



TAHITO Te Tai o Rehua Fund

Performance (Returns net of fees)

31-Jul-24	Month	3 Mths	6 Mths	YTD	1 Year	2 Year	3 Years	Inception (p.a.)
Fund	6.1%	3.8%	3.7%	4.2%	4.2%	4.4%	2.8%	6.3%
Benchmark	6.0%	5.1%	6.4%	7.3%	7.9%	7.3%	4.2%	6.1%
Alpha	0.1%	-1.4%	-2.8%	-3.2%	-3.7%	-2.9%	-1.4%	0.2%

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

Our Performance

July saw a big rebound in the NZ share market, with the S&P/NZX 50 Portfolio Index up 7.5%, outpacing the Australian market for the first time this year (the S&P/ASX 200 was up 4.6% in NZD terms). Our Te Tai o Rehua (TTOR) Fund had a big month up 6.1%, 0.1% above the benchmark return of 6.0%.

The New Zealand share market surged following an announcement from the Reserve Bank of New Zealand that was largely seen as opening the way for interest rate cuts later this year, rather than mid-2025 as previously indicated.

The Australian share market experienced healthy gains, propelled by several pivotal factors. The easing of inflation and robust consumer spending were instrumental, complemented by significant earnings growth within the technology sector. Renewed optimism regarding potential interest rate cuts from the US Federal Reserve and other central banks worldwide bolstered positive market sentiment.

Global share markets showed mixed returns in July: S&P 500 (1.2%), Nasdaq 100 (-1.6%), Japan Nikkei 225 (-1.2%), Euro Stoxx 50 (-0.3%), UK FTSE 100 (2.5%) and Hong Kong Hang Seng (-1.0%), Chinese CSI 300 (0.6%).

Since the end of July, global markets have experienced significant turbulence with concerns over a potential recession in the United States and ongoing geopolitical tensions leading to notable declines in major indices. The US and Asian markets have been particularly affected.

In the US, the latest jobs report showed slower growth than expected. The unemployment rate has risen, and wage growth has slowed, leading to a weaker dollar. This contributed to the broad sell-off in global markets, with investors becoming increasingly cautious. Overall, market sentiment is quite bearish, with many investors continuing to worry about the economic outlook and the impact of high interest rates aimed at controlling inflation.

The key movers in our Fund were:

- **Summerset Group +17.8%**, due to strong sales metrics and positive half-year profit guidance despite challenging market conditions, along with the softening in RBNZ inflation stance and the Arvida takeover offer.
- **Commonwealth Bank of Australia +7.9%**, as robust half-year results earlier in the year led to a high interim dividend, as well as the introduction of new digital banking features like travel booking and car buying services within their app providing a digital edge over their competitors.
- **Wisetech Global -5.2%**. Wisetech are investing heavily in AI yet the market has retracted on concerns of over hype in future revenues and growth potential from AI.
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TAHITO



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- Australian Ethical Investments -7.6%, due to a decrease in FUM, as well as the costs and integration efforts from their recent acquisition of Altius Asset Management impacting financial stability and investor confidence.

Good News sustainability stories:

- » Electric vehicles are breaking sales records all over the world. According to new estimates, 17 million new fully electric or plug-in hybrid vehicles will be sold this year — up from 13.7 million last year. China still leads the world in EV sales, with over 10 million fully electric and plug-in electric vehicles expected to be sold this year alone.
- » New Zealand’s Renewable Energy Milestone: New Zealand achieved a significant milestone by generating 90% of its electricity from renewable sources for the first time¹. This achievement underscores the country’s commitment to reducing its carbon footprint and promoting sustainable energy.
- » Australia’s Plastic Waste Reduction: Australia launched a nationwide initiative to reduce plastic waste, resulting in a 30% decrease in single-use plastics within the first month². This initiative includes increased recycling efforts and the promotion of reusable alternatives.
- » Conservation Success in Australia: The magnificent tree frog, a rare species found exclusively in an Australian wildlife sanctuary, saw a notable increase in population due to dedicated conservation efforts³. This success highlights the importance of protected areas for wildlife conservation.
- » Community Solar Projects in New Zealand: Several communities in New Zealand have successfully implemented solar power projects, providing clean energy to thousands of households¹. These projects not only reduce reliance on fossil fuels but also empower local communities to take charge of their energy needs.

Building Prosperity – Report by The Ellen Macarthur Foundation

‘More than half a trillion euros could be unlocked annually by 2035, alongside more than EUR 150 billion of annual economic benefits to wider society, businesses, citizens and other urban stakeholders.’

The study emphasizes the critical link between the health of the economy and nature, highlighting the urgent need to address the overexploitation and undervaluation of natural resources. It advocates for a nature-positive circular economy, which decouples economic activities from finite resource consumption, offering resilience and better outcomes for society.

Focusing on Europe’s built environment, the study identifies the construction sector as a major contributor to material footprint and emissions. It calls for immediate action to address waste and inefficiency, which is essential for meeting climate and biodiversity goals. The report outlines six circular economy strategies that can drive both economic and environmental benefits, reinforcing the idea that economic growth and nature preservation can go hand in hand. These strategies are mature, scalable, and when integrated, they amplify each other’s positive impacts.

[Building Prosperity - Full Report](#)

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.responsibleinvestments.com.au and [RIAA’s Financial Services Guide](#) for details.¹

¹ 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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SUSTAINABLE PLUS

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