

DECEMBER 2023

Net return for
December 2023

5.39%

After fees, pre-tax

Net return for FY2024
to date

15.15%

After fees, pre-tax, March y/e

Net return for FY2024
to date for the MSCI ACWI

12.02%

March y/e

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

\$25,154

At 0% PIR tax

Net Returns As At 31 December 2023	1 month	6 months	1 year	2 years (pa)	5 years (pa)	Inception (pa)
Lighthouse Global Equity Fund	5.4%	5.8%	32.9%	-3.2%		
Lighthouse Funds' investment strategy	5.4%	5.8%	32.9%	-3.2%	20.3%	15.4%
MSCI ACWI net in NZD	1.8%	3.3%	21.5%	3.6%	12.9%	11.3%

COMMENTARY FOR THIS MONTH

The Fund was up 5.4% in December, which capped a gain of 33% across the calendar year.

That strong gain over the last twelve months is heartening, but it's basically just recovered the ground lost across late-2021 and 2022. This is where an investor's time horizon becomes important. The Fund's 5-year average return of 20% pa is in line with its long-run average return, but the last five years spans two poor years, two average years, and an exceptional year. But that's what investing is like ... there is wide variability from year to year and it's rare for any twelve month period to deliver the long-run average return, yet provided you can stomach that variability the long-term gain is attractive.

Looking back to the start of 2023 markets faced a wall of worry. 2022 had been the worst year for stocks since 2008, and the worst year for bonds ever. All the forecasts were for a deep global recession driven by spiralling inflation, rising interest rates, falling corporate earnings and the war in Ukraine.

But 2023 showed that economies are not as sensitive to interest rates as we thought, that consumer spending is hard to stop, and that corporations are good at maintaining their profits.

So, despite most predictions, 2023 had a strong start before taking a stumble in April as three US banks failed. The total assets of these three banks were more than the total assets of

the US banks that failed in the 2008 GFC, but after a six week panic markets resumed their climb.

2023's major wobble came in August, September and October, as markets grew nervous about the Federal Reserve's relentless programme of interest rate hikes, coupled with the US Government's debt position and budget deficits. That was also the time when corporate earnings bottomed out with their hardest comparatives to twelve months prior. Looking back there was the potential for a deep correction at that time, but the overall economic data and forecasts remained consistently strong and that probably balanced out the grimmest news.

Then Santa arrived in November and December, with strong gains on the back of Goldilocks economic data and a dovish Fed.

So ultimately 2023 was a triumph for the optimists.

Looking ahead, markets will always find issues to be concerned about. Will inflation continue to fall to its 2% pa target? When might we see central banks cut rates? What will happen to retail interest rates? Can corporate profits deliver on the expected strong growth? We can't know the answers to these questions, but our view is always based on an optimistic take that people are always striving to improve their situation. That one thing tends to ensure the worst case scenarios don't come to pass.

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

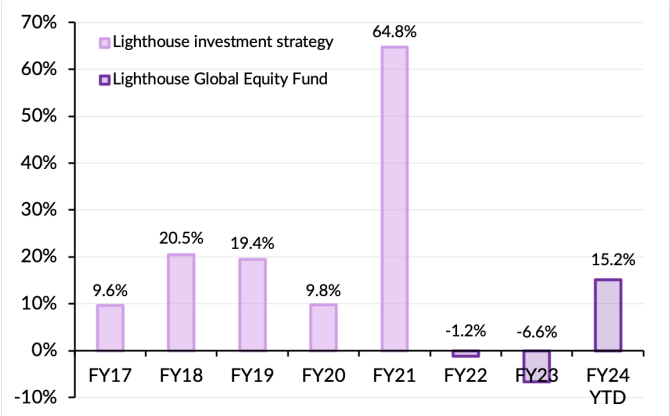
Holding	% of Fund NAV
Cash	31.4%
Builders FirstSource	9.3%
Invesco QQQ Trust	8.8%
Meta	7.6%
Shopify	6.3%
Apple	6.2%
KLA Corporation	6.2%
ASML	6.2%
NVidia	6.2%
Tesla	6.2%

Important Notice

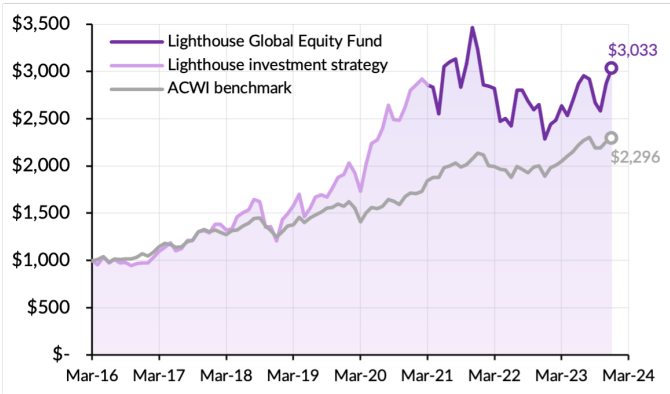
This factsheet is produced by Lighthouse Funds LP (Lighthouse) and provides key information about the Lighthouse Global Equity Fund. It tells you how the fund has performed and it will help you to compare it with other investments. It is based on information that we believe to be accurate and reliable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