Insync Global Capital Aware Fund - Monthly Update 31 December 2018

Fund Performance

	5 Year Rolling	1 Month	3 Month	6 Month	1 Year	3 Year	5 Year	7 Year
Insync Global Capital Aware Fund*	12.13%	-0.74%	-10.06%	-6.73%	4.58%	6.02%	7.19%	11.30%
Return after Fees before Protection^	14.71%	-2.83%	-11.98%	-8.05%	4.95%	7.65%	9.61%	13.38%
MSCI ACWI (ex AUS) NTR (AUD)~	14.63%	-3.66%	-10.39%	-4.47%	0.71%	7.78%	9.47%	14.49%

Source: Insync Funds Management as at 31/12/18 – Past Performance is not a reliable indicator of future performance
*Represents net of fees and costs performance, assumes all distributions reinvested.
^Represents performance net of all management fees less the cost of the Put Option Protection.
~ MSCI All Country World ex-Australia Net Total Return Index in Australian Dollars.

Performance Commentary

The level of volatility increased in December resulting in the worst December performance for global equity markets in decades. The major drivers included anxiety around the path of interest rate increases in the United States and the pace of quantitative tapering which has the impact of tightening credit conditions. Other contributing factors included trade tensions, oil plunging and uncertainty around future Trump policies. Both the equity market and the bond market are rapidly discounting an impending recession.

Positive contributions originated from Tencent, London Stock Exchange, Wirecard, Intercontinental Hotel Group and PayPal Holdings. Negative contributors were Booking Holdings, Nvidia Corp, Adobe Systems, Intuit and Accenture. No currency hedging continues across the fund as Insync considers the main risks to the Australian dollar to be on the downside.

Risk Measures

12 Month Standard Deviation	11.15%
12 Month Sortino Ratio	0.50
12 Month Down Capture Ratio	0.66
3 Year Standard Deviation	9.90%
3 Year Sortino Ratio	0.84
3 Year Down Capture Ratio	0.89
12 Month Attribution – Stocks	5.59%
12 Month Attribution – Options	-0.40%

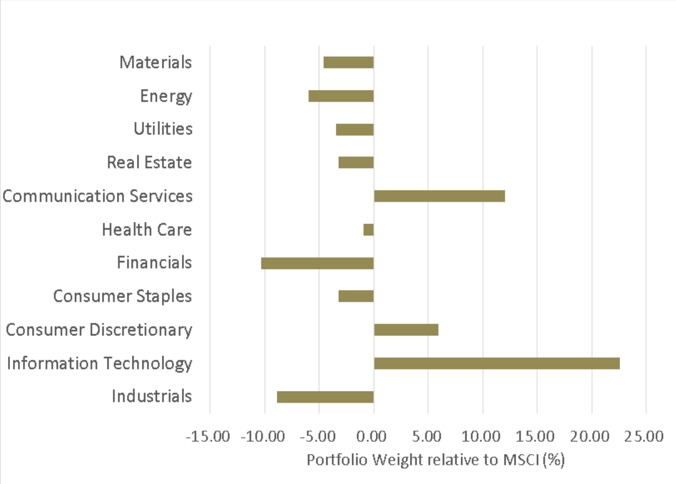
Top Holdings

Intuit	6.2%
Visa	5.4%
Accenture	5.0%
Facebook	4.6%
Twenty-First Century Fox	4.3%
Amadeus It Group	4.2%
Boston Scientific Corp	4.0%
Alphabet	4.0%
Paypal Holdings	3.9%
Adobe	3.8%

Downside Protection

During the month of December, the fund's unit price fell by -0.74% versus the benchmark which fell by -3.66%. As we have stated in the past the index put option protection strategy becomes more effective typically when markets fall sharply, by greater than 15-20%, accompanied by a sharp increase in volatility (VIX Index significantly greater than 30). This occurred in December with the index puts contributing strongly to the month's performance. The downside overlay is implemented to buffer clients from very significant falls, more a catastrophic type event, rather than the usual volatility an investor should assume when investing which is +/- 10% market moves that typically occur in any single year. Volatility, as measured by the VIX index, in equity markets reached 36% on 24th December which is high but not catastrophic levels that can be reached during a crisis. We trimmed the options position during the month but still maintained a level of cover if the markets were to fall more significantly and the volatility increase to more catastrophic levels (VIX levels above 40).

Portfolio Sector Weights vs MSCI



Key Portfolio Analytics

	Portfolio	Index
Forward PE	19.8	13.4
ROIC	46.0	15.0
Market Cap (USD avg)	106.7	
Market Cap (USD median)	50.2	
Std deviation (ex ante)	11.2	10.2
Net Debt to Equity	18.52	60.7
Total Debt to EBITDA	1.43	3.37

Megatrend – Shifting Workforce

As the “Gig” economy continues to expand, more and more professionals are working as freelancers, contract workers or consultants rather than as traditional employees. The “Gig” economy refers to freelancers of all stripes -- those on online platforms like Uber and Lyft and also more traditional freelancers like plumbers and electricians. The gig economy is now estimated to be about 34% of the workforce and expected to be 43% by the year 2020. Consulting firm McKinsey says that there are currently around 68 million freelancers or self-employed in the US, with around 4 million Americans providing work through gig marketplaces like Lyft or Airbnb. The freelance economy is growing three times faster than the overall US workforce.

Intuit is a clear beneficiary of the growth in the gig economy as the leading provider of accounting solutions for small businesses (the QuickBooks franchise) and tax preparation solutions for consumers (TurboTax) in the United States. Intuit's very strong competitive position is reflected in the high switching costs because of the time it takes to learn to use the majority of its applications. Importantly, Intuit has built a platform that links functionality among its multiple products, making users of one of the firm's applications more likely to adopt an additional product as their needs expand.

The company has moved away from being a North American desktop software company to a global cloud-driven product and platform company. This transition to a cloud-based platform has resulted in an increase in recurring revenue and makes it easier to bundle and cross-sell its services to customers. This has resulted in Intuit expanding their total addressable market for QuickBooks to 224 million prospects from what had been 20 million prospects. Intuit has also recently introduced TurboTax Live creating an additional $20 billion total addressable market that they have historically not been able to serve. Intuit is a high ROIC business with a long run way of growth benefitting from the shifting workforce megatrend.

Key Information

Portfolio Managers	Monik Kotecha and John Lobb
Inception Date	7 October 2009
Management Fee	1.3%p.a. of the NAV
Buy/Sell Spread	0.20% / 0.20%
Distribution Frequency	Annually
APIR Code	SLT0041AU
Trustee	EQT Responsible Entity Services