Insync Global Quality Equity PIE Fund

April 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)	0.31	-6.42	-11.66	-	-	-	-5.55
Benchmark (%)^	6.80	6.41	4.76	-	-	-	15.92
Active Return	-6.49	-12.83	-16.42	-	-	-	-21.47

^ 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)	10.66	10.61	8.32
Benchmark (%)^	12.77	12.78	12.44
Active Return	-2.11	-2.17	-4.12

^ 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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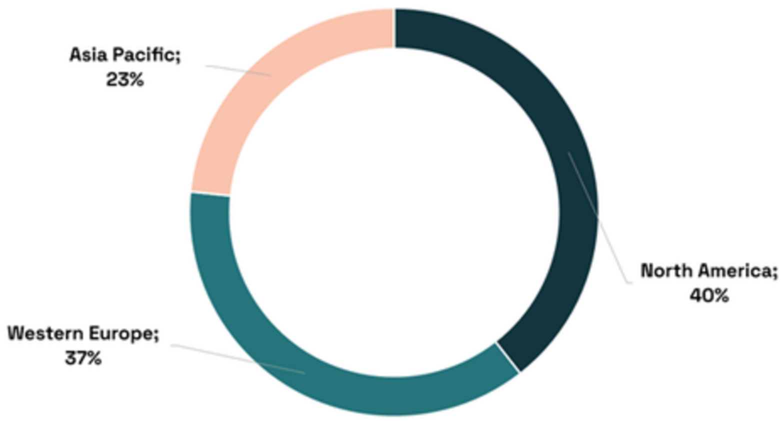
Top 5 Megatrend Exposure (%) [2]

Geographical Exposure [3]

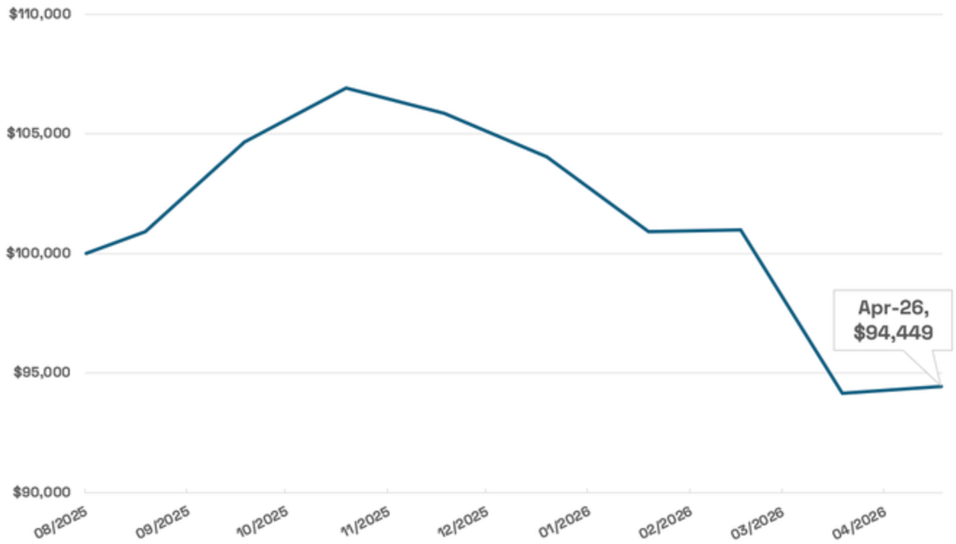


Key Portfolio Holdings

Microsoft	TEL	Nintendo	Tencent	McKESSON
Data Analytics	AI Infrastructure	Interactive Entertainment	Emerging Middle Class	Silver Economy

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

In April, the concentrated selection of stocks we have in our portfolio delivered a return of 0.31%. The broader market, as measured by the MSCI ACWI ex Australia Index, rose 6.8% over the month while emerging market equities delivered their strongest absolute return since 2009. **Much of this resilience reflects the unusually concentrated nature** of those indices in a narrow group of AI-related entities, discussed in more detail below. It also reflects the market's continued confidence in underlying economic and earnings momentum, particularly in the U.S. Corporate earnings expectations continue to move higher as the economy demonstrates surprising durability despite higher energy prices and tighter financial conditions. However, market leadership remains unusually concentrated. A significant portion of the rally continues to be driven by a relatively narrow group of AI-related "picks and shovels" beneficiaries tied to accelerating enterprise and hyperscaler compute demand. Importantly, and as we discuss further below, this concentration is now at a level that warrants careful attention, not because the underlying earnings growth is fictitious, but because **markets this narrow have historically carried meaningful risks for investors who arrive late.**

Periods where underlying market conditions are increasingly narrow and unusually concentrated can create meaningful short-term divergence between benchmark returns and the underlying fundamental progress of many high-quality businesses. Importantly, such environments have historically also sown the seeds for future opportunity, as valuation dispersion between market leaders and fundamentally resilient businesses widens to unusually elevated levels.

Despite resilient absolute market returns over the past twelve months, portfolio performance materially lagged the benchmark through April 2026. Importantly, this relative underperformance started in the second half of 2025 and **coincided with one of the most concentrated market environments in recent history,** as investor capital became increasingly focused on a narrow group of AI-related infrastructure beneficiaries.

In our view, three factors were primarily responsible for this period of relative underperformance: the cyclical underperformance of quality as an investment factor, the extreme concentration of market returns in a narrow group of momentum-driven stocks, and the resulting valuation compression across many high-quality businesses outside this leadership cohort.

1. Quality Underperformance

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.

However, even the most effective investment styles can experience prolonged periods of relative underperformance. Since June 2024, the MSCI World Quality Index — a widely used representation

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of quality investing — has underperformed the broader MSCI World Index materially, representing the second-worst period of quality underperformance in more than forty years of data dating back to 1986.

Quality strategies have historically struggled during periods when market returns are driven less by fundamental business performance and more by abundant liquidity, elevated risk appetite, and narrow thematic enthusiasm. In such environments, investors tend to **favour companies with greater cyclical or speculative leverage to the prevailing narrative.** This dynamic is not new. In the late 1990s, quality managers endured three consecutive years of painful underperformance as capital flooded into technology and telecommunications stocks, many of which carried little or no earnings.

Those who maintained discipline were vindicated decisively when the cycle turned - the Nasdaq fell approximately 80% from its March 2000 peak and did not recover that level for fifteen years. Quality businesses, by contrast, recovered swiftly. The lesson history offers is not that style cycles don't exist, but that abandoning a disciplined process near the peak of a cycle is the most destructive outcome of all.

2. Narrow and Momentum-Driven Market Leadership

A narrow and powerful rally in AI-related infrastructure stocks, followed by strong performance from energy and other cyclical sectors, has created an environment in **which market leadership has been concentrated in areas that sit outside much of the traditional quality universe.** Over the past year, more than 70% of benchmark returns were concentrated in a narrow group of industries, led by Semiconductors, Technology Hardware, and Energy.

A particularly telling illustration of this concentration has been the growing influence of semiconductor stocks in major equity markets such as the United States and South Korea. In the U.S., stocks represented by the Philadelphia Semiconductor Index (SOX) — which includes many of the world's leading chipmakers and related technology companies — now account for approximately 23% of the S&P 500's total market value, more than double their share of the index just two years ago. More recently, **the index rose 65% in only 28 trading days,** finishing higher in 24 of those sessions.

These figures highlight the extent to which market returns became increasingly concentrated in a narrow group of semiconductor and AI-related infrastructure companies, with momentum and capital flows reinforcing an already exceptional level of market leadership. There are parallels here that deserve acknowledgement. **Semiconductors are among the most historically cyclical industries** in global equity markets prone to inventory super cycles, violent demand reversals, and commodity-like pricing at the trough. The current argument is that AI inference compute represents a structural demand floor that insulates this cycle from the pattern. That may prove partially correct for the largest, most entrenched data-centre facing companies. But the very sharp

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rise in a very short period suggests that we may be approaching bubble territory.

A further signal worth monitoring: 86% of companies beat expectations in the most recent earnings season, which is a post-COVID record and **yet stock prices failed to respond positively outside AI-exposed names.** This again reflects the very narrow focus of investors on AI related businesses.

3. Valuation Compression in Fundamentally Strong Businesses

Finally, such extraordinary concentration of market returns in a narrow group of AI-related infrastructure beneficiaries created a market environment in which many fundamentally strong businesses were temporarily overlooked. While we maintained selective exposure to the physical infrastructure layer of AI deployment, the portfolio remained intentionally diversified across a broader range of structural growth themes and high-quality compounders outside the narrowest segments of the AI complex.

In hindsight, this positioning acted as **a meaningful headwind during a period when market breadth was extremely weak** and a small number of mega-cap technology and semiconductor-related companies accounted for a disproportionate share of benchmark returns. In such environments, capital tends to be drawn toward the strongest-performing themes, often at the expense of businesses whose underlying fundamentals remain intact, but which lack immediate exposure to the market's dominant narrative.

Importantly, periods in which valuation dispersion becomes this extreme **have historically created some of the strongest forward return opportunities** for disciplined active managers, particularly where underlying earnings resilience remains intact but market attention has narrowed materially.

As a result, several of our larger active positions — including holdings across consumer, healthcare, and China-related businesses experienced significant valuation compression despite continuing to deliver resilient operational performance, strong cash flow generation, and durable earnings growth. In many cases, **share prices weakened not because of any material deterioration in business quality,** but because investor attention remained overwhelmingly focused on a narrow group of near-term AI beneficiaries. This is precisely the dynamic that creates opportunity. In a market this narrow, the gap between price and fundamental value tends not to close gradually - it tends to close quickly, and often when investors least expect it.

Looking Ahead

Encouragingly, market leadership has recently begun to broaden beyond the narrowest cohort of AI infrastructure beneficiaries, and several of our larger positions have started to stabilise and, in many cases, **outperform as earnings resilience and valuation support reassert themselves.** Historically, some of the strongest periods for quality and diversified structural growth portfolios have emerged following phases of extreme market concentration, particularly when earnings breadth begins to improve beyond the narrowest leadership cohort.

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While periods of underperformance are never welcome, we remain confident that long-term investment outcomes are ultimately determined by the durability of earnings, cash flows, and competitive advantages. The current environment bears the hallmarks of a late-stage concentrated cycle: exceptional momentum concentrated in a narrow theme, record earnings beats going unrewarded beyond that theme, and quality businesses trading at historically wide discounts to the market leaders. In our experience, environments where high-quality businesses simultaneously deliver resilient operational outcomes while de-rating materially on valuation grounds, have often provided attractive long-term entry points for patient capital.

Each of these conditions has historically preceded a broadening of leadership and a reassertion of quality as the dominant driver of returns. We are not predicting when the turn comes, but we are highly confident in the quality and earnings resilience of what we own and in the reality that, in markets, **being early and being wrong are often indistinguishable until they suddenly are not.** As market breadth normalises and leadership broadens, we believe portfolios built around structural growth, quality, and valuation discipline will be better positioned to participate more evenly in future market returns and better protected if the cycle turns more abruptly than consensus currently expects.

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Portfolio Highlights for April

Schneider Electric was the largest contributor to Fund returns for the month, with the outperformance reflecting continued strength across its Energy Management division and the enduring structural demand underpinning our investment thesis. First-quarter 2026 results, reported at month-end, also reinforced our conviction that demand for energy management, electrification, and power distribution infrastructure remains exceptionally resilient. Importantly, management commentary pointed to continued momentum across data centre, grid modernisation, and broader electrification-related end markets, while the Industrial Automation business showed early signs of stabilisation following a softer period over the past year. As industrial demand conditions improve and automation orders begin to recover, we are confident that there is scope for Schneider Electric to continue revising its organic growth guidance higher into the second half of 2026.

Nintendo was the largest detractor from Fund returns in April. The stock continues to reprice a more complex fundamental picture than the initial Switch 2 launch enthusiasm suggested. While the hardware itself broke records as the fastest-selling console in history in its opening months, the growth narrative has since run into a confluence of headwinds that the market is still working through. We do not view the current headwinds as a permanent impairment of Nintendo's long-term thesis. The company is in the early stages of a genuine brand evolution — from console manufacturer to software-led entertainment platform — with some of the most recognisable intellectual property in the world. The Mario Galaxy film is tracking toward USD 1 billion at the global box office, a live-action Legend of Zelda feature has recently wrapped production, and the company is expanding its physical retail and theme park presence in ways that create durable, recurring revenue streams less dependent on any single hardware cycle. The RAM shortage is cyclical, and Nintendo retains meaningful pricing power relative to peers. We are watching the software pipeline closely as further clarity on credible first-party lineup would materially change the near-term setup, and will size the position accordingly.