Alphinity Global Sustainable Equity Fund – Active ETF

MONTHLY REPORT JULY 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)	-1.8	4.4	-1.2	8.3	5.7	8.1
MSCI World Net Total Return Index (AUD)	-0.9	6.8	10.4	16.5	12.2	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	$189.6m
Distributions	Annually at 30 June
Min. Investment	$10,000
Max. cash position	20%
Carbon Intensity (ave weighted) Scope 1 & 2	89.2 (vs MSCI Benchmark 101.7)

Top 10 positions

Company	Sector	%
Nvidia	Information Technology	6.4
Apple	Information Technology	5.2
JP Morgan	Financials	4.4
Eli Lilly	Health Care	4.2
Alphabet	Information Technology	4.0
ASML	Information Technology	3.8
DBS Group	Financials	3.6
Amazon	Communications	3.4
Ross Stores	Consumer Discretionary	3.3
Mitsubishi UFJ	Financials	3.2
Total		**41.6**

Data Source: Fidante Partners Limited, 31 July 2026

Fund features

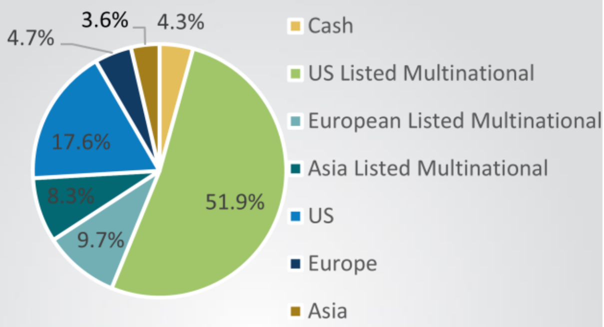
Sustainable companies: An investable universe of companies that we believe have a net positive alignment with one or more of the 17 United Nations Sustainable Development Goals (SDG's) and exceed Alphinity's minimum ESG criteria.

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

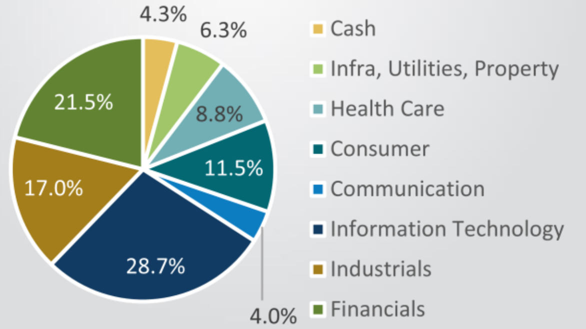
Active ownership and stewardship: We seek to engage with companies on ESG matters and also intend to vote all proxies put to shareholders

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

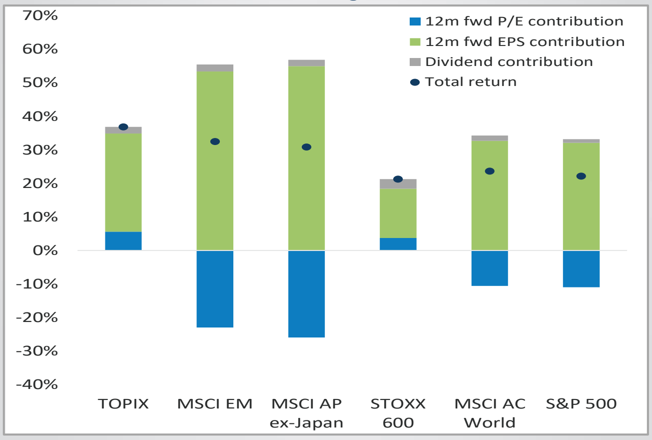


1 Returns are calculated after fees have been deducted and assume distributions have been reinvested. No allowance is made for tax when calculating these figures. Past performance is not a reliable indicator of future performance.
2 The inception date for the Fund is 3 June 2021
3 Numbers may not add due to rounding

Market comment and outlook

The momentum that carried AI-related stocks higher for most of the last two years was swiftly unwound in July, which led to weakness across broader equity markets, given the huge weighting of Technology stocks in regions like the US, Korea and Taiwan. Rather than an AI bubble bursting (a popular theory among some market participants), the sell-off in July was driven more by an unwind of speculative positioning. It's true that concerns around AI capital expenditure spending and eventual returns on investment are weighing on investors' minds. Rising bond yields in the US are not supportive either. However, this was not a sell-off related to a deterioration in earnings or a lack of chip demand. In fact, earnings in memory and AI infrastructure stocks continue to grow and beat expectations, while demand for power to run data centres is showing no signs of abating. The flush-out last month (also driven by an unwind in retail levered ETF products and a high-profile hedge fund blow-up) may have been a clearing event that AI stocks needed.

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



Source: Bloomberg, 5 August 2026

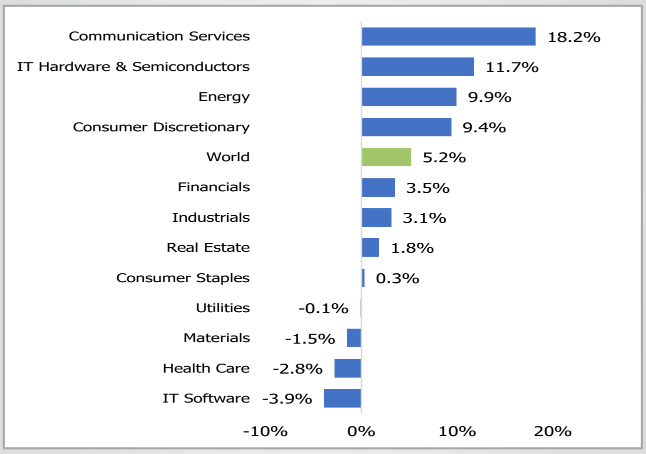
The AI-related weakness led to underperformance in US shares, which fell 1.75% in AUD (-0.1% in USD), which in turn drove down the MSCI World Index (-1.2% in AUD, +0.5% in USD). Emerging Markets were notably weaker as the fortunes of Korea and Taiwan reversed, given their high concentration in semiconductor-related stocks. The MSCI Emerging Markets Index fell 4.95% in AUD (-3.3% in USD). European shares fared a little better, with the Euro Stoxx 50 Index rising in July (0.4% in AUD, 1.2% in EUR), while Japan's Topix also gained (0.6% in AUD, 0.2% in JPY). The more interesting moves in Japan came from the currency markets as the US and Japan took part in a coordinated intervention in the Japanese yen, something not seen in 15 years. Reluctant to raise interest rates in Japan, the Bank of Japan bought USD53 billion to defend its currency, sending the yen surging to a 3.3% intraday high against the USD.

Back to stocks, and the momentum unwind was on full display, with beaten-up software stocks (US Software ETF) rallying 4.4%, while the Index of high-flying US Semiconductors fell 21%. At a global sector level, Energy (+10.8%), Financials (+6.4%) and Property Trusts (+1.2%) outperformed, while Tech (-5.7%), Utilities (-3.3%) and Industrials (-2.8%) were the biggest detractors. Commodities were mixed in July, with oil prices surging higher (Brent Crude futures +20%), while copper prices also strengthened (LME Copper futures +3.1%). Gold prices stabilised in July, rising 1%, but have fallen over 20% since recent highs at the end of February. Gold has become more tied to the fortunes of the US dollar, flows from central banks and speculative positioning, all of which were unfavourable following its surge to record highs earlier in the year.

Portfolio comment and outlook

The economic backdrop remains mixed. On the positive side, U.S. unemployment is still low at c.4.1% and manufacturing activity has now expanded for seven straight months, with PMI readings holding above 50 through July. While momentum has cooled somewhat recently, with both job growth and new orders slowing, there is also some encouraging evidence of improved breadth away from AI capex. Against this, the Middle Eastern conflict remains an overhang to the outlook for growth, inflation and rates. Despite persistent hopes of peace, a durable resolution remains elusive. Nevertheless, we continue to believe that the cycle can prove resilient in the face of these macro headwinds. Consumers and businesses are mostly healthy, supported by steady labor markets, and there also appears to be some stabilization of real purchasing power trends.

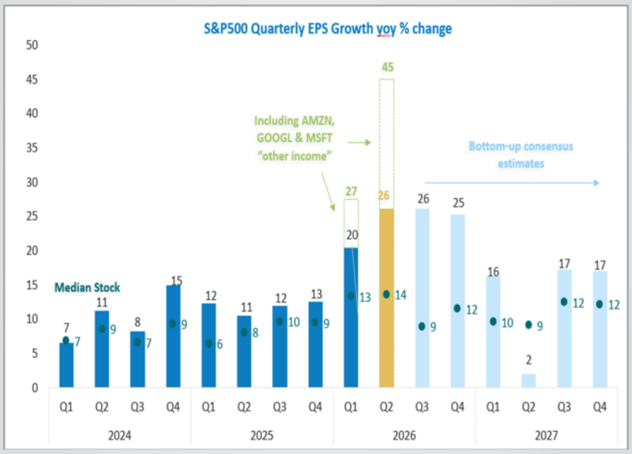
MSCI World – 3month EPS Revisions by GICS Sector – Upgrades across most



Source: Factset, 31 July 2026

Of course, the principal positive for financial markets remains the strength of the corporate earnings cycle. Rather unusually, not only have earnings been strong in absolute terms, but revisions also continue to be positive. And these trends have largely been confirmed by another robust earnings season. With most of the S&P 500 having reported, data shows that revenues have beaten expectations by c.3% and EPS by c.8%. For the MSCI World Index, analysts have raised expectations for both 2026 and 2027 EPS growth by more than 4.5% over the last three months and consensus now expects EPS growth of +25.8%/+12.9% in 2026/27 respectively. This is one of the strongest periods of corporate earnings growth outside of a post-recession 'V-shaped' recovery. While Technology Hardware & Semiconductors continue to dominate earnings growth and revisions, there are also some signs of wider leadership. For 2027, all but two sectors are now seeing positive revisions; and while Energy has normalized lower, Industrials and Financials continue to show strength. Laggards include Materials, which is experiencing negative revisions from higher oil prices and mixed demand (mostly Chemicals). Defensive sectors such as Consumer Staples and Utilities continue to lag on a relative basis. By region, all major geographies are experiencing upgrades, with particular strength in Japan and North America. Notwithstanding a notable reversal in high-momentum AI and AI-adjacent stocks in July, AI remains the clear, dominant market thematic.

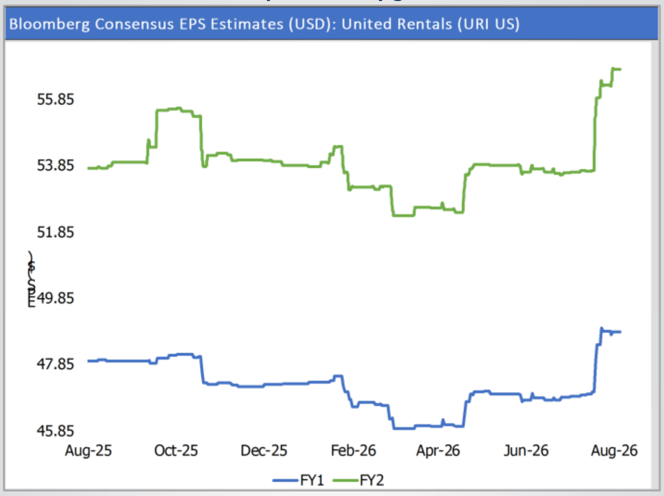
Earnings Sentiment – Back in positive trend across all regions



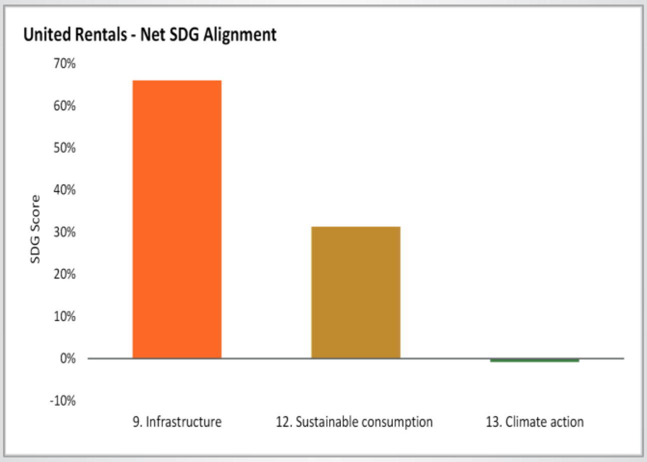
Source: Bloomberg, 31 July 2026

Our current positioning is aligned with this leadership, with overweight exposures to Technology, Financials and Industrials, while continuing to broaden our exposure to include new AI-adjacent beneficiaries, as well as wider cyclical exposure. These additions have largely been funded from existing, more mature AI-exposed stocks, as well as selling out of some investments that have lost earnings support. Specifically, we have recently added CSX (rail pricing and volume cycle turning), United Rentals (earnings upside from specialty rental and fleet productivity gains), Iberdrola (growth tailwinds from electrification and renewables) and Prologis (industrial logistics cycle turning). These were financed by taking some profit in various AI-related stocks, as well as selling out of Intuitive Surgical – a high-quality business but with Consumer, we added Asics and Ross Stores, both with strong, idiosyncratic earnings growth. 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: United Rentals – earnings upside from specialty rental and fleet productivity gains



Net SDG Alignment Score: 96%



United Rentals provides equipment rental services that support infrastructure development by enabling customers to access well-maintained equipment without needing to purchase and own assets directly. This contributes positively to **SDG 9** (Industry, Innovation and Infrastructure). The company's rental model also contributes to **SDG 12** (Responsible Consumption and Production) by promoting more efficient use of equipment across multiple customers, supporting higher utilisation rates, shorter replacement cycles, and improved fuel efficiency compared with privately owned fleets. United Rentals' investment in electric and hybrid assets further supports customer access to more sustainable equipment alternatives. However, we also recognise potential negative impacts from the company's exposure to fossil fuel-related revenues, including upstream, midstream and downstream oil and gas customers, which presents challenges to **SDG 13** (Climate Action).

Source: EPS Chart: Bloomberg, Alphinity 11 August 2026. SDG score Alphinity.

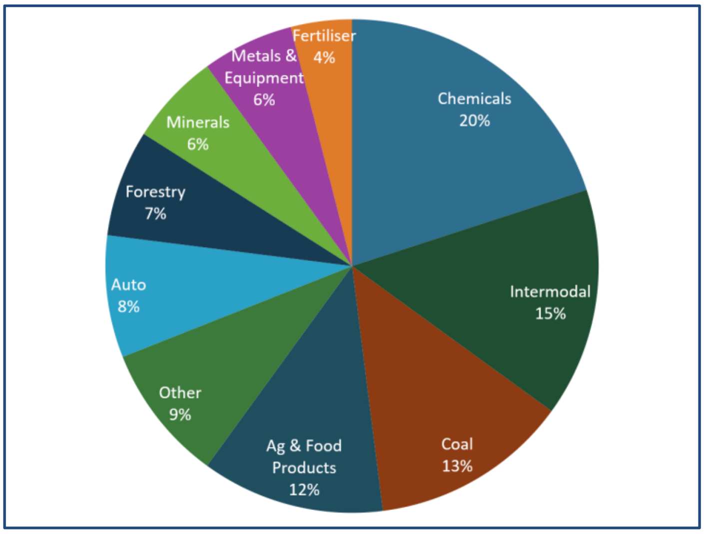
One stock story:

CSX - Riding the Freight Cycle Turn

CSX is a Class I US freight railroad operating a ~20,000 route-mile network across 26 states along the Eastern seaboard, connecting roughly two-thirds of the US population and interchanging with over 250 short-line railroads and 70+ ports. We recently added CSX to our portfolios as one of the best-positioned names to benefit from an inflecting freight cycle, at a point where volumes are accelerating, pricing is yet to come through, and margins remain well below prior peaks.

+10.1% 2Q26 Revenue Growth	**+6%** 2Q26 Volume Growth	**+240bps** Op. Margin Expansion	**15-20% p.a.** Est. EPS Growth (FY26 27)

CSX - Well Diversified End Markets



Source: CSX 2Q26 Results

Why we added CSX

US freight markets (truck and rail) have been in an earnings downgrade cycle for over 3 years, reflecting weak industrial production and housing starts, alongside structural overcapacity in trucking following the post-COVID demand unwind. Some industry commentators have referred to it as the "Freight Recession" and the worst downturn since the GFC. The cycle now appears to have turned:

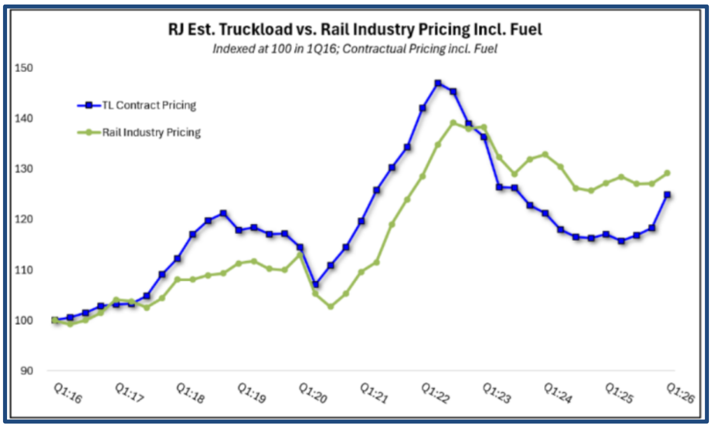
- **Trucking capacity is tightening.** New driver-supply legislation has tightened truck capacity by an estimated 5%+, and truck rates have already rallied ~50% off their lows — a dynamic that typically spills into rail pricing.
- **Volumes are leading, pricing is still to come.** Rail volumes have now grown year-on-year for three consecutive years and are accelerating, while pricing has been broadly flat for four years and is yet to catch up.

Industry structure is consolidating. The proposed UNP-NSC (Union Pacific–Norfolk Southern) merger, if approved, would leave a more rational four-player structure (two north-south, two east-west), a backdrop we expect CSX to respond to via consolidation of its own (potentially BNSF Railway).

Specifically, to CSX, new CEO Steve Angel (ex-Linde) is driving a cost and productivity agenda, while margins remain ~400bps below CSX's own peak and ~300bps below rail peers — leaving substantial room for improvement as volumes provide operating leverage.

Together, we see a sequence of upgrades: volumes, then price, then margin expansion, supporting earnings growth of 15-20% p.a. over the next two years, putting them in the top-quartile for the industrials sector.

Rail pricing & truckload pricing are typically very correlated



Source: RJ, 8 July 2026

2Q26 Results: Beat and Raise

CSX's June-quarter result was the first clear evidence the cycle is turning. Revenue rose 10.1% YoY to a record, EPS of $0.54 beat consensus by ~6%, and operating margins expanded 240bps, despite a 160bps fuel-price headwind. The standout was volume, up 6% (Intermodal +9%), well ahead of the softer freight backdrop management had planned for — a sign that demand strength is broadening rather than merely reflecting easy prior year comparisons.

- **Merchandise:** Revenue +8% on +4% volume; broad-based, with 6 of 7 sub-segments growing or holding flat. Chemicals volume +8% on plastics exports; Metals & Equipment revenue +14% on new plate mill and defence-related demand.
- **Intermodal:** Revenue +26% on +9% volume — the largest contributor to unit growth, aided by truck-to-rail conversions, new service lanes, and tightening truck capacity.
- **Coal:** Revenue +9% on +4% volume; export tonnage +12% on mine restarts, while domestic tonnage was softer on lower gas prices.

Management raised full-year guidance across all metrics, and noted underlying demand is already outrunning that upgraded guidance — though this came alongside a service/dwell trade-off the company is now working through.

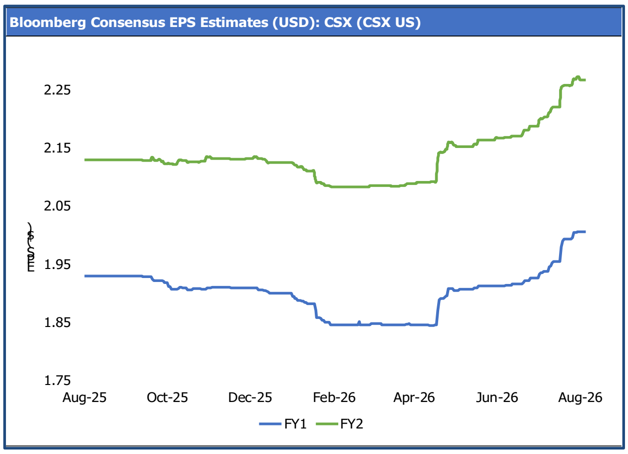
Metric	2Q25	Consensus 2Q26	Actual 2Q26	Beat/(Miss) %	YoY %
Sales ($M)	3,574	3,895	3,935	+1.0%	+10.1%
Operating income ($M)	1,283	1,442	1,506	+4.4%	+17.4%
Operating margin (%)	35.9%	37.0%	38.3%	+130bps	+240bps
Net earnings ($M)	829	951	1,002	+5.4%	+20.9%
EPS, diluted ($)	0.44	0.51	0.54	+5.9%	+22.7%

Source: CSX Corporation 2Q26 earnings release; consensus per Bloomberg

Conclusion:

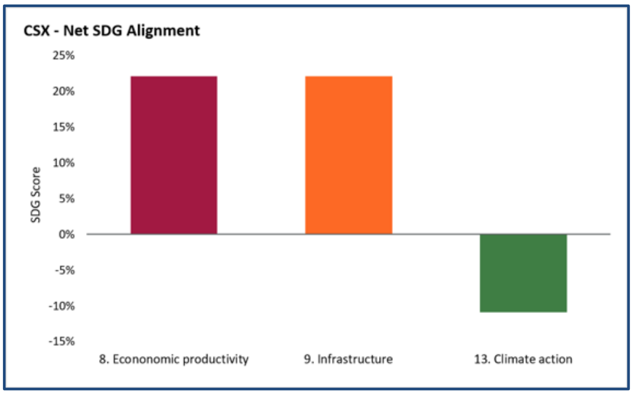
CSX offers a compelling combination: an inflecting industry cycle, a genuine margin recovery opportunity, and a consolidating competitive structure — all at a valuation we believe is more than justified by the earnings growth on offer. The 2Q26 result was the clearest sign yet that the cycle has turned, with volumes leading the way and pricing still to follow. This leaves CSX well placed to deliver top-quartile earnings growth within the industrials sector over the next two years.

Strong earnings upgrades driven by rail pricing inflecting & volume growth accelerating with momentum building



Source: Alphinity, Bloomberg, 11 August 2026

CSX: Net SDG Alignment Score = 33%



Source: Alphinity, 31 July 2026

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