

APRIL 2024

Net return for
April 2024

-9.88%

After fees, pre-tax

Net return for FY2025
to date

-9.88%

After fees, pre-tax, March y/e

Net return for FY2025
to date for the MSCI ACWI

-2.25%

March y/e

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

\$23,365

At 0% PIR tax

Net Returns As At 30 April 2024	1 month	6 months	1 year	2 years (pa)	5 years (pa)	Inception (pa)
Lighthouse Global Equity Fund	-9.9%	54.1%	57.1%	26.9%		
Lighthouse Funds' investment strategy	-9.9%	54.1%	57.1%	26.9%	18.5%	18.6%
MSCI ACWI net in NZD	-2.3%	17.7%	22.6%	14.7%	12.1%	12.4%

COMMENTARY FOR THIS MONTH

The Fund was down 9.88% in April, which was disappointing but not altogether unexpected.

In the five months from November to March the Fund rose over 70%. That recent peak was arguably over-bought, and both the Fund and markets were due a period of consolidation. Our rough rule-of-thumb in these situations is that after a strong run-up the Fund will give back the last month of gains. So a 4-5% drop in April would have been in line with what we've seen in the past.

But then overlaid on that dynamic were concerns about both stubborn inflation and geopolitical panic.

Our corner of the equity markets staggered with escalating tensions between Iran and Israel. In truth both countries calibrated and fore-signalled their attacks in choreographed theatre (targeting areas of desert and symbolic but low-value assets). But that still fuelled a drive to conservative safe-haven assets. By the end of April the tension seems to have passed, but prices haven't yet bounced back.

Israel's attack on Iran also coincided with a big monthly options expiry date. Those days bring thousands of potential magnets and slingshots to share prices. Wall Street has an uncanny knack of moving share prices on monthly options expiry days so that it minimises any losses on the overall options positions. If markets have had recent big moves, such as we've just seen, then you typically see a big pull back towards the historical

prices that the options contracts were sold at.

The combined effect saw the Fund lose 6% in one trading day, on Friday the 19th of April. That's a real historical outlier, and we suspect it'll end up as the largest daily move in 2024.

But the last half of April was dominated by speculation about inflation and future interest rates. Key interest rates rose by more than 0.5% pa through April. You might think from this that inflation had re-ignited but no, the Federal Reserve's preferred measure, the core PCE, continues to fall, as it has done every month since September 2022. In March it was 2.8% year-on-year, rather than the expected 2.7%, but if you go out another decimal point you see the actual miss was just 0.05%. Most economists regard a 2% pa inflation target as, in practice, meaning being within a range of 1% to 3% pa. The core PCE has been in that range for the last four months. To us the markets' reaction was overblown for a 0.05% miss on an inflation forecast and a few months delay to future interest rates relaxing by 0.25%.

But quality stocks don't need interest rate cuts in order to go up, they just need solid earnings growth. Whether interest rates are 4.5% pa or 5.5% pa doesn't matter a lot if profits are growing at 25% pa. The companies the Fund is invested in have reported good earnings for the Jan-Mar quarter and seem upbeat about the future. Markets don't go up in a straight line, but there seems to be fuel for further rises ahead.

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 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 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

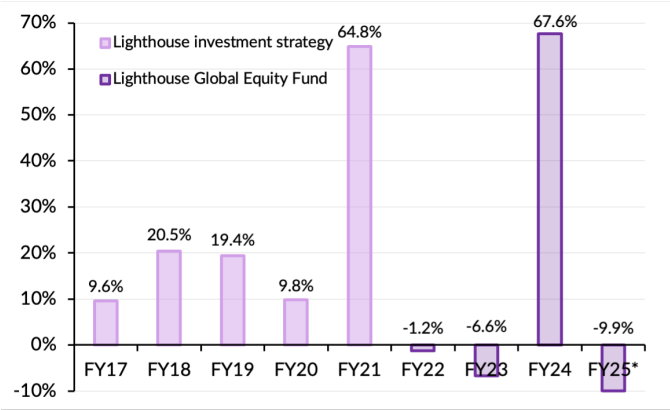
Holding	% of Fund NAV
Nvidia	13.8%
Super Micro Computer	10.8%
KLA Corporation	10.4%
Meta	9.3%
Builders FirstSource	8.5%
Arista Networks	8.4%
Invesco Optimum Yield Diversified Commodity	7.3%
Zscaler	6.4%
ASML	5.4%
AMD	5.3%

IMPORTANT NOTICE

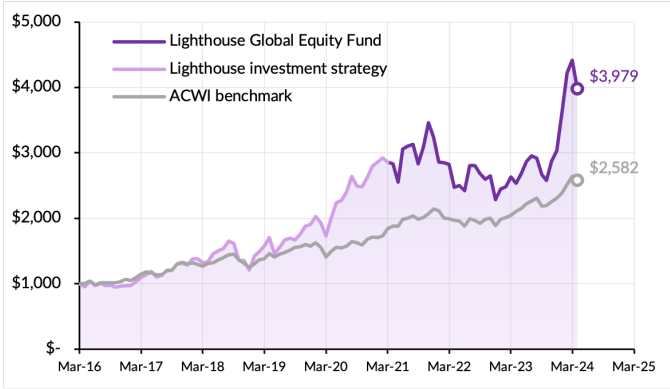
This factsheet is produced by Lighthouse Funds LP (Lighthouse) and provides key information about the Lighthouse Global Equity Fund. It tells you how the fund has performed and it will help you to compare it with other investments. It is based on information that we believe to be accurate and reliable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