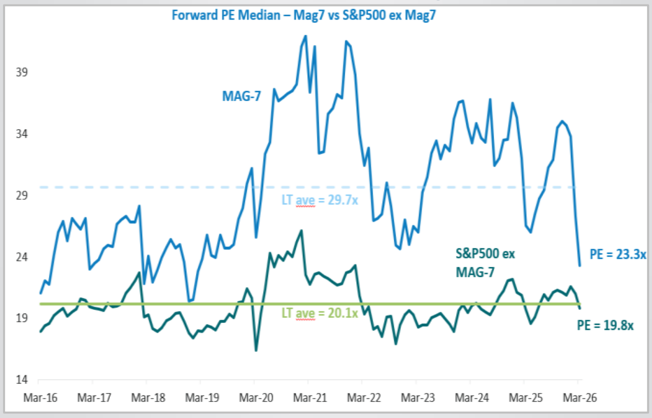
alphinity INVESTMENT MANAGEMENT

Market comment and outlook

The changing dynamic we saw in January - where “old world” sectors like Energy, Materials and Industrials outperformed “new world” sectors like Technology and Communication Services - continued in February as concerns around AI disruption gathered momentum. The US market, with its large weighting to Technology stocks, underperformed broader global markets, with the S&P 500 index falling 0.9% in USD terms (-2.9% in AUD) while the MSCI World Index gained 0.6% in USD terms (-1.4% in AUD). The US index of MAG-7 stocks fell 9% last month (AUD) and was a significant driver of US weakness. The aggregate weight of the MAG-7 is just under 25% of the Global Index weight, and we’ve begun to see a broadening out of performance leadership with the US ‘equal-weighted’ return index doing better than the traditional market cap weighted index, gaining 1.3% (AUD) last month. Europe (+1.2%) also outperformed given its sector composition being more weighted to non-Tech sectors, and Japan (+7%) rallied following Prime Minister Sanae Takaichi’s election victory, and the expected stimulus to follow. The continued weakness in the US Dollar also drove more flows into Emerging Markets, with the Asia ex-Japan Index gaining 3.6% (AUD).

Mag7 seen a sharp derating - Valuations outside the Mag7 are in line with the historical average.



Source: Bloomberg, 9 March 2026

It was another eventful month, where stock price sensitivity seemed to reach even greater levels as markets reacted severely to hypothetical tweets on AI doomsday scenarios or the threat of a new prolonged Middle Eastern war at the end of the month. Whilst being completely logical and prudent for investors to take down valuations under these scenarios (AI isn’t taking everybody’s jobs, but adjustments need to be made to “terminal values” to better reflect future uncertainty), you would be forgiven for thinking there wasn’t a quarterly earnings season, one that indeed showed companies beating expectations, although outlooks were understandably more cautious.

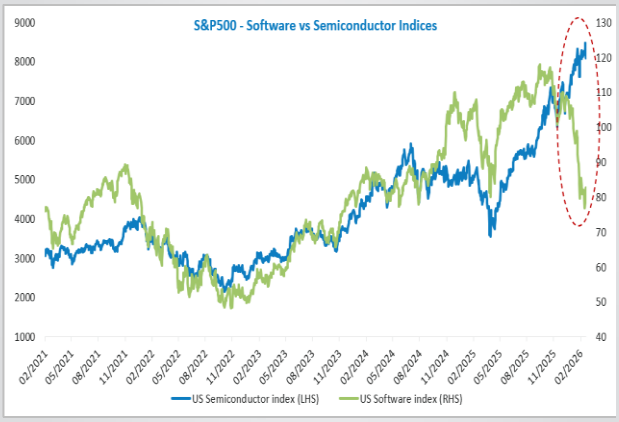
In terms of global sector performance, the leadership table was very similar to January, with Materials (+8%), Utilities (+7%), and Energy (+6%) the best performers, while Communication Services (-6%), Technology (-5.5%) and consumer discretionary (-5%) were the biggest laggards. Software stocks bore the brunt of the selling (falling 25% the last two months) with their business models under ‘perceived’ threats from several releases from Anthropic’s Claude. What started in the most obvious place (Software), the sell-off soon spread to other industries including Legal and Data Analytics, Insurance, Logistics, Commercial Real Estate and Infrastructure. More private credit fears resurfaced, which ended up impacting not only private asset managers but spread into a sell-off across financials more broadly.

In the US, despite generally stronger economic data, the bond market was telling us something different with US 10-year yields falling 30 basis points to 3.94%. Despite the big unknown around future AI-related jobs displacement, US jobs data was solid in January (adding 130k jobs vs 65k expected) although jobs growth fell sharply in February (-92K vs +55k expected). The PMIs in the U.S. showed expanding economic activity, with both Services and Manufacturing PMIs printing ahead of expectations and well into expansionary phases (levels above 50). Services have been strong for some time, but Manufacturing only recently rebounded above the 50-index level in the last two months, reversing a trend of consistently contractionary levels for more than 3 years.

Portfolio comment and outlook

Global equity markets finished February nearly flat, but underneath the surface volatility continued to be significant, especially around the AI theme. The U.S. market continued its trend of underperforming the rest of the world. Economic data has been mixed, but growth is still expected to modestly accelerate driven by fiscal stimulus and easy financial conditions. Consumption trends are a risk and need monitoring with the US consumer still under inflationary pressure and some weakening in the labour market, however current evidence suggests demand should remain resilient underpinned by strength at the high end and controlled inflation.

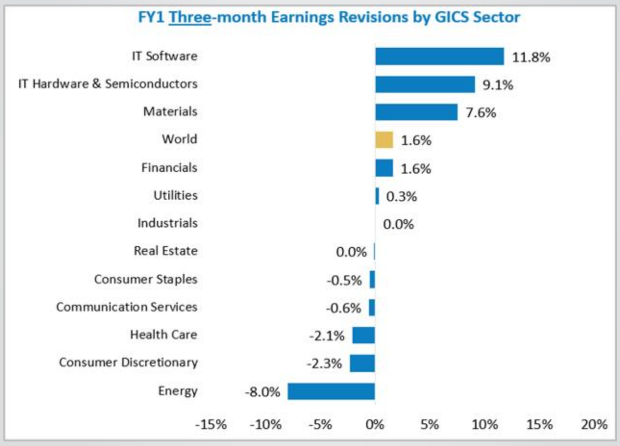
Big rotation into Value across all major markets



Source: Bloomberg, 28 February 2026

The fourth quarter reporting season finished, and global companies’ ability to beat expectations was overall in-line with historic levels. 2026 guidance was slightly more cautious, but still resulted in a continued positive earnings cycle, with global earnings expectations for 2026 rising by c. 0.5% during the month, and slightly more for 2027. The breadth of earnings upgrades vs downgrades across the market (our global diffusion indicator) have weakened somewhat (to being marginally positive) but overall also remains supportive of markets. By sector, Technology and Financials remain leaders, joined by Materials as higher recent commodity prices flow through. Across other sectors, Industrials are showing signs of improvement, which mirrors the more positive message on the manufacturing cycle we're picking up from a company-level. At the weaker end of earnings revisions, Consumer Discretionary stands out for both 2026 and 2027, and Health Care also remains a noticeable laggard. Equity market valuations finished the month at or close to historic highs which constitutes a risk for the year, but the still positive earnings cycle combined with easy financial conditions paint a relatively constructive picture.

MSCI World – Positive EPS revisions broadening

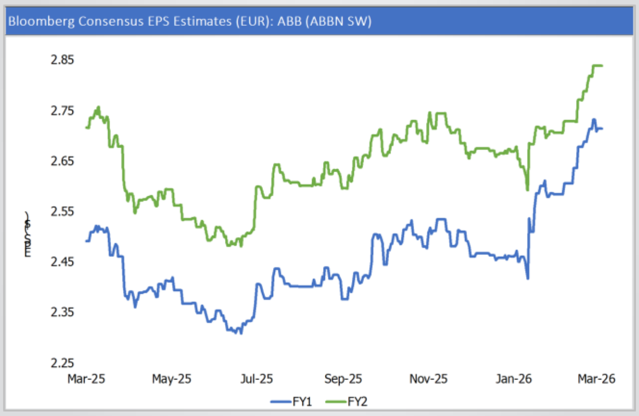


Source: Bloomberg, Alphinity, 28 February 2026

Our portfolio positioning reflects this overall market leadership with significant investments in various Technology and Financials stocks, but also a diversified range of other high-quality cyclical and defensive stocks with established earnings momentum. Portfolio activity during the month was higher than before, responding to company reports and adjusting risk exposures to the rapidly evolving AI theme, which continued to sweep through markets. We added a small position in Alphabet after a positive report, and with market expectations having tempered somewhat recently. We also added two stocks of more cyclical profile, ABB and Keysight, for which earnings cycles appear to have bottomed after a few years of headwinds. This ties into the overall improving earnings momentum in cyclical sectors, including Industrials. On the slightly more defensive side, we initiated positions in insurer Chubb and real estate company Welltower, both after strong reports. Portfolio buying was financed primarily from trimming selective U.S. financials stocks (some profit taking), companies with weaker reports (O'Reilly, Boston Scientific), as well as from managing the overall portfolio risk around the AI-theme (Meta, Broadcom, Tencent, CBRE). We also sold out the remainder of the position in Booking due to low visibility on the long-term threat from agentic AI.

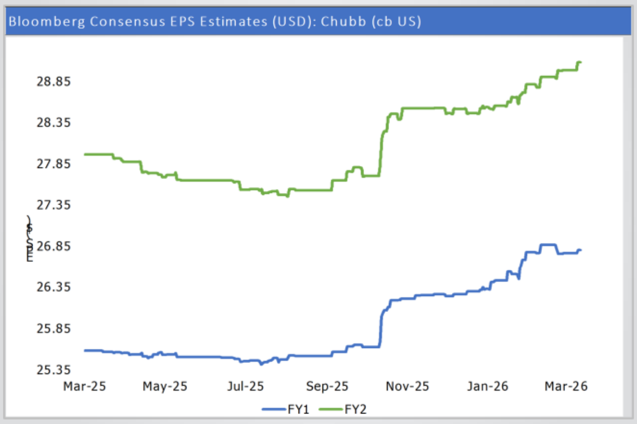
AI continues to present exciting opportunities across the market as the infrastructure buildout continues, and companies embrace the technology to drive productivity and new revenue opportunities. However, there are clear risks given how fast this technology is evolving, with economic returns that are still unclear and the disruption risks to incumbent businesses. Consequently, we are thoughtful about stock selection and position sizes, as well as managing the overall portfolio exposure to the AI theme at a relatively unchanged level. Furthermore, after a historically weak year for 'Quality' stocks (first negative year since 2016 in our quant models), we expect this factor to return as a performance tailwind as fundamentals re-establish themselves and with more attractive valuations. Quality remains one of the cornerstones of our process. Overall, the Portfolio continues to be strongly exposed to fundamentally driven, positive earnings revisions in high-quality companies, which we expect to drive performance over time. From a portfolio construction perspective, risk is dominated by stock selection, with regional and sector tilts versus benchmark being kept within relatively tight limits.

BOUGHT: ABB – Acceleration from AI Capex & automation bottomed



Source: Bloomberg, Alphinity, 17 March 2026.

BOUGHT: ASML Signs global semi foundry capex cycle is accelerating



Source: Bloomberg, Alphinity, 17 March 2026

Traveller's Tale

Following another busy quarterly earnings season, it was time for Alphinity to hit the road again and kick off the first round of research trips for 2026. Trent and Ty from the Global team travelled to the US to see a number of the world's biggest Tech firms and attend the Morgan Stanley TMT conference. What follows are Trent's observations, recorded while being chauffeured through the streets of San Francisco by his Waymo driverless taxi.

Trent's excellent autonomous adventure

There's something surreal about dictating your thoughts on the future of artificial intelligence while being driven around San Francisco by a car with no human at the wheel. But that's exactly how Trent chose to wrap up his two-week tech tour – from the back seat of a Waymo, on the way to his final meeting with Meta. If you're going to contemplate whether AI will make us all redundant, you might as well do it while a robot handles the Bay Area traffic.

The trip itself included back-to-back meetings with tech giants followed by the Morgan Stanley TMT conference where the CEOs of Microsoft and NVIDIA held court alongside the CFOs of Meta and Google. Throw in presentations from the leaders of the two key AI labs – Anthropic and OpenAI – plus an appearance from SpaceX, and you've got a who's who of everyone currently building the future (or possibly our robot overlords, depending on your level of optimism).

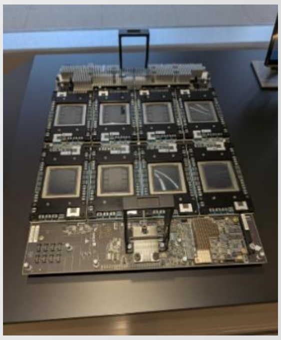
The conference covered the full spectrum of tech, from software to payments to security, essentially every element of the compute stack that's become critical in the age of AI. But there was only one theme dominating every conversation, presentation, and coffee break: AI. And more specifically, the growing sense that AI has hit a real inflection point.

The recent coding tools have apparently changed everything. According to the AI labs, we're all going to be significantly healthier in the future, with health now a key focus and some significant scientific breakthroughs supposedly just around the corner. Which is wonderful news, though Trent couldn't help but notice the flip side: these AI agents are now capable of replicating a significant chunk of knowledge worker tasks. The kind of tasks that, well, quite a lot of us currently get paid to do.

Trent's hope? That it all lands somewhere in the middle. We'll all be nice and healthy, but we'll still have somewhere to go for work in the morning. A modest ambition, really, but these are uncertain times.

When it comes to the stock implications, the AI inflection filters down to two critical areas: the compute required to back it all, and the potential for disruption. On the compute side, there's real pressure right down the supply chain, particularly in memory where tight supply is driving price breakouts. This is having knock-on effects for companies that rely on memory – think smartphones and PCs – but it's also flowing through beautifully to the earnings of companies like NVIDIA and Broadcom, both of which reported exceptional results during Trent's trip. The key question now is durability. How long can this demand last? Every meeting with a hyperscaler inevitably turned to the scale of their spending and how they're going to generate returns from it. The pushback has been consistent: data centre spending has fundamentally changed. It's no longer just a cost – it's a revenue generator. Compute equals tokens, tokens equal revenue. Simple as that. We'll have to keep a close eye on whether that revenue actually materialises to justify the spending.

The other major theme was disruption, and nowhere is this playing out more fiercely than in software. Trent heard some fairly vigorous defenses from companies like Intuit and ServiceNow, both making the case for why they're not about to be swept away by the AI tide. Their argument? Governance, security, and the uniqueness of their proprietary data are critical overlays that you can't just ignore by letting AI agents run wild, particularly in enterprise settings. Whether these defenses hold up remains to be seen, but at least they're not going down without a fight.



As Trent and his Waymo driver headed off to that final Meta meeting, one observation was clear: when your robot taxi driver is competently handling San Francisco's hills, cyclists, and double-parked delivery vans without breaking a sweat (or having sweat glands), it's probably worth taking seriously what else these systems might be capable of. Whether that should fill us with excitement or existential dread remains an open question – though at least the ride was smooth.

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