

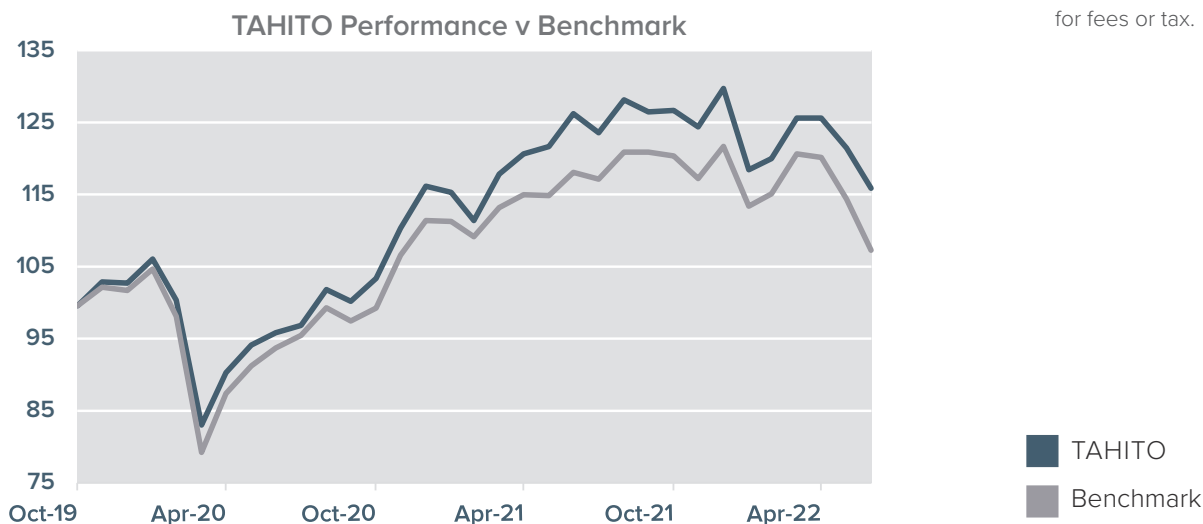
## TAHITO Te Tai o Rehua Fund

This communication is for information purposes only and does not represent an offer to invest in TAHITO.

30-Jun-22	Month	3 Mths	6 Mths	YTD	1 Year	2 Year	Inception (p.a.)
Fund	-4.6%	-7.7%	-10.7%	-10.7%	-8.2%	9.9%	5.5%
Benchmark	-6.2%	-9.9%	-10.6%	-10.6%	-8.0%	7.8%	3.2%
Alpha	1.6%	2.2%	-0.1%	-0.1%	-0.2%	2.1%	2.3%

Benchmark - 50% NZX 50 Portfolio index (including imputation credits) / 50% ASX Accumulation 200 index (in NZD).

Fund returns are after deductions for fees but before tax. Benchmark returns have no deduction for fees or tax.



### TAHITO Motuhake | TAHITO Te Tai o Rehua Fund Performance

The interest rate hikes by central banks in the major economies to curb inflation has been the dominant driver of local and global financial markets so far this year. The S&P/NZX50 was down -3.8% for the month of June, -10.2% for the quarter and -16.3% for the six months to 30 June 22. The S&P/ASX200 was down - 8.8% in June, -11.9% for the quarter and - 9.9% for the last six months.

While market performances are in the red, our Te Tai o Rehua Fund has performed well relative to its benchmark in recent periods. For the month of June our fund returned -4.6% but was 1.6% ahead of benchmark, while over the quarter to 30 June our return was -7.7% which was 2.2% ahead of our benchmark. The best contributors were Computershare, Spark NZ, Brambles and Commonwealth Bank and the worst detractors were Reliance Worldwide, Summerset and Xero.

The S&P 500 Index in the United States had its worst first half year since 1970, falling more than 20% in the six months to 30 June. The Nasdaq Composite was down almost 30%, making it the largest first-half drop on record for the tech-heavy index. Headline inflation reached a 40-year high in the USA, which along with a tight labour market provides the reasoning for the US Federal Reserve to aggressively raise policy rates. Over the next 12 months, the market is pricing in the fastest hiking cycle since the 1990s. The Fed is also

taking action to reduce its USD 9 trillion balance sheet to under USD 7 trillion by 2025.

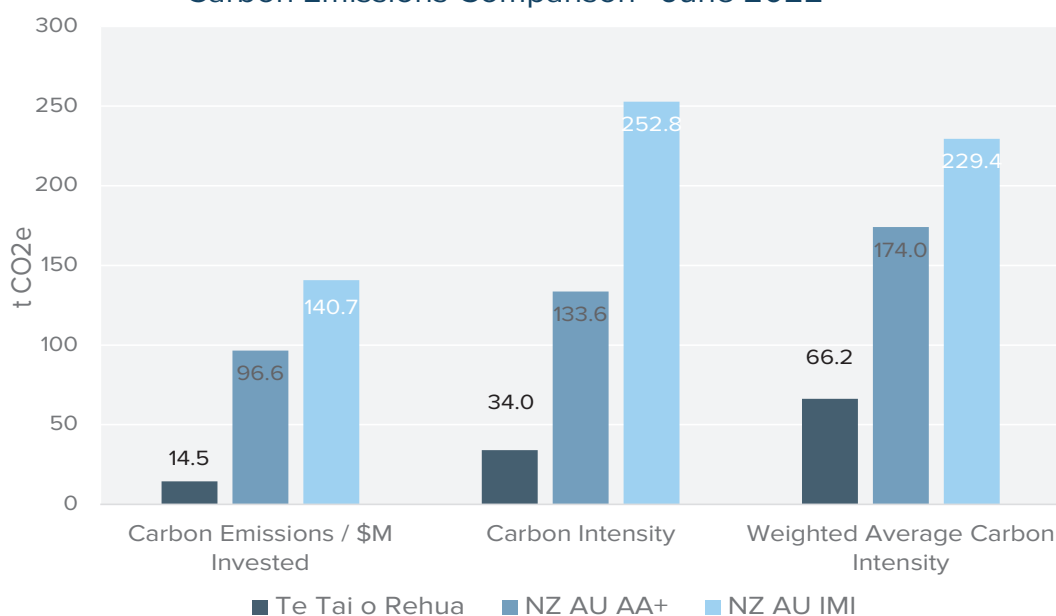
The headline inflation is still driven in part by pandemic-era disruptions and the Russian invasion of Ukraine. While history shows that underlying economic forces tend to influence markets more than specific geopolitical events, there is a direct link between the Russia - Ukraine war and the global economy, with global benchmarks for crude oil trading near their highest levels over the last decade. Investors are increasingly worried that volatility in both energy and agricultural commodities could lead to turbulence and destroy demand as consumers forgo other spending to ensure access to necessities.

Top 5 Investment Holdings	Sector	T-Score	V-Score	Mkt Cap \$NZbn	Weight
Commonwealth Bank of Australia	Banks	6.0	3.2	154.3	7.3%
Spark New Zealand	Telecommunications	6.4	4.8	9.0	5.8%
Meridian Energy	Electricity NZ	7.4	5.4	11.9	5.7%
Sims Metal Management	Metals & Mining	7.2	6.2	2.7	5.0%
Mercury Energy	Electricity NZ	6.1	5.4	7.6	4.6%

## Te Oho Ahurangi | Climate Action

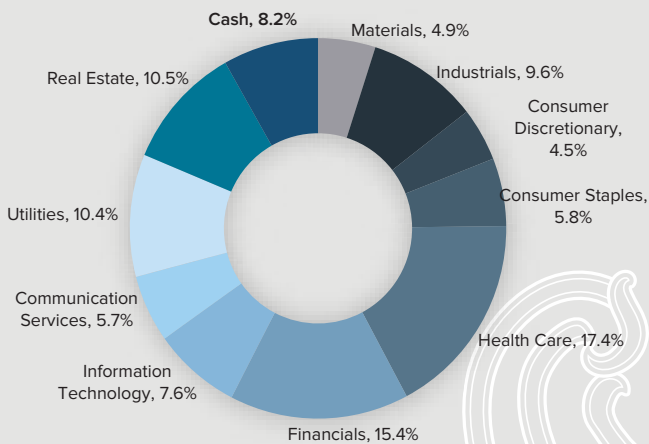
- RenewableUK's latest EnergyPulse market intelligence data report shows that the global pipeline of offshore wind projects has almost doubled over the past twelve months, from 429 gigawatts of capacity a year ago to 846GW today.
- The US Supreme Court ruled that the US government could not use its existing powers to phase out coal-fired power generation without "clear congressional authorization". While disappointing, the world has become accustomed to looking on in disbelief at America's seemingly endless stumbles in addressing global heating. Joe Biden's election triggered a global surge in optimism that the climate crisis may finally be decisively confronted. But the US Supreme Court's decision in late June to curtail America's ability to cut planet-heating emissions has proved to be the latest blow to a faltering effort by the Biden administration to address climate change.
- For the first time in more than a decade, an Australian election did not feature a fierce debate over climate-change policy between the two main parties. But action on global warming was clearly a key issue for voters, who ousted the incumbent Liberal-National coalition in favour of the centre-left Labor Party. Researchers in Australia are cautiously optimistic that the new government will take stronger action than its predecessor to reduce greenhouse-gas emissions.
- Geneva, 18 May 2022 (WMO) - Four key climate change indicators – greenhouse gas concentrations, sea level rise, ocean heat and ocean acidification – set new records in 2021. This is yet another clear sign that human activities are causing planetary scale changes on land, in the ocean, and in the atmosphere, with harmful and long-lasting ramifications for sustainable development and ecosystems, according to the World Meteorological Organization (WMO).

### Carbon Emissions Comparison - June 2022



The carbon emissions in Te Tai o Rehua Fund are 85.1% lower than all NZ AU MSCI listed equities with a AAA or AA ESG rating. Carbon intensity is 74.5% lower and weighted average carbon intensity is 62% lower. (NZ AU AA+ = New Zealand and Australian equities with and ESG rating of AA or better) (NZ AU IMI = The Morgan Stanley New Zealand and Australia Investible Market Index).

## TAHITO Te Tai o Rehua Portfolio Weights



## Ngā āhuatanga motuhake o te Tahua Key features of the fund

- Positive ethical screening
- Low carbon foot print
- Holistic sustainability measures
- High ESG quality
- Active management
- Experienced team
- Environmental & social impact
- Competitive fees

## Ngā Tūtohu Whakaaweawe | Impactful Indicators: Blackmores

This quarter we take a closer look at Blackmores Limited, an Australia-based natural healthcare company. Some of the key positive attributes we see in the company are outlined below and discussed in more depth later in this report.

**Utu - tō mauri** (Reciprocal – collective dominance, sustainability, circular economy): Blackmores have taken clear steps to address their greenhouse gas emissions impact. Manufacturing emissions intensity was down 17% compared to the prior year. The company has a Net Zero target by 2030 and a 100% recycled packaging target in Australia and NZ by 2025.

**Honotahi to wairua** (Complimentary – collective self, community): Blackmores state that they strive to make a difference by building healthier communities, supporting charitable organisations and inspirational individuals who are helping to create a brighter future.

**Whanaungatanga to ao** (Relational – collective reality, purpose, values, principles): Blackmores purpose and vision talks to nature and connection. These are two behavioural changes required for a sustainable and resilient future.

## TAHITO Climate Data & Metrics | MSCI ESG Research

ESG measures primarily indicate the level of risk exposure relative to key ESG criteria, therefore ESG measures alone do not indicate that a company has attained sustainable, ethical and or impactful standards. At TAHITO we translate our indigenous values and ethics into impactful measures. As a result, our TAHITO Te Kōwhiringa Tapu process identifies companies that;

- Demonstrate a positive impact on the communities they are in

- Have set zero carbon targets or intend to aggressively lower their GHG emissions
- Aim to lower their energy and water use, along with toxicity waste
- Have or plan to reduce the use of energy from fossil fuels and transition to clean energy sources
- Are aware of their biodiversity and aim to reduce their impact and revitalise their ecosystem
- Strive for equality and equity in the workplace, governance and management

At a technical level we apply a positive scoring system that integrates ESG on a values basis. We call our positive scores the TAHITO or T score. Our T Scores are both quantitative and qualitative. Securities are ranked by their overall total T Score.

The MSCI ESG Research team provide a quarterly gauge on progress by the world's listed companies toward curbing climate risk, and this is called the Net-Zero Tracker. This report provides some insights into the capability and breadth of the MSCI ESG Climate Data.

<https://www.msci.com/documents/1296102/26195050/NetZero-Tracker-June2022.pdf>

## Te Whakaaturanga Tahua | Fund Description

**Putting Environment and People before profit:** The TAHITO Te Tai o Rehua is an indigenous ethical and sustainable fund for investors who want competitive market returns but equally would like to see their capital applied to a high ethical standard and in investments that are making a positive social and environmental impact.

TAHITO Te Tai o Rehua uses ethical and sustainable screens derived from Māori indigenous values. Māori values and ethics place people and the environment in high priority. This thinking is derived from the ancestral Māori and Polynesian worldview which centres on the connection and interrelationship of all things.

The investment process effectively measures 'Aroha Connection'. We are measuring the transition of companies from the 'substantive', internally focused, very self-absorbed behaviours, to the ideal 'relational', externally connected, collective behaviours. This requires ethically strong and committed governance with a clear drive toward long-term sustainability to enhance financial returns.

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## Ko Tangaroa me te Waitā | Our Ocean and the Food from the sea

Maui Hudson, Associate Professor and Director of Te Kotahi Research Institute at the University of Waikato, notes that Māori hold a third of NZ's fishing interests, but as the ocean warms and fish migrate, these rights don't move with them.

Record high ocean temperatures and marine heatwaves have become increasingly common in the waters off New Zealand in the past decade. During the same period, commercial fisheries have landed lower volumes for several fish stocks, including hoki and tarakihi. Māori hold almost a third of commercial fisheries interests in Aotearoa, but these are constrained to certain areas. The impacts of warming seas on Māori communities' cultural and economic future well-being are not well understood.

<https://theconversation.com/maori-hold-a-third-of-nzs-fishing-interests-but-as-the-ocean-warms-and-fish-migrate-these-rights-dont-move-with-them-186284>

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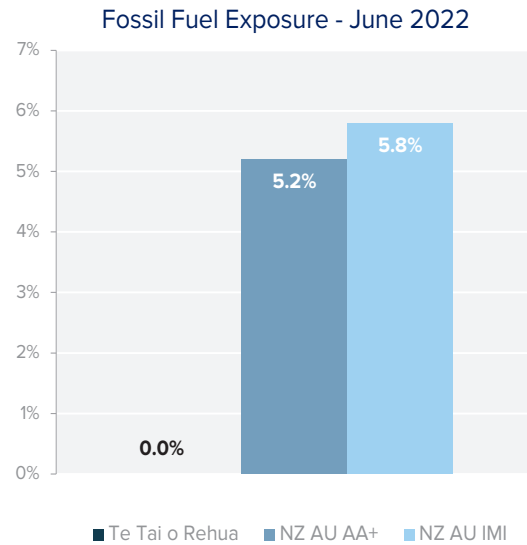
## Te Kura Whakangao | Investment Philosophy

The TAHITO investment philosophy focuses on providing high quality ethical and sustainable investment services to investors. It is based on the following principles;

1. We are ethical investors. We actively seek companies that are well run and meet our stringent Māori ethical screening tests.
2. We have a disciplined approach to risk management.
3. We actively manage the portfolio, enabling quick assessment and reaction to adverse changes.
4. We look for long term sustainable growth potential and a willingness to change and engage new tech.
5. We take a long-term view.
6. We are values-based investors. We invest in quality companies that are serious about their ethics and committed to low environmental impact and a high-level of social and corporate responsibility.
7. All securities undergo fundamental valuation and financial quality analysis.
8. We integrate MSCI Environmental Social and Governance (ESG) research on a values basis in our ethical screening.

## TAHITO | Portfolio Analysis as at 30 June 2022

Risk	TAHITO TToR	Benchmark	Difference
Total Risk	<b>18.6</b>	18.8	-0.2
Tracking Error	<b>6.7</b>		
Beta	<b>0.9</b>	1.00	-0.1
No. of Stocks	<b>29</b>	250	-221
Active share	<b>72%</b>		
Aggregate Statistics: Value	TAHITO TToR	Benchmark	Difference
Dividend Yield	<b>3.9%</b>	4.3%	-0.4%
Earnings Yield	<b>5.4%</b>	6.3%	-0.9%
Growth			
Historic Earnings Growth	<b>-5.1%</b>	9.3%	-14.4%
Forecast Earnings Growth	<b>-0.2%</b>	6.2%	-6.4%
Historic Dividend Growth	<b>-2.6%</b>	-0.4%	-2.1%
Forecast Dividend Growth	<b>0.9%</b>	0.7%	1.2%
Quality			
High Quality	<b>32.4%</b>	22.7%	9.7%
ROE	<b>13.9%</b>	12.7%	1.2%



### TAHITO | Portfolio Fossil Fuels

The companies in the Te Tai o Rehua Fund hold no fossil fuel reserves whereas 5.2% of MSCI listed equities with a AAA or AA ESG rating have gas and oil fossil fuels exposure.

## Blackmores (BKL)

### Whakarāpopototanga | Summary

BKL has a healthy TAHITO score (6.7/10) with high scores in community engagement and governance. BKL has a 'AA' MSCI ESG rating. Four of the seven BKL board members are female. Five out of twelve members of the executive team are female. BKL has healthy optimistic values and principles.

T Score  
**6.7**

V Score  
**5.4**

TAHITO Score Card - BKL (Out of 10)	Score
Te Taiao - Environment	<b>6.8</b>
Hapori - Social	<b>5.7</b>
Mana whakahaere - Governance	<b>8.5</b>
<b>MSCI ESG Ratings (Out of 10)</b>	<b>AA</b>
Climate change	7.6
Environment	6.0
Human capital development	3.5
Corporate governance	7.9

### Te Whakaaturanga | Business Description

Blackmores Limited is an Australia-based natural healthcare company. The Company is engaged in developing, manufacturing, sales, and marketing of natural health products for humans and animals including vitamins, and herbal and mineral nutritional supplements. The Company's segments include Australia and New Zealand (ANZ), China and International. The ANZ segment includes BioCeuticals and PAW brands sold across Australia and New Zealand. The China segment consists of Blackmores and PAW by Blackmores brands in China and the China Export Division. The International segment comprises Indonesia, Thailand, Malaysia, Singapore, Hong Kong (China), Taiwan (China), Korea, Vietnam, Pakistan and Kazakhstan.

### Mana Whakahaere | Governance

Blackmores purpose and vision talk to nature and connection. These are two behavioural changes required for a sustainable and resilient future.

OUR purpose: We exist so you have a choice to make living well each day a natural way of life.

OUR vision: To connect every person on Earth to the healing power of nature.

Blackmores has labelled their values 'PIRLS', and they are both behavioural and aspirational. They underpin their work practices and are supported by legal policies and procedures.

- **Passion for Natural Health:** Our enthusiasm and belief in a natural, holistic approach to health inspires us to excellence in everything we do.
- **Integrity:** We are honest, trustworthy and committed to the highest standards of personal, professional and business behaviour.
- **Respect:** We treat each other with fairness, dignity and compassion and we embrace diversity.
- **Leadership:** As a company, in teams and as individuals, we use our wisdom, experience and knowledge to inspire and influence everyone to be their best.

- **Social Responsibility:** Our actions demonstrate our care, respect and compassion for our people, the broader community and the environment.

### Te Taiao | Environment

Blackmores has committed to these impactful environmental targets:

- Net Zero Carbon Emissions by 2030.
- Transitioning to 100% renewable electricity in NZ and Australia by 2025.
- Optimise the use of technology and increase staff awareness to reduce travel emissions intensity by 30% by 2030 (compared to 2018).
- Delivering a sustainable packaging solution, consisting of a 100% recycled packaging target in Australia and NZ by 2025.
- Optimising material recycling and recovery, diverting 80% of onsite waste from landfill by 2025.

Blackmores has taken clear steps to address their greenhouse gas emissions impact. Group manufacturing emissions intensity was down 17% compared to the prior year. The Net Zero by 2030 commitment is their flagship initiative as part of a program to address climate change resilience. Through ongoing climate scenarios and risk assessments, Blackmores continue to monitor changes to their natural environment, operational markets and the evolving health needs of the people they serve, to ensure they address the need to mitigate climate change and to adapt to its impacts.

Blackmores have developed a financial model to enable them to quantify the risk assessment in relation to their supply chain, enabling them to prioritise sustainable sourcing initiatives and improve climate-related disclosures in future reports.

Blackmores has also taken the first steps towards developing a framework for understanding the biodiversity impacts in their supply chain. This journey is shared with many of their key suppliers.

Partnering for Adaptation initiative is a sister program for Partnering for People, launched in December 2018 when Blackmores Group committed to assess and address the risk of modern slavery in their supply chain.

## Blackmores (BKL) - Continued

As a result of this program, they were able to publish their first Modern Slavery Statement. They have since strengthened their Supplier Code of Conduct, completed risk assessments on 100% of the key suppliers and rolled out education modules to lift capability to achieve a vision of zero exploitation within their supply chain.

### Challenges

Blackmores progress has not been without its challenges. Waste diversion from landfill declined significantly because of changes to the waste export market. Even though more than 98% of their current packaging footprint is recyclable, there's more work to be done to achieve the vision for 100% recyclability and to contribute to a circular economy, one which is more conscious of the resource footprint without compromising product quality.

### Environmental positive impact tracking:

- Group carbon emissions, encompassing Scope 1, 2 and 3 emissions, were down by 162 tonnes. Though a modest 1% decline, the prior year contained only eight months of emissions from the recently-acquired Braeside manufacturing facility.
- The Net Zero Carbon by 2030 initiatives have already facilitated a 24.7% reduction in the Group's footprint trajectory compared to the prior year.
- 25% of energy is now from renewable sources, up from 8% the prior year.
- 86% of the corporate fleet is now hybrid vehicles.

TCFD progress: The Blackmores Financial Sensitivity Model aims to:

- Quantify potential climate impacts on future earnings to inform reporting in line with the Task Force on Climate-related Financial Disclosures.
- Identify areas of focus for their sustainable sourcing program.
- Improve packaging recycling outcomes.

The Australasia Recycling Label was added to a further 115 products and now appears on 51% of Australian and New Zealand products, which is in excess of their 2025 target.

Sustainable supply chain progress:

- Sustainability risk assessments completed on 100% of raw material, packaging, packing and contract manufacturing suppliers.
- First supply chain biodiversity risk assessments undertaken.

## Te Pāpori | Social

Blackmores state that they strive to make a difference by building healthier communities, supporting charitable organisations and inspirational individuals who are helping to create a brighter future. Here are the BKL prominent social impact activities.

- Community Day: Permanent staff members are entitled to one Community Day each year to take a day out of the office to do volunteer work with their favourite charitable community organisation.
- Matched Donations Charitable Scheme: Employees are encouraged to participate in a charitable scheme whereby 0.5% of their taxable pay is deducted each payday and placed in an interest-bearing trust account. The Company matches this and twice yearly each participating employee nominates

a registered charity to receive the donation. Donations totalled \$181,000 in FY21.

- In Australia, the Blackmores Mercie Whellan Women & Wellbeing Awards celebrate women making an outstanding contribution to their local communities. They are also long-term supporters of Quest
- for Life Foundation founded by Petrea King, which runs educational self-help programs and community-based workshops to improve resilience and wellbeing
- In Asia, the Blackmores staff drive grassroots initiatives. This includes their Malaysia team's Project Kindness, which served 7,500 meals to the urban poor and homeless in 2018 and their Thailand team's 'Keep Running Keep Wellbeing' program which recently donated 7,543 pairs of shoes to needy school children. In Indonesia, they support the Bumi Sehat Foundation to improve maternal and child health in rural communities.
- Blackmores also supports additional community groups and fundraising and awareness activities throughout the year with financial contributions, Blackmores product charity hampers and staff-driven fundraising initiatives such as breakfast BBQs.
- Blackmores contributed more than \$880,000 in product and financial donations and staff gave more than 5,300 hours of their time to wellness initiatives and volunteering to support communities in need.

## Ngā Tohu Whakamana | Accreditations and Recognition

Blackmores is guided by the United Nations Sustainable Development Goals and informed by relevant GRI standards for select indicators. Limited assurance is provided by Deloitte Touche Tohmatsu.

BKL's sustainable and ethical sourcing focus has been on progress towards a goal of zero exploitation within their supply chain. The company commissions ethical audits, including independent on-site human rights and sustainability audits using the Sedex Members Ethical Trading Audit (SMETA) protocol.

## Whanaungatanga | Partnerships

Blackmores engaged 41% of Tier 1 direct suppliers in their Partnering for Adaptation program to collaborate on climate risk and biodiversity impacts.

## Blackmores (BKL) - Continued

### Te Hāpori me te Taiao | People and the Planet

Blackmores is aiming to achieve:

- A strong position to understand and address the impact of climate change and biodiversity loss on access to natural medicines.
- To be a leader in natural health and sustainability through innovation, research, education and a robust corporate governance framework.
- To make a meaningful contribution to society by providing high quality and trusted health education, championing equality to support their consumers in the recovery of their packaging.
- To inspire wellbeing through research and delivery of accredited health education to 100,000 healthcare advisors each year.
- Advocacy for change to optimise recycling and reduce the

impact of their packaging.

- 50% of senior executive roles are held by women by 2025.
- 50% of management roles are held by women by 2025.
- 50% of board roles are held by women by 2025.
- Gender equity in relation to remuneration.
- Alignment reporting to the recommendations of the Task Force on Climate-related Financial Disclosures.

To increase their understanding of Indigenous culture, Blackmores partnered with Koori Kinnections during National Reconciliation Week to engage in a First Nations cultural immersion. Their native species of flora guide shared traditional uses for many of the native species growing at the Blackmores Campus. The strong connection between Indigenous medicine and naturopathic ingredients is seen as a reminder of Blackmores' role in preserving the environment, both through sustainable practices and by strengthening their indigenous understanding.

### Te Pārongo Ahumoni | Financial Information

Ticker and V Score	Forward Dividend Yield	Forward P/E	Long Run Median P/E	Forward P/E rel LRM	Forecast EPS Growth (Yr 2&3)	Return on Capital	Total Debt / Total Capital
BKL: 5.4	1.7%	45.2	19.7	2.3	42%	9.7%	7%

In 2018, Chinese sales accounted for more than a third of Blackmores operating profits and significant portion of its growth promises. Four years on, amidst a global pandemic, significant logistics challenges and geo-political flares, the operating profits in the Chinese division are less than half of what they were in 2018, falling from \$35m to \$14m. Sales are down 8% but the growth potential still remains.

currently liked by analysts predicting good earnings growth. BKL is trading below estimated fair value. BKL is debt free.

BKL showed strong earnings growth over the past year and is

### Te Tai o Rehua Fund ESG summary

**PORTFOLIO**  
Weighted Avg ESG Score

Portfolio 8.55  
Te Tai o Rehua Fund

Benchmark 8.30  
MSCI NZ AU AA+  
ESG Rating

**MSCI ESG**  
Ratings

AAA

AAA

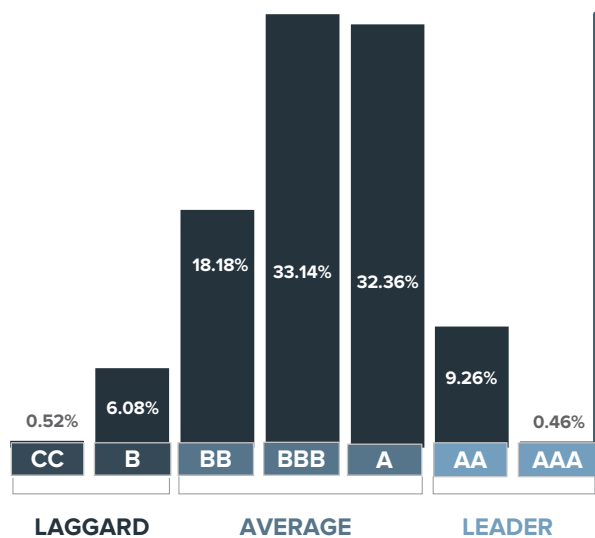
**PORTFOLIO ESG**  
Rating Summary

<b>ESG Quality</b>	Leader Portfolio = Benchmark
<b>ESG Ratings Distribution</b>	Leaders 3.8% under benchmark Portfolio Laggards% = Benchmark Laggards%
<b>ESG Ratings Momentum</b>	Upward momentum 5.0% under benchmark



## MSCI ESG Fund Metrics Distribution

Coloured bars correspond to portfolio and benchmark ESG Quality Scores



**MSCI ESG**  
Quality Score  
(out of 10)

**TToR**  
Portfolio

10.00

**Primary**  
Benchmark

10.00

## TAHITO Engagement and Proxy Voting

### Whakarāpopototanga | Summary

During the second quarter of 2022 TAHITO submitted proxy votes for the annual general meetings of:

- IVC – Invocare: Whakarongo – tō hiwa (Balanced – collective awareness). TAHITO voted for the re-election of the standing female director and against one of the male directors. IVC should be taking the opportunity to increase female representation and ethnic diversity on the board. TAHITO has voted against the remuneration report and the security grants. TAHITO is principally opposed to remuneration reports and performance rights until the pay equity is within our accepted ratio or range.
- SCL – Scales: Whakarongo – tō hiwa (Balanced – collective awareness). TAHITO voted for the re-election of the standing female director and for the only non-white male director. TAHITO has voted against the other two re-standing male directors. SCL should be taking the opportunity to increase female representation and ethnic diversity on the board. TAHITO has

voted against the increase in director remuneration. TAHITO is principally opposed to remuneration reports and performance rights until the pay equity is within our accepted ratio or range.

- KPG – Kiwi Property Group: Whakarongo – tō hiwa (Balanced – collective awareness). TAHITO voted for the re-election of the standing female director Mary Jane Daly. KPG needs to increase its female representation and ethnic diversity on the board. TAHITO has voted against the increase in director remuneration. TAHITO is principally opposed to remuneration reports, increases and performance rights until the pay equity is within our accepted ratio or range.

Our voting is aligned to our TAHITO Values. Generally, we vote against inequitable executive / director remuneration and against directors when we believe there is not fair gender or ethnic representation on the board. For more information on engagement and voting please contact us at [info@tahito.co.nz](mailto:info@tahito.co.nz)

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