

JUNE 2023

Net return for
June 2023

6.79%

After fees, pre-tax

Net return for FY2024
to date

8.81%

After fees, pre-tax, March y/e

Net return for FY2024
to date for the MSCI ACWI

8.43%

March y/e

If you'd invested \$10,000 five
years ago it'd be worth

\$19,069

At 0% PIR tax

Net Returns As At 30 June 2023	1 month	6 months	1 year	2 years (pa)	5 years (pa)	Inception (pa)
Lighthouse Global Equity Fund	6.8%	25.6%	18.3%	-3.1%		
Lighthouse Funds' investment strategy	6.8%	25.6%	18.3%	-3.1%	13.8%	15.6%
MSCI ACWI net in NZD	3.5%	17.6%	18.3%	5.8%	12.8%	11.6%

COMMENTARY FOR THIS MONTH

June was another pleasing gain, with the Fund up 6.8%, even though the New Zealand dollar strengthened by over 2% against the United States dollar over the month.

That leaves the Fund up 25.6% through the first half of 2024. That's heartening, but also a little surprising. One of the four sub-portfolios in this Fund has had a poor run over the last six months, so the Fund has really been firing on only three of its four cylinders. But that's still been enough to deliver a good return.

Looking back over 2024 so far we can see equity markets bottomed at the end of December (the 28th of December 2022 to be precise) and have been on a solid recovery since then. We think that recovery rests on three things.

Firstly, global inflation is cooling. The inflationary pulse that began in mid-2021, as the world began to open up from Covid restrictions, has passed through three main phases. The initial surge was inflation in the price of goods (like whiteware and cars), due to supply chain disruptions. The second phase was inflation in food and energy, due to Russia's invasion of Ukraine. The third phase, which appears to be tapering now, has been inflation in services (like eating out and travel), due in part to labour shortages and in part to profiteering. But peak inflation is well past us and each month's inflation print is lower than the month twelve months ago that now rolls out of the annual CPI calculations.

Secondly, the risks of recessions are receding. At the start of 2024 most commentators expected widespread recessions across the developed world. That hasn't come to pass – we suspect because the inflationary pulse has been driven by shortages in supply, not demand. Unemployment is rising, but only very slowly, and is still at historically low levels. Equity markets are rising as the fear of recession fades.

Thirdly, corporate earnings have proven more resilient than expected, and profit forecasts are being re-stated upwards not downwards. As a simple rule-of-thumb, share prices tend to reflect profit expectations for 6-9 months in the future. At the beginning of 2024 markets expected a recession in mid-2024 and set profit forecasts to suit. We suspect markets still have a slightly negative view of Q2 (Apr-Jun) profits, but it is less negative than they felt in January. It's quite likely the earnings reports in July/August will beat expectations and lead to further rises in the forecasts, which in turn would push share prices higher again.

So, overall, the last six months has been a positive setting for global shares, that's delivered a pleasing result, even though we feel the Fund has under-performed its potential, we expect the positive tailwind to continue a little longer, but expect it will fade over the coming months as the initial bounce-back from the 2022 market crash passes.

KEY INFORMATION

FUND FEATURES

The Lighthouse Global Equity Fund is a portfolio of very large market capitalisation “blue chip” stocks, listed on the major United States exchanges, that have strong growth characteristics. The Fund intentionally seeks companies with high liquidity, very conservative levels of debt, and strong histories of revenue and profit growth. This is a high conviction portfolio of approximately 18 to 20 positions.

The Fund’s objective is to deliver long-run net returns that are at least 2% pa higher than those of the MSCI All Country World Index. That index has averaged 11% pa over the last 5 years, so the Fund targets long-run net returns of at least 13% pa.

FUND FACTS

Fund name	Lighthouse Global Equity Fund
Fund type	PIE unit trust
Benchmark	MSCI ACWI, net, in NZD
Management fee	1% pa + GST (approx. 1.05% pa)
Performance fee	30% of returns in excess of the MSCI ACWI + 2% pa (we expect this hurdle to average 13-14% pa over time), with a perpetual high tide mark
Buy/sell spread	0.10%/0.10%
Manager	FundRock NZ
Investment manager	Lighthouse Funds
Supervisor	Public Trust
Custodian	Adminis
Auditor	KPMG

TOP 10 HOLDINGS

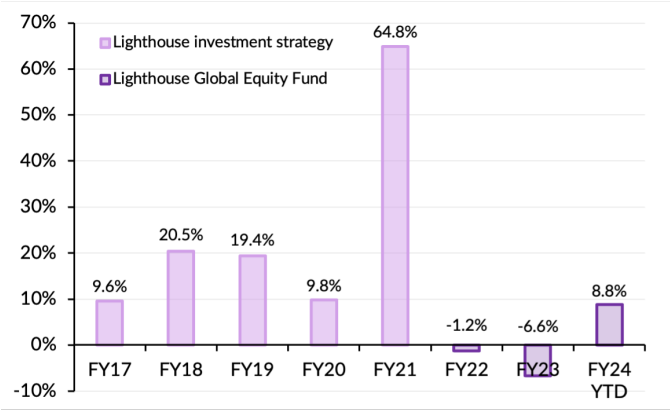
Holding	% of Fund
Cash	29.1%
Invesco QQQ Trust	9.0%
Fortinet	7.8%
Lam Research	7.6%
The Trade Desk	7.2%
AMD	7.0%
KLA Corporation	6.6%
Apple	6.3%
Microsoft	5.7%
Enphase	5.4%

Important Notice

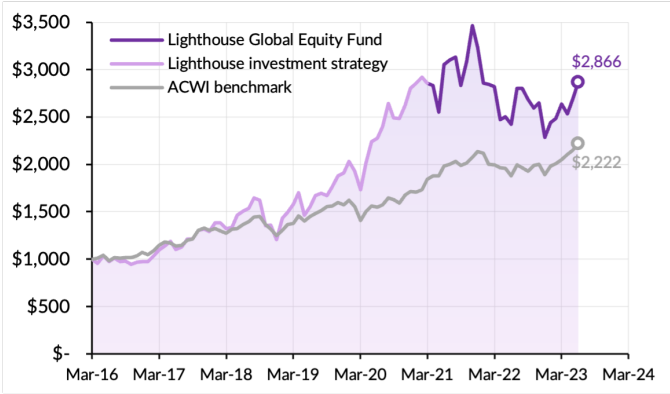
This factsheet is produced by Lighthouse Funds LP (Lighthouse) and provides key information about the Lighthouse Global Equity Fund. It tells you how the fund has performed and it will help you to compare it with other investments. It is based on information that we believe to be accurate and reliable but we can't guarantee that is the case. The returns information shows the net returns for this retail unit trust, since it began operations in March 2021, and also the net returns from the investment strategy Lighthouse Funds' uses in both this retail unit trust and in a wholesale fund that has been operating since March 2016. The returns for the wholesale fund have been provided by Lighthouse Funds from the audited financial statements for that fund. Past performance does not guarantee future returns. The information in this factsheet is not intended to be financial advice for the purposes of the Financial Market Conduct Act 2013, as amended by the Financial Services Legislation Amendment Act 2019. For more details please refer to the Product Disclosure Statement (PDS) and the latest quarterly fund update. You can find these documents at <https://lighthousefunds.nz/library> or contact us at enquiries@lighthousefunds.nz

PERFORMANCE

Returns by financial year (March year ends)



Cumulative returns



RISK

1	2	3	4	5	6	7
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The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund’s assets goes up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way.