



TAHITO Te Tai o Rehua Fund

Performance (Returns net of fees)

	30-Nov-22	Month	3 Mths	6 Mths	YTD	1 Year	2 Years	3 Years	Inception (p.a.)
Fund		2.3%	-3.3%	-3.1%	-9.3%	-5.4%	3.2%	4.6%	5.3%
Benchmark		2.5%	0.2%	1.3%	-3.5%	0.2%	4.9%	4.8%	5.3%
Alpha		-0.2%	-3.6%	-4.4%	-5.8%	-5.6%	-1.7%	-0.3%	0.0%

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 showed a small underperformance in November, returning 2.3% for the month, -0.2% below the benchmark return of 2.5%. The NZX50 Portfolio Index posted a gain of 0.5% and the ASX200 rose 6.6%. The S&P 500 Index was up 5.6% and the MSCI World index (excluding emerging markets) was up 5.7% in local currencies, but down -1.5% and -0.3% respectively in NZD.

At a macro level, comments by Fed Chair Jerome Powell suggesting rate hikes may slow as soon as December prompted a rally in growth stocks with the US Consumer Discretionary, Telecom and Healthcare sectors benefiting most. Most sectors rose, but the cyclical sectors (Energy, Industrials and Financials) lagged somewhat. This flowed into global markets, providing a boost to our performance.

Over the past 12 months, a significant gap has opened up between the performance of the ASX200 (in NZD terms) at 8.4% and the NZX50 at -8.4%. This has been driven mostly by the significant out performance of the Energy and Materials sectors, up 49% and 13% respectively. Unfortunately, these two sectors have some of the worst TAHITO scores. This disparity also shows the different dynamics between the diggers and growers on either side of Te Tai o Rehua (Tasman Sea).

While we had a pleasing market rally in November, inflation and geopolitical issues are still prominent. [International Monterey Fund projections](#) suggest weak or no growth in 2023 for most major economics.

This outlook is supported by the recent New Zealand Institute of Economic Research [Economic Report](#), which points to inflation pressures and rising interest rates creating challenges for households and businesses in Aotearoa.

The key movers in our Fund during November were:

- Fisher & Paykel Healthcare up +21% after a positive first half report showing a good revenue increase against pre-pandemic levels.
- NextDC up +19% after showing strong revenue growth, lower energy prices adding to bottom line profits and growth through acquisitions.
- Xero down -10% off the back of a poor first half result and the resignation of the CEO. While showing a 30% revenue increase, net losses widened on the previous year.
- My Food Bag down -30%, with news including the announcement of a new CEO appointment. Half year net profit was down 37% and revenue declined 4%.



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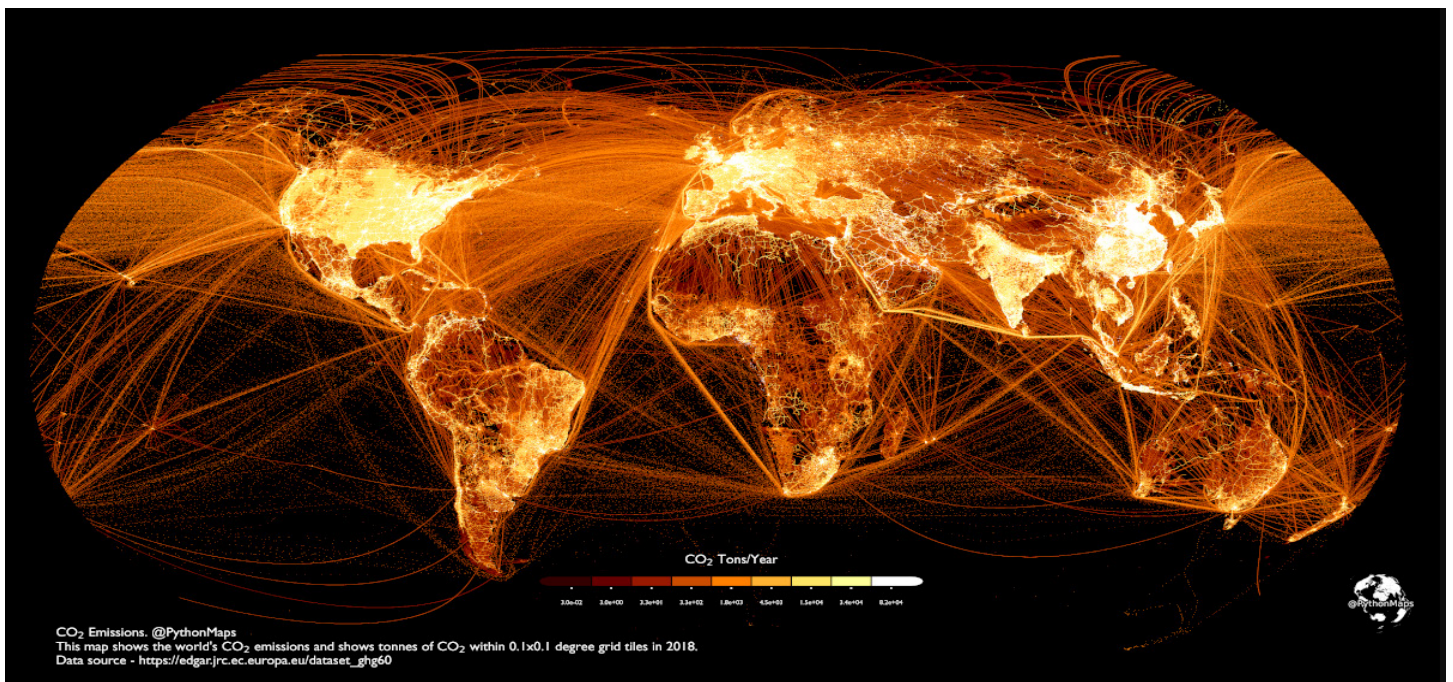
Carbon Dioxide Emissions and Bio-Diversity

Our global population has ticked over eight billion and emits about 34 billion tonnes of carbon dioxide (CO₂) each year. The below [graphic](#) by Adam Symington maps out carbon emissions around the world, using 2018 data from the European Commission that tracks tonnes of CO₂ per 0.1 degree grid (roughly 11 square kilometres). This visualization allows us to see population centres, as well as flight paths, shipping lanes, and high production areas.

Na Ranginui raua ko Papatūānuku ka heke te ira tāngata. The human race descends from our parents Sky and Earth also known as the biosphere.

While world agencies are focusing on reducing CO₂ emissions and climate change, bio-diversity loss could well be of greater concern. An [MSN article](#) notes 'Human-induced biodiversity loss is driving the world's sixth mass extinction whereby three-quarters of animal and plant species could disappear in just a few centuries. This loss also worsens climate change by denuding the planet of carbon stores provided by trees and other vegetation.'

The 15th Convention of Parties (COP15), which upholds the 1992 Convention on Biological Diversity (CBD) ratified by 195 United Nations members and the European Union, seeks to maintain biodiversity through the sustainable use of natural resources.



Temuera Hall - Portfolio Manager

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