Monthly Fund Fact Sheet November 2021

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)	**1.0173** 30 Nov 2021, uses 29 Nov valuations
Monthly Return	**+0.12%** After fees, before taxes 5 Nov 2021 to 30 Nov 2021
Net Return	**+0.02%** After fees and taxes 5 Nov 2021 to 30 Nov 2021
Fund Size	**$5.96 million** 30 November 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).

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Performance Update

The Te Ahumairangi Global Equity Fund began investing on the 5th of November 2021. Accordingly, this update covers the 25-day period from 5 November to 30 November 2021.

This period was a relatively poor period for global equity markets, with developed country equity markets returning -2.5% in gross local currency terms over the period. The New Zealand dollar was particularly weak, such that global share market returns were positive when measured in New Zealand dollars.

The Information Technology sector produced the best share market returns over this period, whereas the Energy sector produced the worst returns. The US share market performed better than other major markets, while European equities performed poorly.

Lower risk equities performed better than the other equities, which slightly boosted the returns of both the fund and its benchmark. The fund's benchmark index rose 1.41% in New Zealand dollar terms over the 25-day period under review.

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 <u>gross</u> 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 <u>net</u> 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 failed to match the performance of the benchmark index over this 25-day period, delivering a return of just 0.12% (after fees but before taxes). Key factors explaining this relatively poor performance were:

- The fund holds a lower percentage of assets in the United States than the benchmark index does, but US equities out-performed equities in the rest of the world by about 2.5% during the 25-day period.
- The fund's investments in Japan performed worse than the broader Japanese market. In particular, the fund's investment in Japanese online gaming company Mixi fell 23% due to the release of disappointing quarterly results. This detracted almost 0.1% from the portfolio's return.
- The portfolio missed out by not holding any investment in Nvidia, which rose 15% during the month. This adversely affected the fund's relative performance against its benchmark, by contributing almost 0.1% to the benchmark return.

The fund enjoyed a positive contribution from its investment in HP, which returned 16% over the month, contributing +0.1% to the fund's relative performance.

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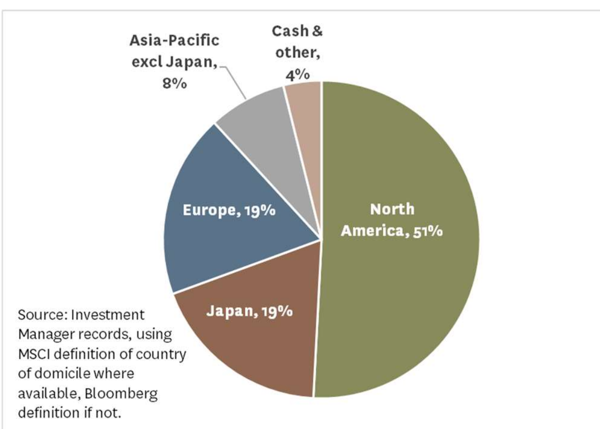
Portfolio Composition

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

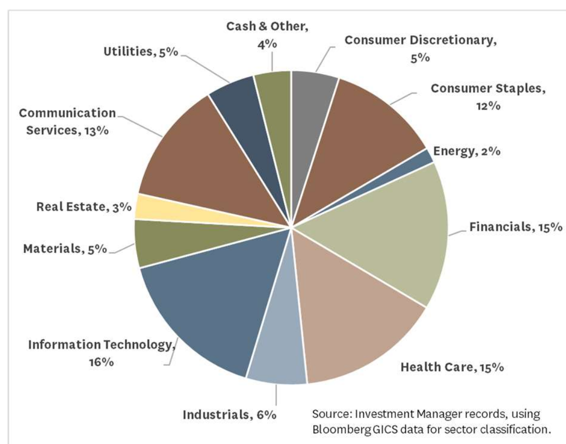
Company	Percentage of fund	{Percentage of benchmark index}
Microsoft Corp	3.11%	2.28%
Apple Inc	2.87%	2.46%
Verizon Communications Inc	2.45%	0.76%
Sumitomo Mitsui Financial Group	1.99%	0.04%
Alphabet Inc (includes 2 classes of security)	1.87%	1.64%
KDDI Corp	1.56%	0.21%
Roche Holding AG (includes 2 classes of security)	1.19%	0.94%
HCA Healthcare Inc	1.16%	0.05%
AT&T Inc	1.14%	0.28%
Kroger Co/The	1.12%	0.56%

Note that the fund's holding of NZ dollar cash also ranked amongst the ten largest investments, amounting to 2.1% of the value of the portfolio at the end of November.

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



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



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

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