

## Global Titans Fund

### COMMENTARY

Global equities ended May just shy of a record high as strong company earnings growth supported optimism in the global economy. There was some better economic data to support this, primarily in Europe. In the US the unemployment rate fell in the May labour market release down to 4.4%. The broader Eurozone continued to show signs of improvement, with the 19-country bloc's unemployment rate falling further down to 9.3%. Consumer confidence in the region hit a post-crisis high. The German IFO survey on business sentiment reached its highest level since inception in 1991. Yet potential headwinds to the global growth story remain. Elections in the UK, Germany and Italy are looming as Brexit negotiations begin, while in the US President Trump's ability to implement spending and tax-cut plans is far from certain.

The Fund's unit price increased by 4.9% in May after including the cost of protection. The performance was driven by positive contributions from our holdings in Heineken, Reckitt Benckiser, Unilever, PayPal and Comcast. The main negative contributor was The Walt Disney Co.

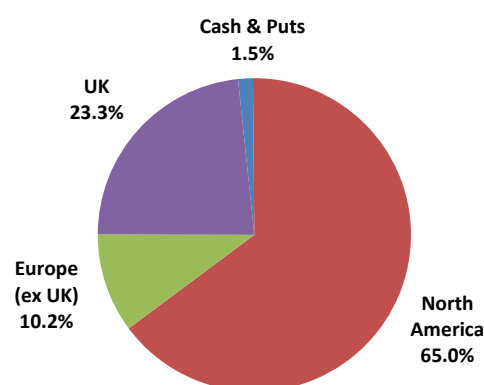
During the month the fund sold out of Zimmer Biomet Holdings on concerns around execution of its integration with Biomet. Insync initiated a position in Priceline the leading online travel agency by market share and profitability.

The Fund continues to have no foreign currency hedging in place as Insync consider the main risks to the Australian dollar to be on the downside. Over 50% of the Fund is currently protected using our put protection strategy.

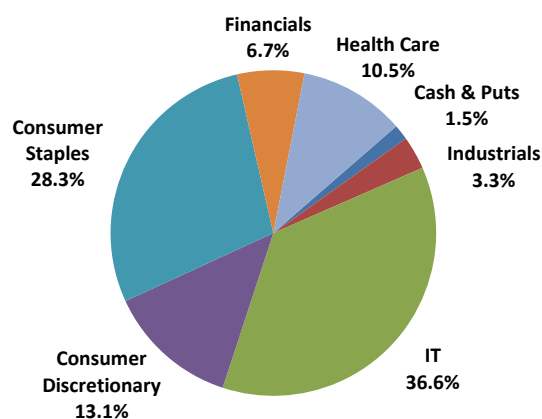
### TOP 10 HOLDINGS

Medtronic	Comcast
Microsoft	PayPal
Visa	Cognizant Tech Solutions
BAT	Unilever
Heineken	Reckitt Benckiser

### GEOGRAPHIC COMPOSITION



### INDUSTRY COMPOSITION



PERFORMANCE <sup>1</sup>	1 Month (%)	3 Months (%)	6 Months (%)	1 Year (%)	3 Years (% p.a.)	5 Years (% p.a.)	SI (% p.a.)	SI (% Total)
Fund	4.9	12.9	17.3	10.4	10.1	11.5	10.2	109.6
MSCI World ex-AUS <sup>2</sup>	2.8	8.7	12.6	14.4	13.7	17.7	11.4	128.4
Cash Benchmark <sup>3</sup>	0.2	0.5	0.9	1.8	2.3	2.6	3.3	28.1

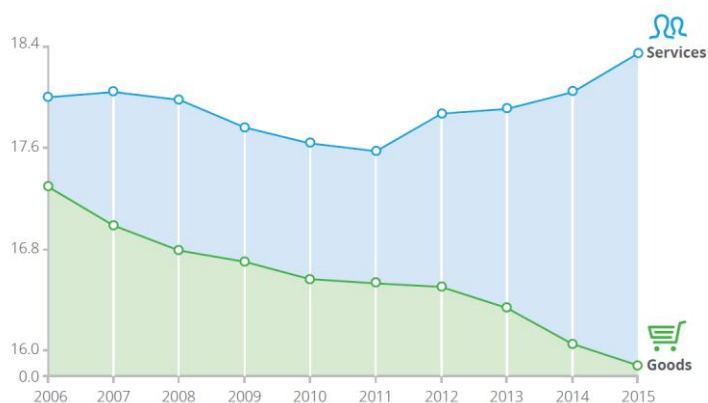
<sup>1</sup> Returns are calculated net of management fees and expenses but before tax and adviser fees (if applicable) with all distributions re-invested. Inception date for the Insync Global Titans Fund is 7 October 2009.

<sup>2</sup> MSCI All Country World ex-Australia Net Total Return Index in \$A.

<sup>3</sup> UBS Australia Bank Bill Index.

## Amadeus IT– Investing in the Global Travel Megatrend

Recent data out of the US shows that consumers are now spending more on experiences over goods with expenditure on travel growing well in excess of GDP.



Source: Bureau of Labor Statistics, 2016

Note: Goods include food and drinks, tobacco, clothing and footwear, and household goods. Services include communications, leisure and recreation, and hotels and catering.

The International Civil Aviation Organization revealed that in 2016 there was a 6.3% global growth in airline passenger numbers. It is a well-known adage that airlines are wonderful generators of profit—for everyone except themselves. The average net profit margin of the airline industry over the past 40 years has been less than 1%. Some of the most attractive margins in the travel business are enjoyed by the “global distribution systems” (GDSs), a technical name for computerised-reservations services. They are the ineluctable middlemen.

Amadeus IT provides the technology which keeps the travel sector moving - from initial search to making a booking, from pricing to ticketing, from managing reservations to managing check-in and departure processes. Most flights booked through a physical or online travel agent go through a GDS, which charges the airline a fee that makes up less than 3% of an airline’s non-fuel costs. It holds the number one position in a three player global distribution system (GDS) market. It continues to maintain its competitive edge by investing over €4 billion in R&D since 2004 and is the leading European investor in R&D for the travel and tourism sector.

At Insync we focus on investing in highly profitable companies benefitting from global megatrends. Amadeus generates high operating margins and returns on invested capital, two attributes Insync seek in very high quality businesses. Amadeus has a long run way of growth, in excess of 2-3 times global GDP growth, as it utilises its know-how to grow into new business areas such as providing a central reservation system to the hotel market.

## PORTFOLIO CHARACTERISTICS

<b>Average market cap</b>	A\$188.9bn
<b>WAVG<sup>4</sup> forecast dividend yield</b>	1.75%
<b>WAVG forecast PE ratio</b>	19.6x
<b>WAVG ROE</b>	16.6%
<b>Current FX hedging position</b>	0% overseas exposure hedged back into \$A
<b>Current put protection</b>	50%
<b>Benchmark</b>	Unconstrained

<sup>4</sup> Weighted average

## KEY INFORMATION

<b>APIR code</b>	SLT0041AU
<b>ASX mFund code</b>	INS01
<b>Distributions paid</b>	Annually, as at 30 June
<b>Unit pricing</b>	Daily
<b>Minimum initial investment</b>	\$10,000
<b>Applications &amp; redemptions</b>	Each Sydney business day
<b>Entry &amp; exit fee</b>	Nil
<b>Buy/Sell spread</b>	0.20%/0.20%
<b>MER</b>	1.3% (plus GST) p.a.
<b>Performance fee</b>	15% (plus GST)

Of any performance above the RBA cash rate plus 2% based on annual performance, with high water mark protection for investors

## Investment style

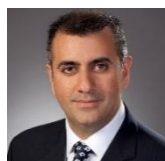
Concentrated, large cap global equity fund, incorporating active currency management and downside protection strategies

## Investment objectives

To provide long term capital growth and some income through investment in listed global securities. Insync believes that a strong focus on capital preservation will lead to superior relative and absolute returns over time

## How to apply

Online or via application form at [www.insyncfm.com.au](http://www.insyncfm.com.au)  
Platform – Macquarie, Colonial FirstWrap, Mason Stevens, Onevue ASX mFund



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**Monik Kotecha**

## Contact Insync

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## Insync Disclaimer

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