

# *Generate* Global Investing Guide

## Investing with a global perspective

JANUARY 2026



[GenerateWealth.co.nz](https://www.GenerateWealth.co.nz)

The product disclosure statements for the Generate Unit Trust Scheme and the Generate KiwiSaver Scheme are available at [Generatewealth.co.nz](https://www.Generatewealth.co.nz) or by contacting us on 0800 855 322.  
The issuer is Generate Investment Management Limited.

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## Our Global Equity Funds

This guide relates to the Generate KiwiSaver Scheme Global Fund and the Generate Unit Trust Scheme (Managed Funds) Global Fund – each referred to as a 'Fund' or together as the 'Funds'.

Product disclosure statements for the Generate Unit Trust Scheme and the Generate KiwiSaver Scheme are available at [Generatewealth.co.nz](https://www.generatewealth.co.nz) or by contacting us on 0800 855 322. The issuer is Generate Investment Management Limited. Past performance is not a reliable indicator of future returns.

Further information can also be found in the Statement of Investment Policy and Objectives, which can be found at [www.generatewealth.co.nz/documents-and-forms/](https://www.generatewealth.co.nz/documents-and-forms/)

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# What are the benefits of global equity investing?

**Global equity investing** means buying shares of companies from all around the world. Instead of focusing on a single country or region, a global equity fund can invest in businesses listed in the United States, Europe, Asia-Pacific, and emerging markets – wherever the best opportunities lie. For a retail investor, this global approach provides an opportunity to invest in the world's leading businesses, benefit from growth trends in different economies, and have broad diversification across many companies and markets.

Specifically, our Global Funds offers the following distinct advantages:

## A broad opportunity set

The Funds seek to invest in **high-quality, growing businesses that are trading at attractive prices**. In practice, this means the Funds may own companies in various industries and regions – from technology firms in the U.S., to consumer companies in Europe, to innovative businesses in Asia – if they meet the Funds' standards for quality, growth and value. By not being confined to one market, the Funds can pursue the **best opportunities worldwide** and the portfolio can be adjusted as different markets dynamics change.

Each Fund's benchmark, against which performance is measured, is the MSCI World Index ex Australia, which covers over 1,400 leading companies across 22 developed markets. The fund facilitates **broad diversification** across sectors, geographies, and currencies. This broad, balanced universe allows the portfolio the potential to capture innovation and long-term value creation from the world's most dynamic markets and industries.

## Local insight with a global perspective

The Portfolio Manager of the Funds, Warwick Simons of Compound Global Advisors LLC, brings deep, **first-hand understanding** of global markets to the fund's investment approach, combining international experience with local insight into one of the world's most dynamic investment regions. Based in Seattle, Warwick is positioned close to many of the world's leading technology and innovation companies. This enables valuable perspective on trends shaping markets and opportunities across sectors.

## Flexibility

The Funds are designed to perform across a range of market environments by being **style agnostic** – they don't rely on a single investment approach to deliver returns. Generate recognises that no one style outperforms all the time. Growth stocks may lead in some years, while value or quality stocks take the spotlight in others. To manage this, the Fund blends exposure to several complementary styles – including Growth, Value, Quality, and Momentum – ensuring it can capture opportunities wherever they arise. This flexibility helps smooth performance through changing market cycles and reduces reliance on any one driver of returns.

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# What are the risks?

Global investing is not for everyone. Investing in the Generate Global Funds involves a range of risks that investors should carefully consider before making a commitment. These funds are designed for long-term growth and are best suited to investors with a high-risk tolerance and a minimum recommended investment timeframe of 10 years.

## Key risks

### Market volatility

The Funds invest predominantly in mid to large cap international equities, which means the value of your investment may fluctuate significantly over short periods. Global markets can be affected by economic, political, and regulatory changes, and periods of underperformance in any region may negatively impact returns.

### Concentration risk

While the Funds are typically diversified across 40–60 companies, and across sectors, and countries, they maintain a high allocation to growth assets. This concentration can result in greater volatility compared to more broadly diversified funds that include other asset classes. Returns may be more variable, and investors should be comfortable with the potential for significant short-term fluctuations.

### Currency risk

Investments in international equities expose the Funds to currency fluctuations. Changes in exchange rates can affect the value of your investment. Generate targets a 50% currency hedge for international equities, meaning approximately half of the portfolio is exposed to currency movements.

### Long-term commitment

The Funds are intended for investors who can commit to a long-term investment horizon. Short-term market movements may be pronounced, and those seeking stable or short-term returns may find these Funds unsuitable.

### Risk and return trade-off

All investments involve risk, and the level of risk and potential returns can differ based on where and how funds are invested. It is important to understand that higher expected returns are generally associated with higher risk.

### Past performance

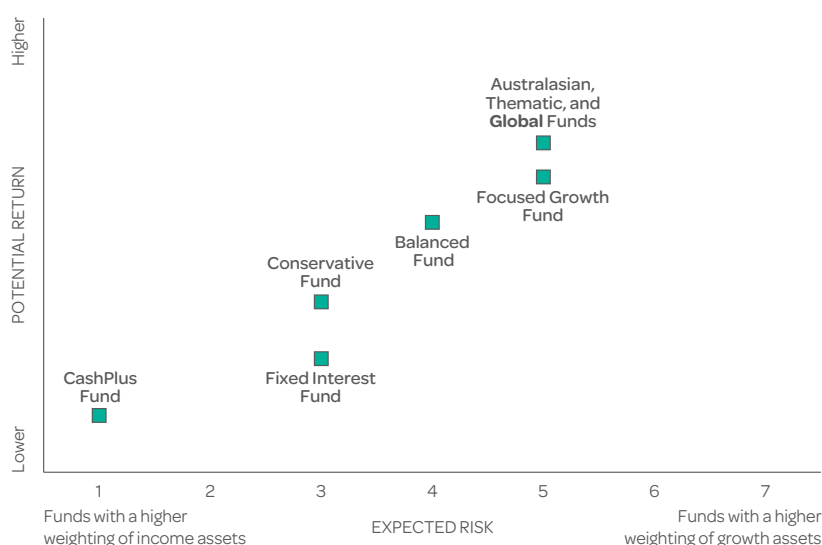
Past performance is not a reliable indicator of future returns. Markets can go down as well as up, and there is no guarantee that the Funds will achieve their investment objectives.

## Managing risk

The Funds' investment strategy seeks to manage risk by diversifying across sectors, geographies, and investment styles. Sector and geographic exposures are managed relative to the benchmark, and the portfolio typically holds a broad range of industries to reduce reliance on any single company or sector.

For more information on the risks of investing, please refer to section 4 of the Generate Unit Trust Scheme Product Disclosure Statement and section 4 of the Generate KiwiSaver Scheme Product Disclosure Statement, available at [www.generatewealth.co.nz](http://www.generatewealth.co.nz).

Generate Managed Funds Risk vs Return





# Portfolio Manager

## Warwick Simons, Compound Global Advisors Portfolio Manager, Generate Global Equity Fund

Generate Investment Management Limited ('Generate') is the investment manager of the Funds. Generate has appointed Warwick Simons of Compound Global Advisors LLC ('Compound Global'), an SEC registered Investment Adviser, as the portfolio manager of the Funds, subject to Generate's oversight.

Warwick grew up in New Zealand and is a highly experienced global investor with over 25 years of international experience in major financial centres around the world. Warwick attended the University of Auckland and followed his degree up with an MBA from INSEAD in France.

Early in his career (2000–2006), he worked as a consultant with Bain & Company in Sydney and London, where he developed a strong analytical foundation and business acumen. From 2006–2013, Warwick transitioned into investment management as an analyst at Pendragon Capital, a value-oriented global hedge fund based in London, and later as Research Director for Investment Strategy at GaveKal in Hong Kong. These roles gave him deep insight into global markets and economic trends.

In 2013, Warwick joined Goldman Sachs, where he co-led a global investment research team focused on **"quality" companies** – industry-leading businesses with high returns on capital that tend to deliver superior shareholder returns over time. After several successful years at Goldman Sachs, Warwick left the firm to further his investment research and advisory ambitions through an independent business.

Warwick has been advising Generate on global equities investments since March 2021, drawing on his unique global perspective and broad-based investment experience. Warwick, through Compound Global, has also been the portfolio manager the **Generate Wholesale Global Fund** since 31 March 2022.

The Generate Wholesale Global Fund was established in November 2021. Generate's Global KiwiSaver Fund and Global Managed Fund are 100% invested in the Global Wholesale Fund. In the Morningstar 'Equity Region World – Hedged' category to 30 September 2025, the Generate Global Managed Fund is attributed a 27.97%\* return per annum, compared with 23.85% per annum for the S&P 500 (and 22.3% for the Fund's benchmark). On this attributed performance, the Generate Managed Fund ranked 1st out of 32 funds in the category for 3-year returns and is the only fund within this category to outperform the S&P 500 over three years (doing so by more than 4% per annum), resulting in a cumulative return 19.6% higher than the S&P 500 over the three-year period.

In April 2025, Generate launched retail versions of the Wholesale Global Fund to give Kiwi investors access to this successful global equities fund.



**Warwick Simons**  
Portfolio Manager

\* Source: Morningstar direct report to 30 September 2025. The Generate Global Managed Fund would have delivered a 27.97% return over three years to 30 September 2025, as its performance record reflects the results of the Generate Wholesale Global Fund in which it invests. The Wholesale Fund's historical performance has been adjusted to reflect retail fees, providing an indication of what returns would have been had the retail managed fund been in place during that period. The retail funds launched in April 2025.

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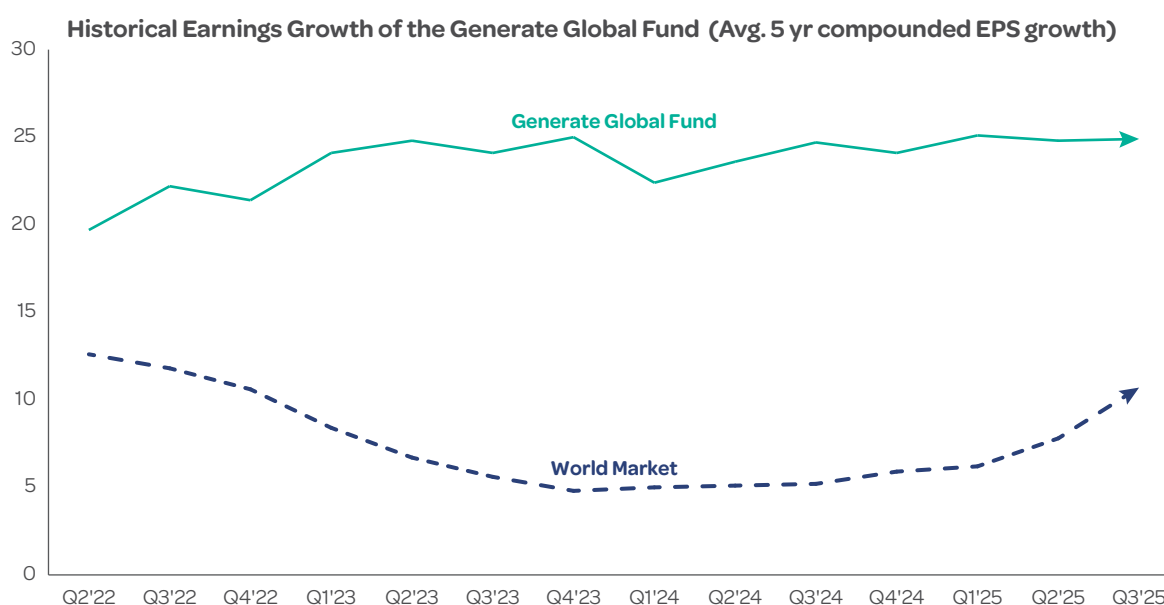
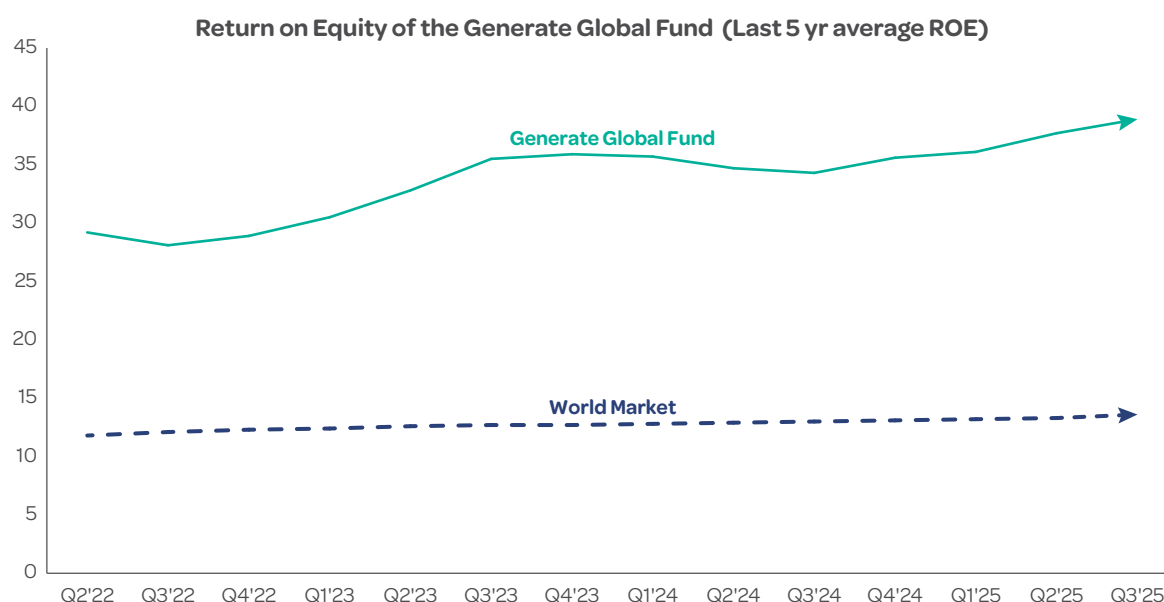
# The investment process – seeking great businesses at attractive prices

The investment style for these Funds follows a disciplined investment process that (i) seeks high-quality, growing businesses that are priced at a material discount to their intrinsic value and (ii) combines 40-60 such investment opportunities into a diversified portfolio.

## High quality, growing businesses

Better companies deliver better performance over time. Share prices ultimately follow earnings, and companies that have industry-leading businesses with high returns on capital, resilient earnings through durable sources of competitive advantage, and exposure to long-term structural growth are highly likely to outperform over time.

The focus on high quality businesses means that the companies in the Global Fund have delivered materially higher profitability and growth than those in the market index, as shown in the charts below.



Source: Bloomberg, Compound Global Advisors

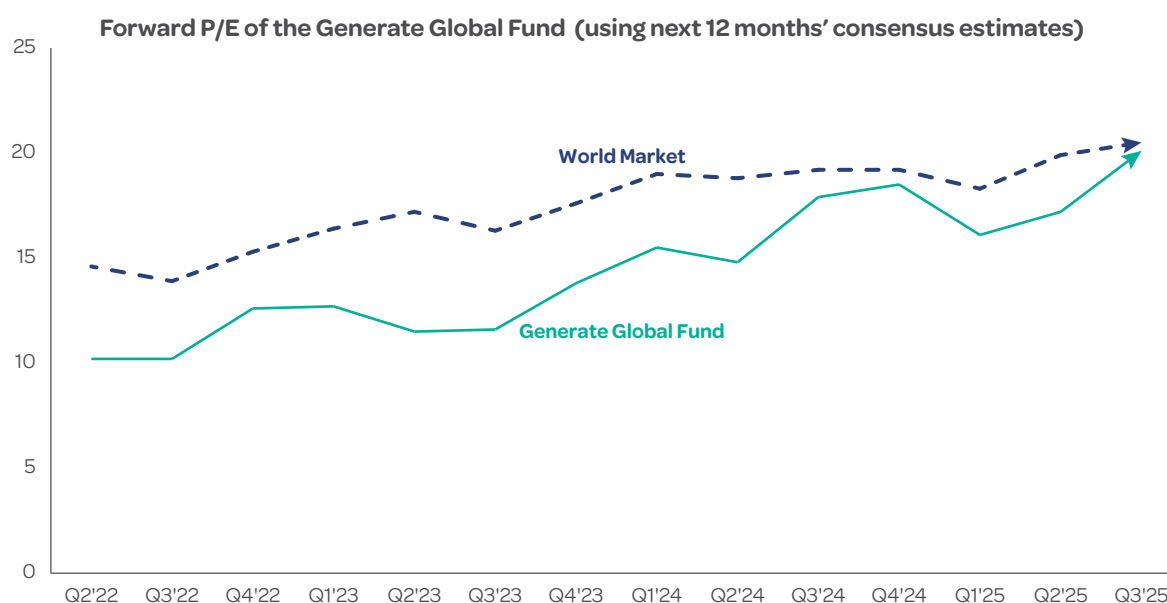
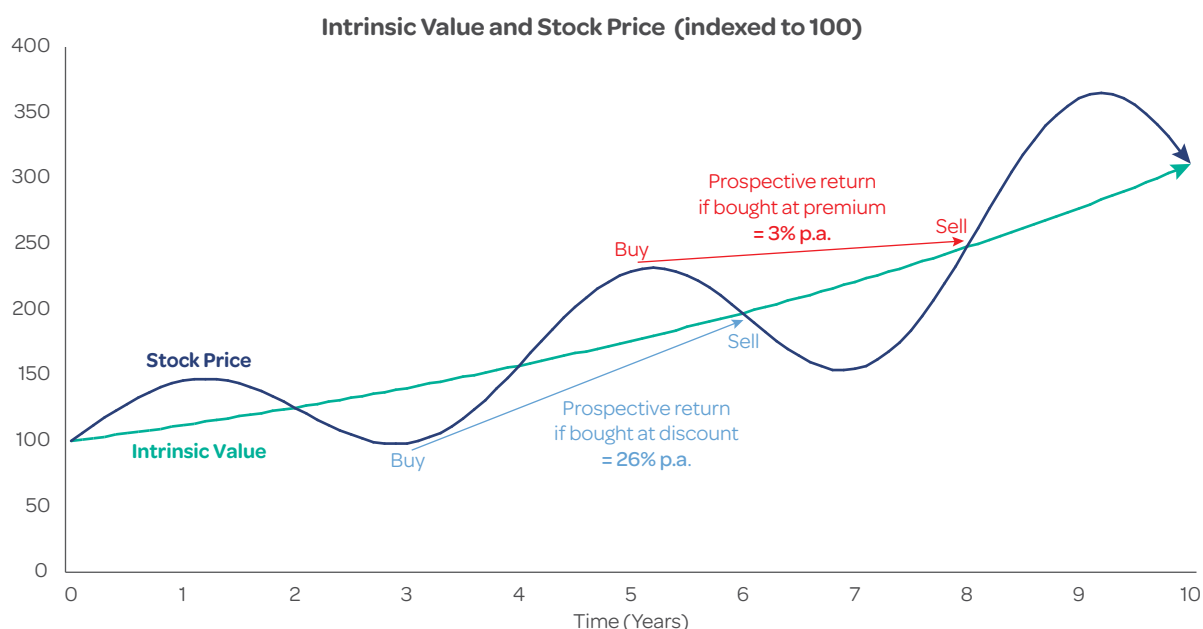
**Important note: Past performance is not necessarily an indicator of future returns.**

## Businesses priced at a discount to intrinsic value

Great businesses often command premium valuations, so buying the stock of a great company isn't always the best investment opportunity. Even great businesses can stumble – perhaps due to short-term issues, market corrections, or negative news – and these stumbles can lead to much pain for investors in businesses whose stock is priced to perfection. The Investment Manager and Portfolio Manager always consider valuations for each investment to ensure that its valuation is reasonable and ideally even cheap relative to its true intrinsic worth.

The first chart below helps show why valuation is important. If a business is growing intrinsic value at 12% each year (indicated by the light green line), stock returns might vary from a mere 3% per year if bought at a premium (red text and arrow) or as high as 26% per year if bought at a material discount (blue text and arrow). While this example is purely conceptual, it illustrates how we evaluate the difference between a company's long-term earnings power, and the valuation offered by its stock price.

The second chart shows the results of incorporating valuation in our stock selection process. The businesses the Funds have interests in not only have higher historical return on equity and earnings growth than the market, they're also currently trading at a discount to the market's valuation level. This reflects what we consider to be great businesses at attractive prices.



Source: Bloomberg, Compound Global Advisors

# The investment process – true diversification

The investment strategy allows the Portfolio Manager to build a portfolio that is truly diversified – holding 40-60 stocks of companies across different sectors and countries, with attributes spanning all major investment styles. This broad diversification is intentional, and reflects the belief that no single company, industry, country, or investment style outperforms the market all the time. True diversification is the best defence against this randomness and can help to deliver more consistent performance over time.

The Funds are diversified not just by style but also by individual investments and sectors. The portfolios typically contains a broad range of industries (technology, healthcare, consumer goods, finance, etc.), so that it is not overly exposed to any single sector or company's fortune, reducing the impact if one holding underperforms. Instead, the Funds own companies from different industries around the world, all unified **by the common traits of higher quality, growing businesses that are trading at attractive prices.**

Warwick assesses potential investments across **six key criteria** to evaluate whether adding them to the portfolio would strengthen its attributes relative to the market. These criteria are:



## Profitability

Companies that create more incremental value with each unit sold.

## Resilience

High quality businesses that can prosper through tough economic times.

## Growth

Ample opportunities to continue building value for shareholders.

## Capital Allocation

A leadership team with a track record of acting for shareholders' interests.

## Value

Buy the stock of high quality businesses at a discount to intrinsic value.

## Earnings Momentum

Earn more of businesses that are performing well, less of those that aren't.

Warwick's investment approach builds on the framework he developed during his time at Goldman Sachs. There, the focus was on three key factors – profitability, resilience (competitive strength), and growth – to identify high-quality businesses. After founding Compound Global, Warwick refined this framework to place greater emphasis on a fourth factor: capital allocation – which he views as an essential element in assessing business quality.

Warwick also incorporated Value and Earnings Momentum criteria to increase the odds of delivering more consistent investment performance. This enhanced process aims to identify not just great companies, but great investments – businesses that are doing well, are built to last, and whose stocks are poised to perform well because they are bought at the right price and time.



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# Case studies

## **Pulte Homes:** a much better business than the market expected

Warwick has been investing in and tracking U.S. homebuilders since he joined Pendragon Capital in 2006. The homebuilders' experience during the 2006-08 housing crisis demonstrated that a land-light, high-operational efficiency business model was superior to more traditional approaches. Pulte Homes has adopted this business strategy in recent years, although until recently the market had not fully recognised the company's newfound resilience.

The year 2022 proved a strong test. As mortgage rates rose rapidly, many investors feared homebuilders would be hit hard, and Pulte's stock traded at just 4x earnings in March 2022. Warwick's prior research had shown that well-run homebuilders can prosper even in difficult conditions if they maintain operational leverage and sell enough homes. His updated analysis confirmed that Pulte was well positioned on both fronts, prompting an investment.

Pulte's operations held up well through 2022, even as U.S. equities broadly struggled. That operational strength was rewarded in 2023, when Pulte's stock gained 125% after mortgage rates peaked in late October. The Global Wholesale Fund held its position throughout that period before gradually exiting during the first half of 2025, as the stock reached Warwick's estimate of fair value.

## **Nvidia:** more growth than anyone expected

Generate first invested in Nvidia in March 2023. Following OpenAI's release of ChatGPT in late 2022, Warwick and a Generate analyst spent several months studying Nvidia's technology and its pivotal role in powering artificial intelligence. It quickly became clear that virtually all AI ambitions relied on Nvidia's chips.

While our initial position was modest, we materially increased our holding following Nvidia's exceptionally strong May 2023 earnings result, maintaining a meaningful position since. Our ongoing research continues to confirm both sustained demand for AI chips and Nvidia's technological leadership, reinforcing our conviction.

That conviction was tested twice in Q1 2025 – first when the release of the Deep Seek model led some investors to question Nvidia's competitive position, and second amid escalating U.S. trade tensions, raising concerns over export restrictions and margins. Our research concluded that efficiency improvements from models like Deep Seek would ultimately increase overall compute demand (and thus demand for Nvidia chips) and that the U.S. Government was unlikely to significantly constrain Nvidia's trading with allied nations.

We increased our investment further in April and May 2025, bringing it to its largest-ever position within the fund, and have since benefited from strong returns. While we have trimmed exposure, Nvidia remains the largest holding in these Funds.

# Where is our Global Fund invested?

The top 10 holdings of the Generate Global Fund portfolio as at 31 December 2025.

	EQUITY	SECTOR	DOMICILE	WEIGHT %
1	NVIDIA	Technology	USA	6.9%
2	MICROSOFT	Technology	USA	6.1%
3	ALPHABET	Communications	USA	6.0%
4	AMAZON	Consumer Discretionary	USA	5.9%
5	META PLATFORMS	Communications	USA	4.9%
6	CONSTELLATION SOFTWARE	Technology	Canada	4.8%
7	TAIWAN SEMICONDUCTOR	Technology	Taiwan	4.4%
8	ALAMOS GOLD	Materials	Canada	3.9%
9	INPOST	Industrials	Poland	3.6%
10	NEWMONT	Materials	USA	3.6%



# Our Global Funds

The Global Funds are available as both a Generate KiwiSaver Scheme Fund or as a Managed Fund. Both the Generate KiwiSaver Global Fund and the Generate Global Managed Fund launched on 30 April 2025. As with any KiwiSaver account, eligible members may get the benefit of the employer and government contributions, but funds are locked in until age 65, unless you qualify for a permitted withdrawal under the KiwiSaver Act 2006. A Managed Fund doesn't attract any additional external contributions, but has full flexibility in terms of withdrawals.

Generate KiwiSaver Scheme Global Fund			
INVESTMENT OBJECTIVE AND DESCRIPTION	ASSET ALLOCATION AND RISK INDICATOR	TARGET INVESTMENT MIX	MINIMUM RECOMMENDED INVESTMENT TIMEFRAME
Aims to provide a higher return over the long term. It invests in an actively managed portfolio of growth assets predominantly made up of mid to large cap international equities with a very minor allocation of income assets. Volatility is likely to be high. (Returns will vary and may be low or negative at times.)	<p>Asset allocation</p> <p>2% Income 98% Growth</p> <p>Risk Indicator</p> <p>Low ← RISK/RETURN → High</p>	<p>Target investment mix</p> <p>           Cash and cash equivalents 2%            Fixed interest 0%            Australasian equities and property 0%            International equities 98%         </p>	10 years

Generate Global Managed Fund			
INVESTMENT OBJECTIVE AND DESCRIPTION	ASSET ALLOCATION AND RISK INDICATOR	TARGET INVESTMENT MIX	MINIMUM RECOMMENDED INVESTMENT TIMEFRAME
The Generate Global Managed Fund aims to provide a higher return over the long term. It invests in an actively managed portfolio of growth assets predominantly made up of mid to large cap international equities with a very minor allocation of income assets. Volatility is likely to be high. (Returns will vary and may be low or negative at times.)	<p>Asset allocation</p> <p>2% Income 98% Growth</p> <p>Risk Indicator</p> <p>Low ← RISK/RETURN → High</p>	<p>Target investment mix</p> <p>           Cash and cash equivalents 2%            Fixed interest 0%            Australasian equities and property 0%            International equities 98%         </p>	10 years

## Estimated total annual fund charges

FUND NAME	BASE FUND MANAGEMENT FEE*	THIRD PARTY UNDERLYING FUND BASE FEES*	THIRD PARTY PERFORMANCE FEES*	ANNUAL FUND CHARGES AS A % OF NET ASSET VALUE (NAV)**
Generate KiwiSaver Scheme Global Fund	1.184%	0.000%	0.000%	1.18%
Generate Global Managed Fund	1.246%	0.000%	0.000%	1.25%

\* Estimates    \*\* Net Fees rounded to 2 decimals

# Conclusion

The Generate Global Funds combines disciplined global research with a flexible, value-conscious approach to identify high-quality companies trading below their intrinsic worth. By investing across regions, sectors, and investment styles, the Funds aim to deliver consistent long-term growth while managing risk through true diversification.

With over 25 years of international experience, Portfolio Manager Warwick Simons of Compound Global applies a proven, research-driven process that has delivered very strong performance across market cycles – comfortably outperforming global benchmarks such as the S&P 500 over recent years.

To learn more about the Generate Global Funds, visit [www.generatewealth.co.nz](http://www.generatewealth.co.nz), call 0800 855 322 to speak with a Generate Wealth adviser, or contact your current financial adviser.



***Generate***<sup>™</sup>