Monthly Fund Fact Sheet
December 2023

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)	**1.2554** 29 December 2023
Monthly Return	**+1.16%** After fees, before tax. December 2023.
Return to date	**+11.47%** per annum After fees, before taxes. Since fund inception, 5 November 2021.
Fund Size	**$246.2 million*** * *Includes fund flows effective 29 Dec.*
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 were strong in December. Developed country equity markets (as represented by the MSCI World index) returned +4.20% (including gross dividends) in local currency terms. However, strength in the New Zealand dollar partly offset the share market strength for NZ-based investors: the MSCI World index returned +2.38% (gross) in NZ dollar terms.

Lower-risk equities lagged the broader equity market in December. The fund's benchmark (which includes a lower-risk component) returned +1.72% in NZ dollar terms.

Share market returns were strongest in the Real Estate and Industrials sectors, and weakest in the Energy, Utilities, and Consumer Staples sectors. NZ dollars returns were broadly similar for each geographic region.

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 returned +1.16% in December (after fees, but before taxes), underperforming the benchmark index, which returned +1.72%. The following factors affected relative performance in December:

- As a general comment, the market environment in December was relatively unfavourable to the sort of stocks that the fund tends to favour. Specifically, "low risk" and "value" stocks significantly underperformed the rest of the global equity market.
- The fund's allocation between sectors detracted -0.22% from relative performance, as sectors that the fund held a relatively low weighting in generally performed better than sectors where the fund had a relatively high weighting.
- The fund's holdings in the Information Technology sector generally underperformed the broader information technology sector, detracting -0.35% from relative performance.
- The biggest individual detractor from the fund's relative performance was the holding in reinsurer Everest Group, which declined -16% (in NZ dollar terms) during the month, detracting -0.18% from relative performance. While market scuttlebutt suggests reinsurance rate increases for 1st of January renewals are modest in comparison to the large rate increases that reinsurers enjoyed at the start of 2023, we do not believe that this unsurprising news justifies such a large decline in Everest Group's share price.
- Verizon declined -4% (in NZ dollar terms) during the month, detracting -0.14% from relative performance.
- Holding an average of 3.5% of the fund in cash detracted -0.09% from relative performance. Offsetting this, we enjoyed gains of +0.04% from a small amount of currency hedging.
- Fees deducted -0.05% from the fund's return.

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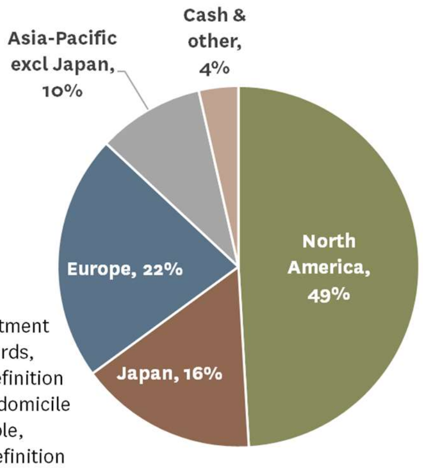
Portfolio Composition

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

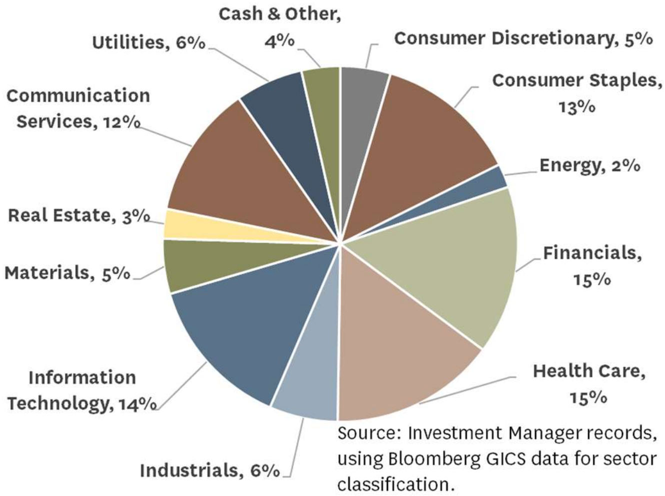
Company	Percentage of fund	*Company's weight in benchmark index*
Microsoft Corp	3.34%	*2.50%*
Verizon Communications	2.83%	*0.47%*
Apple	2.34%	*2.71%*
Alphabet (includes 2 classes of security)	2.16%	*1.31%*
KDDI Corp	1.48%	*0.29%*
Citigroup	1.22%	*0.08%*
National Grid	1.21%	*0.04%*
KB Financial Group	1.18%	*0.00%*
Merck & Co	1.16%	*0.84%*
Check Point Software Technologies	1.15%	*0.11%*

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.

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

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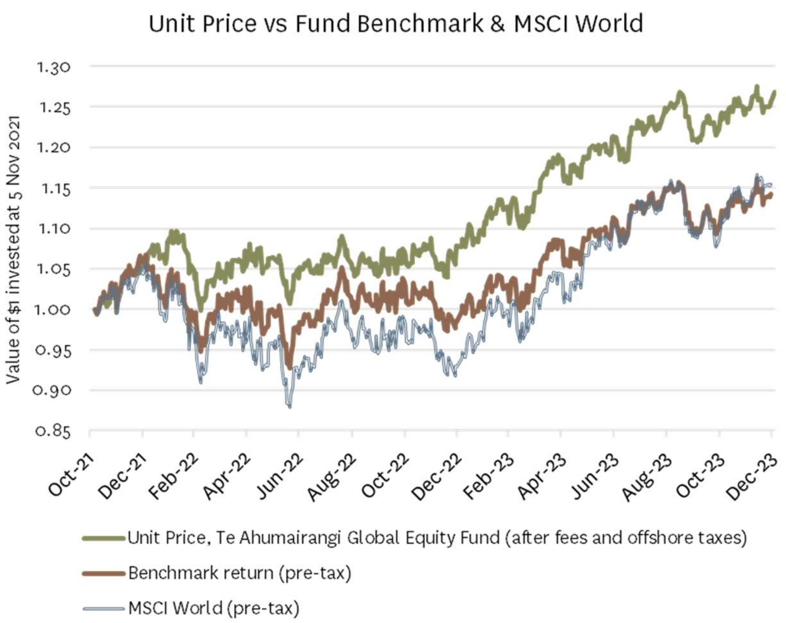
Fund Returns

	December 2023	One year to December 2023	Since Inception (5 Nov 2021 to 29 December 2023) annualised return
Return after fees but before taxes	+1.16%	+18.63%	+11.47%
Benchmark Return*	+1.72%	+16.03%	+6.38%

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

Fund Performance Graph



The graph on the left compares the unit price (which is net of fees and offshore taxes) to the cumulative gross (i.e. pre-tax) returns of both the benchmark and the MSCI World index.

Over this period, the fund has not just outperformed both indices, it has also been less volatile. The annualised standard deviation of rolling 5-weekday changes in the unit price has been 10.2%, which compares favourably to 12.2% for the benchmark and 14.7% for the MSCI World index.

Important Notice and Disclaimer

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