

**INSYNC FUNDS MANAGEMENT – GLOBAL TITANS FUND**

- GLOBAL QUALITY EQUITY STRATEGY
- GLOBAL CAPITAL AWARE STRATEGY

**INVESTMENT GRADE: 80/100**

The Manager and Fund meet or generally exceed relevant or appropriate operational and compliance standards.

AFM considers the Fund a suitable investment in a diversified portfolio for investors seeking exposure to global large capitalisation companies, including those with indirect exposure to emerging markets.

The Fund's choice of strategy allows investors to choose between 2 levels of risk protection whilst using the same core portfolio and investment strategy.

## **AFM FACTORS RESEARCH**

### **Insync Global Quality Equity Strategy**

### **Insync Global Capital Aware Strategy**

**Initial Report: May 2013**

**Current Version: September 2019**

This AFM FACTORS Research (the "Report") was initially issued in May 2013 following interviews, research and due diligence conducted on Insync Funds Management and the Global Titans Fund between February and April 2013. The Report is updated annually or as required and is valid for a maximum of 12 months. In June 2018 Insync launched two versions of the Fund – the original Global Capital Aware Strategy incorporating put option protection, and the Global Quality Equity Strategy comprising the same portfolio, but without the protection.

Stock research and selection, along with portfolio parameters are the same for each strategy.

This Report should be read in its entirety and in conjunction with the terms and conditions overleaf. This Report is only intended for AFSL advisers and Platforms conducting due diligence.

Updates and copies of the Report are available from the [www.fundmonitors.com](http://www.fundmonitors.com) website. The Global Titans Fund's key performance and risk indicators are updated monthly in the AFM Fund Review, also available on [www.fundmonitors.com](http://www.fundmonitors.com).

For further information on AFM FACTORS Research processes or systems, or further details on the Global Titans Fund Report please contact:





Australian Fund Monitors Pty Ltd ACN 122 226 724 AFSL 324 476  
Level 5, 203 – 233 New South Head Road, Edgecliff NSW 2027  
Phone: +61 8007 6611 Email: [contact@fundmonitors.com](mailto:contact@fundmonitors.com)

## Contents

AFM FACTORS Weightings, Rating, and Score: .....	3
OVERVIEW:.....	4
1 Management Company.....	6
1.1 Board .....	6
1.2 Management and Staff .....	6
Investment Strategy & Style:.....	8
1.3 Investment Risks .....	9
1.3.1 Investment Risk Strategy Analysis.....	9
1.3.2 Investment Risk Limits .....	10
1.4 Competitive Difference.....	11
2 Operational Processes.....	11
2.1 Service Providers.....	12
2.2 Marketing and Distribution.....	13
2.3 Business Risk and Continuity .....	13
2.4 Investors, Fees, Terms and Conditions.....	14
Advanced Analytics - Summary .....	15
Advanced Analytics - Global Capital Aware .....	16
Analytics Graphs – Capital Aware Strategy .....	17
Advanced Analytics – Quality Equity Strategy.....	18
Analytics Graphs –Quality Equity Strategy.....	19
Conclusion.....	20
AFM FACTORS Process and Methodology: .....	21
Potential Conflicts of Interest .....	23
Version Control.....	24

### AFM FACTORS Flags:

This report uses a series of “icons” to denote areas which are believed to be of relevance to investors. These are provided as a guide only and do not guarantee that the points raised or opinions noted (red or yellow flag) are the sole risks involved, or that a positive comment (green flag) indicates that there is no risk involved in the investment.

	<b>Red Flag:</b> Denotes an area or factor which is considered to be serious or cause investors to avoid the Manager or Fund.
	<b>Yellow Flag:</b> Denotes an area that investors should be aware of but is not considered to be either major, or is appropriate given the circumstances.
	<b>Green Flag:</b> Denotes an area which AFM considers to be positive, or exceeds general industry standards, taking into account the Manager’s size or Fund strategy.
	<b>Calendar:</b> AFM will review this aspect over the appropriate time period.

## Disclaimer & Copyright

The information in this report, including financial returns, strategies, and other content (collectively referred to as “Content” or “Report”) has been prepared and issued by Australian Fund Monitors Pty Limited (A.C.N. 122 226 724, AFSL 324476) otherwise referred to as AFM. The information and Content herein is for general information purposes only. Users of this report or any Content of AFM’s websites (the “Websites”) should not act or make any financial decision without first seeking professional advice. Whilst the Content has been prepared with all reasonable care from sources which we believe are reliable, no responsibility or liability is accepted by AFM for any errors or omissions or misstatements contained herein. Any opinions, forecasts or recommendations reflect information and assumptions at the date of publication and may change without notice. In preparing the Content it is not possible to take into consideration the investment objectives, financial situation or particular needs of any individual user, and to that extent the information contained herein should only be considered as general advice. Investors and their advisors should therefore make their own enquires before making any investment decision.

### Disclosure of Interest

AFM has or may have, received fees either directly from the management company or by a third party to provide consultancy services or corporate research.

### Copyright Protection

All Content herein is owned by Australian Fund Monitors Pty Limited (A.C.N. 122 226 724) and is protected by copyright. You must not copy, frame, modify, transmit or distribute the content in full or in part, without seeking the prior written consent of the copyright owner. Users are prohibited from copying, distributing, transmitting, displaying, publishing, selling, licensing, creating derivative works or using any content in this report or on the Web Site for commercial or public purposes

Copyright © 2019 by Australian Fund Monitors Pty Limited. All rights reserved.

### No Warranties

AFM does not make any claims, promises, guarantees, representations or warranties regarding the accuracy, completeness or fitness for purpose of the Content. All information and content in this report is provided on an as is basis, without warranty of any kind either express or implied. It is the responsibility of the user to evaluate the accuracy, completeness or usefulness of any information, opinion, general advice or other. Furthermore, AFM does not warrant or represent that this content is error free.

Australian Fund Monitors Pty Ltd  
Level 5, 203 – 233 New South Head Road, Edgecliff,  
NSW 2027

T: +61 2 8007 6611

E: [info@fundmonitors.com](mailto:info@fundmonitors.com)

W: [www.fundmonitors.com](http://www.fundmonitors.com)

## AFM FACTORS Weightings, Rating, and Score:

Australian Fund Monitors (AFM) has undertaken in depth research and due diligence on Insync Funds Management (“Insync” or “the Manager”) and the Insync Global Titans Fund (“the Fund”) and concludes as follows:

1. AFM considers the Insync Global Titans Fund a suitable investment in a diversified portfolio for those investors seeking exposure to global large capitalisation companies, including some with earnings exposure to emerging markets.
2. AFM considers the operational and risk processes of the Manager and Fund, along with the investment strategy, are consistent with each other.
3. The \*past performance of the Capital Aware Fund, particularly during periods of market stress, indicates the Manager’s ability to successfully implement their stated investment risk strategy.

\*Investors should be aware that past performance is no guarantee of future performance and that market conditions can significantly change performance and risk metrics.

	Category and Findings:	Weighting to overall score:	AFM Rating	Insync Global Titans Score
1	Management Company: Insync has significant expertise in its management and staff and that they are well suited to ensuring the Fund delivers on its philosophy and strategy.	22.5%	The Manager and Fund meet relevant or appropriate standards.	75%
2	Investment Strategy & Risk Processes: The investment philosophy is clear and the underlying strategy and processes should enable the Fund’s investment objectives to be met, and all other issues evaluated are appropriate as noted.	40%	The Manager and Fund generally meet or exceed relevant or appropriate standards.	82%
3	Operational Processes: Operational processes and compliance are likely to ensure risk is minimised across both the Company and Fund.	22.5%	The Manager and Fund meet relevant or appropriate standards.	80%
4	Fees, Terms & Conditions: Fees, terms and conditions are structured to provide investors and the Fund Manager an alignment of interests. Liquidity terms are appropriate.	15%	Fees, Terms and conditions generally meet or exceed relevant or appropriate standards.	82%
	Overall: AFM considers that the operational and risk processes of the Manager and Fund will enable the investment strategy to be successfully implemented.	100%	AFM considers the Manager and Fund meet or exceed the relevant or appropriate AFM FACTORS standards.	80%

The table above should be read in conjunction with the details on the accompanying pages including the AFM FACTORS PROCESS and METHODOLOGY section on pages 21 and 22 and the version control on page 24 of this report. The opinions and information provided, including the ratings and scores should be used as a guide only and have not been prepared taking into account the financial circumstances of individual investors.

## OVERVIEW:

### Insync Global Capital Aware Fund - AFM FACTORS Report:

Australian Fund Monitors (“AFM”) has conducted operational due diligence (AFM FACTORS) on Insync Fund Management (“Insync “or “the Manager”) and the original Global Titans Fund’ (now re-named the Global Capital Aware Strategy) and the Global Quality Equity Strategy (“the Fund”). In July 2018 Insync launched two different versions of the Global Titans Fund – the original Global Capital Aware Strategy, incorporating index put option protection, and the Global Quality Equity Strategy, comprising the same portfolio and stock selection, but without the put protection.

The following areas were reviewed and our findings on each section are included in this report:

1. Management Company.
2. Investment Strategy.
3. Operational Processes.
4. Investors, Fees, Terms and Conditions.
5. Performance and Risk Metrics.

AFM’s due diligence on the Manager included extensive interviews with senior staff, directors and significant shareholders, document collection and verification where appropriate. The full results of AFM’s findings are contained in AFM Factors Due Diligence Report.

AFM FACTORS provides information and opinions without taking into consideration the financial position or objectives of individual investors and should be read after taking into consideration the disclaimer and terms and conditions on the [www.fundmonitors.com](http://www.fundmonitors.com) website.

Management Company: Insync Funds Management Pty Limited

Insync is a Sydney-based boutique Funds Management company established in 2009 with a small team of eight, including four experienced investment professionals, and three involved in marketing and distribution. The company currently manages two versions of the strategy which invests in global large cap companies, one with “put” protection, the other without. Insync also previously provided market advice and consultancy to a publicly listed wealth advisory group.

CIO Monik Kotecha clearly has the experience necessary to provide the Board with the input and analysis regarding the funds management industry, global markets and the Fund’s two strategies and performance. There is a clear separation of duties between the investment team and the company’s operational and compliance functions. AFM assesses the CEO and COO, Garry Wyatt’s experience as significant and relevant to ensure that all Board and company procedures, documentation and legislative requirements are maintained to appropriate standard.

Although limited in numbers, staffing levels are sufficient given the current size and strategy of the Fund. All staff members have relevant experience in the areas in which they are employed with Executive Directors (CIO and CEO) both having significant experience. AFM has confidence in their ability to deliver in their roles and to achieve the Fund’s stated strategy using the current investment processes. The share-holdings of directors and key staff in the management company, combined with their personal investment in the Fund, add to the conviction that they are dedicated to the Fund’s operations and adherence to the investment mandate.

Grant Pearson and Damen Purcell are responsible for the overall marketing and distribution for Insync. Both have extensive market and industry experience spanning over 30 years. Marketing and

distribution is also provided by Tony Breen, who is responsible for growing Insync's business into the institutional market.

#### Investment Strategy:

AFM considers the investment strategy and supporting processes to be of a high quality and sustainable both in terms of market conditions and the current funds under management (FUM). The Fund's investment philosophy is clear and intuitive, and the strategy and processes used to implement it are in line with the overall philosophy. Investment risk limits and monitoring are appropriate for the strategy, with additional processes for the protected version of the strategy.

#### Operational Processes:

Overall, AFM considers that the current structures and process around operational and compliance arrangements are sound, and appropriate given the size of the management company, Fund and investment strategy. Those issues that are noted are unlikely to create significant or undue risk to the Fund's investments or its investors.

The CEO Garry Wyatt has the requisite experience to manage both the CFO and COO roles given his extensive commercial experience, the size of the Fund, and the outsourcing of certain functions (compliance, risk, audit and back office) to external service providers. We are comfortable with these roles being combined given the current size of the management company and the Fund.

The Compliance Committee, headed by CEO Garry Wyatt, CIO Kotecha and Roger Campbell (principal of BOCS, and external compliance consultancy) is appropriately constructed with all relevant parties represented. The use of an external compliance consultant significantly enhances AFM's comfort that compliance is appropriately managed, and that the processes currently in place will continue to meet ongoing requirements.

Insync outsources a variety of structural compliance functions to specialist service providers. AFM is satisfied with the quality of these service providers and does not see any undue risks from these arrangements. Furthermore, we believe the outsourcing of these functions, and the controls provided as a result, strengthens Insync's operational functions.

#### Fees, Terms and Conditions:

Fees, Terms and Conditions are considered reasonable and equitable to all unit-holders. We particularly note that under the PDS dated July 2018 the change of fee structure, including the removal of performance fees. Monthly fund reporting is sound. Redemption gates or risks are considered minimal given the size of the Fund, and that its underlying investments in global, large cap companies which have an average market capitalisation in excess of US\$100 billion.

#### Performance and Risk Metrics:

AFM is confident that the daily portfolio checks as well as valuation policies are sound. Risk metrics are appropriate for the Fund's investment strategy.

The Fund has well established and sound processes and the Company has experienced and qualified directors, executives and staff, each with appropriate experience for their respective responsibilities. AFM does not see any unusual risks arising from the Fund or Management Company as currently structured and considers Insync to be of a sound standard as regards operational and risk issues.

# 1 Management Company

## 1.1 Board

Chief Investment Officer (CIO) Monik Kotecha, and CEO Garry Wyatt are the two directors of the management company. Both are significant shareholders of the management company and bring significant experience to their respective roles.

Kotecha has over 28 years' industry experience with three well established and internationally recognised Funds Management companies. He clearly has the knowledge necessary to provide the direction, input and analysis regarding the Fund's strategy and implementation.

AFM views Director and Chief Executive Officer Garry Wyatt's experience as significant and relevant to ensure that all Board procedures, processes and documentation are of a high standard, and that all legislative requirements are met. Wyatt has significant experience in financial management and providing appropriate management and control of operational risk management and compliance issues. The company procedures manual developed by Wyatt is of a high standard.

Overall, notwithstanding the company's relatively small size, AFM is comfortable with the Board of Insync, judging it to be appropriate for a boutique manager at its current stage of development. We view the separation of duties between the two directors – Investment (Kotecha) and Operations and Compliance (Wyatt) - to be a significant benefit.



As the company grows we anticipate the appointment of an additional or external director to provide further balance to the board, although we note that the Risk Committee has an external member, and the experience of the senior management is significant.

## 1.2 Management and Staff

All management and staff members have appropriate or relevant experience in the areas in which they are employed. AFM has confidence in their ability to deliver in their respective roles, and collectively to implement the Fund's stated strategy using the current investment processes.

Kotecha is the CIO and is responsible for overall portfolio construction and management.

Kotecha is assisted by Portfolio Manager John Lobb, who joined Insync in February 2017 and who has almost 30 years investment management experience, commencing with Bankers Trust in Sydney in 1989, before moving to Citigroup Global Asset Management in 1994. His experience also includes Credit Suisse Global Asset Management from 1997 to 2003, prior to 10 years with Orion asset Management from its inception in 2003 until 2014.

Lobb has a BA Economics majoring in Accountancy and Finance from Macquarie University and a Diploma from the Securities Institute of Australia.

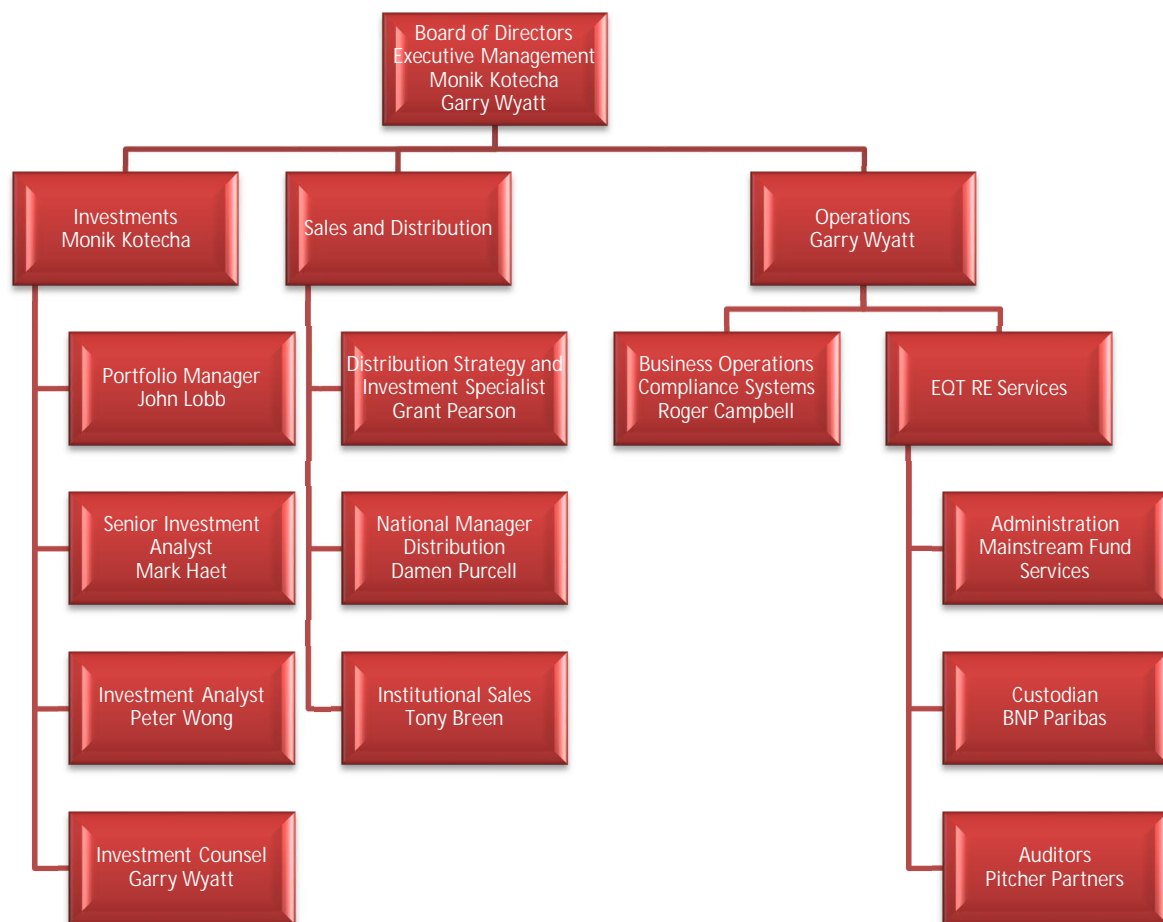
Mark Haet joined Insync as Senior Investment Analyst in May 2019. Haet has over 30 years' experience including 13 years as a Portfolio Manager with Ellerston Capital, QBE Insurance, Kingdom Capital, and BT Funds Management, where he worked with Kotecha. The investment team is further supported by Research Analyst Peter Wong who has 12 years' experience, having joined Insync on inception in 2009.



In addition to expanding the investment team with the addition of Lobb and Haet, over the past 12 to 24 months Insync has given considerable attention and focus on strengthening the distribution side of the business. To this end Damen Purcell joined in May 2018 as National Manager Distribution, bringing considerable experience in the financial services industry, particularly in the sales and distribution area. Previous roles included Colonial First State, and more recently Head of Retail Client with RF Capital.

Distribution Specialist Grant Pearson is responsible for Distribution Strategy in conjunction with Purcell. Pearson has over 30 years of investment, managerial and executive experience in the funds management industry. Roles in the past include Senior Vice President for Merrill Lynch International, Head of Advice for AMP, National Sales Head for ING, Head of Investments for ABN AMRO, Strategy Head for AXA Asia Pacific and various General Manager roles running funds management and advice businesses. At Insync, Pearson contributes to the company's strategy and philosophy, as well as working to drive the fund into the adviser marketplace.

Tony Breen was appointed to develop Insync's business in the institutional market, and is responsible for driving relationships with consultants, large superannuation funds and industry funds. Breen brings extensive distribution experience having spent 12 years at Deutsche Bank, and he also spent four years with Global Thematic Partners. He established a third party marketing firm on leaving Deutsche Asset Management, representing investment managers to Australian institutional investors. He commenced representing Global Thematic Partners (GTP) in March 2013 and now also represents Insync Funds Management.



Graphic Source: Insync Funds Management

## Shareholders and Key Staff – Equity, Experience and Responsibilities

Name	Position	% Equity	Years' Experience	Responsibility
Monik Kotecha	CIO Executive Director	32.8%	28	Investments
Garry Wyatt	CEO Executive Director	35.4%	33	Compliance, Finance, Audit, Risk
Lee Chong Wong	Non Exec Shareholder	9.9%	n/a	Non Executive
Various	Minority Shareholders	7.6%	n/a	Non Executive
Staff	Staff (in total) – See below	14.3%		
John Lobb	Portfolio Manager	-	25+	Investment Analysis
Mark Haet	Senior Investment Analyst	-	30+	Investment Analysis
Peter Wong	Investment Analyst	-	7	Investment Research
Grant Pearson	Investment & Distribution Strategy	-	30+	Investor Relations and Distribution
Tony Breen	Institutional Sales	-	20+	Institutional Sales
Damen Purcell	National Manager, Distribution	-	20+	Distribution



Kotecha and Wyatt are invested in the fund on the same terms as external investors. Combined with their share-holding in the management company this adds to the conviction that they are dedicated to ensuring the Fund meets its mandate and performance goals, adding to team stability.

## Investment Strategy & Style:

### "Concentrated Global Large Cap Equities"

At the core of both the Capital Aware and Quality Equity Strategies of the Global Titans Fund is to invest in a concentrated, long only portfolio of 15 to 40 large cap (\$2 billion and above) global companies. Current average market cap of stocks in the portfolio is around \$US100 bn. These are selected for their ability to consistently increase shareholder value and are primarily based on return on invested capital (ROIC) and a strong track record of expanding dividends and/or buying back their shares.

The broad thesis behind the Fund's strategy and portfolio construction is that companies which can sustain a high return on invested capital over the long term and allocate capital efficiently will continue to provide excellent returns to investors over the long term. In addition, each of the companies in the portfolio must be positively exposed to, or be the beneficiary of changes to, or trends impacting on the global economy - what Insync term "Mega Trends".

### Mega Trends

Kotecha describes Mega Trends as sustainable long-term global trends such as the global rise of e-commerce and the Internet of things (IoT), and demographic trends, including but not limited to an



ageing population, the emergence of a growing middle class in emerging markets, or the increasing working population in Africa.

By ensuring that each company in the portfolio is positively exposed to one or more Mega Trends, the potential for its expansion in its chosen market is increased. Conversely, by avoiding companies that are negatively impacted by Mega Trends, they avoid industries and sectors which over time are in structural decline.

The resulting portfolio consists of global “brand name” companies which have an underlying potential for market growth, a strong management team and history of dividend growth, and/or share buy-backs, leading to high shareholder returns. Insync place greater emphasis on dividend growth than a high dividend yield, believing the former leads to share price appreciation while the latter sometimes reflects a lack of future growth.

The resulting Portfolio provides a broad geographic diversification and emerging market exposure without taking a direct exposure to those markets. Emerging market growth is gained through the operations of the underlying company, and includes exposure to a number of global brand companies.

Two Investment Options:        Global Long Only, with or without variable Capital Protection

The original Global Titan’s Fund (now renamed the Global Capital Aware Strategy) buys insurance against market volatility by purchasing out of the money exchange traded put options over major market indices, normally the S&P500.

This is designed to provide downside protection in case of a market shock or pull back, generally of 15% or more, with the level of protection adjusted on a discretionary basis depending on the macro environment and the current price of put options. The options are generally 10% to 15% out of the money with 6 - 12 months to expiry. Once purchased they are generally resold or rolled up or forward three months prior to expiry to reduce the time decay (Theta) cost. The Manager estimates that the use of these options significantly reduces downside risk and estimates the cost to performance to be approximately 1.5 to 2.0% per annum over the medium to longer term. The term of the options as well as roll up period and annual cost can vary, depending on market conditions.

Meanwhile the Quality Equity Strategy invests in the same stocks and has the same underlying portfolio offering exposure to global, large and “mega” cap stocks exposed to Mega Trends, but without the capital protection of put protection. Without the associated cost of the put options it is expected that the Quality Equity Strategy would outperform the Capital Aware Strategy in flat and rising markets, assisted partly as a result of its lower fee structure. However, in sharply declining or volatile markets the protection offered by the purchase of long index put options provides a reduction in downside risk.

## 1.3 Investment Risks

### 1.3.1 Investment Risk Strategy Analysis

Aside from the choice of put protection, in terms of investment risk the Manager has the same levels of stop loss on individual positions: Positions are placed on alert and reviewed if they have fallen 15% either from their original purchase price, or for longer term holdings 15% below the previous 52

week high. There is a hard stop loss limit at 25% fall from the previous high over the last 12 months (or if bought in the last 12 months) whereupon the position is sold.

The portfolio's are managed with an absolute return focus with performance and volatility compared against an equity benchmark. Although 'index unaware', the manager measures relative risk, using Bloomberg portfolio risk analytics for risk monitoring. Risk is controlled through portfolio construction limits around stock, sector, and cash to ensure that Fund risk is not overly concentrated. Whilst Insync does not explicitly target beta, which is an outcome of the stock picking process, stock beta and portfolio beta are monitored.

The Capital Aware Strategy is protected by stop loss limits via long only index put options, usually bought with 6 to 12 months to expiry, usually 10% or more below the index value at the time of purchase. The strategy is to protect a minimum of 20% and a maximum of 100% of the portfolio's value at any time. The timing of purchases and the level of protection is discretionary, but the options are usually purchased at times of low volatility when prices are "cheap". The options are normally bought over the S&P500 Index and are thus very liquid with index put protection used as 'catastrophe insurance' rather than a source of short-term active return.

The option cost has detracted from the Capital Aware Strategy's return since inception to May 2017 by 1.97% pa. In a generally rising market the index puts have not had the opportunity to increase the portfolio's value significantly as the market has rarely declined to levels where their values appreciate sufficiently and the protection has reduced returns. However, they have provided downside protection over two periods when the Global Equity Index has fallen by more than 5%. On each occasion the Capital Aware Strategy provided a positive (absolute) return, protected investors' capital, and significantly outperformed the benchmark Index.

Period	Global Equity Index	Insync Global Titans return
Feb 2011 - Sep 2011	-12.2%	+2.4%
Mar 2012 – Jul 2012	-6.0%	+3.5%



While not completely avoiding risk, the Capital Aware Strategy's put options can provide significant protection in periods of market weakness or increased volatility.

### 1.3.2 Investment Risk Limits

The portfolio risk limits are as follows:

Portfolio Sector	% range
Individual Stocks	0-10%
Sub-sector Weight	0 - 30%
Cash	0 - 50%
Portfolio Put Coverage (Capital Aware Strategy only)	20 - 100%
Currency Hedging	0 - 100%
Emerging Markets	0 - 30%

## 1.4 Competitive Difference

The distinctive difference in the Global Titans Fund portfolio is two-fold:

1. A very strong emphasis on dividend growth and return on invested capital as drivers of shareholder returns.
2. Exposure to positive global Mega Trends, and the avoidance of negative trends.
3. The use of long put index options to protect the Capital Aware portfolio from significant downside shocks.

### Strengths and Weakness

The Fund's strategy strengths are:

1. An intuitive process backed by a sound and appropriate process.
2. Significant academic research to back the philosophy and process.
3. Mega Trends avoids sectors likely to be impacted by long term structural decline.
4. A focus on large cap brand name companies and their underlying financial strength.
5. Dividends support total returns from the equity holdings.
6. The liquid nature of each investment.
7. The choice of variable exposure to long index put options as protection against the impact of significant market downturns.

Strategy weaknesses can include:

1. The cost of put protection (estimated by the manager to be approximately 2% per annum) can impact the Capital Aware Strategy's performance, particularly in strongly rising markets.
2. The inability to access some cyclical sectors due to poor dividend histories/weaker financials which may impact returns at some points in the cycle.
3. The inability to capture the growth potential of smaller companies.
4. The portfolio is concentrated and generally holds 15 to 40 investments.



AFM's view is that the Fund's investment strategy is sustainable and that the people and processes involved are of a high quality to ensure the investment objectives are met in a variety of market conditions.



Analysis of past performance in market draw-downs greater than 15% indicate the Manager's risk mitigation strategy using put options over the S&P500 index has been successful in protecting the Portfolio.

## 2 Operational Processes

### AFM Summary

As a director Garry Wyatt has both the authority and experience to manage the CFO & COO roles given his extensive experience, and the outsourcing of compliance, risk, audit and back office functions. AFM is comfortable that the CFO/COO roles are combined given the current size of the management company and the Fund. AFM views Kotech as an experienced fund manager and capable of managing the Fund with its current philosophy and strategy. AFM views both the clear separation of functional roles and the fact that there are no current conflicts of interest as positive.

The Compliance Committee is appropriately constructed to represent all relevant parties. The use of external consultant Roger Campbell of BOCS significantly enhances AFM's confidence that compliance functions are appropriately managed. A quarterly meeting frequency and thorough compliance sign off provides further comfort of a soundly managed compliance function that reduces investor and Fund risk.

Key person risk is a feature of all investment management operations, and in Insync's case this centres on Monik Kotecha as CIO. However, given the Fund's strategy and nature of the assets we do not see excessive issues in the event of any sudden unavailability of Kotecha that would create market losses. The remainder of the investment team is highly experienced and given the market cap of the companies in the portfolio the assets could be realised quickly at market prices if required.

With respect to counter-party risk AFM would regard the two counter parties as having low risk for a fund manager. AFM is confident that systems, operational counter-party risk and audit are within industry standards. AFM would recommend that Insync establish its own IT systems as soon as is reasonable.



Key person risk centres on CIO Kotecha, but is reduced by the expansion of the investment team in February 2017 of John Lobb, and then Mark Haet in 2019. As such, liquidation of the investments in the portfolio are not at risk in the event of Kotecha's prolonged absence. AFM understands that Insync is currently reviewing Key Man risk insurance.



AFM Notes that there is no dedicated risk professional, which is not unusual in a team of this size. While Wyatt's role encompasses risk control, it is not considered an issue at current levels of FUM and firm size.



Overall AFM would judge the current structures and process around operational processes as sound and appropriate given the Fund's size. The issues noted are unlikely to create any significant risk to the Fund.



AFM is confident that the daily portfolio checks as well as valuation policies are appropriate, and in line with industry practice.



AFM to obtain a regular copy of the quarterly Compliance Committee sign off.

## 2.1 Service Providers

OneVue RE Services Limited was replaced by Equity Trustees as the Responsible Entity for the Fund in July 2018 and BNP Paribas provide external custody of the Fund's assets. Administration, issue, redemption and independent pricing of the Fund's investments and monthly NAV are provided by the external Administrator, Mainstream Fund Services. The company's auditor, Pitcher Partners, have a significant financial services practice. AFM has conducted due diligence on the external compliance consultant, BOCS, its CEO Robert Campbell, as well as obtaining references from their other clients, and believe it to be an effective service provider in its field.

The directors and management have provided assurances that there are no conflicts of interest between themselves, Insync or any of the service providers.

Service Outsourced	Service Provider
Custody	BNP Paribas Securities Services 60 Castlereagh St, Sydney NSW 2000
Administration	Mainstream Fund Services Level 1, 51 - 57 Pitt Street Sydney NSW 2000
Trustee	Equity Trustees Limited 575 Bourke Street, Melbourne VIC 3000
Auditor	Pitcher Partners Level 16, Tower 2, Darling Park, 201 Sussex Street Sydney NSW 2000
Compliance Services:	Business Operations and Compliance Systems (BOCS) Suite 701 Level 7 105 Pitt Street, Sydney



AFM is satisfied with the external service providers used, and that their independence from the Management Company provides appropriate separation and protection of the Fund's assets.

## 2.2 Marketing and Distribution

Over the past 12 to 24 months Insync has significantly added to the marketing and distribution capability, such that there are now three experienced marketing professionals, each focusing on a separate market segment. This follows a period when the marketing effort, while well meaning, was not effective in gaining new inflows.

The addition of Damen Purcell in particular brings a full time, experienced Business Development manager into Insync to implement a sound marketing and communication strategy and build relationships with the retail advisory network.



AFM is encouraged that the directors have committed to the marketing and distribution function, and that Purcell, Pearson and Breen's experience and activity will raise the Funds' profile, and subject to market performance that this will result in inflows.

## 2.3 Business Risk and Continuity

As at 31 August 2019 funds under management and advice (FUM/FUA) across each strategy totalled \$40 million. At these levels the business is sub economic, but the shareholders have committed significant capital (and future assurances) such that the management company is financially secure.

It should be understood that nearly all "boutique" fund managers commence based on the commitment of capital by shareholders until such time as FUM is sufficient to manage the firm.

However, it is also important to understand that in the event of a need to return capital to investors for whatever reason, the size of the portfolio and its underlying positions are such that there is no risk of market impact or liquidity issues.

Insync's investments are exclusively in global, large cap companies, and even at a significant multiple of current FUM the entire portfolio could be liquidated in less than one trading day without affecting

prices. This is also important in the event of a major market shock or “black swan” event such as occurred in 2008. In addition, the put option exposure of the Capital Aware Strategy would significantly protect that portfolio.



The limited FUM creates concern amongst some investors and advisory groups regarding business risk, and this inhibits the Fund being placed on some Approved Product Lists (APL’s). This is likely to be resolved once FUM reaches milestones of \$50 and \$100 million.

## 2.4 Investors, Fees, Terms and Conditions

### AFM Summary

Monthly fund reporting is sound. AFM regards the management fee structure (which absorbs costs normally charged to other funds) as fair and reasonable. Under the terms of the new PDS dated 1 July 2018 there are no performance fees.

The management company bears the cost of audit, tax and administration as well as those associated with the Responsible Entity. This is notable as the norm for the absolute return fund/hedge fund industry is for the Fund (and thus the investors) to bear these costs.

AFM notes that the lack of side letters, rebates and meeting of all redemption requests as positive from a client equity perspective.

Fee Type/Conditions:	Description and Terms.
Management Fee:	Quality Equity Strategy: 0.98% pa Capital Aware Strategy: 1.30% pa Both inclusive GST of the net asset value of the Fund, inclusive of fund expenses.
Buy/Sell spread:	0.20% entry / 0.20% exit
Performance Fee:	As of 24 July 2017 a new PDS was issued under which there is no performance fee. (Previously 15%)
Investment and Redemption Terms:	Daily investment provided cleared funds received by 12:00 pm. Redemptions received before 12.00 pm will receive the exit price of the NAV (less the sell spread of 0.20%) for the previous business day. Proceeds will usually be paid within 10 business days.
Investment Amount:	The minimum initial investment is \$10,000. The minimum withdrawal amount is \$1,000. The minimum balance: \$10,000.
Investor Type:	There are currently approximately 250 investors, with availability via a number of platforms. The top 10 unit holders hold approximately 30% of the units.
Funds under Management	\$40 million across both strategies.
Corporate and Licencing Information:	Insync Funds Management Pty Ltd (ABN: 29 125 092 677) holds AFSL 322891 to provide financial advice and dealing for retail clients.



AFM views the Fund’s Fees, Terms and Conditions as appropriate and equitable, particularly the Manager absorbing fund costs normally charged to investors. Redemption terms are daily and are paid within 10 business days.



The extremely liquid nature of the underlying investments - large cap global equities and exchange traded put options - provide confidence that the Fund’s capacity is significant and redemption restrictions are unlikely.



## Advanced Analytics - Summary

AFM FACTORS Advanced Analytics analysis shown over the following pages provides investors and analysts with a detailed range of performance KPI's compared with the underlying market index in which the fund invests over 6 months, 1-5 years, and since inception.

### Global Capital Aware

As shown on the following page over the most recent 6 months to September 2019, and the past 12 and 24 months, the Global Capital Aware Strategy has significantly out performed the Global Equity Index in both relative and absolute terms. Over 36, 48, 60 months and since inception the performance has been broadly in line with the index.

The Sharpe ratio of the Global Capital Aware Strategy has exceeded 1.0 over the past 3 years, an indication that the performance has been achieved without excessive risk, or volatility.

### Up and Down Capture Ratio:

The Up Capture Ratio since inception sits at 51%, however it has risen significantly over the past 3 years to be around 90% or above, reflecting the out performance of the fund over these time frames.

Meanwhile the Down Capture Ratio has been significantly lower than the market, with the fund achieving positive returns 26% of the time when the market performance has been negative on a monthly basis, indicating the defensive nature of the performance in negative markets.

### Global Quality Equity Strategy

Performance of the Quality Equity Strategy has been analysed based on the underlying or original Global Titans Fund, excluding the cost of the index put protection.

As a result the Quality Equity Strategy has a better performance than the Capital Aware Strategy in both headline returns and Sharpe Ratio although at a marginally higher level of volatility.

The Up Capture Ratio is better as a result, and for the past 60 months has been at or above 100%, indicating outperformance of the index in positive months, whilst also outperforming in negative months to record DCR's over less than 80% across all time frames.

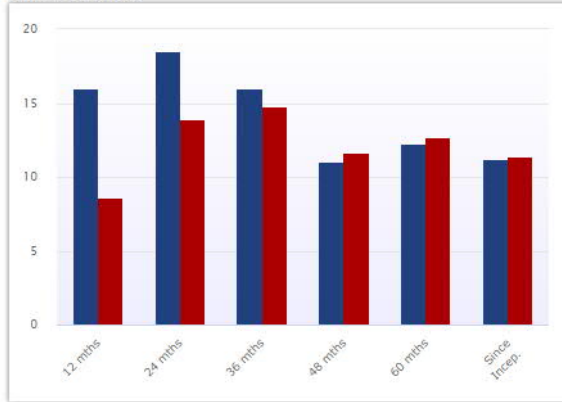
AFM ADVANCED ANALYTICS		Insync Global Capital Aware Fund: Oct 2009 - Sep 2019					
		Index = Global Equities					
Recent Returns	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	
Insync Global Capital Aware Fund	7.24%	-1.90%	6.02%	4.07%	2.44%	-2.21%	
Global Equity	4.09%	-4.46%	5.30%	2.87%	-0.71%	1.84%	
Annual Returns and Analytics	12 months	24 months	36 months	48 months	60 months	Inception	
Fund Annual Return per annum	15.97%	18.54%	15.99%	11.04%	12.23%	11.18%	
Index Annual Return per annum	8.64%	13.95%	14.77%	11.67%	12.66%	11.43%	
Fund Cumulative Return (on \$100)	\$115.97	\$140.52	\$156.06	\$152.05	\$178.01	\$288.67	
Index Cumulative Return (on \$100)	\$108.64	\$129.84	\$151.16	\$155.48	\$181.45	\$295.02	
Fund Annualised Standard Deviation	13.79%	11.10%	10.52%	10.49%	10.49%	9.47%	
Index Annualised Standard Deviation	12.92%	10.48%	9.91%	10.18%	10.50%	9.91%	
Fund Sharpe Ratio	1.05	1.47	1.33	0.91	1.00	0.89	
Index Sharpe Ratio	0.60	1.17	1.30	0.99	1.03	0.88	
Fund Sortino Ratio	1.74	2.73	2.44	0.00	0.00	1.62	
Index Sortino Ratio	0.83	1.90	2.21	1.64	1.75	1.46	
Fund Skew	-0.27	-0.32	-0.21	0.07	0.13	0.27	
Index Skew	-0.37	-0.55	-0.53	-0.22	-0.18	-0.02	
Fund Kurtosis	-1.08	-0.36	-0.46	-0.63	-0.72	-0.48	
Index Kurtosis	-1.38	-0.55	-0.63	-0.95	-0.97	-0.64	
Monthly Returns and Analytics	12 months	24 months	36 months	48 months	60 months	Inception	
Fund Average monthly return	1.24%	1.43%	1.24%	0.88%	0.97%	0.92%	
Index Average monthly return	0.69%	1.09%	1.15%	0.92%	1.00%	0.95%	
Fund % of Positive Months	58.00%	63.00%	64.00%	60.00%	58.00%	59.00%	
Index % of Positive Months	58.00%	58.00%	61.00%	58.00%	60.00%	62.00%	
Fund Average +ve Return	4.33%	3.60%	3.20%	2.93%	3.12%	2.73%	
Index Average +ve Return	3.60%	3.35%	3.19%	3.13%	3.17%	2.80%	
Fund Best Month	7.24%	7.24%	7.24%	7.24%	7.24%	7.24%	
Index Best Month	5.30%	5.30%	5.30%	6.20%	6.37%	8.15%	
Fund Average -ve Return	-2.89%	-2.06%	-2.08%	-2.14%	-1.93%	-1.69%	
Index Average -ve Return	-3.22%	-1.96%	-1.94%	-2.06%	-2.15%	-2.03%	
Fund Worst Month	-5.83%	-5.83%	-5.83%	-5.83%	-5.83%	-5.83%	
Index Worst Month	-5.46%	-5.46%	-5.46%	-5.46%	-5.46%	-5.46%	
Fund Largest Drawdown	-4.49%	-10.98%	-10.98%	-10.98%	-10.98%	-10.98%	
Index Largest Drawdown	-5.39%	-10.57%	-10.57%	-10.57%	-10.57%	-13.59%	
Fund Downside Deviation	7.80	5.76	5.52	5.74	5.45	4.95	
Index Downside Deviation	8.42	6.16	5.62	5.82	5.89	5.66	
Performance in Positive Markets	12 months	24 months	36 months	48 months	60 months	Inception	
Number of months market was positive	7	14	22	28	36	74	
Fund % positive months, when market positive	86%	86%	91%	89%	86%	80%	
Cumulative Fund return in positive market	28.31%	55.34%	88.16%	101.39%	151.71%	339.79%	
Cumulative Index return in positive market	28.04%	58.52%	99.17%	136.05%	206.14%	660.75%	
Up Capture Ratio	101%	95%	89%	75%	74%	51%	
Performance in Negative Markets	12 months	24 months	36 months	48 months	60 months	Inception	
Number of months market was negative	5	10	14	20	24	46	
Fund % positive months, when market negative	20%	30%	21%	20%	17%	26%	
Cumulative Fund return in negative market	-9.61%	-9.54%	-17.06%	-24.50%	-29.28%	-34.36%	
Cumulative Index return in negative market	-15.15%	-18.09%	-24.11%	-34.13%	-40.73%	-61.22%	
Down Capture Ratio	63%	53%	71%	72%	72%	56%	

# Analytics Graphs – Capital Aware Strategy

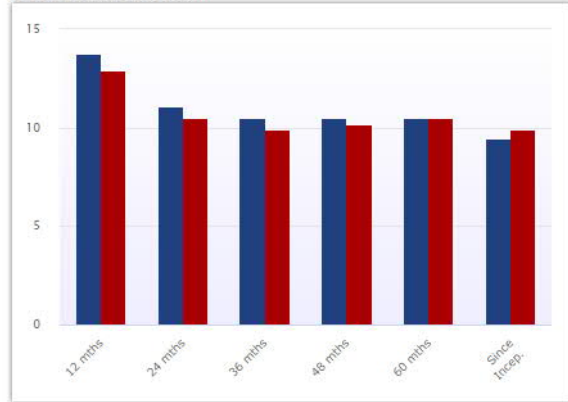
## INSYNC GLOBAL CAPITAL AWARE FUND: OCT 2009 - SEP 2019 VS. GLOBAL EQUITY

■ Insync Global Capital Aware Fund ■ Global Equity

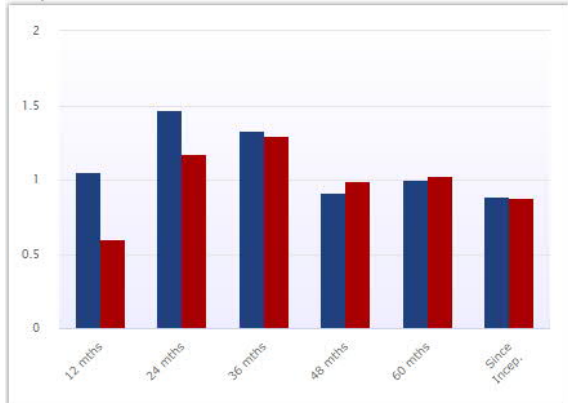
Annual Returns %



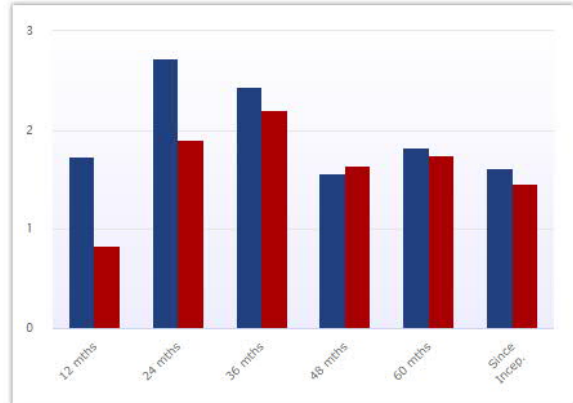
Annual Standard Deviation



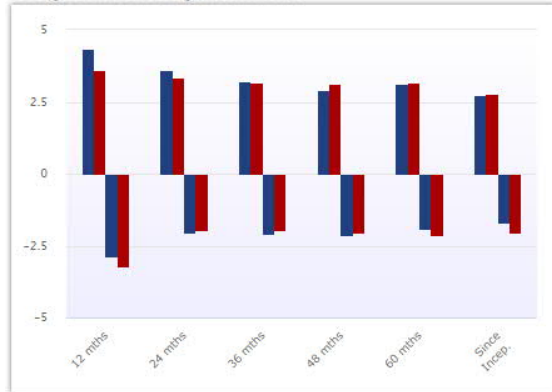
Sharpe Ratio



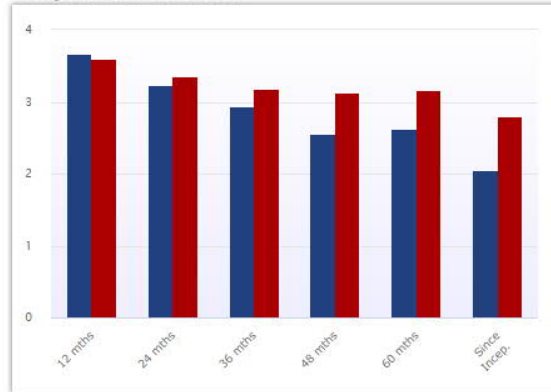
Sortino Ratio



Average Positive and Negative Returns %



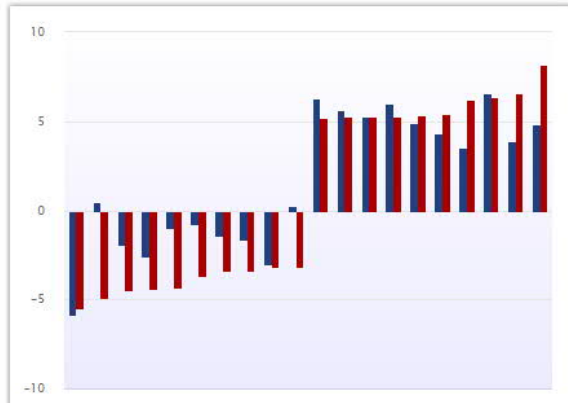
Average Return in +ve Market %



Drawdown%



Return in Index's 10 Best & 10 Worst Months %



AFM ADVANCED ANALYTICS		Insync Global Quality Equity Strategy: Oct 2009 - Sep 2019					
		Index = Global Equities					
Recent Returns	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	
Insync Global Quality Equity Fund	7.35%	-2.25%	6.66%	4.17%	2.30%	-1.70%	
Global Equity	4.09%	-4.46%	5.30%	2.87%	-0.71%	1.84%	
Annual Returns and Analytics	12 months	24 months	36 months	48 months	60 months	Inception	
Fund Annual Return per annum	16.33%	20.60%	18.61%	14.09%	15.63%	13.67%	
Index Annual Return per annum	8.64%	13.95%	14.77%	11.67%	12.66%	11.43%	
Fund Cumulative Return (on \$100)	\$116.33	\$145.45	\$166.88	\$169.46	\$206.67	\$360.16	
Index Cumulative Return (on \$100)	\$108.64	\$129.84	\$151.16	\$155.48	\$181.45	\$295.02	
Fund Annualised Standard Deviation	14.88%	11.90%	11.34%	11.20%	11.59%	10.03%	
Index Annualised Standard Deviation	12.92%	10.48%	9.91%	10.18%	10.50%	9.91%	
Fund Sharpe Ratio	1.01	1.53	1.44	1.10	1.17	1.07	
Index Sharpe Ratio	0.60	1.17	1.30	0.99	1.03	0.88	
Fund Sortino Ratio	1.64	2.83	2.69	0.00	0.00	2.09	
Index Sortino Ratio	0.83	1.90	2.21	1.64	1.75	1.46	
Fund Skew	-0.28	-0.40	-0.28	0.05	0.17	0.30	
Index Skew	-0.37	-0.55	-0.53	-0.22	-0.18	-0.02	
Fund Kurtosis	-1.20	-0.38	-0.51	-0.76	-0.71	-0.39	
Index Kurtosis	-1.38	-0.55	-0.63	-0.95	-0.97	-0.64	
Monthly Returns and Analytics	12 months	24 months	36 months	48 months	60 months	Inception	
Fund Average monthly return	1.27%	1.57%	1.43%	1.10%	1.22%	1.11%	
Index Average monthly return	0.69%	1.09%	1.15%	0.92%	1.00%	0.95%	
Fund % of Positive Months	58.00%	63.00%	64.00%	58.00%	58.00%	58.00%	
Index % of Positive Months	58.00%	58.00%	61.00%	58.00%	60.00%	62.00%	
Fund Average +ve Return	4.66%	3.93%	3.57%	3.45%	3.61%	3.08%	
Index Average +ve Return	3.60%	3.35%	3.19%	3.13%	3.17%	2.80%	
Fund Best Month	7.35%	7.35%	7.35%	7.35%	8.77%	8.77%	
Index Best Month	5.30%	5.30%	5.30%	6.20%	6.37%	8.15%	
Fund Average -ve Return	-3.27%	-2.21%	-2.20%	-2.05%	-2.00%	-1.63%	
Index Average -ve Return	-3.22%	-1.96%	-1.94%	-2.06%	-2.15%	-2.03%	
Fund Worst Month	-6.50%	-6.50%	-6.50%	-6.50%	-6.50%	-6.50%	
Index Worst Month	-5.46%	-5.46%	-5.46%	-5.46%	-5.46%	-5.46%	
Fund Largest Drawdown	-5.80%	-12.64%	-12.64%	-12.64%	-12.64%	-12.64%	
Index Largest Drawdown	-5.39%	-10.57%	-10.57%	-10.57%	-10.57%	-13.59%	
Fund Downside Deviation	8.46	6.17	5.86	5.74	5.63	4.91	
Index Downside Deviation	8.42	6.16	5.62	5.82	5.89	5.66	
Performance in Positive Markets	12 months	24 months	36 months	48 months	60 months	Inception	
Number of months market was positive	7	14	22	28	36	74	
Fund % positive months, when market positive	86%	86%	91%	89%	89%	81%	
Cumulative Fund return in positive market	32.07%	63.26%	104.67%	130.85%	207.31%	469.17%	
Cumulative Index return in positive market	28.04%	58.52%	99.17%	136.05%	206.14%	660.75%	
Up Capture Ratio	114%	108%	106%	96%	101%	71%	
Performance in Negative Markets	12 months	24 months	36 months	48 months	60 months	Inception	
Number of months market was negative	5	10	14	20	24	46	
Fund % positive months, when market negative	20%	30%	21%	15%	13%	22%	
Cumulative Fund return in negative market	-11.92%	-10.91%	-18.46%	-26.60%	-32.75%	-36.72%	
Cumulative Index return in negative market	-15.15%	-18.09%	-24.11%	-34.13%	-40.73%	-61.22%	
Down Capture Ratio	79%	60%	77%	78%	80%	60%	

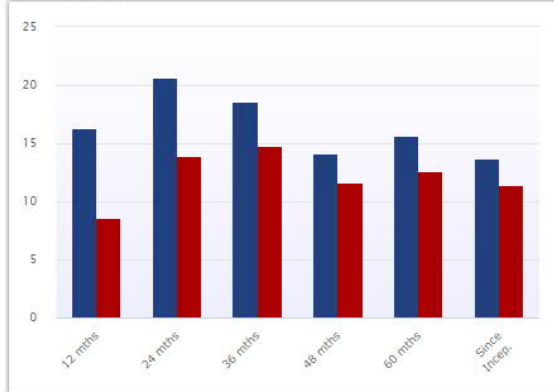
Disclaimer: Australian Fund Monitors Pty Ltd, holds AFS Licence number 324476. The information contained herein is general in its nature only and does not and cannot take into account an investors financial position or requirements. Investors should therefore seek appropriate advice prior to making any decisions to invest in any product contained herein. Australian Fund Monitors Pty Ltd is not, and will not be held responsible for investment decisions made by investors, and is not responsible for the performance of any investment made by any investor, not withstanding that it may be providing information and or monitoring services to that investor. This information is collated from a variety of sources and we cannot be held responsible for any errors or omissions. Australian Fund Monitors Pty Ltd, A.C.N. 122 226 724

# Analytics Graphs –Quality Equity Strategy

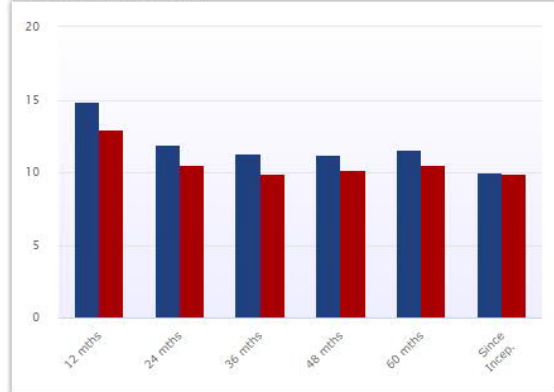
INSYNC GLOBAL QUALITY EQUITY FUND: OCT 2009 - SEP 2019 VS. GLOBAL EQUITY

■ Insync Global Quality Equity Fund ■ Global Equity

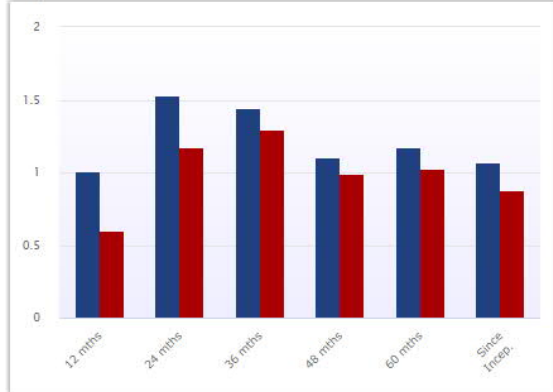
Annual Returns %



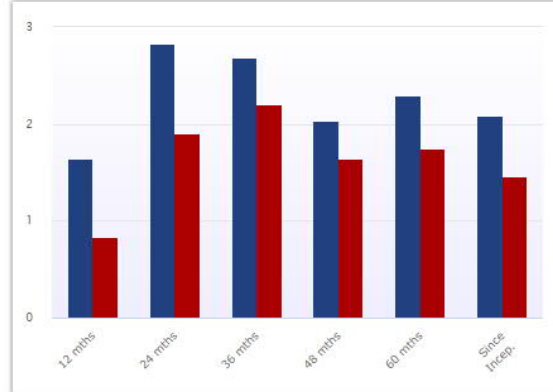
Annual Standard Deviation



Sharpe Ratio



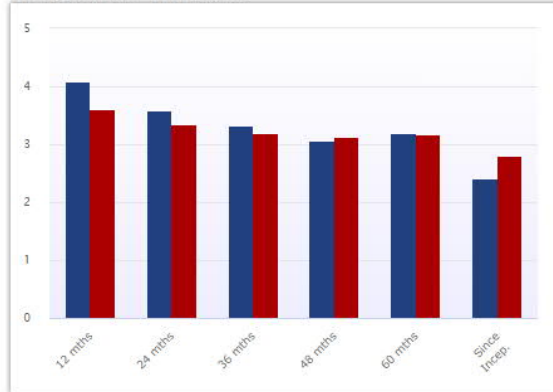
Sortino Ratio



Average Positive and Negative Returns %



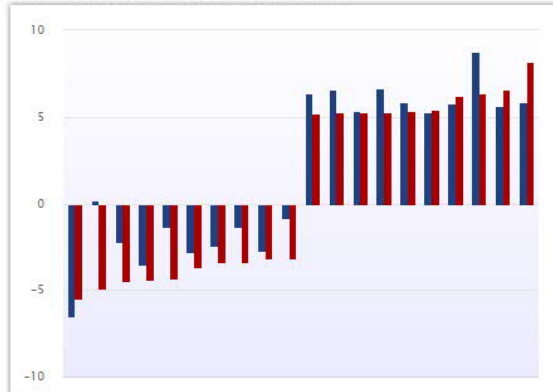
Average Return in +ve Market %



Drawdown%



Return in Index's 10 Best & 10 Worst Months %



## Conclusion

AFM's due diligence on Insync has included numerous, extensive interviews with senior staff, directors and significant shareholders, document collection, and verification where appropriate. The full extent of AFM's research is contained in this AFM's Factors Due Diligence Report.

AFM's conclusions are that;

1. Management Company:

Insync has significant expertise in its management and staff and that they are well suited to ensuring the Fund delivers on its philosophy and strategy. The Manager and Fund meet relevant or appropriate standards.

2. Investment Strategy & Risk Processes:

The investment philosophy is clear, and the underlying strategy and processes should enable the Fund's investment objectives to be met. All other issues evaluated are appropriate as noted. The Manager and Fund generally meet or exceed relevant or appropriate standards.

3. Operational Processes:

Operational processes and compliance are likely to ensure risk is minimised across both the Company and Fund. The Manager and Fund meet relevant or appropriate standards.

4. Fees, Terms & Conditions:

Fees, terms and conditions are structured to provide investors and the Fund Manager an alignment of interests. Liquidity terms are appropriate. Fees, terms and Conditions meet or generally exceed relevant or appropriate standards.

5. Overall:

AFM considers that the operational and risk processes of the Manager and Fund will enable the investment strategy to be successfully implemented. The Manager and Fund meet or exceed the relevant or appropriate AFM FACTORS standards.

### Performance Analytics:

Over the most recent 12, 24 and 36 months the Global Capital Aware Strategy has matched or closely matched the Global Equity Index, while since inception it has consistently performed better than the market in periods of negative performance as shown by the Fund's Down Capture Ratio of 56% - almost half that of the market.

The Quality Equity Strategy – which does not have either the cost or protection provided by the implementation of the put index cover - has performed better than the market in positive months, whilst still outperforming on a cumulative basis in negative months.

The past performance\*\* of both strategies, but particularly the Capital Aware Strategy during periods of market stress, indicates the Manager's ability to successfully implement their stated investment strategy.

### Summary:

AFM considers the Fund a suitable investment in a diversified portfolio for investors\* seeking exposure to global large capitalisation companies, including those with indirect exposure to emerging markets.

The concept of investing in companies exposed to "Mega Trends" is logical and forward thinking and suitable for a fund with low stock turnover and an investment opposed to a trading style.

AFM considers the operational and risk processes of the Manager and Fund, along with the investment strategy are consistent with each other. Going forward we would like to see the Manager increase FUM to achieve critical mass.



## AFM FACTORS Process and Methodology:

AFM FACTORS Fund Research ("AFM FACTORS") provides an analytical, measured and quantitative approach to the operational research and due diligence of managed funds. AFM FACTORS considers a wide range of detailed issues across the following broad investment and operational categories:

1. Management Company
2. Investment Strategy
3. Operational Processes
4. Fees, Terms and Conditions

The quantitative process combines with a qualitative appraisal following extensive interviews with the Manager's key personnel and relevant external service providers. When combined with analysis of the Fund's track record and Key Performance and Risk Indicators (KPRI's) this provides investors and with an objective view of the Fund Manager's ability to deliver their fund's stated objectives.

### PROCESS:

The processes involved in AFM FACTORS Fund Research include:

- Extensive interviews with the directors, key staff and service providers of the Management Company and the fund.
- Objective analysis of the responses to interviews and questionnaires regarding the Fund's Investment Strategy & Risk Processes.
- Objective analysis of the responses to interviews and questionnaires regarding the Operational Processes, Compliance and Risks of the Management Company and Fund.
- Analysis of the Fund's documentation, Terms, Fees, Conditions and Investor Relations.
- Quantitative analysis of the Fund's track record to provide key performance and risk indicators.

The quantitative approach to the FACTORS reports is adjusted following qualitative assessment by AFM's research committee depending on the level of conviction attached to each score.

Once all information has been collected each aspect or FACTOR is allocated a score which goes towards the final rating of each operational category. This score is weighted according to a defined formula and calculated as a percentage in the tables below.

The AFM FACTORS scoring and rating system provides a quantitative basis on which to measure each of the above areas of the Management Company and Fund's strategy and operational processes.

A score of 60% or above in each category indicates the minimum score required.

% points score	Description
<50%	The Manager and/or Fund have significant or structural issues.
>50% to <60%	The Manager and/or Fund have various issues which need to be resolved prior to achieving Investment Grade.
>60% to <80%	The Manager and Fund meet relevant or appropriate standards.
>80% to <90%	The Manager and Fund meet or generally exceed relevant or appropriate standards.
>90%	The Manager and Fund consistently exceed relevant or appropriate standards.

The percentage point score allocated to each AFM FACTORS category has been established as being appropriate based on AFM’s experience and understanding of the strategy or sector.

However, a significant benefit of the quantitative approach to AFM FACTORS Fund Research is that investors and their advisors can adjust the weightings of each Category based on their own assessment of their importance, or the style, stage or market in which the fund is investing.

#### FACTORS Rating, Weightings and Scoring Methodology

	Category and Factors considered	Weighting to Total
1	Management Company: Includes board composition and independence; meetings and processes; relevance, depth and experience of key staff; overall staffing levels; staff turnover; roles and separation of duties; equity in management company; co-investment in the fund.	22.5%
2	Investment Strategy & Risk Processes: Edge; logical and clear; difference; research sources; consistency; liquidity; processes; derivatives; currency; concentration; separation of risk management; risk limits and processes; risk committee.	40%
3	Operational Processes: Back office; trade processes; compliance; counter parties; IT systems; disaster recovery; insurance; AML; service providers.	22.5%
4	Fees, Terms & Conditions: Liquidity; investment and redemption terms; management fees; performance fees; HWM; hurdles; reporting; transparency.	15%
	Total	100%

Flags: AFM FACTORS contains a series of “Flags” or icons as follows:



Denotes an area or factor considered to be serious, or cause investors to avoid the Manager or Fund.



Denotes an area that investors should be aware of but is not considered to be either major, or is appropriate given the circumstances.



Denotes an area which AFM considers to be positive, or exceeds general industry standards, taking into account the Manager’s size or Fund strategy.



AFM will review this aspect over the appropriate time period.

#### Recommendations:

AFM FACTORS deliberately avoid blanket recommendations such as “Recommended” or “Highly Recommended” without knowledge of the individual investor’s circumstances and risk tolerances.

The scores and AFM FACTOR Rating for each of the four categories reviewed provide investors and their advisors with an appropriate guide to the fund’s suitability for investment.

#### Fund Reviews:

The AFM FACTORS Report should be read and considered in conjunction with AFM’s Fund Reviews, which provide a monthly update of the Fund’s Performance and Risk Metrics (KPRI’s). AFM Fund Reviews are available from [www.fundmonitors.com](http://www.fundmonitors.com).

Fund Performance and Risk Metrics provide an actual and relative guide to the Fund’s performance over a series of time frames, while the Risk Metrics provide a range of key indicators and ratios.

AFM FACTORS reports remain current for 12 months from the original date of issue, but are reviewed quarterly, or more frequently as required. The reports are subject to contractual agreements with each manager to ensure AFM is informed of any material changes.

## Potential Conflicts of Interest

This Report has been prepared taking into account the general provisions and guidance provided in ASIC's Regulatory Guide 79 (RG79).

Australian Fund Monitors Pty Limited, its directors, employees or related parties (collectively "AFM") may have investments in, or commercial relationships with, companies or entities which are mentioned in this Report, and which might give rise to a potential conflict of interest.

In relation to this FACTORS Report on Insync Funds Management and the Insync Global Titans Fund, AFM or its related parties receives or has received a fee from Insync Funds Management.

Furthermore AFM and its related parties may have an investment in the Insync Global Titans Fund.

Notwithstanding the above, AFM declares that the relevant provisions contained in RG79 relating to conflicts of interest are and have been managed appropriately.

\* This report is not prepared for the specific purpose of any single investor, and all investors should consider their own circumstances prior to making any investment decision.

\*\* Investors should be aware that past performance might not be indicative of future performance and that market conditions can significantly change performance and risk metrics.

## Version Control

AFM FACTORS reports are updated on a quarterly basis, or more frequently as required in the event of changes which are viewed as significant.

Version	Date	Details & Comments
2014.02	February 2014	Quarterly update – changes made for new staff appointment of Nitesh Patel as Senior Analyst/Assistant Portfolio Manager (pages 4, 6). AFM met with Patel and believes he is well suited to the role There is also comment on fees, terms and conditions (page 12). Small change in shareholdings noted (page 6) and marginal change in strategy noted (max no of shares in the portfolio moves from 25 to 30, page 7). Score moved up 1 percent.
2014.03	March 2014	Update from Insync regarding the departure of Head of Research and Distribution, Marcus Tuck and the reallocation of his research responsibilities to Patel and with David Johns appointed to a dedicated sales and distribution role (pages 4, 6). AFM met with Johns and believes he is well suited to the role. Score unchanged.
2014.09	September 2014	No changes. Score unchanged
2015.04	April 2015	Slight to change to put protection commentary due to market conditions and the put protection table to reflect the Global Equity benchmark. Score unchanged.
2015.09	September 2015	Slight to change to put protection commentary due to market conditions. Score unchanged.
2016.07	July 2016	Update from Insync regarding the departure of David Johns and hiring of Yu Ming Cawthorn to take over the Marketing and Distribution responsibilities. Score unchanged.
2016.10	October 2016	Updated to include the departure of Nitesh Patel and the appointment of Grant Pearson and Tony Breen to strengthen distribution.
2017.06	July/August 2017	Updated to include the appointment of John Lobb as Senior Investment Analyst, and departure of Yu Ming Cawthorn. New PDS issued including a change to (removal) the performance fee, and addition of updated risk parameters. Minor re-balancing of equity in the Management Company.
2018		Updated to include appointment of Damen Purcell as National distribution Manager
2019.08	July/Sept 2019	Updated to include Quality Equity Strategy, latest FUM, compliance review and manager interviews, and Advanced Analytics.