

FEBRUARY 2025

Net return for
February 2025

-5.27%

After fees, pre-tax

Net return for FY2025
to date

22.03%

After fees, pre-tax, March y/e

Net return for FY2025
to date for the MSCI ACWI

19.08%

March y/e

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

\$27,940

At 0% PIR tax

Net Returns As At 28 February 2025	1 month	6 months	1 year	2 years (pa)	5 years (pa)	Inception (pa)
Lighthouse Global Equity Fund	-5.3%	32.6%	27.7%	47.4%		
Lighthouse Funds' investment strategy	-5.3%	32.6%	27.7%	47.4%	22.8%	20.8%
MSCI ACWI net in NZD	0.3%	16.2%	25.1%	25.2%	15.1%	13.7%

COMMENTARY FOR THIS MONTH

The Fund was down 5.3% in February, in what turned out to be a month of two halves.

The first part of February continued the recent strong gains, largely driven by healthy corporate profit announcements for the Oct-Dec quarter. The companies the Fund is invested in averaged year-on-year profit growth of 30% pa, so at a purely financial level things are travelling well. That steady drumbeat of good financial news pushed the Fund to a new all-time high on the 13th of February, when it was up 2.7% for the month to that point.

But then US markets, in particular, got a case of the wobbles.

In the short-term stock prices are driven by mood rather than by economic fundamental. Equity markets spend most of their time in one of two moods – either bullish or bearish. In their bullish mood markets tend to price stocks as if the future will be perfect and in their bearish mood they price them as if disaster is unfolding right now in front of your eyes. This means that stock prices can easily be up to 10% above what you might think is “fair value” or up to 10% below that “fair value”. The challenge is that markets can quickly change from one mood to the other and so share prices can rapidly move 10-20%, up or down as the case may be.

Our sense is that US equity markets were a little bit bullish through the second half of 2024, reflecting a “Goldilocks” economy that had high employment, low inflation and strong

GDP growth. Share prices may have got a little over-bought but not to worrying levels.

The last two weeks of February saw that change. Chaotic cuts to federal government programmes. Confusing statements about tariffs. Worrying geopolitical re-alignments. A deterioration in the high-frequency economic data. Falling yields on US Treasuries, as markets priced in the Fed possibly having to cut rates to avert a recession. Markets dislike uncertainty and at the moment there's a lot that is uncertain.

It's possible, indeed likely, that this is another of Wall Street's regular series of short-term panics. There's at least one each year, and a good sized one every 2-3 years. The last big one was in 2022, before that 2020, before that late-2018 – so you might argue we're due.

It's also possible that this is the US embarking on a Brexit-level instance of unnecessary economic destruction. A country that hasn't been hit by any shock but just chooses to self-harm.

We can't know yet which it is but we can sensibly rely on this ... long-run investment returns are driven by company fundamentals not Presidential actions. US share markets have delivered basically the same long-run performance regardless of who is in the White House. We've learned to focus on the company performances, and at this stage those still look solid and as expected. We always expect the occasional bump in the road but we stick with the process.

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

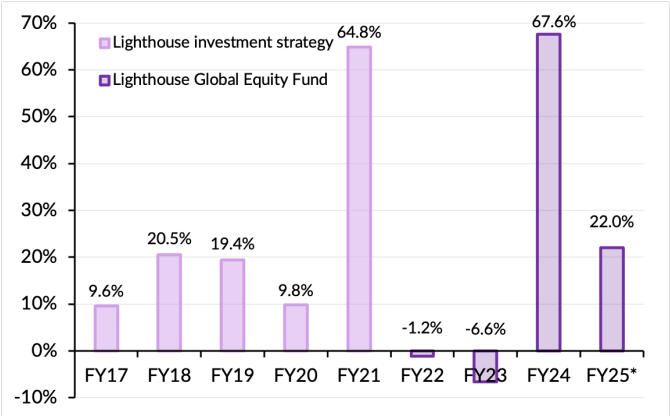
Holding	% of Fund NAV
Nvidia	12.0%
Netflix	11.4%
AppLovin	9.9%
FiServ	9.4%
Invesco QQQ Trust	9.0%
Teva Pharmaceuticals	8.1%
Sea	8.0%
Mastercard	7.3%
Twilio	7.2%
Deckers Outdoor	7.2%

IMPORTANT NOTICE

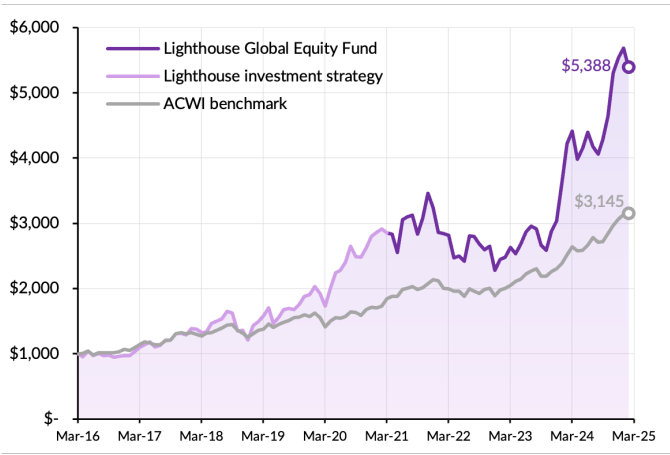
This factsheet is produced by Lighthouse Funds LP (Lighthouse) and provides key information about the Lighthouse Global Equity Fund. It tells you how the fund has performed and it will help you to compare it with other investments. It is based on information that we believe to be accurate and reliable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