

November 2021

For Investors That Think

Strong positive returns in November resulted in outperformance of the benchmark. Indeed, this was the outcome across all 9 measurement periods for the Global Quality equity Fund and 7 of the 9 (bar just two only slightly under benchmark after cost of the Puts) for the Global Capital Aware Fund.

This pays testament to the long successful history of our process. Whilst there continues to be intense debate around whether inflation is transitory or structural, perhaps a policy mistake by central bankers is imminent, or how the virus will unfold over the next year; Insync's focus on structural growth trends obviates the need to get these 'calls' right. Our focus is on delivering strong consistent returns for our investors, with less risk, over the investment cycle. We do this by investing in businesses that are highly profitable and cash generative, with strong balance sheets. This means they are less reliant on external funding to fund their future growth, and extremely well positioned to be a major beneficiary of Megatrends. This drives the numbers below.

	1 Month	3 Months	6 Months	1 Year	2 Years	3 Year	5 Years	10 Years	Since Incep#
Insync Global Quality Equity Portfolio ^	7.74%	3.20%	21.04%	26.64%	20.66%	24.90%	20.73%	17.63%	14.93%
Insync Global Capital Aware Fund*	7.71%	2.83%	20.08%	23.92%	21.47%	25.07%	19.81%	15.49%	13.00%
MSCI ACWI (ex AUS) NTR (AUD)~	3.40%	1.38%	12.40%	24.05%	14.55%	17.19%	15.03%	15.73%	12.28%
Global Quality Active Out-Performance	4.34%	1.82%	8.64%	2.59%	6.11%	7.72%	5.70%	1.90%	2.65%
Global Capital Aware Active Out-Performance	4.31%	1.45%	7.68%	-0.13%	6.92%	7.88%	4.78%	-0.24%	0.72%

Source: Insync Funds Management - Past Performance is not a reliable indicator of future performance. *Represents net of fees and costs performance, assumes all distributions reinvested. ^Returns prior to July 2018 represent the underlying Insync Global portfolio (including cash) inclusive of a 0.98% p.a. MER. ~ MSCI All Country World ex-Australia Net Total Return Index in Australian Dollars. # Inception date 9/10/2009

3 big Megatrends boosting returns

Many of the companies in the portfolio delivered strong quarterly earnings numbers and particularly in these 3 Megatrends. Over time, the increase in the share price of a company follows its earnings growth. Exuberant sentiment may propel it further temporarily but eventually it is this facet that determines its price. Investing in highly profitable companies benefitting from Megatrends provides this strong earnings growth. Not only higher than global GDP over a full economic cycle but also often surprising most investors in terms of both magnitude and duration.

Here are three notable Megatrends providing strong contribution for the month. Negative contributors were the silver economy and contactless payments.

Household Formation Megatrend - Some 12.3 million American households were formed from January 2012 to June 2021, but just 7 million new single-family homes were built. The supply of U.S. homes for sale is near a record low, and the gap between supply and demand is widening. This is occurring at a time where the millennial generation is reaching peak 1st home purchase age in next 2-5 years. Also, the 46 year old age cohort will accelerate over next 15 years and they are typically 2nd home buyers. This provides multi-year tailwinds for beneficiaries of the household formation Megatrend.

Enterprise Digitisation Megatrend - Digital transformation that was projected to happen over the next 10 years is happening now. Companies have accelerated their spend on enterprise digitisation. This is in response to the rapid adoption of the hybrid work model, as a result of the pandemic, and the rapid advances in technology. Microsoft's CEO, Satya Nadella, is expecting Tech spend as a percentage of total GDP (gross domestic product) to double from five to 10 percent over the next 8 years.

Internet of Things Megatrend - A key enabler for this is 5G. The global 5G services market is expected to grow at a compound annual growth rate (CAGR) of 23%, to reach \$188 billion in 2025. Rising demand from the Internet of Things (IoT) is anticipated to contribute to higher demand for 5G services in order to deliver high performance and efficiency.

Compounding returns through investing in multiple Megatrends

Insync currently invests in 28 highly profitable companies across 16 Megatrends. The benefits of investing in a diversified portfolio of technology and non-technology Megatrends are that it clearly delivers consistently strong returns with lower risk complementing other investment styles in a portfolio.

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Statistical Monthly Update

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MSCI ACWI (ex AUS) NTR (AUD)~	3.40%	1.38%	12.40%	24.05%	14.55%	17.19%	15.03%	15.73%	12.28%

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Risk Measures – Global Quality Equity Portfolio^

	1 Year	3 Years	5 Years
Standard Deviation	15.33%	14.47%	13.05%
Tracking Error	9.49%	7.88%	6.96%
Information Ratio	0.27	0.98	0.89
Sharpe Ratio	1.73	1.68	1.55
Batting Average	50.00%	66.67%	61.67%

Risk Measures – Global Capital Aware Fund*

	1 Year	3 Years	5 Years
Standard Deviation	15.26%	13.23%	12.04%
Tracking Error	9.60%	8.93%	7.65%
Information Ratio	-0.01	0.88	0.63
Sharpe Ratio	1.56	1.85	1.57
Batting Average	50.00%	63.89%	56.67%

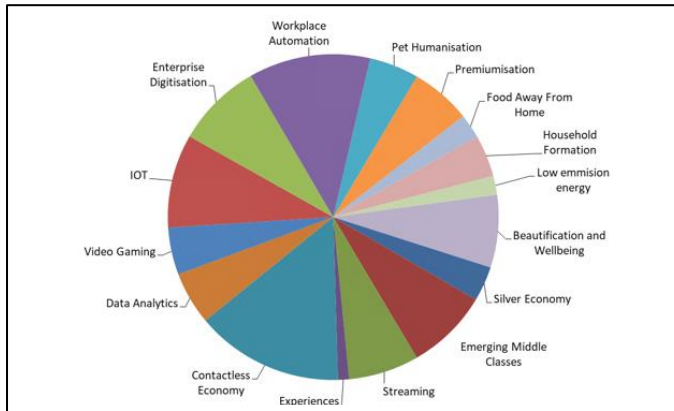
Capture Ratios – Global Quality Equity Portfolio^

	3 Years	Since Incep#
# Index Positive Months	25	94
# Index Negative Months	11	52
Up Market Capture	1.24	0.99
Down Market Capture	0.94	0.68
Capture Ratio	1.32	1.46

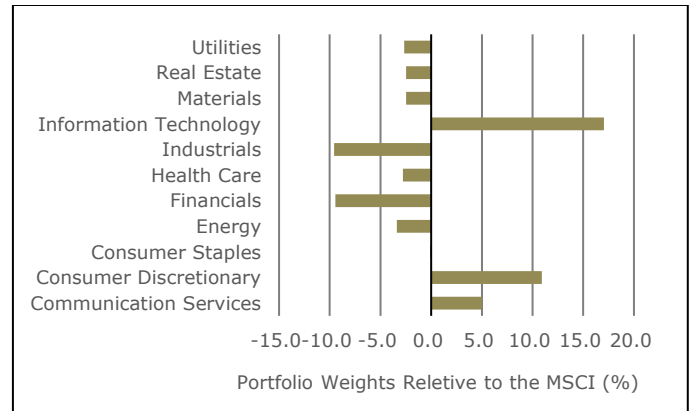
Capture Ratios– Global Capital Aware Fund*

	3 Years	Since Incep#
# Index Positive Months	25	94
# Index Negative Months	11	52
Up Market Capture	1.14	0.85
Down Market Capture	0.64	0.59
Capture Ratio	1.76	1.44

Megatrend Exposures



Portfolio Sector Weights vs MSCI



Top 10 Active Holdings

Stock	%
Qualcomm	5.2%
Domino's Pizza	4.0%
Apple	3.7%
S&P Global	3.7%
NVIDIA	3.6%
Meta Platforms Inc	3.6%
Home Depot	3.3%
Qorvo Inc	3.1%
Adobe	3.1%
Nintendo	2.9%

Key Portfolio Analytics

	Portfolio	Index
Forward PE	28.70	45.31
ROIC	73.20	14.86
Market Cap (USD Bln avg)	573.95	47.57
Market Cap (USD Bln median)	165.06	18.07
Std deviation (ex ante)	17.73	14.54
Net Debt to Equity	156.22	57.49
Total Debt to Ebitda	1.67	3.42

Key Fund Information

	Insync Global Quality Fund^	Insync Global Capital Aware Fund*
Portfolio Managers	Monik Kotecha and John Lobb	
Inception Date	1 July 2018	7 October 2009
Management Fee	0.98%p.a. of the NAV	1.3%p.a. of the NAV
Performance Fee	Nil	Nil
Buy/Sell Spread	0.20% / 0.20%	0.20% / 0.20%
Distribution Frequency	Annually	Annually
APIR Code	ETL5510AU	SLT0041AU
Trustee	Equity Trustees Limited	Equity Trustees Limited

Disclaimer

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