Finding ourselves at 'half-time' for the year, it's a good time to reflect on the half already played and the half to come. At a point when many local equity and fixed income funds struggled to maintain previous income payments, Insync delivered very healthy income distributions of 9.2% (Global Capital Aware) and 5.3% (Global Quality Equity). Insync also continued to strongly outperform markets over 3mo, 6mo, 1yr, 2yr, 3yr, 5yr, and 10yr periods - all throughout the greatest crisis to hit the globe in over 80 years.

A slight variation to the consistent positive monthly returns from January, saw June's result slightly down by month end. As cyclicals exuberantly overreached to the wishful thinking of a Covid19 economic recovery (albeit briefly), the fund, after fees, lagged the index and other manager styles that hold cyclical stocks. The last time we witnessed this was for 4 months after Trump's election to the presidency. When cyclicals boom, you can usually expect stocks like the ones we hold to temporarily lag.

	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	Since Incep#
Insync Global Capital Aware Fund*	-2.39%	11.29%	11.17%	19.33%	17.32%	17.30%	12.28%	12.84%	11.78%
Insync Global Quality Equity Portfolio ^	-1.94%	11.77%	5.15%	14.45%	15.21%	17.12%	13.93%	14.94%	14.00%
MSCI ACWI (ex AUS) NTR (AUD)~	-0.57%	5.83%	-4.13%	4.37%	7.79%	10.14%	8.90%	11.51%	10.69%
Global Capital Aware Active Performance	**-1.82%**	**5.46%**	**15.30%**	**14.96%**	**9.53%**	**7.16%**	**3.38%**	**1.33%**	**1.09%**
Global Quality Active Performance	**-1.37%**	**5.94%**	**9.28%**	**10.08%**	**7.42%**	**6.97%**	**5.03%**	**3.43%**	**3.31%**

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

What's driving the success

The key to our success within a highly concentrated portfolio of around 30 stocks is close attention to **downside risk management** as well as selecting stocks with **long runways of upside growth** that are not closely linked to prevailing economic conditions (such as the gloomy immediate situation of the world today).

Most holdings **provided some downside protection in February and March** (and in the Capital Aware Fund the exercising of the Put Options provided the cushion against capital loss as intended). These same companies also benefited in posting well above average results during last quarter's recovery phase.

Exposure to 16+ long-run megatrends has not only generated the tailwinds for great returns of the companies held, but also played a key role in risk management. Insync's approach marries the investment team's understanding of the relationship between these Megatrends and managing idiosyncratic risk. The benefit of this diversified Megatrend approach is that should one or two not pan out as anticipated, the other 14 Megatrends will still drive outperformance. This is why our geographic exposure by nation is nowhere near as important as it is for our peers.

The downside protection (Put options) for the Global Capital Aware fund, is being quietly rebuilt after they were fully exercised in March when markets were at their ebb and volatility reached close to all-time highs.

Our rules-based process removes the human emotion and investors' poor history in trying to second guess the future direction of markets and the economy at such times.

Why we are typically fully invested

"Far more money has been lost by investors preparing for corrections, or trying to anticipate corrections, than has been lost in corrections themselves." – Peter Lynch.

Our residual cash position is typically below 3%. Timing markets is a risk we don't believe investors need. It is virtually impossible for any fund manager to achieve the right individual investor outcome should they want to try and time (advisers are in the closer position to provide any such guidance). The cost of being wrong is rarely accounted for. History tells us this cost is also very high.

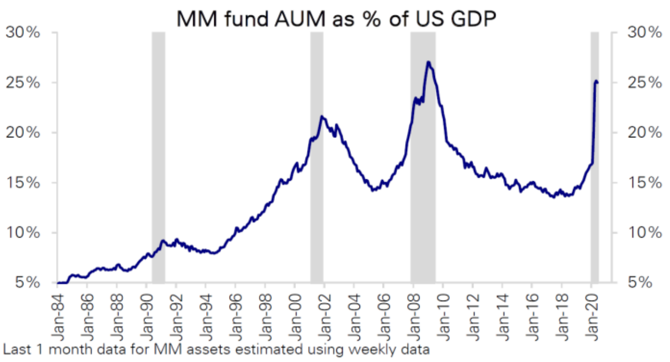
We do not raise cash in the fund to protect the downside. Nor do we sell our high-quality sustainable growth businesses to invest in defensive sectors, such as utilities, based on the short-term outlook. Our opportunity set is so large that in ten years we have never run short of places to invest. Large managers can be tempted to protect their own brand (FUM) by using cash to smooth out the unit price volatility afraid investors will leave them. The hit rate for managers timing markets is poor.

Investors typically are well diversified. They're investing in equities to deliver *growth*. Insync's Global Capital Aware fund has been designed for investors requiring some downside protection but who also don't want to not miss out on rising markets. **Holding high levels of cash mostly turns out to be far more expensive than holding Puts over time.**

After all, missing out on growth in the growth part of your portfolio, particularly in very low interest rate environments, may well result in investors not achieving their objectives. Miss also the few big recovery price rise hikes that typically occur early in a recovery, and this creates large under performance over longer time periods that cannot be made up.

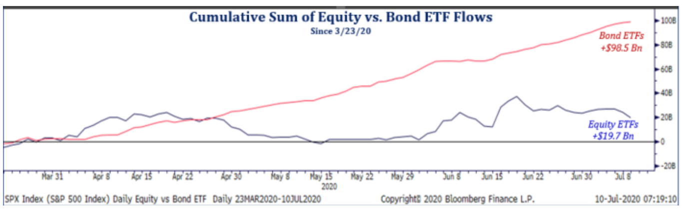
The next half ahead…

Insync continues its positive view for the medium to long term. Why? Very low interest rates are making quality sustainable growth companies extremely valuable, our unique Megatrends, unprecedented central bank and government stimulus, and investor positioning which continues to be very *defensive* as per the two charts below.



Source: ICI, BEA, Haver, Deutsche Bank Asset Allocation

$1.2 trillion went into money market funds since March and almost none moving out. Money market assets ($5 trillion, 25% of GDP) are still at financial crisis highs and any re-allocation away should be beneficial across risk assets.



Source: Strategas Research

Investment into bond ETFs are 5 times what has gone into equity ETFs. This reflects investors defensive positioning continuing to miss out on the current stock-market rally.

There is good reason to be Optimistic

A severe recession and a pandemic don't wash away the power of global Megatrends. They are still set to deliver sustainable growth rates of at least mid to high single digits in the years ahead. The shape of the recovery is *not* important for us. Covid-19 has actually accelerated many of our Megatrends. Investors continue to underestimate their size and acceleration.

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

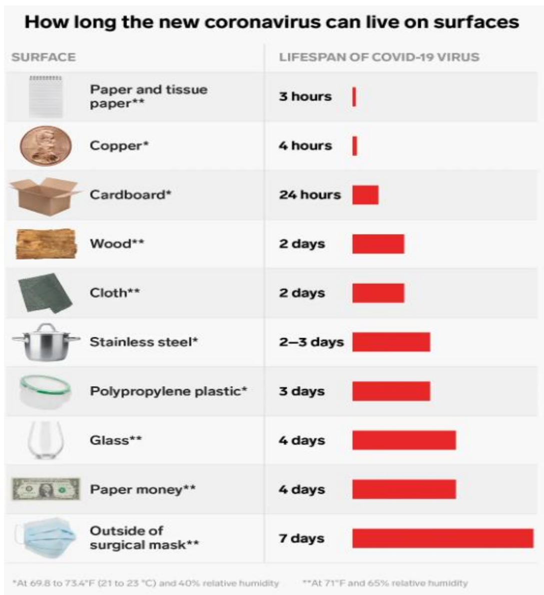
1. Covid19 helps us

Digital and contact-free payments are becoming the mainstream way to pay for goods and services and it's unlikely to recede. COVID-19 constraints have fast pushed consumers into adopting new payment habits (a global MasterCard study in 15 markets).

- Almost 7 in 10 consumers say the shift to digital payments will likely be permanent. Nearly half of consumers plan to use cash less post the pandemic.

- E-commerce has reached new heights. MasterCard Spending Pulse (measuring retail sales across all payment types) shows that United States e-commerce spending grew by 93 percent year-on-year for May. In April and May, e-commerce as a share of total retail sales reached 33% in the UK, an unprecedented high (ex-auto, petrol & dining).

An additional driver to this trend is that governments are being forced to reconsider the use of physical cash as the global spread of the virus might transmit the disease.



Source: New England Journal of Medicine

2. Innovative healthcare with large addressable markets

When we think about overcoming coronavirus, we look to large pharmaceutical companies as one of the key players to get us back to normal. They tend to do very well regardless of the prevailing economic backdrop too. The opportunity is also far more than just Covid19.

In 2019, there were 48 new drug approvals in the US - one of the highest levels in the last decade. Many of these were for **first-in-class drugs** with the potential to drastically impact people's lives. Regulators are generally supportive of this progress. The explosion of innovation in gene therapy, oncology, and other key areas is generating new solutions with huge and previously unmet needs.

According to the American Cancer Society, the estimated number of new invasive cancer cases expected in the **USA** alone for **2020 is 1,762,450, or 4,700 new victims per day**. Advances in imaging tools, gene-expression, gene-editing tools (PCR and CRISPR), and advances in flow cytometers, is accelerating cancer therapies.

One of the most exciting areas is in the development of Immuno-Oncology drugs. They enlist a patient's immune system in the fight, giving it marching orders to tackle cancer cells (rather than directly attacking tumours, as radiation and chemotherapy do). Under the right circumstances, the best 10 new performers can make traditional chemotherapy or surgery far more effective, or potentially even replacing them. In 2019, the global **Immuno-Oncology market size** was **US$32bn growing to US$87bn** by 2027. This equates to CAGR of 14.9%. Importantly, the shape of the economic recovery ahead will have no impact on these underlying growth rates.

Insync has quietly increased the exposure to highly profitable and innovative pharmaceutical companies. They are positioned to grow strongly regardless of how the economic cycle performs and irrespective if one of these businesses ends up with a Covid19 treatment or vaccine.

A big lesson worth knowing

So far, we have endured 2 large market moves in 2020. Just 23 trading days resulted in the S&P 500 falling -34%. By June it had topped +40% (from its 23rd March low). It can be disturbing when this happens in such a short time frame; and with the media going ballistic with doom and sensationalism. Is this *usual*?

Yes, it is. Large ups and downs occur all the time (except for the last 10 years); and so it *feels* unusual and it *feels* tempting to time moves or to cash-out until things *feel* ok again. Here are the 7 biggest events over the last 90 years.

The 29' Great Depression Crash lasted well into the 1930s. It's still by far the craziest ride in history. The market was up +32% in 29' until peaking in September. Then it fell -45% in 2 months. Then it rose +28%. Overall, the year was down just 8.3%. Within 4 months in the following year the market was up +22%. It didn't last as the next 8 months would see a -44% drop. By December it was still down -25%.

1931 had stocks rising in 2 months by +19%. It then flipped; by mid-December closing around -57%. That year is **the worst year on record, finishing -44%.** Would you have stayed invested?

Another -51% drop over the next 5 months of 1932 would really test you! (This was THE bottom as it turned out). **Without warning or good news, markets rallied +112% in only 12 weeks**. The S&P still fell again another -32% to settle for the entire year at -8.6%. Selling didn't subside in 1933 as another fall of -25% ensued.

Thereafter however investors enjoyed a staggering +121% in July (and a bump of -29%) to finish the entire year +50%. One of the best years ever. 1934 saw another rise of +21% (and a fall of -29%).

The 73/74 Oil Crisis marked another roller coaster of returns. Stocks fell -37% before bottoming in October, then rallied +21% the next month ending the year at -26%.

1980 had stocks falling -17% only to rise +43%. The market was up +32% by year's end.

1982 witnessed a similar event -17% followed by a +40% jump. Year-end stocks were up +20%.

Black Monday crash of 87' the market falling -34% in only a week. It had risen +40% beforehand and ending the year almost +6% (after the worst one-day crash in history).

The late 90's asset bubble had a +20% gain for 5 years straight up until 1999; yet in 98' it had a -9.3% fall before increasing +34% ending the last year of last century at +28%. As the Dot-Com bubble burst nudged by 9/11, 3 big price swings occurred in 2001. Stocks fell -19% before rising +19%; then a -26% crash to close the year around -12%.

The 2009 GFC bottomed in early-March 09' at Peak Gloom but not before being slammed -28% from January 1st. Prices then leapt +67% closing the year at +26%.

For those who tried to 'time' all this (or worse, panicked), a terrible fate awaited. Stay with Quality segments of a market, ride out the storms, don't give into greed in the good years, and all is likely to be well; history tells us so.

	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	Since Incep#
Insync Global Capital Aware Fund*	-2.39%	11.29%	11.17%	19.33%	17.32%	17.30%	12.28%	12.84%	11.78%
Insync Global Quality Equity Portfolio ^	-1.94%	11.77%	5.15%	14.45%	15.21%	17.12%	13.93%	14.94%	14.00%
MSCI ACWI (ex AUS) NTR (AUD)~	-0.57%	5.83%	-4.13%	4.37%	7.79%	10.14%	8.90%	11.51%	10.69%

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 9/10/20

Risk Measures – Global Quality Portfolio^

	1 Year	3 Years	5 Years
Standard Deviation	15.61%	13.07%	12.73%
Tracking Error	7.46%	6.07%	5.83%
Information Ratio	1.35	1.15	0.87
Sharpe Ratio	0.88	1.22	0.97
Batting Average	66.67%	63.89%	56.67%

Risk Measures – Global Capital Aware Fund*

	1 Year	3 Years	5 Years
Standard Deviation	13.48%	11.73%	11.39%
Tracking Error	9.33%	7.20%	6.91%
Information Ratio	1.60	0.99	0.49
Sharpe Ratio	1.38	1.37	0.94
Batting Average	66.67%	52.78%	53.33%

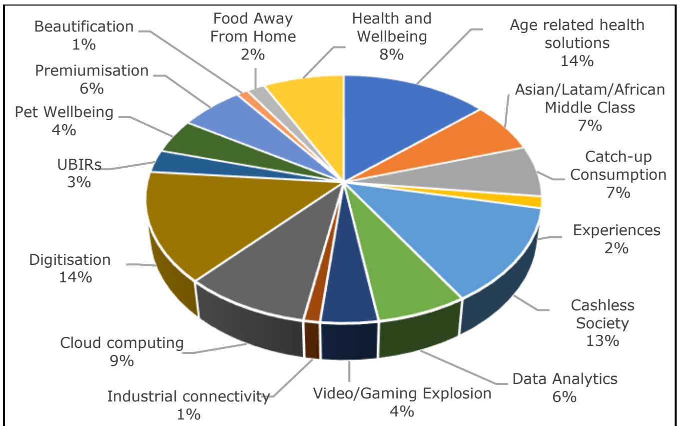
Capture Ratios – Global Quality Portfolio^

	3 Years	Since Incep#
# Index Positive Months	22	81
# Index Negative Months	14	48
Up Market Capture	1.16	0.96
Down Market Capture	0.75	0.62
Capture Ratio	1.54	1.55

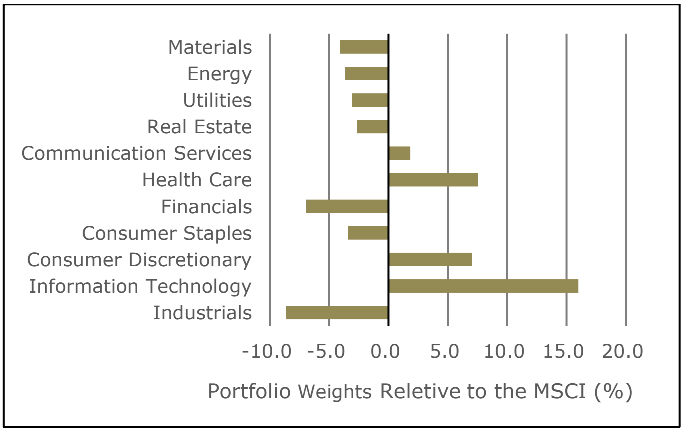
Capture Ratios– Global Capital Aware Fund*

	3 Years	Since Incep#
# Index Positive Months	22	81
# Index Negative Months	14	48
Up Market Capture	1.06	0.82
Down Market Capture	0.55	0.53
Capture Ratio	1.91	1.54

Megatrend Exposures



Portfolio Sector Weights vs MSCI



Top 10 Holdings

Stock	%
PayPal	5.0%
Visa	4.8%
Microsoft	4.6%
Adobe	4.4%
JD Sports Fashion	3.8%
Walt Disney	3.5%
Accenture	3.5%
Facebook	3.4%
S&P Global	3.4%
Domino's Pizza	3.2%

Key Portfolio Analytics

	Portfolio	Index
Forward PE	29.97	30.32
ROIC	52.06	12.25
Market Cap (USD avg)	330.91	18.74
Market Cap (USD median)	80.28	5.20
Std deviation (ex ante)	14.22	14.24
Net Debt to Equity	59.12	79.40
Total Debt to Ebitda	2.60	4.41

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