Monthly Fund Fact Sheet
August 2025

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)	**1.7876** 29 August 2025
Monthly Return	**+3.96%** After fees, before tax. August 2025.
Return since inception	**+16.82%** per annum After fees, before taxes. Since fund inception, 5 November 2021.
Fund Size	**$660 million*** * *Includes fund flows effective 29 August.*
Fund Type	**Portfolio Investment Entity**
Minimum Investment	**$100,000 direct** **or $250 through InvestNow**
Investment Manager	**Te Ahumairangi Investment Management Ltd**
Issuer and Fund Manager	**FundRock NZ Ltd**
Supervisor	**Public Trust**
Custodian	**BNP Paribas**
Registry	**Apex Investment Administration (NZ) Ltd**
Management Fees	**0.60% per annum plus GST** **(approx 0.62% 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 rose further in August. Developed country equity markets (as represented by the MSCI World index) returned +2.09% (including gross dividends) in local currency terms. Weakness in the New Zealand dollar meant that this return was slightly higher (at +2.69%) when translated into New Zealand dollars.

Lower-risk equities outperformed the broader equity market in August. The fund's benchmark (which includes a lower-risk component) returned +3.05% in NZ dollar terms.

Share market returns were strongest in the Materials and Health Care sectors and weakest in the Utilities, Information Technology, and Industrials sectors. Returns were strongest in the Asia-Pacific region and weakest in North America.

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 returned +3.96% in August (after fees, but before taxes), outperforming the benchmark index, which returned +3.05%. The following factors affected relative performance in August:

- The fund's relative performance benefited from the fact that it held a significantly lower-than-benchmark weighting in Nvidia, which fell -2% during August. Although this decline detracted -0.01% from the return of the fund, it contributed +0.14% to the relative performance of the fund, as it dragged down the return of the benchmark index.
- Central Japan Railway rose +14.6%, contributing +0.12% to the fund's relative performance. Central Japan Railway has been benefiting from strong passenger growth in recent months.
- Kansai Electric Power rose +15.8%, contributing +0.12% to relative performance.
- The fund benefited from its higher-than benchmark weighting in Asia-Pacific and lower-than-benchmark weighting in North America, as Asia-Pacific markets outperformed North American equities during August.
- The fund achieved strong relative performance in the United States and Japan (the two countries where the fund has the most invested).
- It was generally a good market environment for the fund in August, with "value" stocks doing particularly well, and lower risk stocks outperforming the market despite the overall strength of the market.
- The fund's holdings of cash (averaging 4% over the month) missed out on the strength of equity markets, detracting -0.10% from relative performance.
- Partial FX hedging detracted -0.09% from performance, due in particular to the weakness of the NZ dollar against the Japanese yen and the euro.
- Fees deducted -0.05% from the fund's return in August.

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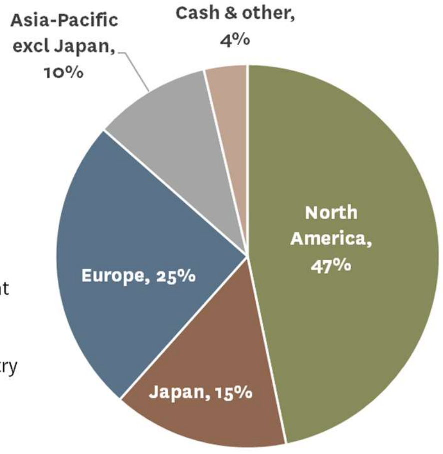
Portfolio Composition

The table below shows the fund's top 10 equity investments at the end of August.

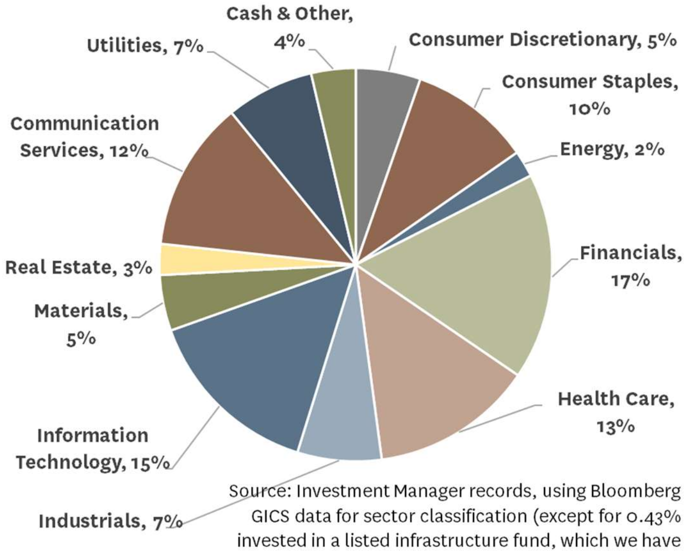
Company	Percentage of fund	*Company's weight in benchmark index*
Microsoft Corp	4.01%	*2.75%*
Verizon Communications	3.14%	*0.45%*
Alphabet (includes 2 classes of security)	2.37%	*1.55%*
Apple	2.24%	*2.36%*
National Grid	1.50%	*0.04%*
Everest Group	1.33%	*0.01%*
CK Hutchison Holdings	1.21%	*0.01%*
Central Japan Railway	1.20%	*0.18%*
Verisign	1.12%	*0.24%*
AT&T	1.08%	*0.61%*

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



Source: Investment Manager records, using Bloomberg GICS data for sector classification (except for 0.43% invested in a listed infrastructure fund, which we have treated as a Financial in this chart).

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

Fund Returns

	August 2025	One year to August 2025	3 years to August 2025 annualised return	Since Inception (5 Nov 2021 to 29 August 2025) annualised return
Return after fees but before tax	+3.96%	+23.23%	+19.86%	+16.82%
Benchmark Return*	+3.05%	+19.53%	+16.87%	+13.17%

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

Fund Spotlight: Verizon

3.14% of the fund is invested in Verizon Communications.

We have previously written about Verizon in our February 2022 Monthly Fact Sheet, but we think it is time to discuss it again, since it is the fund's second largest investment.

Verizon is the largest telecommunications company in the United States and second largest in the world when measured by revenue and profits, but it is only the fourth largest by market capitalisation (after China Mobile and Verizon's two main competitors, AT&T and T-Mobile USA).

Verizon has the largest share of the US mobile telecommunications market, although it has lost a little bit of market share in the last 2 years, partly because it has generally avoided competing on price. It has been gaining market share of the broadband market due to rapid growth in its fixed wireless broadband offering. Verizon also operates some remaining copper telecommunications networks, which are a small drain on profitability (as few people still use them), but we expect that Verizon will be able to close these down over the next few years.

Share markets had got very excited about the prospects for telecommunication companies during the "TMT boom" of 1998 to 2000. However, they could not have been more wrong: developed country telecom companies experienced two decades of flat or declining revenues as the pricing of mobile phone plans plummeted, and people switched off their land lines. However, in the last few years, the telecommunications market has stabilised, as the pricing of mobile phone plans has begun to increase and there have been few traditional land lines left to switch off. Looking forward, we expect modest growth in telecommunication revenues.

The market values Verizon at just 9.7 times its net profit after tax. As Verizon has passed the peak of its 5G network build-out, we anticipate that the free cashflow from its existing operations will be at least as high as reported profits over the next few years. While some of this cashflow will be used to fund its acquisition of Frontier Communications (due to settle early next year), we expect that Verizon will be well-placed to further increase its dividend, which already provides a 6.1% yield to investors. We see attractive long-term returns from Verizon shares even though we only assume 2.5% p.a. operating profit growth over the next 15 years.