Insync Global Quality Equity Fund

Manager Commentary

Portfolio positioning and investment discipline

Throughout that period, we maintained our confidence that, over time, equity returns are ultimately determined by the durability of earnings and cash flows and the strength of competitive advantages. We could not know when markets would place greater weight on these fundamentals, nor did our investment approach depend on predicting that shift. Our focus remained on identifying high-quality businesses where long-term prospects were not adequately reflected in market expectations.

Three forces have been particularly relevant in assessing those opportunities and risks: the tension between AI investment and its prospective returns; the shift towards a more volatile inflation and interest-rate regime; and the growing influence of geopolitical and policy risks.

These considerations have guided portfolio construction throughout the year. We have maintained relatively low exposure to consumer-discretionary businesses that are more vulnerable to higher borrowing costs and volatile household demand. Within AI, we have taken a balanced "toll-road" approach, favouring select businesses with proven models, diversified earnings and strong competitive positions rather than concentrating the portfolio in the most crowded and valuation-sensitive parts of the hardware cycle.

This framework has also encouraged us to look beyond the market's narrow leadership for businesses whose fundamentals were being overlooked. Maintaining a differentiated position was uncomfortable when investor attention was concentrated heavily on chipmakers, but such periods can create attractive opportunities for patient investors willing to look beyond the prevailing narrative.

Veeva provides a useful example. We exited the company when early signs of competitive pressure reduced our confidence in the investment case, particularly as concerns around AI disruption intensified. We subsequently re-established a position after further research improved our understanding of the risks, operating developments strengthened our confidence in the durability of its platform and competitive position, and we believed the valuation no longer adequately reflected its underlying prospects.

Indeed, as Veeva scales its investment
and product innovation in a market that remains relatively underpenetrated, AI could increasingly become an opportunity for the business rather than simply a source of disruption.

The significance of this decision extends beyond the performance of one holding. It illustrates our willingness to reduce risk when the fundamentals become less certain, while remaining prepared to act when our assessment of business quality, competitive positioning and valuation differs from prevailing market expectations.

In an environment of elevated uncertainty and greater dispersion between companies, we
believe disciplined fundamental research, awareness of the forces shaping markets and the willingness to remain differentiated through periods of short-term discomfort will continue to support long-term investment outcomes.

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