# Monthly Fund Fact Sheet
## January 2022

Te Ahumairangi
GLOBAL EQUITY SPECIALISTS

## About the Fund

The Te Ahumairangi Global Equity Fund is a portfolio of investments in 150-180 listed companies around the world. The fund invests primarily in companies that are based in developed economies, in North America, Asia, and Europe.

We aim to invest mainly in companies where we believe we have good visibility about how the company will generate sufficient cashflows to deliver good long-run returns to shareholders. We favour investing in lower-risk companies that produce stable profits, are not too sensitive to the economic cycle, and whose share prices are not excessively volatile or overly sensitive to investor sentiment. We believe this means that our fund is likely to withstand market downturns better than the average global equity fund.

| | |
|---|---|
| **Unit Price (NZD)** | **1.0882**<br>1 Feb 2022, uses 31 January valuations |
| **Monthly Return** | **+3.64%**<br>After fees, before NZ taxes, Jan 2022 |
| **Fund Size** | **$10.687 million**<br>31 January 2021 |
| **Fund Type** | **Portfolio Investment Entity** |
| **Start date** | **5 November 2021** |
| **Minimum Investment** | **$100,000 direct, or $250 through InvestNow.** |
| **Investment Manager** | **Te Ahumairangi Investment Management Ltd** |
| **Issuer and Fund Manager** | **Implemented Investment Solutions Ltd** |
| **Supervisor** | **Public Trust** |
| **Custodian** | **BNP Paribas** |
| **Registry** | **MMC** |
| **Management Fees** | **0.60% per annum plus GST (approx 0.64% including GST)** |
| **Performance Fees** | **None** |

## Global Equities as an Investment

Over 95% of the fund will typically be invested in global equities. Although we aim to build a portfolio that is less sensitive to market conditions than the average global equity fund, investors should appreciate that our fund is nonetheless likely to fall in value if global equity markets decline. It could also fall in value if the New Zealand dollar rises. Global equities may not therefore be a suitable investment for people who expect that they may need to sell their investment portfolio within the next few years.

For long-term investors, it will often make sense to hold global equities as part of a diversified portfolio that also includes fixed interest investments and possibly other investments such as New Zealand equities. Global equities provide a level of diversification that is difficult to achieve from New Zealand equities alone.

A relatively high allocation to global equities will generally be more appropriate for investors who expect to continue saving money and contributing to their investment portfolio for the next few years. Higher allocations to global equities would also be more appropriate for investors who are psychologically prepared for the possibility of incurring investment losses in any given year.

Lower allocations to equities would generally be appropriate for investors who would find it psychologically difficult to deal with investment losses in any year or expect to be relying on their investment portfolio to fund their living expenses over the next few years.

Investors who are unsure about what place global equities should have in their investment portfolios should consult a financial advisor.

### Risk Indicator:

Lower risk/ potentially lower returns — Higher risk/ potentially higher returns

| 1 | 2 | 3 | 4 | **5** | 6 | 7 |
|---|---|---|---|---|---|---|

For more information on the risks associated with this fund, please see the Product Disclosure Statement (PDS).

**Please see the Important Notice and Disclaimer at the bottom of page 4.**

## Performance Update

Global equity markets were weak in January, with developed country equity markets returning -4.9% in gross local currency terms over the period. The weakness of the NZ dollar offset a lot of this decline, limiting it to -1.25% in NZ dollar terms.

Indices of lower-risk equities performed similarly to the broader global equity market. The fund's benchmark index declined -1.32% in New Zealand dollar terms in December.

The Information Technology, Consumer Discretionary, and Health Care sectors performed worst during the month. Returns from the Energy sector were very strong (due to higher oil prices), and were also relatively strong in the Financials, Consumer Staples, and Utilities sectors. Although most developed share markets declined in January, the United Kingdom, Hong Kong, and Canadian markets all rose in NZ dollars terms. During January, "value stocks" (shares that are cheap relative to current earnings, cashflows or assets) performed relatively well, whereas highly priced "growth stocks" performed relatively poorly.

| Benchmark Index |
| --- |
| **We compare the fund's performance to a composite benchmark index calculated by MSCI. The benchmark is a 50:50 combination of the MSCI World Index and the MSCI World Minimum Volatility (NZD) Index. The composition of the MSCI World Minimum Volatility (NZD) Index is calculated by MSCI to minimise volatility for NZ-dollar-based investors (subject to various constraints).**<br><br>**When benchmarking the fund's performance, we compare it to the gross return version of the benchmark, which makes no deduction for withholding taxes. This differs from the common practice of many other NZ-based funds, which compare their funds' pre-tax returns to the net return versions of their benchmark indices. This presents a lower hurdle for those funds' investment managers, as the net return indices assume high levels of withholding tax on dividend income.**<br><br>**Te Ahumairangi Investment Management considers the practice of these other funds to be misleading, as it does not provide investors with a like-for-like comparison for their funds' returns.** |

The fund outperformed the benchmark index in January, delivering a return of 3.64% (after fees but before NZ taxes). Key factors explaining this relatively strong performance were:

- The fund outperformed its benchmark in 10 out 11 sectors, with the sole exception being the energy sector (which represented less than 2% of the portfolio). Strong relative performances in the Financials and Communication Services sectors made large contributions to overall performance.
- The fund benefitted from holding relatively high weightings in some of the best performing sectors (particularly Financials) and relatively low weightings in the worst performing sectors (particularly Information Technology and Consumer Discretionary).
- The fund achieved significantly better-than-market returns in the key United States and Japanese markets and outperformed in every geographical region.
- The fund enjoyed strong returns from several holdings of financial and telecommunication companies (including Sumitomo Mitsui Financial Group, KDDI, Verizon, MS&AD Insurance, Mitsubishi UFJ, Danske Bank, China Mobile, KB Financial, Citigroup, and OCBC).
- The fund benefitted from relatively high allocations to the better-performing United Kingdom and Hong Kong markets.
- The relative performance of the fund also benefitted from maintaining an average cash weighting of 3.7% over the month, as cash performed better than equities in January.

Partially offsetting these positive influences, the fund's holdings of two diagnostic testing companies (Quest Diagnostics and Laboratory Corporation) detracted from portfolio performance in January.

The fund's strong relative performance in January should be regarded as exceptional, and unlikely to recur in future months.

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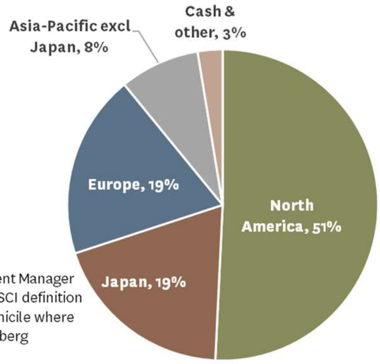
## Portfolio Composition

The table below shows the fund's top 10 equity investments at the end of January. For comparison, the table also shows how each company is represented in the fund's benchmark index.

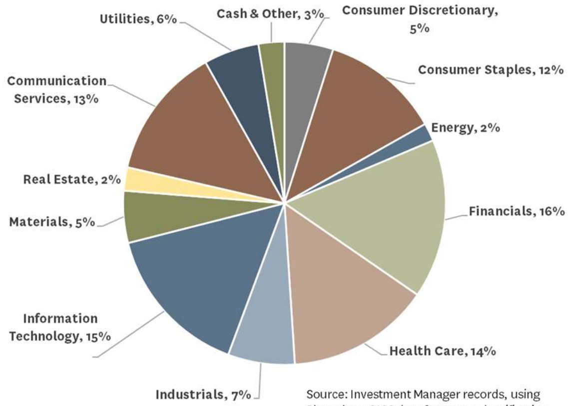
| Company | Percentage of fund | {Percentage of benchmark index} |
|---|---|---|
| Microsoft Corp | 3.19% | 2.17% |
| Verizon Communications Inc | 2.77% | 0.98% |
| Apple Inc | 2.49% | 2.61% |
| Alphabet Inc (includes 2 classes of security) | 2.08% | 1.57% |
| Sumitomo Mitsui Financial Group | 1.88% | 0.04% |
| KDDI Corp | 1.61% | 0.23% |
| Roche Holding AG (includes 2 classes of security) | 1.23% | 0.92% |
| Unilever (includes shares listed in 2 countries) | 1.18% | 0.15% |
| Central Japan Railway Co | 1.12% | 0.02% |
| Meta Platforms Inc | 1.09% | 0.66% |

The pie chart below shows how the fund is allocated between different geographical regions:




Source: Investment Manager records, using MSCI definition of country of domicile where available, Bloomberg definition if not.

The pie chart below shows how the fund is allocated between different industrial sectors:




Source: Investment Manager records, using Bloomberg GICS data for sector classification.

For a copy of our product disclosure statement, visit our website teahumairangi.co.nz

**Please see the Important Notice and Disclaimer at the bottom of Page 4.**

## Fund Returns

| | January 2021 | Since Inception (5 Nov 2021 to 31 Jan 2022) |
|---|---|---|
| Return after fees but before NZ investor taxes | **+3.64%** | **+8.84%** |
| Benchmark Return* | **-1.32%** | **+4.37%** |

* See page 2 for a description of the benchmark index.

## Important Notice and Disclaimer

This Fund Fact Sheet is provided for general information purposes only and does not constitute, nor should be construed as, an offer, or a recommendation or financial advice to any person. The information herein is believed to be reliable, but no warranty is given as to its accuracy or completeness. Information, views, and opinions, whilst given in good faith, are subject to change without notice. Any views and opinions expressed are a judgment at the time they were made, reflecting then prevailing market conditions, other factors, and certain assumptions. The contents of this Fund Fact Sheet do not constitute advice of a legal, accounting, taxation, or other nature to any persons. Investors must receive and should carefully read the Product Disclosure Statement (PDS) issued by Implemented Investment Solutions Ltd, the licensed manager of the Te Ahumairangi Global Equity Fund, before deciding to invest in the Fund. The PDS is available at https://teahumairangi.co.nz/ or at https://iisolutions.co.nz/fund-hosting/our-funds/teahu/. Potential investors who may need financial advice should obtain that advice from a financial adviser before investing. Past performance of an investment is not a reliable indicator of future results, and no representation is made regarding the future performance of the Global Equity Fund. The value of investments and the income derived from them may go down as well as up, and investors may not get back the original amount invested. You are not guaranteed to make a return on your investment, and you may lose money. Exchange rates may cause the value of investments in the Fund to rise and fall. Fund performance will be affected by the deduction of fund charges. No person guarantees the repayment of any capital or any returns on capital invested in the Fund.