insync *with your financial future* 31 October 2017

Global Titans Fund

COMMENTARY

Global stocks advanced amid signs of an improving world economy, strong corporate earnings growth and central bank stimulus measures. Japanese stocks led developed markets higher as investors welcomed the snap election victory orchestrated by Prime Minister Shinzō Abe.

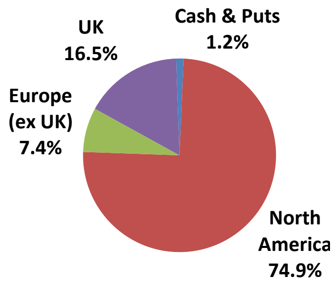
Information technology stocks rallied, supported by better-than-expected corporate earnings in the sector. Basic materials stocks also enjoyed significant gains amid accelerating activity in the manufacturing sector and higher demand from China. Media and telecommunications stocks fell on concerns about the declining number of cable TV subscribers.

The Fund's unit price increased by 3.8%, after the cost of protection, in October. The performance was driven by positive contributions from our holdings in PayPal, Microsoft, Oracle, Visa and Stryker. The main negative contributors were London Stock Exchange, Unilever, Reckitt Benckiser and Comcast Corp.

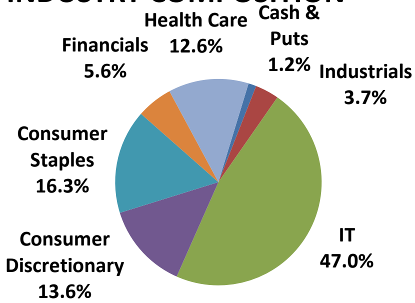
TOP 10 HOLDINGS

Heineken	Priceline
Microsoft	PayPal
Visa	Cognizant Tech Solutions
Unilever	Zoetis
Alphabet	Oracle

GEOGRAPHIC COMPOSITION



INDUSTRY COMPOSITION



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.

Global Titans Fund Performance

October 2017

Measure	Five year Rolling Objective	Latest Month	3 month*	6 month*	1 year*	3 year*	5 year*	7 year*	Since Inception (7 Oct 2009)
Return after fees before protection	14.61%	4.04%	6.24%	7.48%	21.73%	12.02%	14.43%	13.37%	11.79%
Benchmark MSCI ex AUS	14.59%	4.48%	8.86%	7.64%	22.36%	13.11%	17.90%	12.96%	11.41%
Net Return after Protection (unit price)	12.52%	3.75%	5.70%	6.63%	19.77%	9.77%	12.21%	11.36%	9.83%

Still undervalued with a long run way of growth

Many investors would consider Visa to be a well appreciated investment reflected in the current valuations. Highly profitable companies typically trade at a premium to market multiples for good reason as they have the potential to compound returns at higher rates than the average company particularly if they have a long run way of growth. We consider Visa to continue to be undervalued based on the company sustaining its high levels of profitability over the medium to long term.

Apart from attractive long-term trends, where the secular shift away from cash and cheques is in the early innings with 80%+ of global transactions still conducted by cash and check, there are two medium-term trends which we think will bolster Visa shares: Visa Europe and increased uptake in India. Visa acquired Visa Europe in 2016 and we believe the results will surprise on the upside and offer a multi-year earnings catalyst as cash still made up around 79 percent of everyday payments across the euro area last year, according to a European Central Bank study. In addition Visa has the opportunity to increase its fee structure in Europe as it is well below the Visa network average. In India, Prime Minister Narendra Modi's decision to remove high value currency notes from circulation should accelerate development of electronic payments in the country.

Visa is deeply integrated within the payments ecosystem with Visa accounting for nearly half of all credit card transactions. As a software based business, Visa can grow with only minimal increased capital investment. As a result, incremental margins should trend higher due to tremendous operating leverage. Visa continues to be a core holding as it is a high return on capital business with a long run way of growth trading on valuations that undervalue the sustainability of its profitability over the medium term.

How to apply

Online or via application form at www.insyncfm.com.au
Platform – Macquarie, Colonial FirstWrap, Mason Stevens, Onevue
ASX mFund

PORTFOLIO CHARACTERISTICS

Insync risk and return capture	Score	# Monthly observation	Participation compared to MSCI positive/negative markets
Upside Participation	0.73	62	Higher score = Better
Downside participation	0.49	35	Lower score = Better
Capture Ratio	1.50	97	Higher towards 2 = Better

Average market cap	A$158bn
WAVG[4] forecast dividend yield	1.31%
WAVG forecast PE ratio	22.3x
WAVG ROE	25%
Current FX hedging position	0% overseas exposure hedged back into $A
Current put protection	50%
Benchmark	Unconstrained

KEY INFORMATION

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

Investment style

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

Investment objectives

To deliver global equity like returns over rolling 5 year periods, whilst providing downside protection for severe market falls, with the aim of achieving above market results for our investors over the full cycle

Chief Investment Officer
Monik Kotecha

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