

Alphinity Global Equity Fund – Active ETF

MONTHLY REPORT – APRIL 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)	-2.5	1.5	9.1	9.2	10.8	12.4	11.3
MSCI World Net Total Return Index (AUD) ³	0.7	14.9	16.3	12.9	12.9	13.3	12.5

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	\$397m
Distributions	Annually at 30 June
Min. Investment	\$10,000
Max. cash position	20%

Top 10 positions

Company	Sector	%
Nvidia	Information Technology	6.8
Alphabet	Information Technology	5.7
Microsoft	Information Technology	5.0
JP Morgan	Financials	4.7
AstraZeneca PLC	Health Care	4.1
Apple Inc	Information Technology	4.0
TSMC	Information Technology	3.8
CRH	Resources	3.8
Coca-Cola Co/The	Consumer Staples	3.6
Caterpillar	Industrials	3.5
Total		45.1

Data Source: Fidante Partners Limited, 30 April 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

Fund features

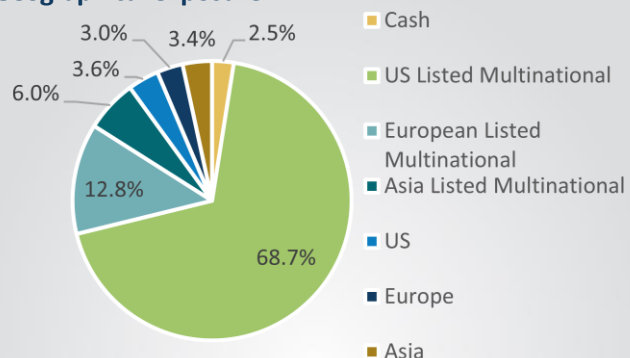
Consistent returns: Aims to provide consistent strong risk-adjusted returns across different market cycles

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.

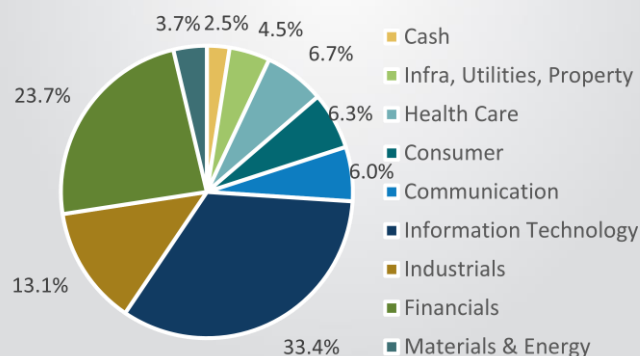
Concentrated: An actively managed, long only portfolio of 25-40 high conviction, quality companies, which is also diversified across sectors and regions

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

Geographical exposure

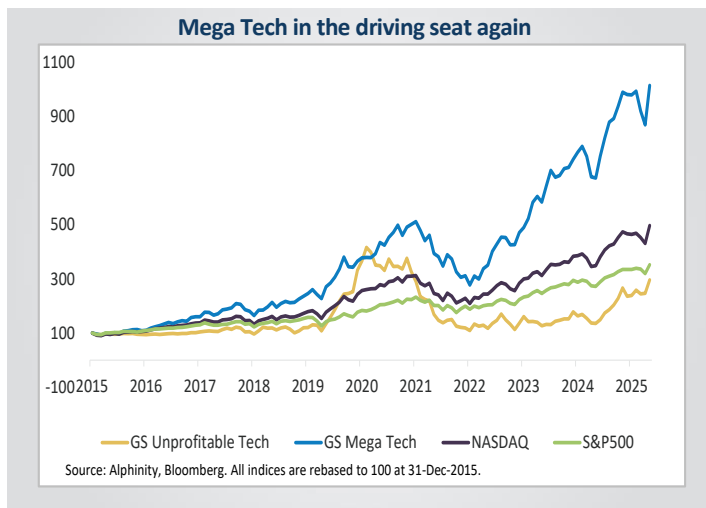


Sector exposure



Market comment and outlook

Despite the impasse on negotiations around the Strait of Hormuz, upward pressure on interest rates and inflation and oil prices staying above USD100, equity markets focused on positive earnings and rebounded in April, recovering from their March slump that marked the start of the Middle East conflict. The recovery in the US market was impressive, with new record highs achieved during the month as we revisited the well-known theme of mega cap Technology and Communications stocks doing the heavy lifting. The Nasdaq index closed on 17 out of 21 trading days in April, culminating in a monthly gain of 15.3%. This was the second-best month in over 10 years, only passed by the Covid recovery month in April 2020. The broader US S&P 500 index gained 10.4% in USD terms, although a stronger AUD reduced the return to 5.9% in AUD terms. The US outperformed global (MSCI World +5% in AUD) and European markets (Euro Stoxx 600 +2.1% in AUD). Strength in Emerging Markets was driven almost entirely by Taiwan and South Korea which was again driven by the memory and semiconductor stocks. In essence, 3 companies – Taiwan Semiconductor, SK Hynix and Samsung - drove most of the gains across global emerging markets.



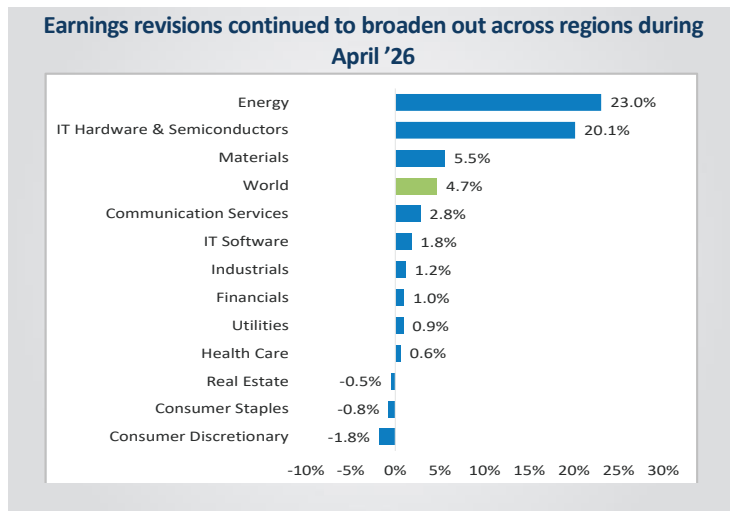
Source: Bloomberg, 30 April 2026

A small number of industries were responsible for most of the gain in April, highlighting the concentration risk around AI winners and the MAG-7 group driving the Communication Services sector higher. Within Tech, it was again back to the familiar theme of Semiconductors (+40%) winning over Software (+4%). Despite the continued strength in oil prices, the Energy stocks were the worst performers, losing 6% as a group last month, followed by Healthcare (-4.4%) and Consumer Staples (-1.6%). Technology (+13%) and Communication Services (11.5%) were the top performers. These returns are the Global MSCI Sector returns in AUD terms.

Events in the Middle East caused upward pressure on bond yields, with the US 10 year bond yield rising 6 basis points to 4.37%. The backdrop for the US economy remains relatively resilient, with strong manufacturing growth and a tight labour market offsetting weaker consumer confidence given rising fuel costs and cost of living pressures more broadly.

Portfolio comment and outlook

The cease-fire in the Middle East and a positive first quarter corporate earnings season drove a substantial reversal of trends seen the previous month, including a full recovery of global equity markets back to new highs. Growth stocks reclaimed the market leadership led by Technology and Communications sectors, with Energy and the more defensive Health Care and Utilities lagging. The macroeconomic outlook is clearly mixed - concerns regarding the outlook for inflation, growth and rates are high but are contrasted by growing signs of a manufacturing cycle recovery. The US ISM Manufacturing PMI remained in expansionary territory for the fourth month in April at 52.7, after a previous multi-year period of contraction.



Source: Factset, 30 April 2026

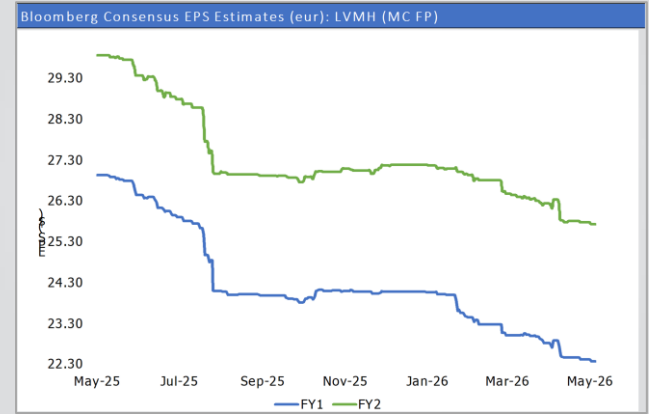
With a major part of quarterly corporate earnings reports now behind us, the global earnings cycle is proving resilient, as expected. In April global earnings expectations for 2026 increased by 2.3%, an acceleration. The breadth of positive earnings revisions also improved with nine out of eleven sectors (and all major regions) seeing analyst upgrades. Most noteworthy, first quarter earnings for the S&P500 are on pace for ~17% y/y growth, the highest since 2021 and a ~5% beat vs. market expectations. Technology Hardware and Communication Services firmly remain in the relative earnings leadership, recently joined by Energy and Materials driven by the war-induced commodity rally. The strength of the AI theme as an earnings driver continues unabated and is increasingly broadening across companies in sectors outside Technology, such as Industrials. The earnings momentum of Financials also remains positive. The more defensive sectors Consumer Staples, Health Care, Real Estate and Utilities continue to lag in the global earnings cycle, as they typically do in this stage of the cycle. We continue to believe the cycle and relative leadership can prove to be resilient in the face of recent events but of course recognise that the longer the conflict persists, the more likely it is to have a negative impact on the outlook for growth, earnings and equity market valuations.

Our portfolio positioning reflects current market leadership with significant investments in various Technology and Financials stocks, and we have selectively added to some Industrials as well. We also hold a diversified range of other high-quality cyclicals and defensives with

established earnings momentum. Portfolio activity during the month was prompted mainly by strong company reports, including adding to Alphabet, Broadcom, Nvidia and Morgan Stanley. We initiated a new position in Fast Retailing in Japan, after a convincing quarterly report and a likely long runway of its expansionary retail strategy. Portfolio buying was primarily financed by selling residual positions in Tencent, Boston Scientific and LVMH, which continued to lose both earnings momentum and future visibility. We also trimmed some of our more defensive positions such as AstraZeneca and Coca-Cola after strong relative performance in the previous market sell-off, as well as L’Oreal in Consumer Staples.

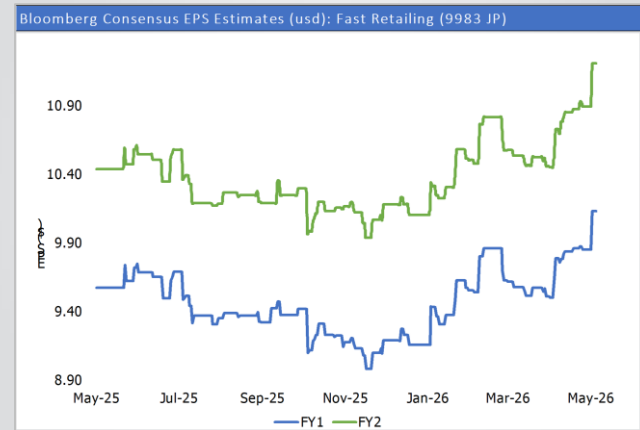
AI continues to present exciting opportunities across the market as the infrastructure buildout continues, and companies embrace the technology to drive productivity and new revenue opportunities. AI is the dominant earnings and stock theme in markets, and this is reflected in the portfolio. However, 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, aiming to manage overall portfolio risk stemming from the theme. Overall, the portfolio continues to be strongly exposed to fundamentally driven, positive earnings revisions in high-quality companies, which we expect to drive performance overtime. We are actively following events in the Middle East, as well as AI more broadly, and will adjust risk as the outlook for growth, rates and corporate earnings continue to evolve.

SOLD: LVMH - Following weak 1Q26 sales report showing ME war impact on business



Source: Bloomberg, Alphinity, 15 May 2026

BOUGHT: Fast Retailing – Long runway of expansionary winning, global retail strategy



Source: Bloomberg, Alphinity, 15 May 2026

One stock story:



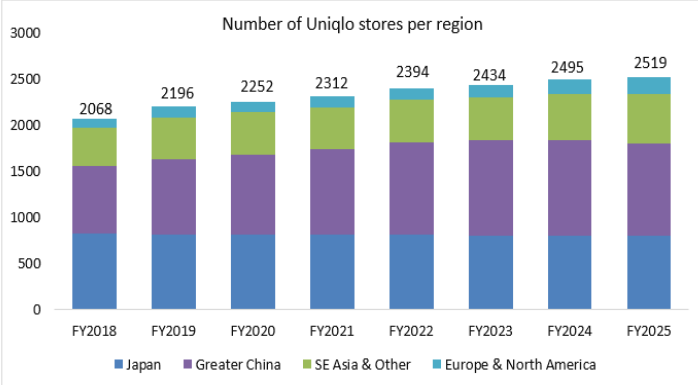
FAST RETAILING – Dressed for growth
- the UNIQLO Global Expansion Story

Fast Retailing — the Japanese apparel giant behind the UNIQLO brand — has quietly evolved from a domestic discount retailer into one of the world's most compelling consumer growth stories. Founded in 1949 and listed in Tokyo since 1999, the company today generates ¥3.4 trillion in annual revenue across over 2,500 stores in more than 25 countries, with a long-term revenue target of ¥10 trillion.

Why we like it

The core of our thesis is international expansion at scale, with margin improvement following. UNIQLO's proposition — high-quality, functional everyday wear at accessible prices — is resonating far beyond Japan. Europe and North America are the standout near-term growth drivers, each delivering operating margins above 15% from a still-small store base (~80 and ~100 stores respectively), with roughly 20 new openings planned per year in each region. These are not saturated markets; there is significant runway ahead.

Global Growth Runway – Europe & North America still nascent vs Asia



Source: Bloomberg, April 2026

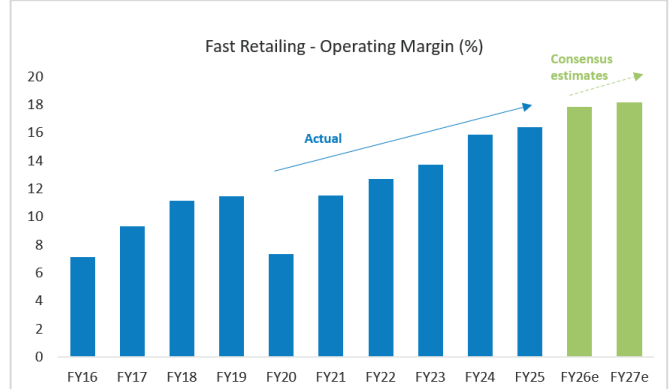
China, which had weighed on sentiment, showed early signs of stabilisation in the most recent quarter, supported by a deliberate turnaround strategy including store rationalisation, localised management, and a strengthened e-commerce presence. A recovery here would be a meaningful earnings kicker.

Underpinning the growth story is genuine business improvement. The Ariake Project — a multi-year supply chain and assortment overhaul — has structurally lifted margins, reduced inventory risk, and shortened lead times. Business profit margins have expanded from 9% in FY16 to over 17% today, and the trend is intact.

Management quality adds conviction. Founder Tadashi Yanai retains both ownership (~40%) and operational control, with a credible

succession plan in place. The company has upgraded annual guidance in each of the past five years and consistently delivered ahead of expectations — 1Q FY26 was no exception, with revenues and operating income up ~15% and ~34% respectively.

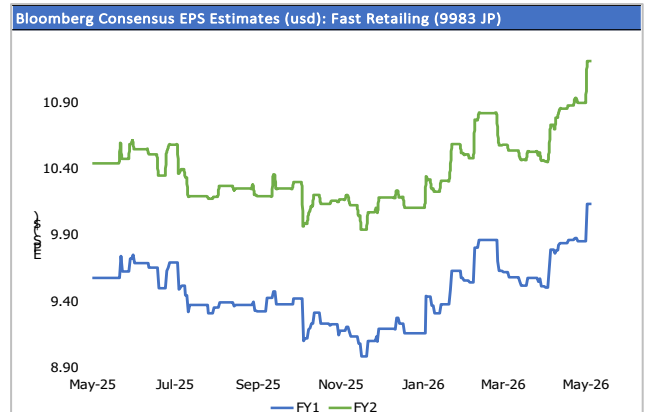
A track record of consistent margin expansion with more expected



Source: Bloomberg, April 2026

At current levels the stock trades at the upper end of its historical 30–40x forward earnings range, reflecting the strength of recent results and renewed investor interest in Japan. We see the multiple as supportable given the step-change in earnings quality and geographic diversification and believe the compounding of international earnings — particularly in Europe, North America

Earnings upgrades underpinned by strong operational growth & margin expansion



Source: Bloomberg, Alphinity, 30 April 2026

and Southeast Asia — provides a durable long-term growth path.

BTW - The Magnificent Ten? IPOs and the New Market Order

In this month's 'By the way' section of the Alphinity Australian Share Fund's April update, our domestic team takes a clear-eyed look at the IPO market — who it really works for, why most listings disappoint, and whether SpaceX, OpenAI, and Anthropic could be about to change everything.

Initial Public Offerings (IPOs) have had a rough few years. A lot of companies have looked at public markets and essentially said: "Thanks, but we're good staying private for now." After the frenzy of 2020–2021, the IPO market fell into a pretty brutal hangover from 2022 through 2024. Listings dried up, investor appetite weakened, and many businesses decided the benefits of staying private outweighed the benefits of ringing the opening bell on an exchange. For large companies especially, there often isn't the same urgency to go public as in the past. Private capital markets have grown considerably, and once a business reaches a certain scale there is often enough liquidity available through private equity firms, sovereign wealth funds, venture capital, or secondary share sales to keep things ticking along. If a company can raise money privately, why deal with the extra regulation, disclosure requirements, and quarterly earnings interrogations that come with being publicly listed? Avoiding analysts grilling you every three months probably doesn't hurt either (of which we are proud contributors as we believe in keeping management honest and aiding price discovery!).

At the smaller end of the market, the problem is different. Smaller companies can still list, but increasingly they struggle to attract meaningful liquidity after the IPO. One big reason for this is the enormous shift from active investing toward passive index-tracking funds.

As more money flows into passive strategies, a growing pool of capital can only buy stocks that sit inside an index benchmark. That creates a problem for new IPOs because many are initially excluded from major indices like the S&P 500 or the S&P/ASX 200. If a stock is not in the benchmark, many passive funds simply cannot buy it. The result is that newly listed companies — particularly smaller ones — can find themselves starved of capital right when they need it most. This shift toward passive investing is quietly reshaping market structure in a huge way. In some cases, index inclusion matters more than company fundamentals in the short term. Stocks can rally harder on being added to an index than they do on reporting strong earnings. That says a lot about how markets have evolved. Flows increasingly drive prices, and benchmark inclusion has become a major event in itself.

There are plenty of examples of IPOs that struggled badly after listing. In the US, names like Rivian Automotive, Snowflake, Robinhood Markets and Allbirds all disappointed investors for long periods after their IPOs. That does not necessarily mean they are bad businesses. Some have continued innovating and growing despite difficult market conditions and regulatory headaches. Even some of the biggest IPO success stories — companies like Alibaba Group, Uber

Technologies and Meta Platforms — went through painful periods after listing.

Australia has had its fair share of IPO disasters too. Companies like Nuix, Latitude Financial Services, Kogan.com, Adore Beauty and even more recent listings like Guzman y Gomez have all had difficult stretches after listing. Some may recover over time, but history suggests that jumping into an IPO on day one is often not the safest strategy.

Research from Nasdaq found that roughly two-thirds of IPOs underperformed the broader market three years after listing, with many lagging by more than 10%. So why does this happen so often?

The Good US	The Not So Good
	
The Good Australia	The Not So Good
	

Which column will Firmus end up in?

firmus

Part of the answer comes down to incentives.

By the time a company reaches IPO stage, founders and early investors have often spent years — sometimes decades — building the business. Naturally, they want to maximise the value of their shares when they finally sell part of their stake to the public. Investment banks underwriting the deal also benefit from larger valuations because their fees are tied to the size of the offering. Nobody in the process is exactly incentivised to say: “You know what? Let’s price this one cheaply.”

Of course, IPOs cannot be priced so aggressively that investors refuse to participate altogether. That would be disastrous for the market. But there is still an obvious tension between insiders seeking exit liquidity and new investors trying to buy into the business at a reasonable valuation.

Structural shifts in the market have also created another issue: index concentration. Marc Rowan, the CEO of Apollo Global Management, once joked that “we have levered the entire retirement of America to Nvidia’s performance. It doesn’t seem smart.” He is obviously talking his own book to some extent — private equity firms would love retirement funds allocating more capital to private markets — but the broader point is still worth considering.

The US market has become increasingly concentrated in a handful of giant technology companies. That concentration has been amplified by passive investing because index funds naturally allocate more capital toward the biggest companies as they rise in value. Success breeds more inflows, which can then drive even more success. It becomes a powerful feedback loop.

And this is where things get really interesting. Despite all the doom and gloom surrounding IPO markets, the US may soon see three of the biggest IPOs in history: SpaceX, OpenAI, and Anthropic. The numbers being discussed are staggering. Depending on when they eventually list, valuations could potentially sit around or above the trillion-dollar mark for both SpaceX and OpenAI, while Anthropic could still arrive with a valuation measured in the hundreds of billions. Even allowing for relatively low free floats, these IPOs could collectively raise well over US\$100 billion.

If these companies list, the market structure implications will be fascinating. Does the “Magnificent Seven” suddenly become the “Magnificent Ten”? Do investors reduce exposure to existing mega-cap tech companies to make room for the newcomers? How quickly would benchmark providers include these stocks in their indices? Those questions matter enormously because index inclusion could trigger massive waves of passive buying.

SpaceX appears to be the company most likely to move first, with speculation building around a possible listing in 2026.

Some estimates suggest a valuation between US\$1.5 trillion and US\$1.75 trillion, alongside a potential IPO raise of roughly US\$50 billion. At that size, excluding the company from major indices for an extended period could become extremely awkward for benchmark providers.

Interestingly, index providers already seem to be preparing for this possibility. Earlier this year, Nasdaq released a consultation paper discussing potential methodology changes for large newly listed companies, including possible “fast entry” rules and adjustments for low free-float stocks. Shortly afterwards, FTSE Russell floated similar ideas around accelerated index inclusion for very large IPOs.

That leaves the S&P Indices in an interesting position. If rival benchmarks quickly include these companies while the S&P refuses to adapt, does it risk missing out on one of the biggest waves of investor enthusiasm in years? Benchmark FOMO is probably not a phrase the index committee wants to hear, but it may become very real.

The next phase of the IPO market could end up being a major test for modern public markets. On one hand, it would be healthy for extraordinary companies like SpaceX, OpenAI, and Anthropic to become accessible to a much broader group of investors rather than remaining locked away in private markets. Public markets work best when everyday investors can participate in the growth of transformative businesses. On the other hand, investors still need to remember a simple reality: by the time many companies finally go public, often a large portion of the value creation has already happened behind closed doors in private markets. The excitement around owning a slice of an incredible business should always be balanced against the likely earnings potential and valuation.

Because in the IPO market, you never want to be the person providing perfect exit liquidity to insiders right at the top.

Alphinity Global Equity Fund

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