

Insync Global Capital Aware Fund



September 2026

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.

Fund Information¹

APIR Code	SLT0041AU
Inception Date	October 2009
Number of Holdings	20 - 40
Management Fee	1.10% p.a.
Performance Fee	15.00% of outperformance above an absolute hurdle of 5.00% 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 performance fee will be calculated and accrued daily and, where applicable, paid annually in arrears. It is subject to a high-water mark, such that no performance fee is payable unless the cumulative index for the Class exceeds the level at which the most recent performance fee was paid.

Fund Performance – Net of Fees and Costs*

30 Sept 2026	1 Month	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception - p.a.	Since Inception - Total Return
Fund (%)	-2.75	1.96	-12.43	5.18	2.10	6.53	9.28	9.25	349.36

* Inception Date: 7/10/2009. 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.	Rolling 10 Year Average p.a.
Fund (%)	10.79	11.48	11.27	11.53	11.54

^ 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.

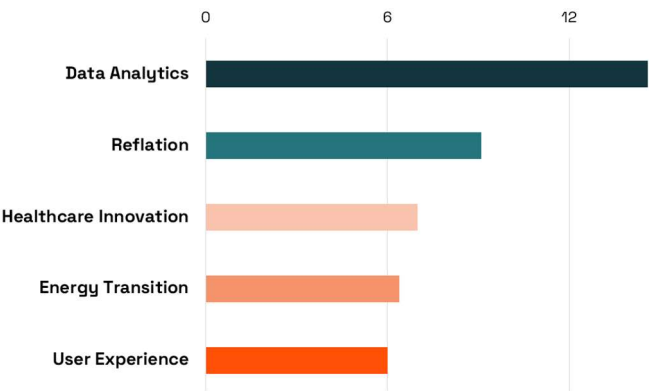
Insync believes that rolling returns average better represents the actual experience of investors in the Fund over a full investment cycle, rather than the outcome resulting from entering or exiting the investment at a particular point in that cycle; and therefore, also better represents the ability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

Insync Global Capital Aware Fund

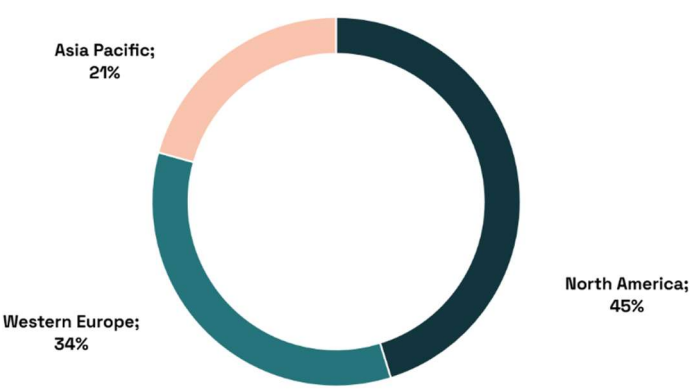


September 2026

Top 5 Megatrend Exposure (%)²



Geographical Exposure³



Key Portfolio Holdings



Data Analytics

AI Infrastructure

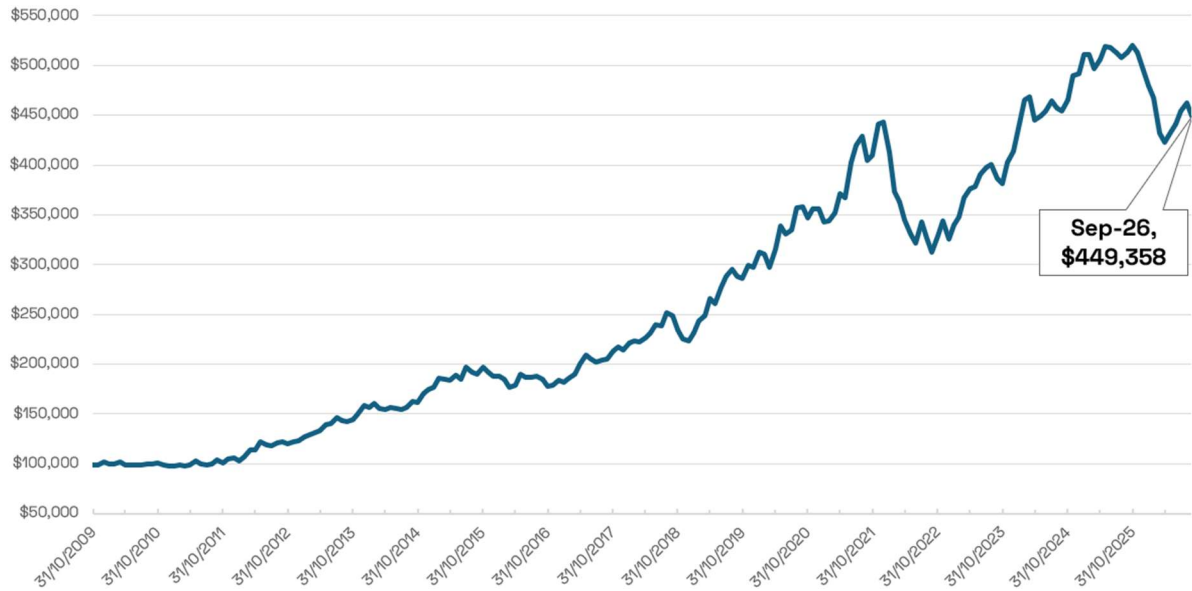
Reflation

Energy Transition

Healthcare Innovation

Growth of AUD \$100,000⁴

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



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.



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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 Capital Aware Fund delivered an absolute return of 1.96% over the September quarter. Stronger performance in July and August was partly offset by softer performance in September as market leadership narrowed again.

For the Capital Aware Fund, however, **long-term investment outcomes are shaped by two complementary strategies**: a concentrated portfolio of high-quality global businesses seeking to compound capital over time, and an independently managed derivative overlay designed to reduce the impact of severe market declines while managing the cost of protection.

This brings two important questions into focus: **how do we manage the cost and effectiveness of downside protection**, and **how do we decide which businesses to own or avoid?**

Why Downside Protection Matters

Equity markets have historically rewarded long-term investors, but significant market declines are an inevitable part of investing. Large losses can have a lasting impact on wealth creation because the deeper the decline, the greater the subsequent gain required simply to recover.

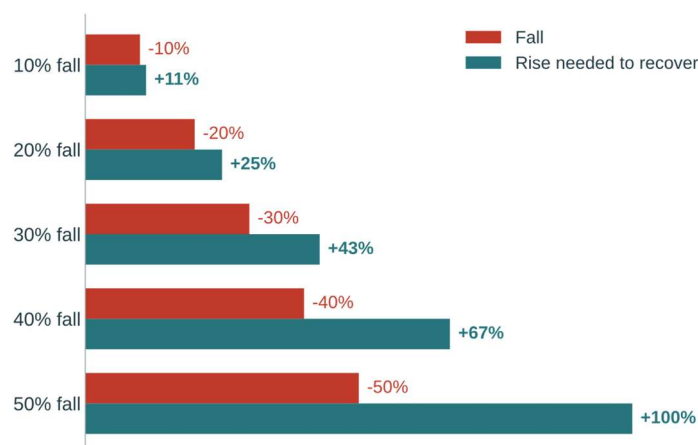
Reducing the severity of significant losses can therefore be particularly valuable for investors who wish to participate in the long-term growth potential of equities while placing greater emphasis on capital preservation, especially those approaching or already in retirement, when the time and flexibility to recover from significant market declines may be more limited.



Manager Commentary

Unlike traditional defensive assets, the Capital Aware strategy combines direct participation in the long-term growth of global equities with actively managed protection designed to cushion severe market declines, potentially reducing the need to sell equities at distressed prices. An investor withdrawing money during a significant market decline may permanently reduce the capital available to participate in a recovery. This is known as sequencing risk.

The rise needed to recover from a fall



The COVID-19 market crash in 2020 provides a useful illustration of this approach in practice. During the first quarter, the Capital Aware Fund declined -0.1%, compared with a -9.4% fall in the global market. The protection overlay helped cushion the impact of the sell-off, leaving the Fund better positioned to participate in the subsequent recovery. **From full year, the Fund returned 19.7%, compared with a 6% gain for the global market.**

Indexed performance, 31 December 2019 = 100



* Source: Insync. Performance indexed to 100 at 31 December 2019. "Global Market" refers to the MSCI ACWI ex Aus Index (AUD). The comparator is provided for context and is not the Fund's investment benchmark. Past performance is not a reliable indicator of future performance. Returns are expressed in Australian dollars and assume reinvestment of distributions. Fund returns are net of fees and costs.



Manager Commentary

Of course, downside protection comes at a cost. As the Capital Aware Fund holds the same underlying equity portfolio as our flagship Global Quality Equity Fund, maintaining protection can result in lower returns during rising markets. This performance difference may become more pronounced during prolonged market rallies, when the costs of protection accumulate without the same opportunity for the overlay to offset significant market losses.

However, this is a deliberate trade-off. The purpose of the protection is not to enhance returns in every market environment, **but to reduce the impact of severe market declines and preserve more capital for future growth.** Importantly, the protection overlay is actively managed, with three key objectives:

- **Active management:** Assessing market conditions and opportunities across different asset classes to identify suitable protection strategies.
- **Asymmetric protection:** Seeking to limit losses during severe market downturns while retaining meaningful participation in equity market gains.
- **Cost efficiency:** Selecting and adjusting derivative structures to balance the effectiveness of protection against its cost, minimising unnecessary performance drag.

We believe downside protection remains an important part of the investment strategy, particularly when market valuations and earnings expectations leave less room for disappointment. **History has shown that market downturns can occur suddenly and recoveries can be difficult to time.** Maintaining protection through different market environments therefore reflects a deliberate choice to manage risks before they materialise, rather than attempting to react after markets have already fallen.

The Equity Portfolio: Why We Own What We Own

While the derivative overlay seeks to protect capital during severe market declines, **the underlying equity portfolio remains the primary driver of long-term wealth creation.**

Although improving market breadth created a more supportive environment for the portfolio throughout much of the quarter, **company fundamentals remained the key driver of stronger 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 investment discipline is reflected not only in the businesses we choose to own, but equally in those we deliberately avoid. Both decisions are important to long-term returns, particularly in markets where strong share-price momentum can become disconnected from underlying fundamentals.

What we chose not to own

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.



Manager Commentary

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.

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**



Manager Commentary

detractors during the quarter, as announcements from automakers developing batteries internally or diversifying suppliers 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.

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 supported by operating evidence that strengthened several investment cases, alongside developments that required closer scrutiny elsewhere. Our equity allocation decisions continue to reflect this evolving balance of growth prospects, valuation and risk. We remain focused on businesses capable of expanding their markets and generating sustainable cash flows, while maintaining discipline around the price paid and the capital required to achieve that growth.

At the same time, elevated market expectations, concentrated leadership and ongoing uncertainty **reinforce the importance of downside protection**. While the timing and severity of market corrections are inherently difficult to predict, our actively managed derivative overlay seeks to reduce the impact of significant declines while retaining meaningful participation in the long-term growth potential of global equities. Together, these two strategies reflect our commitment to **growing investors' capital through disciplined equity selection while managing the risks that can undermine long-term compounding**.



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