



# TAHITO Te Tai o Rehua Fund

He Whakatauaiki: *Iho taketaketia tō kaupapa (Know what you're doing before you do anything)*

November was a good month to be a sustainable and ethical investor in our TAHITO Fund. The Fund returned 4.3%, 1.1% above the benchmark of 3.3%. Both the NZ and Australian markets had a good month. The S&P/NZX 50 Portfolio Index returned 2.8% and the Australian S&P/ASX 200 was up 3.8% (in NZD terms).



## Performance (Returns net of fees)

	30-Nov-24	Month	3 Mths	6 Mths	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception (p.a.)
Fund		4.3%	4.2%	12.7%	10.7%	16.2%	10.1%	4.7%	6.7%	7.1%
Benchmark		3.3%	6.0%	12.0%	13.3%	20.0%	9.2%	6.1%	6.6%	6.8%
Alpha		1.1%	-1.8%	0.6%	-2.6%	-3.8%	0.9%	-1.5%	0.2%	0.3%

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

## Our Performance

The New Zealand's sharemarket (NZX 50) gained 3.4%, with companies like Turners and Gentrack performing well, while Australian equities rose by 3.8%, reaching historical highs, led by gains in the banking sector. In the fixed income and cash markets, global longer-term interest rates fell, particularly in Europe, and both the US Federal Reserve and the Reserve Bank of New Zealand cut interest rates, with further cuts expected. The pro-growth policies of the Trump administration are anticipated to support US corporate earnings and global sharemarkets, while the local sharemarket in New Zealand is expected to perform well in the coming year, supported by lower interest rates and a positive global economic backdrop.

The key movers in our Fund were:

- CBA +11%, after releasing a strong quarterly result. This included a 3.5% year-on-year increase in operating income and a 5% rise in unaudited cash net profit, reaching approximately \$2.5 billion. Broader economic conditions, including stable interest rates and a favourable economic outlook, contributed to investor confidence in the banking sector.
- Technology One +24%, also after a strong financial performance. An 18% increase in pre-tax profits for FY24

and a 20% surge in annual recurring revenue (ARR) surpassed market expectations. Positive analyst ratings further boosted investor confidence. The company's focus on stable sectors like education and government provides a reliable revenue base.

- Xero +16% was another technology holding that performed well, reporting strong growth numbers and combined with improving profitability.
- Heartland Group was down by -4% as the company updated the market on recent financial performance, indicating reduced lender demand and increase bad and doubtful debt provisions, reflecting the underlying weak economy in NZ. Management remain confident about the longer term outlook for the group, and continue to target a substantial uplift in earnings by 2027, leveraging the group's recent acquisition of an Australian banking license.

The US sharemarkets experienced a significant surge in November due to a decisive election win by President Trump and the Republican party. The Dow Jones, S&P 500, and Nasdaq Composite all saw substantial gains, with the Dow Jones and S&P 500 reaching record highs.

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Globally, share markets rose by 4.1%, driven by strong US market performance, positive economic data, and corporate earnings. There was some divergence by region though (all returns in local currencies): - MSCI World ex emerging markets (4.9%), S&P 500 (5.9%), Nasdaq 100 (5.3%), Japan Nikkei 225 (-2.2%), Euro Stoxx 50 (-0.4%), UK FTSE 100 (2.6%), Hong Kong Hang Seng (-0.2%) and the Chinese CSI 300 (0.3%).

For a more comprehensive financial market review, please see the Monthly View from our sister company JMI Wealth.

[Monthly View December 2024 | JMI Wealth](#)

### Good News sustainability stories:

- » California is tackling fast fashion waste by introducing the Responsible Textile Recovery Act 2024. The law requires fashion brands and textile producers to take responsibility for their products' entire life cycle, including collection, repair, and recycling. The aim is to reduce the massive textile waste, such as the 1.2 million tons discarded in California in 2021. Producers must join a Producer Responsibility Organisation (PRO) to manage these efforts, and the law encourages brands to enhance resale, repair, and reuse programs, promoting a more sustainable, circular economy.
- » Ireland's Deposit Return Scheme (DRS), launched in February 2024, incentivises people to return empty plastic bottles and drink cans for a small refund. The scheme has quickly gained popularity, with returns increasing from two million items in March to 111 million in August. It has also raised funds for charities, provided income for homeless individuals and children, and significantly reduced litter, as evidenced by a sharp drop in plastic waste on Irish shorelines.
- » The Food Basket CHB in Waipukurau, founded by Mel King seven years ago, provides food for 800 people weekly by collecting leftover groceries from supermarkets. With 40 volunteers, the initiative has expanded to offer cooking classes, gardening, and frozen meals for the elderly and ill. Over the past year, it has rescued nearly 230,000 kg of food from landfill, transforming it into over 1.3 million free meals.

## kei te piki ake nga taumata whakaheke waro | Carbon reduction targets are on the rise

The latest KPMG report reveals a significant milestone in corporate sustainability efforts, with 95% of the world's top 250 companies now publishing carbon reduction targets. This marks a notable increase from 80% in 2022, indicating a growing commitment to addressing climate change. The report also highlights that 56% of these companies have appointed a dedicated sustainability leader, up from 45% in the previous year. This trend underscores the importance of leadership in driving sustainability initiatives. Additionally, 30% of the top 100 companies now link executive pay to sustainability goals, compared to 24% in 2022, reflecting a stronger alignment of corporate incentives with environmental objectives. Companies are also preparing for mandatory sustainability reporting under frameworks like the EU's Corporate Sustainability Reporting Directive (CSRD), which will further standardize and enhance transparency in sustainability practices. Overall, the report demonstrates that sustainability reporting and carbon targets have become standard practice among the world's largest companies, signalling a positive shift towards more responsible and transparent corporate behaviour.

[95% of World's Top 250 Companies Now Publishing Carbon Targets: KPMG Report - ESG News](#)

Temuera Hall - Portfolio Manager

## Responsible Investment Association Australasia certification

The TAHITO Te Tai o Rehua Fund has been certified and classified by the Responsible Investment Association Australasia according to the operational and disclosure practices required under the Responsible Investment Certification Program. See [www.responsiblereturns.com.au](http://www.responsiblereturns.com.au) and [RIAA's Financial Services Guide](#) for details.<sup>1</sup>

<sup>1</sup> The Responsible Investment Certification Program provides general advice only and does not take into account any person's objectives, financial situation, or needs. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Because of this, you should consider your own objectives, financial situation and needs and also consider the terms of any product disclosure document before making an investment decision. Certification are current for 24 months and subject to change at any time.

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