

Monthly Fund Fact Sheet September 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.

Unit Price (NZD)	1.4564 30 September 2024
Monthly Return	+0.05% After fees, before tax. September 2024.
Return to date	+14.17% per annum After fees, before taxes. Since fund inception, 5 November 2021.
Fund Size	\$400.4 million* <i>* Includes fund flows effective 30 September.</i>
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:



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 September. Developed country equity markets (as represented by the MSCI World index) returned +1.54% (including gross dividends) in local currency terms. However, a rise in the New Zealand dollar meant that the value of global equity markets was pretty flat for NZ-based investors: the MSCI World index returned +0.17% (gross) in NZ dollar terms.

Lower-risk equities underperformed the broader equity market in September. The fund's benchmark (which includes a lower-risk component) returned -0.29% in NZ dollar terms.

Share market returns were strongest in the Utilities, Consumer Discretionary, and Materials sectors, and weakest in the Health Care and Energy sectors. NZ dollar returns were fairly similar across different geographical regions, although within the Asia-Pacific region returns were very strong from Hong Kong & Singapore but weak in Japan & Korea.

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 +0.05% in September (after fees, but before taxes), outperforming the benchmark index, which returned -0.29%. The following factors affected relative performance in September:

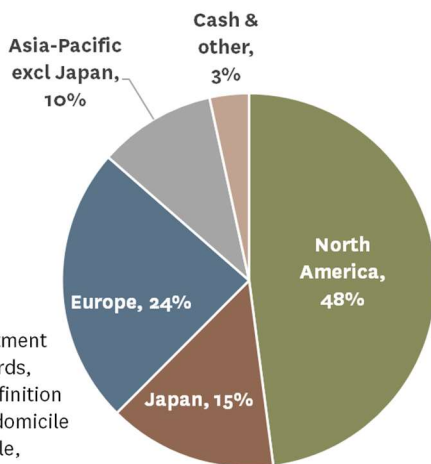
- The fund benefitted from a good performance by Verizon, which is the fund's second largest holding, and the largest overweight position (meaning it is the company where the fund's weighting exceeds the benchmark weighting by the greatest amount). Verizon returned +5.7% (in NZD terms), contributing +0.15% to the fund's relative performance.
- The fund's performance was adversely affected by its holding in Stellantis. Stellantis's shares fell -18.7% (in NZD terms) over the month, due to Stellantis lowering its guidance for profitability in the current year. This detracted -0.14% from relative performance.
- The fund performed relatively well in the Health Care sector during the month. A number of the fund's holdings performed well despite weakness in the sector, and we did not hold either of the two big GLP-1 agonist companies (Novo Nordisk & Eli Lilly) which both fell sharply over the month.
- The fund's relatively high weighting in Japan and Korea detracted from performance in September, as these markets underperformed equities in the rest of the world.
- The fund's holdings performed significantly better than the benchmark in the United States and also outperformed in Japan.
- Fees deducted -0.05% from the fund's return in September.

Portfolio Composition

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

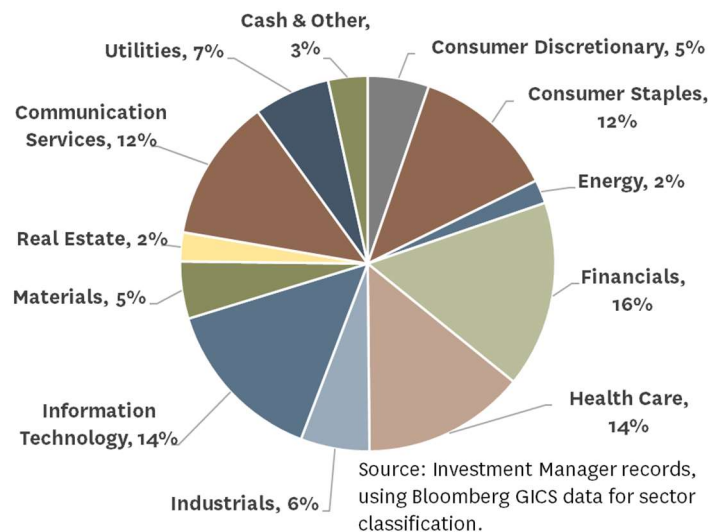
Company	Percentage of fund	Company's weight in benchmark index
Microsoft Corp	3.64%	2.48%
Verizon Communications	2.97%	0.49%
Apple Inc	2.43%	2.60%
Alphabet (includes 2 classes of security)	2.19%	1.40%
National Grid	1.47%	0.05%
Everest Group	1.25%	0.04%
Suntory Beverage & Food	1.20%	0.03%
KB Financial Group	1.15%	0.00%
VeriSign	1.15%	0.12%
AT&T	1.14%	0.30%

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

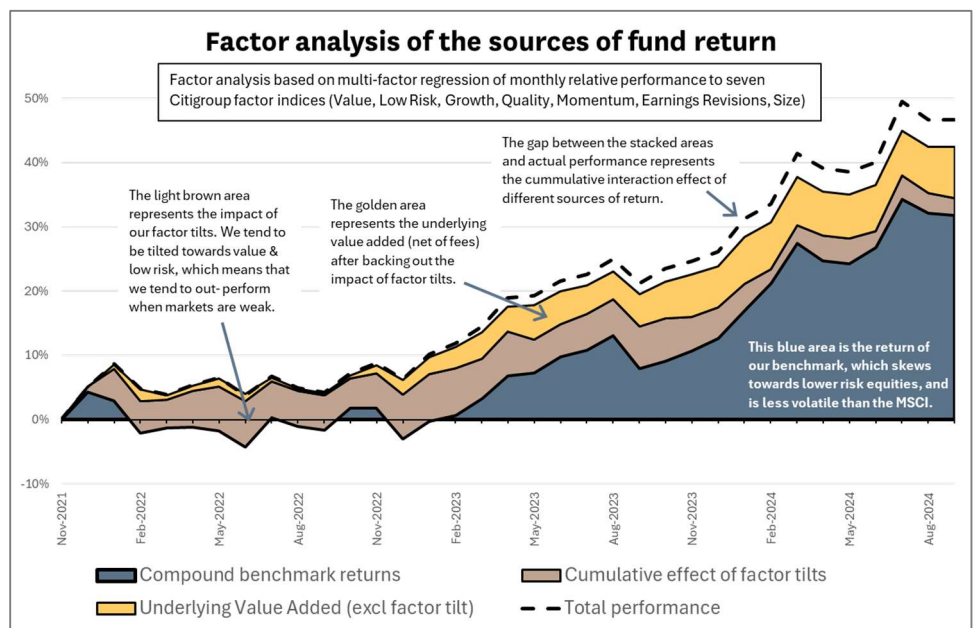
Fund Returns

	September 2024	One year to September 2024	Since Inception (5 Nov 2021 to 30 September 2024) annualised return
Return after fees but before taxes	+0.05%	+21.00%	+14.17%
Benchmark Return*	-0.29%	+22.06%	+10.53%

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

Factor Analysis of Fund Performance

For the graph below, we have undertaken a regression analysis which seeks to explain the relative performance of the fund in terms of seven “factors” which measure common threads influencing share prices in developed equity markets around the world. Our investment style means that the fund has tended to be tilted towards certain “factors” (such as “value”, “low risk”, and “positive earnings revisions”) and away from other characteristics (such as “growth” and “momentum”). The graph attributes performance between: (1) the benchmark return; (2) the net effect of the various factor tilts (as indicated by this regression analysis); and (3) the additional value added beyond these factor tilts. This analysis reveals that in the first year after the fund was launched, most of the outperformance came from its factor tilts (particularly the fund’s tilt towards cheap “value” stocks). However, the fund’s factor tilts (particularly the low-risk & anti-momentum tilts) have been a headwind for relative performance over the past 18 months. Hence, the analysis indicates that the outperformance over the past 18 months has come from individual stock picking which cannot be explained away in terms of these factor tilts.



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.