

Monthly Fund Fact Sheet December 2021



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)	1.0526 31 Dec 2021, uses 30 Dec valuations
Monthly Return	+4.99% After fees, before NZ taxes, Dec 2021
Fund Size	\$9.22 million 31 December 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:



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 strong in December, with developed country equity markets returning +4.0% in gross local currency terms over the period. Currency effects slightly reduced this return, to +3.4% in NZ dollar terms.

Lower-risk equities performed better than other equities, which slightly boosted the returns of both the fund and its benchmark. The fund's benchmark index rose +4.3% in New Zealand dollar terms in December.

The Real Estate, Utilities, and Consumer Staples sectors delivered the strongest returns during the month, but the Consumer Discretionary and Communication Services sectors lagged the broader market. European and US share markets performed better than the broader global market, but the Japanese market performed significantly worse than other developed markets.

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).

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.

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 December, delivering a return of 4.99% (after fees but before NZ taxes). Key factors explaining this relatively strong performance were:

- The fund achieved significantly better-than-market returns in the United States and also outperformed the market in other geographic regions.
- The relative performance of the fund benefitted from the fact that it had very little exposure to a group of highly valued companies that saw their share prices decline sharply over December. These companies included Adobe, Tesla, Nvidia, Amazon, Softbank, Netflix, and salesforce.com.
- The fund benefitted from the strong performance of a number of US Health Care investments, including Quest Diagnostics, HCA Healthcare, CVS Health, Cigna, Davita, Abbvie, McKesson, and Laboratory Corporation.
- The fund benefitted slightly from how it was allocated between sectors, in particular benefitting from a comparably low allocation to the consumer discretionary sector, which performed poorly over December.

Partially offsetting these positive influences, the fund's relatively large weighting in Japanese equities detracted from performance, as the Japanese equity market underperformed other developed equity markets.

The fund's investment in China Tower (which owns and leases cell phone towers in China) detracted from performance in December. Its share price declined 14%, detracting -0.10% from the fund's relative performance.

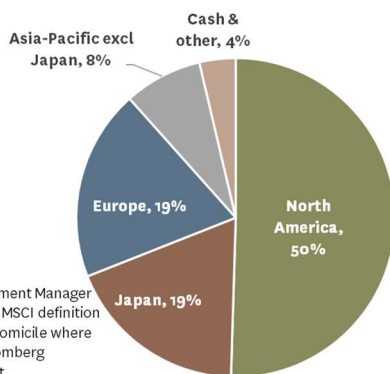
Portfolio Composition

The table below shows the fund's top 10 equity investments at the end of December. 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	3.25%	2.10%
Verizon Communications Inc	2.77%	0.95%
Apple Inc	2.59%	2.51%
Alphabet Inc (Includes 2 classes of security)	2.02%	1.57%
Sumitomo Mitsui Financial Group	2.01%	0.04%
KDDI Corp	1.57%	0.22%
Roche Holding AG (includes 2 classes of security)	1.28%	0.94%
Kroger Co/The	1.14%	0.59%
HCA Healthcare Inc	1.10%	0.05%
Meta Platforms Inc	1.07%	0.68%

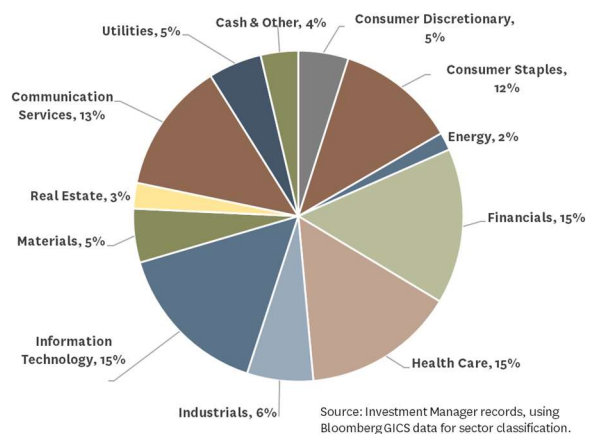
Note that the fund's holding of US dollar cash also ranked amongst the ten largest investments, amounting to 2.2% of the value of the portfolio at the end of December.

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

	December 2021	Since Inception (5 Nov 2021 to 31 Dec 2021)
Return after fees but before NZ investor taxes	+4.99%	+5.21%
Benchmark Return*	+4.31%	+5.77%

* 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.