



TAHITO Te Tai o Rehua Fund

Performance (Returns net of fees)

31-May-23	Month	3 Mths	6 Mths	YTD	1 Year	2 Years	3 Years	Inception (p.a.)
Fund	-0.6%	1.9%	5.4%	6.8%	2.1%	0.9%	9.6%	6.1%
Benchmark	-0.8%	-0.7%	0.9%	3.4%	2.2%	1.5%	9.2%	4.8%
Alpha	0.2%	2.5%	4.4%	3.4%	-0.2%	-0.6%	0.4%	1.2%

Benchmark: 50% S&P / NZX50 Portfolio Index Gross with Imputation and 50% S&P / ASX200 Accumulation Index in New Zealand dollars.

In the month of May, our Te Tai o Rehua Fund showed a return of -0.6%, 0.2% above the benchmark. The Australasian markets had a mixed month, with the S&P/NZX 50 Portfolio Index flat at 0.0% while the S&P/ASX 200 Index returned -1.6% (in NZD terms).

Most major market indices were flat or negative as investors watch and wait on global inflation numbers and the US debt ceiling sideshow. The exceptions were the US NASDAQ 100 which rose 7.7%, and the Japan Nikkei 225 which was up 7%.

According to the May ANZ Economic Outlook, the NZ economy looks likely to slow. This forecast is based on the lagged effects of monetary policy, a sluggish housing market, weakening labour demand, slower household spending, and reduced business and residential investment.

The key movers in our Fund during May were:

- Summerset +12%, which benefitted from a growing belief that house prices have bottomed in New Zealand.
- Xero +18%, showing strong revenue and EBITDA grow in their full year 2023 results with a 14% increase in subscribers.
- Sims -9%, on the back of falling steel and copper prices and plagued by fires at their NZ Favona site (we are engaging with the company on this issue).
- Fisher & Paykel Healthcare -16%, with full year results reflecting a reduction in demand for FPH products and the business returns to normal state as the Covid 19 pandemic diminishes.

Good news sustainability stories from May 2023:

- » **Deforestation in the Brazilian Amazon fell by 68% in April:** Deforestation in the Brazilian Amazon fell by 68 per cent last month compared to April 2022. This is the first significant drop since President Luiz Inacio Lula da Silva took office at the start of this year. Lula, as the left-leaning President is known, campaigned on transforming Brazil into a 'green superpower'. One of his promises was to combat illegal deforestation, which rose to a 15-year high under former right wing President Jair Bolsonaro.
- » **EU emissions fell by 4% at the end of last year and economies grew, data reveals:** Greenhouse gas emissions in the EU fell by 4 per cent in the last three months of 2022, according to Eurostat data released on 15 May. Out of the 27 member states, emissions fell in 23 EU countries. It also found that while emissions had fallen, GDP had actually increased by 1.5 per cent during those three months. It shows that countries are reducing their greenhouse gas contribution while growing their economies.

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- » [Ecuador strikes world's biggest 'debt for nature' deal to protect the Galápagos Islands](#): Ecuador has converted US\$1.6 billion (€1.5 billion) of debt into a loan which will free up millions for conservation in the Galápagos Islands. The deal, announced on Tuesday 9 May, is the largest of its kind ever made. It is known as a 'debt for nature' swap. "The world's biggest ocean-friendly debt swap is coming together in Ecuador to protect its unique natural resources," says Pablo Arosemena Marriott, Minister of Economy and Finance.
- » [Austria has helped pay for more than half a million repairs in bid to tackle e-waste](#): Austrians have been taking advantage of a scheme to repair broken electrical devices. Designed to tackle electronic waste, the government programme covers half the cost of repairs. It applies to defective devices such as smartphones, laptops, coffee makers and dishwashers. Since being introduced one year ago, it has seen 560,000 vouchers worth up to €200 redeemed, according to the Environment Ministry.
- » [This Nigerian environmentalist is channelling Spider-Man to wage war on litter](#): In Nigeria, environmental waste poses a major challenge, especially in urban regions. But on the streets of Osogbo in Osun State, Jonathan Olanlokun's superpower is his determination to make a difference in his community. Dressed as Spider-Man, he picks up rubbish to improve his local environment. He says the costume gets him noticed and draws attention to the problem of litter on the streets.

Cutting Plastic Pollution by 80% by 2040

Plastic pollution could be slashed by 80 per cent by 2040, according to a new report by the UN Environment Programme (UNEP). This ambitious target relies on major policy changes and the deployment of existing technologies in the way we produce, use and dispose of plastics. To achieve this the report suggests 'eliminating problematic and unnecessary plastics', promoting refillable bottles, bulk dispensers, deposit-return-schemes and packaging take-back schemes to help to cut plastic pollution by 30 per cent. Many European countries already run deposit-return schemes, which allow consumers to redeem money when they return items such as plastic bottles for recycling. UNEP also says recycling needs to become more stable and profitable. It suggests removing fossil fuel subsidies and enforcing design guidelines to make products more recyclable. This could make it easier to recycle everyday plastic packaging at home and result in a 20 to 50 per cent reduction in plastic pollution. Plastic packaging should be replaced with alternative materials such as paper. This could deliver an additional 17 per cent drop in plastic pollution.

<https://www.euronews.com/green/2023/05/17/refill-stores-and-bottle-deposit-schemes-inside-the-un-goal-to-cut-plastic-pollution-by-80>

Temuera Hall - Portfolio Manager

Responsible Investment Association Australasia certification

The TAHITO Te Tai o Rehua Fund has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. The Certification Symbol signifies that an investment product or service has implemented an investment style and process that takes into account environmental, social, governance or ethical considerations. See www.responsiblereturns.com.au for details.¹

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