

**Our funds delivered strong 7.7% & 6.5% results in July.** Investors' appreciation that we are approaching peak inflation levels has resulted in strong share price performances from the highest quality businesses. Patience rewards.

**The upcoming pathway to lower inflation will not be linear,** but downward nevertheless given easing supply disruptions and much tighter monetary and fiscal conditions. This is explained in detail in our recent **White Paper** (see website). Should this disinflationary process be sustained, then it would be very positive for stocks and the U.S. economy. Its particularly positive for the *most profitable companies*, with the *highest return on capital*, fuelled by *long runways of growth*; the types of businesses we at Insync hold.

**Markets have already fully priced-in higher interest rates, thus earnings are now the focus.** Investing in the highest quality stocks benefitting from megatrends delivers strong earnings growth over a full economic cycle. This is because of the *duration* of the megatrends being far longer than mere themes. Recent portfolio examples include **Home Depot** (see below) and **Walt Disney** (whom recently increased ticket prices by 7% with zero impact on demand). Our holdings possess high gross margins and strong pricing power, providing strength in both high and more normalised inflation environments. Our portfolio is well positioned as a result for continued delivery of the **5 year aim of both funds**, as stock prices over the longer term follow consistent earnings growth.

	1 Month	3 Months	1 Year	2 Year	3 Years	5 Years	Rolling <sup>o</sup> 5-Year	10 Years	Since Incep#
<b>Insync Global Quality Equity Fund ^</b>	7.67%	0.70%	-16.70%	3.52%	6.29%	11.65%	<b>13.79%</b>	13.85%	11.94%
<b>Insync Global Capital Aware Fund*</b>	6.54%	-0.58%	-18.38%	1.12%	5.92%	11.17%	<b>12.56%</b>	11.21%	10.08%
MSCI ACWI (ex AUS) NTR (AUD)~	5.44%	0.00%	-5.80%	10.65%	8.16%	10.87%	<b>12.56%</b>	14.06%	10.70%
<b>Global Quality Equity Fund Out-Performance</b>	2.24%	0.70%	-10.90%	-7.13%	-1.87%	0.78%	<b>1.23%</b>	-0.20%	1.24%
<b>Global Capital Aware Fund Out-Performance</b>	1.11%	-0.57%	-12.59%	-9.53%	-2.23%	0.30%	<b>0.00%</b>	-2.84%	-0.62%

Source: Insync Funds Management - Past Performance is not a reliable indicator of future performance. <sup>o</sup>Stated 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



**Home Depot** (a supersized bunnings)

... benefits from the **'Household Formation'** Megatrend, fuelled by the all-important **'Demographics'** Super Driver. Understanding changing demographics across all ages and segments globally is very important in identifying the winning companies of the future. One example is the escalation in the 47 year old age cohort in the United States over the next 8 years (see graph below).

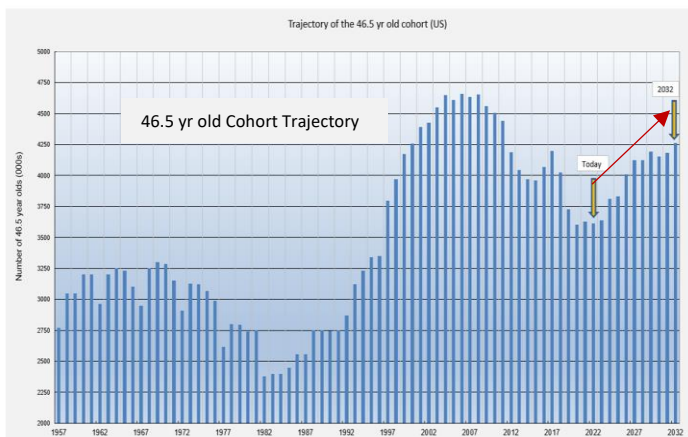


Chart 1

The acceleration in the age 47 cohort coincides with the median average age of all home buyers, pushing up construction demand. Additionally a housing supply deficit in the US as high as 3.8m homes exists. On the renovation front, seniors are increasingly reluctant to move into aged care centres, and the increased 'working from home' trend further fuels demand. These are long duration strong tailwinds. Short term interest rate rises, and other macro factors are unlikely to alter this powerful megatrend.

**Home Depot** is a big winner of all this. Think of it as a massive Bunnings network with almost 2,000 stores! They serve both trade and DIY markets, dominating the US building supply industry and run by a highly competent management team. Despite rising interest rates their recent strong results are testament to both the strength of the company and the power of the megatrend. Home Depot delivers very high returns on invested capital with an expected 10-15% p.a. compound annual earnings growth in the years ahead.

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**Risk Measures – Global Quality Equity Portfolio^**

	1 Year	3 Years	5 Years
Standard Deviation	19.03%	16.59%	14.91%
Tracking Error	9.34%	8.96%	7.77%
Information Ratio	-1.16	-0.21	0.18
Sharpe Ratio	-0.88	0.36	0.77
<b>Batting Average</b>	<b>33.33%</b>	<b>50.00%</b>	<b>56.67%</b>

**Risk Measures – Global Capital Aware Fund\***

	1 Year	3 Years	5 Years
Standard Deviation	18.25%	15.72%	14.02%
Tracking Error	9.04%	9.76%	8.42%
Information Ratio	-1.39	-0.23	0.04
Sharpe Ratio	-1.01	0.36	0.74
<b>Batting Average</b>	<b>33.33%</b>	<b>50.00%</b>	<b>50.00%</b>

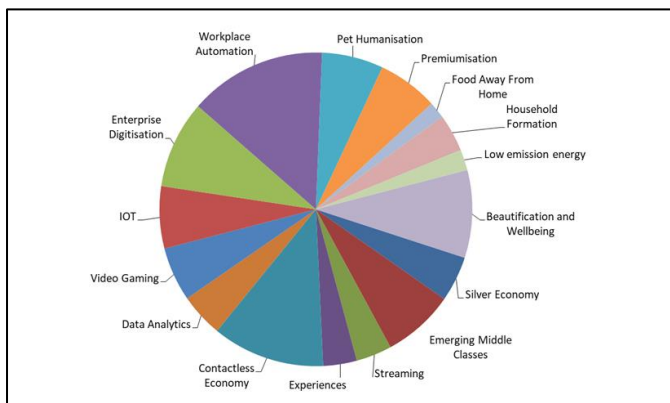
**Capture Ratios – Global Quality Equity Portfolio^**

	3 Years	Since Incep <sup>#</sup>
# Index Positive Months	21	96
# Index Negative Months	15	58
<b>Up Market Capture</b>	<b>1.19</b>	<b>0.99</b>
<b>Down Market Capture</b>	<b>1.45</b>	<b>0.84</b>
Capture Ratio	0.82	1.19

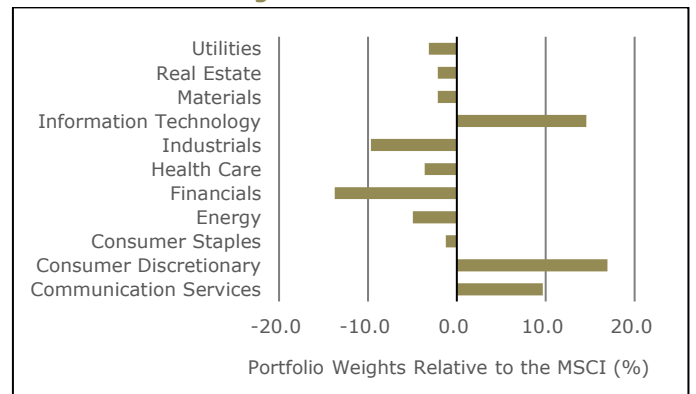
**Capture Ratios– Global Capital Aware Fund\***

	3 Years	Since Incep <sup>#</sup>
# Index Positive Months	21	96
# Index Negative Months	15	58
<b>Up Market Capture</b>	<b>1.08</b>	<b>0.85</b>
<b>Down Market Capture</b>	<b>1.31</b>	<b>0.77</b>
Capture Ratio	0.83	1.12

**Megatrend Exposures**



**Portfolio Sector Weights vs MSCI**



**Top 10 Active Holdings**

Stock	%
Qualcomm	4.1%
KLA Corp.	3.6%
Rightmove	3.6%
Visa	3.5%
LVMH	3.3%
Nintendo	3.3%
JD Sports Fashion	3.1%
Accenture	2.9%
Domino's Pizza	2.8%
Alphabet INC-CL C	2.7%

**Key Portfolio Analytics**

	Portfolio	Index
Forward PE	20.75	14.98
Forward PCF	19.05	17.53
ROIC	53.77	15.73
Market Cap (USD Bln avg)	435.11	42.94
Market Cap (USD Bln median)	123.12	16.46
Std deviation (ex ante)	18.94	15.50
Interest Cover	180.28	67.66
Total Debt to Ebitda	1.43	3.13

**Key Fund Information**

	<b>Insync Global Quality Fund^</b>	<b>Insync Global Capital Aware Fund*</b>
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

**Disclaimer**

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