

Alphinity Concentrated Australian Share Fund

The Alphinity Concentrated Australian Share Fund is a well-diversified, high conviction concentrated portfolio of Australian stocks listed on ASX.

Why choose this fund?

The Fund is suitable for investors aiming for a higher return compared to the market, but prepared to take on additional volatility. The Fund is a diversified portfolio of 20-35 best ideas derived from the broader Alphinity Investment Management (Alphinity) investment process. It has a suggested time horizon of at least five years and aims to meet the Fund's investment objectives in a risk-controlled manner.

Key features of the Fund:

- Focused portfolio of quality large cap companies at the right point in their earnings cycle.
- Alpha will be delivered predominantly from high conviction stock selection.
- Active Share typically around 60%.
- Managed by a cohesive and experienced team that have used the proven process since 2004.

How does the Fund work?

Investment philosophy

We believe that a company's current and expected earnings growth ultimately drives its share price performance. Research has shown there is a systematic mispricing of individual equities over the short to medium term – due to under, or over, estimation of a company's earnings ability.

This provides an opportunity for increased investment returns once the true earnings path of a company becomes apparent to the market.

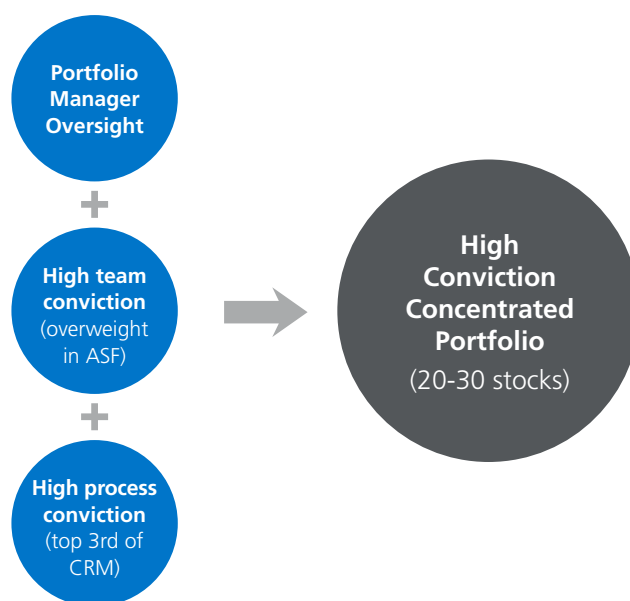
Investment approach

The team conducts detailed fundamental and quantitative research on a large selection of Australian listed companies. The goal is to identify quality, undervalued companies in – or about to enter – an earnings upgrade cycle.

This research is brought together by a proprietary in-house investment tool, the Composite Research Model (CRM). The CRM allows the team to objectively compare companies across, and within sectors, helping to construct efficient portfolios with the information available. Importantly, it provides the team with strong 'buy' and 'sell' signals.

Portfolio construction

We follow a disciplined process to ensure that the Fund is a collection of Alphinity's highest conviction calls.



Step 1: High team conviction

The universe of eligible companies starts with the extensive work already undertaken on the Alphinity Australian Share Fund. Has the stock passed all the hurdles to make it into the broader ASF first as an overweight position? This ensures the disciplined rigorous process used to select stocks in the broader fund is replicated in the Alphinity Concentrated Share Fund.

Step 2: High process conviction

For a stock to be included in the concentrated portfolio it must be the team's best ideas with highest conviction, with highest probability of getting it right. Therefore it has to have a top third ranking in the CRM, as a minimum.

Step 3: Model portfolio construction

A concentrated portfolio of eligible stocks is then constructed by the portfolio manager. The manager takes an intentional large cap bias and aligns with the same risk/reward benchmark aware philosophy as the Alphinity Australian Share Fund.

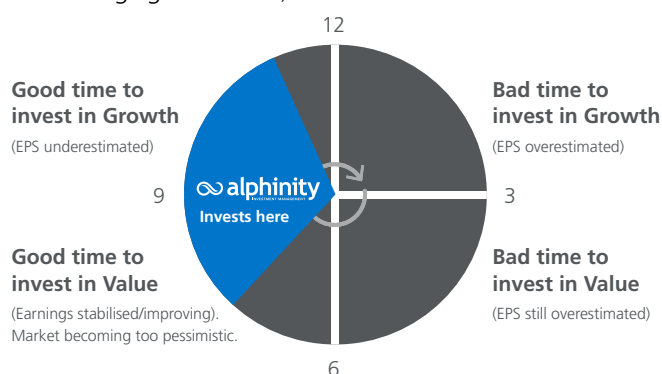
Step 4: Risk oversight

Fundamental risk oversight is managed in the portfolio to check and adjust for any unintended sector or factor biases, that can result in a Concentrated fund.

The outcome

The result is a portfolio of high conviction quality companies, with positive earnings momentum, constructed in a disciplined risk aware framework.

The following chart indicates our preferred time to invest in a company's earnings life cycle (regardless of earnings growth rate).



About Alphinity

Alphinity is an equity investment manager with around A\$10 billion funds under management (as at December 2019). We invest in companies with underestimated forward earnings expectations which we identify using a combination of fundamental analysis and select quantitative inputs.

Alphinity's structure ensures a clear alignment of interests with our clients to deliver consistent outperformance over time. It has:

- A clear and proven investment philosophy.
- A unique, disciplined and rigorous investment process.
- A highly experienced, cohesive and accomplished investment team.

Alphinity utilises the expertise of Fidante Partners' administration and distribution services. Fidante was responsible for more than A\$62 billion funds under management as at December 2019.

Fund characteristics

Inception date: 1 September 2010

Objective: The Fund aims to outperform its benchmark after costs and over rolling five-year periods.

Benchmark: S&P/ASX 200 Accumulation Index

Minimum initial investment: \$10,000, or \$1,000 with Regular Savings Plan.

Management fee: 0.80% p.a.

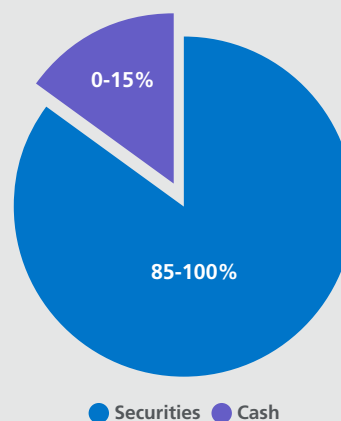
Performance fee: 15% of the Fund's return above the S&P/ASX 200 Accumulation Index

Distribution frequency: Quarterly

APIR code: HOW0026AU

ASX mFund code: ALH02

Asset allocation ranges



Find out more

To find out more, please contact your local Fidante Partners Business Development Manager or call the Fidante Partners' Adviser Services Team on 1800 195 853 or visit us at: www.alphinity.com.au

Important information

The information in this publication is current as at the date of publication and is provided by Alphinity Investment Management Pty Limited ABN 12 140 833 709 AFSL 356 895, the investment manager of the Alphinity Concentrated Australian Share Fund (Fund). It is intended to be general information only and not financial product advice and has been prepared without taking into account your objectives, financial situation or needs. You should consider the applicable disclosure document or product disclosure statement (PDS) and any additional information booklet for the Fund before deciding whether to acquire or continue to hold an interest in the Fund. The PDS can be obtained from your financial adviser, Fidante Partners' Investor Services team on 13 51 53 or website www.fidante.com.au. Please also refer to the Financial Services Guide on the Fidante Partners website. Past performance is not a reliable indicator of future performance. Neither your investment nor any particular rate of return is guaranteed. Fidante Partners Limited ABN 94 002 835 592 AFSL 234668 (Fidante Partners), is the responsible entity of the Fund. Other than information which is identified as sourced from Fidante Partners in relation to the Fund, Fidante Partners is not responsible for the information in this publication, including any statements of opinion.