



## Monthly Fund Performance – January 2018

### TOP 10 HOLDINGS

- Alphabet
- Heineken
- Cognizant Tech Solutions
- Microsoft
- PayPal
- Stryker
- Visa
- BAT
- Priceline
- Zoetis

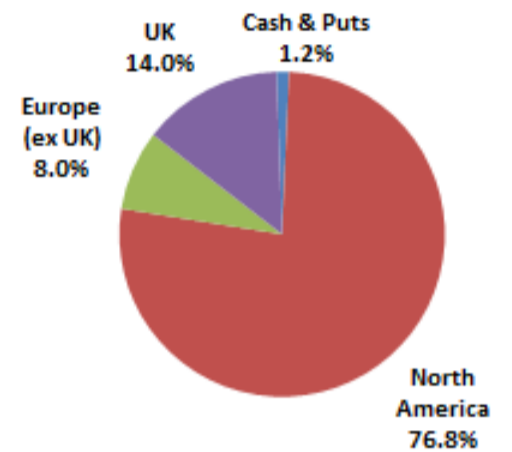
Global stocks entered the New Year on a high note, lifted by signs of an improving outlook for the world economy and strong corporate earnings growth. Economic data in the U.S., Europe and Japan continues to show strong momentum, while many emerging markets also experienced surging business activity.

Emerging markets once again led global markets higher being a prime beneficiary of a weakening US dollar. Economically sensitive stocks outpaced defensive sectors across the board. The consumer discretionary, financials and information technology sectors posted the largest gains whilst the more staid consumer staples and utilities sectors lagged.

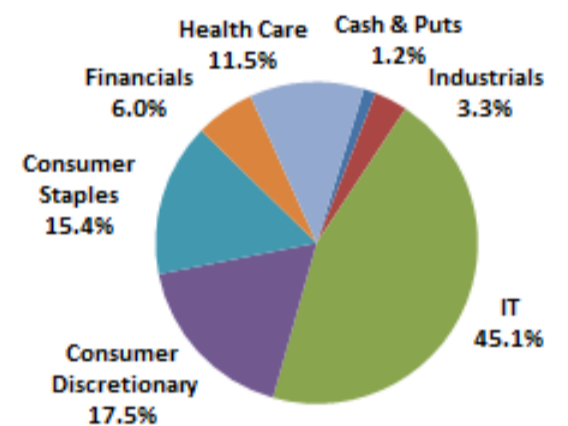
The Fund's unit price increased by 3.32%, after the cost of protection, outpacing the MSCI AC World Index in January. The performance was driven by positive contributions from our holdings in PayPal, Alphabet, Microsoft and Visa. The main negative contributors were RELX, Walt Disney and Diageo.

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.

### GEOGRAPHIC COMPOSITION



### INDUSTRY COMPOSITION



Global Titans Fund Performance									
January 2018									
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	14.56%	3.37%	3.97%	10.46%	23.75%	9.83%	13.82%	14.32%	11.94%
Benchmark MSCI ex AUS	14.81%	2.10%	3.63%	12.82%	19.72%	10.54%	17.02%	12.77%	11.53%
Net Return after Protection (unit price)	12.47%	3.32%	3.79%	9.70%	21.61%	7.72%	11.70%	12.38%	10.01%

## Portfolio Characteristics

Insync risk and return capture	# Monthly observation	Participation compared to MSCI positive/negative markets	Score
Upside Participation	0.73	64	Higher score = Better
Downside participation	0.52	36	Lower score = Better
Capture Ratio	1.41	100	Higher towards 2 = Better

## Estee Lauder: It's a Beautiful World for Super-Premium Brands



The beauty market has proven both its ability to achieve stable and continuous growth as well as its capacity for resilience in unfavourable economic conditions. The worldwide beauty market has grown ~4% since the early 1990s and clearly showed its resilience during the 2009 GFC crisis when sales still increased by 1%. Prestige segments have outpaced mass given beauty's aspirational, affordable nature relative to other luxury goods categories. Estee Lauder annual growth has consistently outpaced global prestige beauty and is expected to grow more than double the industry for fiscal 2018.

Estee Lauder's focus is much more on the prestige brands. "It is worth remembering that the company's founder of the same name (who died in 2004) used to follow her brands—in person—to every store opening or new cosmetics counter in the US and around the world. That personal touch is part of the heritage of Estée Lauder, and ties in with the prestige value of its brands. Estée Lauder has held firm in its commitment to prestige brands, rather than segment too heavily into mass-market products.

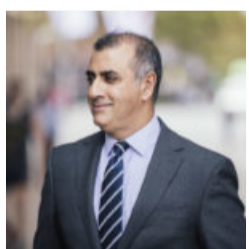
Consumer brands are operating in an environment where there is major disruption occurring due to the increase proliferation of online shopping, demise of the traditional department stores and the impact of millennials and the selfie generation who do not have the same level of brand loyalty as prior generations. Our industry research supports our thesis that super premium brands are well positioned in this environment across major products including beauty.

We were able to build a position in Estee Lauder when it was temporarily out of favour in 2016 as it was trying to rejuvenate sales in two of its largest product lines, Clinique and Estee Lauder. The strategy of channelling greater resources behind fewer products, expansion into emerging markets where, for example, it is growing much faster than L'Oreal in China and its commitment to higher-end branding has worked extremely well. Estee Lauder, consistent with other stocks in the portfolio, generates high ROIC, have a management team that is a strong capital allocator and has a long run way of growth supported by the megatrend towards prestige beauty products.

## How to apply

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

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.
<b>Investment style</b>	
Concentrated, large cap global equity fund, incorporating active currency management and downside protection strategies	
<b>Investment objectives</b>	
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	



*Monik Kotecha,  
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## Contact Insync

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