Monthly Fund Fact Sheet
January 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)	**1.6199** 31 January 2025
Monthly Return	**+3.02%** After fees, before tax. January 2025.
Return to date	**+16.40%** per annum After fees, before taxes. Since fund inception, 5 November 2021.
Fund Size	**$449.7 million*** * *Includes fund flows effective 31 January.*
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 in January. Developed country equity markets (as represented by the MSCI World index) returned +3.48% (including gross dividends) in local currency terms. Strength in the New Zealand dollar partly undid these gains for NZ-based investors: the MSCI World index returned +2.62% (gross) in NZ dollar terms.

Lower-risk equities slightly outperformed the broader equity market in January. The fund's benchmark (which includes a lower-risk component) returned +2.80% in NZ dollar terms.

Share market returns were strongest in the Communication Services, Financials, Health Care, and Materials sectors, and weakest in the Information Technology and Consumer Staples sectors. Returns were strongest in Europe and weakest in Asia/Pacific.

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 +3.02% in January (after fees, but before taxes), outperforming the benchmark index, which returned +2.80%. The following factors affected relative performance in January:

- The biggest positive contributor to the fund's relative performance was the fact that it didn't own any shares in Nvidia (which was the world's most valuable company at the start of the month, and therefore had a significant weight in the benchmark index). Nvidia fell by -11.4% in January. Not owning Nvidia contributed +0.34% to the fund's relative performance (as the fund avoided Nvidia's drag on the performance of the benchmark).
- The fund benefited from strong returns from Check Point Software (+15.7%, contributing +0.13% to relative performance) and Citigroup (+14.6%, contributing +0.12%).
- However, the fund's holdings of Everest Group and CK Hutchison declined -5.0% and -6.7% respectively, each detracting -0.10% from the fund's relative performance.
- The fund held an average cash weighting of 2.7% during the month, which detracted -0.10% from performance, as money held in cash missed out on the share market strength.
- The fund's relatively low weighting in the Information Technology sector helped relative performance in January.
- Fees deducted -0.05% from the fund's return in January.

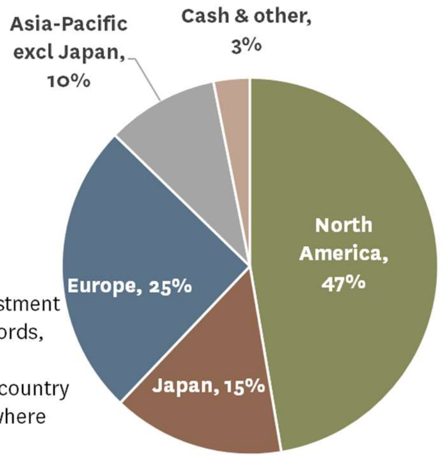
Please see the Important Notice and Disclaimer at the bottom of page 4.

Portfolio Composition

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

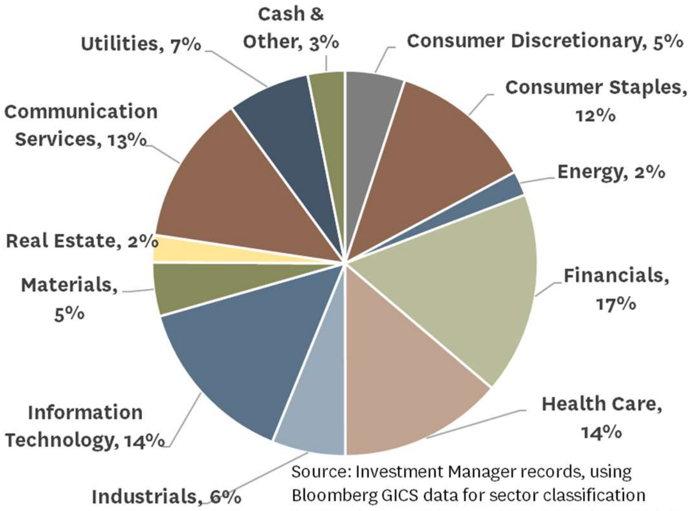
Company	Percentage of fund	*Company's weight in benchmark index*
Microsoft Corp	3.51%	2.37%
Verizon Communications	2.97%	0.43%
Apple Inc	2.39%	2.69%
Alphabet (includes 2 classes of security)	2.26%	1.63%
National Grid	1.45%	0.04%
Everest Group	1.28%	0.01%
VeriSign	1.24%	0.21%
Suntory Beverage & Food	1.23%	0.03%
Check Point Software Technologies	1.21%	0.10%
Roche Holding	1.16%	0.33%

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 0.22% invested in a listed 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

	January 2025	One year to January 2025	Since Inception (5 Nov 2021 to 31 January 2025) annualised return
Return after fees but before taxes	+3.02%	+24.46%	+16.40%
Benchmark Return*	+2.80%	+28.37%	+13.87%

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

Fund Spotlight: Sumitomo Mitsui Financial Group

0.84% of the fund is invested in Sumitomo Mitsui Financial Group.

When the fund was first launched in 2021, about 2.0% of the fund was invested in Sumitomo Mitsui Financial Group ("SMFG"), but we have scaled back the holding as a rise in the share market valuation of SMFG over the past 3 ¼ years means that we don't anticipate that future returns on this investment will be as strong as they have been to date. SMFG shares have returned a cumulative +245.9% return in Japanese yen terms since the fund was launched slightly over 3 years ago, and SMFG has been the biggest single contributor to the fund's out-performance to date.

SMFG is Japan's second largest bank. It is the 8th largest bank in the developed world when measured by total deposits. Most of its deposits are from Japanese customers and have not been a source of profit for SMFG over the past decade, as Japanese borrowing demand has been weak and Japanese wholesale interest rates were generally negative from 2016 to 2024. Negative interest rates have meant that SMFG has effectively been taking money from customers and investing it at a loss. But over the past 12 months, Japan's central bank has lifted interest rates from -0.1% to +0.5%, and signalled that more increases are likely. These rate increases mean that SMFG can finally begin to make a profit on its large deposit base.

While the market is not valuing SMFG as cheaply as it was 3 years ago, we believe that it is still reasonably priced by the market, at about 11 times earnings (slightly lower than the average global bank), and valued at about its net asset backing. In a world of richly priced equities, we consider it attractive to invest in a strong banking group at one times net asset value in the expectation of enjoying whatever return it can earn on its equity. The share market value of SMFG is 45% lower than Commonwealth Bank of Australia, which makes less profit and has a much smaller deposit base than SMFG.

As an interesting historical side note, Sumitomo Bank (which later became part of SMFG) was the second most valuable company in the world in 1989, but SMFG is the 199th most valuable company today. People never imagine that the largest companies in the world will one day lose their pole position, but it happens every decade! Over the past 40 years, 18 different companies have been the world's second-most valuable. Today it is Nvidia's turn.