Insync Global Capital Aware Fund - Monthly Update

31 January 2019

Fund Performance

	5 Year Rolling	1 Month	3 Month	1 Year	2 Years	3 Year	5 Year	7 Year	Since Incep#
Global Portfolio Return after Fees before Protection^	14.63%	4.62%	-1.53%	6.15%	15.06%	9.56%	10.86%	14.63%	11.30%
Insync Global Capital Aware Fund*	12.05%	3.28%	-1.36%	4.54%	12.75%	7.09%	8.07%	12.34%	9.41%
MSCI ACWI (ex AUS) NTR (AUD)~	14.55%	4.19%	-1.14%	2.77%	10.90%	10.49%	10.71%	14.84%	10.55

Source: Insync Funds Management as at 31/01/19 – Past Performance is not a reliable indicator of future performance
*Represents net of fees and costs performance, assumes all distributions reinvested. ^Represents performance net of all management fees less the cost of the Put Option Protection. ~ MSCI All Country World ex-Australia Net Total Return Index in Australian Dollars. # Inception date 9/10/2009

Performance Commentary

Equity markets rebounded strongly in January after one of the worst Decembers on record. Comments by the US Fed calmed investors' nerves, indicating any softer economic data may result in a pause in interest rate hikes. This marked a significant change in Fed commentary. Sector returns were generally strong across the board. The energy sector is a good example as it bounced back along with oil prices. Defensive consumer staples, utilities and health care sectors were the poorest performers.

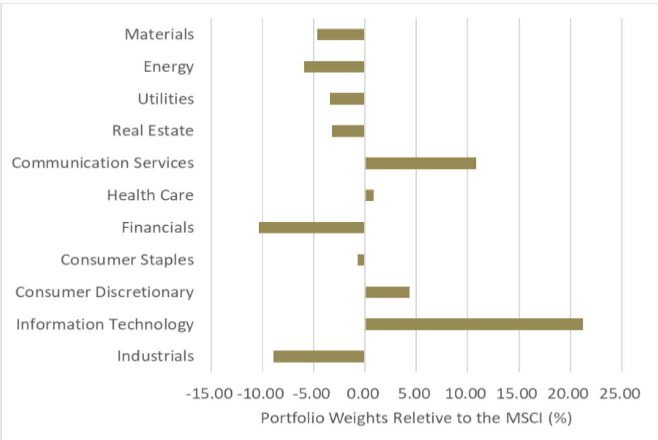
Our Global Capital Aware fund delivered a return of +3.28%, after the cost of downside protection, in January compared to the benchmark return of +4.19% (Our long-only Global Equity Fund at 4.62%). Strong contributions from stock selection was partially offset by a decline in the value of the index 'puts' due to a sharp market recovery and significant fall in volatility.

Positive highlights include Facebook, Intuit, Intercontinental Hotel Group, London Stock Exchange and Adidas. Detractors were Twenty-First Century Fox, Heineken, Walt Disney, Visa and Zoetis. No currency hedging continues across both funds. Insync considers the main risks to the Australian dollar to be on the downside.

Risk Measures

12 Month Standard Deviation	11.15%
12 Month Sortino Ratio	0.49
12 Month Down Capture Ratio	0.66
3 Year Standard Deviation	10.02%
3 Year Sortino Ratio	1.05
3 Year Down Capture Ratio	1.01
12 Month Attribution – Stocks	4.73%
12 Month Attribution – Options	-1.63%

Portfolio Sector Weights vs MSCI



Top Holdings

Intuit	6.5%
Accenture	5.5%
Visa	5.2%
Alphabet	4.3%
Amadeus IT Group	4.3%
Boston Scientific Corp	4.2%
Twenty First Century Fox	4.1%
Booking Holdings	4.0%
Adobe	3.9%
Facebook	3.8%

Key Portfolio Analytics

	Portfolio	Index
Forward PE	22.2	18.0
ROIC	44.7	12.0
Market Cap (USD avg)	126.0	57.1
Market Cap (USD median)	52.0	7.2
Std deviation (ex ante)	12.4	10.7
Net Debt to Equity	18.7	98.0
Total Debt to EBITDA	1.63	3.35

Technology Sector – a less populist view

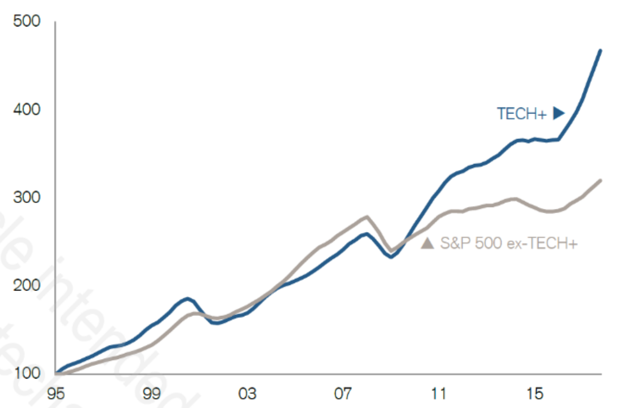
Some investors now look at technology companies with derision painting a picture of an investment bubble. In particular, the so-called FANG stocks. Privacy issues grabbing media headlines don't automatically equate to severe financial impacts in this sector.

'Overvalued' is a common cry, yet without considering the **quality** of their business models underpinning them and the Megatrends they ride.

Delivering consistently high returns on invested capital (ROIC), generating prodigious amounts of cash flow, long runways of growth and very strong balance sheets are ignored by many - but not us. We see compelling long-term value.

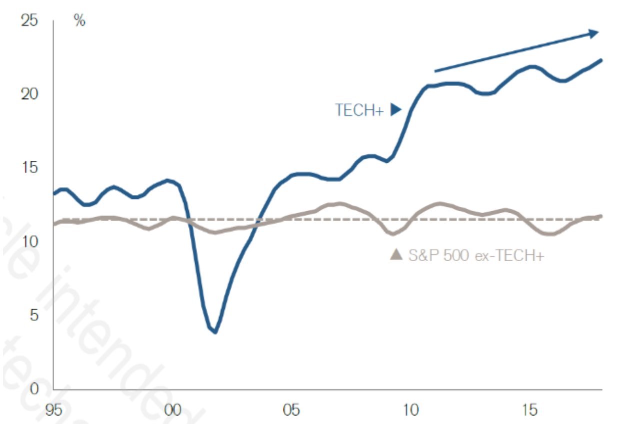
An excellent example using PayPal can be found on the "Updates" page on our website.

Revenue Growth (Indexed to 100)



Note: 4-Quarter Moving Average; TECH+ is the Technology Sector, Internet Retail within Discretionary, Interactive Media & Services, Interactive Home Entertainment, and Netflix from Movies & Entertainment within Communication Services.
Source: Standard & Poor's, Thomson Financial, FactSet, Credit Suisse

EBIT Margins



Note: S&P 500 ex-Financials; Trailing 12-Month EBIT Margin; 4-Quarter Moving Average; TECH+ is the Technology Sector, Internet Retail within Discretionary, Interactive Media & Services, Interactive Home Entertainment, and Netflix from Movies & Entertainment within Communication Services.
Source: Standard & Poor's, Thomson Financial, FactSet, Credit Suisse

The trends in these two graphs (excellent work by Credit Suisse) show technology revenues growing at a faster rate than the general market since 2009 with profitability (based on margins) also much higher. Technology balance sheets are much stronger than the market average.

Many have no debt and plenty of cash - a highly attractive proposition in a world drowning in debt. This offers plenty of downside protection in the event of a major economic shock or recession.

Despite all these positive attributes, investors followed the media headlines and the market herd resulting in indiscriminate selling during December. Astute investors were able to purchase some of the best at just a modest premium to the general market.

Conclusively the technology sector has some of the best growth and profitability dynamics and is one of the safest places to invest in the years ahead. It's easy to jump on populist bandwagons but it is prudent to do otherwise when investing. They key is to be forward looking beyond the next year in selecting the out-performers.

Key Information

Portfolio Managers	Monik Kotecha and John Lobb
Inception Date	7 October 2009
Management Fee	1.3%p.a. of the NAV
Buy/Sell Spread	0.20% / 0.20%
Distribution Frequency	Annually
APIR Code	SLT0041AU
Trustee	EQT Responsible Entity Services