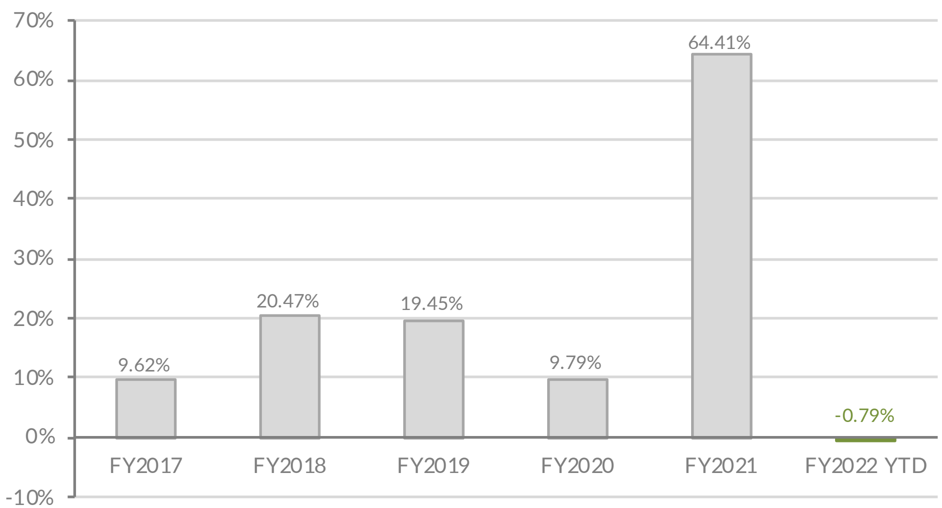
LIGHTHOUSE FUNDS

Lighthouse Global Equity Fund

Monthly factsheet for April 2021

As at 30 April 2021	1 month	6 months	1 year	2 years	3 years	5 years
Lighthouse Global Equity Fund, net returns, after fees but before tax	-0.79%	13.86%	40.82%	28.79% pa	28.31% pa	24.25% pa
MSCI All Country World Index, net, in NZD	1.81%	15.31%	25.32%	13.47% pa	12.64% pa	13.27% pa

NET RETURNS BY FINANCIAL YEAR



CUMULATIVE NET RETURNS

FUND OVERVIEW

Objective:	To out-perform the MSCI All Country World Index (net, in NZD) by at least 2% pa
Approach:	Invests in international equities listed on the major United States exchanges

FUND FACTS

Base fee:	1.05% pa (including GST)
Performance fee:	30% of the Fund's returns above the MSCI All Country World Index (net in NZD) plus 2% pa, subject to a high water mark

Risk indicator:

1	2	3	4	5	6	7

LIGHTHOUSE FUNDS

Lighthouse Global Equity Fund

Monthly factsheet for April 2021

LOOKING BACK OVER APRIL 2021

April was a down month for the Fund, with the Fund down 0.79% through the month. Although the Fund was up in United States dollars the New Zealand dollar strengthened against the USD by nearly 2.5% through April, leaving the Fund slightly down in NZD.

April continued a trend that started in mid-February, where the markets have been reacting to increasingly positive signs of a recovery from the economic impacts of Covid-19. The portion of the population who have been vaccinated is rising quickly, public health restrictions are being unwound, and aspects of the economy that have been stagnant are beginning to re-start. Large economic stimulus packages have been announced and these are expected to fuel economic growth over the next two to three years.

Overall that's a positive story but it's leading to some unusual market outcomes just right now. We try to seek the sensible medium-term perspective, and with that view we think that strong economic growth should always be a medium-term positive. But markets are often roiled by short-term hyperactive trading and we think there's some of that short-term flailing going on at the moment.

At the moment that flailing is centred on the prospect of rising interest rates in the next few years as central banks look to counter inflation. Several of the Fund's holdings have been impacted by these fears of rising interest rates. We do expect interest rates will rise, but anticipate they will still remain below historical levels. So we suspect this inflation/interest rate impact is overdone and will reverse in the coming months.

In December 2019 (so before Covid) the US 10-year Treasury (government bond) rate was 1.92% pa. It bottomed out at the end of July 2020 at 0.53% pa. Now it's back to 1.65% pa. So the bond market is currently suggesting it can see the 10-year picture returning to roughly pre-Covid levels. We suspect it won't rise materially above those pre-Covid levels for two main reasons.

Firstly, central banks have learned that while higher interest rates stifle inflation they also throttle the labour market. Secondly, and more importantly, nearly all developed countries are carrying more debt than they were pre-Covid, and their budgets will not be able to readily service that extra debt if it is at elevated interest rates. We suspect that central banks will be sensitive to the risk of chilling labour markets in the short-term and having debt servicing costs risk putting economies into recession in the medium to long-term. Over the next ten years the "Goldilocks" position for most governments, businesses and consumers will be to have moderate inflation (3% pa?) with low interest rates. The moderate inflation will help to erode the effective value of their debt, while the low interest rates will keep debt servicing costs low.

Meanwhile April sees the start of the reporting season for the January to March quarter. Of the Fund's investment companies that have reported so far all have beaten expectations and all have affirmed guidance in line with our expectations - but those companies' share prices have still largely fallen. We try to invest in companies not stocks, which is to say that we look for companies with opportunities and then have faith that as they deliver on those opportunities the market will raise their share prices. We expect, and tolerate, periods where the market zigs while the Fund's portfolio zags. Our view is the long-term structural shifts in our society and economy aren't going to stop, and the Fund's investments should benefit from these changes.