

# Monthly Fund Fact Sheet March 2024



## 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.

<b>Unit Price (NZD)</b>	<b>1.4055</b> 28 March 2024
<b>Monthly Return</b>	<b>+5.86%</b> After fees, before tax. March 2024.
<b>Return to date</b>	<b>+15.60%</b> per annum After fees, before taxes. Since fund inception, 5 November 2021.
<b>Fund Size</b>	<b>\$336.5 million*</b> <i>* Includes fund flows effective 28 March.</i>
<b>Fund Type</b>	<b>Portfolio Investment Entity</b>
<b>Minimum Investment</b>	<b>\$100,000 direct or \$250 through InvestNow</b>
<b>Investment Manager</b>	<b>Te Ahumairangi Investment Management Ltd</b>
<b>Issuer and Fund Manager</b>	<b>FundRock NZ Ltd</b>
<b>Supervisor</b>	<b>Public Trust</b>
<b>Custodian</b>	<b>BNP Paribas</b>
<b>Registry</b>	<b>Apex Investment Administration (NZ) Ltd</b>
<b>Management Fees</b>	<b>0.60% per annum plus GST (approx 0.62% including GST)</b>
<b>Performance Fees</b>	<b>None</b>

## 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:



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 March. Developed country equity markets (as represented by the MSCI World index) returned +3.45% (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 +5.19% (gross) in NZ dollar terms.

Lower-risk equities performed in line with the broader equity market in March. The fund's benchmark (which includes a lower-risk component) returned +5.20% in NZ dollar terms.

Share market returns were strongest in the Energy and Materials sectors, and weakest in the Consumer Discretionary and Information Technology sectors. Returns from North American equities were stronger than returns from equities 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 returned +5.86% in March (after fees, but before taxes), outperforming the benchmark index, which returned +5.20%. The following factors affected relative performance in March:

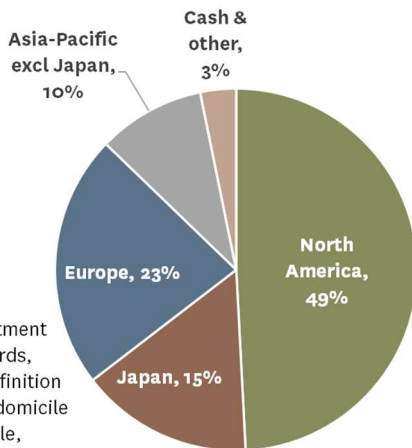
- For the third month in a row, the biggest single detractor from the fund's relative performance was the fact that the fund did not own Nvidia, which returned +16.3% (in NZD) in March and contributed +0.26% to the return of the benchmark index. Te Ahumairangi's approach is to invest in companies where we believe we have good long-term visibility about how the company will generate adequate returns for shareholders, which means that we are less likely to invest in companies in rapidly-changing industries where the future is intrinsically uncertain (such as Nvidia, which produces semiconductors used for AI). We will not deviate from this approach to buy shares in a company simply because it has a high benchmark weight.
- The biggest positive contributor to performance was the fund's holding in Citigroup, which returned +16.1% (in NZD) in March, contributing +0.11% to relative performance.
- Several fund holdings delivered double-digit returns and made modest contributions to the fund's outperformance. The share market environment was generally favourable for companies that were trading on relatively cheap valuation fundamentals. This helped the fund, which is tilted towards "value" investments.
- The fund's relative performance was adversely affected by its holding of cash (which represented an average of 2.8% of the fund during March). When the share market rallies, the fund's holdings of cash miss out on the rally, yet we measure relative performance against a benchmark which assumes that 100% of the fund is invested in equities.

## Portfolio Composition

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

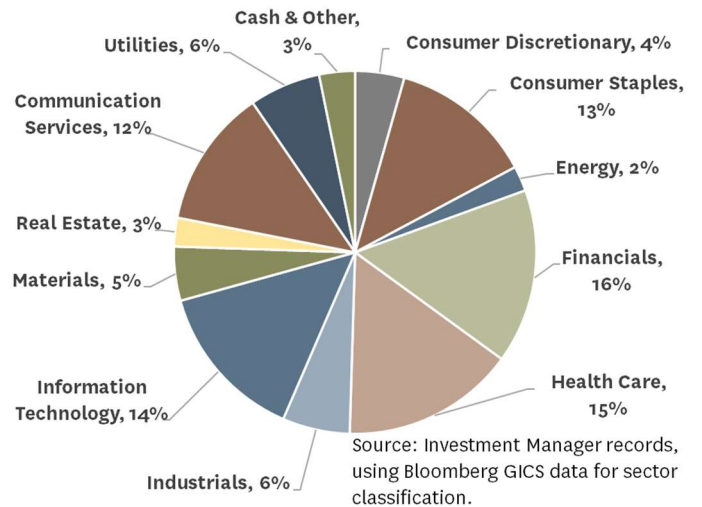
Company	Percentage of fund	Company's weight in benchmark index
Microsoft Corp	3.48%	2.61%
Verizon Communications Inc	3.04%	0.49%
Apple Inc	2.31%	2.11%
Alphabet (includes 2 classes of security)	2.16%	1.30%
Merck	1.23%	0.97%
National Grid	1.23%	0.04%
Citigroup	1.19%	0.09%
KB Financial Group	1.18%	0.00%
KDDI Corp	1.17%	0.26%
Check Point Software Technologies	1.16%	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](http://teahumairangi.co.nz)

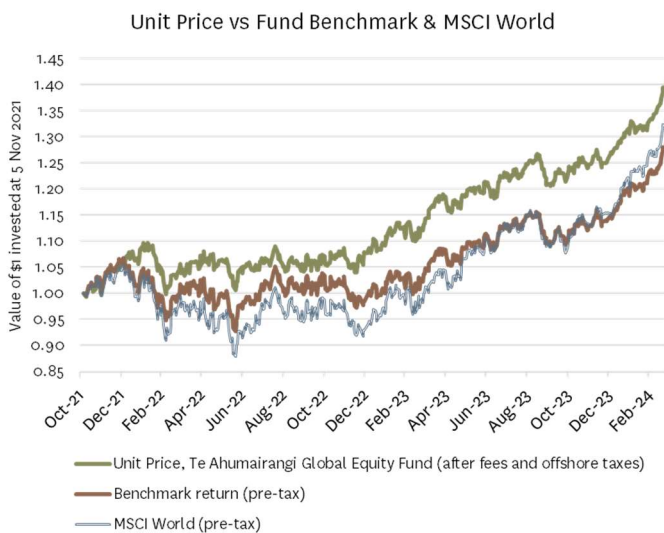
## Fund Returns

	March 2024	One year to March 2024	Since Inception (5 Nov 2021 to 31 March 2024) annualised return
Return after fees but before taxes	<b>+5.86%</b>	<b>+23.43%</b>	<b>+15.60%</b>
Benchmark Return*	<b>+5.20%</b>	<b>+23.39%</b>	<b>+11.31%</b>

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

Note that the performance numbers shown in the table above include returns for Good Friday (29 March), when the Japanese & Korean markets were open. However, the unit price shown on page 1 is for 28 March, as no unit price was calculated for 29 March (due it being an NZ public holiday).

## 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 9.9%, which compares favourably to 11.9% for the benchmark and 14.3% for the MSCI World index.

## Important Notice and Disclaimer

This Fund Fact Sheet is provided for general information purposes only and does not constitute, nor should be construed as, an offer, or a recommendation or financial advice to any person. The information herein is believed to be reliable, but no warranty is given as to its accuracy or completeness. Information, views, and opinions, whilst given in good faith, are subject to change without notice. Any views and opinions expressed are a judgment at the time they were made, reflecting then prevailing market conditions, other factors, and certain assumptions. The contents of this Fund Fact Sheet do not constitute advice of a legal, accounting, taxation, or other nature to any persons. Investors must receive and should carefully read the Product Disclosure Statement (PDS) issued by FundRock NZ Ltd, the licensed manager of the Te Ahumairangi Global Equity Fund, before deciding to invest in the Fund. The PDS is available at <https://www.fundrock.com/fundrock-new-zealand-funds/te-ahumairangi-global-equity-fund/>. Potential investors who may need financial advice should obtain that advice from a financial adviser before investing. Past performance of an investment is not a reliable indicator of future results, and no representation is made regarding the future performance of the Global Equity Fund. The value of investments and the income derived from them may go down as well as up, and investors may not get back the original amount invested. You are not guaranteed to make a return on your investment, and you may lose money. Exchange rates may cause the value of investments in the Fund to rise and fall. Fund performance will be affected by the deduction of fund charges. No person guarantees the repayment of any capital or any returns on capital invested in the Fund.