Alphinity Global Equity Fund – Active ETF

QUARTERLY REPORT – JUNE 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)	12.3	2.2	10.5	8.9	11.7	13.1	**11.8**
MSCI World Net Total Return Index (AUD)[3]	12.5	14.8	17.7	13.3	13.9	14.0	**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	$395m
Distributions	Annually at 30 June
Min. Investment	$10,000
Max. cash position	20%

Top 10 positions

Company	Sector	%
Nvidia	Information Technology	6.2
Apple Inc	Information Technology	5.9
JP Morgan	Financials	4.9
ASML	Information Technology	4.3
Alphabet	Information Technology	4.3
Eli Lilly	Health Care	3.9
ABB	Industrials	3.7
Caixa Bank	Financials	3.5
Caterpillar	Industrials	3.4
Coca-Cola Co/The	Consumer Staples	3.2
Total		**43.3**

Fund features

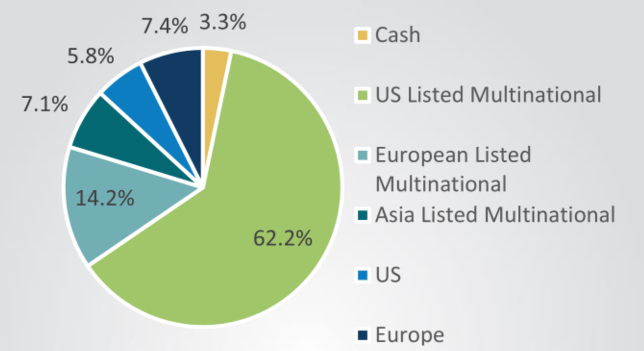
Consistent returns: Aims to provide consistent strong risk-adjusted returns across different market cycles

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.

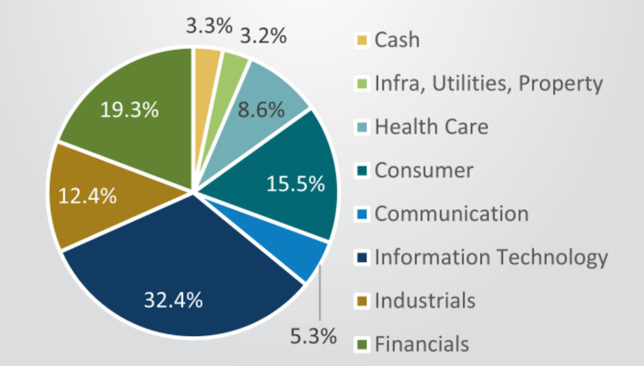
Concentrated: An actively managed, long only portfolio of 25-40 high conviction, quality companies, which is also diversified across sectors and regions

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, 30 June 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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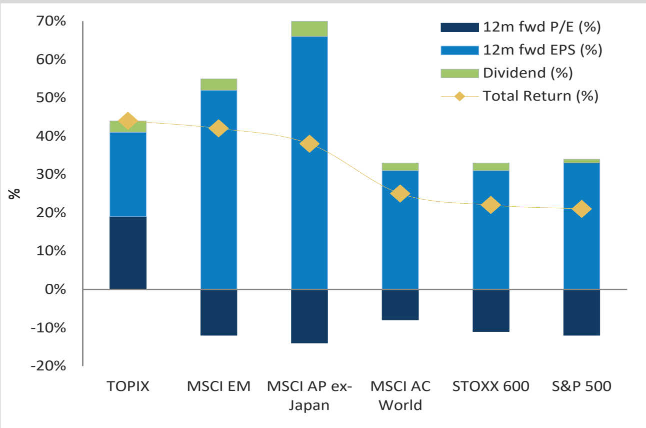
alphinity INVESTMENT MANAGEMENT

Market comment and outlook

Equity markets put war, and inflation fears aside and continued their march higher over the June quarter, with the MSCI World Index gaining 13% in AUD terms. In the US, both the S&P 500 index (+14.4% in AUD) and the Nasdaq (+21% in AUD) posted their strongest quarterly gains since the post Covid rebound in 2020. It was again US Tech stocks that contributed the most to global returns, and a stronger US Dollar enhanced performance when converting back to AUD. Looking at comparative performance, the European Stoxx 600 rose 8.4%, Japan's TOPIX gained 11% and China A shares were relatively weaker, closing up 6.5% in AUD terms.

Global Indices – Sources of Return YTD – Earnings doing the heavy lifting



Source: Bloomberg, 30 June 2026

Interestingly, despite the strong returns at an index level, the moves were more nuanced when looking at the various industry groups with wider dispersion in performance leadership. For example, the "Magnificent 7" group of stocks - those that have historically been the biggest contributors to US market returns - lost value in June and are trading close to flat so far throughout 2026, significantly underperforming the broader market. Questions are increasingly being asked of the Hyperscalers and whether they can justify increased CAPEX spending. How tolerant investors will be of declining cashflows will also become clearer in coming months and will no doubt be a factor in capital management plans. Capital shifted from these index heavyweights into the plumbing of the AI boom, with semiconductors, memory stocks and industrial / power companies all on the capital receiving end, although some of the moves (particularly in Asian memory stocks) were becoming increasingly speculative and traded with extreme volatility.

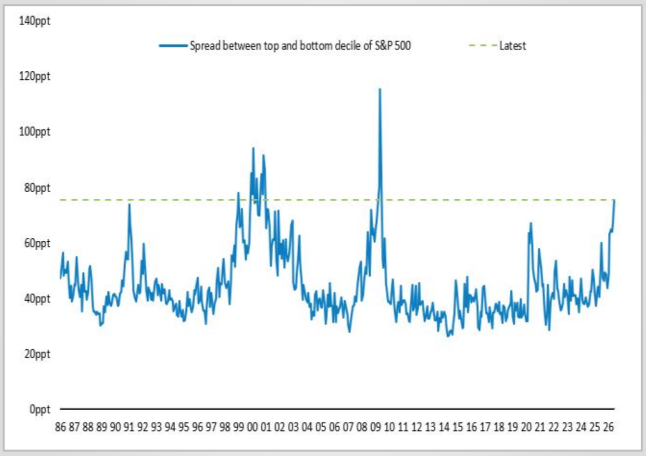
On a sector level, Technology (+33%) was the only sector that outperformed the market while Industrials (+11.3%) and Financials (+10.7%) also performed strongly. A sharp correction in oil and broader commodity prices led to Energy (-14%) and Materials (+0.5%) underperforming, while the more defensive sectors like Consumer Staples and Healthcare also lagged.

Economic data in the US was generally positive, with Manufacturing PMIs rising to 54.0 in May. The Manufacturing cycle in the US is partly cyclical (AI investment) and partly a pull forward effect tied to war-related supply concerns but is nevertheless in an expansionary cycle. The US labour market remained resilient through Q2 2026. Nonfarm payrolls averaged approximately 111,000 additions per month over the quarter, and the unemployment rate averaged ~4.3% - consistent with conditions near full employment. Kevin Warsh was confirmed as Fed Chair and took the helm in late May 2026, inheriting a complex environment of resurgent inflation, a strong labour market, and White House pressure for rate cuts. His appointment was initially associated with expectations of a path to lower rates, but the macro backdrop quickly shifted that view. The Fed held rates steady, albeit with a more hawkish tone. The recent fall in oil prices resulted in a marginal improvement in consumer confidence, after having fallen to a record low in May.

Portfolio comment and outlook

The economic backdrop is mixed - on a positive note, resilient labor markets and an improving manufacturing cycle, with PMI now in expansionary territory >50 five months in a row. Against this, the Middle Eastern conflict has caused some deterioration in the outlook for growth, inflation and rates. Nonetheless, the cease-fire in early April contributed to a resumption of stronger equity markets and renewed focus on company earnings, and the more recent MOU peace agreement between the U.S. and Iran added to this positive trend. We continue to believe the cycle and relative market leadership can prove resilient in the face of macro headwinds. Although the bull market is relatively stable at an index level, this masks a sharp rise in the underlying divergence of individual stock and sector returns. Historically, the degree of performance divergence now visible in the U.S. market has only been seen during Covid, the Global Financial Crisis, and the dot-com bubble. This is not a reliable signal for the timing of any future market or regime shift, but it does speak clearly to the outsized influence the AI theme has on market leadership. It is a dynamic we are mindful of, and one that continues to shape how we think about portfolio construction, diversification and risk appetite.

S&P500 – Performance dispersion back at GFC levels

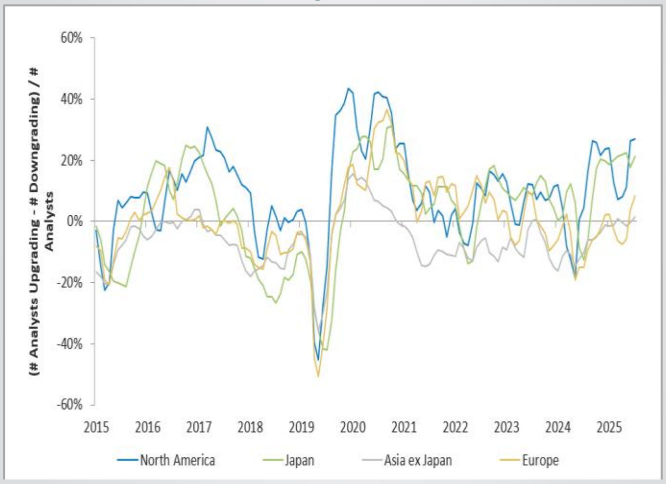


Source: FactSet, BofA US Equity & Quant Strategy, 30 June 2026. Median last 3m returns of the top and bottom quintile 1986-5/2026

The global corporate earnings cycle remains strong and supportive of markets. Over the last three months, expectations for global earnings growth in 2026/27 have increased by +4.8%/+4.9% respectively. This is one of the strongest periods of corporate earnings growth outside of a post-recession 'V-shaped' recovery. The breadth of earnings revisions across sectors and regions is also improving, but most sectors pale in comparison to Technology Hardware & Semiconductors. In fact, in June Technology was the only sector with upgrades higher than the overall market. Energy, which saw strong upgrades earlier in the quarter, is losing earnings momentum on the back of the recent reversal in oil prices. Across other sectors, the earnings leadership is still largely pro-cyclical, with both Financials and Industrials seeing positive upgrades. Consumer Discretionary as well as the more defensive sectors Health Care and Consumer Staples remain in negative-to-flat earnings territory.

AI remains the clear, dominant market theme, although it continues to evolve and broaden out to new sub-sectors, and new narratives regarding potential AI winners and losers. Capital raisings by the large tech companies have accelerated and recently expanded beyond bonds to include equity — Alphabet being a notable recent example. Underlying these developments is a structural change in the competitive dynamic between the major technology players, alongside a fundamental shift in their financial profile. The AI investment cycle is driving capex higher and free cash flows lower, significantly increasing the capital intensity of these businesses. How this investment cycle ultimately plays out will remain a central focus for markets — but for now, the clearest beneficiaries, both in earnings and share price performance, remain the companies on the receiving end of that technology spend

Earnings Diffusion/Sentiment – Back in positive trend across all regions

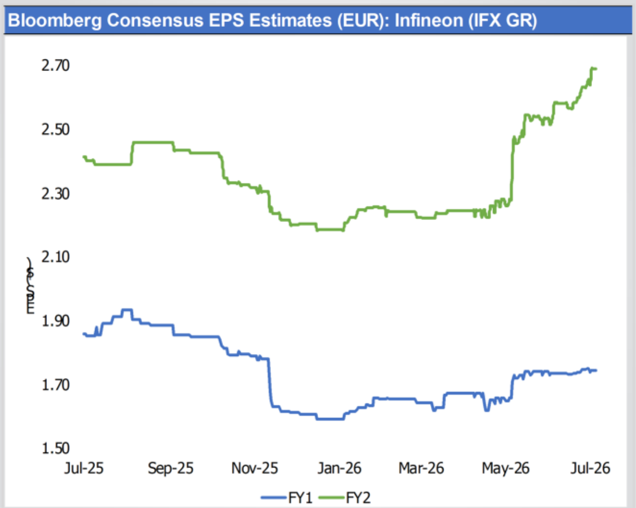


Source: Bloomberg, 30 June 2026

We manage the portfolio accordingly and maintain a strong exposure to the earnings leadership primarily through several positions in Technology, Financials and Industrials. Within Tech and Industrials, year-to-date we have gradually broadened our exposure within the AI theme as the investment cycle reaches further into different sub-sectors' earnings (semi equipment, memory, power semis, gas turbines). We have largely been funding new additions from existing, more mature AI-exposure stocks. There is a discernible speculative element to recent price action in some areas, and consequently we remain thoughtful about stock selection and position sizes, aiming to manage overall portfolio risk stemming from the AI theme. We continue to believe that diversification and quality will be key risk mitigants over a full market cycle.

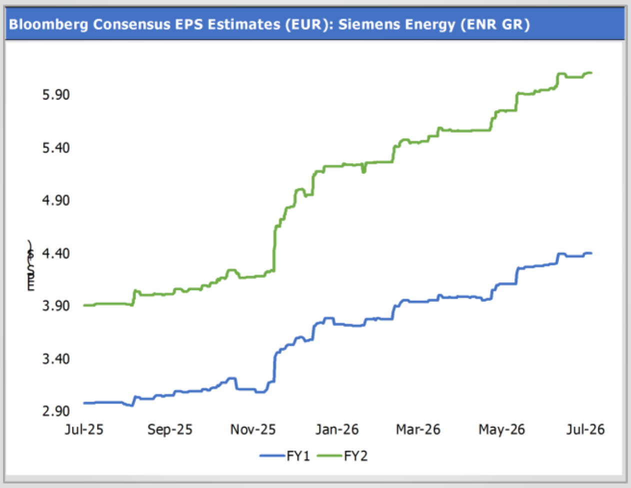
During the quarter, we added positions in Micron, AMD, Infineon and Siemens Energy, all seeing remarkable earnings upgrades from AI infrastructure demand. This was financed from within Tech by divesting Amphenol, Motorola Solutions and Tencent, as well as trimming other positions in Tech and Industrials with similar earnings drivers. We also initiated a new position in Eli Lilly following its strong earnings beat driven by the next leg of global GLP-1 adoption, this was financed by exiting Boston Scientific (delayed earnings turn-around). Within Consumer, we added Fast Retailing and Ross Stores, both with strong, idiosyncratic earnings growth, and divested LVMH. We also exited CBRE and CRH due to increasing cyclical risks in their markets, and their inability to keep pace with the current strong earnings leadership. 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.

BOUGHT: Infineon – AI theme broadening out to power semis's



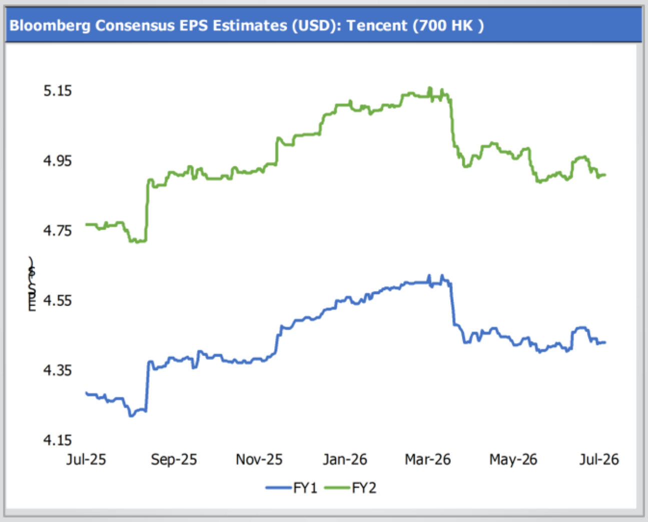
Source: Bloomberg, 8 July 2026

BOUGHT: Siemens Energy – AI infrastructure demand



Source: Bloomberg, Alphinity, 8 July 2026

SOLD: Tencent – Losing earnings momentum



Source: Bloomberg, Alphinity, 8 July 2026

One stock story: Ross Stores

ROSS Good – Better – Best !

What they do:

Ross Stores is the second-largest off-price apparel retailer in the US, operating two banners: Ross Dress for Less (1,917 stores) and dd's Discounts (365 stores), a lower-income-focused format launched in 2004. Both banners buy up overflow, unsold, and overrun inventory from brands and department stores globally and resell it at a discount — a business built entirely on turning other retailers' excess stock into value for price-conscious consumers.

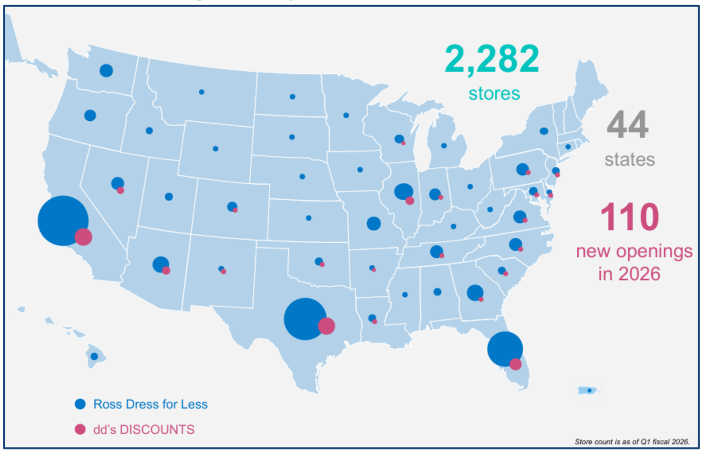
The investment case:

Ross sits in a structurally advantaged part of US retail. Off-price is a genuine growth channel benefitting from the K-shaped economy where value-seeking consumers need somewhere to shop, and pressured retailers need somewhere to clear excess inventory.

Within the off-price peer set, three things differentiate Ross Stores:

1. Demographic and location skew — stores are typically situated in locations with a demographic skew to lower-income and Hispanic/African American consumers. They are also concentrated in sunbelt states with strong net migration. Ross Stores should benefit from trade-down behaviour, particularly in a K-shaped economy. This skew, however, leaves the business exposed to demographic-specific spending headwinds.
2. Location strategy compounds the traffic story — Ross has a higher rate of co-location with other off-price retailers than peers and is the single most popular neighbour for other off-pricers. In a "treasure hunt" shopping category, incremental foot traffic can come from simply neighbouring peer stores. A smaller store footprint enables it to improve the "halo effect" across its store base faster through simple merchandising improvements.
3. Pack-away inventory as a lever, not just a risk — Ross uses pack-away inventory (~40% of total) but holds stock for typically less than six months. When executed well, it enables store managers to drive traffic through popular restocks, protect margins via discounted sourcing, and provides a natural inflation hedge — though it does carry incremental storage and merchandising risk if execution slips.

Ross operates 2282 stores across 44 states – with strong store growth potential to 3600 stores



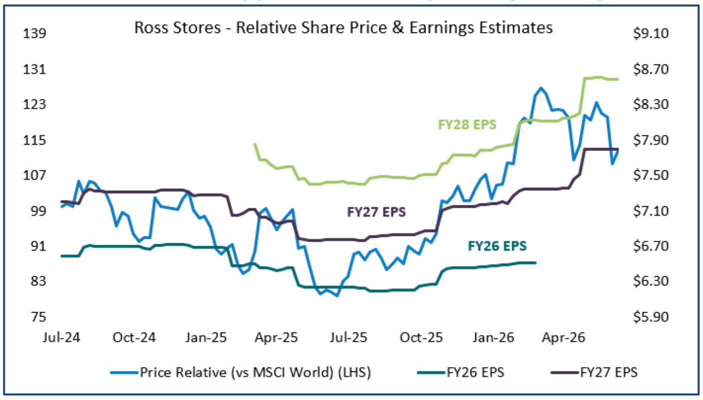
Source: Ross Stores Investor Presentation - May 2026

<u>Execution has been consistently ahead of expectations.</u>

Ross has a strong track record of beating guidance and consensus expectations across top line and margins. The business' recent improvement in performance can be partly attributed to CEO transition in 2025 (Jim Conroy, formerly of Boot Barn and Claire's, taking over from his predecessor with an 11-year tenure in the company).

Recent results have reflected buying group and merchandising adjustments that have improved both the customer shopping experience and store banner perception. This has led to strong comp sales performance, driven mostly by traffic, and impressive incremental margins. We believe Ross is gaining share within the off-price channel rather than riding a favourable backdrop.

Strong earnings upgrades driven by strong top line momentum and an underappreciation for operating leverage



Source: Bloomberg, 9 July 2026

<u>In summary:</u>

Ross Stores' combination of demographic tailwinds, a compounding location strategy, and consistent execution ahead of its own conservative guidance make it a structural earnings upgrade story — one of the more durable growth stories in US retail today.

For further information, please contact:

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