

## November 2022 Update

For Investors That Think

Our funds posted positive returns and outperformed the benchmark for November.

Markets surged higher on lower oil prices, expectations of smaller rate hikes and the easing of China's COVID restrictions. Uncertainty remains around where the US terminal interest rate will finish, and whether this will result in a recession and large falls in corporate earnings in 2023. The overwhelming consensus is *very negative* on the outlook for markets and the economy for 2023. This has often proved to be a contrarian indicator.

Market timing is notoriously difficult in volatile times. Research shows that over a 20-year period, missing the best 10 days in the market reduces an investor's annual return by over -40%. Missing the best 20 days reduces returns by over -70%! **What's even more dangerous is just 7 of those best days happened** within about 2 weeks of the 10 worst. So, if you are in the market timing camp, good luck!

In prior cycles, when coming out of +20% correction, 'Quality' companies tended to prevail. This is not surprising as Quality (compared to Growth and Value) companies tend to be; highly profitable, generate prodigious amounts of cash flow and don't rely on external capital to continue to grow.

Further boosting the Quality companies Insync holds are the megatrend tailwinds. So, whilst their growth rates may experience a temporary slowdown in a recession, the cash flows these businesses generate over their lifecycle, alongside their long-term valuations, does not change because of broader economic slowdowns. Any temporary weakness in the stock prices of these companies provides astute investors an opportunity to invest.

	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>	4.78%	5.91%	-20.53%	0.32%	4.98%	9.95%	<b>14.38%</b>	13.37%	11.71%
<b>Insync Global Capital Aware Fund*</b>	4.69%	5.31%	-22.03%	-1.70%	4.78%	9.61%	<b>12.42%</b>	10.90%	9.84%
MSCI ACWI (ex AUS) NTR (AUD)~	2.81%	5.74%	-6.68%	7.62%	7.01%	9.13%	<b>12.42%</b>	13.70%	10.72%
<b>Global Quality Equity Fund Out-Performance</b>	1.97%	0.17%	-13.85%	-7.30%	-2.02%	0.82%	<b>1.95%</b>	-0.33%	0.99%
<b>Global Capital Aware Fund Out-Performance</b>	1.88%	-0.44%	-15.35%	-9.33%	-2.22%	0.47%	<b>0.00%</b>	-2.79%	-0.87%

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

## Silver is valuable!

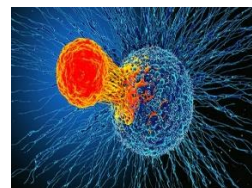
The graying of the global population, often coined as the **silver economy**, is one of Insync's 16 megatrends.

Did you know that the 60+ age cohort is set to accelerate then more than double to 2.1 billion by 2050? The fastest ageing group within this are those aged 70-75. This is where Insync has identified prime opportunities.

As the population ages so does the incidence of chronic disease. Older people often suffer from multiple chronic conditions at the same time too. The second leading causes of death within those aged 70-75, behind heart disease, is cancer.

Cancer's clear genetic signatures and its speed of progression provide opportunities for innovative profitable companies to extend lives. New treatments like immunotherapy are producing astonishing outcomes for many. Five-year survival rates have continued to increase dramatically. These medicines command high prices as they often represent one of few, or no, treatment alternatives for patients.

Worldwide drug sales are forecast to grow at +6.4% annual compound growth rates for 2021 - 2026, much faster than global GDP! Oncology is forecasted to be the largest therapy area in 2026, accounting for 22% of its drug sales. Insync has exposure to high ROIC companies that have made remarkable clinical progress on cancer therapies.



The demand for companies providing these drugs is not reduced by changes in interest rates, inflation or recession. These factors also do not change the trajectory of ageing populations nor the increasing demand for solutions for chronic diseases. This is the advantage of investing in highly profitable businesses benefitting from megatrends.

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

	1 Year	3 Years	5 Years
Standard Deviation	18.45%	17.31%	15.48%
Tracking Error	7.87%	8.81%	7.85%
Information Ratio	-1.76	-0.23	0.18
Sharpe Ratio	-1.12	0.28	0.64
<b>Batting Average</b>	<b>25.00%</b>	<b>47.22%</b>	<b>56.67%</b>

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

	1 Year	3 Years	5 Years
Standard Deviation	17.55%	16.37%	14.61%
Tracking Error	7.54%	9.52%	8.49%
Information Ratio	-2.04	-0.23	0.06
Sharpe Ratio	-1.26	0.28	0.61
<b>Batting Average</b>	<b>25.00%</b>	<b>47.22%</b>	<b>51.67%</b>

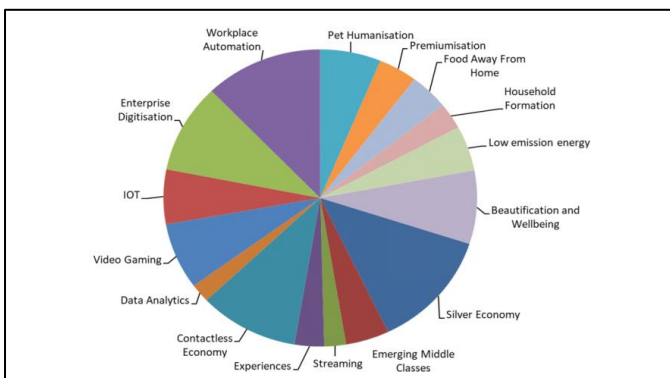
**Capture Ratios – Global Quality Equity Portfolio^**

	3 Years	Since Incep <sup>#</sup>
# Index Positive Months	20	98
# Index Negative Months	16	60
<b>Up Market Capture</b>	<b>1.27</b>	<b>1.00</b>
<b>Down Market Capture</b>	<b>1.53</b>	<b>0.87</b>
Capture Ratio	0.83	1.14

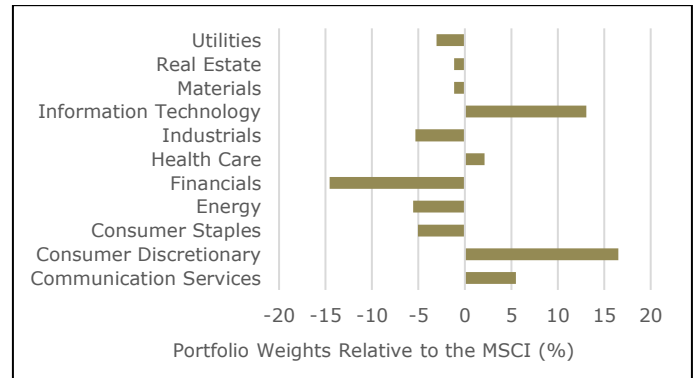
**Capture Ratios – Global Capital Aware Fund\***

	3 Years	Since Incep <sup>#</sup>
# Index Positive Months	20	98
# Index Negative Months	16	60
<b>Up Market Capture</b>	<b>1.18</b>	<b>0.86</b>
<b>Down Market Capture</b>	<b>1.41</b>	<b>0.80</b>
Capture Ratio	0.84	1.07

**Megatrend Exposures**



**Portfolio Sector Weights vs MSCI**



**Top 10 Active Holdings**

Stock	%
KLA Corp.	4.6%
Visa	4.0%
Ulta Beauty	3.7%
LVMH	3.6%
Air Products & Chemicals Inc.	3.3%
CDW Corp/DE	3.1%
Nintendo	3.1%
JD Sports Fashion	3.1%
Qualcomm	3.1%
Adobe	3.0%

**Key Portfolio Analytics**

	Portfolio	Index
Forward PE	15.14	15.04
Forward PCF	17.80	18.01
ROIC	33.28	14.87
Market Cap (USD Bln avg)	315.05	43.51
Market Cap (USD Bln median)	102.54	16.48
Std deviation (ex ante)	19.23	17.13
Interest Cover	156.00	63.19
Total Debt to Ebitda	1.74	3.30

**Key Fund Information**

	Insync Global Quality Fund ^	Insync Global Capital Aware Fund*
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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