Monthly Fund Fact Sheet
February 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)	**1.0486** 1 Mar 2022, uses 28 Feb valuations
Monthly Return	**-3.63%** After fees, before NZ taxes, Feb 2022
Fund Size	**$11.11 million** 28 February 2022
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 February, with developed country equity markets returning -2.62% in gross local currency terms over the period. The strength of the NZ dollar during the month made this return worse in NZ dollar terms: -5.38%.

Indices of lower-risk equities performed better than the broader global equity market. The fund's benchmark index declined -4.88% in New Zealand dollar terms in February.

The Information Technology, Consumer Discretionary, and Real Estate sectors performed worst during the month. The Energy and Materials sectors were the best performers, delivering positive returns to investors (due to higher oil & metal prices). Most developed share markets declined in February, with New Zealand and Australia being notable exceptions. American and European markets fell by more than developed markets in the Asia-Pacific 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 declined in February, but nonetheless outperformed the benchmark index, with a return of -3.63% (after fees but before NZ taxes). Key factors explaining this relatively strong performance were:

- The fund outperformed its benchmark in 7 out 11 sectors. Strong relative performances in the Information Technology, Real Estate, Industrials, and Health Care sectors made significant contributions to relative performance.
- Performance benefitted from having an average of 3.6% of the fund held in cash during the month. Obviously, the "cash" portion of the fund was not affected by declines in share markets.
- The fund benefitted from how it was allocated between industrial sectors, particularly from having relatively low exposures to the poorly performing Information Technology and Consumer Discretionary sectors.
- The fund achieved significantly better-than-market returns in most countries, and beat the market in each geographical region. Returns from Japan and the United Kingdom made particularly strong contributions.
- The fund enjoyed strong returns from Check Point Software (+16%), which performed much better than other Information technology companies during the month.
- The fund benefitted from relatively high allocations to the Japanese and Korean markets, which performed better than most other markets.

Partially offsetting these positive influences, the Fund's holdings in the Communication Services, Energy, and Financials Sectors performed worse than the sector averages.

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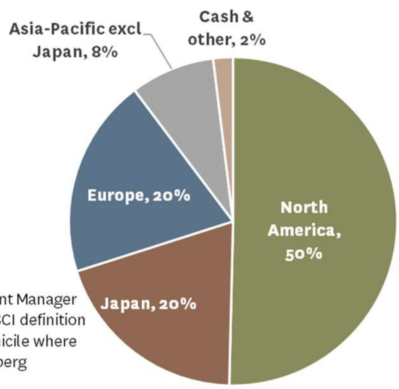
Portfolio Composition

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

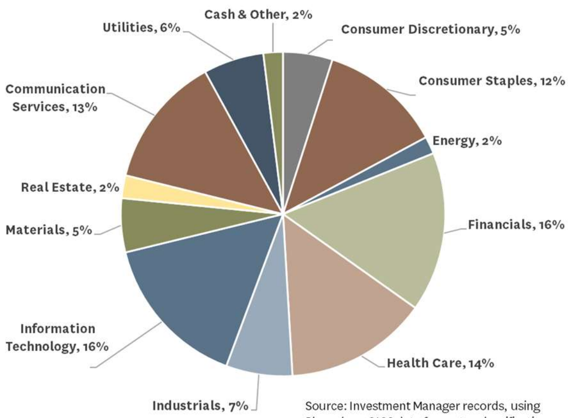
Company	Percentage of fund	{Percentage of benchmark index}
Microsoft Corp	3.12%	2.04%
Verizon Communications Inc	2.70%	1.02%
Apple Inc	2.57%	2.37%
Alphabet Inc (includes 2 classes of shares)	2.15%	1.55%
Sumitomo Mitsui Financial Group	1.95%	0.04%
KDDI Corp	1.73%	0.25%
Roche Holding AG (includes 2 classes of shares)	1.25%	0.97%
Check Point Software Technologies	1.14%	0.09%
Unilever plc (includes shares listed in 2 countries)	1.09%	0.14%
Kroger Co/The	1.08%	0.72%

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

The fund holds no direct investments in Russia but holds investments in two companies (TotalEnergies and Kinross Gold) that have operations in Russia. The fund also has investments in a number of global consumer and technology companies that used to get a small proportion of revenues from Russia. Our analysis of such companies now presumes that any revenues from or assets in Russia are essentially worthless.

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Fund Returns

	February 2021	Since Inception (5 Nov 2021 to 28 Feb 2022)
Return after fees but before NZ investor taxes	**-3.63%**	**+4.89%**
Benchmark Return*	**-4.88%**	**-0.72%**

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

Portfolio spotlight: Verizon Communications

We will use this section of our monthly update to profile individual holdings.

This month we look at Verizon Communications. Verizon is the second largest holding in the portfolio. Verizon is the largest telecommunications services company in the world by market capitalisation. It has the largest share of the US mobile communications market, and also provides fixed broadband and other telecommunication services.

The market values Verizon relatively cheaply, at about 10 times annual earnings, which probably reflects investors' awareness of the flat revenues and declining profitability of the telecommunications sector over the past 20 years. However, this was due to the loss of revenues from areas like copper line phones and toll calls. We believe that these trends have now played out, and the US telecommunications market has now stabilised. People rely on telecom networks more than ever before, and telecom services are a lot cheaper than was historically the case.

We expect modest growth in Verizon's revenues over the next few years. Verizon pays a healthy dividend, and we anticipate an increase in the proportion of profits that Verizon distributes to shareholders. Together, we anticipate that these developments will deliver a good long-term return for shareholders. Verizon's profits are more stable and defensive than for most companies, and this means that Verizon's share price would be likely to decline by less than the average stock if the share market declines.