

Fund Overview

The Insync Global Capital Aware Fund is a high-conviction, concentrated portfolio designed to capture growth from transformative global megatrends across both technology and non-technology sectors.

It employs proactive hedging strategies to cushion the impact of significant market downturns, offering investors a smoother investment journey.



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** — 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 Performance¹

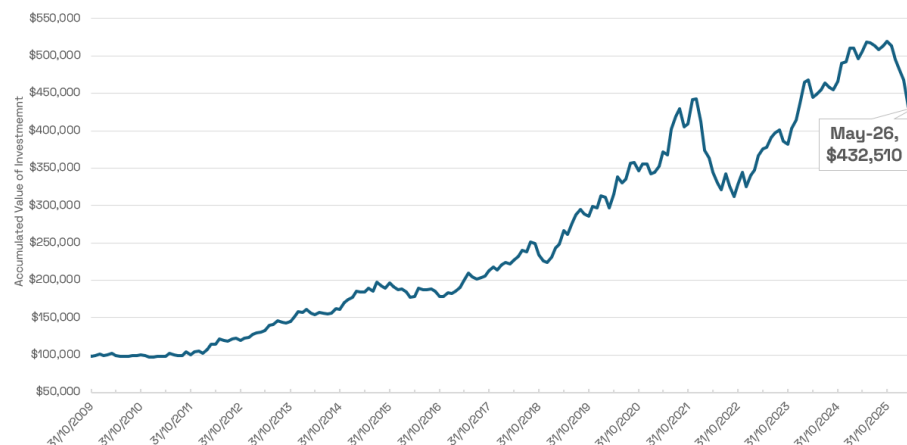
	1 Month	3 Months	1 Year	Rolling 3 Year Average*	3 Years	Rolling 5 Year Average*	5 Years	Inception p.a.
Fund (%)	2.36	-7.56	-16.61	11.65	4.57	11.54	3.32	9.19
Benchmark (%) [^]	5.14	6.67	16.69	13.08	18.17	12.92	13.17	12.14
Active Return (%)	-2.78	-14.23	-33.30	-1.43	-13.60	-1.38	-9.86	-2.95

[^] 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.

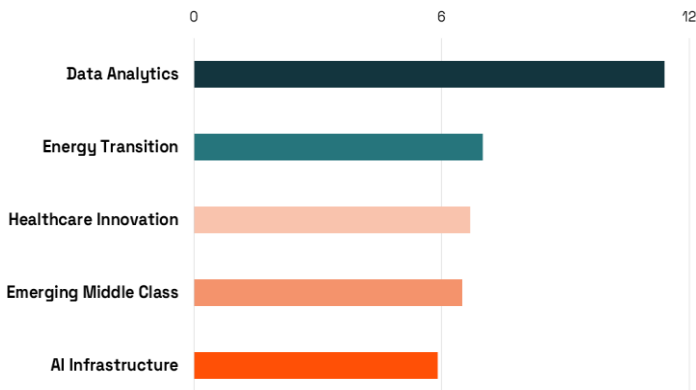
Growth of AUD \$100,000¹

Accumulative value of \$100,000 invested since inception at 7 October 2009.

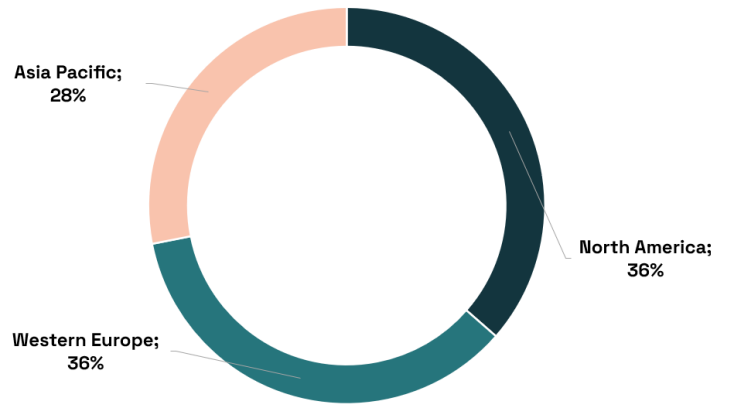


1. Past performance is not a reliable indicator of future performance. Returns are calculated after fees and costs, and assume all distributions reinvested. No consideration is made for individual tax. Performance Inception Date (exclusive): 7/10/2009.

Top 5 Megatrend Exposure (%)²



Geographical Exposure³



Key Portfolio Holdings



Data Analytics



AI Infrastructure



Emerging Middle Class



Energy Transition



Energy Transition

Fund Information

APIR Code SLT0041AU

Inception Date October 2009

Number of Holdings 20 - 40

Management Fee⁴ 1.30% p.a.

Buy / Sell Spread +0.20% / -0.20%

Frequency of Distributions Annually

2. Megatrends are internally defined based on portfolio holdings excluding Cash and portfolio hedges.

3. Source: Insync. Geographical exposure is calculated excluding cash and portfolio hedges and is based on the location of senior management of each company within our portfolio.

4. Management fee is inclusive of GST. Transaction costs may also apply - refer to the Product Disclosure Statement for additional information.



Manager Commentary

The most important point to make this month is that the portfolio has not changed its character. We continue to own companies with strong competitive positions, high returns on capital, healthy balance sheets and long-term growth opportunities. What has changed is the market's short-term preference. In recent months, investors have rewarded a narrow group of AI hardware-related companies with increasing intensity, while **many high-quality companies outside that group have lagged despite continuing to execute well.**

This has been uncomfortable, but it is not unusual. Quality investing periodically goes through difficult relative periods, particularly when markets become concentrated in a narrow group of companies, sectors or themes. During those periods, **share prices can move well ahead of fundamentals in the favoured areas,** while the shares of many durable businesses fail to reflect the progress being made underneath. That does not mean the quality approach is broken. It is part of the long-term pattern of investing in businesses rather than chasing market fashion.

The MSCI ACWI ex Australia Index rose 5.2% in May, with Asia ex Japan leading regional performance, up 11.2%. Japan also posted strong gains of 6.2% in local currency, while the S&P 500 advanced 5.3% in the United States. Performance across these markets continued to be shaped by the AI hardware trade, which remains the dominant driver of investor sentiment and capital flows. European equities gained 3.2%, supported by improving sentiment following the Middle East ceasefire.

The Fund delivered a positive absolute return of 2.36% for the month. Our selective exposure to AI hardware reflects a deliberate choice. We want exposure to the long-term beneficiaries of artificial intelligence, but not indiscriminate exposure to the most crowded and valuation-sensitive parts of the theme. There is a **large difference between a transformative technology and an attractive investment.** History shows that investors often confuse the two during periods of excitement.

The month also illustrated the two sides of our current positioning. **Fortinet** showed how quickly a high-quality company can re-rate when execution improves and investors refocus on fundamentals, with the stock recovering strongly after a first-quarter result that showed broad-based product revenue strength and improving visibility. **Tencent**, by contrast, detracted from returns as China internet sentiment remained weak and the market continued to favour direct AI hardware exposure. Yet the business continues to strengthen its ecosystem, and we believe its ability to embed AI across WeChat, gaming, payments, advertising and mini-programs remains underappreciated.

We are not sceptical about artificial intelligence. On the contrary, we believe AI will reshape industries, business models and competitive landscapes for many years. That conviction is embedded in the portfolio. **The distinction we are making is** between owning companies that can benefit from AI through stronger products, better productivity, deeper customer relationships and wider competitive advantages — and not chasing the most crowded expression of the theme after expectations have already moved sharply higher.



Manager Commentary

The current market environment has **many of the features that usually accompany periods of narrow leadership**. Capital is flowing into a small cohort of perceived winners. Expectations are rising rapidly. Speculation in AI-related hardware stocks has intensified across Korea, Taiwan, Japan and the United States. In Korea, margin debt balances have surged to record levels, while extraordinary demand for single-stock leveraged semiconductor ETFs tied to SK Hynix, Samsung Electronics and Micron highlights the degree of enthusiasm surrounding memory and AI hardware.

None of this means these businesses are poor companies. Some are excellent companies. The issue is not whether AI is real, or whether semiconductor demand is strong today. **The issue is price, expectations and durability of returns**. When expectations become extreme, good results are often no longer enough. We saw an example of this recently when Broadcom delivered strong quarterly growth, yet the stock came under pressure because expectations had already moved so far ahead. That is not a comment on Broadcom's business quality. It is a reminder that valuation discipline matters most when enthusiasm is greatest.

We would rather own businesses where the market is underappreciating durability than businesses where the market is already capitalising near-perfect outcomes. **That is not always rewarded month to month**. In fact, there are periods when it is penalised. But over time, returns are driven by the ability of companies to generate cash, reinvest at attractive rates, defend their competitive advantages and compound value. That remains the foundation of our process.

The portfolio today is positioned in companies where we believe the gap between business performance and share price performance has widened. Many of our holdings continue to execute well operationally, even while their share prices have lagged the narrowest parts of the market. That gap is uncomfortable in the short term, **but it is also the source of future return potential**. We believe the portfolio is better placed today than recent relative performance suggests.

We are not trying to win a momentum contest over one month or one quarter. We are applying a disciplined investment process that has compounded capital for clients over time. Periods of quality under-performance have occurred before, and they have often set up the next attractive phase of returns. The discipline required is to stay focused on the businesses we own, not the noise around the businesses we do not.

In summary, we remain confident in the portfolio. The recent period has been frustrating from a relative performance perspective, **but it has not changed our view of the businesses we own or the discipline of the process we apply**. We believe the market is currently placing too much emphasis on a narrow group of AI hardware beneficiaries and too little emphasis on durable, cash-generative companies with strong competitive advantages. That imbalance will not last forever. When market leadership broadens and investors again focus on the durability of earnings and returns on capital, we believe the portfolio is well positioned to benefit.



Manager Commentary

As at the end of May 2026, the Fund maintained approximately 70% protection on a notional basis.

Portfolio Highlights for May

Fortinet was the largest contributor to Fund returns for the month, with the stock nearly doubling from its one-year low following an exceptional first quarter result. Product revenue grew 41% year-on-year, supported by broad-based demand, while management raised full-year product revenue guidance by US\$170 million at the midpoint, ahead of the US\$113 million first-quarter beat. This points to improving forward visibility across the business, rather than simply a one-off quarterly upside.

Growth was broad-based, with operational technology security up more than 70%, alongside meaningful contributions from virtual firewalls, sovereign security solutions and AI data centre deployments. These areas remain structurally attractive, supported by rising demand for critical infrastructure protection and secure connectivity. **Fortinet is a useful reminder that quality businesses can be overlooked during narrow market phases**, but when execution improves and investor attention returns, the recovery in share price can be swift. While the strong share price recovery has lifted expectations, we continue to view Fortinet as a high-quality cybersecurity compounder, with further upside supported by sustained execution, broadening demand and disciplined margin management.

Tencent was the largest detractor from Fund returns in May, reflecting weaker sentiment toward China internet stocks and the market's preference for direct AI hardware beneficiaries. Tencent has also been viewed by some investors as a "later mover" in AI, particularly relative to companies seen as leading the frontier model or infrastructure race. In a market heavily focused on near-term AI hardware demand, this has weighed on the stock despite continued progress across its core businesses. We remain confident in Tencent because its strength lies in its deep ecosystem across WeChat, gaming, payments, advertising and mini-programs. This provides a powerful foundation for AI integration and monetisation over time. Recent developments allowing AI agents to interact with WeChat and its mini-program ecosystem strengthen Tencent's position as a key distribution layer for AI-enabled services in China.

In our view, Tencent is not a simple AI laggard. It is a platform where AI can be embedded across an enormous existing user base, creating monetisation opportunities that may become more visible over time. The market is currently rewarding the companies building the AI infrastructure. Over time, **we believe significant value will also accrue to companies with trusted distribution**, daily user engagement and the ability to turn AI capabilities into practical services for consumers and businesses. Tencent remains well placed in that regard.

