Monthly Fund Fact Sheet
December 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)	**1.0604** 30 December 2022, uses 29 December valuations*
Monthly Return	**-2.33%** After fees, December 2022
Fund Size	**$75.8 million*** 30 December 2022 * *Includes fund flows effective 30 Dec*
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 29 December valuations for foreign exchange and all equity markets apart from Australia but uses 30 December share prices for the 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 declined in December. Developed country equity markets (as represented by the MSCI World index) declined -5.04% (adjusted for gross dividends) in local currency terms. Weakness in the US dollar (relative to the NZ dollar) added to the pain for NZ dollar-based investors, such that the MSCI World Index declined -5.93% in NZ dollar terms.

Indices of lower-risk equities outperformed the broader global equity market. The fund's benchmark index returned -4.66% in New Zealand dollar terms in December.

Share market returns from the Utilities Sector were stronger than other sectors in December, while Consumer Discretionary and Information Technology were the worst performing sectors. NZ dollar returns from the United States equity market were significantly worse than most other markets (partly due to weakness in the US dollar).

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 -2.33% in December (after fees). Although negative, this was a significant out-performance in comparison to the benchmark index, which returned -4.66%. Key factors which affected relative performance were:

- The fund benefitted from generally good across-the-board relative performance from the stocks we had invested in, outperforming the benchmark in every sector and every geographical region. The fund's general tilt towards "value" and "low risk" stocks contributed to this general outperformance.
- The fund benefitted in particular from strong performance from Japanese financial stocks, including Sumitomo Mitsui Financial Group, Mitsubishi UFJ Financial Group, MS&AD Insurance Group, and Mizuho Financial Group. Collectively, these holdings contributed +0.75% to relative performance.
- The fund's holding in Danske Bank also significantly boosted performance, and relative-to-benchmark performance was assisted by not owning Tesla, which declined sharply, dragging down the performance of the benchmark index.
- The fund benefited from having relatively less exposure to the US share market (in comparison to the benchmark index) and a relatively high allocation to Japan. Less than half of the fund was invested in the US share market, whereas over 65% of the benchmark is invested in US equities. How the fund was allocated between countries contributed +1.02% to relative performance.
- Relative performance was also boosted due to the fund having a lower-than-benchmark exposure to the underperforming Information Technology and Consumer Discretionary sectors.
- Relative performance was also helped by the fund's modest holdings of cash and foreign exchange hedges.

The annual return for 2022 was +1.24%, outperforming the benchmark return of -6.95%.

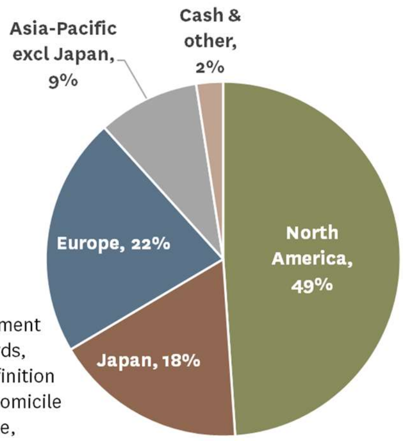
Please see the Important Notice and Disclaimer at the bottom of page 4.

Portfolio Composition

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

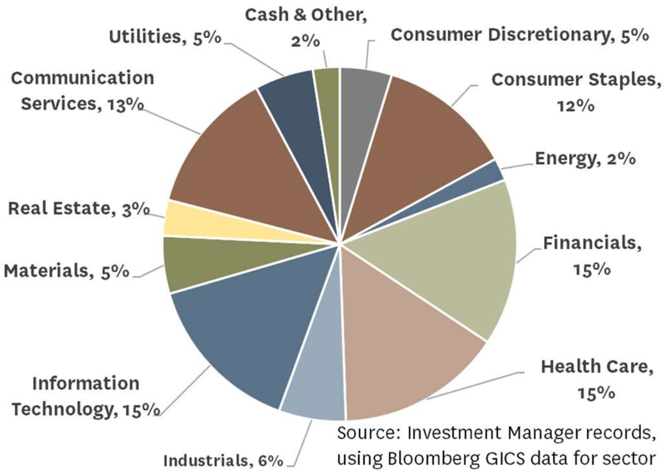
Company	Percentage of fund
Microsoft Corp	3.18%
Verizon Communications	2.98%
Apple	2.21%
Alphabet (includes 2 classes of security)	2.06%
Sumitomo Mitsui Financial Group	1.61%
KDDI Corp	1.44%
WW Grainger	1.14%
Roche Holding	1.14%
KB Financial Group Inc	1.14%
Sanofi	1.13%

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

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

Fund Returns

	December 2022	One year to December 2022	Since Inception (5 Nov 2021 to 30 December 2022) annualised return
Return after fees but before taxes	-2.33%	+1.24%	+5.56%
Benchmark Return*	-4.66%	-6.95%	-1.37%

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

Portfolio spotlight: Albertsons Companies

0.52% of the fund is invested in Albertsons Companies

Albertsons operates over 2,200 supermarkets in the United States under several different brands, including Albertsons and Safeway. It has in-store pharmacies and cafés in many supermarkets and manufactures many of its own-brand groceries. It is the fourth largest grocery retailer in the United States behind Walmart, Kroger, and Costco, with about a 5% market share.

Albertsons has agreed to a takeover by Kroger (the second largest grocery retailer, with a 9% market share), but this takeover can only proceed if approved by the US competition authority, the FTC. This takeover is at a price that represents a premium of about 30% over Albertson's share price at the end of December*, so the takeover would deliver a good return to shareholders if it proceeds. If the takeover is blocked by the FTC on anti-competitive grounds, we see limited downside risk, as we consider that Albertson's shares are appropriately priced to deliver a fair long-term return for the risks involved. Supporting this view, the near-term outlook for Albertson's earnings has improved since it agreed to be taken over, but this has not yet been reflected in its share price.

The fund also owns shares in Kroger.

* The exact value of the takeover depends on how the market values some supermarkets that will be spun out of Alberstons to address competitive concerns.