

Alphinity Sustainable Share Fund

The Alphinity Sustainable Share Fund (the Fund) provides a diversified portfolio of Australian stocks listed on the ASX that have strong Environmental, Social and Governance (ESG) characteristics and, where possible, contribute towards the advancement of the UN Sustainable Development Goals (SDG) agenda.

Alphinity's approach to sustainable investing

Society faces significant challenges to achieve sustainable development. Alphinity aims, through this specialised fund, to play a role in helping to address these challenges.

We are committed to supporting those companies we believe do good and avoiding those we believe don't. We seek companies which, along with offering attractive financial returns, rank well on ESG metrics and, where possible, have the capacity to make a positive impact on society in areas of economic, environmental and social development by contributing towards the advancement of the UN SDG agenda, as that agenda evolves.

We avoid companies that are materially involved in activities we consider harmful to society and are inconsistent with the achievement of the Goals, and/or display poor practices in their management of ESG issues.

Key features of the Fund:

- Aligns your investment goals with your values.
- Invests with companies that are contributing to positive ESG and, where possible, Sustainable Development Goals and that offer attractive prospective returns.
- Invest with a proven team, disciplined philosophy and strong track record.
- Supported by a committee with two eminent independent sustainability experts.

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 300 Accumulation Index

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

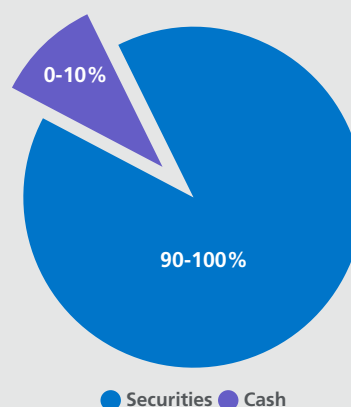
Management fee: 0.95% p.a.

Distribution frequency: Quarterly

APIR code: HOW0121AU

ASX mFund code: ALH03

Asset allocation ranges



Portfolio construction

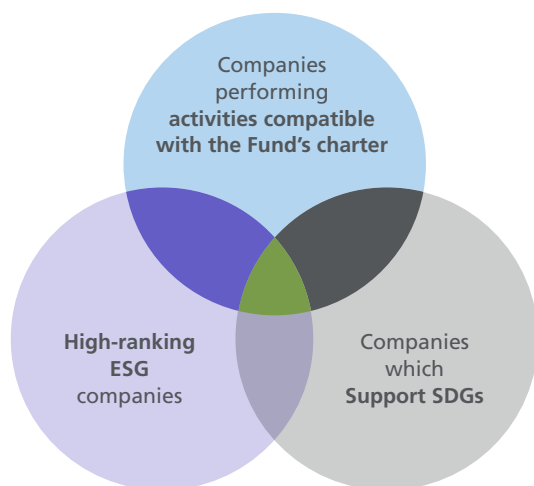
Step 1: Define the investable universe

We begin with the ASX300 and apply a screen to identify companies which:

- Perform activities compatible with the Fund's Charter
- Rank in the top 60% of ESG companies, and
- Contribute towards one of more of the UN SDGs where possible.

A negative screen is also applied to eliminate any companies generating more than 10% of revenues from activities considered incompatible with the Fund's Charter, including:

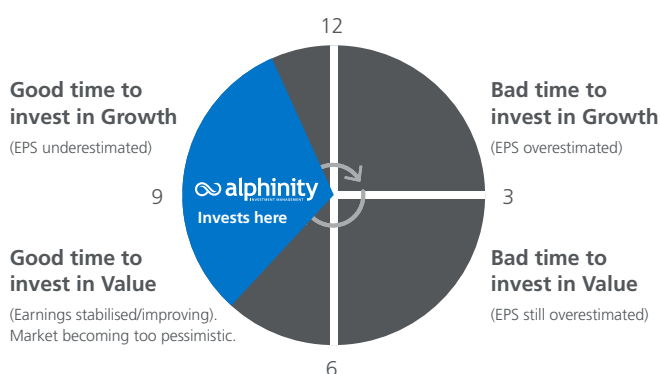
- High impact fuels (thermal coal, coal-seam gas, uranium, shale oil)
- Gold mining
- Animal mistreatment
- Addictions such as Tobacco, Alcohol and Gambling
- Armaments manufacturers
- Old growth forest logging and users of non-RSPO¹ palm oil
- Predatory lending and hostile debt collection
- Pornography



Many companies provide inadequate disclosure on how they perform according to the UN SDGs so Alphinity uses the research databases of independent research organisations, MSCI ESG Research along with the Sustainable Share Fund Compliance Committee to gain further insights.

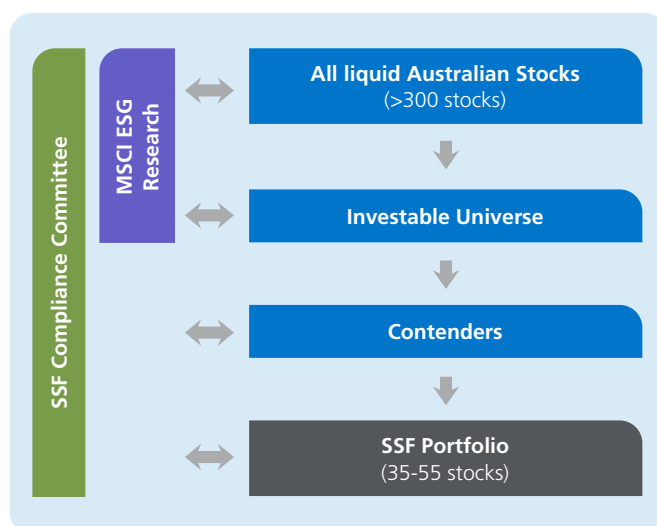
Step 2: Find compelling sustainable companies

Using Alphinity's investment philosophy and process, we combine Fundamental and Quantitative research to assess stocks to ensure that they are quality, undervalued companies in or about to enter an earnings upgrade cycle. The following chart indicates our preferred time to invest in a company's earnings cycle, regardless of earnings growth rate or market conditions.



Step 3: Construct a balanced portfolio

of 35-55 companies with attractive investment fundamentals and prospects. We do not identify with any particular investment "style" as our approach has proven successful though a number of different market cycles, although our process will typically have a slight bias towards growth.



1 Roundtable on Sustainable Palm Oil

Sustainable Share Fund Compliance Committee

We have established a Committee which includes two independent sustainability experts.

The Committee's role is to rigorously review the investable universe to ensure compliance with the Charter; adjudicate on "grey areas"; refine the Fund's Charter and filters as the SDGs evolve; help identify areas of company engagement; and review the external service providers used.

A signatory to the United Nation's backed Principles for Responsible Investment

Alphinity has been a signatory to the United Nations-backed Principles for Responsible Investment since 2011.

We have long adhered to these principles as sound practice when managing money and supporting it reflects our desire to promote the Principles as a matter of good corporate governance. Find out more about the Principles for Responsible Investment by visiting: www.unpri.org

The UN Sustainable Development Goals

The 17 SDGs of the 2030 Agenda for Sustainable Development were adopted by world leaders at a UN summit in September 2015 and officially came into force in January 2016. While the SDGs are not legally binding, governments are expected to establish national frameworks for the achievement of the 17 Goals.

Over the next fifteen years, with these new goals that universally apply to all, countries will mobilise efforts to end all forms of poverty, fight inequalities and tackle climate change, while ensuring that no one is left behind.



Visit <http://www.un.org/sustainabledevelopment/> to find out more about the Sustainable Development Goals.

Signatory of:



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).

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

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