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August 2024 Monthly Update

August witnessed volatility in markets due to concerns over a weaker US job market and a strengthening Japanese yen, triggering a sell-off early in the month. However, falling inflation and expectations of central bank rate cuts spurred a rebound later on. Markets closed the month lower largely because of a rising Australian dollar. As one would expect interest rate-sensitive sectors such as real estate and utilities outperformed; sectors that Insync deliberately has zero exposure to due to their lower profitability. Some of the higher profitability sectors we invest in temporarily underperformed such as information technology, communications, and consumer discretionary. As we often emphasize, sector rotations are common as investors respond to short-term economic trends, but over the longer term, it is highly profitable, sustainable growth businesses that perform best over a full investment cycle.

Since 2017, our portfolios have outperformed their benchmarks in six of the past seven years, underscoring Insync's disciplined, data-driven approach (see table below). Over five-year rolling periods, our funds continue to consistently meet their stated objectives after fees.

Interestingly, many investors continue to worry about various macroeconomic factors, from recession risks to geopolitical tensions and US presidential elections. Predicting the outcome of these events is difficult, but it is clear that earnings have driven stock market performance year-to-date. Over the long term, there is a strong correlation between earnings growth and stock market returns. In the second quarter of 2024, the S&P 500 posted 12% earnings growth despite economic risks, which is the main reason behind the strong market performance particularly in the US. It is often overlooked that the economy is *not* the stock market.

	1 Month	3 Month	1 Yr	Rolling 3-Yr Av	3 Yrs	Rolling ⁵ 5-Yr Average	5 Yrs	Since Incep [#]
Insync Global Quality Equity Fund[^]	-1.09%	2.45%	15.30%	12.42%	3.56%	13.33%	9.94%	12.53%
Insync Global Capital Aware Fund[*]	-1.44%	1.92%	14.10%	11.79%	2.17%	12.13%	9.17%	10.74%
MSCI ACWI (ex AUS) NTR (AUD) [~]	-1.34%	4.38%	17.86%	11.86%	8.42%	12.13%	12.05%	11.61%
Global Quality Equity Fund Out-Performance	0.26%	-1.93%	-2.56%	0.57%	-4.86%	1.21%	-2.11%	0.92%
Global Capital Aware Fund Out-Performance	-0.10%	-2.45%	-3.76%	-0.07%	-6.25%	0.00%	-2.89%	-0.87%

Sources: Insync Funds Management - Past Performance is not a reliable indicator of future performance. [^]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

Real Investing is about identifying businesses with sustainable earnings growth

When we first invested in Meta Platforms in 2018, the company was already one of the world's most profitable with earnings and its user base growing at a healthy rate. Fast forward 6 years, and despite periods of negative headlines and significant price volatility, including a 75% drop in 2022, Meta has emerged stronger than ever. Meta now trades at \$565, a threefold increase from our \$185 average cost basis, delivering a 21% annualized return.

The key takeaway here is that stock prices ultimately follow earnings. During times of negative market sentiment or gloomy

This table highlights Meta's impressive and sustained growth in its customer base, revenue, and EPS since our initial investment. Meta's recent quarterly results continue this trend. It reported a 22% increase in revenues and a 73% rise in net income. Despite market noise, the company continues to grow its user base and expand core operations with strong margins.

	2018	2024E	Cumulative Return	Annual Return
Daily Active Users (Billions)	2.03	3.3	61%	8%
Revenues (Billions)	55.8	161	189	19
EPS	5.27	17	224	21

Meta benefits from several megatrends including the rise of mobile and social internet usage, the growth of social commerce, and

narratives it's essential to focus on the fundamentals. Companies like Meta, which consistently grow their revenues, earnings, and free cash flow, see their stock prices align with their performances over time. Short-term volatility can offer excellent buying opportunities if a company's long-term earnings growth remains intact.

increasing reliance on AI and machine learning. By staying focused on long-term sustainable growth drivers—companies with high ROIC and an ability to profitably reinvest cash flows into opportunities within megatrends, Insync avoids being distracted by ever changing market narratives.

The scoreboard:

Portfolio Gross Monthly Returns . Outperformed 6 out of the past 7 years (versus benchmark)
 Month by Month by Calendar year (31/12/2023) ^

Global Quality Equity (AUD/Gross in %)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	3.80%	6.80%	0.70%	-1.20%	1.60%	1.50%	2.30%	-1.50%	-1.50%	-1.10%	5.90%	2.90%	12.65%
2023	4.60%	2.30%	6.20%	2.80%	0.70%	2.50%	1.90%	1.60%	-3.60%	-1.10%	5.90%	2.90%	30.20%
2022	-8.66%	-9.20%	-1.08%	-1.88%	-1.32%	-1.02%	8.05%	-4.37%	-4.35%	5.91%	4.88%	-0.31%	-24.10%
2021	-1.85%	0.81%	3.20%	3.70%	-0.84%	36.23%	4.44%	2.77%	-0.71%	1.66%	8.21%	0.51%	29.20%
2020	5.40%	-2.80%	6.20%	4.80%	6.90%	-1.80%	2.00%	6.90%	5.40%	-2.00%	2.00%	0.20%	14.60%
2019	4.87%	5.58%	2.85%	7.57%	-2.26%	6.82%	4.32%	2.42%	-1.62%	-0.23%	4.99%	-0.24%	39.93%
2018	3.56%	1.67%	-0.70%	2.89%	2.78%	3.90%	-0.46%	5.64%	-0.70%	-0.71%	-1.25%	-2.80%	5.37%
2017	-0.81%	2.96%	3.93%	2.67%	6.67%	-0.70%	-1.20%	1.20%	3.10%	4.62%	2.21%	-0.41%	22.16%

MSCI ACWI ex Aust Benchmark (AUD/Gross in %)

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	YTD
2024	3.87%	5.97%	2.94%	-1.34%	1.61%	1.60%	3.02%	-1.53%	-1.57%	-1.09%	4.29%	1.74%	16.74%
2023	3.07%	1.58%	2.87%	2.83%	1.10%	2.89%	2.29%	1.17%	-1.82%	-1.09%	4.29%	1.74%	21.61%
2022	-1.80%	-3.58%	-1.88%	-2.80%	-0.70%	-4.88%	3.44%	-0.28%	-0.24%	4.60%	2.80%	-0.17%	-12.70%
2021	0.11%	1.39%	4.60%	2.90%	1.20%	4.52%	2.88%	3.71%	-0.02%	1.90%	3.46%	1.41%	26.00%
2020	3.82%	-4.40%	-9.64%	3.40%	2.91%	-0.37%	1.10%	2.92%	-0.09%	-0.40%	6.99%	-0.10%	6.00%
2019	4.19%	3.21%	1.40%	4.20%	-0.80%	3.22%	2.10%	-0.80%	3.99%	0.00%	4.87%	-0.20%	20.60%
2018	2.90%	-0.40%	-0.90%	2.90%	-0.10%	1.80%	2.40%	3.60%	0.40%	-0.60%	-1.50%	-0.60%	9.80%
2017	-1.54%	1.48%	1.90%	3.60%	2.80%	-0.60%	-1.20%	1.00%	3.10%	4.40%	2.90%	-1.44%	14.64%

Observations:

1. We delivered not just positive returns 6 from 7 years but also each year the return was higher than benchmark.
2. In 2022 the market punished high quality profitable growth companies severely versus the market overall. But the bounce back was strong in 2023.

Note: We show the long-only fund to enable fairer comparison to typical international funds

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