Insync Funds Management Monthly Update July 2020

July witnessed a continuation of outperformance for both funds. This has been derived not only from strong returns on the 'upside' but also from attaining superior 'downside' performance. Our concentrated portfolio of 30 highly profitable companies diversified across 16 megatrends with sustainable growth rates is performing significantly ahead of global GDP and the concerns leading from the pandemic.

	1 Month	3 Months	6 Months	1 Year	2 Years	3 Years	5 Years	10 Years	Since Incep#
Insync Global Capital Aware Fund*	1.36%	6.26%	7.01%	16.23%	18.58%	18.42%	11.15%	13.04%	11.82%
Insync Global Quality Equity Portfolio ^	1.98%	7.39%	1.91%	12.05%	15.34%	17.52%	11.94%	15.10%	13.85%
MSCI ACWI (ex AUS) NTR (AUD)~	1.10%	3.45%	-6.64%	3.34%	7.10%	11.02%	7.95%	11.54%	10.71%
Global Capital Aware Active Out-Performance	**0.26%**	**2.81%**	**13.65%**	**12.88%**	**11.48%**	**7.41%**	**3.19%**	**1.50%**	**1.11%**
Global Quality Active Out-Performance	**0.89%**	**3.94%**	**8.55%**	**8.71%**	**8.24%**	**6.50%**	**3.99%**	**3.56%**	**3.14%**

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

Market performance is logical not euphoric

A clear bifurcation in markets between winners and losers exists, especially during this pandemic. Interestingly after the first quarter results in the USA, despite earnings being negative, there was a strong contrast between companies with **strong secular tailwinds** and those that are more dependent on the economy. JPMorgan reported that 24% of S&P 500 companies attained higher revenue growth than their pre-COVID estimates. Further, results show a major separation between Nasdaq 100 companies, which posted an **earnings surprise of +2%** and **revenue growth of +9%,** with cyclically sensitive small-caps posting a -29% earnings surprise and -42% revenue growth. The gap between winners and losers is widening as we predicted.

The outperformance of the Tech sector is correlated to it out-investing almost every other market sector (circa 16% of revenue invested into R&D + CAPEX). The rest of the market stands at 8% of revenue; this having been flat for the past decade. Companies intensely focused on innovation are a key feature across all our Megatrends and thus in the Insync portfolio. We are **not reliant on a single sector such as Technology** for performance.

Success requires discipline AND adaption

A strong fund manager evolves its investment strategy to adapt to structural environmental shifts. Insync does this whilst maintaining strict discipline in executing its investment process. As humans continue to evolve so do businesses and their operating models. This is accelerating faster than ever before in modern history.

Blink and you will probably miss the change and future winning investment opportunities. Many stocks and sectors that we held 3-5 years ago are no longer there. They failed to adapt and hence failed to meet our high hurdles rates for selection. Discipline in action.

Which is why Insync's Megatrends are crucial for success

In a highly uncertain global environment, it provides a beacon to the future. We collate and corroborate industry data and use quantitative tools to measure the quality, valuation, and riskiness of businesses. Overlaid with the team's long-term experience in interpreting the information, we invest in the best 30 stocks across 16 global megatrends. It is a **future-focused** approach.

Insync differs from others that seem similar at first glance

Every person has their own DNA and so do fund managers. Our industry likes to pigeonhole fund managers into 'styles'. It is done to assist researchers in the main but a danger results from doing so; it often fails to highlight significant differences between funds from this oversimplification.

An important measure of identifying differences between managers is the **correlation of excess returns** with a peer group (e.g. quality and growth managers). Insync's at **0.2** is very low. This demonstrates Insync's alpha stream (outperformance over the MSCI benchmark) is unique. This is further supported by measuring how Insync's stock positions differ from its peers measured by the **active share versus the peer group** which sits at **85%**. The higher the number the more differences there are between Insync and its peers (score between 80 & 100 is very significant).

It's akin to stating that as IBM and Microsoft are both technology stocks it does not matter which one you own if you want technology exposure. Let's see;

Microsoft 5 year Performance

IBM 5 year Performance

The Medical Robots Are Coming!

They don't get emotional. They don't tire. They don't get distracted. And they're already helping surgeons perform minimally invasive surgery.

2019 saw a boom in the use of cutting-edge robotic technology and there is much more to come. It can be less invasive and improves recovery times. Good news with ever growing demand and costs in health services. Robots are increasingly used in surgery aiding physicians with better precision. Procedures requiring fine movements beyond the scope of the human hand can now be performed. Robots also enable improved accuracy and reproducibility, delivering better outcomes.

The **Global Medical Robotics market** is expected to surpass US$16 Billion by 2025, growing at a double-digit rate. Major drivers of this growth are a growing geriatric population, preference for minimally invasive surgeries by patients and surgeons, increasing acceptance of advanced medical technologies, and the growth in funding for medical robot research producing big capability advances.

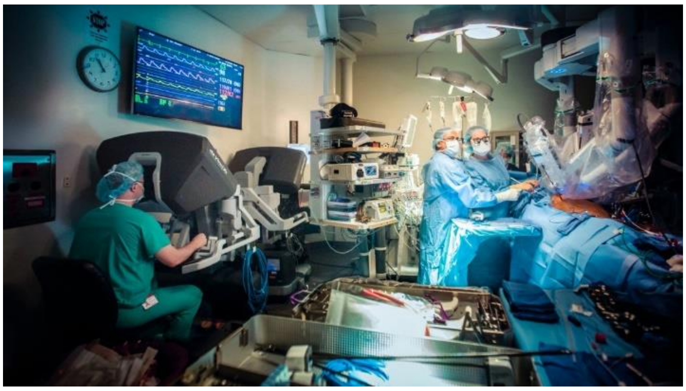
Robots are really actuators attached and controlled by computers. An Actuator acts on its environment (a mechanical arm, a set of wheels, a soldering gun, a laser. Thus, they are very good at doing repetitive tasks with exacting accuracy. Ultimately, robotics are an extension of the surgeon's hands and arms, a replacement of them, or acting as an assistive tool, producing more accurate and repeatable surgical outcomes. Some examples:

Removing brain tumours - The placement and size of brain tumors can have life-changing consequences. A tumor left untreated may cause facial paralysis and deafness. It can also lead to the loss of the ability to swallow and balance. Since the brain is such a delicate and vital area, precision is crucial.

Procedures on the retina - Surgical procedures to correct vision are exceptionally delicate with precision being essential.

Knee replacements - When orthopaedic specialists use robots, they typically use a robotic arm to shape the surrounding bone. Video then enables surgeons to confidently manipulate the robot through areas that are hard to see.

Surgical procedures on the spine - In 2019, a patient received spinal surgery involving a robot to correct scoliosis (spinal curvature). 3D surgical planning helped with the pre-operative stage. Robotic guidance and navigation technology then made operating more accurate and reduced the risk of complications.

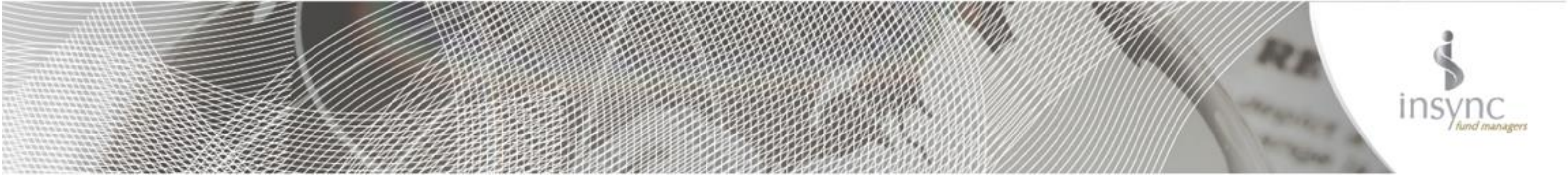


Source: Cornell Chronicle

Heart operations - Robots can fix valves in the heart, take out cardiac tumors, and treat defects. Because of robots, some procedures are now less invasive, speeding recovery times and reducing complications.

How are robots used in orthopaedic surgery? - Our analysis indicates that as the penetration of assisted robotic surgery is increasing in the hips and knees market it will reach a tipping point where surgeons will demand that hospitals offer robotic surgical capability because the outcomes are more predictable, better and lessen risk. Should a hospital not offer robots, surgeons will locate to ones that do.

Uncovering these sorts of opportunities present less risk than trying to forecast the short-term direction of markets. Investors, managers, and advisers have a poor record of consistently forecasting the short-term well. Insync's intense focus continues to be on investing in innovative and profitable companies benefitting from the tailwinds of global megatrends means you don't have to.



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Risk Measures – Global Quality Portfolio^

	1 Year	3 Years	5 Years
Standard Deviation	15.31%	12.98%	12.25%
Tracking Error	7.33%	6.06%	5.69%
Information Ratio	1.19	1.22	0.80
Sharpe Ratio	0.74	1.33	0.90
Batting Average	66.67%	66.67%	56.67%

Risk Measures – Global Capital Aware Fund*

	1 Year	3 Years	5 Years
Standard Deviation	13.20%	11.60%	11.11%
Tracking Error	9.32%	7.19%	6.91%
Information Ratio	1.38	1.03	0.46
Sharpe Ratio	1.18	1.49	0.87
Batting Average	66.67%	55.56%	53.33%

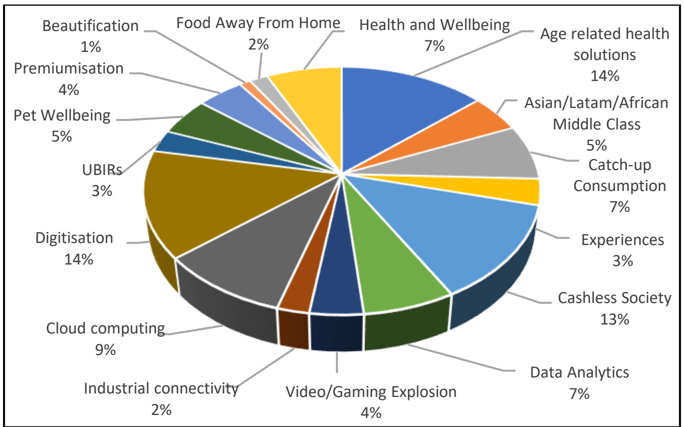
Capture Ratios – Global Quality Portfolio^

	3 Years	Since Incep#
# Index Positive Months	23	82
# Index Negative Months	13	48
Up Market Capture	1.17	0.96
Down Market Capture	0.74	0.62
Capture Ratio	1.58	1.55

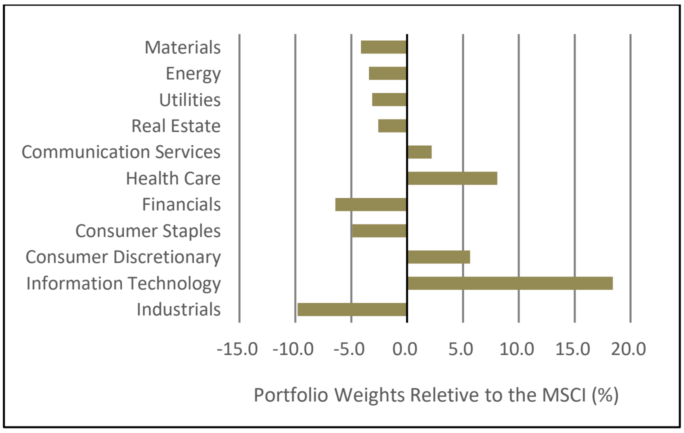
Capture Ratios– Global Capital Aware Fund*

	3 Years	Since Incep#
# Index Positive Months	23	82
# Index Negative Months	13	48
Up Market Capture	1.06	0.82
Down Market Capture	0.53	0.53
Capture Ratio	2.00	1.64

Megatrend Exposures



Portfolio Sector Weights vs MSCI



Top 10 Holdings

Stock	%
PayPal	5.5%
Microsoft	4.9%
Visa	4.6%
Adobe	4.4%
JD Sports Fashion	3.7%
Facebook	3.6%
Walt Disney	3.6%
Accenture	3.6%
S&P Global	3.6%
Zoetis	3.3%

Key Portfolio Analytics

	Portfolio	Index
Forward PE	29.89	39.72
ROIC	50.78	12.15
Market Cap (USD avg)	386.75	18.74
Market Cap (USD median)	84.51	5.20
Std deviation (ex ante)	14.69	14.24
Net Debt to Equity	33.37	63.68
Total Debt to Ebitda	2.36	4.35

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