



TAHITO Te Tai o Rehua Fund

He Whakatauāki: Mai te mana o te kupu ka tu te hua *(Action comes from the power of the word)*

Our TAHITO Fund was negative -2.2% in February but outperformed the benchmark by 0.3%. The S&P/NZX 50 Portfolio Index and the S&P/ASX 200 were down -1.7% and -3.2% (in NZD terms) respectively.

Performance (Returns net of fees)

	28-Feb-25	Month	3 Mths	6 Mths	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	Start (p.a.)
Fund	-2.2%	-2.2%	-1.6%	2.6%	0.5%	8.4%	7.4%	5.4%	6.9%	6.5%
Benchmark	-2.5%	-2.5%	-1.9%	4.0%	-0.3%	10.7%	7.3%	6.1%	7.1%	6.1%
Alpha	0.3%	0.3%	0.4%	-1.4%	0.8%	-2.3%	0.1%	-0.7%	-0.1%	0.4%

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

Our Performance

The broader NZ share market fell by 3.0% due to disappointing earnings from several companies and a \$1 billion capital raise by Ryman Healthcare. Notable declines included Spark (-22%) and Heartland Bank (-21%), while a2 Milk rose 37% on better-than-expected profits. Tower and Fletcher Building also saw gains, rising 11% and 19% respectively. Fisher and Paykel Healthcare dropped 9% due to concerns over US tariffs on Mexico.

The Australian share market declined by 3.8% (in AUD), influenced by a mixed profit season and trade war concerns. Bendigo and Adelaide Bank's disappointing profit update led to a 20% drop in its share price. Despite solid results from major banks like CBA and Westpac, National Australia Bank's loan impairments announcement caused a 12% decline in its share price.

The key movers in our Fund were:

- Australian Ethical +25%; due to an impressive financial performance from the purpose-driven investment manager in the first half of FY25, with the company reporting a 35% increase in underlying profit and a 50% increase in net profit after tax. Funds under management reached a record high of \$13.26 billion, up 27% since June 2024.
- Sims Ltd +10%; The company reported strong financial results for the first half of FY25, with a 20% increase in revenue and a 15% increase in net profit

compared to the same period in FY24. Sims announced a strategic partnership with a major tech company to enhance their electronic waste recycling capabilities.

- Heartland Group --21%; the company announced an impairment expense of \$49.6 million for Heartland Bank Limited, for the six-month period ended 31 Dec 2024, mainly due to the ongoing deterioration in economic conditions in NZ. This is impacting the collectability of customer arrears in their motor finance and business lending portfolios. Net profit after tax for the first half of FY25 was \$3.6 million, a decrease from previous periods.
- Spark NZ -22%; after the company reported a 1.9% decline in revenue and a 20.9% decline in EBITDA for the first half of FY25, attributed to lower IT services project activity and supply cost inflation. Spark also reduced their earnings guidance amid aggressive price competition in the mobile services sector, particularly in the enterprise and government sectors. Following the earnings report, analysts cut their target price for Spark, contributing to the negative sentiment around the stock.

Global share markets declined in February, primarily due to rising US economic policy uncertainty and the fading AI euphoria that had driven US markets higher in 2024.

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Newly elected President Trump issued nearly 75 executive orders, creating policy uncertainty and pushing the US Economic Policy Uncertainty Index to near its highest level in 40 years. The US market fell by 1.3%, with large-cap technology companies underperforming due to the impact of DeepSeek's AI announcement. Nvidia's shares dropped 8.5% despite reporting record revenue, and Alphabet and Amazon's mixed results and high capital expenditure plans unsettled investors.

European markets, however, outperformed for the second consecutive month, with the Euro Stoxx 50 index climbing 3.4% in February, driven by the prospect of peace in Ukraine and robust corporate earnings. The US fourth-quarter 2024 earnings season ended positively, with 75% of S&P 500 companies exceeding expectations and year-on-year earnings growth at 18.2%, the highest since Q4 2021. European corporate earnings also exceeded forecasts, contributing to record highs in European markets, with notable positive earnings surprises from companies like Anheuser-Busch InBev, Wienerberger, and Novo Nordisk.

Global returns were as follows: MSCI World ex emerging markets (-1.0%), S&P 500 (-1.3%), Nasdaq 100 (-2.7%), Japan Nikkei 225 (-6.0%), Euro Stoxx 50 (3.4%), UK FTSE 100 (2.0%), Hong Kong Hang Seng (13.4%) and the Chinese CSI 300 (1.9%).

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

[Monthly View March 2025 | JMI Wealth](#)

Good News sustainability stories:

- » **Fish doorbell in the Netherlands:** 'Fish doorbell season' officially began on 3 March for the fifth year in a row. This camera shows live footage, allowing viewers to let the lock keeper at the Weerdslui lock know when fish are waiting to swim upstream so they can open the gate. Last year there were almost three million unique visitors who together helped thousands of fish through the Weerdslui gates in Utrecht.
- » **India doubles tiger population in a decade:** India doubled its tiger population in a little over a decade, a study found in early February. It has done so by protecting the big cats from poaching and habitat loss, ensuring they have enough prey, reducing human-wildlife conflict, and increasing living standards for communities near tiger areas. In the early 2000s, experts were warning that tigers could soon go extinct. But over the last 25 years, India's national animal has seen a remarkable recovery.
- » **Arctic tundra keeping seeds safe for future generations:** Tucked beyond the Arctic Circle, the Svalbard Global Seed Vault sits in a former coal mine that stores fruit and vegetable seeds from all over the world. Holding over 6,297 crop species, last year saw the highest numbers of depositing gene-banks and the highest number of newcomers in the history of the vault, showing that cooperation on conserving seeds is flourishing.

He Panui - Notice of update to key documents: We have recently reviewed and updated the TAHITO Te Tai o Rehua:

- PDS (Product Disclosure Statement)
- SIPO (Statement of Investment Policy and Objectives)
- ESG-SEI Policy (Environmental, Social, Governance – Sustainability, Ethics and Impact Policy)

These changes follow the annual review of our disclosure documents for the Fund and are intended to reflect evolving investor awareness and expectations. A notice of the updated has been sent to all our client investors. Copies can be found here: <https://tahito.co.nz/trans-tasman-equity-fund#investor-documents>

Measuring Carbon Footprints of Agri-Food Products | Te Ine i nga Tapuwae Waro o nga Hua Kai-ahuhenua

Agricultural production and changes to land use account for the majority of global greenhouse gas (GHG) emissions in food systems. But three important levers can be used to reduce emissions in food systems:

1. Shift to buying and consuming products with a lower average carbon footprint.
2. Within each product category, shift to suppliers with a lower carbon footprint – for example, from higher-emitting dairy producers to lower-emitting ones.
3. Incentivise producers everywhere to adopt techniques, like farm management practices or technological solutions, to reduce their emissions.

To achieve reliable and widespread product carbon footprint information in agri-food supply chains, eight essential building blocks are needed: 1. reporting standards and guidelines, 2. science-based methods for measuring emissions, 3. farm-level calculation tools, 4. databases with secondary data, 5. a communication system for carbon footprint data along the supply chain, 6. mechanisms to ensure data integrity and quality, 7. scalable and cost-effective calculation methods, and 8. a system for updating these elements with new scientific insights. These building blocks would enable actors in the supply chain to receive, add, and share carbon footprint information, facilitating a "cradle-to-gate" model that could significantly reduce emissions by shifting to lower-carbon products, suppliers, and practices.

The report highlights that many necessary elements are already in place, though some were developed for different purposes and need adjustments to work together effectively. Achieving this ambitious goal will require collaboration among researchers, farmers, supply chain actors, governments, and civil society. Additionally, the framework for carbon footprint measurement could be adapted to address other environmental impacts, making it a versatile tool for broader sustainability efforts.

[Measuring Carbon Footprints of Agri-Food Products | OECD](#)

Chorus Limited (CNU)

Whakarāpopototanga | Summary

CNU has a Tahito score of 5.1 (out of 10) with good scores in climate change and environmental efforts. CNU has an 'AA' MSCI ESG rating.

Chorus Limited		Score	Telecommunication Services		Score
Women Directors		42.9%	T-score		5.1
Women in Executive roles		36.4%	ESG Rating		AA
\$M Donations and community grants		\$1.20	Te Pai o Rangi TAHITO Score		7.9
% of NPAT to community grants		0.2%	Climate Change Theme Score*		10.0
Has achieved Carbon Neutral (CO2 only, Y/N)		N	Te Poho o Papa TAHITO Score		3.4
Target date for carbon neutral if N		2030	Environmental Pillar Score*		10.0
Has set target for Net zero scope 1,2 (Y/N)		Y	Environmental Opportunities Score*		-
Target date for Net zero Scopes 1&2		2030	Natural Capital Score*		-
Has set target Carbon Net zero Scopes 1,2 &3 (Y/N)		Y	Pollution and Waste Score*		-
Target date for Net zero Scopes 1,2 & 3		2030	Human Capital Score*		3.0
Scopes 1&2 Carbon Emissions - Key *		Reported	Wage Ratio (multiple of median wage)**		48
Scope 1+2 (metric tons) *		6,387	Qualitative TAHITO Community Score		6.0
Scope 1+2 Intensity (t/USD million sales) *		10.4			
Scope 3 Carbon Emissions - Key *		Estimation model			
Scope 3 - Total (combined dataset) *		97,278			
Scope 3 - Total Sales Intensity (combined dataset) *		162.0			
Total GHG Emissions (Scopes 1, 2 and 3) *		124,420			

Carbon intensity +tons / \$M sales

* MSCI ESG data and scores

** CEOs salary divided by the median wage

Chorus Limited Assessment

Executive Summary

Chorus Limited (CNU), Aotearoa New Zealand's largest fixed line telecommunications infrastructure provider, demonstrates a good alignment with many TAHITO values and principles. The company has made significant progress in environmental sustainability, particularly in emissions reduction, and shows commitment to digital equity and inclusion. While their governance structure includes strong gender diversity and ethical frameworks, there remains opportunity to further integrate indigenous perspectives and deepen community reciprocity beyond conventional corporate social responsibility approaches.

CNU shows particular strength in the whanaungatanga (relational), whakarongo (balanced), and kawa (cyclical) values through their comprehensive stakeholder engagement, emissions reduction programs, and long-term sustainability planning. Their Te Utu Pānga (impact) is most evident in their digital inclusion initiatives and environmental management, though their transformation toward a fully relational, collective worldview remains a work in progress.

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Climate Change and Environmental Performance

Chorus is making steady progress toward carbon neutrality, with a structured approach to environmental impact reduction. The company has achieved a 39% reduction in Scope 1 and 2 emissions against their FY2020 baseline, with current trajectory targeting zero emissions by FY2030. Their electricity consumption decreased by 3% in FY2024 (to 75.1 GWh from 77.4 GWh in FY2023), demonstrating a commitment to energy efficiency.

For Scope 3 emissions, Chorus has set a target for 70% of suppliers by spend to have Science Based Target initiative (SBTi) targets by FY2029. Currently, 30% of suppliers have achieved this milestone, indicating room for improvement in supplier engagement toward climate goals.

Chorus demonstrates strong waste management practices, with a 93% diversion rate from landfill across 339 tonnes of waste generated in FY2024. Their waste streams include plastic duct, batteries, redundant network metal, and e-waste, with established recycling processes for each category.

The company shows awareness of its biodiversity impact, particularly through management of approximately 70 network sites located on Department of Conservation land. They report engagement with local Māori organisations and Heritage New Zealand to mitigate cultural impacts in sensitive areas, though specific biodiversity enhancement initiatives remain limited.

From a TAHITO perspective, Chorus demonstrates good alignment with whakarongo (balanced) principles through their systematic emissions reduction and kawa (cyclical) approaches to sustainability planning. However, there is opportunity to deepen honotahi (complementary) values by accelerating supplier sustainability targets and enhancing whakapapa (interdependent) connections in their environmental strategies.

Equity, Diversity and Workplace Culture

Chorus has made significant progress in workplace diversity and inclusion, utilising the Aotearoa Inclusivity Matrix (AIM) as an evidence-based framework. The company reports achieving top 5-10% in technology industry benchmarks for diversity, inclusiveness, and non-discrimination, earning recognition in the HRNZ Awards 2024 (Diversity, Equity & Inclusion category).

The company has achieved a 40:40:20 gender ratio at executive, board, and overall employee levels, reflecting commitment to gender balance. Female success rates in senior role applications reached 50% (compared to 37.5% for males), though the total gender pay gap remains substantial at -18.4% (improved slightly from -19% in the previous year).

Employee development has seen significant enhancement, with average learning hours per full-time employee increasing to 19.7 hours in FY2024 (from eight hours in FY2023). The company offers comprehensive benefits including wellbeing days, flexible working practices, and support services based on Te Whare Tapa Whā model.

Their commitment to Te Ao Māori knowledge development shows progress, with 31% employee participation in online Te Ao Māori learning programs and 201 participants in additional knowledge sessions. The company has also created an accessibility network (Te Āhei Whanui) and sponsored the New Zealand Disability Employers Conference.

From a TAHITO perspective, Chorus demonstrates alignment with whanaungatanga (relational) principles through stakeholder engagement and whakatau (consensual) approaches to workplace inclusivity. However, the persistent gender pay gap indicates room for improvement in honotahi (complementary) implementation, and deeper integration of indigenous principles into leadership development would strengthen their approach.

Community Engagement and Impact

Chorus has expanded their community engagement with 28% of employees utilising volunteer hours in FY2024 (up from 21% in FY2023), contributing 1,670 total volunteer hours. Their community initiatives focus primarily on digital inclusion and education.

Key programs include:

1. Digital Seniors Program: Launched tech support hubs in Auckland serving 2,747 registered seniors, handling 1,666 senior visits and 622 support calls, culminating in their first Digital Seniors Tech Expo.
2. Katoa Connect Community Program: Focused on at-risk communities in Te Tai Tokerau, graduating 100 students (93 Māori and 7 Pasifika) through 20-hour digital skills training programs and providing Chromebooks with 12-month internet subsidies.
3. NetSafe Collaboration: Launched "Get Set Up for Safety" toolkit with 9,000 safety pamphlets distributed in both English and Te Reo Māori.

The company has engaged with 50 local councils, commissioned 200 murals on network infrastructure, supported local artists, and delivered 33 community engagement events about digital connectivity.

From a TAHITO perspective, Chorus demonstrates alignment with utu (reciprocal) principles through community support initiatives and whanaungatanga (relational connectivity) through stakeholder engagement. Their approach to community impact shows understanding of balance (whakarongo) and harmony (humarie), though further development of complementary (honotahi) approaches to community wealth-sharing could strengthen their impact.

Governance and Leadership

Chorus's governance structure includes seven independent directors with a 40:40:20 gender approach, demonstrating commitment to diverse leadership perspectives. The company is transitioning to a simpler all-fibre digital infrastructure model, having completed a capital management review and maintained focus on long-term shareholder value.

Key strategic focuses include:

- Transitioning to an all-fibre business
- Reducing copper network connections
- Driving fibre broadband uptake
- Preparing for new regulatory period (2025-2028)
- Implementing a new operating model
- Network simplification and efficiency

Financial performance highlights for FY2024 include:

- Revenue: \$1,010 million (+3.1% from FY23)
- EBITDA: \$700 million (at top of guidance range)
- Net loss: \$9 million (compared to \$25 million profit in FY23)
- Fibre connections: 1,084,000 (+5.1% year-on-year)
- Capital expenditure: \$427 million
- Dividend: 47.5 cents per share
- Dividend guidance for FY25: 57.5 cents per share (21% increase)

From a TAHITO perspective, Chorus's governance demonstrates good alignment with whakatau (consensual) principles through transparency and mahitahi (co-operational) values in their leadership approach. However, deeper integration of indigenous perspectives into governance frameworks would strengthen alignment with collective self intelligence principles.

Opportunities and Challenges

Strengths:

- Strong commitment to emissions reduction with clear targets
- Robust digital inclusion programs with measurable impact
- Comprehensive diversity and inclusion framework with tangible progress
- Solid waste management with high diversion rates
- Transparent governance and reporting

Weaknesses:

- Significant gender pay gap despite progress in representation
- Limited supplier engagement in climate targets
- Biodiversity initiatives remain underdeveloped
- Indigenous perspectives could be more deeply integrated

Opportunities:

- Accelerate supplier sustainability engagement
- Develop more comprehensive biodiversity enhancement programs
- Deepen integration of Te Ao Māori perspectives across operations
- Expand digital inclusion initiatives to more remote communities
- Address structural causes of gender pay disparity

Threats:

- Regulatory changes affecting infrastructure operations
- Climate impacts on physical infrastructure
- Competitive pressures in telecommunications sector
- Potential economic constraints on community investment

Overall TAHITO Alignment Analysis

Chorus Limited demonstrates moderate to strong alignment with TAHITO values and principles, particularly in environmental sustainability, digital inclusion, and governance transparency. Their approach to climate change mitigation, waste management, and community engagement reflects understanding of interconnection and collective responsibility.

The company shows particular strength in whanaungatanga (relational connectivity) through stakeholder engagement, whakarongo (balanced approach) in emissions reduction, and kawa (cyclical planning) in sustainability strategies. Their commitment to digital inclusion aligns well with utu (reciprocity) principles, though there is opportunity to deepen this impact.

Areas for growth include more comprehensive integration of Te Ao Māori perspectives, addressing structural causes of gender pay disparities, and accelerating supplier engagement in sustainability initiatives. While Chorus has made significant progress in transforming from substantive to relational behaviours, their journey toward fully embodying a collective worldview continues to evolve.

The company's transition to all-fibre infrastructure represents not just technological advancement but an opportunity to reimagine connectivity through an indigenous lens that prioritises relationship, reciprocity, and regenerative practices. As Chorus continues this transformation, deeper integration of TAHITO principles could further enhance their positive impact on people and planet.

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 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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