Monthly Fund Fact Sheet
January 2023

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)	**1.0997** 31 January 2023, using 31 January valuations
Monthly Return	**+3.58%** After fees, before tax. January 2023
Fund Size	**$78.9 million*** 31 January 2023 * *Includes fund flows effective 31 Jan*
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**

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 rebounded in January. Developed country equity markets (as represented by the MSCI World index) rose +6.53% (adjusted for gross dividends) in local currency terms. After adjusting for currency movements, the MSCI World index rose 4.82% (gross) in NZ dollar terms.

Indices of lower-risk equities underperformed the broader global equity market. The fund's benchmark index returned +2.77% in New Zealand dollar terms in January.

Share market returns from the Consumer Discretionary, Communication Services, and Materials sectors were stronger than other sectors in January, while Consumer Staples, Healthcare, and Utilities lagged the rest of the market. NZ dollar returns from the United States equity market lagged the rest of the world in January (partly due to further 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 +3.58% in January (after fees, but before taxes). This was an out-performance in comparison to the benchmark index, which returned +2.77%. 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 most sectors (particularly Consumer Staples, Financials, Materials, and Utilities).
- The fund benefitted from holding a relatively low weighting in the United States (which underperformed the rest of the world) and a relatively high weighting in South Korea (which outperformed).
- The portfolio's holdings in the United States outperformed the local market, but this was partly offset by the fund's European holdings lagging the European market.
- The individual holdings that contributed the most to the fund's relative outperformance were KB Financial (which returned 15.8%) and Citigroup (which returned 13%).
- The *relative* performance of the fund was adversely affected due to the calculated return for the benchmark being boosted by a January rebound in many highly-priced volatile growth stocks that the fund doesn't own. For example, the share prices of Tesla and Nvidia both rebounded by more than 30% in January (after declining sharply over 2022), and these two stocks each contributed more than 0.1% to the return of the benchmark index.

Since inception (5 November 2021), the fund has returned +8.21% per annum, outperforming its benchmark index by +7.28% per annum.

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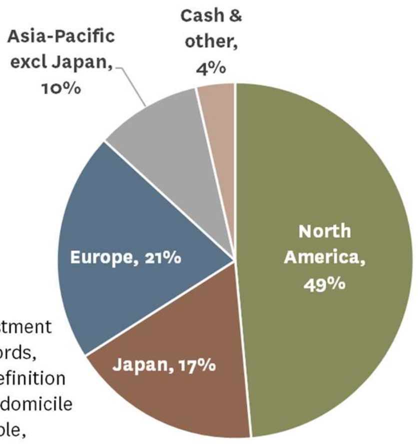
Portfolio Composition

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

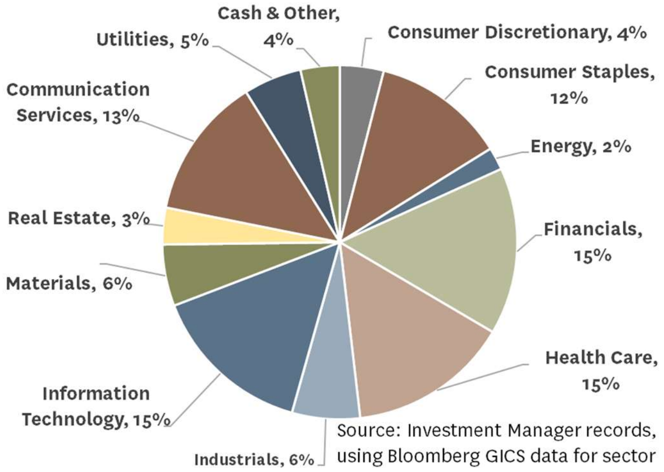
Company	Percentage of fund
Microsoft Corp	3.16%
Verizon Communications	2.90%
Apple	2.20%
Alphabet (includes 2 classes of security)	2.16%
Sumitomo Mitsui Financial Group	1.61%
KDDI Corp	1.46%
WW Grainger	1.20%
KB Financial Group	1.17%
AT&T	1.13%
Citigroup	1.09%

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

	January 2023	One year to January 2023	Since Inception (5 Nov 2021 to 31 January 2023) annualised return
Return after fees but before taxes	+3.58%	+1.28%	+8.19%
Benchmark Return*	+2.77%	-3.09%	+0.93%

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

Portfolio spotlight: Sanofi

1.08% of the fund is invested in Sanofi.

Sanofi is a French multinational biopharmaceutical company. Most of Sanofi's revenues come from selling pharmaceutical drugs that it has developed or acquired over the past few years, but it also has a strong presence in consumer health and in vaccines.

Sanofi's biggest selling drug is Dupixent, which is used to treat moderate-to-severe atopic dermatitis and asthma. These diseases have very large patient populations that experience painful symptoms against which Dupixent is highly effective, and it elicits fewer side effects than competing drugs.

Demand for Dupixent has been very strong, with currency-adjusted sales growing 43.8% in 2022, and we expect strong growth to continue for the next few years, driving Sanofi's profitability. However, sales of Sanofi's second-biggest drug (Aubagio, a treatment for MS) has begun decline due to generic competition, and its basal insulin, Lantus, is losing market share to other insulins.

Sanofi is also the sole producer of dozens of lifesaving drugs, including treatments for rare diseases, cancers, and blood disorders. Sanofi has more than 80 different molecules in its research pipeline.

Sanofi is one of the largest global producers of influenza vaccines, and it also gets significant revenues selling vaccines for polio, pertussis, Hib, meningitis, tetanus, diptheria, and yellow fever.