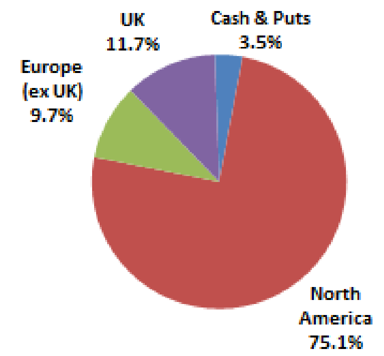
insync fund managers

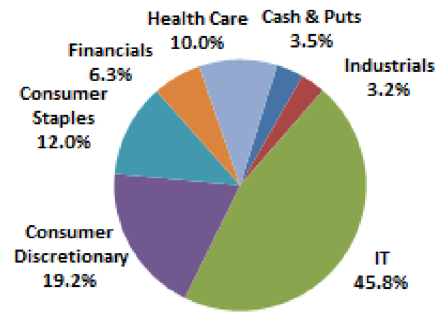
Monthly Fund Performance – February 2018

TOP 10 HOLDINGS
Microsoft
Stryker Corp
Cognizant Tech Solutions
Booking Holdings
Accenture
Heineken
Visa
Alphabet
Zoetis
eBay

GEOGRAPHIC COMPOSITION



INDUSTRY COMPOSITION



After fifteen months of equity markets grinding steadily higher, volatility returned abruptly at the beginning of February. The selloff was triggered by a pick-up in US wages, which added to existing concerns about rising government bond yields, potential global inflationary pressures and the direction of monetary policy under new Fed leadership. Global equity markets fell sharply but swiftly recovered much of the early losses. The lower Australian dollar offset some of the weakness in the equity markets resulting in the benchmark returns ending only slightly down for the month.

The Fund's unit price increased by 1.19%, after the cost of protection, in February. The performance was driven by positive contributions from our holdings in Cognizant Tech Solutions, Zoetis, eBay and S&P Global. The main negative contributors were Reckitt Benckiser, Paypal, Biogen and Heineken.

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. Insync continues to utilise index put options to buffer sharp falls in equity markets.

insync

Global Titans Fund Performance

February 2018

Measure	Five year Rolling Objective	This Month	3 month	6 month	1 year	3 year	5 year	7 year	Since Inception (7 Oct 2009)
Return after fees before protection	14.55%	2.76%	4.64%	12.24%	24.15%	9.02%	14.04%	14.63%	12.17%
MSCI ex AUS	14.85%	-0.47%	0.16%	11.12%	17.37%	8.59%	16.50%	12.58%	11.34%
Return after Fees and Protection (unit price)	12.45%	1.19%	2.93%	9.18%	20.58%	6.44%	11.58%	12.46%	10.06%

Our skill in up and **down markets** going well.

Insync risk and return capture	Score	# Monthly observations	Participation comparison MSCI positive/negative markets
Upside Participation	0.74 ✓	64	Above 70 = Better
Downside participation	0.53 ✓	37	Below 50 = Better
Capture Ratio	1.39 ✓	101	Towards 2 = Better

February was the first big rollercoaster of volatility after a long absence in markets. Insync outperformed the market by **1.66%** after fees and the cost of protection(not exercised).

This demonstrates the strength of our defensive stock selection and portfolio management on the downside. In up markets we continue to perform strongly.

Over 7 years investors have effectively matched overall market returns with less volatility **and** had the cost of catastrophe protection- virtually free! As the months roll by the lowered management fee and tighter cash holdings continue to positively impact returns. As seen in 3,6, 12 month returns.

We have avoided downside months 47% of the time yet participated in upside vents 74% of the time.

Remember! 'Catastrophe protection' is included in the *unit price* returns delivering you peace of minds that other funds can't.

A content and analytics powerhouse benefitting from a number of secular trends: S&P Global

S&P is the largest credit rating agency globally (by 2016 revenue). Outside of the ratings business, S&P possesses a collection of excellent businesses including a dominant index franchise (S&P 500, Dow Jones), market data subscription services (Capital IQ), market intelligence (Platts), and commodity pricing (SNL Financial).

The credit ratings business is a great business that are a "must have" for new debt issuance. Investors rely on ratings from the likes of S&P to assess the credit worthiness of the borrower. Without a credit rating, the issuer will be forced to pay a higher interest rate. This enables ratings agencies to have pricing power.

Ratings revenue continues to rise and has a long runway of growth available to it. The largest is increasing disintermediation of finance in the developing world which we consider to be a megatrend. Continuing a trend that began decades ago in the developed world, companies are not relying on banks for financing but are accessing public debt markets instead. As emerging economies become more sophisticated, we would expect the volume of debt issuance, and the market for ratings businesses, to increase. A good example is the opening up of China and India. S&P have a 60% share of India's leading credit rating agency. Adding to the positive growth outlook is the significant debt maturity schedules indicating that over $2 trillion a year in debt will need to be refinanced on an annual basis over the next few years.

Like its ratings business, S&P's non-ratings businesses are asset-light, highly scalable, deliver recurring revenues and exhibit strong pricing power. In the index and market data businesses our research shows a long run way of growth with areas such as ESG gaining momentum, and the increasing demand for information and analysis (both data and tools) in the asset management and various corporate industries.

In addition to investing in highly profitable business with a long run way of growth, Insync also seeks to identify companies with a disciplined capital allocation framework. S&P Global have a clearly articulated framework that provides confidence that management can sustain the high current levels pf profitability and generate consistent growth in earnings. Because of the asset light nature of the business model and high free cash flow generation share buybacks and dividends are expected to represent at least 75% of annual free cash flow. Our proprietary long term valuation model shows the company continues to be undervalued.

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

How to apply

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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	

Monik Kotecha, Chief Investment Officer

John Lobb, Portfolio Manager

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- How to Invest
- Contact Us
- Terms and Conditions (disclaimer)

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