Insync Global Quality Equity Fund

INSYNC

September 2026

Fund Overview

The Insync Global Quality Equity Fund is a high-conviction, concentrated portfolio purpose-built to harness growth from transformative global megatrends 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.

Fund Information[1]

APIR Code	ETL5510AU
Inception Date	3 July 2018
Number of Holdings	20 - 40
Management Fee	0.98% p.a.
Buy / Sell Spread	+0.20% / -0.20%
Investment Objective	8–12% per annum over the longer term (after fees & costs and before tax)

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.**

1. Management fee is inclusive of GST. Transaction costs may also apply - refer to the Product Disclosure Statement for additional information. The Fund aims to deliver 8%-12% per annum over the longer term (after all fees and costs). Neither the Responsible Entity, Insync nor any of their respective officers, employees or agents guarantee the performance of the Fund, the return of capital, or a particular rate of return.

Fund Performance – Net of Fees and Costs*

30 Sept 2026	1 Month	3 Months	1 Year	3 Years	5 Years	7 Years	Since Inception - p.a.	Since Inception - Total Return
Fund (%)	-3.12	2.51	-9.65	6.58	3.57	7.43	8.82	100.86

* Inception Date: 3/07/2018. Performance is the net asset value (NAV) unit price return, after all fees and costs and assuming all distributions are reinvested. Past Performance is not a reliable indicator of future performance.

Long Term Rolling Returns Average - Net of Fees and Costs^

30 Sept 2026		Rolling 1 Year Average p.a.	Rolling 3 Year Average p.a.	Rolling 5 Year Average p.a.	Rolling 7 Year Average p.a.
Fund (%)		11.24	10.30	9.72	10.22

^ The rolling returns average measures the average of all monthly-calculated, annualised, returns for the relevant performance period (1 yr, 3 yr, 5 yr, etc.). Past Performance is not a reliable indicator of future performance.

The Fund aims to deliver 8%-12% per annum over the longer term (after all fees and costs). Neither the Responsible Entity, Insync nor any of their respective officers, employees or agents guarantee the performance of the Fund, the return of capital, or a particular rate of return.

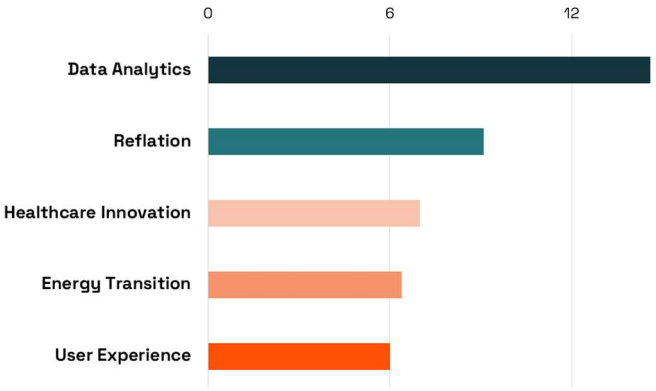
Insync believes that rolling returns average better represents the actual experience of investors in the Fund over a full investment cycle, rather than the outcome resulting from entering or exiting the investment at a particular point in that cycle; and therefore, also better represents the ability of the Manager to deliver the Fund's objective over the longer term.

Insync Global Quality Equity Fund

INSYNC

September 2026

Top 5 Megatrend Exposure (%)[2]



Geographical Exposure[3]

Key Portfolio Holdings

Microsoft	Amphenol	NatWest Group	VINCI	RP
Data Analytics	AI Infrastructure	Reflation	Energy Transition	Healthcare Innovation

Growth of AUD $100,000[4]

Accumulative value of $100,000 invested since inception at 3 July 2018.

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

Investment Enquiries - Insync Funds Management
| Ph: 02 8094 1255 | E: info@insyncfm.com.au

Investor Services - Apex Fund Services
| Ph: 1300 133 451 | E: registry@apexgroup.com

Insync Global Quality Equity Fund

September 2026

INSYNC

Manager Commentary

Global market overview

Persistent geopolitical tensions in the Middle East, higher bond yields and renewed monetary tightening in the United States created a more challenging investment environment over the September quarter. Nevertheless, global equities proved resilient, supported by solid corporate earnings and continued investment in artificial intelligence.

Beneath this resilience, market leadership shifted considerably. In July, semiconductor stocks fell sharply as investors reassessed the economics of AI infrastructure spending and the demanding expectations embedded in valuations. Participation broadened across a wider range of businesses through July and August, although semiconductor recoveries and renewed volatility made that rotation uneven. In September, stronger optimism around AI demand again favoured selected semiconductor stocks, while much of the broader market struggled to keep pace.

These shifts highlighted both the continued influence of AI on equity returns and **the market's reliance on a relatively narrow group of beneficiaries.** Higher bond yields and elevated earnings expectations left less room for disappointment, reinforcing the importance of sustainable earnings growth and valuation discipline.

The decisions behind our returns

Against this backdrop, the Insync Global Quality Equity Fund delivered an absolute return of 2.51% over the September quarter. Stronger performance in July and August was partly offset by softer performance in September as market leadership narrowed again.

Although improving market breadth created a more supportive environment for the portfolio throughout the quarter, **company fundamentals remained the key driver of strong performance.** Earnings delivery, resilient customer demand and commercial progress across key holdings supported their share-price gains and reinforced our assessment of their future cash-generation potential.

Our absolute-return objective is focused on compounding investors' capital over a full market cycle, rather than closely tracking the broader equity market. This means being selective about the risks we take and ensuring that each investment offers an attractive prospective return relative to its underlying business economics and valuation.

This brings two questions into focus: **why do we own the businesses we do,** and **why have we chosen not to invest in others,** including some delivering strong share-price gains?

What we chose not to own

Our investment discipline is reflected not only in the businesses we choose to own, but equally in those we deliberately avoid. **Both decisions play an important role in long-term returns,** particularly when strong share-price momentum becomes disconnected from underlying fundamentals.

Insync Global Quality Equity Fund

September 2026

INSYNC

Manager Commentary

The September quarter highlighted how quickly investor sentiment can shift. The Philadelphia Semiconductor Index fell more than 20% from its June peak, with some individual stocks experiencing even steeper declines, before the sector recovered some of its losses towards quarter-end. **These sharp swings illustrate how vulnerable share prices can become** when valuations are elevated and expectations leave little room for disappointment.

Our selective exposure to AI hardware reflects this concern.

There are legitimate reasons for customers to secure capacity ahead of demand, particularly where power availability, manufacturing capacity and delivery lead times constrain expansion. The risk is that revenues arrive later than expected, fall short of expectations, or both:

- **Later revenues** mean costs and financing obligations must be met for longer before the investment generates income.
- **Lower revenues** mean less income to cover those commitments, potentially reducing profits and returns on the capital invested.
- **Both together** can put substantial pressure on cash flow, even if AI demand continues to grow.

This is why choosing what not to own matters when valuations depend heavily on future growth arriving on time and at the scale expected. This discipline can mean missing periods of strong share-price gains, but we believe protecting investors from paying too much for uncertain future growth is equally important to long-term compounding.

Although our Fund is managed independently of a market benchmark, comparing our investment decisions with the broader global equity market provides useful insights. During the quarter, the companies we owned contributed approximately 1.26% of relative performance, while our decisions not to own certain companies contributed a further 0.89%, partly offset by cash and currency effects*. **This illustrates how both investment selection and disciplined avoidance can influence outcomes.**

COMMISSION AND OMISSION

Source	Effect	Proportion of Relative Performance
Stocks held (commission)	+1.26%	Explains 66% of the gain
Broader Market stocks not held (omission)	+0.89%	Explains 47% of the gain
Cash & FX effect	-0.26%	Offset about 13% of the gain
Total excess return	**1.89%**	**Total**

* Source: Bloomberg and Insync. Attribution calculated internally by Insync using Fund portfolio records and data for the iShares MSCI ACWI ETF (ACWI). All calculations are based on gross returns before fees and costs. The ETF is used solely as a global equity market comparator and includes Australian equities; it is not the Fund's investment benchmark.

Investment Enquiries - Insync Funds Management
| Ph: 02 8094 1255 | E: info@insyncfm.com.au

Investor Services - Apex Fund Services
| Ph: 1300 133 451 | E: registry@apexgroup.com

Manager Commentary

We have no doubt that demand for AI is real. The key investment question is whether the returns generated will justify the capital being committed—and how much of that anticipated success is already reflected in share prices.

If the cycle falls short of expectations, we believe signs of pressure may emerge before they become evident in reported revenues. Slower growth in capital-spending plans, project delays and higher financing costs could provide earlier signals. We review these indicators weekly alongside customer demand and company-level earnings evidence to reassess our assumptions and exposure.

What we chose to own

Our preference remains for businesses offering a compelling combination of durable growth, competitive advantages, attractive returns on capital and reasonable valuations.

Veeva, ServiceNow and Microsoft were notable contributors during the quarter, **with earnings delivery and commercial progress supporting their share-price gains.** Veeva's latest quarterly revenue grew 18%, while ServiceNow delivered subscription revenue growth of approximately 23%, reinforcing the underlying earnings strength that supports our investment cases. Their results provided evidence that opportunities exist across different parts of the AI value chain, including businesses using the technology to strengthen established customer relationships and expand their offerings.

Not all our investment decisions have delivered positive outcomes. **CATL was one of the Fund's main detractors during the quarter.** Recent announcements from Li Auto and Xiaomi intensified concerns that automakers are reducing their dependence on CATL through internal battery development and alternative suppliers. Together with margin pressure, these developments raised concerns about increasing competition and pressure on profitability.

Rather than dismissing these developments as temporary setbacks, we have reassessed their implications for CATL's competitive position, long-term growth prospects and returns on capital. Our analysis suggests that its **technological leadership, manufacturing scale** and **exposure to expanding energy-storage markets remain important competitive strengths.** Moreover, modest market-share losses do not necessarily undermine absolute growth when the underlying market is expanding rapidly. Take CATL's domestic EV-battery business as an example: its share of China's power battery installations declined modestly from approximately 50% in 2020 to around 45% in 2026 year to date, while total installations expanded more than tenfold between 2020 and 2025.

Energy storage provides a second growth engine and currently carries higher gross margins than EV batteries, while overseas expansion and new technologies offer further opportunities to broaden earnings.

Manager Commentary

Our decision to maintain the position reflects this assessment, rather than an expectation of an immediate share-price recovery. At its lower valuation, we believe CATL continues to offer an attractive long-term opportunity, provided it can sustain reasonable profitability while capturing growth in energy storage, overseas markets and new technologies. We continue to monitor margins, competitive developments and returns on new capacity, recognising that a sustained deterioration in these fundamentals would require us to revisit our assumptions and position sizing.

Looking ahead

The quarter's positive return was accompanied by operating evidence that strengthened several investment cases and developments that required closer scrutiny elsewhere. Our allocation decisions continue to reflect that changing balance of earnings prospects, valuation and risk. Across the portfolio, we see opportunities for businesses to expand their markets and build new sources of cash flow, with the price paid and the capital required to achieve that growth remaining central to their potential to compound investors' capital.

Equity Trustees Limited ("EQT") (ABN 46 004 031 298), AFSL 240975, is the Responsible Entity for the Insync Global Quality Fund and the Insync Global Capital Aware Fund. EQT is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). This report has been prepared by Insync Funds Management Pty Ltd (ABN 29 125 092 677, AFSL 322891) ("Insync"), to provide you with general information only. In preparing this information, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Insync, EQT nor any of its related parties, their employees or directors, provide and warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance should not be taken as an indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product.