Monthly Fund Fact Sheet
November 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)	**1.2416** 30 November 2023
Monthly Return	**+0.97%** After fees, before tax. November 2023.
Return to date	**+11.31%** per annum After fees, before taxes. Since fund inception, 5 November 2021.
Fund Size	**$234.2 million*** * *Includes fund flows effective 30 Nov.*
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 0.62% 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 very strong in November. Developed country equity markets (as represented by the MSCI World index) returned +8.35% (including gross dividends) in local currency terms. However, strength in the New Zealand dollar largely offset the share market strength for NZ-based investors: the MSCI World index returned +3.06% (gross) in NZ dollar terms.

Lower-risk equities lagged the broader equity market in November. The fund's benchmark (which includes a lower-risk component) returned +1.46% in NZ dollar terms.

Share market returns were strongest in the Information Technology and Real Estate sectors, and weakest in the Consumer Staples and Energy sectors. Geographically, NZ dollar returns were strongest in Europe and weakest in the Asia-Pacific region.

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 +0.97% in November (after fees, but before taxes), underperforming the benchmark index, which returned +1.46%. Key factors which affected relative performance in November were:

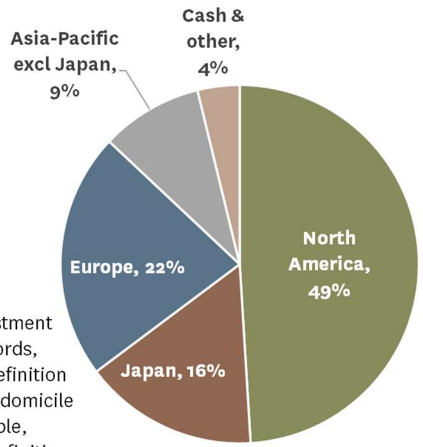
- As a general comment, the market environment in November was relatively unfavourable to the sort of stocks that the fund tends to favour. Specifically, "low risk" and "value" stocks significantly underperformed the rest of the global equity market.
- The fund's allocation between sectors adversely affected relative performance, as we had a relatively low weighting in the strongly performing Information Technology sector and a relatively high weighting in the Consumers Staples sector (which lagged the broader market).
- The biggest positive contributor to the fund's performance came from a +24% return from DaVita, which contributed +0.14% to the fund's relative performance. Last month we highlighted that DaVita had been the biggest detractor from the fund's performance in October, due to concerns that GLP-1 drugs might reduce the number of people needing dialysis. In November, these concerns subsided and DaVita released strong quarterly financial results.
- Citigroup also performed strongly – it rose 11% (in NZ dollars), contributing +0.10% to the fund's relative performance.
- The individual stock that detracted the most from the fund's relative performance was The Cigna Group, which fell -20% in NZ dollar returns, detracting -0.07% from the fund's relative performance.
- Holding an average of 3.5% of the fund in cash detracted -0.16% from relative performance. Offsetting this, we enjoyed gains of +0.16% from a small amount of currency hedging.
- Fees deducted -0.051% from the fund's return.

Portfolio Composition

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

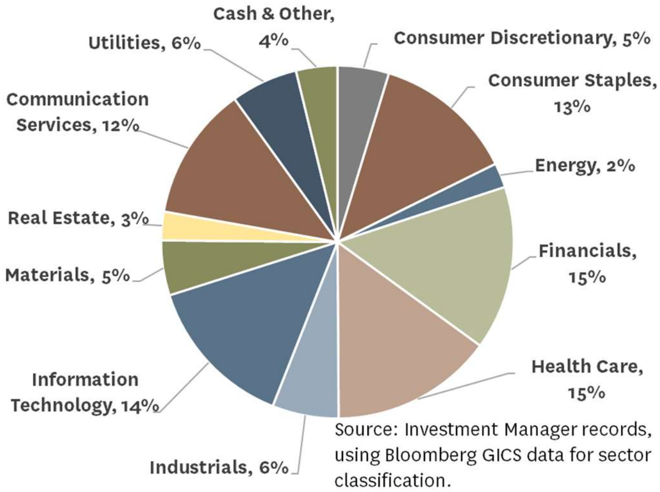
Company	Percentage of fund	*Company's weight in benchmark index*
Microsoft Corp	3.34%	*2.65%*
Verizon Communications	3.01%	*0.73%*
Apple	2.37%	*2.82%*
Alphabet (includes 2 classes of security)	2.10%	*1.31%*
KDDI Corp	1.47%	*0.29%*
Citigroup	1.19%	*0.08%*
National Grid	1.18%	*0.04%*
KB Financial Group	1.16%	*0.00%*
Merck & Co	1.15%	*0.81%*
Check Point Software Technologies	1.14%	*0.01%*

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

	November 2023	One year to November 2023	Since Inception (5 Nov 2021 to 30 November 2023) annualised return
Return after fees but before taxes	+0.97%	+14.54%	+11.31%
Benchmark Return*	+1.46%	+8.76%	+5.76%

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

Portfolio Spotlight: Tokyo Steel Manufacturing

0.51% of the portfolio is invested in Tokyo Steel Manufacturing.

Tokyo Steel produces steel products from scrap steel, using electric arc furnaces. It is the largest producer of H-beams (used in construction) in Japan, and also produces hot-rolled coils, steel plates, and reinforcing bar.

Producing steel from scrap using electric arc furnaces creates less than a third of the greenhouse gas emissions of steel production using blast furnaces. This appeals to steel buyers who are keen to reduce their carbon footprint. In the future, Tokyo Steel may get better pricing on its steel products if more blast-furnace steel producers are required to pay market prices for the greenhouse emissions that they produce.

While the market price of steel products can be volatile, the price that Tokyo Steel needs to pay to buy steel scrap tends to move up and down with steel prices, which helps to dampen the variability of its profitability. Tokyo Steel also has a very strong balance sheet – it has no debt and holds cash representing over half of its adjusted market capitalisation (we adjust its market capitalisation for the fact that it owns 29% of its own shares). When we adjust the market capitalisation of Tokyo Steel for the shares it owns in itself, the shares it owns in other companies, and the cash it holds, the market is valuing Tokyo Steel's operations at just 2.3 times the pre-tax operating profits that they have generated over the past year. Tokyo Steel has plenty of capacity to increase its output.

Tokyo Steel is a smaller company than most of the companies that the fund invests in, with a market capitalisation (adjusted to exclude shares it holds in itself) of just NZ$2.25 billion.