



TAHITO Te Tai o Rehua Fund

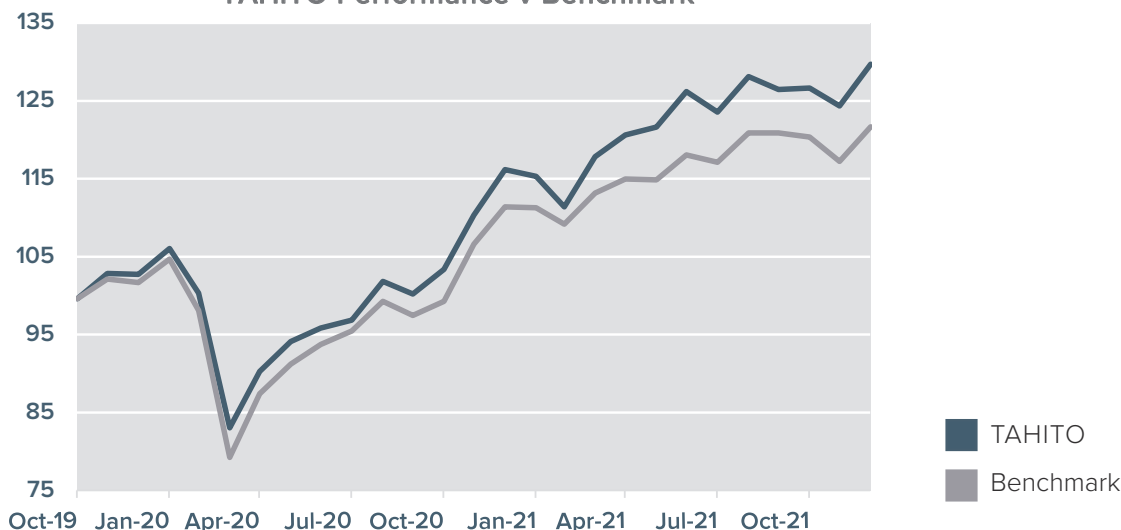
This communication is for information purposes only and does not represent an offer to invest in TAHITO.

	31-Dec-21	Month	3 Mths	6 Mths	YTD	1 Year	2 Year	Inception (p.a.)
Fund		4.3%	2.6%	2.8%	11.6%	11.6%	12.4%	12.3%
Benchmark		3.8%	0.7%	2.9%	9.2%	9.2%	9.5%	9.3%
Alpha		0.5%	1.9%	-0.2%	2.5%	2.5%	2.9%	3.1%

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 Performance v Benchmark



TAHITO Motuhake | TAHITO Fund Position

December 2021 was a strong month for our Te Tai o Rehua Fund. The markets were up strongly (benchmark +3.8%) and the Fund outperformed by a further 0.5%. The main contributors to the outperformance were varied but mostly led by our Australian positions with Sims Metal Management, Sonic Healthcare and Commonwealth Bank performing well. In New Zealand, Heartland Bank continues to go from strength to strength, and the absence of Auckland Airport and other travel-related stocks from the portfolio contributed to relative returns.

The Fund also enjoyed a strong final quarter of 2021 returning 2.6%, 1.9% ahead of a more modest benchmark return of 0.7%. Australian shares continued to outperform New Zealand, and the Fund was well positioned to benefit with greater exposure to Australian shares. At the individual company level Sims Metal Management (+20%) and Reliance Worldwide (+21%) were among the strongest contributors. Both are industrial companies with material exposure to the strong American economy.

The market is currently pricing the Official Cash Rate (OCR) to be increased to 2.0% by early 2023. This rise in the OCR is expected to be sufficient to reduce the current high inflation rate. Latest Reserve Bank of New Zealand projections outline a similar scenario.

The Federal Reserve is now expected to increase the Federal Funds Rate at least three times in 2022. In the year to December 2021, consumer inflation in the United States rose by 7.0%, the highest annual increase for 39 years.

The New Zealand equity market achieved a positive return in December which meant the annual return for the S&P NZX 50 Gross index ended just in positive territory at 0.2%. This was significantly lower than the 16.2% return from Australian ASX 200 gross equities index or the return of 20.90% from global equities (as measured by the MSCI All Country World Index hedged to NZD). The poor return from the New Zealand equity market reflected the rise in interest rates and the high valuations of the market. The Australian equity market started the year as one of the cheapest markets in the developed world and subsequently appreciated, reflecting strong profit growth and the view that the cyclical nature of the market would benefit in a post pandemic world.

International equity markets have continued to record strong growth, up 3.7% in December. These healthy returns have in part been driven by the large technology companies which have continued to achieve strong sales and earnings growth.

Top 5 Investment Holdings	Sector	T-Score	V-Score	Mkt Cap \$NZbn	Weight
Commonwealth Bank of Australia	Banks	5.7	3.0	176.3	8.6%
Spark New Zealand	Telecommunications	6.2	5.3	8.3	7.0%
Summerset	Retirement NZ	5.1	5.1	3.2	5.3%
Mercury Energy	Electricity NZ	6.0	4.9	8.3	5.2%
Kiwi Property Group	Real Estate	5.8	4.4	1.9	5.0%

Global Risk Report 2022 | World Economic Forum

(Extract from the executive summary): ‘As 2022 begins, COVID-19 and its economic and societal consequences continue to pose a critical threat to the world. Vaccine inequality and a resultant uneven economic recovery risk compounding social fractures and geopolitical tensions. In the poorest 52 countries— home to 20% of the world’s people—only 6% of the population had been vaccinated at the time of writing. By 2024, developing economies (excluding China) will have fallen 5.5% below their pre-pandemic expected GDP growth, while advanced economies will have surpassed it by 0.9%—widening the global income gap.’

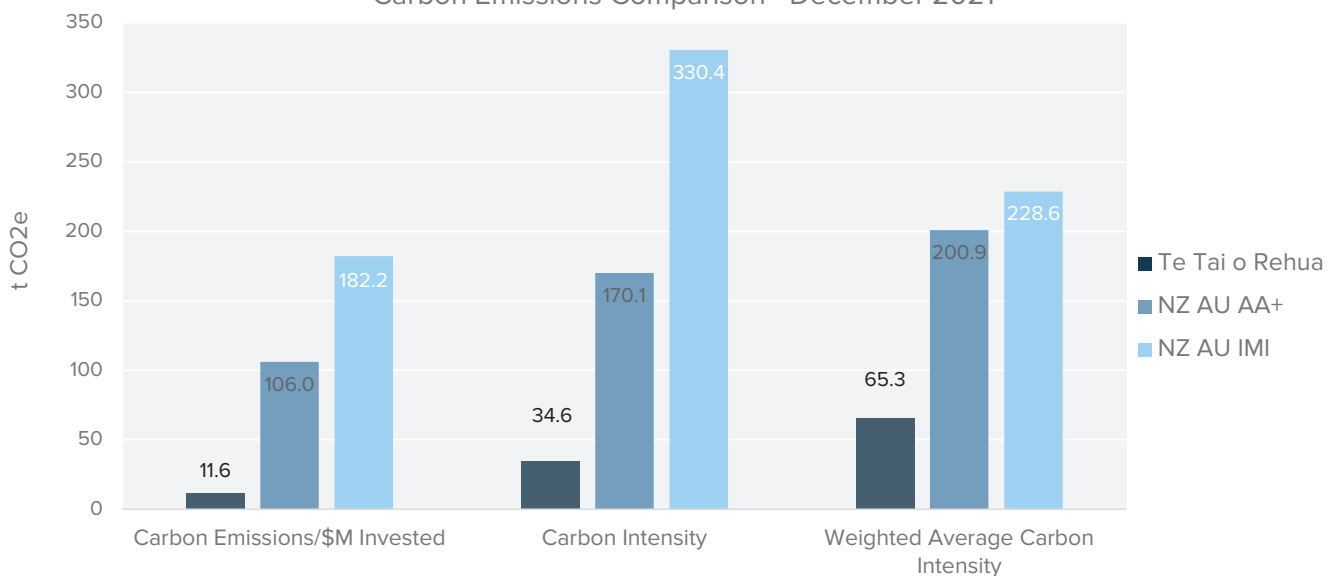
‘For the next five years, respondents again signal societal and environmental risks as the most concerning. However, over a 10-year horizon, the health of the planet dominates concerns: environmental risks are perceived to be the five most critical long-term threats to the world as well as the most potentially damaging to people and planet, with “climate action failure”, “extreme weather”, and “biodiversity loss” ranking as the top three most severe risks. Respondents also signalled “debt crises” and “geo-economic

confrontations” as among the most severe risks over the next 10 years.’

Top 10 risks: 1st Climate action failure (environmental), 2nd Extreme weather (environmental), 3rd Biodiversity loss (environmental), 4th Social cohesion erosion (Societal), 5th Livelihood crises (Societal), 6th Infectious diseases (Societal), 7th Human environmental damage (environmental), 8th Natural resource crises (environmental), 9th Debt crises (Economic) and 10th Geoeconomic confrontation (Geopolitical).

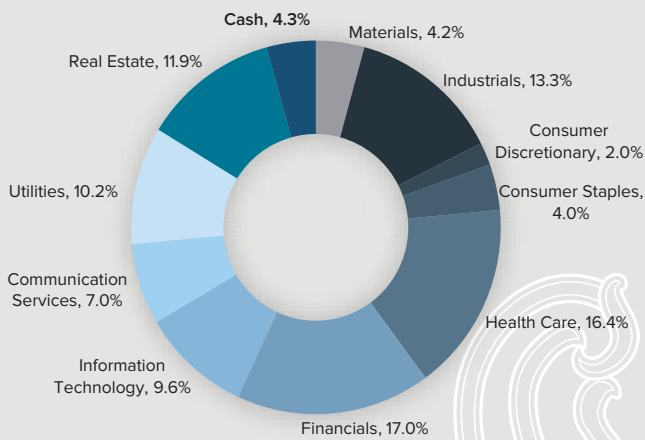
<https://www.weforum.org/reports/global-risks-report-2022>

Carbon Emissions Comparison - December 2021



The carbon emissions in Te Tai o Rehua Fund are 89.1% lower than all NZ AU MSCI listed equities with a AAA or AA ESG rating. Carbon intensity is 79.6% lower and weighted average carbon intensity is 67.5% 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

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.

Digital Dependency and Cyber Vulnerabilities | Global Risk Report 2022

- 435%: increase in ransomware attacks in 2020
- 3 million: gap in cyber professionals needed worldwide
- US\$ 800 billion estimated growth in value of digital commerce by 2024
- 95%: cybersecurity issues traced to human error

(Extracts from Digital distress): Growing dependency on digital systems over the last 20 years has drastically shifted how many societies function. Governments, societies and companies

increasingly rely on technology to manage everything from public services to business processes, even routine grocery shopping.

The COVID-19-induced shift to remote work has accelerated the adoption of platforms and devices that allow sensitive data to be shared with third parties — cloud service providers, data aggregators, application programming interfaces (APIs) and other technology-related intermediaries. In parallel, the appetite for capabilities predicated upon using multiple technologies working in concert—including artificial intelligence (AI), Internet of Things (IoT)/ Internet of Robotic Things—enabled devices, edge computing, blockchain and 5G—is only growing. While these capabilities afford tremendous opportunities for businesses and societies to use technology in ways that can dramatically improve efficiency, quality and productivity, these same capabilities also expose users to elevated and more pernicious forms of digital and cyber risk.

In the future, the interconnectedness and convergence of these digital tools will continue to increase as society embraces the next version of the internet built upon blockchain technology. One manifestation of this migration will be the metaverse: a network of 3D virtual spaces, enabled by cryptocurrencies and non-fungible tokens (NFTs) among other technologies, with unprecedented socio-economic interoperability and immersive virtual reality experiences.

Te Kura Whakangao | Investment Philosophy

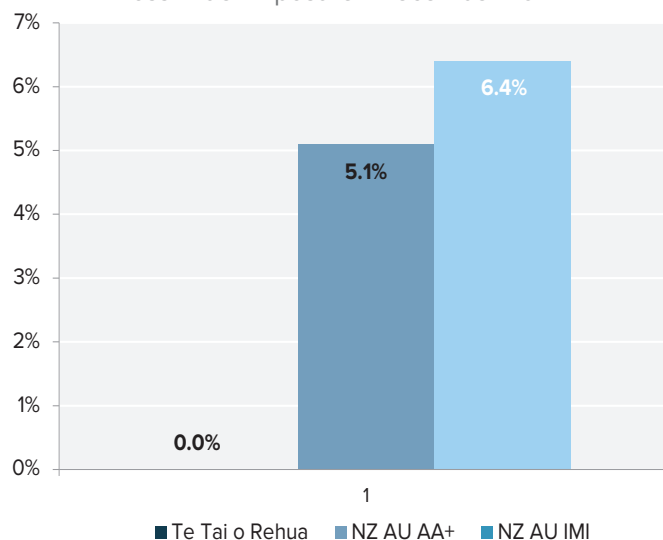
The TAHITO investment philosophy focuses on providing high quality ethical and sustainable investment services to investors. It is based on the following principles;

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 31 December 2021

Risk	TAHITO TToR	Bench-mark	Difference
Total Risk	16.16	15.39	0.77
Tracking Error	5.34		
No. of Stocks	27	250	-223
% Cash	4%		
Aggregate Statistics: Value	TAHITO TToR	Bench-mark	Difference
Dividend Yield	3.3%	3.3%	0.1%
Earnings Yield	4.6%	4.6%	0.0%
Growth			
Historic Earnings Growth	3.4%	7.6%	-4.3%
Forecast Earnings Growth	4.8%	8.2%	-3.4%
Historic Dividend Growth	7.1%	2.4%	4.7%
Forecast Dividend Growth	6.7%	4.6%	2.1%
Quality			
High Quality	28.7%	18.7%	10.0%

Fossil Fuel Exposure - December 2021



TAHITO | Portfolio Fossil Fuels

The TAHITO Te Tai o Rehua portfolio holds no companies that own fossil fuels or fossil fuels reserves, relative to 5.1% in the MSCI ESG NZ-AU AAA or AA only companies. (NZ AU AA+ = New Zealand and Australian equities with an ESG rating of AA or better) (NZ AU IMI = The Morgan Stanley New Zealand and Australia Investable Market Index).

Disorderly Climate Transition | Global Risk Report 2022

- 1.8°C: most optimistic scenario of global warming after COP26
- US\$ 130 trillion: committed private capital to carbon neutrality
- 40 million: jobs created through re-skilling in renewables sector by 2050
- Top 5: environmental risks lead the way in long-term concerns

(Extract from the Climate (in-)action): Without stronger action, global capacity to mitigate and adapt will be diminished, eventually leading to a “too little, too late” situation and ultimately a “hot house world scenario” with runaway climate change that makes the world all but uninhabitable. The world will face high costs if we collectively fail to achieve the net zero goal by 2050. Complete climate inaction

will lead to losses projected to be between 4% and 18% of global GDP with different impacts across regions.

<https://www.weforum.org/reports/global-risks-report-2022>

Meridian Energy (MEL)

Whakarāpopototanga | Summary

MEL has the highest New Zealand TAHITO score (6.5/10) and is in the top 5 for overall Te Tai o Rehua T & V scores. MEL has a 'AA' MSCI ESG rating.

T Score
6.5

V Score
6.0

TAHITO Score Card - MEL (Out of 10)	Score
Te Taiao - Environment	8.9
Hapori - Social	4.2
Mana whakahaere - Governance	3.6
MSCI ESG Ratings (Out of 10)	AA
Climate change	10.0
Environmental	8.0
Human capital development	5.6
Corporate governance	6.7

Te Whakaaturanga | Business Description

Meridian Energy Limited engages in the generation, trading, and retailing of electricity to residential, business, and industrial customers in New Zealand, Australia, and the United Kingdom. It generates electricity through wind farms, hydro power stations, and solar farms. The company also provides management, insurance, financing, professional, trustee, and software development services, and licenses Flux developed electricity and gas retailing platform, as well as offering solar installation services.

It sells electricity under the Meridian Energy and Powershop brands. The company was formerly known as Hydro Energy Limited and changed its name to Meridian Energy Limited in March 1999. Meridian Energy Limited was incorporated in 1998 and is based in Wellington, New Zealand.

Ngā Whaipanga | Key points aligned to TAHITO Values

Utu - tō mauri (Reciprocal – collective dominance)

1. All the energy generated by Meridian comes from 100% renewable sources
2. Meridian's community fund 'Power Up' supports local projects in the areas near their generation assets.

Kawa - tō ora (Cyclical – collective success)

3. Meridian has a Forever Forests planting programme that aims to plant over 1.5 million seedlings in the ground over the next five years, and the company is planting 1,000ha of forest to grow their own carbon offsets. The forests are designed to be permanent carbon sinks.

Mana Whakahaere | Governance

Meridian's purpose is: Clean energy for a fairer and healthier world. 'We believe that by doing the right thing by people and the planet, we're working to build a better future for our customers, communities, and environment.'

The Meridian Values are:

Be a good human: We are good humans who play fair and show that we really care. We have each other's back, are inclusive and kind. We give our all in the pursuit of success.

Be gutsy: Make big calls and back big ideas. We dare to challenge the norm and raise the bar. We strive to do better and go further by being courageous and making it happen. We're honest in our approach, rigorous in our performance and ambitious in our objectives.

Be in the waka: Paddle hard ourselves but really paddle for all. We're one team in one waka, paddling for ourselves but also paddling for everyone. We share the load knowing we're part of one tribe and knowing we go further when we work together.

The company faces biodiversity-related regulatory and reputational risks. Meridian leads peers in mitigating these risks, notably with its biodiversity policy that highlights avoidance and restoration approaches. The company also partners with local indigenous communities and the government to preserve native wildlife. Meridian leads peers in capitalizing on opportunities in renewable energy (RE).

Te Taiao | Environment

Meridian is New Zealand's largest generator, making power through wind farms, hydro stations and solar arrays.

Getting to carbon neutral: Once the trees are planted in the Forever Forest Programme, they start soaking up carbon. In a few years they'll soak up the same amount of carbon as the Meridian Group emits, making the Group carbon neutral.

Meridian has set a target of halving their Group operational emissions by 2030, which includes reducing air travel. Over 90% of the Meridian carbon footprint is from suppliers, and they are working to engage suppliers in taking climate action in their businesses. This includes encouraging suppliers to set science-based targets.

Meridian is also incorporating sustainable design and procurement into their large projects.

Continued on next page.

Meridian Energy (MEL) - Continued

The Meridian sustainability framework focuses on two of the United Nations' Sustainable Development Goals – SDG7 Affordable and Clean Energy, and SDG13 Climate Action.

As New Zealand's largest renewable generator, Meridian is the most significant contributor to the Government's aspiration of 100% renewable energy. There are four priority SDGs where Meridian have identified they have a significant role to play: SDG7 Affordable and Clean Energy, SDG8 Decent Work and Economic Growth, SDG12 Responsible Consumption and Production and SDG13 Climate Action.

Meridian has also taken action to have positive impact in relation to other SDGs where the Group's activities may not materially influence outcomes, but rather demonstrate a commitment in their sphere of influence. These five UN SDGs include: SDG5 Gender Equality, SDG6 Clean Water and Sanitation, SDG9 Industry, Innovation and Infrastructure, SDG10 Reduced Inequalities and SDG15 Life on Land.

In FY20 Meridian was assessed for and included in the Asia Pacific Dow Jones Sustainability Index (DJSI), which adopts a robust and structured Environmental, Social, and Governance framework to assess performance. They were also assessed under the Carbon Disclosure Project (CDP), a global environmental disclosure system, receiving an increased rating of A for climate change in FY20. Meridian have entered their third year of completing a voluntary Climate Change Disclosure report, in accordance with the recommendations of the Taskforce on Climate-Related Financial Disclosures (TCFD).

Te Pāpori | Social

Power Up community fund: The community funding aims to recognise the importance of local communities close to their hydro and wind operations. Meridian states that building long-term relationships with local communities and iwi is an important part of what they do. They engage with asset communities in various ways, including via dedicated Community Relationship Managers across the country. The aim is to have people, groups and communities feel included and consulted, and that any concerns are heard and addressed. In the 14 years that the fund has been offered, Meridian has been able to undertake a range of projects that are important to locals and have invested more than \$8.5 million back into these local communities through 1,161 projects.

Te Pārongo Ahumoni | Financial Information

Ticker	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
MEL NZ	3.9%	46.6	36.1	1.3	13%	7.0%	25%

Over half a decade, Meridian Energy managed to grow its earnings per share at 18% per annum. This EPS growth is higher than the 13% average annual increase in the company's share price.

As well as measuring the share price return, the total shareholder return (TSR) should also be considered. While the share price return only reflects the change in the share price, the TSR includes the value of dividends (assuming they were reinvested) and the benefit of any discounted capital raising or spin-offs.

Meridian supports KidsCan and their belief that 'every child deserves a decent start in life'. Partnering with KidsCan helps to provide thousands of Kiwi kids with the basics they need to remove barriers to learning. KidsCan is levelling the playing field, giving children whose families are struggling the same opportunity to learn as anyone else.

Meridian are also supporting the kākāpō and 'helping renew a species'. The kākāpō is an endangered species. Meridian has teamed up with the Department of Conservation to support the Kākāpō Recovery Programme, which aims to get kākāpō off the endangered list and back to their former natural range. They also work closely with Ngāi Tahu, who treasure the kākāpō as a taonga species and part of the tribal identity. Meridian's involvement helps fund research and initiatives relating to genetics, nutrition, disease management and finding new sites. It also helps raise awareness of the plight of kākāpō.

Knowledge sharing is caring. Meridian have developed downloadable education resources so that future generations can learn all about renewable energy generation. The resources are aligned with the New Zealand school curriculum and have been designed and reviewed by New Zealand teachers.

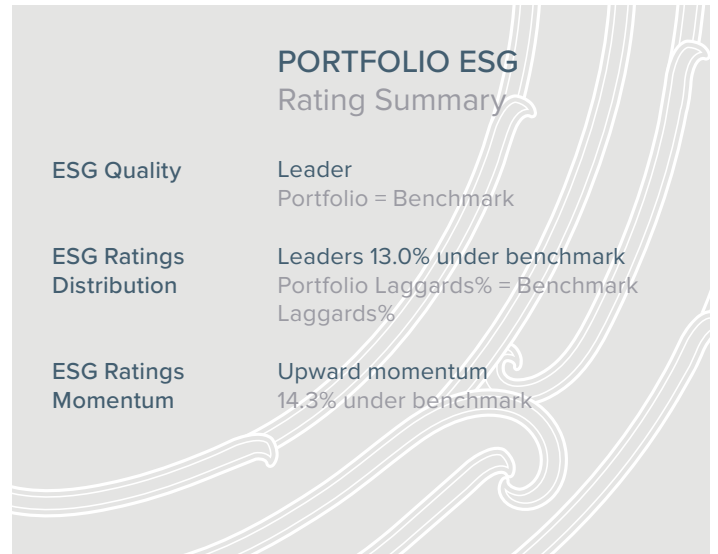
Meridian recognises the mana whenua of Ngāi Tahu, particularly in relation to the hydro schemes in the Ngāi Tahu takiwā. They engage with Ngāi Tahu and other iwi in several ways. Meridian recognises and responds to the kaupapa 'ki uta ki tai (from the mountains to the sea)' and work closely with local rūnaka to develop and implement this kaupapa.

Meridian has partnered with ElectricAir, to help launch the first 100% fully electric plane in New Zealand. The partnership is the combination of innovation and sustainability. Every time the plane takes off zero emissions are released into the air.

Meridian have announced Aotearoa's first electric passenger ferry service in Wellington harbour. The locally-developed vessel is the first fully electric high performance passenger ferry in the Southern Hemisphere, built by Wellington Electric Boat Building Company (WEBBCo).

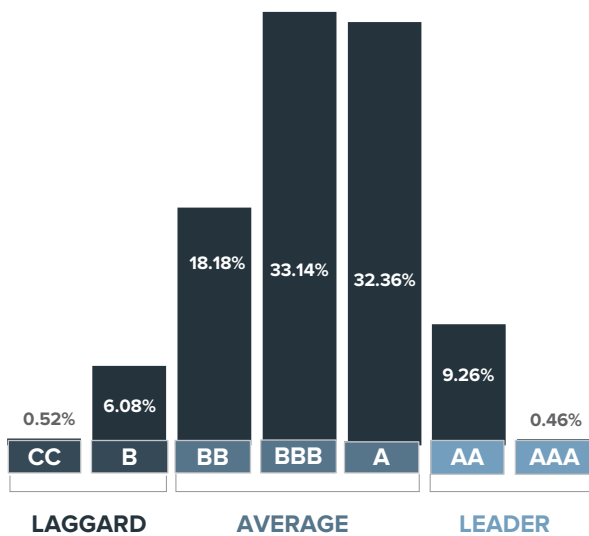
For companies that pay a generous dividend, the TSR is often meaningfully higher than the share price return. For Meridian Energy, the TSR over the last 5 years was 143%, which is better than the share price return mentioned above. The dividends paid by the company have therefore boosted the total shareholder return.

Te Tai o Rehua Fund ESG summary



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 fourth quarter 2021 TAHITO submitted proxy votes for the Annual General Meetings of: SHL – Sonic Healthcare, NXT – Next DC Ltd, LLG – Lendlease Group, CPU – Computershare, SGM – Sims Metals Ltd, SPK – Spark NZ, RWC – Reliance Worldwide, HGH – Heartland Group, BKL – Blackmores Ltd, CBA – Commonwealth Bank of Australia, PPT – Perpetual Ltd, SGP – Stockland Group, DXPPY- Dexus Property Ltd, CSL Ltd and MEL - Meridian Ltd.

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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 representation on the board. For more information on engagement and voting please contact us at info@tahito.co.nz