MONEY MANAGEMENT FUND MANAGER OF THE YEAR 2020
AUSTRALIA'S FIRST INDEPENDENT AND WHOLE OF MARKET AWARDS
WINNER
Emerging Manager

insync fund managers

November Monthly Update

	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	Since Incep#
Insync Global Capital Aware Fund*	2.62%	-0.20%	5.18%	19.06%	25.64%	17.86%	13.21%	13.67%	12.06%
Insync Global Quality Equity Portfolio ^	3.73%	0.81%	7.59%	14.97%	24.04%	17.82%	14.60%	16.17%	14.33%
MSCI ACWI (ex AUS) NTR (AUD)~	6.99%	6.41%	10.08%	5.78%	13.90%	10.15%	10.50%	12.45%	11.28%
Global Capital Aware Active Out-Performance	**-4.37%**	**-6.62%**	**-4.90%**	**13.28%**	**11.74%**	**7.71%**	**2.70%**	**1.22%**	**0.78%**
Global Quality Active Out-Performance	**-3.26%**	**-5.61%**	**-2.50%**	**9.19%**	**10.14%**	**7.67%**	**4.10%**	**3.72%**	**3.05%**

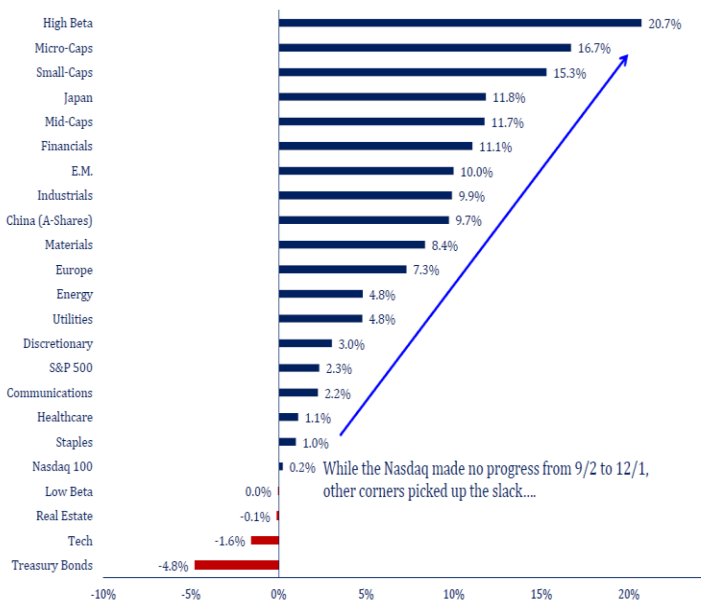
Source: Insync Funds Management - Past Performance is not a reliable indicator of future performance. *Represents net of fees and costs performance, assumes all distributions reinvested. ^Returns prior to July 2018 represent the underlying Insync Global portfolio (including cash) inclusive of a 0.98%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

Markets knee-jerk response to vaccines…

Insync's positive returns underperformed the benchmark due to the very strong "risk-on rally". This rally has impacted our relative short-term results.

This can be observed in the chart below. It shows the performance of different segments of investment markets across October and November. The highest risk stocks (High beta), small caps and value stocks (e.g. financials and energy) have strongly outperformed dragging the overall index higher.

Companies that are the most cyclically sensitive, highly leveraged, or unprofitable tend to be in the *high beta* and *value* categories. Quality stocks, where Insync focuses, underperformed. This is normal in the early part of an economic recovery.



Source: Strategas

When did this type of market rally last appear? 2016 when Trump won. Markets thought all his words and actions would bear fast and amazing fruit, just as Covid vaccines today are fueling *immediate* and *total* recoveries across all sectors in sales, employment, activity and earnings; and with debt being of no consequence either.

Insync's performance profile in 2016 was like that of today. Maintaining a rifle-like focus on the most profitable businesses then, ensured that the fund after a brief period of underperformance (<six months), outperformed strongly for the next three and half years.

As you would expect, we are not deviating from our stated path and approach to investing. It should be remembered that many of the stocks surging ahead today had fallen far behind for many years prior. This is not reflected in today's return tables. It would take many more years of out-performance for them to break even with our quality stocks.

Those trying to 'time' when to move in and out of sectors or manager styles based on shorter-term events such as this invariably do it *too early* or *too late*. Notably there is no strategic or structural shift to suggest that quality stocks will not perform well into the future. We see strong indicators that their rise will continue.

> *"Periods like today, where many in the market are rotating into cyclical and higher risk stocks, provide investors with a more attractive opportunity than normally available to invest in the Quality sector at more reasonable prices."*

Amping up your compound returns

At Insync we do not get distracted by month to month (let alone week by week) market gyrations, with all their non-stop excitement that brokers and the media blast us with. To grow and compound investors wealth requires our team to tune out from the short-term noise.

Our focus is on businesses that are generating very high returns on capital (ROIC), possess long runways of growth, fueled by powerful global Megatrends, and have a highly skilled management teams deploying capital at well above average returns.

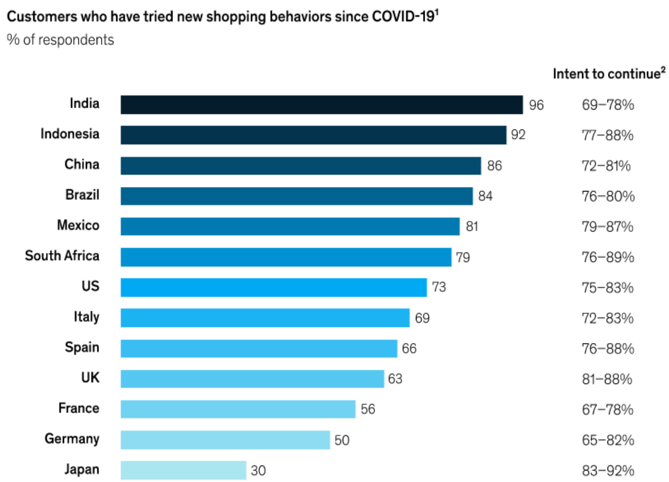
The importance of owning the highest quality businesses over several years cannot be overstated. Their share prices are proven to follow their compounding growth in earnings and shareholder value creation these businesses generate, even if in the short term, they do not do so due to passing external factors like we are experiencing today.

This leads to long holding periods. Our funds turn over only 20% of the portfolio annually, which equates to an average holding period of 5 years. This is low in industry terms. Patience is key.

Covid-19 and behavioural changes

According to The British Journal of General Practice, it takes on average 66 days for a new behaviour to become automatic. Simpler changes become permanent more quickly than complex ones.

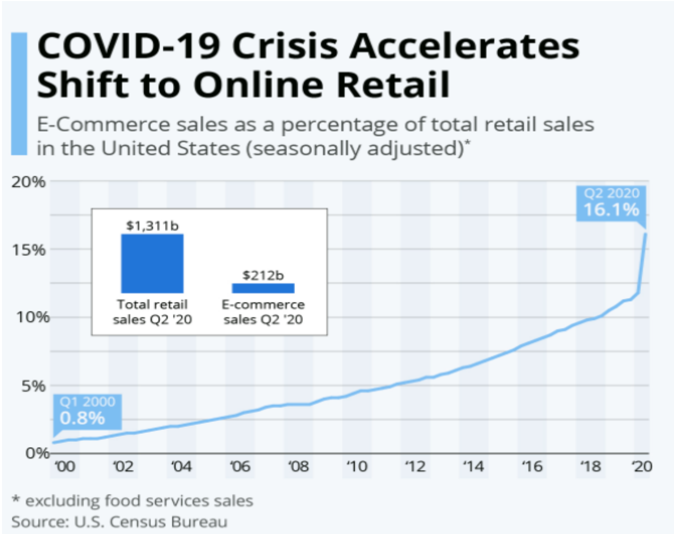
According to McKinsey consumers across the globe have responded to the crisis and its associated disruption by trying different ways of shopping. 65 percent or more intend to incorporate these behaviors permanently. Insync incorporates these insights into our Megatrend analysis to identify winning companies of the future.



McKinsey

PayPal – a Megatrend compounder!

One manifestation of this is the accelerating adoption in the use of contactless payments. The world is one large unlimited shelf of goods that you can buy from anywhere. PayPal is a major beneficiary of this powerful Megatrend and a second one; the continued move to online shopping (e-commerce).



Statista

The question is whether consumers will continue making contactless payments after the pandemic retreats? A 451 Research survey (part of S&P Global Market Intelligence), says that overwhelmingly, cardholders that tried contactless for the first time continue that behaviour moving forward. In fact, 86% of first-time contactless users plan to do so. A big, fast behavioural nudge from Covid in action.

451 Research forecasts that the value of global e-commerce transactions will increase more than 23% year-over-year in 2020. It will then compound at 17% per year over 5 years to 2024 according to Verdict data, a specialist consultancy in the digital payments space.

By 2024, Verdict estimates that we'll be making more than 1.1 trillion transactions globally, via smartphones and other gadgets.

The beauty of investing in Megatrends is that many managers underestimate the *duration* of profitable growth in their valuation models. Our proprietary valuation models consider this to be the case for PayPal.

PayPal's main attraction is removing the need to find your credit or debit card when making an online purchase. People casually browsing are more likely to buy something if they know it only involves just a few 'clicks' without the hassle of finding their physical wallet.

PayPal has been in our portfolio since May 2015 when Insync purchased eBay. When eBay spun out PayPal in July 2015, Insync sold its eBay stock and increased the funds exposure to PayPal, which we assessed to be a superior business model. **PayPal has delivered a 400%+ return over the four and half years**. Had we sold this stock during the rotation into cyclicals in 2016, as many are doing today, our investors would have lost out in a BIG way. Patience and discipline pays.

MONEY MANAGEMENT FUND MANAGER OF THE YEAR 2020
AUSTRALIA'S FIRST INDEPENDENT AND WHOLE OF MARKET AWARDS
WINNER
Emerging Manager

insync fund managers

November Monthly Update

	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	Since Incep#
Insync Global Capital Aware Fund*	2.62%	-0.20%	5.18%	19.06%	25.64%	17.86%	13.21%	13.67%	12.06%
Insync Global Quality Equity Portfolio ^	3.73%	0.81%	7.59%	14.97%	24.04%	17.82%	14.60%	16.17%	14.33%
MSCI ACWI (ex AUS) NTR (AUD)~	6.99%	6.41%	10.08%	5.78%	13.90%	10.15%	10.50%	12.45%	11.28%

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

Risk Measures – Global Quality Portfolio^

	1 Year	3 Years	5 Years
Standard Deviation	16.45%	13.57%	12.17%
Tracking Error	8.17%	6.75%	6.25%
Information Ratio	1.12	1.15	0.67
Sharpe Ratio	0.88	1.24	1.09
Batting Average	66.67%	69.44%	58.33%

Risk Measures – Global Capital Aware Fund*

	1 Year	3 Years	5 Years
Standard Deviation	13.96%	12.21%	11.22%
Tracking Error	10.02%	7.90%	7.34%
Information Ratio	1.33	0.98	0.37
Sharpe Ratio	1.33	1.38	1.06
Batting Average	66.67%	61.11%	53.33%

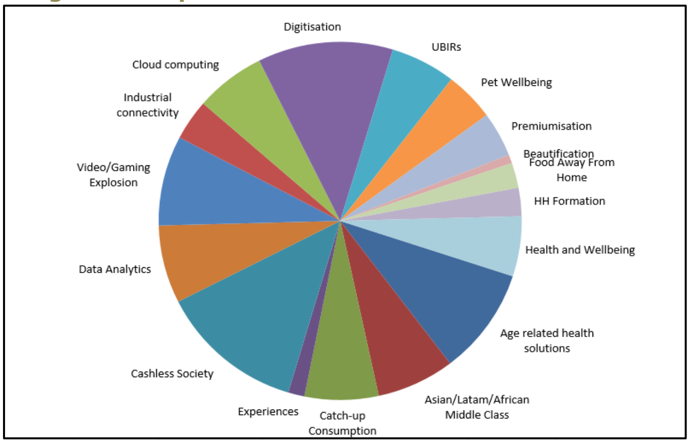
Capture Ratios – Global Quality Portfolio^

	3 Years	Since Incep#
# Index Positive Months	21	84
# Index Negative Months	15	50
Up Market Capture	1.23	0.97
Down Market Capture	0.81	0.64
Capture Ratio	1.51	1.50

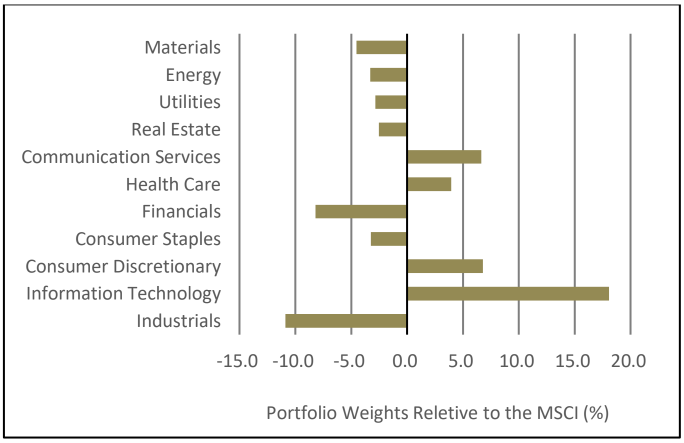
Capture Ratios– Global Capital Aware Fund*

	3 Years	Since Incep#
# Index Positive Months	21	84
# Index Negative Months	15	50
Up Market Capture	1.11	0.82
Down Market Capture	0.60	0.56
Capture Ratio	1.84	1.48

Megatrend Exposures



Portfolio Sector Weights vs MSCI



Top 10 Active Holdings

Stock	%
Dollar General	4.7%
Nintendo	4.4%
Qualcomm	4.4%
Domino's Pizza	4.4%
PayPal	4.2%
Facebook	4.0%
Visa	4.0%
S&P Global	3.9%
Nvidia	3.7%
Microsoft	3.5%

Key Portfolio Analytics

	Portfolio	Index
Forward PE	31.54	72.46
ROIC	58.07	10.84
Market Cap (USD avg)	360.09	39.29
Market Cap (USD median)	117.63	14.05
Std deviation (ex ante)	15.53	14.28
Net Debt to Equity	71.07	71.22
Total Debt to Ebitda	2.22	4.54

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