

NOVEMBER 2023

Net return for
November 2023

11.44%

After fees, pre-tax

Net return for FY2024
to date

9.26%

After fees, pre-tax, March y/e

Net return for FY2024
to date for the MSCI ACWI

10.07%

March y/e

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

\$21,163

At 0% PIR tax

Net Returns As At 30 November 2023	1 month	6 months	1 year	2 years (pa)	5 years (pa)	Inception (pa)
Lighthouse Global Equity Fund	11.4%	7.2%	8.5%	-8.8%		
Lighthouse Funds' investment strategy	11.4%	7.2%	8.5%	-8.8%	16.2%	14.8%
MSCI ACWI net in NZD	2.9%	5.1%	12.6%	4.3%	11.4%	11.2%

COMMENTARY FOR THIS MONTH

The Fund was up 11.4% in November, which is even the more remarkable given that was against a headwind of the New Zealand dollar strengthening by 6.2% over the month.

But sometimes the reason an asset is up so much is because it was recently down so much (and vice versa). November's rise is just recouping the losses from the recent pullback that started in early-September. Basically equity markets had a panic attack about how high interest rates might rise to, fuelled further by predictions from Wall Street banks that rates could hit extreme heights in 2024 (note that banks benefit from high interest rates and so tend to over-egg interest rate expectations). But investors are now realising it's likely we will instead have interest rate cuts by mid-2024, and are scrambling to re-invest in equities.

You can see this progression from the arc of the interest rate on US 10-year Treasuries. At the end of August it was 4.09% pa, at the end of September 4.59%, at the end of October 4.88%, and now at the end of November it's back down to 4.37% and on a downtrend.

You'd like to think that investors are calm and rational, but most investors aren't like that. In practice, in the short-term at least, a share price is a number from today multiplied by a story about tomorrow. And for many investors their story about tomorrow can be a bit ... excitable.

So we see November's gains as being a reversal, or recovery, from September and October's falls. There's been talk of a "Santa rally" into the close of 2023 and that could well yet happen given the healthy economic data flowing out of the United States in particular. But November's gains are separate from any Santa rally, which would presumably be on top of what we've seen this month.

What has been encouraging is that the 5-year annualised return has popped back above 15% pa. We like for this 5-year return be at least 15% pa, which in turn equates to doubling the value of the investment every 5 years. In recent months that 5-year number had dipped below 15% pa, but now we're back above that level and the "since inception" rate is close to getting there too.

But we're still behind the Fund's most recent high, set two years ago in November 2021. That was the peak before a market crash that bottomed at the end of 2022 – although to date that crash hasn't got a snappy nickname like "dotcom" or "GFC". We're still climbing out from the bottom of that crash. We suspect that recovery may become more consistent from here on, as inflation returns to normal levels and the US Federal Reserve's decisions become less of a driver of month-to-month volatility.

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

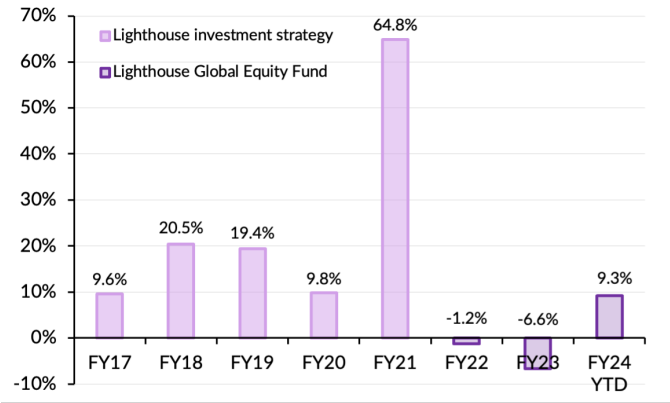
Holding	% of Fund NAV
Shopify	9.6%
Invesco QQQ Trust	9.0%
Copart	9.0%
Netflix	8.7%
Chipotle Mexican Grill	8.4%
Builders FirstSource	8.0%
ASML	7.9%
Meta	7.6%
NVidia	7.5%
Apple	7.4%

Important Notice

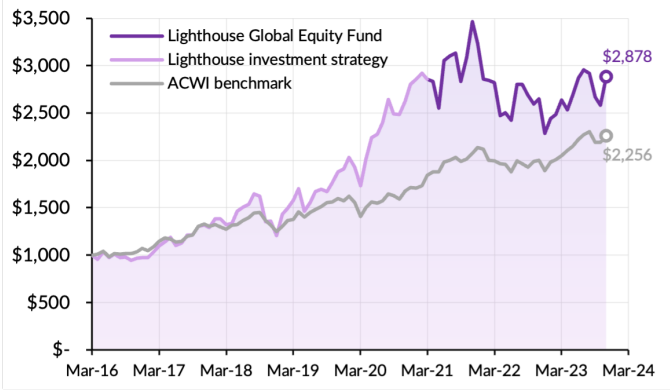
This factsheet is produced by Lighthouse Funds LP (Lighthouse) and provides key information about the Lighthouse Global Equity Fund. It tells you how the fund has performed and it will help you to compare it with other investments. It is based on information that we believe to be accurate and reliable 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 Markets 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.