

September 2024 Monthly Update

September saw global equity markets post a flat outcome in Australian Dollars (returning 1.9% before the currency's impact). The latest key economic data supports a soft landing for the US, with inflation continuing to decelerate. Combined with signs of a labour market slowdown this led the Federal Reserve to cut interest rates by 50 basis points, further bolstering market optimism. Elsewhere China's response to mounting societal pressure resulted in a series of stimulus measures, which sent Chinese shares soaring.

Despite this positive backdrop volatility persisted with sector rotations dominating market activity. Near term rotation trends from Growth to Value and Large-cap to Small-cap stocks created notable performance divergences. These rapid shifts often mean that the stocks that performed well early in the year may become laggards in subsequent months, an occurrence impacting some of the stocks we are holding for the longer term.

Sector performance was a mixed picture: utilities and consumer discretionary were standout performers, rising 5.3% and 5.1% respectively, driven by both investor preference for defensive sectors and robust consumer spending. Materials also gained 4.4% due to strong demand for commodities. Healthcare, technology and energy were weaker. Healthcare declined by -3.1% and energy dropped -3.5% amid oil price volatility.

With short-term rotations and noise around geopolitical events, we maintain our long-term focus on high-quality, profitable growth businesses. This disciplined approach continues to drive performance, consistently meeting and exceeding their stated objectives over 5-year rolling periods of the MSCI *after* fees.

	1 Month	3 Month	1 Yr	Rolling 3-Yr Av	3 Yrs	Rolling ^o 5-Yr Average	5 Yrs	Since Incep#
Insync Global Quality Equity Fund ^	-0.32%	0.73%	19.33%	12.32%	5.50%	13.27%	10.25%	12.43%
Insync Global Capital Aware Fund*	-0.67%	-0.01%	17.69%	11.73%	3.91%	12.10%	9.51%	10.63%
<i>MSCI ACWI (ex AUS) NTR (AUD)~</i>	0.03%	2.55%	22.58%	11.80%	9.55%	12.10%	11.62%	11.54%
Global Quality Equity Fund Out-Performance	-0.35%	-1.82%	-3.25%	0.53%	-4.05%	1.17%	-1.37%	0.89 %
Global Capital Aware Fund Out-Performance	-0.69%	-2.57%	-4.88%	-0.07%	-5.63%	0.00%	-2.11%	-0.91%

Source: 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

Anticipating the Future of Luxury Consumer Trend Complexity

Investing is more than data; it requires anticipating future trends. This is why relying on past performance is often risky. Generational shifts, rising geopolitical tensions, and evolving consumer behaviours demand excellence in trend spotting.

Luxury goods, where China's rising affluent class is undergoing significant changes in spending preferences is a case in point. Whilst luxury has historically been a secular growth story, we believe that more nuanced factors are at play, making active stock picking essential.

China's economic challenges have slowed luxury market growth. A notable shift is the rise of "quiet luxury"— discreet, minimalist products reflecting a reluctance to display wealth. A recent survey revealed that 24.8% of

Chinese consumers find Western brands less

desirable, with younger generations increasingly favouring niche, culturally aligned local brands.

Their younger demographic is now prioritizing experiences over luxury goods. Spending on travel, concerts, and cultural events are taking precedence. Whilst Luxury's long-term growth is supported by global affluence, future affluent consumer's evolving preferences make investing here more complex. China accounts for 23% of global luxury sales today, and 30%-40% of sales by 2030, so understanding their mindset is crucial in identifying the winners.



We remain invested in the luxury goods sector because a select few companies are highly profitable. At Insync, our investment process integrates financial data with consumer insights to identify the best opportunities and optimize entry and exit points.

The scoreboard:

Portfolio Gross Monthly Returns . Outperforming 6 from the past 7 years
 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	5.80%	6.80%	0.70%	-5.20%	1.60%	1.52%	2.33%	-1.06%	-0.25%				12.36%
2023	4.60%	2.30%	6.30%	2.69%	0.76%	3.53%	1.80%	1.04%	-3.63%	-1.16%	5.98%	2.95%	30.25%
2022	-6.66%	-9.09%	-2.08%	-5.88%	-3.32%	-3.02%	8.05%	-4.57%	-4.35%	5.91%	4.88%	-5.31%	-24.10%
2021	-3.60%	0.81%	3.20%	5.79%	-0.84%	10.03%	4.44%	2.77%	-5.71%	1.66%	8.01%	0.51%	29.29%
2020	5.40%	-2.06%	-0.59%	4.88%	6.98%	-1.85%	2.05%	6.98%	0.45%	-3.01%	3.00%	0.23%	14.05%
2019	4.97%	5.55%	2.35%	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%	-0.66%	5.84%	-0.73%	-6.71%	-3.25%	-2.83%	5.37%
2017	-0.83%	2.96%	2.93%	5.67%	6.07%	-2.79%	-1.25%	1.35%	1.11%	4.62%	2.21%	-1.41%	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%	-2.84%	1.61%	1.80%	3.92%	-1.34%	0.03%				16.79%
2023	3.07%	1.58%	3.87%	2.83%	1.10%	2.88%	2.39%	1.17%	-3.02%	-1.09%	4.29%	1.74%	21.61%
2022	-1.80%	-5.56%	-1.44%	-2.83%	-0.79%	-4.44%	5.44%	-2.01%	-3.54%	6.63%	2.81%	-5.17%	-12.76%
2021	0.11%	1.39%	4.40%	2.90%	1.31%	4.52%	2.88%	3.11%	-3.02%	1.10%	3.46%	1.41%	26.00%
2020	3.82%	-4.49%	-0.64%	3.43%	2.51%	-0.57%	1.10%	2.92%	-0.08%	-0.46%	6.99%	-0.10%	6.05%
2019	4.19%	5.21%	1.43%	4.38%	-4.58%	5.22%	2.10%	-0.08%	1.99%	0.60%	4.37%	-0.35%	26.85%
2018	2.19%	-0.47%	-0.51%	2.55%	-0.14%	1.81%	2.40%	3.66%	0.43%	-5.56%	-1.51%	-1.65%	0.69%
2017	-2.04%	1.48%	1.99%	3.65%	2.83%	-2.60%	-1.27%	1.05%	3.11%	4.48%	2.99%	-1.44%	14.84%

Observations:

- We delivered not just positive returns 6 from 7 years but also each year the return was higher than benchmark.
- In 2022¹ 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