



TAHITO Te Tai o Rehua Fund

Performance (Returns net of fees)

31-Jan-23	Month	3 Mths	6 Mths	YTD	1 Year	2 Years	3 Years	Inception (p.a.)
Fund	5.6%	6.5%	-0.5%	5.6%	3.4%	3.1%	4.9%	6.3%
Benchmark	6.1%	6.2%	5.5%	6.1%	7.2%	4.5%	5.2%	6.1%
Alpha	-0.5%	0.3%	-6.0%	-0.5%	-3.8%	-1.5%	-0.3%	0.1%

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

Our Te Tai o Rehua Fund had a strong return of 5.6% in January, albeit below an even stronger performance of 6.1% for the benchmark. The Australian share market had an excellent start to the year, one of the best in about three decades, based primarily upon growing optimism that globally, inflation is coming under control.

This was despite the annual inflation rate in Australia climbing to 7.8% in Q4 of 2022, from 7.3% in Q3 and above market forecasts of 7.5%. This was the highest print since Q1 1990, boosted by rising costs of food, automotive fuel and new dwelling construction.

The inflation rate in New Zealand rose 7.2% over the twelve months to December 2022, which was unchanged from the previous quarter. The prices rose at the fastest pace for food, alcoholic beverages and tobacco, household contents and health.

Wall Street's tech-heavy Nasdaq 100 jumped 10.7%, while the Dow Jones Index was only 2.9% higher (both returns are in local currencies).

Elsewhere, the negative and challenging climate change and sustainability media stories are prevalent and depressing. Here's some good news stories to provide some balance:

- Renewable energy sources like solar and wind power have continued to grow in popularity and investment, with many countries setting ambitious targets for transitioning to clean energy.
- The use of electric vehicles has been on

the rise, as the technology has improved and charging infrastructure has become more widespread. Governments around the world have been introducing incentives to encourage people to switch from traditional gasoline-powered vehicles to EVs.

- The concept of a circular economy has gained traction, with businesses and governments recognizing the need to reduce waste and keep resources in use for as long as possible. This includes initiatives to promote recycling, reuse, and repair, as well as designing products with end-of-life considerations in mind.
- Climate action remains a key focus, with governments, businesses, and individuals taking steps to reduce their carbon footprints and slow the pace of global warming. This includes transitioning to clean energy, improving energy efficiency, and protecting and restoring forests and other ecosystems.

During January, the key movers in our Fund were:

- Sims Ltd up +17%, as analysts see the global push towards decarbonization and increased use of recycled commodities as supportive for the company's portfolio.
- Commonwealth Bank up +7%, with analysts expecting the bank to announce a half year profit over \$5 billion along with a new partnership to enter into the telco space with new mobile SIM plans.



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- Spark NZ down -4%, giving back some of its 19% price rise from 2022, and following a strong last five years.
- Computershare down -9%, reflecting declining market interest rates during the month (Computershare earns more margin income when rates are higher).

The AI Revelation and New War

Many of us will have heard reference to ChatGPT in recent weeks. This is what ChatGPT has to say about itself, when the Open AI chatbot was asked what it does: 'ChatGPT is a chatbot that can answer questions about a variety of topics. It is powered by artificial intelligence, which enables it to understand and respond to questions in natural language. The chatbot is designed to help users find information quickly and easily, without the need to search through multiple sources.'

The generative AI application has broken all the technology subscription records. According to Open AI, the chatbot signed up one million users within five days of its release. By January, two months into its launch, ChatGPT had amassed 100 million active users, making it the fastest-growing consumer application in history, according to UBS. It took TikTok nine months to reach 100 million users and Instagram two and a half years.

The tech giants Google (Alphabet) and Microsoft have been reeling since the Open AI Chat GPT launch. Read more about the Google response here: <https://www.visualcapitalist.com/google-ai-ambitions/>

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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