

JANUARY 2025

Net return for
January 2025

2.68%

After fees, pre-tax

Net return for FY2025
to date

28.82%

After fees, pre-tax, March y/e

Net return for FY2025
to date for the MSCI ACWI

18.74%

March y/e

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

\$28,009

At 0% PIR tax

Net Returns As At 31 January 2025	1 month	6 months	1 year	2 years (pa)	5 years (pa)	Inception (pa)
Lighthouse Global Equity Fund	2.7%	36.2%	57.5%	52.6%		
Lighthouse Funds' investment strategy	2.7%	36.2%	57.5%	52.6%	22.9%	21.7%
MSCI ACWI net in NZD	2.4%	12.8%	31.4%	25.8%	14.1%	13.8%

COMMENTARY FOR THIS MONTH

The Fund was up 2.7% in January – although on the 30th of January it had been up nearly twice that level until President Trump announced tariffs on Canada and Mexico on the 31st.

If we set aside the political developments for a moment, the broad trend is that the US economy is going from being a little overheated to being at more of a “normal” condition. That's healthy, because if we continue with interest rates at relatively high absolute levels alongside a strong US dollar then eventually something in the global economy will break and cause a crisis.

So the best case from here is to land on a “Goldilocks” situation where corporate profit growth remains positive but slows a little and US inflation continues to moderate such that the Federal Reserve can resume cutting interest rates.

The good news is that the profit announcements for the last quarter of 2024 are consistent with that – healthy profits but the rate of profit growth is a bit lower than in the two or three prior quarters. And the annual inflation numbers should fall in the coming months as big monthly increases from the first quarter of 2024 roll out of that calculation, which should allow the Fed to resume its programme of interest rate cuts. So it's reasonable to expect that the “soft landing” narrative continues to look the most likely outcome.

But overlaid on all of this is the unpredictability of President Trump. The challenge for financial markets is that Trump doesn't appear to have a coherent detailed economic worldview that is consistent with how markets actually work.

Essentially Trump sees the world in “zero sum” terms where every transaction has to have a “winner” and a “loser”. In that light Trump sees trade deficits, such as with Canada, as America losing. It's a Darwinistic view of economics that is rooted in the 1920s.

But that isn't how the modern world works. For example, each of us runs a large trade deficit with our local supermarket, but that doesn't mean they are the “winner” and we are the “loser”. We purchase goods from them because we transform that purchase into something of greater utility to us. And also because we recognise it's more efficient for us to let them focus on what they do best (aggregating food to a single convenient location) while we focus on what we do best (our paying job).

The challenge then is that Trump's economic interventions are likely to be at odds with what financial markets think is efficient and value-maximising, and so those interventions will be likely to cause markets to fall. Basically markets now have to deal with heightened uncertainty and political risk. That's going to be our reality for the next four years.

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

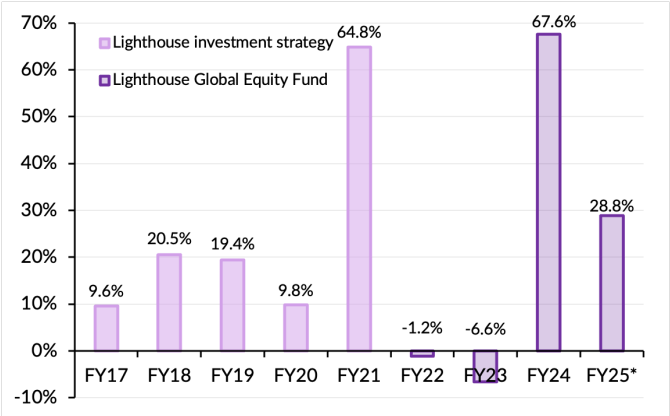
Holding	% of Fund NAV
Nvidia	10.8%
Netflix	10.5%
AppLovin	10.5%
Tesla	10.0%
Invesco QQQ Trust	8.9%
Deckers Outdoor	8.3%
Twilio	8.2%
Teva Pharmaceuticals	7.9%
Sea	7.1%
Shopify	6.6%

IMPORTANT NOTICE

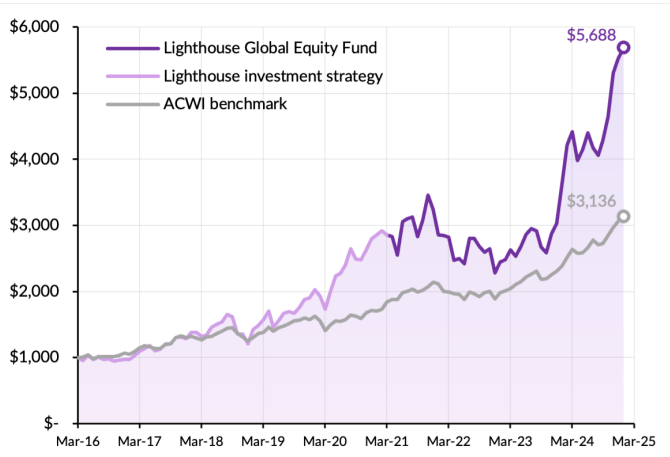
This factsheet is produced by Lighthouse Funds LP (Lighthouse) and provides key information about the Lighthouse Global Equity Fund. It tells you how the fund has performed and it will help you to compare it with other investments. It is based on information that we believe to be accurate and reliable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