

April delivered another solid month in performance. Both funds outperformed the benchmark by circa 6% over the past six months as a result of many of the portfolio companies delivering strong earnings results. As we explained a number of times last year, investors will shift away from all the anxiety on inflation and talk of a regime change which led to indiscriminate selling of the highest quality companies last year, back to rewarding companies that are delivering consistent earnings growth. Over the long-term it is all about sustainable earnings growth that drives share prices. Last year’s fall in share prices of some of the highest quality and most profitable companies was a major opportunity for investors to buy and not sell.

There continues to be an intense debate around the extent to which interest rates will be cut over the next 12 months, and concerns around a deep recession, with the consensus opinion now forecasting that inflation will likely remain above the tolerance threshold of central banks for the foreseeable future. Consensus views have generally proven to be wrong historically. The benefit of investing in some of the most profitable companies with debt-free or low-debt balance sheets, and above-average earnings growth is that they can provide superior returns in the current uncertain market environment. Despite the challenges of the last two years, businesses with these attributes have shown resilience and strength in stormy conditions. Insync’s investment approach of investing in the most profitable companies with the tailwinds of megatrends results in their earnings having very low sensitivity to the economy.

	1 Month	3 Month	1 Yr	2 Yr	Rolling 3-Yr Av	3 Yrs	Rolling ^o 5-Yr Av	5 Yrs	Since Incep#
Insync Global Quality Equity Fund ^	2.55%	11.26%	11.93%	2.37%	13.44%	8.55%	13.98%	10.85%	12.11%
Insync Global Capital Aware Fund*	2.44%	10.63	9.19%	0.64%	12.66%	6.07%	12.31%	10.64%	10.25%
<i>MSCI ACWI (ex AUS) NTR (AUD)~</i>	2.83%	8.49%	9.87%	6.81%	12.73%	11.64%	12.31%	9.94%	10.85%
Global Quality Equity Fund Out-Performance	-0.27%	2.77%	2.06%	-3.81%	0.76%	-3.09%	1.69%	0.91%	1.26%
Global Capital Aware Fund Out-Performance	-0.38%	2.13%	-0.69%	-5.55%	-0.08%	-5.58%	0.00%	0.69%	-0.60%

Source: Insync Funds Management - Past Performance is not a reliable indicator of future performance. ^oStated objective of the Fund. *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

Meta Platforms –AI Winner

Excluding China (where US social media companies are generally excluded) Meta Platforms Family of Apps are used monthly by a staggering 90% of the world’s connected population.

Meta has a long history of investing into AI. For years, Meta has employed a world-class AI research team that has been publishing industry-changing research. Even though we can’t see it, Meta has, for years, used AI to recommend posts in our feeds, moderate content, and target ads behind the scenes in Instagram and Facebook.



Source: Netbasesquid.com

Meta is currently incorporating AI more visibly into his company’s products. They are deploying AI technologies to assist advertisers optimise their spend across different mediums with the company saying it’s improved its “monetization efficiency,” or how much the company makes off of ads they sell on Reels, by 30-40 percent on Instagram and Facebook.

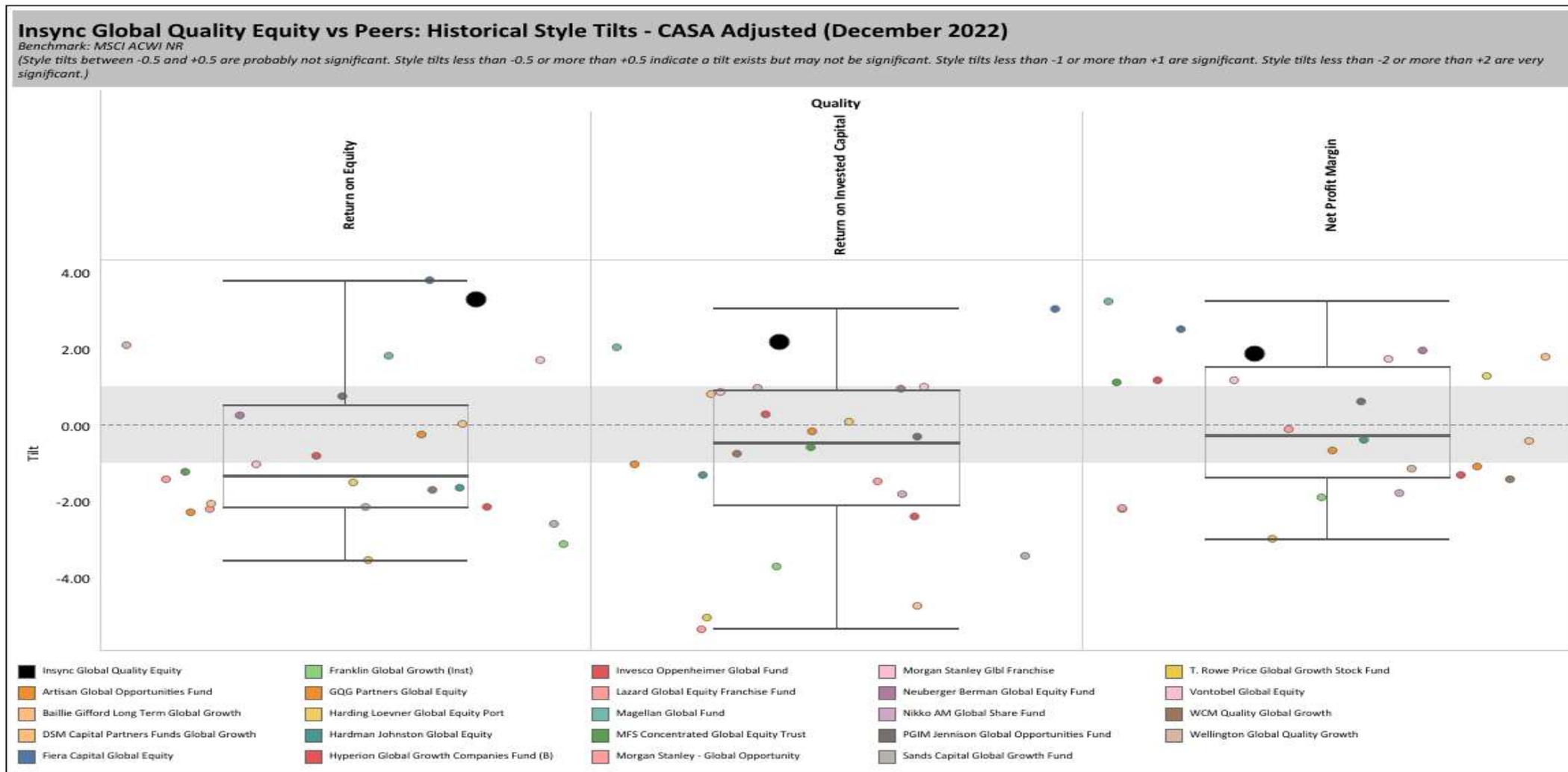
Insync significantly increased the Fund’s exposure to Meta when shares were trading below US\$100 in November 2022, as investors were fretting over how much the company was spending on the Metaverse. **What was not appreciated was that 80% of their investments was spent on their core business including AI.** Meta shares are today trading in excess of US\$200.

Meta Platforms has 80% gross margin, over 19% net margins (which includes an expense/deduction of R&D spend of \$35.4bn), and returns on invested capital in excess of 25%. It is an extremely profitable business which is in a strong position to benefit from the exponential deployment of artificial intelligence.

A Deep Dive!

Each edition we highlight **one** quantitative feature of our fund produced by leading research firm **Foresight Analytics**.

This month we show Insync's focus on **Return on Invested Capital** (ROIC) is indeed a reality. We lead the market. ROIC is the best measure of a company's quality and profitability as it measures how much profit a company is generating today on all its capital (Debt plus Equity) invested in its business. Additional measures of a company's profitability, **Net Profit Margin** and **Return on Equity**, also places Insync near the top of the pack. Insync's primary measure (ROIC), is at a statistically very significant **3 standard deviations** above the MSCI average. Our style 'tilt' clearly depicts a very strong Quality focus.



Source: Foresight Analytics - Data source: Morningstar and Style Analytics

Portfolio Name
All

Snapshot Date
December 2022

Highlighted Fund
Insync Global Quality Equity

Adjustment
CASA Adjusted

Factor Group
Quality

Factor
Multiple values

The Black dot is Insync. Managers are represented by different colours to provide relative comparisons.
Zero on the y-axis represents the average for the MSCI universe.
Numbers = number of standard deviations from the benchmark. (Managers within +/- 0.5 Std Deviations = no style



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Risk Measures – Global Quality Equity Portfolio^

	1 Year	3 Years	5 Years
Standard Deviation	13.54%	16.91%	15.92%
Tracking Error	6.70%	8.76%	7.8%
Information Ratio	0.53	-0.20	0.30
Sharpe Ratio	0.75	0.57	0.74
Batting Average	50.00%	44.44%	56.67%

Risk Measures – Global Capital Aware Fund*

	1 Year	3 Years	5 Years
Standard Deviation	17.14%	16.67%	15.03%
Tracking Error	6.51%	8.95%	8.51%
Information Ratio	-0.43	-0.50	0.08
Sharpe Ratio	0.06	0.43	0.66
Batting Average	50.00%	47.22%	53.33%

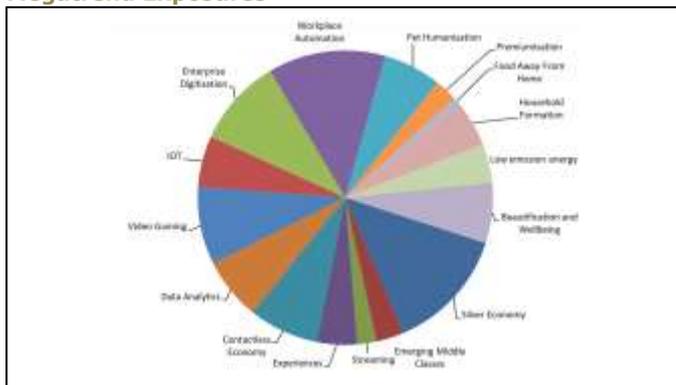
Capture Ratios – Global Quality Equity Portfolio^

	3 Years	Since Incep#
# Index Positive Months	23	102
# Index Negative Months	13	61
Up Market Capture	1.30	1.08
Down Market Capture	1.72	0.91
Capture Ratio	0.75	1.19

Capture Ratios– Global Capital Aware Fund*

	3 Years	Since Incep#
# Index Positive Months	23	102
# Index Negative Months	14	61
Up Market Capture	1.20	0.88
Down Market Capture	1.77	0.81
Capture Ratio	0.68	1.08

Megatrend Exposures



Top 10 Active Holdings

Stock	%
Booking Holdings Inc.	4.3%
KLA Corp.	3.7%
Meta Platforms Inc.	3.7%
Ulta Beauty	3.7%
Henry Schein Inc.	3.6%
ASML Holding NV	3.5%
Adobe Inc.	3.5%
Merck & Co. Inc.	3.4%
Zoetis Inc.	3.4%
Oracle Corp.	3.4%

Key Fund Information

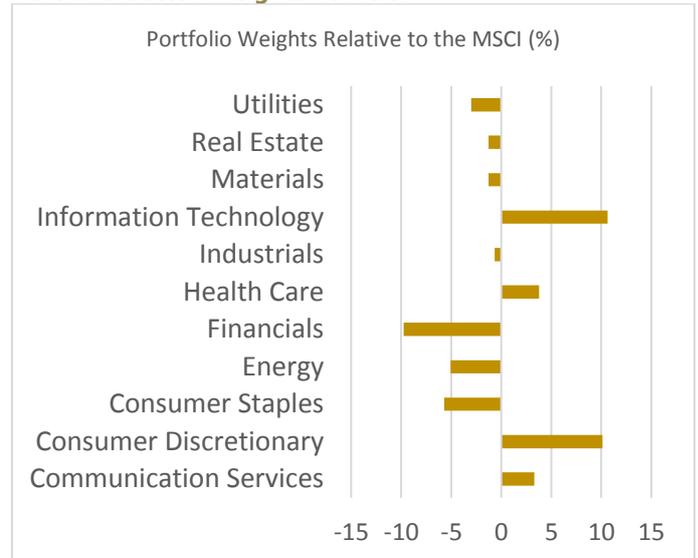
	Portfolio	Index
Forward PE	18.65	15.84
Forward PCF	17.38	16.81
ROIC	41.20	14.56
Market Cap (USD Bln avg)	321.03	46.23
Market Cap (USD Bln median)	98.79	17.40
Std deviation (ex ante)	19.05	17.61
Interest Cover	118.49	52.87
Total Debt to Ebitda	1.85	3.26

Disclaimer

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A Target Market Determination is a legally required document you should examine before investing with us. It describes who this financial product is likely to be appropriate for, and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed. You can read our TMD [here](#).

Portfolio Sector Weights vs MSCI



Key Portfolio Analytics

	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