Insync Funds Management

Overview

MONEY MANAGEMENT
FUND MANAGER OF THE YEAR 2020
AUSTRALIA'S FIRST INDEPENDENT AND WHOLE OF MARKET AWARDS
WINNER
Emerging Manager

insync fund managers

Insync at a glance

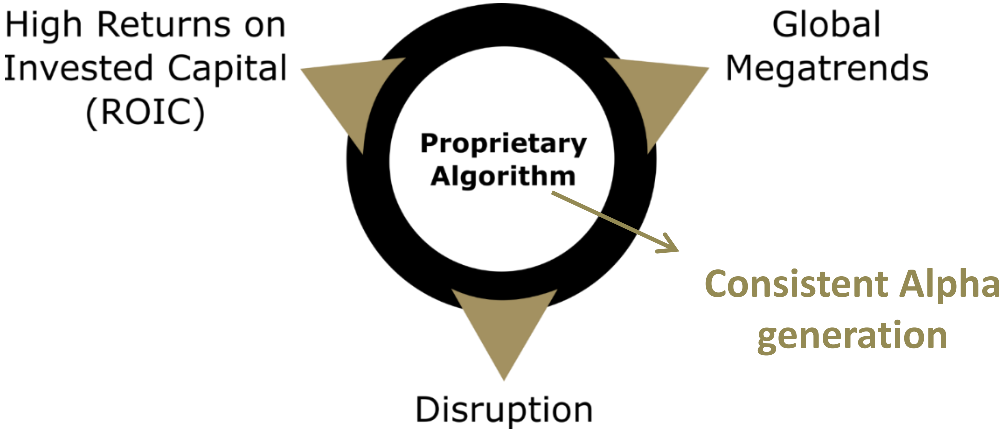
Characteristics of our process and portfolios

- Global Stock Universe
- Robust Quantitative and Qualitative Screening
- Quality Growth Style Manager
- Absolute Return Focus
- Long Only or with Put Protection
- Bottom up
- Not reliant on economic cycle
- Very low cash holding policy
- Geographically Agnostic
- High Conviction (30 stocks circa)
- Low Stock Turnover
- Very Large & Large-cap stocks
- Downside *and* Upside focused

Consistent & largely uncorrelated outperformance against peers for over 10 years

Insync's investment philosophy center's upon identifying well run companies that exhibit **high levels of ROIC,** are primed to handle **accelerating disruption**, and are backed by **long-run Megatrends**.

Convergence of 3 primary factors



Megatrends

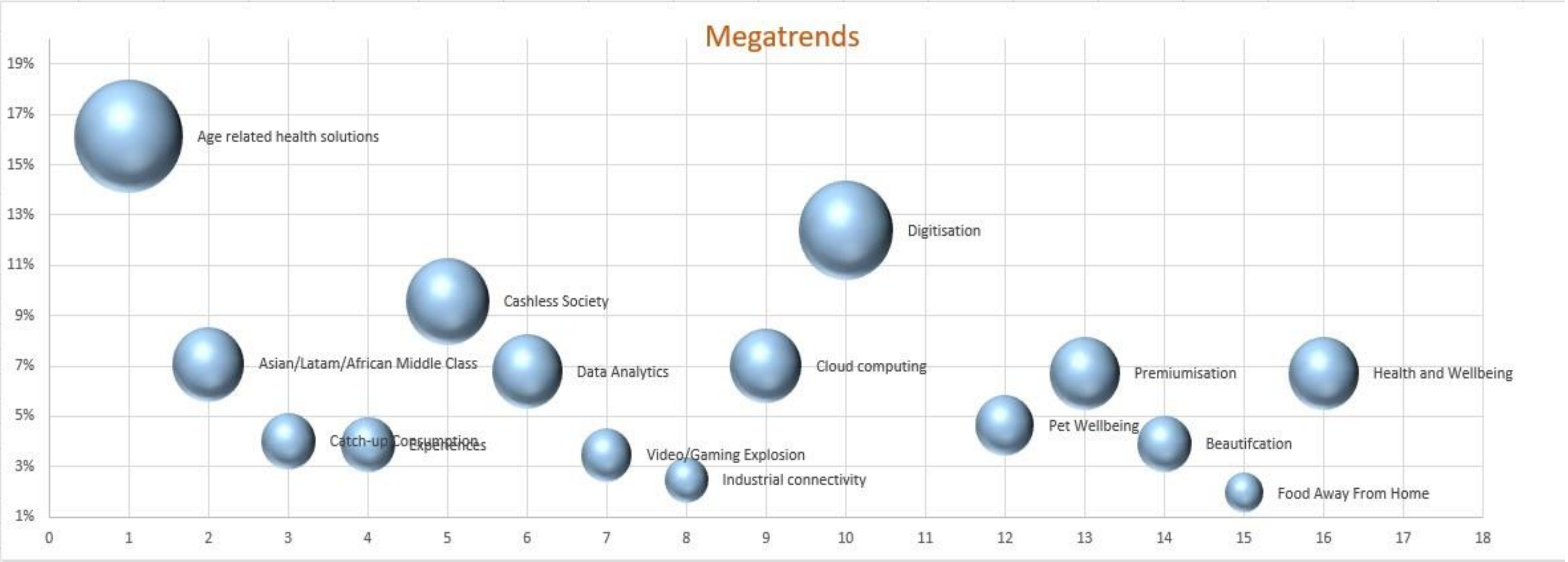
Insync's goal is to identify factors that produce 'tailwinds' for companies operating within a megatrend's influence.

Our proprietary Megatrends process identifies long term shifts in technology, consumerism, demographics, trade, ESG and other factors.

This is key to stock selection and exclusion. We emit stocks that may otherwise rate highly in financial and managerial aspects but are likely to headwinds in the future.

We see megatrends as profitably enduring, disruptive by nature and are long-term in their runway of growth (10+ years).

Identified Megatrends as a % of our portfolio



Focus on Profitability

Return on Invested Capital

Sustainable ROIC is the core of our investment process. A ROIC is a proven long term measure of a company's ability to consistently deliver share appreciation beyond market and peer averages.

Insync's stock typically trade on significantly higher ROIC than the market or other managers, with the average ROIC in our portfolio at approximately 45%.

A ruthless approach to sustainable ROIC means our stock selection is often minimally correlated with our peers, and ensures our outperformance is similarly uncorrelated, meaning we blend well with most funds in our class.

Insync applies a proprietary overlay when assessing the past and projected valuation of a firm

Key metrics utilised include:

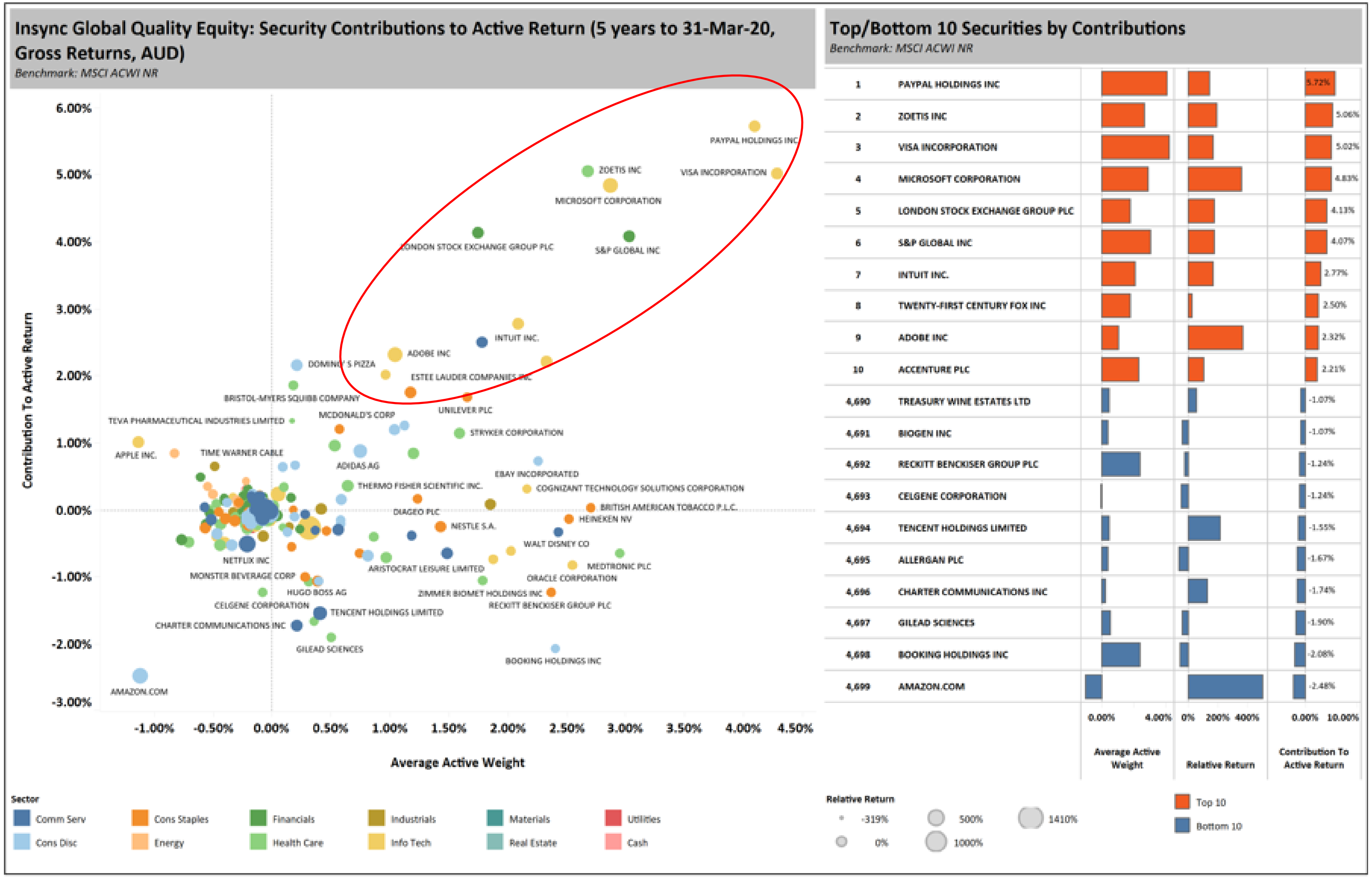
- Forward looking ROIC estimates and DCFs
- ROIC EVAluation approach
- Reinvestment and redeployment rates
- Implied EPS values

Portfolio Construction

Highest weight positions added the largest contribution to active return, but performance has come from a large number of stocks, not just a few stars.

Insync's primary risk lies in its *stock selection* not the risks other managers incur such as - managing cash timing, sector weightings, state of the economy or geographical weightings.

Insync's bottom-up process means we tend to be far less impacted or correlated with the stage of the economy cycle or general conditions or views on equity markets. The process means stocks held are of a global size, reach and capability.



Managing Risk

Currency Risk

Insync can apply currency hedging through a rules based approach to limit adverse affects of currency movement (generally against USD), rather than for the generation of alpha.

Market Risk

Insync manages a parallel portfolio through our Global Capital Aware Fund that utilises 'put protection' to insure against impacts of adverse market movements.

Currency hedging

Typically Insync's portfolio is unhedged, though hedging is utilised to manage risk when the AUD is trading below long term average (more than 1 times standard deviation), or during a specific event risk e.g. Brexit. We believe this approach not only provides an advantage over strictly hedged or non-hedged funds, and recognises the difficulty in predicting short term currency movements as a way of generating excess returns.

US DOLLAR EXCHANGE RATES TABLE

Top 10 — Oct 28, 2020 00:37 UTC

US Dollar	1.00 USD	inv. 1.00 USD
Euro	0.848824	1.178101
British Pound	0.767333	1.303216
Indian Rupee	73.936905	0.013525
Australian Dollar	1.404277	0.712110
Canadian Dollar	1.319506	0.757859
Singapore Dollar	1.361282	0.734601
Swiss Franc	0.909104	1.099984
Malaysian Ringgit	4.168649	0.239886
Japanese Yen	104.468130	0.009572
Chinese Yuan Renminbi	6.704870	0.149145

Put Protection

S&P500 Outs are used only in the **Capital Aware Fund**. This overlay of additional portfolio capital protection is not to manage general market volatility but to help dampen the impact of **catastrophic events** on client portfolios. Insync recognises that many personal investors are in income drawdown mode and thus such large capital hits may vastly reduce the longevity of their savings. Long term this 'catastrophe insurance' has consumed circa 2% p.a. of the fund's return. A catastrophe 'event' averages every 5.6 years or so, and the Covid pandemic was the first time since the fund's inception the Puts were 100% exercised.

Performance 39/9/2020

	1 month	3 Month	6 Month	1 Year	3 Years	5 Year	10 Year	Since Incep#
Insync Global Quality Portfolio ^	0.27	8.27	20.49	23.94	20.31	13.51	13.65	12.31
Insync Global Capital Aware Fund*	0.33	9.20	22.06	19.31	20.29	15.34	16.17	14.58
MSCI ACWI (ex AUS) NTR (AUD)~	-0.08	3.96	10.03	4.29	10.53	9.91	12.00	10.82
Global Quality **Active Performance**	0.41	5.24	12.03	15.02	9.76	5.42	4.17	3.76
Global Capital Aware **Active Performance**	0.35	4.30	10.46	19.65	9.78	3.59	1.65	1.48

Source: Insync Funds Management – Past Performance is not a reliable indicator of future performance*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. No Performance Fee Included. ~ MSCI All Country World ex-Australia Net Total Return Index in Australian Dollars. # Inception date 9/10/2009

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Platform Access
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