

SEPTEMBER 2024

Net return for
September 2024

5.47%

After fees, pre-tax

Net return for FY2025
to date

-2.96%

After fees, pre-tax, March y/e

Net return for FY2025
to date for the MSCI ACWI

3.11%

March y/e

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

\$25,609

At 0% PIR tax

Net Returns As At 30 September 2024	1 month	6 months	1 year	2 years (pa)	5 years (pa)	Inception (pa)
Lighthouse Global Equity Fund	5.5%	-3.0%	60.5%	26.3%		
Lighthouse Funds' investment strategy	5.5%	-3.0%	60.5%	26.3%	20.7%	18.7%
MSCI ACWI net in NZD	0.6%	3.1%	24.4%	19.0%	11.9%	12.5%

COMMENTARY FOR THIS MONTH

September was a good bounce back from the last two months of falls, with a gain of 5.5%, even as the New Zealand dollar continued to strengthen against the United States dollar. But it does continue the messy up-down-up-down pattern of recent months, as the market tracks a bit sideways from the most recent high achieved in March.

The two big themes dominating financial markets in the last six months have been whether the US economy will have a soft landing or a recession, and when will the Federal Reserve begin to cut interest rates.

The fear of possible recession has kept a lid on share prices, particularly for growth stocks. But it's increasingly clear that there is no economic emergency and that we can put recession fears to rest for the foreseeable future.

The second theme, the Fed lowering interest rates, is seen to give a brief one-off boost to regular mid-cap stocks over large-cap growth companies. There is some truth in that – most mid-cap stocks owe debt and so interest rates falling takes financial stress off those companies and leaves more for their shareholders. Meanwhile large-cap growth stocks tend to hold cash rather than owe debt, and so interest rates have little direct effect on their profits. So in recent months we've seen some investors "rotate" out of large-cap stocks and into mid-caps in order to benefit from that gain. That selling pressure has also recently kept a lid on the share prices of large-cap stocks.

The clear strategy of this Fund is to invest in great companies that have strong growth prospects, and then be patient as that growth comes to pass. We are confident this strategy will deliver strong long-run returns – as you can see from the longer timeframes in the table above. We're focused on long-term profit growth, not whether a Fed rate cut will give a blip upwards.

And so the Fund has tracked sideways since the end of March. That's not a surprise, it's just what happens in equity markets at times, and especially so after strong climbs such as we saw in the first quarter of 2024. The term you often hear used is "consolidation".

As far as we can see the companies the Fund is invested in remain on-track. We'll get another check-in on that over the next few weeks as companies report their earnings for the Jul-Sep quarter. But we're optimistic this consolidation period is drawing to a natural close.

But October could still be a little volatile, as the US elections draw closer. Historically equity markets don't show much of a reaction to the election until the last few weeks. If it then looks like Harris will win the Presidency, and largely continue the current policy settings, then there may not be much reaction at all. But a Trump Presidency, with tariffs and trade wars, would be material policy break and so there is the potential for some market volatility there.

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 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 15 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 13% pa over the last 5 years, so the Fund targets long-run net returns of at least 15% 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 14-15% 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

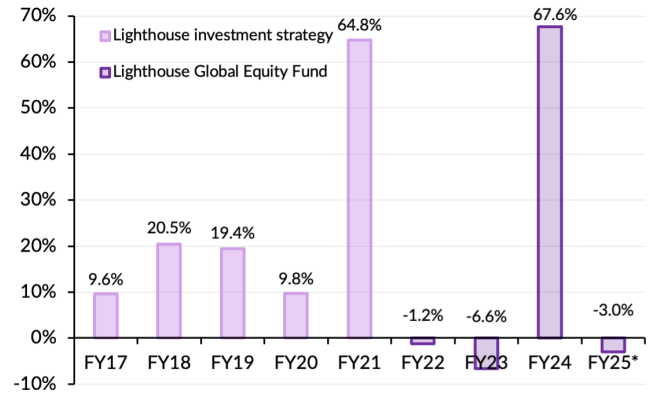
Holding	% of Fund NAV
AppLovin	16.1%
Royal Caribbean Cruises	12.0%
Arista Networks	11.5%
Nvidia	11.0%
Deckers Outdoor	10.6%
Sea	7.7%
Invesco QQQ Trust	7.0%
Monolithic Power Systems	6.3%
Alnylam Pharmaceuticals	6.2%
NetFlix	5.9%

IMPORTANT NOTICE

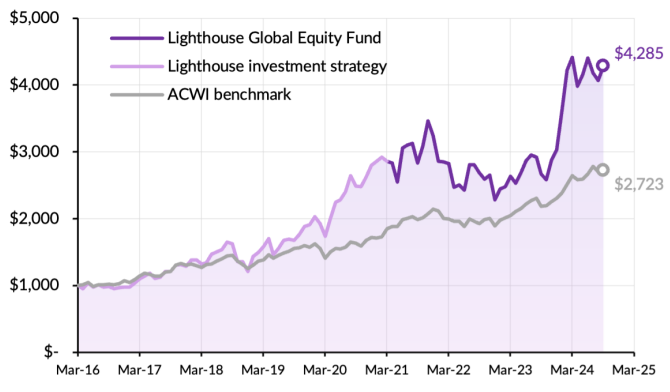
This factsheet is produced by Lighthouse Funds LP (Lighthouse) and provides key information about the Lighthouse Global Equity Fund. It tells you how the fund has performed and it will help you to compare it with other investments. It is based on information that we believe to be accurate and reliable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