Monthly Fund Fact Sheet
February 2024

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)	**1.3291** 29 February 2024
Monthly Return	**+1.76%** After fees, before tax. February 2024.
Return to date	**+13.35%** per annum After fees, before taxes. Since fund inception, 5 November 2021.
Fund Size	**$287.1 million*** * *Includes fund flows effective 29 Jan.*
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 February. Developed country equity markets (as represented by the MSCI World index) returned +4.65% (including gross dividends) in local currency terms. Weakness in the New Zealand dollar added to the return for NZ-based investors: the MSCI World index returned +5.36% (gross) in NZ dollar terms.

Lower-risk equities lagged the broader equity market in February. The fund's benchmark (which includes a lower-risk component) returned +3.58% in NZ dollar terms.

Share market returns were strongest in the Consumer Discretionary, Information Technology, and Industrial sectors, and weakest in the Utilities and Consumer Staples sectors. Returns from US equities were stronger than returns from equities in the rest of the world.

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 +1.76% in February (after fees, but before taxes), underperforming the benchmark index, which returned +3.58%. The following factors affected relative performance in February:

- The biggest single detractor from the fund's relative performance was the fact that the fund did not own Nvidia, which returned +29.9% (in NZD) in February and contributed +0.37% to the return of the benchmark index.
- The fund's holdings in Verizon (US telco), KDDI (Japanese telco), and Endesa (Spanish utility) each declined by between -4% and -9% and each detracted between -0.10% and -0.20% from the fund's relative performance.
- The fund's relative performance also suffered from *not owning enough* Amazon in February. Just 0.23% of the fund was invested in Amazon, which returned +15% in February, boosting the fund's return by 0.035%. But Amazon represented a significantly greater proportion of the fund's benchmark (about 1.18% at the start of the month) and its share price strength therefore boosted the return of the benchmark by +0.18%. Overall, Amazon's strength therefore reduced the *relative* performance of the fund by about 0.15%.
- As a general theme, the fund's skew towards investments that have relatively attractive valuation metrics was a burden on relative performance in February, during which markets chased hot themes (such as Artificial Intelligence and GLP-1 weight reduction drugs) almost regardless of valuation.
- Slightly bucking this trend, "value stocks" performed well in South Korea due to indications of corporate governance reform. The fund's South Korean holdings returned +17.4% in February, boosted by KB Financial, Samsung Life, Samsung C&T, Samsung Fire & Marine, and LG Corp.
- The fund's relative performance was adversely affected by lower-than-benchmark weightings in the Consumer Discretionary, Industrials, and Information Technology sectors, which were strong in February.

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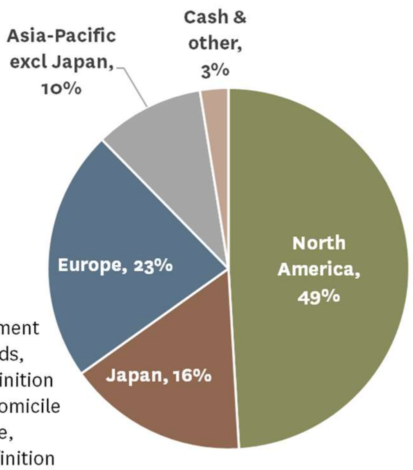
Portfolio Composition

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

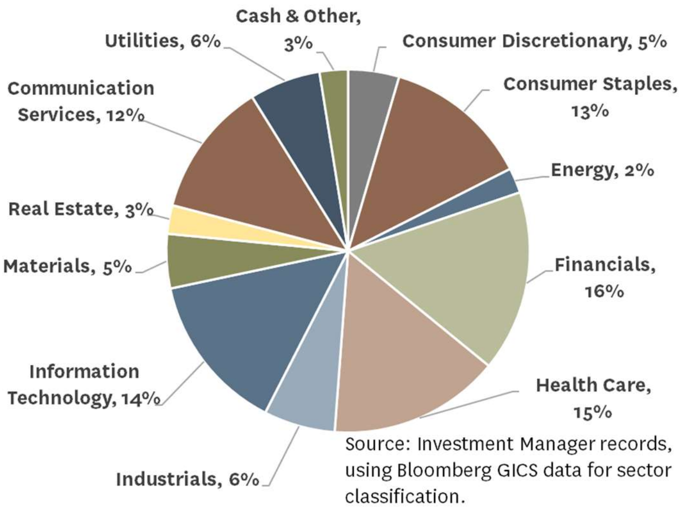
Company	Percentage of fund	*Company's weight in benchmark index*
Microsoft Corp	3.50%	*2.66%*
Verizon Communications	2.85%	*0.48%*
Apple	2.33%	*2.45%*
Alphabet (includes 2 classes of security)	2.13%	*1.25%*
KDDI Corp	1.29%	*0.27%*
KB Financial Group	1.27%	*0.00%*
National Grid	1.23%	*0.04%*
WW Grainger	1.21%	*0.04%*
Check Point Software Technologies	1.19%	*0.11%*
Citigroup	1.18%	*0.09%*

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

	February 2024	One year to February 2024	Since Inception (5 Nov 2021 to 29 February 2024) annualised return
Return after fees but before taxes	+1.76%	+19.31%	+13.35%
Benchmark Return*	+3.58%	+20.34%	+9.30%

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

Portfolio Spotlight: Alphabet

2.13% of the fund is invested in Alphabet, the parent company of Google. Alphabet has a 1.25% weight in the fund's benchmark index.

Alphabet's key business, Google, will be known to all readers. It is the largest provider of internet search and online advertising in most parts of the world. Google also provides many other online services such as email, maps, translation, document-editing software, video calling, calendars, photo editing/storage, etc. Google also owns YouTube, the online video platform, and Google Cloud, the third largest provider of public cloud services in the western world. Google also produces Android, the operating system used by 70% of the world's smartphones, and the Chrome web browser. Outside of Google, Alphabet is developing a number of early-stage businesses (which it collectively calls "other bets"), including Verily, a data-based healthcare services business, and Waymo, which is developing autonomous driving technology.

While Alphabet has many "irons in the fire", the bulk of its current profitability is derived from its online advertising business. It sells advertising targeted at users of Google search, YouTube, Google maps, and other Google businesses. Google also provides various advertising placement/management services to advertisers and website owners. Overall, it has about a 39% share of global online advertising.

Google Cloud is growing rapidly, and has recently turned profitable. Outside of China, it is the third largest provider in the growing market for public cloud services, where it has been gaining market share at Amazon's expense. We anticipate that continued operating leverage will improve the profitability of this business.

Alphabet has a track record of developing and growing products that it anticipates will provide value for users for many years until these products become profitable. If we treat the losses that Alphabet makes on these new products as an investment rather than an expense, we believe that Alphabet's stock is trading on a relatively modest multiple of the earnings from its established businesses.