

MAY 2024

Net return for
May 2024

4.28%

After fees, pre-tax

Net return for FY2025
to date

-6.02%

After fees, pre-tax, March y/e

Net return for FY2025
to date for the MSCI ACWI

-2.03%

March y/e

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

\$28,396

At 0% PIR tax

Net Returns As At 31 May 2024	1 month	6 months	1 year	2 years (pa)	5 years (pa)	Inception (pa)
Lighthouse Global Equity Fund	4.3%	44.2%	54.6%	28.8%		
Lighthouse Funds' investment strategy	4.3%	44.2%	54.6%	28.8%	23.2%	19.0%
MSCI ACWI net in NZD	0.2%	14.7%	20.5%	14.9%	13.0%	12.3%

COMMENTARY FOR THIS MONTH

May was a solid month, with a gain of 4.3%. The underlying performance was even stronger than that suggests given the exchange rate was a 3.8% headwind in May.

For this Fund, May seemed to largely be a steady recovery from April's falls. We thought those falls were overdone, and so we're not surprised to see May recover ground.

But what's more interesting at the moment is what's happening in the overall financial markets. Markets began the year in a bullish mood, but now it's what we'd call a "show me" market.

If we wind back to the start of the year, financial markets felt inflation had been vanquished and were expecting a programme of interest rate cuts starting about now (May/June).

Since then inflation has continued to fall, but more slowly than expected. That's pushed back the first of the rate cuts, which the market now expects will start in September/October.

In response bond markets have had a bit of a temper tantrum. The interest rate on US Government 10-year bonds had dropped to about 3.9% pa at the end of 2023, moved upwards a little in the first quarter, but then shot up to over 4.7% pa in April. They're still above 4.5% pa now.

The higher interest rates are mainly due to those rate cut delays, but they're also influenced by the amount of US Government debt being issued. Funding their large budget

deficits requires issuing lots of new debt, which in turn needs higher interest rates to attract the required supply.

Higher rates, in and of themselves, don't spell doom for profitable companies, and nearly all the companies this Fund invests in are holding cash, with no debt, so interest is a revenue line not a cost line. But these higher interest rates are weighing on stock prices. Gently weighing, not heavily dragging.

The overall effect is that the market has become tentative. Positive news is greeted with mild relief, rather than major enthusiasm. The broken expectation of interest rate cuts being pushed back 4-5 months has seen the vibe change to "I'm going to wait until I truly see it". Normally markets are forward looking, but our sense is that's not so much the case right now.

Meanwhile positive economic news continues to come in. Inflation is falling, labour markets are stabilising, US GDP is growing, capital investment (a leading indicator) is very strong, corporate profits continue to grow. In fact what's noticeable is there seems to be relatively little bad news right now. It feels like things are poised, waiting for that start of the year expectation to swing back into the frame.

Successful investing relies heavily on having patience and controlling your emotions. To us, this is one of those times where being patient while the market goes sideways for a while is ultimately likely to bear good fruit.

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

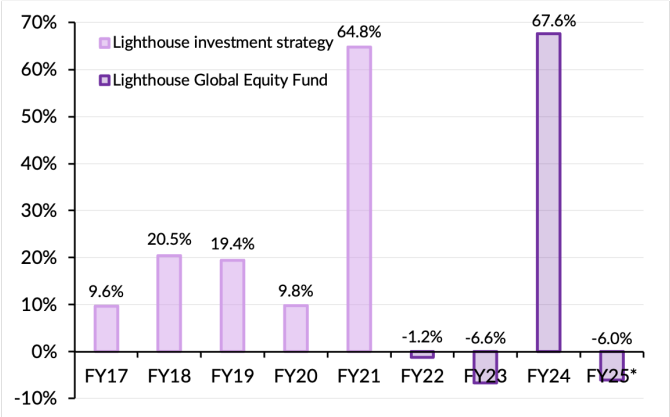
Holding	% of Fund NAV
Nvidia	13.1%
KLA Corporation	10.7%
Meta	9.7%
Arista Networks	9.1%
Super Micro Computer	9.0%
Invesco QQQ Trust	7.1%
Builders FirstSource	6.6%
Zscaler	5.9%
ASML	5.5%
AMD	5.2%

IMPORTANT NOTICE

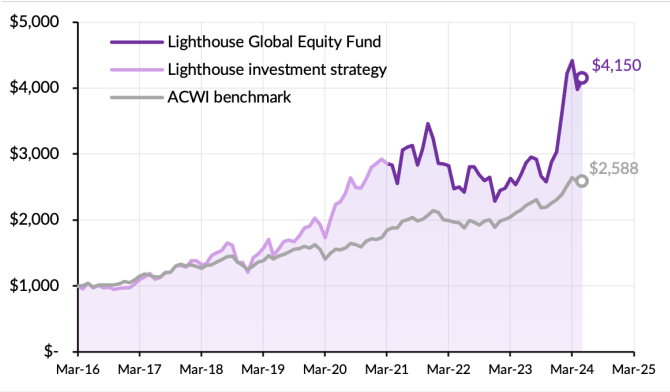
This factsheet is produced by Lighthouse Funds LP (Lighthouse) and provides key information about the Lighthouse Global Equity Fund. It tells you how the fund has performed and it will help you to compare it with other investments. It is based on information that we believe to be accurate and reliable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

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.