

Alphinity Global Sustainable Equity Fund – Active ETF



MONTHLY REPORT MAY 2026

Performance ¹	1 Month %	3 Months %	1 Year %p.a.	3 Years % p.a.	5 Years % p.a.	Since Inception ² % p.a.
Fund return (net)	1.1	2.8	0.1	8.1	-	7.7
MSCI World Net Total Return Index (AUD)	4.5	6.3	14.0	17.7	-	13.6

Fund facts

Portfolio managers	Jeff Thomson, Jonas Palmqvist, Trent Masters, Chris Willcocks.
APIR code	HOW1000AU
Inception date	3 June 2021
ASX Code	XASG
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	\$186.3m
Distributions	Annually at 30 June
Min. Investment	\$10,000
Max. cash position	20%
Carbon Intensity (ave weighted) Scope 1 & 2	53.7 (vs MSCI Benchmark 99.1)

Top 10 positions

Company	Sector	%
Nvidia	Information Technology	6.9
Alphabet	Information Technology	6.0
Apple	Information Technology	5.7
Microsoft	Information Technology	4.7
JP Morgan	Financials	4.3
TSMC	Information Technology	4.1
ASML	Information Technology	3.8
DBS Group	Financials	3.8
Caixa Bank	Financials	3.4
Amazon	Consumer Discretionary	3.3
Total		46.1

Data Source: Fidante Partners Limited, 31 May 2026

Fund features

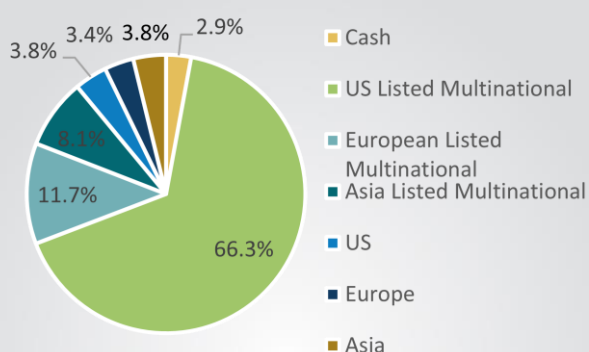
Sustainable companies: An investable universe of companies that we believe have a net positive alignment with one or more of the 17 United Nations Sustainable Development Goals (SDG's) and exceed Alphinity's minimum ESG criteria.

Exclusions: Exclusions from the investable universe, defined by a Charter, for activities that are considered to be incongruent with the SDG's

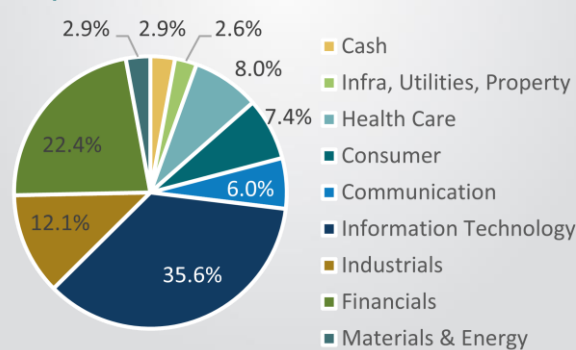
Active ownership and stewardship: We seek to engage with companies on ESG matters and also intend to vote all proxies put to shareholders

Consistent Returns: We can invest in growth, value, cyclical or defensive companies, because we aim to own them at the right time in their earnings cycle

Geographical exposure



Sector exposure



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. Past performance is not a reliable indicator of future performance.

² The inception date for the Fund is 3 June 2021

³ Numbers may not add due to rounding

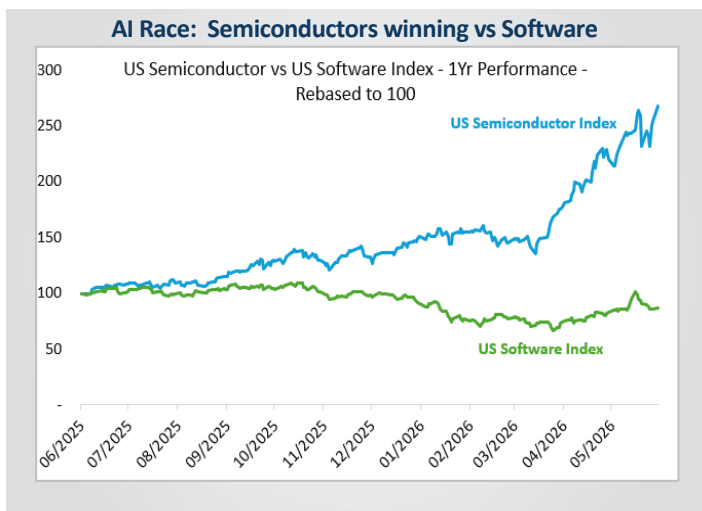
Market comment and outlook

Despite the ongoing concerns around the Middle East conflict, equity markets strengthened in May with the MSCI World Index now gaining in 11 of the last 12 months in USD terms, the only negative month occurring in March when US first entered the conflict with Iran. Whether it be from fatigue or confusion at the constant flip-flopping between potential ceasefires and truces, there was a feeling of optimism that the worst of the crisis has played out. Energy prices retreated, while bond yields initially spiked and then lowered into the last half of the month, setting up markets for healthy gains across the board. A strong quarterly US earning season where companies continued to grow earnings above expectations further propelled equity markets, although a surge higher in Technology stocks was the main driver.

4.43% as economic data releases throughout the month supported the narrative of resilient hard economic data contrasting with deteriorating sentiment surveys — a divergence driven in large part by the Iran's impact on energy prices and inflation expectations. Both Services and Manufacturing PMIs in the US continued to print in expansionary territory (>50), while University of Michigan consumer sentiment printed at 44.8, a record low and down 5 points from April. Concern over higher energy costs and the possibility of interest rate hikes are weighing on consumers. New Fed Chair Kevin Warsh is set to deliver his first FOMC rate decision in June and will come at a challenging time against the backdrop of higher fuel costs and a strong labour market, conditions more conducive for rate hikes. And then, there are the new super IPOs hitting the market to digest, kicking off with the USD1.8 trillion company Space X, and Open AI and Anthropic expected to soon follow. That might be enough to put the Middle East conflict even further from Investors' minds, but volatility is likely to remain

Portfolio comment and outlook

The ongoing closure of the Strait of Hormuz has kept energy prices elevated, with an associated deterioration in the outlook for growth, inflation and rates. Resilient labor markets continue to underpin consumption trends, although confidence has fallen and there are some signs of stress amongst lower income consumers. Bond yields have moved higher reflecting stagflationary fears. Nevertheless, we continue to believe the cycle and relative leadership can prove resilient in the face of these headwinds; although of course the longer the closure persists, the more likely it is to have a negative impact.

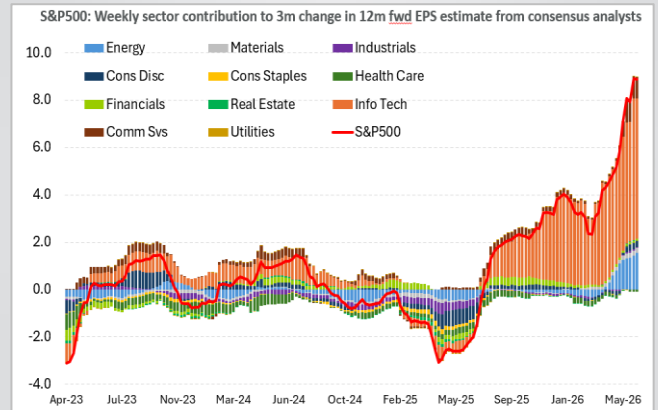


Source: Bloomberg, 15 June 2026

The MSCI World Index gained 4.3% in May, with a fairly stable Aussie Dollar resulting in returns that were roughly equivalent in both AUD and USD terms. The US S&P 500 index rose 5% in AUD terms, and was one of the stronger performing markets, while European shares (+1.8% in AUD) relatively underperformed. Emerging Markets (MSCI EM Index +9%) was the strongest region, driven by Korea and Taiwan which was further broken down into a small, highly concentrated group of mega-cap semiconductor / memory stocks: Samsung, SK Hynix and Taiwan Semiconductor. India's lack of AI stocks (or even one AI champion on its exchange) has led to prolonged underperformance relative to other markets.

Within the Technology sector, we've become accustomed to Semiconductor stocks (AI winners) outperforming Software stocks (perceived AI losers), although last month in the US, there was strength across both industry groups with Semiconductors (SOXX Index +23%) and Software stocks (IGV ETF +23%) both firing. Within the MSCI Global sectors, the Technology sector (+16%) was the only sector to outperform the broader market, which highlights the concentration risk around AI. The second-best performing sector was Consumer Discretionary (+3%) while 6 of the 11 sectors were in negative territory; the worst being Energy (-6%), Utilities (-5.4%) and the defensive Consumer Staples (-2.3%).

S&P500 EPS Revisions dominated by IT but most sectors positive

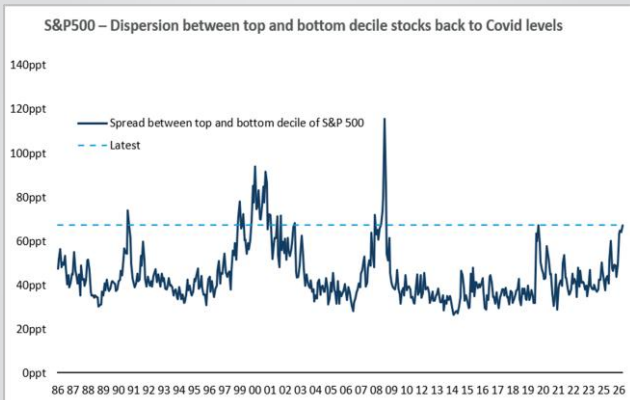


The continued strength in credit and equity markets so far, despite these geopolitical tensions, is partly explained by this relative resilience and hope of a peace deal, but also by exceptionally strong corporate earnings growth. Over the last three months alone, expectations for MSCI World Index earnings growth in 2026/27 have increased by +5.9%/+5.5% respectively. Reported earnings growth in the first quarter this year was +23% y/y and analysts now expect Index growth of 21.2%/+14.1% for 2026/27 respectively. This is one of the strongest periods of corporate earnings growth outside of a post-recession 'V-shaped' recovery. However, the majority of this is accounted for by only two sectors - Technology and Energy. Higher oil prices explain

US bond yields continued to grind higher, rising 6 basis points to

Energy, while AI continues to drive the Technology sector. Consensus expectations for the IT Hardware & Semiconductor sub-sector in 2026/27 have increased by +15%/+23% over the last three months alone. While earnings growth and revisions remain positive in most other sectors, they pale in comparison. For example, Energy and Technology are the only two sectors with 2027 revisions higher than the overall market. Even Industrials and Financials, which have been part of recent leadership, are now struggling to keep up with Index revisions despite remaining in positive territory. Consumer Discretionary, Real Estate and Consumer Staples are notable laggards with modestly negative revisions.

S&P500 Dispersion back to Covid Levels



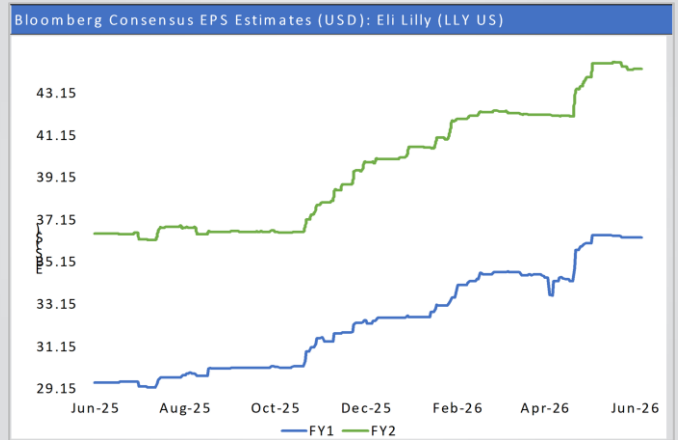
Source: BofA data, 31 May 2026

Market breadth also remains remarkably narrow with only c.25% of stocks outperforming in May - a reflection of the continued dominance of the AI-thematic, but also perhaps because of broader macro uncertainty. AI-related capex has continued to exceed expectations, driving general AI infrastructure outperformance. However, there has also been a notable shift toward second-order beneficiaries of the buildout beyond core GPU suppliers. memory, optics, CPU, servers and software infrastructure have all recorded exceptionally large gains recently. While the portfolio has significant exposure to AI leadership through overweights to Technology, and to IT Hardware & Semiconductors specifically, this rotation was a headwind to Portfolio performance over the last month. The thematic continues to evolve rapidly, presenting exciting investment opportunities which we are focused on capturing, although there are associated disruption risks and the ultimate return on these investments remain unclear. There is also a discernable speculative element to recent price action in some areas. Consequently, we remain thoughtful about stock selection and position sizes, aiming to manage overall portfolio risk stemming from this theme. We continue to believe that diversification and quality will be key risk mitigants over a full market cycle.

During the month we sold out of Amphenol, reflecting fundamental concerns about the industry transition to optics, but also to finance new positions in Micron and AMD – two names where our conviction on earnings upside is higher. We also initiated a new positions in Eli Lilly (strong earnings-beat and growing confidence in the next leg of global GLP-1 adoption), Clean Harbor (secular tailwinds from PFAS

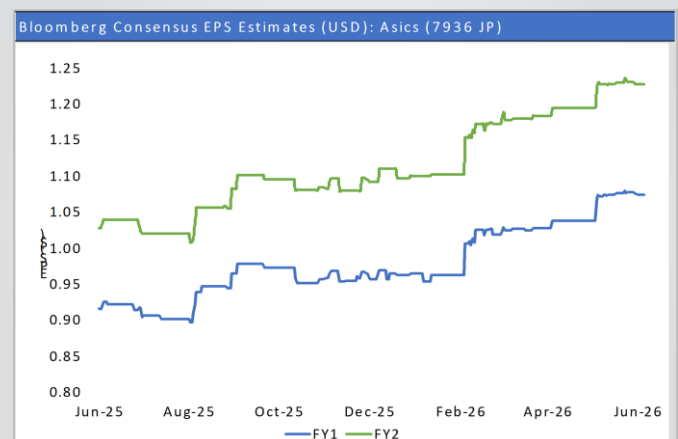
remediation) and Asics (strong brand momentum with market share opportunities in North America and China), while exiting CBRE, Moody's and Veralto which are all seeing various cyclical headwinds with low visibility on recovery. Alongside Technology, we also maintain significant exposure to current market leadership within Industrials and Financials, as well as other high-quality cyclicals and defensives with established earnings momentum. Overall, the Portfolio continues to be strongly exposed to fundamentally driven, positive earnings revisions across a broad selection of different sectors and geographies, which we expect to drive performance over time. We are actively following events in the Middle East, as well as AI more broadly, and will adjust risk as the outlook continues to evolve.

BOUGHT: Eli Lilly – Growing confidence on next leg of GLP-1 adoption



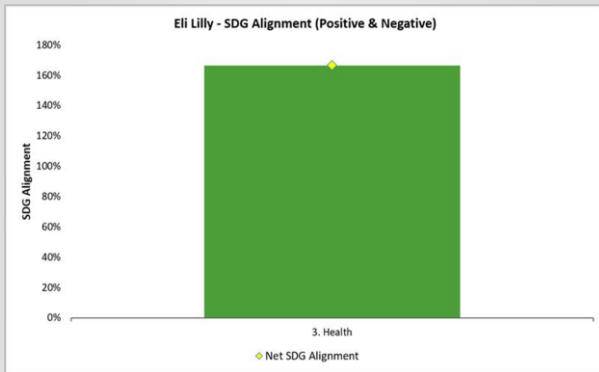
Source: Bloomberg, 15 June 2026

BOUGHT: Asics – Strong brand & market share opportunities



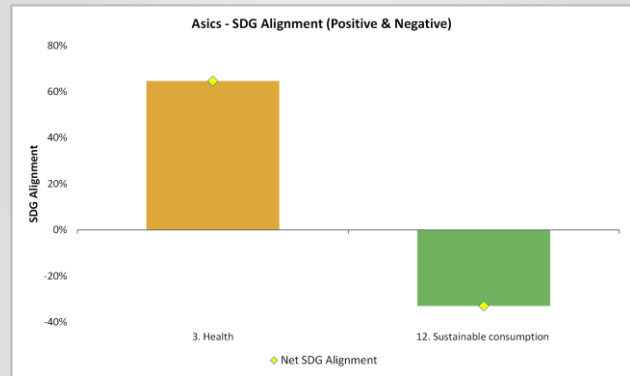
Source: Bloomberg, 15 June 2026

Eli Lilly = Net SDG Alignment = +166%



Eli Lilly is a global pharmaceutical company offering medicine across cardiometabolic health, with diabetes and obesity therapies accounting for the majority of sales, alongside oncology, immunology and neuroscience portfolios. These products contribute positively to **SDG 3** (Good Health and Well-being) through the development and supply of medicines treating diseases such as type 2 diabetes, obesity, cancer, and Alzheimer's.

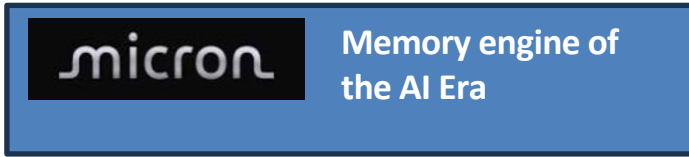
ASICS : Net SDG Alignment = 32%



ASICS is a Japanese sportswear company offering athletic footwear and apparel across performance running, court and field sports, sports style and lifestyle brands. Its performance-sport products contribute positively to **SDG 3** (Good Health and Well-being) by supporting physical activity. However, we also recognise negative waste impacts from the company's products, particularly its casual and lifestyle ranges, which present end-of-life waste and recyclability challenges to **SDG 12** (Responsible Consumption and Production).

Source: Alphinity, 31 May 2026

Stock in Focus:

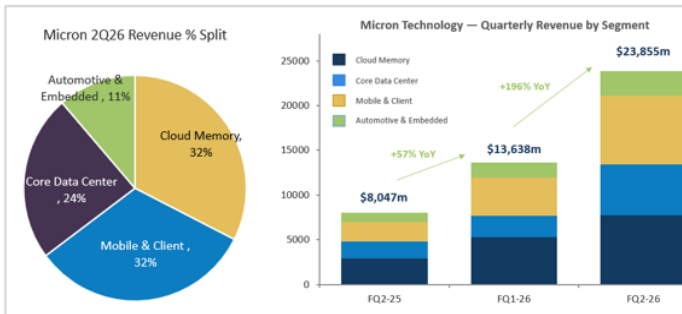


Micron Technology Inc is one of the world's largest semiconductor companies, specialising in memory. Micron's DRAM ("Dynamic Random Access Memory"), NAND ("NOT AND") and NOR ("NOT OR") memory products are used in everything from computing, networking, and server applications, to mobile, embedded, consumer, automotive, and industrial designs.

Micron is the #3 global supplier of DRAM with c25% market share, and a top 4 NAND producer. DRAM now accounts for c75% of the revenue, reflecting the company's increasing exposure to AI-driven High Bandwidth Memory (HBM) and server memory demand.

The business is vertically integrated across R&D, wafer fabrication, components, and module assembly. Test facilities are located in Taiwan, Japan, the US, Malaysia, Singapore, India, and China with R&D facilities in Italy, Mexico, and Germany. Micron's largest customers are cloud hyperscalers and AI infrastructure providers, alongside PC and data centre OEMs and handset makers

Revenue by segment and growth over last few quarter



Source: Micron 2Q26 Financial results

Global Memory Market: The AI Supercycle

The global memory market is in the midst of a structural super cycle, which is fundamentally different from prior boom-bust episodes. Memory chips are emerging as a critical bottleneck in the global AI ecosystem, underpinning the expansion of agentic AI architectures. Currently, demand is exceptionally tight leading to extraordinary price escalations and driving an explosion in earnings across the key memory makers.

Demand – Supply Imbalance:

The global memory market entered 2026 in the tightest supply-demand balance in modern history, with demand fulfilment rates are at record lows.

- AI infrastructure demand shifts wafer capacity away from consumer applications toward HBM, server

DRAM, and enterprise SSDs (solid state storage drives), creating tightness across the entire memory chain.

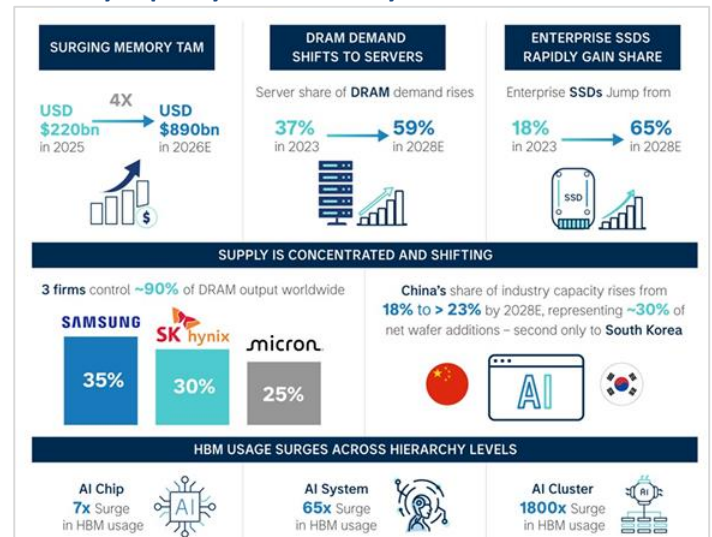
- Samsung and SK Hynix have both warned that shortages will persist through at least 2027 while Micron's CEO has stated that they can only fulfill 50-66% of strategic customer orders in the current environment. Consensus is currently anticipating that meaningful new capacity will not reach production volume until the second half of 2027 at the earliest, with the bulk arriving in 2028.

Pricing power:

Companies selling into AI are currently enjoying unprecedented pricing power, while the buyers face margin pressure. In an agentic AI world, demand and pricing power gravitates towards memory and CPU plus the associated supply chains.

- Samsung, SK Hynix and Micron together control c90% of the global DRAM market and 100% of the HBM market, giving them significant pricing power.
- Memory prices rose more than 6-fold over the last year, a sharp discontinuity from the multi-decade price declines. DRAM contract prices rose 90–95% qoq in 1Q26 alone and a further 58–63% in Q226, while NAND contracts are tracking up 70–75% in 2Q26.
- The newly established structural bottleneck suggests sustained upside risks to consumer goods prices in the coming years.

Memory super cycle – The story in numbers



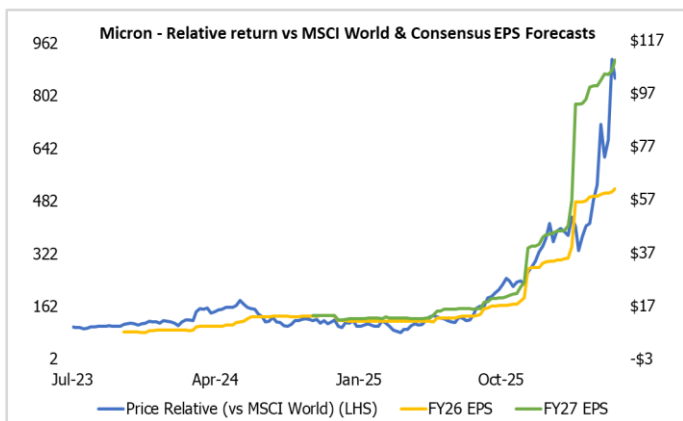
Source: Morgan Stanley, 2 June 2026

Investment case:

- DRAM demand fundamentals remain compelling,** underpinned by Cloud and AI server workloads. Hyperscaler infrastructure spend is growing strongly driven by both the volume of data and the nature of the workloads (AI training, inference, big data). Building memory fabrication plants takes years, so there is no quick response to address the spike in demand

- Oligopoly structure underpins pricing discipline.** The DRAM market has consolidated from approximately 20 producers in 1993 to three - Samsung, SK Hynix, and Micron - with all three publicly committed to technology-led bit growth rather than wafer expansion.
- Earnings are being materially upgraded.** Micron's FY2026 consensus EPS has moved from ~US\$34 to ~US\$60 as Q1 actuals from Samsung and SK Hynix revealed the magnitude of pricing moves. Unlike prior memory cycles, contracted pricing removes the spot-price volatility that historically destroyed memory company earnings.
- Software efficiency is a feature, not a risk.** Efficiency gains from model quantisation and distillation reduce per-query memory needs but expand the addressable market. Alternative architectures such as CXL improve memory utilisation but complement rather than replace HBM. None of these dynamics eliminate HBM dependence before 2028 in our view.

Strong earnings upgrade cycle benefiting from extraordinary price increases & supercharged operating leverage



Source: Alphinity, Bloomberg, 9 June 2026

- Valuation remains attractive.** Despite the 720% rally over the last year, Micron still trades on a forward PE of <10x. Looking ahead, we expect multiple expansion to be a bigger driver of returns as investors price in a longer duration to earnings power, also supported by buybacks expected to commence in FY27.

Conclusion

Memory stocks have delivered strong returns in both 2025 and 2026, but the investment case is not exhausted. Supply remains critically tight, demand fulfilment rates are at record lows, and meaningful new capacity is not expected until the second half of 2027 at the earliest. With Micron's consensus EPS nearly doubling in a matter of months, earnings are still seeing material upgrades.

Looking ahead, the key risk to monitor is not demand, which if anything is strengthening, but the supply response: memory share prices have historically peaked 6–9 months ahead of the earnings cycle turning, so discipline around exit timing will matter as much as the entry thesis. For now, the structural bottleneck remains firmly intact, valuation is still undemanding at under 10x forward earnings, and we see the next 12 months as a compelling phase of the super cycle.

Alphinity Global Sustainable Equity Fund

MONTHLY REPORT – MAY 2026

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Important information: This material has been prepared by Alphinity Investment Management Limited (ABN 94 002 835 592, AFSL 234668) Alphinity, the investment manager of the Alphinity Global Sustainable Equity Fund. Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante) is a member of the Challenger Limited group of companies (Challenger Group) and 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 to your circumstances. The Fund's Target Market Determination and Product Disclosure Statement (PDS) available at www.fidante.com should be considered before making a decision about whether to buy or hold units in the Fund. To the extent permitted by law, no liability is accepted for any loss or damage as a result of any reliance on this information. 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. Investments in the Fund are subject to investment risk, including possible delays in repayment and loss of income or principal invested. Accordingly, the performance, the repayment of capital or any particular rate of return on your investments are not guaranteed by any member of the Challenger Group.