Alphinity Global Equity Fund – Active ETF

MONTHLY REPORT – AUGUST 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)	0.4	-5.1	8.1	5.8	10.1	12.2	11.1
MSCI World Net Total Return Index (AUD)[3]	2.8	9.9	16.1	11.6	13.5	13.6	12.8

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	$349m
Distributions	Annually at 30 June
Min. Investment	$10,000
Max. cash position	20%

Top 10 positions

Company	Sector	%
Nvidia	Information Technology	7.1
Apple Inc	Information Technology	5.5
JP Morgan	Financials	4.6
Eli Lilly	Health Care	4.3
Alphabet	Communication Services	3.8
Microsoft	Information Technology	3.6
Coca-Cola Co/The	Consumer Staples	3.6
ASML	Information Technology	3.6
Caixa Bank	Financials	3.3
Welltower	Property Trusts	3.1
Total		**42.4**

Fund features

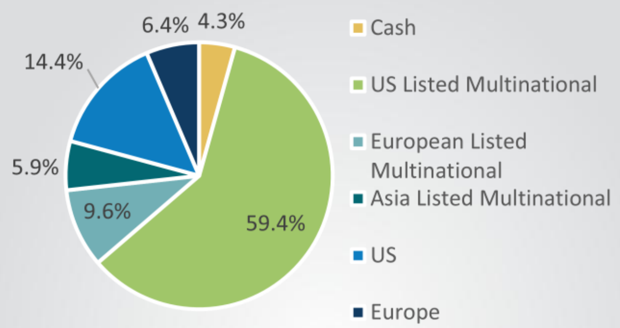
Consistent returns: Aims to provide consistent strong risk-adjusted returns across different market cycles

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.

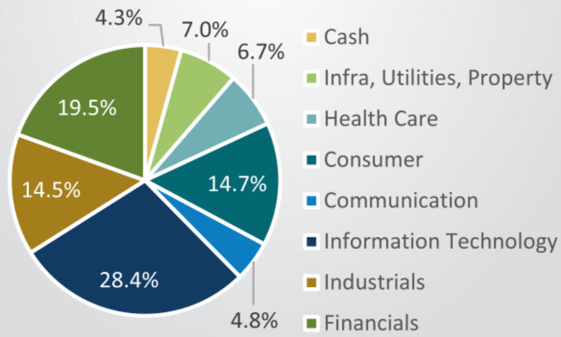
Concentrated: An actively managed, long only portfolio of 25-40 high conviction, quality companies, which is also diversified across sectors and regions

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, 31 August 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.

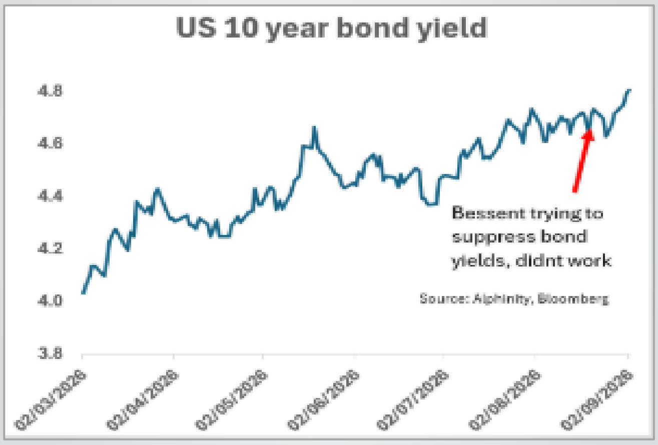
2 The inception date for the Fund is 21 December 2015

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

Market comment and outlook

Rising bond yields, sticky inflation, and generally strong economic data meant there was upward pressure on bond yields in Australia, the US, Europe and Japan. We saw the US intervene in both Japanese FX markets and the US bond market in an effort to defend a weaker Japanese Yen and to help contain rising US bond yields. Intervention has a long history of not working. Market forces usually win out. Indeed, it felt that way in the US bond market, but time will tell.

Bond yields have continued to edge up in response to higher inflation and fiscal concerns

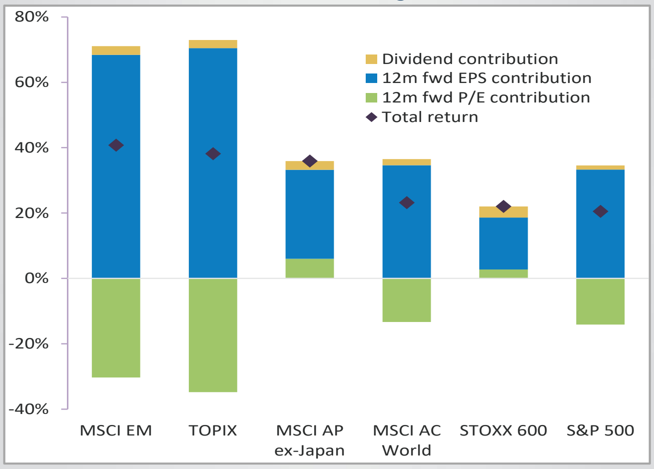


Source: Bloomberg, 5 September 2026

Momentum returned to the US, with the S&P 500 index rising 2.6% (0.6% in AUD) which helped drive global markets higher (MSCI World +2.5% USD, 0.5% AUD). Europe was relatively weaker, rising +0.3% (-0.8% AUD), while Emerging Markets rebounded with Taiwan and Korean Tech stocks recovering from the AI / semi-conductor sell-off the month prior. In terms of company results, the US had one of its strongest reporting quarters in history with over 85% of companies beating expectations, well above the long-term average of around 75%. In terms of global sector performance, leadership was narrow with only 4 of 11 sectors outperforming. Materials (+7.3%), Technology (+4%) and Energy (+2%) were the best performers, while sectors more exposed to rising yields were relative laggards – those being Utilities (-5.4%), Property Trusts (-4.1%), and Consumer Staples (-3.3%). The index of Semiconductor stocks rose 1.2% in August, partially recovering from its 21% fall the prior month. The beaten-up Software sector rose 16%, driven by a combination of "better than feared" earnings, easing AI displacement anxiety, and an M&A catalyst, while semiconductors were weighed down by pre-Nvidia earnings anxiety and a "sell the news" dynamic. Companies like Salesforce, Workday and Crowdstrike showed that AI was driving demand rather than cannibalising it.

Commodities strength was driven by a spike in oil prices, with no resolution in sight to the Middle East conflict. Brent oil futures climbed 7% last month to USD90.5 a barrel, while Aluminium and Copper trading on the LME both rose 3-5% last month. Bond markets were under pressure, with sharply rising yields given a fairly solid economic backdrop (both here and in the US) and inflation that's a bit stickier than wanted. The newish US Federal Reserve Chair Kevin Warsh was brought in with some expectation from Trump that he would be more inclined to lower rates. He has thus far proven to be a Fed Chair who stands for a leaner, more disciplined Fed: inflation-fighting first with less reliance on forward guidance. At his first Jackson Hole address, Warsh struck a notably firmer tone than at the previous July meeting where his commentary just led to confusion. He recommitted to the 2% PCE target, called July's 3.7% reading "concerning," and argued inflation is unlikely to return to target on its own — hinting rates may need to rise. In a way, Fed Chair Warsh undid what US Treasury Secretary Scott Bessent tried to do in his bond market intervention where he doubled the purchase of US Treasuries in an attempt to lower longer term bond yields. At the end of the day, the US has a tight labour market with strong manufacturing and services PMIs, conditions that usually warrant more tightening monetary policy. Market forces usually win over a short-term intervention sugar hit. While US 10-year bond yields only rose 2 basis points to 4.75%, the trend higher has been clear, rising 87 basis points since the lows at end of February.

Global Indices – 12 Month Total Return Contribution – earnings continue to contribute to global returns



Source: GS Data, 7 September 2026

Portfolio comment and outlook

The economic outlook remains mixed. The U.S. labor market continues to hold up well, with unemployment steady at c.4.1% and payrolls surprising positively in August. Manufacturing activity is also positive, with PMI's now in expansion territory for eight straight months. While momentum has cooled somewhat recently, there is encouraging evidence of improved breadth away from AI capex. Against these positives, the Middle Eastern conflict remains an overhang to the outlook for growth, inflation and rates. Fed rate expectations and bond yields have both continued to edge higher in response to inflation and fiscal concerns. Nevertheless, inflation expectations don't appear at risk of becoming unanchored, and we believe 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.

Alphinity Global Equity Fund

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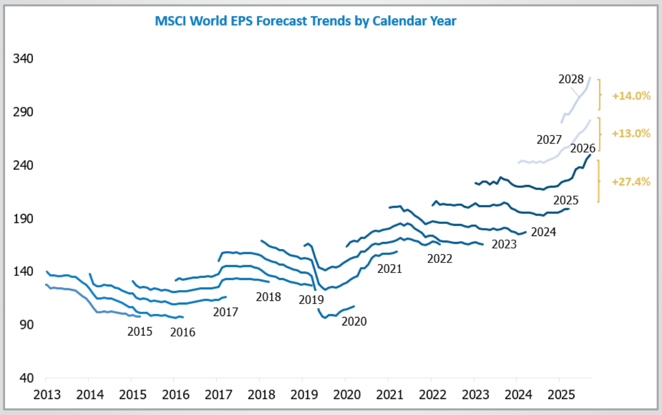
Exceptionally robust earnings cycle with ongoing earnings upgrades for FY26 and FY27



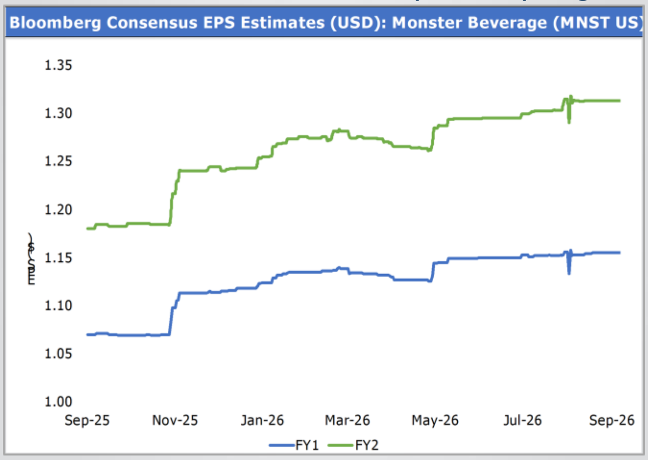
Source: *Factset, 31 August 2026*

This resilient growth backdrop, and a powerful AI capex cycle, are together driving an exceptionally robust earnings cycle. Not only have corporate earnings been strong in absolute terms, but revisions continue to be positive and have also recently begun to broaden across different sectors and geographies. After healthy double-digit EPS growth in 2025, consensus now expects growth to accelerate further in 2026 and 2027, by +27% y/y and +13% y/y respectively. This is one of the strongest periods of earnings growth outside of a post-recession 'V-shaped' recovery - and estimates continue to be revised higher. Over the last three months, consensus has increased by over 5% for both this year and next, led of course by Tech Hardware & Semiconductors, however Energy, Industrials and Financials also continue to show strength. Outside of Materials, which is seeing downgrades tied to higher energy costs and mixed demand trends, all sectors are now in upgrade territory. Similarly, all major geographies are also in upgrade territory, although led by Japan and North America

AI remains the clear, dominant market thematic and the associated investment cycle has significantly boosted earnings in large parts of the market across Technology, Industrials, Utilities and even Financials; however, the higher capex has also depressed free cash flows in most of the large hyperscalers, fundamentally changing the capital intensity of these businesses and raising uncomfortable questions about the ultimate financial returns associated with these investments. There are also growing risks around Chinese open-source model competition, circular financing and, of course, crowded positioning. How this investment cycle ultimately plays out will remain a central focus for markets — but for now the evidence suggests continued leadership from this thematic, albeit with likely broader participation across different sectors and geographies as the cycle continues to evolve and mature.

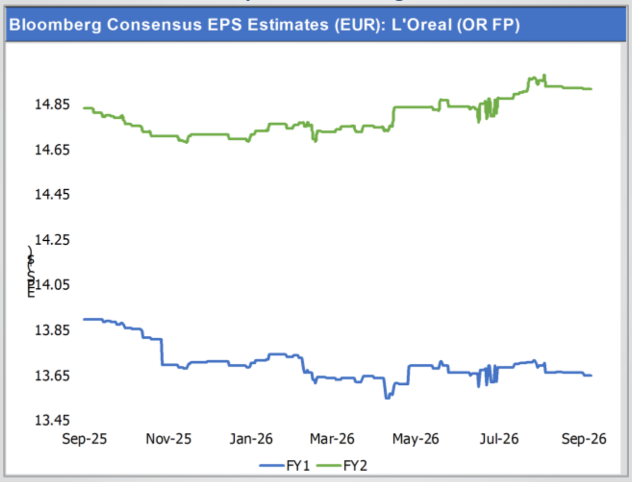
Our current positioning is aligned with this leadership, with overweight exposures to Technology, Financials and Industrials, while continuing to broaden our exposure to include new AI-adjacent beneficiaries, as well as wider cyclical exposure. Activity during the month was relatively limited. We made a new investment in Monster Energy – a leader in a high growth segment with tailwinds from higher product permissibility, international expansion and pricing. A starting position in Viking was also initiated where we see earnings tailwinds from premium travel and the 'destination exploration' theme. This was financed by selling out of L'Oreal – while organic growth has remained resilient this has not translated into a positive earnings cycle. Markets continue to be very dynamic, with a swiftly evolving set of macro, geopolitical and thematic risks and opportunities. Consequently, we remain thoughtful about stock selection and position sizes, aiming to maintain diversification and also manage overall portfolio risk stemming from the AI theme in particular. We continue to believe that diversification and quality will be key risk mitigants over a full market cycle. Overall, the Portfolio is 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: Monster Energy – a leader in a high growth segment with tailwinds from international expansion & pricing



Source: Bloomberg, 11 September 2026

SOLD: L'Oreal – Despite positive organic growth it has not translated into positive earnings revisions



Source: Bloomberg, 11 September 2026

2Q26 GLOBAL REPORTING SEASON – Great numbers, tough crowd

> *The market has stopped applauding just earnings, it also wants cash flow and proof that AI spend is paying off — and it's rewarding a broader set of winners while it waits.*

The global reporting season delivered one of the strongest quarters in years with a strong beat rate and aggregate growth across most regions and sectors. And critically, that growth is no longer a mega-cap monologue: ten of eleven S&P 500 sectors posted positive growth, eight in double digits, with Energy, Financials and Industrials delivering beats of their own. Yet by any historical yardstick this was a phenomenal season, share prices, especially in Tech, have barely moved and in some cases have even fallen. This disconnect is an important shift in the AI story. Investors have rewritten the scorecard: it's no longer enough to 'just' beat, there also needs to be line of sight to sustainable AI monetisation, healthy margins and strong cashflows. Companies that cleared the higher bar were rewarded, while those that didn't were often punished despite a headline beat. And increasingly, that reward is flowing to names outside the usual Tech leadership

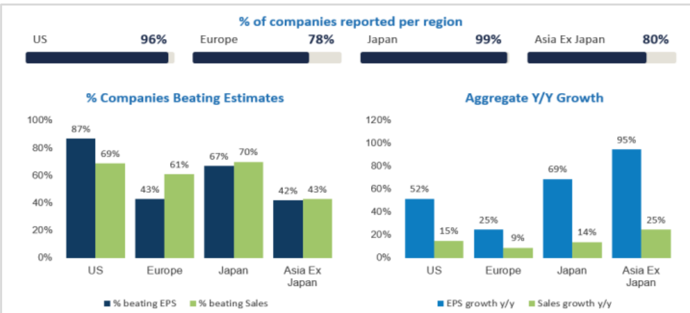
The Numbers

~26%	87%	10/8	57%
S&P 500 adj. EPS growth y/y(c.**52%** including unrealised gains)	S&P 500 EPS beat rate	S&P500 Sectors positive / double-digit growth	Driven by Tech/AI vs 97% a year ago

Delivery was exceptionally strong. Earnings delivery for 2Q26 was outstanding, with positive EPS surprise across all regions and a solid breadth of beats. Not only did the proportion of companies with both top and bottom-line beats rise sharply, the positive EPS guide-ratio rose to a post 2021 (Covid recovery) high. a post COVID recovery high.

Regionally, the gap between US and European EPS growth has narrowed meaningfully, now in line at both at an aggregate level (c.26% ex AMZN, MSFT, GOOGL other income) and at a median level (12%), with Japan and Asia ex-Japan well ahead of historical growth levels.

2Q26 Reporting Season – Strong across all major regions



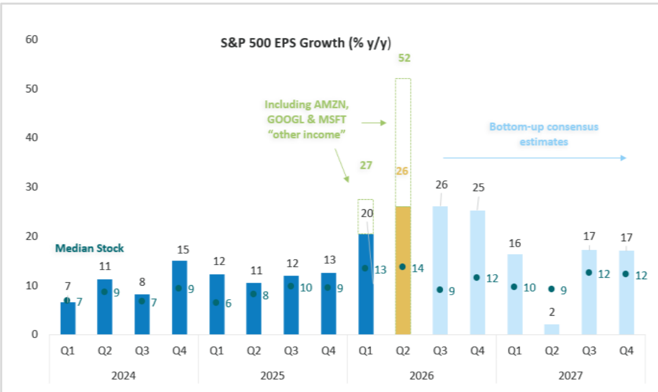
Source: Bloomberg, 27 August 2026

The earnings base is broadening, not just growing. Tech and AI remain the largest contributors to S&P 500 earnings growth, but their share of that growth has narrowed from ~90% a year ago to ~57%. Ten of the 11 S&P 500 sectors are on track for positive earnings growth, with 8 in double digits, which is a dramatic improvement on 2Q25, when only two sectors managed positive growth.

Winners outside Big Tech. Energy, Financials and Industrials are delivering solid, resilient beats of their own, driven by higher commodity prices, tight energy markets and improved net interest income and yield opportunities.

Earnings strength is no longer confined to a narrow group of mega-cap stocks, with broader participation at the median-stock level noticeable, coupled with improving earnings revisions breadth.

Very strong quarterly earnings growth for the US – even after adjusting for non-core income



Source: Goldman Sachs data, Bloomberg, 27 August 2026

How the market has reacted

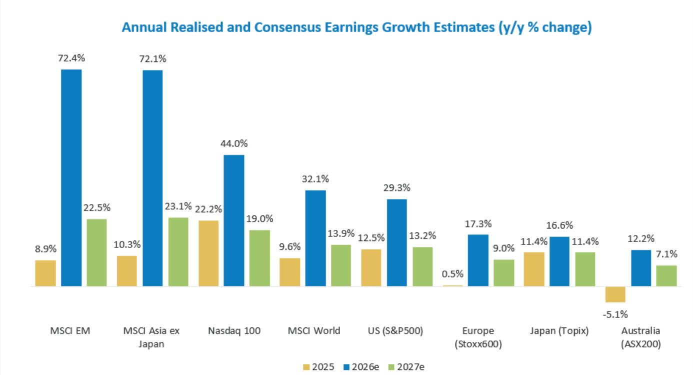
Despite the generally strong earnings reported, share-price responses have been muted and, in some cases, have even corrected lower. This likely reflects a combination of elevated expectations, crowded investor positioning in the sector, and an increased focus on capex commentary. The same scrutiny of cash generation and AI returns flagged above is now playing out in real time at the stock level, rewarding proof over promise.

Broadening market leadership — value and cyclicals ahead of Tech

- **Broadening away from AI and AI adjacent stocks.** Tech and semiconductor pullbacks have driven a noticeable rotation, with equal-weighted indices and Value benchmarks outperforming Growth.
- **The "high bar" disconnects.** Solid double-digit earnings growth is no longer a guaranteed share-price catalyst with investors are punishing high-valuation Tech names on even small misses, slowing momentum, or an unclear return on capital.
- **Severe post-earnings volatility.** Announcement-day reaction has been unusually wide, with modest misses triggering outsized,

- multi-percentage-point selloffs against a backdrop of tight credit spreads, high rates and crowded positioning.
- **Free cash flow over EPS.** The market is increasingly rewarding durability, cash conversion and operating efficiency. Stocks with upward revisions to both EPS and free cash flow have outperformed post-reporting by 1.6%, versus -0.2% for EPS beats unaccompanied by FCF upgrades.
- **AI efficiency, not just AI exposure. According to research done by Goldman Sachs,** companies screening as genuine AI adopters/efficiency beneficiaries are outperforming peers that are simply spending on AI.
- **Earnings have been upgraded across** all key regions and most sectors over the past month with all major regions expecting strong 2026 and 2027 growth.

Consensus expecting very strong growth in 2026 across all key regions



Source: Bloomberg, 27 August 2026

Key themes playing out (discussed in detail in the note)

- The AI capex supercycle – stronger but not for free
- Financials — trading, fee income and rate leverage
- Industrials, energy, commodities and the power build-out — one connected story.
- Consumer — a widening split between affluent and mass-market.
- Geopolitical and macro headwinds

Standout results across sectors, themes and regions

- **TSMC:** Technology/ Foundry/AI Infrastructure
- **United Rentals: I**ndustrials/Equipment Rental/ Infrastructure
- **CSX:** Industrials / Freight Rail / Economic Re-acceleration
- M**itsubishi UFJ Financial:** Financials /Japanese Banks /Rate Leverage
- **JPMorgan:** Financials /Banks /Capital Markets Recovery
- **Eli Lilly:** Health Care /Obesity & Diabetes /Pipeline Growth
- **Ross Stores:** Consumer Discretionary /Off-Price Retail/ Value Consumer

United Rentals — Industrials / Equipment Rental / Infrastructure

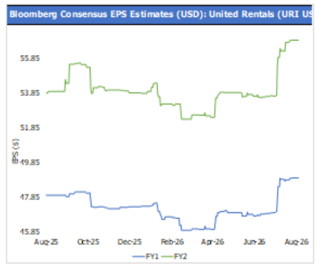
Result in brief: A clean beat and raise 2Q26 result with revenue, adjusted EBITDA and adjusted EPS ahead of expectations. Fleet productivity improved with utilisation at record levels. Management raised both FY26 revenue & EBITDA guidance for a second straight quarter on accelerating large-project demand.

Earnings momentum: URI has seen revenue upgrades for 12 months with both segments accelerating. Management has now also wrapped their hands around costs alongside stabilising markets and tight supply driving solid earnings upgrades for FY26 and FY27.

Investment takeaway: The most surprising element was the magnitude of the capex ($450m) step up needed to keep pace with record pace utilisation.

Why we like it: The result reinforces United Rentals as a high-quality way to own the large-project, infrastructure and industrial capex cycle, with strong cost discipline, scale benefits and an improving specialty rental mix.

FY1 & FY2 Consensus EPS Expectations



CSX — Industrials / Freight Rail / Economic Re-acceleration

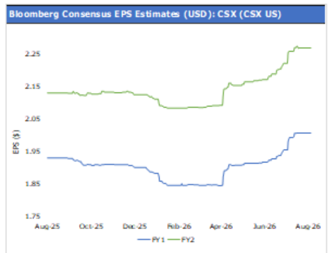
Result in brief: Reported record 2Q26 revenue up 10%yoy with the operating margin expanding 240bps to 38.3%, driving 6% better than expected EPS growth, despite a 160bps fuel-price headwind.

Earnings momentum: Guidance was upgraded across key metrics, including mid- to high-single-digit revenue growth, operating-margin expansion above 350bps and free cash flow growth above 80%.

Investment takeaway: The biggest surprise was demand strength, with volume up 6%, intermodal growth of 9%, against a plan built for a softer freight backdrop. The result confirmed a broad-based freight cycle inflection, improving productivity and disciplined cost control.

Why we like it: A non-AI industrial, offering a cyclical earnings recovery underpinned by rail pricing and the volume cycle turning, combined with strong operating leverage, where productivity and improving network execution can extend the upgrade cycle.

FY1 & FY2 Consensus EPS Expectations



Conclusion:

Beats everywhere, belief nowhere. That's 2Q26 in five words. The delivery was real, a broad, deep earnings recovery, no longer a mega-cap monologue. But the market has moved the goalposts: it's paying for proof, not just growth, pricing quality of earnings over quantity and punishing capex-heavy stories without a visible payoff.

That repricing is the story to carry into 3Q26. Key things investors will need to keep an eye on include: whether hyperscaler capex guidance keeps climbing and returns keep improving; whether the 2% of companies quantifying an AI earnings benefit becomes 5%; and whether this quarter's broadening beyond Tech and mega-caps proves durable rather than borrowed. The earnings backdrop has rarely looked better, but the patience for paying up on promises has rarely looked thinner. We continue to focus on finding companies that can bridge the gap and deliver fundamentally driven earnings surprises.

See copy of the note here for more information: [2Q26 Global Reporting Season – Great numbers, tough crowd - Alphinity]

For further information, please contact:

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