Monthly Fund Fact Sheet
July 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)	**1.2228** 31 July 2023
Monthly Return	**+0.83%** After fees, before tax. July 2023.
Return to date	**+12.56%** per annum After fees, before taxes. Since fund inception, 5 November 2021
Fund Size	**$203.8 million*** * *Includes fund flows effective 31 July*
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 0.63% 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 were strong in July. Developed country equity markets (as represented by the MSCI World index) returned +2.94% (including gross dividends) in local currency terms. Due to strength in the New Zealand dollar, the MSCI World index rose +1.77% (gross) in NZ dollar terms.

Lower-risk equities lagged the broader equity market (as is normally the case in strong markets). The fund's benchmark (which includes a lower-risk component) returned +0.95%.

Share market returns were strongest in the Energy, Financials, Materials, and Communication Services sectors, and weakest in the Consumer Staples and Health Care sectors. NZ dollar returns were similar for all major geographical regions.

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 +0.83% in July (after fees, but before taxes). This was an under-performance in comparison to the benchmark index, which returned +0.95%. Key factors which affected relative performance in July were:

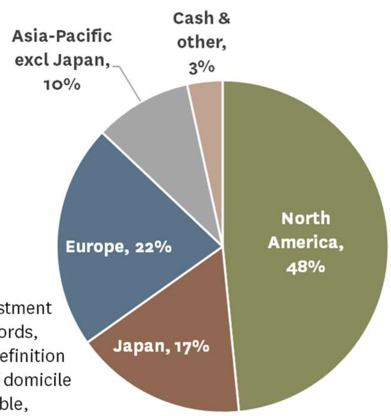
- The Fund held significant investments in Verizon and AT&T, whose share prices declined following a Wall Street Journal investigation that found that these companies owned significant lengths of lead-sheathed telecommunications cables built during the 1950s and 1960s that are now potentially leaching lead into their immediate environment. The share price decline in Verizon detracted -0.18% from the fund's relative performance while the share price decline in AT&T detracted -0.07%. In our analysis, we now assume that Verizon will spend US$15 billion remedying this issue over the next few years, but nonetheless continue to anticipate a strong return from holding Verizon shares.
- HCA Healthcare's share price declined -12%, detracting -0.11% from the fund's relative performance.
- WW Grainger's share price declined -8%, detracting -0.10% from relative performance. This decline appears to have been partly due to the market's disappointment with its quarterly financial results, which showed strong growth, but not quite as strong as the growth achieved in the past few quarters.
- Tokyo Steel rose +27%, contributing +0.13% to relative performance on the back of a strong quarterly profit result.
- Stellantis returned +15%, contributing 0.12% to relative performance, on the back of strong financial performance for the first half of 2023. We discuss Stellantis on the last page of this fact sheet.
- Sumitomo Mitsui Financial Group returned +9%, contributing +0.11% to relative performance.

Portfolio Composition

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

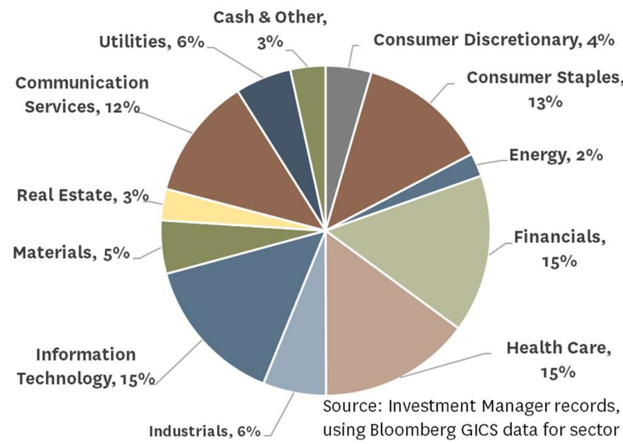
Company	Percentage of fund	*Company's weight in benchmark index*
Microsoft Corp	3.26%	*2.30%*
Verizon Communications	2.80%	*0.63%*
Apple	2.34%	*2.88%*
Alphabet (includes 2 classes of security)	2.26%	*1.30%*
KDDI Corp	1.45%	*0.26%*
Sumitomo Mitsui Financial Group	1.35%	*0.05%*
KB Financial Group	1.19%	*0.00%*
Check Point Software Technologies	1.18%	*0.01%*
Roche Holding (includes 2 classes of security)	1.10%	*0.71%*
WW Grainger	1.09%	*0.03%*

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

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Fund Returns

	July 2023	One year to July 2023	Since Inception (5 Nov 2021 to 31 July 2023) annualised return
Return after fees but before taxes	+0.83%	+14.94%	+12.56%
Benchmark Return*	+0.95%	+10.51%	+6.99%

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

Portfolio Spotlight: Stellantis

0.99% of the fund is invested in Stellantis.

Stellantis is the automotive manufacturer behind brands such as Peugeot, Jeep, Fiat, Citroën, Ram, Opel/Vauxhall, Dodge, Alfa Romeo, and Maserati. Although these are not big brands in New Zealand, Stellantis has a strong market share in Europe, and is the world's 4th largest automotive manufacturer. It is more advanced than many other incumbent automotive manufacturers at shifting its production towards electric vehicles.

Although automotive manufacturing is a higher-risk activity than the fund normally invests in, we get comfort from Stellantis's strong financial position. Stellantis holds a net cash balance of €25 billion, representing 45% of the sharemarket's €56 billion valuation of the company. This cash buffer reduces the sensitivity of Stellantis's share price to changes in demand for automobiles.

Stellantis has reported profits of €19.7 billion over the past 12 months, so the share market is implicitly saying that it is worth less than 3 times annual earnings, or less than 2 times annual earnings after adjusting for Stellantis's holdings of cash. At this low valuation, it is possible to simultaneously believe that (1) Stellantis is a good investment and that (2) its profits will be lower in the future than they have been over the past year.

There are very real risks of increasing competition leading to reduced profitability for the automotive sector, and of incumbent automotive manufacturers losing share to newer EV-focused companies like Tesla and BYD. In Stellantis's case, we believe the share price has over-compensated for these risks.