Monthly Fund Fact Sheet
August 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)	**1.0493** 1 September 2022, uses 31 August valuations*
Monthly Return	**-1.65%** After fees, August 2022
Fund Size	**$62.8 million*** 31 August 2022 * *Inclusive of inflows on 31 August*
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**

* Technically this unit price uses 31 August valuations for foreign exchange and all equity markets apart from Australia but uses 1 September share prices for the less than 1% of the portfolio that is invested in Australian equities.

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 August. Developed country equity markets declined -3.42% (adjusted for gross dividends) in local currency terms. This was partly offset by weakness in the NZ dollar, such that the MSCI World index declined just -1.96% in NZ dollar terms.

Indices of lower-risk equities outperformed the broader global equity market. The fund's benchmark index declined -1.33% in New Zealand dollar terms in August.

The strongest sectors in August were Energy and Utilities, while the weakest sectors were Health Care, Information Technology, and Materials. From a geographical perspective, returns were strongest in Asia/Pacific and weakest in Europe (likely due to concerns about Europe's reliance on Russian gas). The US market slightly outperformed 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 -1.65% in August (after fees). This was an under-performance in comparison to the benchmark index, which returned -1.33%. Key factors contributing to underperformance were:

- The fund's holdings in the Utilities and Information Technology sectors underperformed the benchmark return for those sectors.
- The fund's holdings in Japan, the United States, and the United Kingdom underperformed the benchmark return for those countries.
- Poor performance from Verizon (down -7.4% over the month) and Sanofi (down -14.7% over the month) each detracted slightly more than -0.10% from the fund's relative performance.

Partly offsetting these factors that detracted from relative performance, the fund enjoyed a +21.4% from its holding in Cardinal Health (contributing +0.11% to relative performance).

The fund's allocation between countries and sectors also had a small positive impact on returns.

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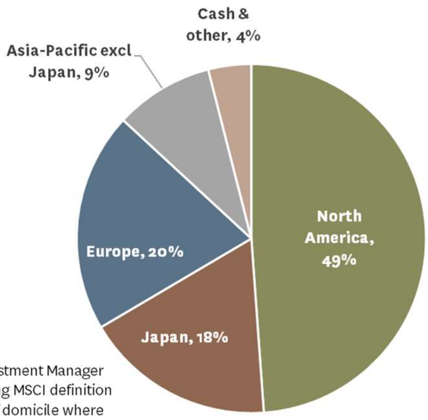
Portfolio Composition

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

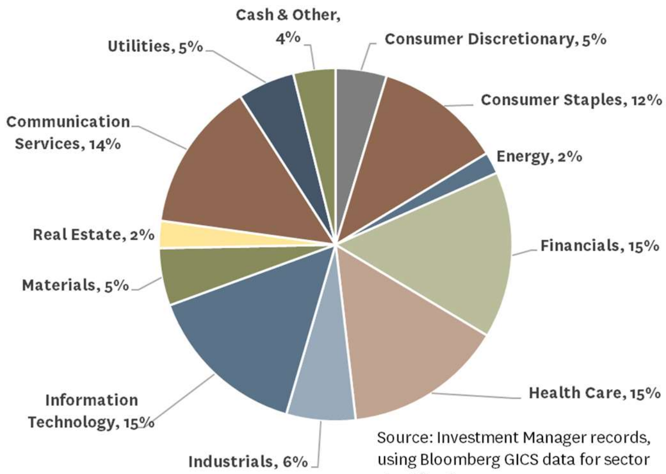
Company	Percentage of fund	{Percentage of benchmark index}
Microsoft Corp	3.18%	2.10%
Verizon Communications	2.69%	0.83%
Apple	2.21%	2.68%
Alphabet (includes 2 classes of security)	1.98%	1.28%
Sumitomo Mitsui Financial Group	1.75%	0.04%
KDDI Corp	1.59%	0.25%
Roche Holding (includes 2 classes of security)	1.38%	0.85%
WW Grainger	1.17%	0.03%
KB Financial Group	1.13%	0.00%
Meta Platforms	1.10%	0.37%

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

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Fund Returns

	August 2022	Since Inception (5 Nov 2021 to 29 August 2022)
Return after fees but before taxes	-1.65%	+5.05%
Benchmark Return*	-1.33%	+0.39%

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

Portfolio spotlight: VeriSign

0.77% of the fund is invested in VeriSign.

VeriSign is the exclusive provider of domain name registry services for the .com and .net top-level domains, which support the majority of the world's e-commerce. Altogether, there are 174 million .com or .net domain names registered with VeriSign, which runs the global internet root servers which provide the information that domain name servers require to direct internet traffic to the correct IP addresses.

Maintaining .com domain registrations is of critical importance to many businesses around the world, yet Verisign provides this service at a relatively modest cost of less than US$10 per annum (most businesses pay more than this because they register through intermediaries). The pricing is governed by an agreement with ICANN, which allows VeriSign to increase prices by 7% per annum for the next two years. VeriSign's revenues have also been benefitting from modest growth in the total number of domains.

VeriSign is highly profitable, with operating profit margins of 66%. While its shares trade on higher earnings multiples than most companies that the fund invests in, we believe that this is justified due to the high level of certainty we can have about VeriSign's future profitability and the locked-in pricing increases.

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