Insync Global Quality Equity PIE Fund

March 2026

Fund Overview

The Insync Global Quality Equity PIE Fund invests in a high-conviction, concentrated portfolio purpose-built to harness growth from transformative global mega-trends spanning both technology and non-technology sectors.

Our focused approach targets companies with exceptional quality, growth potential, and resilience, enabling sustainable capital growth through economic shifts.

Monik Kotecha

Portfolio Manager

BSc (Hons), MSc
34 years of funds management experience across international and Australian equity markets.
Previously senior portfolio manager at Bankers Trust & IML with experience working from London, New York & Sydney.

Identifying tomorrow's winners requires a deep understanding of the **key drivers of quality growth**—and at the heart of this is **Return on Invested Capital (ROIC).**

At Insync, we remain extremely focused on finding companies that can **sustainably grow their ROIC over time,** ensuring long-term value creation.

This disciplined approach is reflected in our portfolio, where the **average ROIC stands at 50% — approximately five times the market average.**

Fund Performance [1]

Global Quality Equity PIE Fund	1 Month	3 Months	6 Months	1 Year	Rolling 3 Year Average	3 Years	Since Inception (13 Aug 2025)
Fund (%) NZD (after fees and before taxes)	-6.78	-9.50	-10.03	-	-	-	-5.84
Benchmark (%)^	-2.32	-2.51	1.74	-	-	-	8.55
Active Return	-4.46	-6.99	-11.77	-	-	-	-14.39

^ Benchmark used - MSCI All Country World ex-Australia Net Total Return Index in New Zealand Dollars.

1. As the PIE Fund was only established on 12 August 2025, performance for longer periods is not applicable. Past performance is not a reliable indicator of future performance. Returns are calculated after fees and costs, and assume all distributions reinvested. No consideration is made for individual tax.

Strategy Track Record - Long Term performance of the underlying Australian Fund since its inception on 3 July 2018

Global Quality Equity Fund	Rolling 3 Year Average*	Rolling 5 Year Average*	Inception p.a.
Fund (%) AUD (after fees and before taxes)	10.76	10.81	8.60
Benchmark (%)^	12.70	12.79	11.87
Active Return	-1.94	-1.99	-3.27

^ Benchmark used - MSCI All Country World ex-Australia Net Total Return Index in Australian Dollars.
* The rolling average measures the average of all monthly-calculated, annualised, 3-year and 5-year returns.

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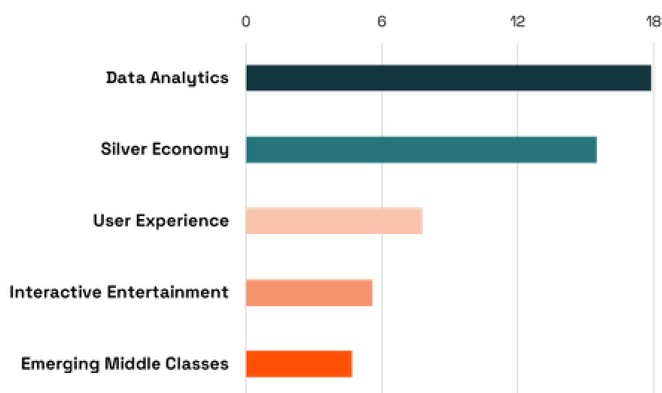
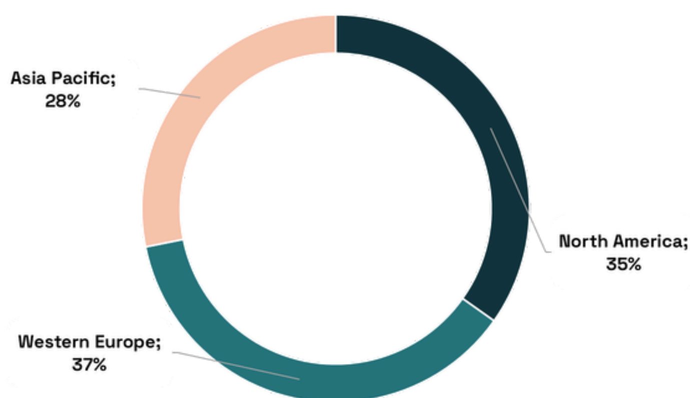
Top 5 Megatrend Exposure (%)[2]



Geographical Exposure[3]



Key Portfolio Holdings

User Experience

Interactive Entertainment

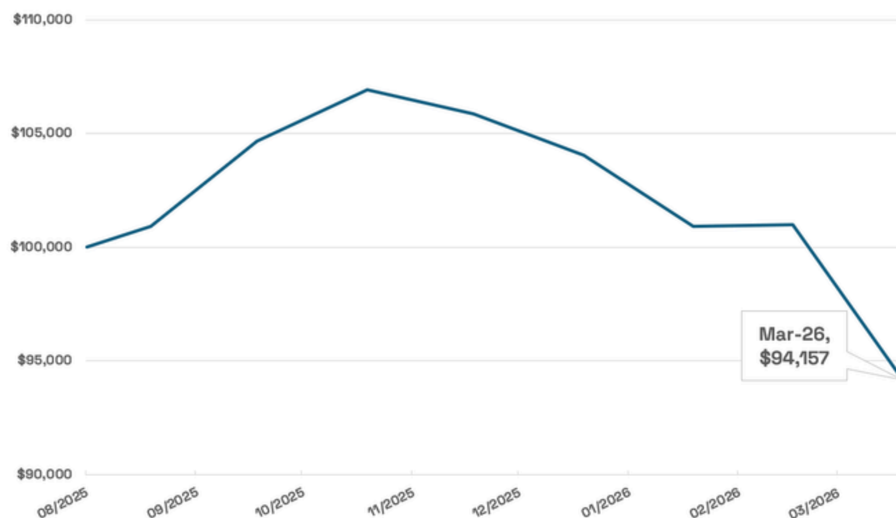
Emerging Middle Class

Silver Economy

Trading Down

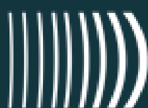
Growth of $100,000* - in the PIE Fund from 13 August 2025.

Accumulative value of $100,000 invested since inception on 13 August 2025.



* Numbers are calculated after fees and costs, and assume all distributions reinvested. No consideration is made for individual tax.

2. Megatrends are internally defined based on portfolio holdings excluding Cash.
3. Source: Insync. Geographical exposure is calculated excluding cash and is based on the location of senior management of each company within our portfolio.



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Manager Commentary

Patience is perhaps the most cited virtue in long-term investing — and yet it is rarely tested in quite the way the past 12-18 months have been. Markets have been shaped by a combination of escalating trade tensions and, more recently, real geopolitical conflict that led to sharp moves in energy prices and inflation expectations.

The launch of U.S.–Israeli military operations against Iran on the final day of February **triggered a significant and broad-based repricing of global risk assets in March.** The Strait of Hormuz — through which approximately 20% of global oil and liquefied natural gas supply transits — became the central flashpoint. Iran's implicit threat to close the waterway, alongside persistent geopolitical uncertainty, drove one of the most significant energy price dislocations in recent history.

Different parts of the market have been pulled in different directions simultaneously: energy surged while technology retreated; defensives lagged while cyclicals briefly led; geographies that had quietly outperformed for years gave back gains rapidly **as macro crosscurrents overwhelmed bottom-up fundamentals.**

Against this backdrop, global equities declined approximately 2.3% over the month (MSCI ACWI ex Australia Index NZD), with losses broad-based across regions. Japan and Emerging Markets were among the weakest performers, **reflecting their higher reliance on imported energy.** European equities also declined meaningfully, given the region's structural dependence on energy imports and its exposure to supply routes through the Persian Gulf, leaving it particularly vulnerable to both rising input costs and the risk of prolonged disruption. U.S. equities were not immune, with the S&P 500 declining approximately 5.0% in local terms.

It was an environment that tested conviction across the board — and for investors in quality-oriented strategies, that test has been running for longer than just March.

Quality investing — and why patience matters now more than ever

At Insync, we invest in quality companies: businesses that compound wealth reliably over time, characterised by high and sustainable returns on equity, strong free cash flow generation, durable competitive advantages, and resilient balance sheets. **The approach has an intuitive long-term appeal** — owning excellent businesses, held patiently, has historically delivered stronger returns with less risk over full market cycles.

The MSCI World Quality Index captures this philosophy systematically, selecting companies with high returns on equity, stable earnings growth, and low debt levels. Over multi-decade horizons, it has meaningfully outperformed the broader MSCI World Index.

Manager Commentary

And yet, from June 2024 to today, the MSCI World Quality Index has underperformed the broader MSCI World Index by approximately 30% — **the second-worst period of quality underperformance in 40 years** of data stretching back to 1986.

The only comparable episode was the 2003 to 2007 period, when quality underperformed by 41% in a raging bull market fuelled by cheap credit, rising leverage, and the kind of speculative excess that ultimately ended in the Global Financial Crisis.

So why has it underperformed so sharply — and for so long?

Quality strategies tend to struggle in two specific environments: strong bull markets driven by liquidity and risk appetite, where lower-quality, more speculative companies outperform simply by rising faster; and periods of macro shock, where indiscriminate selling and rapid style rotation punish the steady, reliable businesses that quality investors favour.

The past two years have, **in an unusual way, delivered elements of both.** In the earlier phase, the narrow AI-driven rally rewarded a small group of mega-cap technology names — many of which are quality businesses, but whose valuations became stretched in ways that distorted index-level quality metrics. More recently, the Iran conflict and the energy price surge rewarded energy companies and cyclicals — sectors that sit largely outside the quality universe by their very nature.

History does not repeat itself mechanically, and we are not suggesting that the current environment is a precise analogue of the pre-GFC period. However, the magnitude of the current underperformance — the second largest in four decades — is a data point worth reflecting on. If history is any guide, periods of this severity **have historically been followed by sustained outperformance from quality,** as the underlying fundamentals of these businesses reassert themselves once the noise subsides.

Portfolio Highlights for March

Royalty Pharma: The largest contributor to Fund returns for the month, **with its outperformance reflecting the defensive characteristics the position is intended to provide.** The company derives revenues from royalties on already-approved and commercialised drugs — including key therapies from Vertex Pharmaceuticals, Gilead Sciences, as well as Imbruvica and Xtandi — meaning top-line growth is primarily driven by underlying drug volumes rather than short-term macro conditions or energy prices. As the broader market de-risked, its defensive, cash-generative and dividend-paying profile attracted capital rotation from higher-risk assets.

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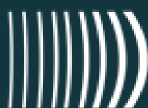
Indra Sistemas: The largest detractor to Fund returns for March. The stock had tripled over the prior two years, leaving it increasingly exposed to profit-taking as macro conditions deteriorated. In this context, Indra became a natural source of liquidity, particularly given its positioning as a high-beta beneficiary of defence spending. The drawdown was further exacerbated by a company-specific development: a proposed transaction was called off following intervention from SEPI, the Spanish state's investment arm, amid concerns over a potential conflict of interest. With the deal now off the table, that conflict largely falls away, and **we do not view the withdrawal as a read-through to Indra's standalone financial trajectory.** The company's increased confidence in its outer-year growth is driven primarily by the momentum in defence contract awards — including approximately €13.8 billion under the Special Modernisation Programmes — rather than the proposed transaction, which had never been factored into guidance. Following the recent pullback, valuation has also become materially more supportive at current levels.

Schneider: We took advantage of market volatility to add to the position during March, as the broader sell-off created an opportunity to **increase exposure to a high-quality compounder at more attractive levels.** From a fundamental perspective, we continue to see Schneider as well positioned across several structural growth themes:

- Electrification and energy efficiency
- Grid modernisation and energy resilience
- AI and data centre buildout

The **structural demand for energy management and power distribution infrastructure** is, if anything, **strengthened by an environment of elevated and volatile energy prices.** Customers with meaningful electricity cost exposure have greater, not lesser, incentive to invest in the efficiency and grid optimisation solutions that Schneider provides. In our view, the March weakness offered a more attractive entry point into a structurally advantaged business, allowing us to increase exposure while maintaining discipline around position sizing.



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