Monthly Fund Fact Sheet November 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)	**1.0877** 1 December 2022, uses 30 November valuations*
Monthly Return	**+1.54%** After fees, November 2022
Fund Size	**$64.1 million*** 30 November 2022 * *Includes fund flows effective 30 Nov*
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 30 November valuations for foreign exchange and all equity markets apart from Australia but uses 1 December 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 November. Developed country equity markets (as represented by the MSCI World index) rose +5.70% (adjusted for gross dividends) in local currency terms. This was largely offset by weakness in the US dollar, such that global equity markets returned just +0.09% in NZ dollar terms.

Indices of lower-risk equities lagged the broader global equity market. The fund's benchmark index returned -0.07% in New Zealand dollar terms in November.

Share market returns from the Materials Sector were much stronger than other sectors in November, while the Energy sector was the worst performing sector. Weakness in the US dollar meant that NZ dollar returns from the US share market were worse than most other markets. European and Asia/Pacific markets performed better in NZ dollar terms.

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 returned +1.54% in November (after fees). This was an out-performance in comparison to the benchmark index, which returned -0.07%. Key factors which affected relative performance were:

- The fund benefited from having relatively less exposure to the US dollar (in comparison to the benchmark index). Less than half of the fund was invested in US dollar denominated investments, whereas over two thirds of the benchmark had been in shares that are priced in US dollars. How the fund was allocated between countries contributed over +1% to relative performance, which was entirely related to weakness in the US dollar.
- Currency hedges contributed a further +0.24% to the performance of the fund during the month.
- The biggest individual stock contributors to the fund's out-performance were holdings in Sumitomo Mitsui Financial Group, KB Financial Group, and Centrica. Each of these holdings contributed over 0.1% to the fund's relative performance.
- The fund also benefitted in a relative sense from <u>not</u> owning Tesla, as a 20% decline in the NZ dollar value of Tesla dragged down the performance of the benchmark index (by 0.12%).
- In a month when share markets rose strongly in local currency terms, any holdings of cash were a drag on the relative performance of the fund. We held an average of 2.8% of the fund in cash during the month, and not having this invested in equities detracted -0.12% from the relative performance of the fund.
- In general, November was a good month for "value stocks" (shares that are cheaply priced in comparison to earnings and other objective indicators of value). This helped relative performance, as the fund is generally tilted towards value stocks.

Please see the Important Notice and Disclaimer at the bottom of page 4.

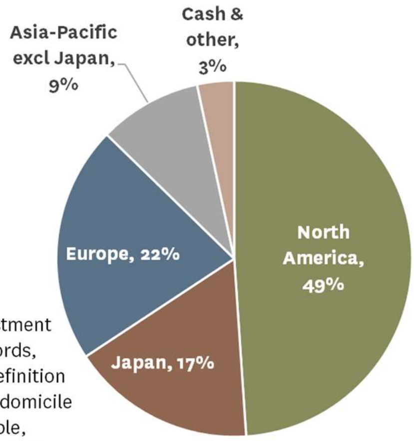
Te Ahumairangi
GLOBAL EQUITY SPECIALISTS

Portfolio Composition

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

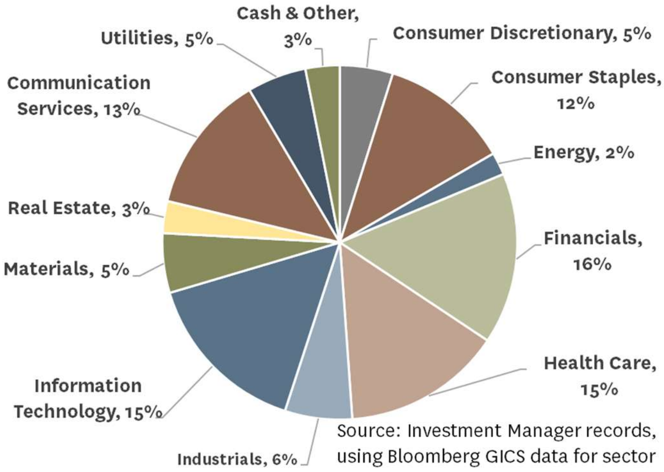
Company	Percentage of fund
Microsoft Corp	3.22%
Verizon Communications	2.88%
Apple	2.19%
Alphabet (includes 2 classes of security)	2.04%
Sumitomo Mitsui Financial Group	1.65%
KDDI Corp	1.38%
KB Financial Group	1.22%
WW Grainger	1.16%
Roche Holding	1.14%
Sanofi	1.09%

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

Please see the Important Notice and Disclaimer at the bottom of Page 4.

Fund Returns

	November 2022	One year to November 2022	Since Inception (5 Nov 2021 to 30 November 2022) annualised return
Return after fees but before taxes	+1.54%	+8.84%	+8.37%
Benchmark Return*	-0.07%	+1.80%	+3.02%

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

Portfolio spotlight: Everest Re

0.94% of the fund is invested in Everest Re Group, and a further 0.65% is invested in two other re-insurers.

Everest Re operates primarily as a re-insurer, which means that it agrees (for a price) to share some of the insurance risks that direct customer-facing insurers find too big to bear by themselves. For example, a company insuring houses and cars in one particular country or region would be exposed if a large storm, flood, or earthquake meant that it was suddenly faced with a large number of expensive claims. Re-insurers like Everest Re will agree to bear a share of the potential losses from such events in exchange for a fee.

The profitability of re-insurance operations can be volatile in the short term due to large insurance “events” such as hurricanes in Florida. However, this volatility is uncorrelated with the share market, and tends to even out over the longer term. After the reinsurance industry suffers a run of bad insurance events, insurance premiums tend to rise, which improves the outlook for future profits. This has certainly been occurring over the past year, which may increase Everest Re’s profitability. Rises in interest rates will also help Everest Re, as the nature of its business means that it holds a lot of funds (held to cover unresolved insurance claims or potential liabilities), which it invests in fixed interest markets, and higher interest rates should increase the interest it earns on these funds.

Important Notice and Disclaimer