Monthly Fund Fact Sheet October 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)	**1.0714** 1 November 2022, uses 31 October valuations*
Monthly Return	**+2.89%** After fees, October 2022
Fund Size	**$62.3 million*** 31 October 2022 * *Includes fund flows effective 31 Oct*
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**

* Technically this unit price uses 31 October valuations for foreign exchange and all equity markets apart from Australia but uses 1 November share prices for the 1% of the portfolio that is invested in Australian equities.

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 October. Developed country equity markets rose +7.17% (adjusted for gross dividends) in local currency terms. This was partly offset by strength in the NZ dollar, such that the MSCI World index rose by +4.39% in NZ dollar terms.

Indices of lower-risk equities lagged the broader global equity market. The fund's benchmark index returned +3.54% in New Zealand dollar terms in October.

Share market returns from the Energy Sector were much stronger than other sectors in October, while Real Estate, Utilities, Materials, Communication Services, and Consumer Discretionary all lagged the broader market. Returns were strongest from North America and weakest in Asia/Pacific. Returns from Hong Kong based companies were particularly weak.

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 +2.89% in October (after fees). This was an under-performance in comparison to the benchmark index, which returned +3.54%. Key factors which affected relative performance were:

- Most of the relative performance of the fund during the month can be explained in terms of how the fund was allocated between different countries, rather than how it performed within each country. In particular, the portfolio's relatively low weighting in the United States and relative high weightings in Japan and (to a lesser extent) Hong Kong were a drag on the fund's relative performance.
- The biggest single detractor from the fund's performance was our investment in Meta Platforms (which owns Facebook, Instagram, Messenger, and WhatsApp). Meta's stock price plunged -31%, which detracted -0.27% from the Fund's relative performance. Meta was a riskier investment than we normally hold in the fund, and we regret our seemingly poor decision to hold this investment.
- Other holdings that detracted from the fund's performance were WH Group, China Tower, CK Hutchison, DaVita, and Verizon. Declines in the share prices of these companies each detracted between 0.1% and 0.2% from the relative performance of the fund.
- The fund benefitted from strong share price performances in Danske Bank, Everest Re, WW Grainger, HCA Healthcare, and AT&T. Each of these holdings positively contributed over +0.10% to the relative performance of the fund.
- Currency hedges contributed +0.17% to the performance of the fund during the month.
- In a month when share markets rose strongly, any holdings of cash were a drag on the relative performance of the fund. We held an average of 2.2% of the fund in cash during the month, and not having this invested in equities detracted -0.13% from the relative performance of the fund.

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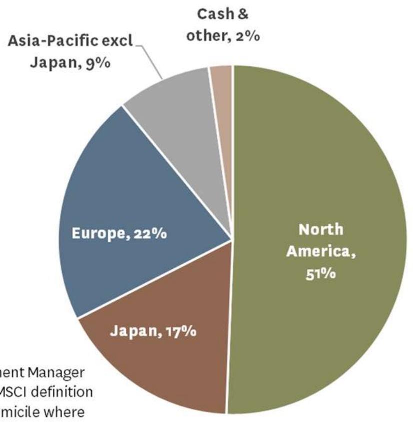
Portfolio Composition

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

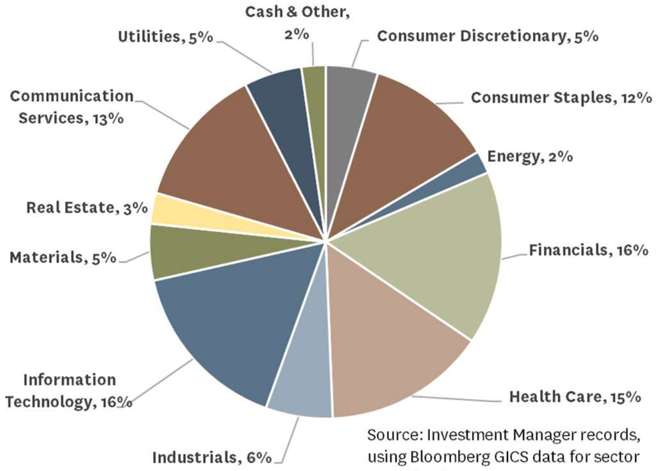
Company	Percentage of fund
Microsoft Corp	3.05%
Verizon Communications	2.94%
Apple	2.39%
Alphabet (includes 2 classes of security)	1.92%
Sumitomo Mitsui Financial Group	1.58%
KDDI Corp	1.44%
Roche Holding	1.28%
WW Grainger	1.27%
Check Point Software Technologies	1.14%
Sanofi	1.11%

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

	October 2022	Since Inception (5 Nov 2021 to 31 October 2022)
Return after fees but before taxes	+2.89%	+7.32%
Benchmark Return*	+3.54%	+3.30%

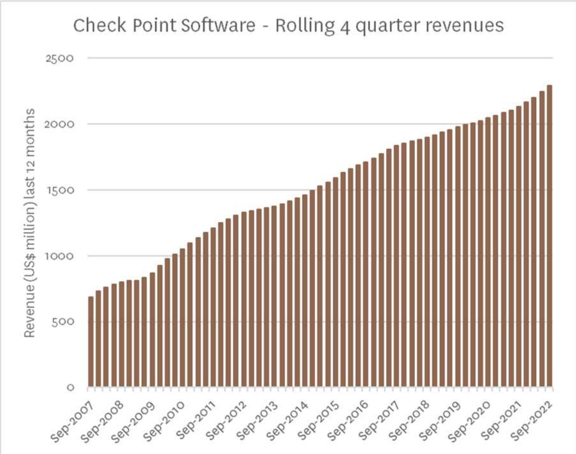
* See page 2 for a description of the benchmark index.

Portfolio spotlight: Check Point Software Technologies

1.14% of the fund is invested in Check Point Software Technologies.

Check Point Software Technologies sells software, hardware, and services that enhance its customers' information technology security. Over the past decade Check Point has faced increased competition from new market entrants and has had to expand its offering to cover customer needs for security in new forms of information technology such as cloud computing and the internet of things.

Despite these challenges, Check Point has managed to achieve consistent revenue growth and strong profitability, while reinvesting a significant proportion of its revenues into research and development. The graph on the right shows the consistent (but unspectacular) growth in Check Point's revenues over the last 15 years. An increasing proportion of Check Point's revenues are being received as recurring subscription revenues.



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