

Alphinity Global Equity Fund – Active ETF

MONTHLY REPORT – OCTOBER 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)	0.0	-5.5	10.9	6.3	10.4	12.8	11.1
MSCI World Net Total Return Index (AUD)[3]	0.4	4.3	18.1	11.9	13.1	13.9	12.6

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	$345.0m
Distributions	Annually at 30 June
Min. Investment	$10,000
Max. cash position	20%

Top 10 positions

Company	Sector	%
Apple Inc	Information Technology	5.9
Microsoft	Information Technology	5.0
Nvidia	Information Technology	5.0
Eli Lilly	Health Care	4.8
Coca-Cola Co/The	Consumer Staples	4.0
JP Morgan	Financials	3.8
AstraZeneca	Health Care	3.6
CSX	Industrials	3.4
Gilead	Health Care	3.3
Chubb Ltd	Financials	3.2
Total		**42.1**

Fund features

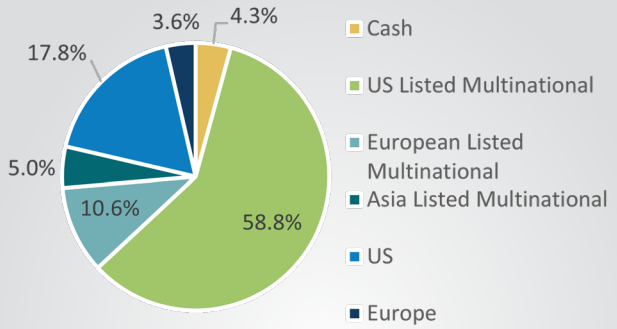
Consistent returns: Aims to provide consistent strong risk-adjusted returns across different market cycles

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.

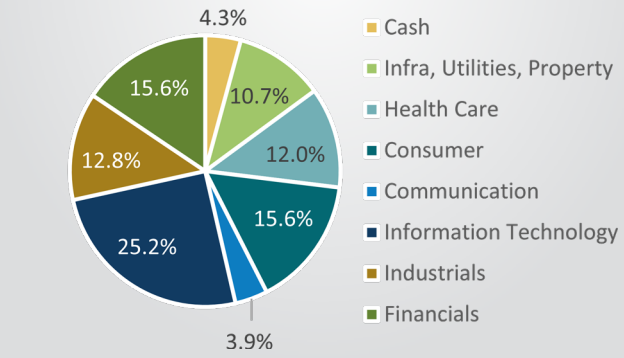
Concentrated: An actively managed, long only portfolio of 25-40 high conviction, quality companies, which is also diversified across sectors and regions

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 October 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.

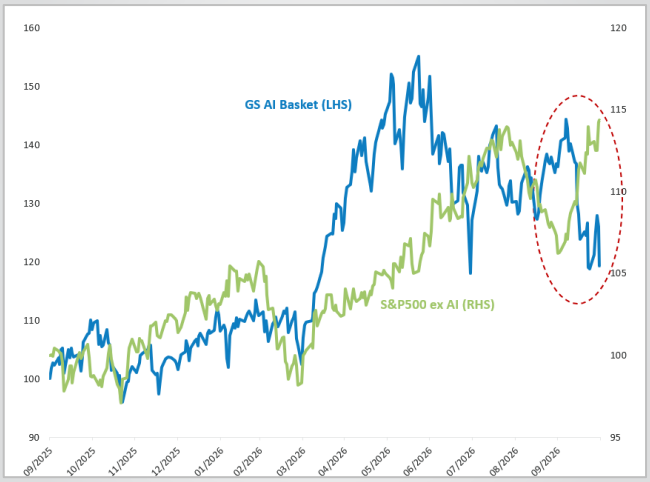
2 The inception date for the Fund is 21 December 2015

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

Between the sell-off in AI stocks in the US, inflation putting more pressure on living costs, and Chinese equity markets having their worst month in a decade, there wasn't a lot to cheer about in October. A 15% rise in oil prices, the US mid-term elections and Anthropic's potential IPO (the world's largest) during a time of peak AI anxiety only served to test risk appetites even further.

S&P500 excluding AI has risen alongside a sell-off in AI stocks



Source: GS Data, 31 October 2026

The iShares Semiconductor ETF (the "SOXX") – a bellwether for the AI trade - slumped 17% in the US, dragging down Tech stocks and the US market. The Tech-heavy Nasdaq index fell 6.7% (-7.7% in AUD) pulling the broader US S&P 500 index down 1% (-2% in AUD). The reasons for the sell-off largely centred around investors increasingly demanding evidence that AI spending would translate into monetisable returns. A report on OpenAI's revenues coming in below expectations was the initial catalyst, with AI infrastructure financing and credit stress (particularly in the neo-cloud players like Coreweave) also putting pressure on the sector.

The Aussie Dollar rose 1.2% last month, which meant any returns in offshore markets were weaker when translated back into AUD. The MSCI World Index fell 0.8% in USD terms (-2% in AUD). The European Stoxx 600 Index rose 1.9% (-1% in AUD) while Emerging Markets tanked 9%. There was nowhere to hide in Emerging Markets. Brazil slumped 15% on the surprise election win, the AI sell-off hurt Korea and Taiwan memory and chipmakers, and China has their worst month in a decade as rising oil prices and sluggish domestic demand continues to weigh on the economy.

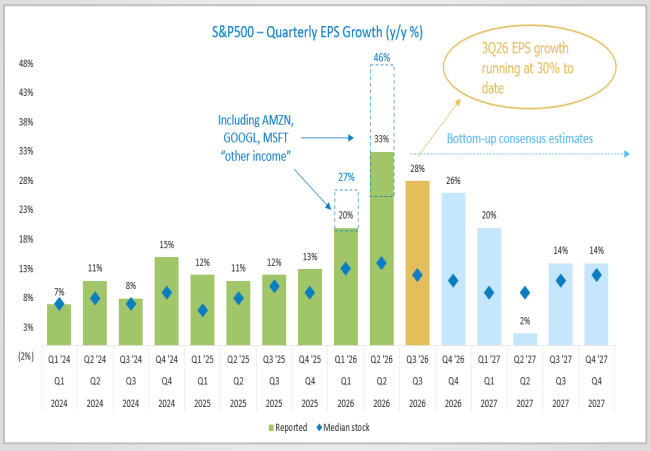
At a global sector level, it was Energy (+13%), and the more defensive Consumer Staples (+9%) and Healthcare (+8.5%) leading, while the worst performers were Communication Services (-14.5%) and Tech (-8%). Bond markets had a much-needed relief rally, with Aussie 10 year bond yields falling 23 basis points to 5.11%, while US yields also dropped 35 basis points to 4.92%. One month doesn't make a trend, and the moves lower weren't necessarily a reaction to falling inflation, rather a flight to safety on a rotation away from risk assets. France was one of the few regions to buck the trend, with political turmoil and riots in response to cost-of-living pressures causing their bond yields to spike higher.

Despite the AI jitters and falling consumer confidence, the US economy is still ticking along well. The labour market is holding up OK (adding 165k jobs in October versus 70k expected) and both Manufacturing and Services PMI's are still strong and in expansionary territory. Commodity price strength was underpinned by a 15% surge in oil prices which lifted Energy stocks, while Copper prices were flat, Aluminium was down a little and Gold prices continued to decline, falling 7% last month. However, with markets moving so quickly, the November mid-term "Blue Wave Tsunami" has driven a sharp decline in oil prices in early November.

Portfolio comment and outlook

Global growth is holding up relatively well, moderating only slightly despite higher rates, and we still expect it to stay resilient into 2027, keeping the business cycle intact. However, the main swing factor for global equities remains AI capex. The speed and scale of investment have driven strong, above-trend earnings growth in recent quarters, and its path will also continue to influence growth, rates and credit markets. Here, we see some reasons for caution, at least near term. Hyperscaler capex is currently expected to reach as much as $1.3 trillion in 2027, close to three times the 2025 level. Yet the size and timing of AI returns remain unclear, and the considerable funding required is straining balance sheets as well as debt and equity markets. Microsoft is now the only one of the five major hyperscalers still generating positive free cash flow. US tech-related debt issuance is up 81% year to date, and some neocloud bonds are now trading at distressed yields.

US 3Q26 Reporting season has been strong – 3rd consecutive quarter of above 25% EPS growth



Source: GS Data, Bloomberg, 31 October 2026

Circular and opaque financing structures, competition from Chinese open-source models and, most recently, the Democratic "blue sweep" in the US midterms all add to these risks. The election result is likely to slow data centre buildouts in some key states and increase regulatory scrutiny, although lending some scarcity value

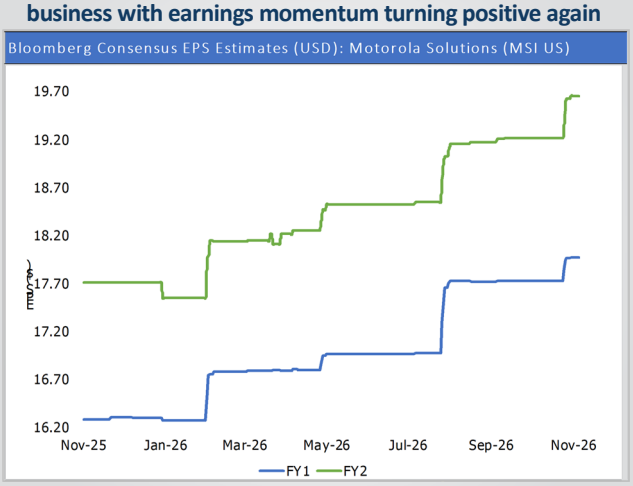
to existing infrastructure. A divided Congress may offer some near-term relief on rates, but the unresolved Iran conflict keeps energy prices and inflation in play. Sovereign fiscal pressures in Europe are a further concern.

Together, these factors complicate the outlook for corporate earnings, which have been a key support for global equities this year. The third-quarter earnings season has been constructive. Blended S&P 500 earnings growth is running at over 30% year on year, which would be the third consecutive quarter above 25%, and 84% of companies have beaten estimates. However, while current fundamentals still look healthy, there is understandable concern about what comes next. We remain optimistic about the considerable productivity benefits of AI over the medium to long term. For now, though, the earnings cycle looks relatively mature and could come under pressure if these headwinds continue to build. Leadership may also shift away from AI toward other areas of the market, though the pace and extent will depend on how these macro and capex risks play out in the coming months.

We have continued to adjust portfolio positioning to reflect this evolving backdrop, most notably by further reducing AI-related exposure within Technology, Industrials and Banks. During the month we exited Caterpillar and Siemens Energy, both significant beneficiaries of surging power demand from new data centres, and trimmed Semiconductor and Bank exposures more broadly. The proceeds funded a new position in Republic Services, a high-quality defensive waste business with improving volume trends and an inflection in their environmental solutions segment. We also re-entered Motorola Solutions, an attractive non-AI growth business where earnings momentum is turning positive again. Elsewhere we increased our Healthcare exposures, adding to Gilead and AstraZeneca after strong earnings reports, and also added to Mastercard, CSX and Iberdrola, among others. Together, these changes have further broadened our exposure to high-quality businesses with positive earnings momentum that is largely independent of AI capex trends.

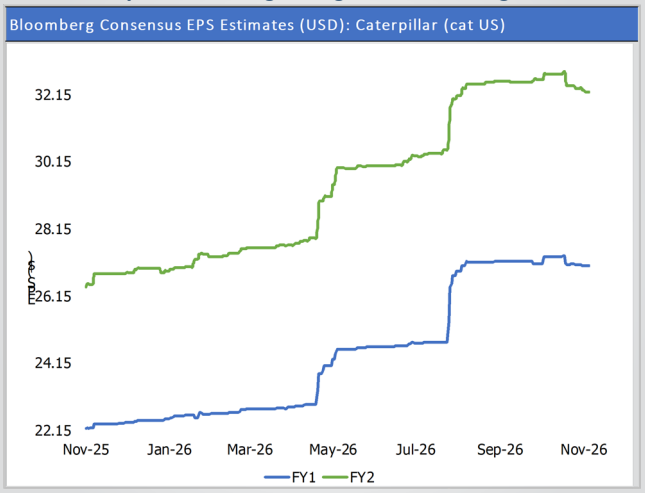
Macro, geopolitical and thematic factors continue to move quickly, so we remain thoughtful about stock selection and position sizing, aiming to maintain diversification and manage portfolio risk, particularly from the AI theme. Our focus is on keeping the Portfolio strongly exposed to companies with improving fundamentals and upward earnings revisions across sectors and regions, whatever the path of the cycle. We also expect diversification and quality to come back into favour, rewarding investors who own durable, high-quality earnings streams.

BOUGHT: Motorola Solutions – attractive non-AI growth business with earnings momentum turning positive again



Source: Bloomberg, 14 November 2026

SOLD: Caterpillar following strong run and slowing EPS revisions



Source: Bloomberg, 14 November 2026

Travellers Tales: Responsible Investment Trends in the European market

This month Moana from our responsible investment team headed to Amsterdam for PRI in Person, joining some 1,600 others to deliberate investor priorities in the region. She also squeezed in meetings with nearly 50 European companies, plus a few site visits, to hear about the ESG and sustainability programs at work.

PRI in Person: resilience is the buzzword

Responsible investment is still firmly on the agenda, but it has picked up a companion. Moana's key takeaway from Amsterdam is that "resilience" now sits alongside ESG and sustainability as a core stewardship theme. Climate, nature loss and supply chain security are resilience risks, not just ESG ones. Add geopolitics and a push for local economic productivity, and Europe's priorities boil down to three things: energy security, affordability and AI leadership.

Unsurprisingly, AI and data centres dominated investor conversation. The quote of the day was hard to argue with: "milk is more regulated than AI". Regulators are struggling to keep pace with the fast-moving technology, and the race for AI leadership between nations is pushing innovation fast. For investors, sensible AI adoption, emissions and power implications, water use and community pushback are now part of the picture. It all looks familiar to anyone who has watched the mining sector earn (or lose) its social licence over the past two decades. Data centres around the world are already learning the same lesson.

The grid feels like a bottleneck for both AI and decarbonisation, and batteries are a solution, with caveats. Connection queues and renewable curtailment are making storage the stronger investment story in the EU. But the open questions are permitting, safety, recyclability and responsible supply chains, and investors need to be across these ESG considerations as deployment ramps up. The EU's battery passport regulation is addressing this, in part, but investors need to be across responsible battery deployment too.

The rest of the conference covered no shortage of global challenges. From the systemic cost of poor health and obesity to responsible defence investing, to physical climate risk, human rights and cybersecurity. It made for plenty of reflection on the long flight home.

On the road: fish farms, data centres, factories and a plastics problem

There is nothing like hearing from companies directly, and seeing them first-hand, to get a feel for what is going well on sustainability, what is proving tricky, what is being incentivised and what is being disclosed. Meetings ranged from holdings in our Global funds to other companies across consumer, banks, industrials and energy. The ambition on sustainability was reassuring, and decarbonisation remains a strong focus, with scope 3 emissions targets increasingly the norm. Several companies were also trying to estimate the emissions from their own AI use, one of the faster-growing parts of their indirect footprint.

The US influence on the EU was a tale of two halves. US anti-ESG sentiment has yet to take hold meaningfully in Europe, at least so far. US investor expectations on AI, on the other hand, seem influential. BNP Paribas, for example, guided to €750m of AI efficiencies in 2026, partly because US investors worried it was falling behind US banking peers. AI productivity gains are a key question across our portfolios, so it was useful to hear a company put a number on them.

Brussels, meanwhile, is far from finished on regulation. The omnibus package trimmed some requirements, but companies still expect plenty more, from the carbon border adjustment mechanism to deforestation, sustainable fashion, recycled plastics and supply chain due diligence. Many see it as a driver of better practice and European resilience. Dry as regulation may be, it matters to global investors more broadly. Several rules will reach non-EU companies, namely those with operations and exports there, while these sustainability regulations also influence approaches in other markets.

Not everything on the road was policy and pressure. The best site visit was to a data centre working on a circular water system with the trout farm next door. Data centres usually make headlines for water stress and community pushback on electricity use, so this partnership was a pretty cool concept on sustainable data centre design.

Back in the UK, **AstraZeneca** gave Moana a tour around the Cambridge R&D hub, one of only six in the world and a specialist in respiratory care. AI seems to be used at every step of the process, from digesting scientific journals to improving the odds that a drug makes it through trials – an incredible technology use case for good.

Then to the factory floor, at the **BMW** plant in Munich and the **Volkswagen** plant in Wolfsburg, the impacts of robotic automation were clear with very little people on the vehicle production line. It was a good reminder of the just transition considerations outside of the energy sector, with BMW committed to reskilling employees in an in-depth just transition policy and program in a public commitment.

The focus on regenerative agriculture was a surprise standout for consumer companies, particularly in dairy. **Danone** says around 42% of its key ingredients already come from farms meeting at least Level 1 of its internal scorecard developed with the World Wildlife Foundation (WWF). The plan is to bring more farmers in

first and then lift their practices over time. Definitions and measurement still vary, but how regenerative practices are measured, encouraged and adopted is a useful question for companies across global agricultural supply chains.

The area which was a little disappointing to hear was the challenge on packaging and plastics. **Danone**, **Unilever** and **LyondellBasell** have all dialled back their targets, given the limits of recycling infrastructure, and Moana saw the challenge first-hand at LyondellBasell's chemicals plant near Rotterdam. If it is this hard in Europe, which is well ahead of most markets, it says something. The circular economy still needs the infrastructure, policy support and commercial solutions to manage plastic waste.



Green Mountain's Rjukan datacentre, situated near a land-based trout farm trialling reuse of warm water in a circular system, to heat the fishery, where cool water is returned 2026

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