

JULY 2023

Net return for
July 2023

3.05%

After fees, pre-tax

Net return for FY2024
to date

12.13%

After fees, pre-tax, March y/e

Net return for FY2024
to date for the MSCI ACWI

10.65%

March y/e

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

\$19,225

At 0% PIR tax

Net Returns As At 31 July 2023	1 month	6 months	1 year	2 years (pa)	5 years (pa)	Inception (pa)
Lighthouse Global Equity Fund	3.1%	20.9%	5.3%	-2.4%		
Lighthouse Funds' investment strategy	3.1%	20.9%	5.3%	-2.4%	14.0%	15.9%
MSCI ACWI net in NZD	2.0%	14.4%	13.8%	6.5%	10.2%	11.8%

COMMENTARY FOR THIS MONTH

July was another up month, as equity markets continue to recover from their crash in 2022.

Trying to put this into perspective ... from late-2021 through 2022 equity markets fell deeply, on fears that high inflation would force central banks to raise interest rates to levels that would in turn cause a recession. High interest rates, just on their own, are a negative for share prices but the recession fears added extra pressure that drove markets to a crash of a similar depth to the 2008 Global Financial Crisis.

Now, in 2023, equity markets have risen not so much on what has happened but on what hasn't happened.

- Labour markets remain healthy, with more vacancies than applicants leading to ongoing job creation and robust wage growth.
- The higher interest rates have put pressure on individual, corporate and government balance sheets but, so far at least, the impact of that has been manageable.
- Consumer spending, particularly on services and experiences, has remained robust.
- So, contrary to repeated forecasts from many analysts and economists, the major global economies haven't fallen into recessions.

And so we're seeing equity markets bounce back, as the worst fears and projections diminish.

As we've said many times before, a good rule-of-thumb is that equity markets price for the conditions they expect 6-9 months ahead. Wall Street leads Main Street. For 2023 markets forecast that earnings would bottom out in the Apr-Jun quarter and then rise, which aligns with the market beginning its run upwards from the start of the year.

At the same time markets are also buffeted (or boosted) by the immediate short-term news announcements – this week's news still has an effect. The forecast "trough" earnings for the Apr-Jun quarter are being announced now, in late-July and early-August, and we won't be surprised if markets still stumble as that news hits.

Another good rule-of-thumb is that at any point in time shares, equity markets, and by extension equity funds, will be within plus or minus 10% of their notional "fair value". It's probably fair to say this fund was 10% over-valued in November 2021, and equally was 10% under-valued in December 2022. That's just a reality with equity investing.

But pull-backs, corrections and even market crashes are just part of the deal. They're the price of entry for the superior long-term returns that equity markets provide. You can see that in the table of returns above, where the 1 year and 2 year returns clearly show the impact of the 2022 crash and yet even with that crash included the 5 year and since inception returns are still attractive.

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

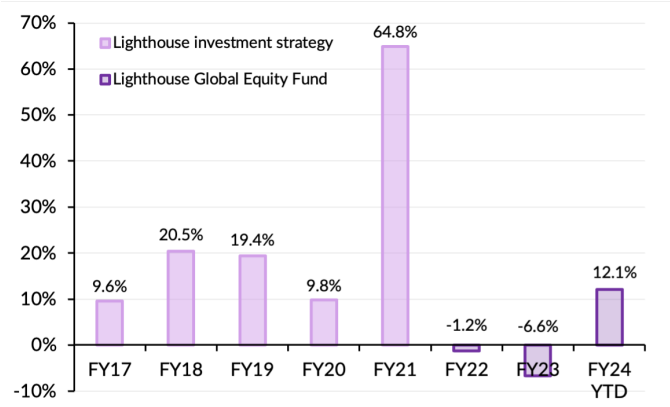
Holding	% of Fund
Invesco QQQ Trust	8.9%
Builders FirstSource	8.4%
Lam Research	8.1%
The Trade Desk	8.1%
Netflix	7.8%
Copart	7.7%
Fortinet	7.7%
RH	7.3%
Chipotle Mexican Grill	7.3%
AMD	6.7%

Important Notice

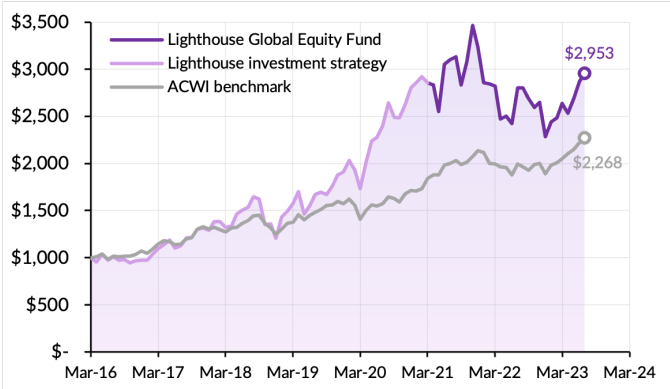
This factsheet is produced by Lighthouse Funds LP (Lighthouse) and provides key information about the Lighthouse Global Equity Fund. It tells you how the fund has performed and it will help you to compare it with other investments. It is based on information that we believe to be accurate and reliable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