30 September 2026 – Factsheet

Centuria LifeGoals

Centuria

Alphinity Sustainable Australian Shares Fund

The Fund aims to outperform the S&P/ASX 300 Accumulation Index after costs and over rolling five-year periods.

Investment manager

Alphinity Investment Management Pty Ltd

Investment strategy

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. The Fund aims to be invested across different industries and sectors in order to meet the Fund's investment objectives in a risk- controlled manner. The Fund will utilise Alphinity's unique process of seeking sustainable, undervalued companies in or about to enter an earnings upgrade cycle.

Target allocation

Australian equities	90-100%
Cash	0-10%

Performance returns

RETURNS TO 30/09/2026	1 MTH	3 MTH	6 MTH	1 YR	2YR[1]	3YR[1]
Net returns (%)[2]	-1.10%	-1.66%	3.07%	-0.75%	5.28%	8.59%

Performance graph[3]



A $10,000 investment in Centuria Alphinity Sustainable Australian Shares Fund made at inception is worth $14,827 as of 30 September 2026 after all fees and taxes paid within the Investment Option.

Key features

APIR code	OVS9577AU
Minimum initial investment	$500
Minimum additional investment plan	$100
Minimum switching amount	$500
Minimum balance	$500
Contribution fee	Nil
Annual management fee[4]	0.97%
Suggested timeframe	5 years

1. Periods greater than 1 year are expressed in annualised terms.
2. Past performance is not a reliable indicator of future performance.
3. Fund inception on 28/09/2020.
4. Refer to product disclosure statement for fee breakdown.

Fund commentary

The Fund underperformed its benchmark over the September Quarter. The biggest contributions came from glove maker Ansell, metal detection and communications company Codan and recently listed building fit-out company FDC. An underweight position in CSL, exposure to Property Trust Charter Hall and an overweight holding in retail conglomerate Wesfarmers were the largest detractors.

Market Outlook

Bond yields, cash rates and inflation have been all the rage recently – here and offshore. With long bonds in Australia and the US back to levels last seen in the noughties, you would think it has to start having impact somewhere. Like most things macro, the market can ignore something conveniently for a time, until it absolutely can't. It feels like we're at (or close to) that point. However, there is a big difference on this front between Australia and the US, and that is earnings.

Typically (and with the all-encompassing get out clause "all else equal"), higher bond yields equal high discount rates, which equal lower equity valuations, especially for growth stocks with more of their value in outer years. Of course, it's never that simple. Equity valuations are essentially (over long time periods) companies' discounted expected cash flows. There is a lot that goes into that, not the least of which is actual and expected earnings of the companies. What we are seeing in the US is rising expectations for earnings, initially directly from tech and the AI related companies, but more lately broadening out in the economy (likely still related to tech and AI, just with a broader positive impact on the economy than prior expectations). While the US equity market has slowed its meteoric rise as long bond yields spiked, it has not rolled over. It seems the rise in earnings growth expectations is at least offsetting the rise in discount rate, for now.

In contrast, Australia has falling earnings expectations. We don't have the AI related earnings underpinnings that the US has, at least not until the neo-clouds take over! So higher discount rates do translate to lower expected valuations, especially on more growthy stocks, and that means, all else equal, a lower market. Which we saw in September. In Australia it has meant more than just a lower market of late, it has also meant a much bigger internal rotation as to where relative performance lies. The chart below shows the Australia Market PE (Price to Earnings) Dispersion, which is the ratio of the PE for the top quintile of companies' valuations vs the PE for the lowest quintile. So if the line goes up, higher PE stocks are getting higher relative to lower PE stocks (i.e. growth stocks are doing better by and large) and vice versa as the line falls.

As bond yields continued to fall from the mid 2010's until the Covid induced yields under 1%, the PE for the higher PE cohort rose enormously relative to low PE stocks (ask any Value manager!). By definition they are most sensitive to discount rates. Inflation then kicked in and rates and yields rose materially in 2022 into 2023, and that ratio fell as you might expect. Then rates stopped going up and talk about rate cuts started. At the same time the AI trade really kicked into gear, and so up we went again. Finally, a year ago bond yields started to rise again quite materially (for many reasons that can be debated), questions started to arise around various parts of the AI trade, inflation picked up, and we've now had 2 major legs down in that ratio – correlating to 2 major value rotations in the last year (ask any Growth manager!).

Now we realise this is a simplified overview, but it highlights the undercurrents in markets as well as the top-down view. Long bond yields have more of an effect than just discount rates. If you are a highly geared firm that can be an issue regardless of whether you're a value or a growth company. It can cause economic slowdown and credit issues (hello private credit), less credit velocity in an economy (hello banks), countries' fiscal positioning comes into focus (hello US) and so on. But today the first-round effects are easier to see (relative valuation via discount rates). The second and third round effects are however more interesting going forward we believe from a market and portfolio view. What are going to be the economic and earnings impacts? Value rotations tend to lift all boats of all quality and questionable earnings outlooks. Earnings however keep them afloat. Currently the US has an AI earnings floatation device – fine as long as that stays inflated. Australia however seems a little bit at sea. We think individual companies' positive earnings outcomes are going to be even more highly valued in the year ahead, with misses punished, especially if they have a higher PE.

Portfolio Positioning

As such our portfolio remains highly focussed on individual company earnings outcomes and trying to peer through the rotation fog for now. The PE of the portfolio remains at or below market levels to give us some protection.

While we remain a little overweight Technology, it is very earnings revisions focussed with an acute understanding of current valuation risks. We are underweight the sectors with earnings risk such as domestic Banks, domestic Consumer Discretionary and domestic Industrials.

We are overweight Metals and Mining but are choosing our exposures carefully as upside for the various commodities is no longer uniformly up. We still prefer Copper, Steel and Lithium.

Outside of that our overweight exposures are driven individually across sectors having added in Healthcare, Diversified Financials, and select offshore earnings names more recently.

Disclaimer: This fund commentary has been directly sourced from the Alphinity quarterly factsheet available on their website.

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Contact Information

Sean Cole

Relationship Manager
Email: sean.cole@centuria.com.au

Paul Wilson (WA/TAS)

Relationship Manager
Email: paul.wilson@centuria.com.au

Paul Roach (NSW/ACT)

Distribution Manager
Email: paul.roach@centuria.com.au

Dani Dy (QLD)

Distribution Manager
Email: dani.dy@centuria.com.au

John Kostopoulos (VIC/SA)

Distribution Manager
Email: john.kostopoulos@centuria.com.au

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