

# Monthly Fund Fact Sheet July 2024



## 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.

<b>Unit Price (NZD)</b>	<b>1.4851</b> 31 July 2024
<b>Monthly Return</b>	<b>+6.81%</b> After fees, before tax. July 2024.
<b>Return to date</b>	<b>+15.90%</b> per annum After fees, before taxes. Since fund inception, 5 November 2021.
<b>Fund Size</b>	<b>\$379.2 million*</b> <i>* Includes fund flows effective 31 July.</i>
<b>Fund Type</b>	<b>Portfolio Investment Entity</b>
<b>Minimum Investment</b>	<b>\$100,000 direct or \$250 through InvestNow</b>
<b>Investment Manager</b>	<b>Te Ahumairangi Investment Management Ltd</b>
<b>Issuer and Fund Manager</b>	<b>FundRock NZ Ltd</b>
<b>Supervisor</b>	<b>Public Trust</b>
<b>Custodian</b>	<b>BNP Paribas</b>
<b>Registry</b>	<b>Apex Investment Administration (NZ) Ltd</b>
<b>Management Fees</b>	<b>0.60% per annum plus GST (approx 0.62% including GST)</b>
<b>Performance Fees</b>	<b>None</b>

## 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:



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 rose in July. Developed country equity markets (as represented by the MSCI World index) returned +1.27% (including gross dividends) in local currency terms. Weakness in the New Zealand dollar added significantly to the gain for NZ-based investors: the MSCI World index returned +4.42% (gross) in NZ dollar terms.

Lower-risk equities outperformed the broader equity market in July. The fund's benchmark (which includes a lower-risk component) returned +5.95% in NZ dollar terms.

Share market returns were strongest in the Utilities, Real Estate, and Financials sectors, and weakest in the Information Technology and Communication Services sectors. NZ dollar returns were strong from Japanese equities (a translation effect due to strength in the Japanese yen) but relatively weak from US equities.

### 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 +6.81% in July (after fees, but before taxes), outperforming the benchmark index, which returned +5.95%. The following factors affected relative performance in July:

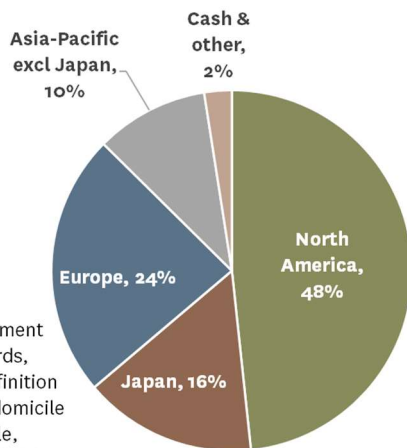
- Last month we reported on how the strong performance of two companies we don't hold in the fund – Nvidia and Eli Lilly – had boosted the benchmark index and therefore detracted from our relative performance. In July we saw the opposite effect, whereby the share prices of these two companies declined which reduced the return from the benchmark index and contributed +0.33% to the fund's relative performance.
- The fund enjoyed strong returns from Tokyo Steel (+28.8%, contributing +0.16% to relative performance), National Grid (+16.5%, contributing +0.15% to relative performance), and KB Financial Group (+14.9%, contributing +0.10% to relative performance). We have previously included "Portfolio Spotlight" pieces describing these 3 companies in our November 2023, September 2022, and June 2022 fund fact sheets.
- The fund's holding in Stellantis detracted from relative performance in July. Stellantis's share price declined -13.6% (in NZD terms), detracting -0.16% from relative performance.
- The market environment was generally favourable for the fund's style and positioning in July. "Value" and "Low Risk" stocks generally outperformed, the Japanese market outperformed the US market, and Information Technology stocks underperformed. All of these factors provided a tailwind for the fund's relative performance.
- The fund's cash deposits (averaging 3% of the fund) missed out on the rise in share prices, and therefore detracted -0.09% from relative performance. Currency hedges detracted a further -0.09% from the fund's performance.
- Fees deducted -0.06% from the fund's return in July (including the weekend at the end of June).

## Portfolio Composition

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

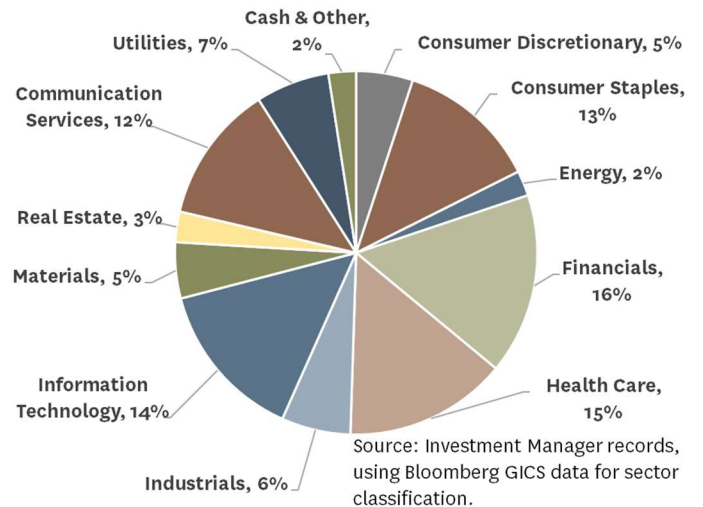
Company	Percentage of fund	Company's weight in benchmark index
Microsoft Corp	3.47%	2.52%
Verizon Communications	2.93%	0.48%
Apple Inc	2.40%	2.54%
Alphabet (includes 2 classes of security)	2.17%	1.43%
National Grid	1.52%	0.05%
Suntory Beverage & Food	1.22%	0.04%
Check Point Software Technologies	1.21%	0.12%
Everest Group	1.20%	0.04%
VeriSign	1.16%	0.12%
KB Financial Group	1.16%	0.00%

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](http://teahumairangi.co.nz)

## Fund Returns

	July 2024	One year to July 2024	Since Inception (5 Nov 2021 to 31 July 2024) annualised return
Return after fees but before taxes	+6.81%	+21.94%	+15.90%
Benchmark Return*	+5.95%	+21.14%	+11.96%

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

## Portfolio Spotlight: CK Hutchison Holdings



0.99% of the fund is invested in CK Hutchison Holdings.

CK Hutchison (“CKH”) is a Hong Kong based (but Cayman Island incorporated) holding company, with investments around the world focussed on ports, infrastructure, telecommunications, and retailing.

CKH’s ports division operates container terminals in 5 of the 10 busiest container ports in the world. Although its origins are in Hong Kong, most of its Chinese and Hong Kong ports are now held through a listed associate, Hutchison Port Holdings Trust, and CKH’s wholly-owned port operations are located in several different ports throughout Europe, Asia, Mexico/Panama, Australia, and the Middle East.

CKH’s retailing operations are primarily focussed on Health & Beauty retailing. Most of the retail earnings come from Europe, but CKH also operates Health & Beauty retailing operations in many parts of Asia.

CKH’s Infrastructure investments are mainly held through listed subsidiary CK Infrastructure Holdings, in which CK Hutchison has a 76% shareholding. CK Infrastructure: owns 36% of listed electricity utility Power Assets (which mainly operates in the UK, Hong Kong, and Australia); holds electricity, water, gas, and rail investments in the UK; operates electricity & gas distribution assets in Australia; owns Energy Developments (which is a global specialist in capturing & using landfill gas); owns Wellington Electricity & Enviro NZ in New Zealand; and also has significant infrastructure investments in Canada and Continental Europe.

CKH’s telecom operations consist mainly of mobile networks using the “3” brand in Europe, where it has over 40 million customers in the UK, Italy, Sweden, Denmark, Austria, and Ireland. It also has operations in Hong Kong, Vietnam, and Sri Lanka, holds 50% of a JV that owns 66% of listed company Indosat (which has over 90 million customers in Indonesia), and owns 3.4% of European cell tower company Cellnex.

Most of CKH’s assets are easy to value, either because they are listed, or because they produce consistent cashflows. Like many other analysts, we believe that an aggregate fair value of all CKH’s operations and investments is roughly double its share market valuation.

### Important Notice and Disclaimer

**This Fund Fact Sheet is provided for general information purposes only and does not constitute, nor should be construed as, an offer, or a recommendation or financial advice to any person. The information herein is believed to be reliable, but no warranty is given as to its accuracy or completeness. Information, views, and opinions, whilst given in good faith, are subject to change without notice. Any views and opinions expressed are a judgment at the time they were made, reflecting then prevailing market conditions, other factors, and certain assumptions. The contents of this Fund Fact Sheet do not constitute advice of a legal, accounting, taxation, or other nature to any persons. Investors must receive and should carefully read the Product Disclosure Statement (PDS) issued by FundRock NZ Ltd, the licensed manager of the Te Ahumairangi Global Equity Fund, before deciding to invest in the Fund. The PDS is available at**

**<https://www.fundrock.com/fundrock-new-zealand-funds/te-ahumairangi-global-equity-fund/>. Potential investors who may need financial advice should obtain that advice from a financial adviser before investing. Past performance of an investment is not a reliable indicator of future results, and no representation is made regarding the future performance of the Global Equity Fund. The value of investments and the income derived from them may go down as well as up, and investors may not get back the original amount invested. You are not guaranteed to make a return on your investment, and you may lose money. Exchange rates may cause the value of investments in the Fund to rise and fall. Fund performance will be affected by the deduction of fund charges. No person guarantees the repayment of any capital or any returns on capital invested in the Fund.**