Monthly Fund Fact Sheet
March 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)	**1.0390** 1 April 2022, uses 31 March valuations
Monthly Return	**-0.86%** After fees, March 2022
Fund Size	**$13.25 million** 31 March 2022
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 recovered in March, with developed country equity markets returning +3.17% in gross local currency terms over the period. The strength of the NZ dollar during the month reduced the NZ dollar return from the Global Equity market to just +0.03%.

Indices of lower-risk equities performed better than the broader global equity market. The fund's benchmark index rose +0.92% in New Zealand dollar terms in March.

The Energy and Materials sectors were the best performing sectors for the second month in a row, whilst Communication Services was the worst performing sector. Due mainly to currency movements, NZ dollar returns from the US Equity market were higher than NZ dollar returns from European and Japanese equity markets.

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 <u>gross</u> 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 <u>net</u> 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 declined -0.86% in March (after fees), underperforming the benchmark index, which rose by +0.92%. Key factors explaining this relatively disappointing performance were:

- The fund's relative performance suffered due to a relatively high allocation to Japan, and a relatively low allocation to the United States and Australia. Currency movements were the main factor driving the differences in return between these countries.
- Performance was affected from having an average of 4% of the fund held in cash during the month. Returns from offshore cash were affected by the strength of the NZ dollar but missed out on the rise in equity markets.
- The portfolio's holdings in Japan and the United Kingdom performed worse than the market.
- The portfolio's holdings in the Consumer Staples, Health Care, and Financials sectors all performed worse than the benchmark return for these sectors.
- The portfolio's holdings of Sumitomo Mitsui Financial Group, Verizon, & Henkel performed worse than the broader market.
- The fact that the portfolio does not own any Tesla detracted from relative performance, as a rise in Tesla's share price made a significant contribution to the benchmark return.

Partially offsetting these negative influences, the portfolio benefited from a 19% return from its investment in US supermarket-operator Kroger.

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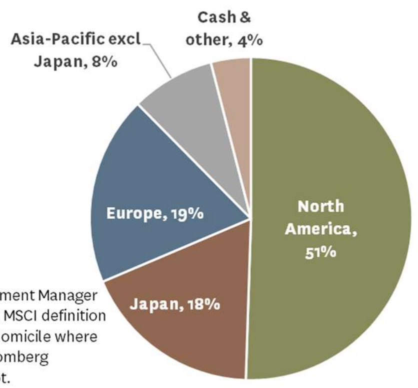
Portfolio Composition

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

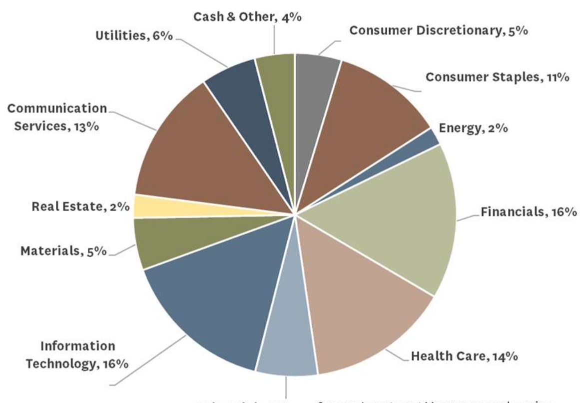
Company	Percentage of fund	{Percentage of benchmark index}
Microsoft Corp	3.06%	2.14%
Verizon Communications Inc	2.81%	0.93%
Apple Inc	2.50%	2.58%
Alphabet Inc (includes 2 classes of share)	1.99%	1.60%
Sumitomo Mitsui Financial Group	1.86%	0.04%
KDDI Corp	1.61%	0.23%
Roche Holding AG (includes 2 classes of share)	1.32%	0.94%
Kroger Co/The	1.08%	0.70%
WW Grainger Inc	1.05%	0.02%
Meta Platforms Inc	1.05%	0.46%

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

	March 2021	Since Inception (5 Nov 2021 to 31 Mar 2022)
Return after fees but before taxes	**-0.86%**	**+3.98%**
Benchmark Return*	**+0.92%**	**+0.20%**

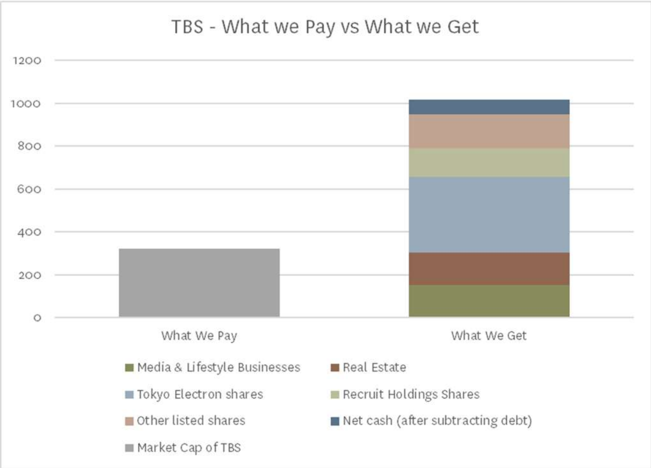
* See page 2 for a description of the benchmark index.

Portfolio spotlight: TBS Holdings

Approximately 0.7% of the portfolio is invested in TBS Holdings. TBS Holdings is a smaller company than most of our holdings, with a market capitalisation of just JPY 288 bln (NZD 3.4 bln).

TBS Holding's origins lie in television & radio (TBS stands for Tokyo Broadcasting System), and its broadcasting activities continue to attract most attention from analysts.

However, the real attraction for us in TBS is the value of its non-broadcast activities, which is routinely ignored by analysts. TBS holds shares in other companies that have a market value which is more than double the value that the market ascribes to TBS. TBS also holds a large cash balance, and significant real estate assets, as shown in the graph on the right.



TBS has increased dividends and started buying back shares, which provides a mechanism for shareholders to benefits from this "hidden value".

Important Notice and Disclaimer

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