Monthly Fund Fact Sheet
May 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)	**1.1898** 31 May 2023
Monthly Return	**+0.30%** After fees, before tax. May 2023
Return to date	**+11.98%** per annum After fees, before taxes. Since fund inception, 5 November 2021
Fund Size	**$169.9 million*** * *Includes fund flows effective 31 May*
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).

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Performance Update

Overall, global equity markets were flat in May. Developed country equity markets (as represented by the MSCI World index) returned -0.14% (including gross dividends) in local currency terms. Due to weakness in the New Zealand dollar, the MSCI World index rose +2.10% (gross) in NZ dollar terms.

Most sectors of the global equity market declined during the month, with the only significant areas of strength being from the Information Technology sector and from tech-related companies (like Alphabet & Amazon) in the "Communication Services" and "Consumer Discretionary" sectors. Other sectors generally declined, particularly the Energy, Materials, and Consumer Staples sectors.

Given the relative strength of the volatile Consumer Discretionary & Information Technology sectors, Indices of lower-risk equities lagged the broader global equity market. The fund's benchmark index returned +0.47% in New Zealand dollar terms in May.

Returns were strongest in Japan, followed by the United States. European equity markets were particularly weak during the month.

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 +0.30% in May (after fees, but before taxes). This was a small under-performance in comparison to the benchmark index, which returned +0.47%. Key factors which affected relative performance in May were:

- The fund's allocation between sectors detracted -0.33% from relative performance. In particular, the fund missed out by having a lower-than-benchmark exposure to the top performing Information Technology sector. This was partly offset by the benefit of having a relatively low exposure to the energy sector, which was the worst performing sector in May.
- The fund's performance within sectors was generally good. The fund achieved outperformance in 7 out of 11 sectors, and performance within sectors contributed +0.25% to the fund's overall performance. However, the two sectors where the fund performed worst were Information Technology and Consumer Discretionary, where we had relatively little investment in the highly-priced "growth stocks" that saw significant share price gains during May.
- Specifically, the fund "missed out" by not owning Nvidia (which rose 41% in NZD during the month) and Tesla (which rose 28%), and from holding a less-than-benchmark weighting in Amazon (which rose 18%). Together, these companies accounted for all of the return of the benchmark index, and not holding them detracted -0.46% from the fund's relative performance.
- The fund's allocation between countries contributed +0.14% to relative performance during May. The fund benefited from relatively high allocations to Japan and Korea, but a relatively high allocation to Europe detracted from relative performance.
- The fund's relative performance benefited from its investment in Alphabet (which rose 18% but was hurt by the large allocation to Verizon (which declined -5.4%).

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Portfolio Composition

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

Company	Percentage of fund	*Company's weight in benchmark index*
Microsoft Corp	3.46%	*2.53%*
Verizon Communications	2.86%	*0.70%*
Apple	2.33%	*2.89%*
Alphabet (includes 2 classes of security)	2.19%	*1.39%*
KDDI Corp	1.48%	*0.30%*
Sumitomo Mitsui Financial Group	1.42%	*0.06%*
WW Grainger	1.18%	*0.02%*
Merck & Co	1.16%	*0.03%*
KB Financial Group	1.13%	*0.00%*
Roche Holding (includes 2 classes of security)	1.12%	*0.80%*

The table below shows how the fund is allocated between geographical regions and industrial sectors, and compares this to the allocation of the benchmark index:

	North America		Europe (& Israel)		Japan		Asia-Pacific ex Japan		Total	
	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark	Fund	Benchmark
Communication Services	**7.1%**	5.1%	**1.4%**	2.4%	**2.7%**	1.5%	**0.8%**	0.6%	**12.0%**	9.5%
Consumer Discretionary	**1.5%**	4.9%	**1.7%**	1.3%	**1.2%**	1.1%	-	0.3%	**4.4%**	7.5%
Consumer Staples	**5.4%**	8.0%	**4.3%**	2.0%	**2.1%**	0.4%	**0.7%**	0.2%	**12.5%**	10.6%
Energy	**0.5%**	1.9%	**1.7%**	0.5%	-	0.1%	**0.0%**	0.1%	**2.2%**	2.6%
Financials	**4.8%**	7.9%	**3.3%**	2.0%	**4.1%**	0.8%	**2.8%**	1.8%	**15.0%**	12.5%
Health Care	**11.1%**	11.1%	**2.5%**	3.0%	**1.5%**	0.6%	-	0.2%	**15.1%**	14.9%
Industrials	**1.3%**	6.5%	-	1.9%	**2.7%**	1.3%	**2.2%**	0.5%	**6.2%**	10.2%
Information Technology	**12.8%**	14.7%	**1.7%**	0.8%	-	2.7%	**0.4%**	0.0%	**14.9%**	18.3%
Materials	**1.4%**	3.6%	**0.7%**	1.5%	**1.6%**	0.2%	**1.5%**	1.1%	**5.2%**	6.5%
Real Estate	**1.7%**	1.3%	**0.5%**	0.2%	**0.2%**	0.2%	**0.8%**	0.4%	**3.1%**	2.1%
Utilities	**1.3%**	4.3%	**3.7%**	0.7%	**0.6%**	0.1%	-	0.1%	**5.6%**	5.2%
Cash and other									**3.7%**	-
Total	**49.0%**	69.2%	**21.3%**	16.4%	**16.8%**	9.0%	**9.2%**	5.3%	**100.0%**	**100.0%**

Our less complicated pie charts will resume normal service next month!

For a copy of our product disclosure statement, visit our website teahumairangi.co.nz

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Fund Returns

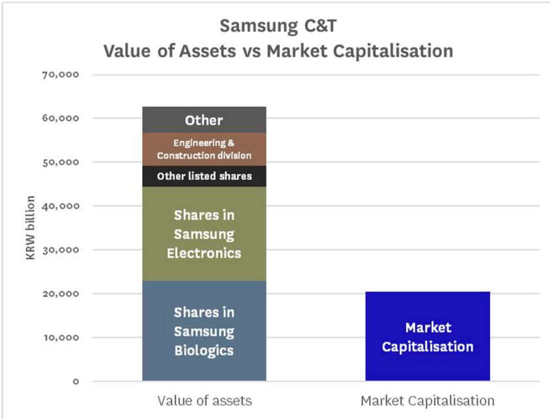
	May 2023	One year to May 2023	Since Inception (5 Nov 2021 to 28 May 2023) annualised return
Return after fees but before taxes	+0.30%	+12.02%	+11.98%
Benchmark Return*	+0.47%	+9.14%	+5.55%

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

Portfolio spotlight: Samsung C&T

0.82% of the fund is invested in Samsung C&T.

Samsung C&T is the effective holding company for the Samsung group of companies. As shown by the graph on the right, the share market values Samsung C&T's shares at a big discount to the value of the shares that it owns in other companies.



These shareholdings include 5% of Samsung Electronics, which is the world's largest and most advanced producer of memory chips. Samsung Electronics is also the world's largest manufacturer of TV sets, the second largest producer (by value) of mobile phones, and it has a significant semiconductor foundry business.

Samsung C&T also owns 40% of Samsung Biologics, which is one of the world's two largest contract manufacturers of biologic pharmaceuticals. This business has considerable potential from the growth of biosimilar drugs and from more pharmaceutical companies outsourcing manufacturing.

It also owns 20% of Samsung Life (which in turn owns 8.7% of Samsung Electronics).

Samsung C&T directly owns several businesses, including a large global Engineering & Construction business.

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