Monthly Fund Fact Sheet May 2025

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)	**1.6695** 30 May 2025
Monthly Return	**+3.04%** After fees, before tax. May 2025.
Return since inception	**+15.83%** per annum After fees, before taxes. Since fund inception, 5 November 2021.
Fund Size	**$548 million*** * *Includes fund flows effective 30 May.*
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 continued to recover in May. Developed country equity markets (as represented by the MSCI World index) returned 5.96% (including gross dividends) in local currency terms. Strength in the New Zealand dollar meant that this return was slightly lower (at +5.35%) when translated into New Zealand dollars.

Lower-risk equities significantly underperformed the broader equity market in May. The fund's benchmark (which includes a lower-risk component) returned +3.19% in NZ dollar terms.

Share market returns were strongest in the Information Technology, Industrials, Consumer Discretionary, and Communication Services sectors, and weakest in the Health Care, Real Estate, and Consumer Staples sectors. New Zealand dollar returns were broadly similar from each geographic region, although within the Asia-Pacific region there was a significant divergence between strong returns in Hong Kong & Korea versus relatively flat returns from Japan.

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 +3.04% in May (after fees, but before taxes), underperforming the benchmark index, which returned +3.19%. The following factors affected relative performance in May:

- The fund missed out on strong performances by the two most volatile of the "Magnificent 7" stocks, Tesla and Nvidia, which boosted the performance of the benchmark in May. The fund has no investment in Tesla and only a small holding in Nvidia, but Tesla rose +22% and Nvidia rose +23% during the month. Our underweighting in these 2 stocks detracted -0.46% from the fund's relative performance.
- The fund benefited from a strong performance by its two largest holdings in South Korea, Samsung C&T and KB Financial. Samsung C&T rose +25%, contributing +0.24% to the fund's relative performance, while KB Financial rose +20%, contributing +0.18%.
- Suntory Beverage & Food declined -7.6% in response to a poor quarterly financial result, detracting -0.12% from relative performance.
- Microsoft rose +16% following a strong quarterly result, contributing +0.15% to the fund's relative performance.
- Skechers rose +28% on news of a takeover bid for the company, contributing 0.12% to relative performance.
- Verizon declined -0.8% (underperforming the benchmark by 4%), which detracted -0.10% from relative performance.
- The fund's holdings of cash lagged the return of the equity markets, detracting -0.15% from relative performance, but foreign exchange forwards contributed +0.06%.
- The funds allocation between sectors detracted -0.62% from relative performance, as it was underweight Information Technology (the best performing sector) and overweight Consumer Staples, Healthcare, and Utilities (which all performed relatively poorly).
- Fees deducted -0.05% from the fund's return in May.

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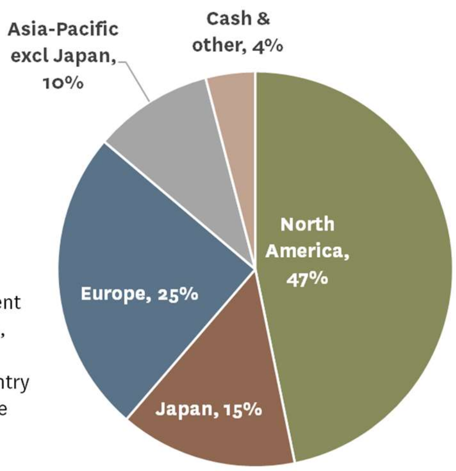
Portfolio Composition

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

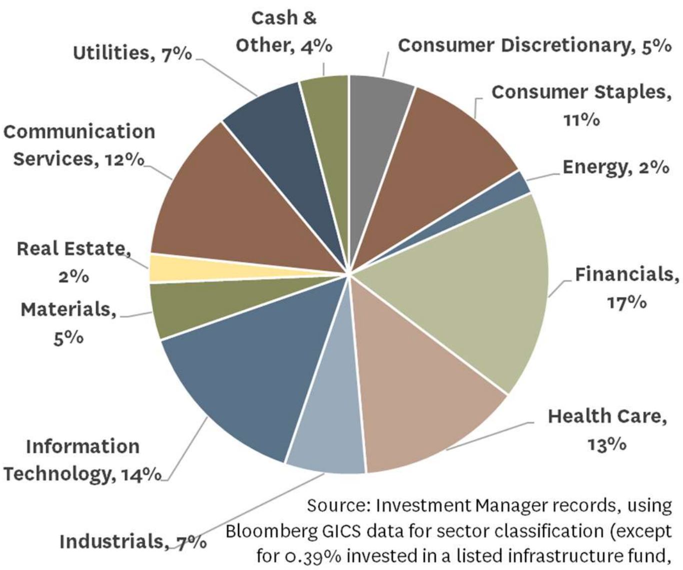
Company	Percentage of fund	*Company's weight in benchmark index*
Microsoft Corp	3.78%	*2.71%*
Verizon Communications	3.13%	*0.46%*
Alphabet (includes 2 classes of security)	2.23%	*1.37%*
Apple	2.17%	*2.24%*
National Grid	1.50%	*0.05%*
Everest Group	1.29%	*0.01%*
CK Hutchison Holdings	1.21%	*0.01%*
VeriSign	1.18%	*0.25%*
KB Financial Group	1.17%	*0.00%*
Central Japan Railway Co	1.12%	*0.13%*

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 (except for 0.39% invested in a listed infrastructure fund, which we have treated as a Financial in this chart).

For a copy of our product disclosure statement, visit our website teahumairangi.co.nz

Fund Returns

	May 2025	One year to May 2025	Since Inception (5 Nov 2021 to 30 May 2025) annualised return
Return after fees but before taxes	+3.04%	+21.73%	+15.83%
Benchmark Return*	+3.19%	+18.86%	+12.01%

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

Fund Spotlight: Kroger

0.78% of the fund is invested in The Kroger Co ("Kroger").

Kroger is America's largest dedicated supermarket chain, with annual revenues of US$147 billion from 2,731 supermarkets, although its sales of groceries lag behind those of Walmart (which sells general merchandise alongside groceries). Kroger has a US grocery market share of just under 9%, only slightly ahead of 3rd-ranked Costco (which sells groceries alongside general merchandise from its membership-based "warehouse clubs"). Each year, about 48% of US households shop at a Kroger-owned supermarket.

Over the past few years, Walmart and Costco have been gaining market share at the expense of the traditional supermarket companies, with Kroger's supermarket sales growth lagging the broader grocery sector by about 0.5%. We believe that Kroger's low operating costs mean that it is less at risk than most other supermarket operators from any continued shift in market share to Walmart and Costco, and see good returns from Kroger even if growth in its sales and profits continue to lag economy-wide spending on groceries.

Kroger has been increasingly supplementing its traditional supermarket profits (from selling groceries) with profits from non-traditional revenues such as targeted marketing, financial services, and selling insights that it gets from tracking consumer behaviour. These businesses have been growing rapidly, and generated 29% of Kroger's operating profits in the most recent financial year.

Kroger has been enhancing its ability to generate operating margins at low price points by developing its own brands and investing in its own production plants for categories like bakery and dairy products. Kroger owns the real estate for about half of its supermarkets.

Supermarkets fit well with Te Ahumairangi's emphasis on low-risk defensive investing, as people tend to keep spending money at supermarkets during recessions, even as they cut back on more discretionary forms of spending.

Kroger's shares trade on a price/earnings multiple of 14.7 times, and an enterprise value to (FIFO-based) EBIT multiple of 13.9 times, which is relatively inexpensive for the US market.