

DECEMBER 2024

Net return for
December 2024

4.40%

After fees, pre-tax

Net return for FY2025
to date

25.46%

After fees, pre-tax, March y/e

Net return for FY2025
to date for the MSCI ACWI

15.93%

March y/e

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

\$29,003

At 0% PIR tax

Net Returns As At 31 December 2024	1 month	6 months	1 year	2 years (pa)	5 years (pa)	Inception (pa)
Lighthouse Global Equity Fund	4.4%	25.9%	82.7%	55.8%		
Lighthouse Funds' investment strategy	4.4%	25.9%	82.7%	55.8%	23.7%	21.6%
MSCI ACWI net in NZD	3.1%	14.8%	32.8%	27.3%	14.2%	13.6%

COMMENTARY FOR THIS MONTH

The Fund was up 4.4% in December, but that was driven by a falling New Zealand dollar (down 5.3% in the month vs the United States dollar) rather than rising share prices (which were down 2% over the month).

That isn't necessarily a good news story for New Zealand domiciled investors as it speaks to the relative weakness of the domestic economy vs the US economy. The "glass half full" interpretation is that at least funds stored overseas are preserving wealth here.

There is currently a little bit of NZD weakness but it's more a story of USD strength. That will impact on corporate earnings in the coming months. About 45% of US corporate profits are derived from outside the USA and those offshore profits will be less valuable with a high USD. The forecasts are still for profit growth, but the rate of that growth is moderating and that will likely be a brake on share prices in 2025.

That USD strength is partly driven by a strong US economy and partly by rising interest rates in the US. Those interest rates are rising on concerns that inflation is sparking up again (although it's far from at crisis levels) and that Trump's trade policies will add further fuel to that fire in 2025. The yield on US Government 10-year bonds rose from 4.18% pa at the end of November to 4.58% pa at the end of December and that's put pressure on share prices.

Although the major US indexes remain near their highs that perhaps gives a misleading view of the overall market. Indexes are market capitalisation weighted, which means the very large companies have an out-sized impact. For example Apple, Nvidia, Microsoft, and Amazon combine to make up 25% of the S&P500 index value but meanwhile the sixty smallest S&P500 stocks combined make up just 1%.

So we also watch equal weighted indexes as a good indicator of overall market strength, because they temper that large company distortion. If you look at the tickers RSP (equal weighted S&P500) and QQEW (equal weighted Nasdaq 100) you'll see that both are noticeably down on their early-December peak. That tells us that outside the largest stocks the rest of the market has dropped quite a bit. That's probably healthy – the market seemed to be getting a little bit overbought.

December brings 2024 to a close. It's been a strong 12 months for this Fund, with the net returns for 2024 at the very upper end of what we expect this investment strategy to achieve. We expect the 1 year returns number to fall from these levels as strong returns from the first quarter of 2024 roll out of that equation. But we place little weight on the 1 year returns – that number moves around a lot from month to month. Our focus is on the 5 year and longer timeframes.

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

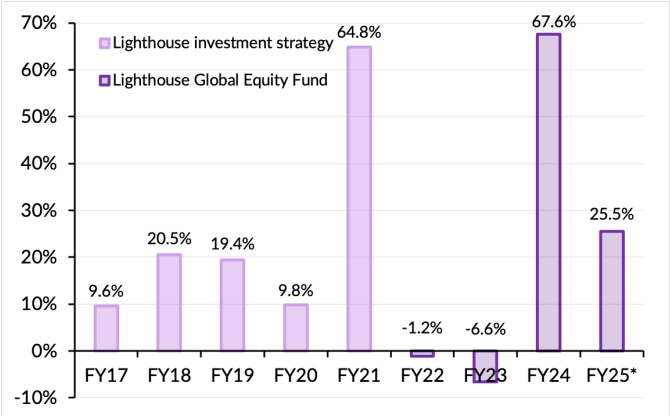
Holding	% of Fund NAV
Cash	53.6%
Deckers Outdoor	10.9%
AppLovin	10.1%
Nvidia	9.8%
Sea	6.9%
Invesco QQQ Trust	5.7%
Alnylam Pharmaceuticals	4.3%

IMPORTANT NOTICE

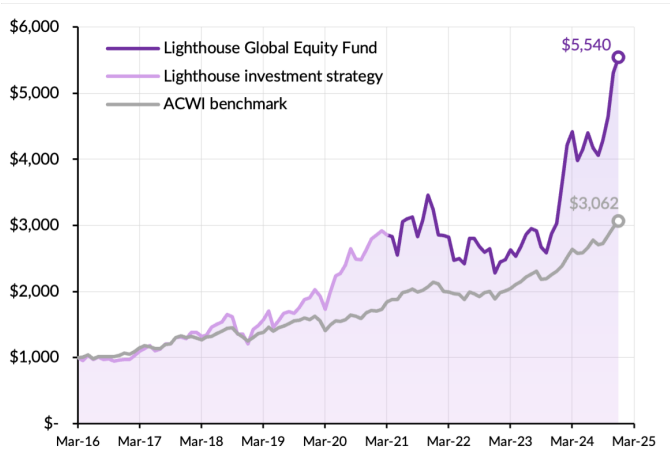
This factsheet is produced by Lighthouse Funds LP (Lighthouse) and provides key information about the Lighthouse Global Equity Fund. It tells you how the fund has performed and it will help you to compare it with other investments. It is based on information that we believe to be accurate and reliable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

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.