Insync Global Capital Aware Fund

October 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 Information[1]

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*

31 October 2026 (p.a.)	1 Month	3 Months	1 Year	3 Years	5 Years	7 Years	10 Years	Since Inception - p.a.	Since Inception - Total Return
Fund (%)	-0.53	-1.50	-14.01	5.42	1.76	6.59	9.65	9.16	346.97

* 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. Returns for periods greater than one year are annualised, unless otherwise stated. Past Performance is not a reliable indicator of future performance.

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

31 October 2026 (p.a.)		Rolling 1 Year Average	Rolling 3 Year Average	Rolling 5 Year Average	Rolling 7 Year Average	Rolling 10 Year Average
Fund (%)		10.67	11.45	11.21	11.49	11.52

^ 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.

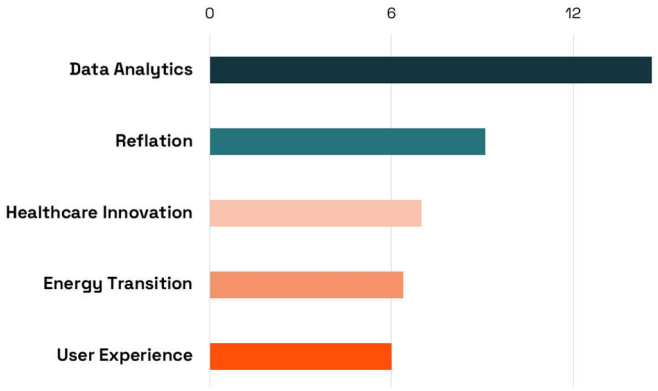
The Fund aims to deliver 8%-12% per annum over the longer term (after all fees and costs). Neither the Responsible Entity, Insync nor any of their respective officers, employees or agents guarantee the performance of the Fund, the return of capital, or a particular rate of return.

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.

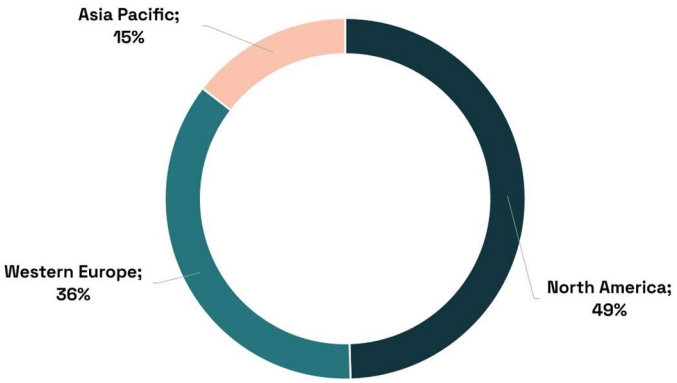
Insync Global Capital Aware Fund

October 2026

Top 5 Megatrend Exposure (%)[2]



Geographical Exposure[3]

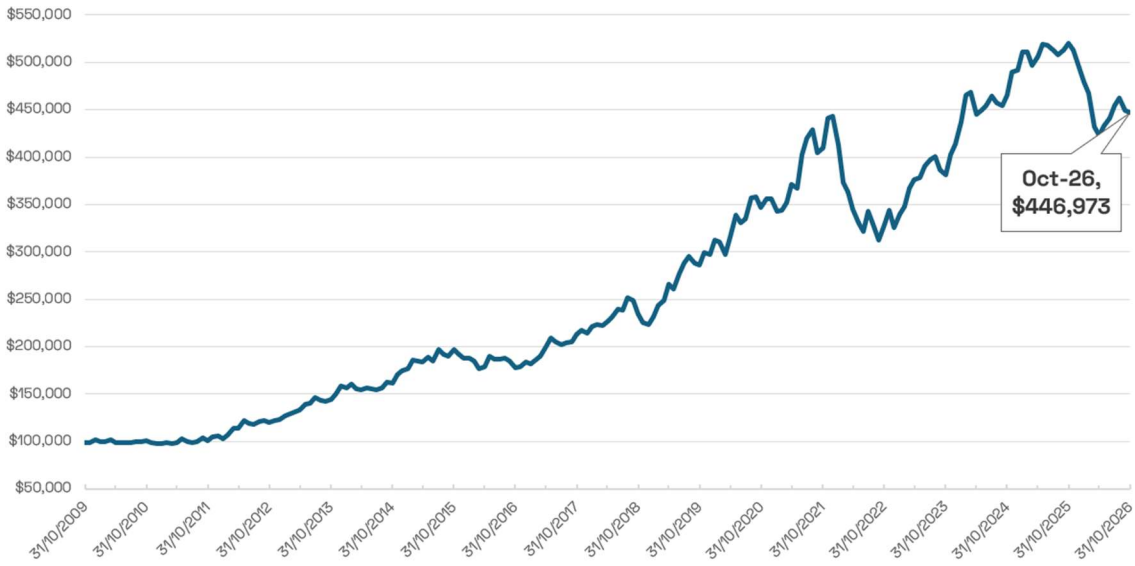


Key Portfolio Holdings

Microsoft	SUNBELT RENTALS	NatWest Group	VINCI	RP
Data Analytics	Reflation	Reflation	Energy Transition	Healthcare Innovation

Growth of AUD $100,000[4]

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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Insync Global Capital Aware Fund

October 2026

Manager Commentary

Global market overview

Global equity markets experienced a volatile October, with the global equity index declining approximately 2.79% in Australian dollar terms as investors reassessed expectations underpinning several of the year's strongest investment themes. Political uncertainty, fiscal pressures, elevated oil prices and growing scrutiny of artificial intelligence infrastructure spending contributed to a **sharp divergence in market performance.**

Political developments were particularly consequential in Brazil. Its equity markets had rallied strongly following the first round of the presidential election in early October, as investors increasingly anticipated a change in government and the prospect of greater fiscal discipline. However, the unexpected re-election of incumbent President Luiz Inácio Lula da Silva in the 25 October runoff triggered a sharp reversal. Brazil's benchmark Ibovespa equity index plunged 13.9% on 26 October, its largest single-day decline since March 2020, while the Brazilian real weakened sharply and government borrowing costs surged. The sell-off highlighted **how quickly asset prices can adjust when political outcomes challenge the assumptions underpinning valuations.**

Europe faced a different but related challenge. Political fragmentation and fiscal sustainability remained important concerns, particularly in France, where social unrest intensified scrutiny of the government's ability to deliver credible fiscal consolidation. Although the stress remained largely concentrated in France, it demonstrated the growing sensitivity of investment markets to political uncertainty and deteriorating public finances. **Nevertheless, broader European equities proved relatively resilient,** with the STOXX Europe 600 gaining approximately 1.9% during the month. This was largely supported by a rotation towards defensive sectors, particularly healthcare and consumer staples, alongside stronger energy stocks as oil prices rose. Europe's relatively limited exposure to the AI hardware cycle also helped cushion the impact of the technology sell-off.

Meanwhile, the AI investment theme experienced another significant bout of volatility. The Philadelphia Semiconductor Index in the U.S. fell 15.3% in October, including an eight-session losing streak in mid-month, its longest since the 2008 global financial crisis. The downturn erased approximately US$2 trillion in market capitalisation from US semiconductor stocks at its peak, reflecting **growing concerns over the sustainability of AI infrastructure spending, elevated valuations and financing costs.** In contrast, the equal-weighted S&P 500, which is significantly less concentrated in the largest technology and AI-related companies, gained 5.0%. This divergence reflected a meaningful broadening of market participation beyond the narrow group of AI beneficiaries that had dominated returns earlier in the year.

Weakness also extended to semiconductor-heavy Asian markets, with the MSCI Korea and Taiwan indices declining 15.4% and 8.3%, respectively, in US dollar terms, contributing to an 8.0% decline in the MSCI Emerging Markets Index.

Insync Global Capital Aware Fund

October 2026

Manager Commentary

Against this volatile backdrop, the Insync Global Capital Aware Fund declined 0.53% during October, compared with an approximately 2.79% decline in the broader global equity market in Australian dollar terms. **While this represented a more resilient monthly outcome,** our investment decisions remain focused on compounding investors' capital over a full market cycle rather than tracking short-term market movements.

For some time, we have expressed concerns that the risks associated with the extraordinary pace of AI infrastructure investment **were not being adequately reflected in market valuations.** While the underlying demand for AI remains strong, we have been cautious about extrapolating exceptional growth rates, elevated margins and increasingly ambitious capital spending plans too far into the future. Maintaining this discipline has not always been comfortable, particularly when market returns were heavily concentrated among semiconductor and AI hardware stocks. However, we believe protecting investors from paying too much for uncertain future growth is essential to long-term capital compounding.

As we discussed in our recent Insights publication, ***Great Technology, Poor Returns***, transformational technologies can create enormous economic value without necessarily delivering attractive returns to the businesses financing their development. **The current AI investment cycle presents a similar challenge.** For semiconductor and infrastructure suppliers, strong customer spending translates into immediate revenues and profits, but these businesses remain exposed to cyclical demand and the risk that today's exceptional margins may not be sustainable. For hyperscalers and infrastructure owners, the more fundamental question is whether the incremental revenues and cash flows generated will ultimately justify the unprecedented capital being deployed.

October's earnings season brought these concerns into sharper focus. Despite continued strong AI-related demand and generally resilient corporate results, investors became increasingly sensitive to the pace of capital expenditure, pressure on free cash flow and the potential dilution of returns on invested capital. Strong earnings were no longer sufficient on their own to sustain elevated valuations, particularly where expectations already assumed several years of exceptional growth. **October's correction does not diminish the transformative potential of AI,** nor does it establish that the investment cycle will prove uneconomic. It does, however, illustrate the vulnerability of share prices when valuations already reflect exceptional growth and returns on capital far into the future.

More broadly, **October's market rotation reinforced the importance of maintaining a differentiated portfolio.** We have continued to look beyond the market's narrow leadership for high-quality businesses whose long-term prospects are not adequately reflected in their valuations. While we could not predict when investor attention would broaden, nor did our investment approach depend on doing so, we believe the combination of disciplined stock selection and a focus on sustainable business economics remains the most reliable foundation for compounding investors' capital over time.

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Manager Commentary

Portfolio Highlights for October

As at the end of October 2026, the Fund maintained protection equivalent to 60.6% of funds under management on a notional basis and 12% on a delta-adjusted basis.

Royalty Pharma was the Fund's largest contributor during October. The performance was supported by a broader rotation towards defensive healthcare businesses, alongside improving sentiment following September's disappointing clinical trial results for pelacarsen. **Importantly, the setback demonstrated the value of disciplined deal structuring.** Royalty Pharma expects to recover its US$500 million investment with Ionis and earn a modest positive return despite the clinical failure, supported by the established royalty stream from Spinraza. Positive regulatory and clinical developments across its diversified pharmaceutical royalty portfolio also supported confidence in Royalty Pharma's long-term growth prospects. An approaching wave of pharmaceutical patent expiries is driving demand for new medicines and alternative sources of research funding, while Royalty Pharma's scale, specialist expertise and diversified portfolio position it to benefit from this expanding market. **Its royalty-based model** provides exposure to medical innovation without bearing the full development costs and operating risks of traditional pharmaceutical companies. Importantly, **recurring royalty receipts can be reinvested into new opportunities,** creating a long-term compounding engine supported by disciplined capital allocation and attractive returns on investment.

Safran was the Fund's largest detractor. **Overall revenue growth remained robust at 13.4% organically,** although civil-engine spare-parts sales growth moderated to 17% from approximately 27% in the previous quarter, partly reflecting a demanding prior-year comparison. While underlying performance remained solid and full-year guidance was reaffirmed, the results were not sufficient to meet elevated investor expectations in a market increasingly sensitive to even modest deviations from anticipated growth. However, the underlying drivers of Safran's long-term growth remain intact. Its extensive installed base of CFM56 engines continues to support strong maintenance demand as airlines operate older aircraft for longer, while the growing fleet of next-generation LEAP engines **provides an additional, multi-year aftermarket opportunity as these engines mature and require increasingly extensive servicing.** Safran's leading position in narrowbody aircraft engines, recurring aftermarket revenues and high barriers to entry underpin attractive long-term earnings visibility. While near-term growth may fluctuate, we believe these structural drivers continue to support Safran's ability to compound earnings and cash flows over time.

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