



## TAHITO Te Tai o Rehua Fund

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

Our TAHITO Fund outperformed in January, returning 2.8%, 0.5% above the benchmark. The NZ market was flat while the Australian market had a good month. The S&P/NZX 50 Portfolio Index returned 0.1%, and the Australian S&P/ASX 200 was up 4.2% (in NZD terms).

### Performance (Returns net of fees)

	31-Jan-25	Month	3 Mths	6 Mths	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	Inception (p.a.)
Fund		2.8%	5.0%	6.9%	2.8%	10.8%	8.2%	6.6%	6.2%	7.0%
Benchmark		2.2%	3.8%	6.2%	2.2%	13.0%	7.6%	7.5%	6.2%	6.7%
Alpha		0.5%	1.1%	0.7%	0.5%	-2.2%	0.6%	-0.9%	0.1%	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

New Zealand's economy entered recession in 2024, contracting 1.1% and 1.0% on an annualised basis in Q2 and Q3 respectively. Following the RBNZ's 50bp OCR cut to 4.25% in November 2024, further cuts are expected to reach around 3.0% by the end of 2025, supported by inflation within the 1-3% target range. While business and consumer confidence are improving and interest rates are declining, economic activity remains weak with only tentative signs of stabilisation.

New Zealand's share market was driven mainly by global events during January, due to limited domestic corporate news. Notable decliners included Infratil (-11%) following the DeepSeek AI announcement, which could impact its CDC datacentre investment.

Australian equities were boosted by expectations of RBA rate cuts following subdued inflation data. Financial stocks led gains, with National Australia Bank up 8%. Mining companies showed mixed results, with BHP (+1%) and RIO (unchanged) underperforming while gold stocks advanced.

The key movers in our Fund were:

- Ingenia Communities +26% due to the company's upgraded financial guidance for FY25, announcing a higher target for EBIT (Earnings Before Interest and Taxes) and underlying EPS (Earnings Per Share), reflecting strong growth expectations.

- Sims Ltd +12%, on the back of a favourable outlook for the recycling and waste management sector and new plans to expand operations and improve efficiency.
- Australian Ethical -7%, which fell as investors were disappointed with the company's quarterly update, despite growth in funds under management.

Global share markets rose in January 2025 despite volatility, supported by subdued US inflation data, signs of economic resilience, and strong corporate earnings. However, markets were pressured by DeepSeek's potential disruption to US AI dominance and the potential impact from President Trump's trade policy.

The Fed left interest rates unchanged at 4.3% in January, having reduced rates in the three prior meetings.

DeepSeek's January announcement of developing cost-effective AI technology caused significant market disruption. While this suggests accelerated AI-driven productivity through commoditisation, it may reduce projected datacentre electricity demand and infrastructure spending. The news particularly impacted Nvidia, whose shares fell 17% (-\$600B market value). This development could reshape the tech sector landscape, creating both winners and losers, while potentially benefiting broader industries through cheaper AI access.

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Reflecting these concerns, during the month we sold the Fund's small holding in data centre company Next DC, which has been growing quickly but is also priced for substantial further growth, which now appears somewhat more uncertain.

Global returns were as follows: MSCI World ex emerging markets (3.5%), S&P 500 (2.8%), Nasdaq 100 (2.3%), Japan Nikkei 225 (-0.8%), Euro Stoxx 50 (8.1%), UK FTSE 100 (6.2%), Hong Kong Hang Seng (1.2%) and the Chinese CSI 300 (-2.8%).

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

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

### Good News sustainability stories:

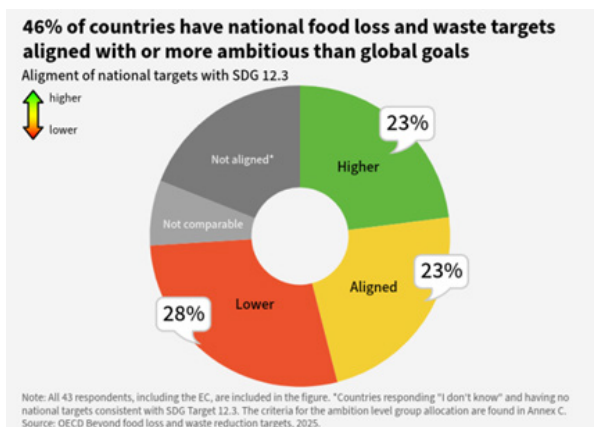
- » The UK's electricity in 2024 was the cleanest ever, with carbon dioxide emissions per unit falling by more than two-thirds over the past decade. This achievement is due to the phase-out of coal and a significant increase in renewable energy generation, which more than doubled. In 2024, fossil fuels accounted for just 29% of electricity, while renewables reached a record-high 45%, and nuclear contributed 13%. The carbon intensity of electricity dropped to 124gCO<sub>2</sub> per kilowatt hour, compared to 419gCO<sub>2</sub> in 2014. This shift has also led to substantial reductions in emissions from electric vehicles and household heat pumps (Carbon Brief).
- » In 2024, renewable energy supplied 71% of Portugal's electricity, with record production of 36.7 TWh. Hydroelectric and wind power contributed 28% and 27% respectively, while solar power provided 10% and biomass 6%. Solar production grew by 37% year-on-year due to rapid capacity expansion. Non-renewable production, mainly from natural gas, fell to its lowest level since 1979. Portugal aims to achieve 80% renewable electricity by 2026 and 85% by 2030, with a target of 20.4 GW of PV capacity by 2030. (PV Magazine)
- » Germany achieved 62.7% renewables in the 2024 electricity mix, with solar contributing 14% (PV Magazine). Germany also added 16.2 GW of new solar panels in 2024, according to the Bundesnetzagentur. This made the total contribution of solar panels 99.3 GW by the end of December 2024 (PV Magazine). According to official data, more than 800,000 balcony solar panel kits had been installed in Germany by the end of 2024, thanks to subsidies and a desire to save energy amid high-energy costs. (Techxplore)
- » A study by Western University highlights the benefits of agrivoltaics, where sheep graze under solar panels, making nearly 100% of the land grazable. This practice, termed "solar" sheep farming, is profitable as it eliminates the need for herbicides and grass cutting, while providing shade and protection for the sheep. The study, led by Joshua Pearce, shows that this method increases grass yield and offers a reliable revenue source for farmers. Despite its potential, Canada lags behind the U.S. in adopting this practice. The research underscores the economic and environmental advantages of integrating sheep farming with solar energy production. (Techxplore)

## Te Ngaronga Kai me te Whakaiti Parapara | Food Loss and Waste Reduction

The link to the report on 'Beyond food loss and waste reduction' presents findings from a 2023 OECD survey of 42 national ministries and the European Commission regarding global food loss and waste (FLW) policy. The survey aimed to identify common practices, challenges, and successful elements in FLW policy implementation to facilitate knowledge sharing and accelerate action among countries. While noting that policy approaches need to be tailored to national contexts, the study provides comprehensive insights into the current state of FLW policy development and implementation across surveyed jurisdictions.

Key findings indicate that while knowledge of FLW has improved through SDG commitments and better measurement methods, there are opportunities for enhancement in several areas. These include developing more affordable measurement methods, improving cross-country data comparability, and expanding reporting across the entire food supply chain. While most countries have established national FLW reduction targets, there is room for improvement in setting quantifiable targets with clear baselines and timelines. The study also highlights that while national FLW strategies are widely implemented, they typically rely on soft measures, and few countries conduct regular policy impact evaluations. The report suggests that peer-to-peer learning and more inclusive policy dialogue could help countries enhance their FLW reduction efforts.

[Beyond food loss and waste reduction targets | OECD](#)



## ALS Limited (ALQ)

### Whakarāpopototanga | Summary

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

ALS Limited	Score	Software and Services	Score
Women Directors	25.0%	T-score	5.1
Women in Executive roles	16.7%	ESG Rating	AA
\$M Donations and community grants	\$0.60	Te Pai o Rangi TAHITO Score	8.1
% of NPAT to community grants	0.2%	Climate Change Theme Score*	10.0
Has achieved Carbon Neutral (CO2 only, Y/N)	Y	Te Poho o Papa TAHITO Score	2.6
Target date for carbon neutral if N	Achieved	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	2050	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	2050	Human Capital Score*	3.0
Scopes 1&2 Carbon Emissions - Key *	Reported	Wage Ratio (multiple of median wage)**	48
Scope 1+2 (metric tons) *	85,431	Qualitative TAHITO Community Score	6.0
Scope 1+2 Intensity (t/USD million sales) *	53.2		
Scope 3 Carbon Emissions - Key *	Estimation model		
Scope 3 - Total (combined dataset) *	196,529		
Scope 3 - Total Sales Intensity (combined dataset) *	122.4		
Total GHG Emissions (Scopes 1, 2 and 3) *	306,996		

Carbon intensity +tons / \$M sales

\* MSCI ESG data and scores

\*\* CEOs salary divided by the median wage

## Executive Summary

ALS Limited demonstrates strong progress in environmental stewardship and governance quality, particularly in climate action and waste management. While the company shows commitment to sustainability and social responsibility, there are opportunities to deepen alignment with indigenous principles of collective intelligence and interconnected wellbeing.

## Climate and Environmental Leadership

ALS has established itself as an environmental leader through its comprehensive approach to climate change and emissions reduction. The company maintains carbon neutrality for Scope 1 and 2 emissions, with 95% renewable electricity usage globally. Their commitment to achieving net zero emissions across all scopes by 2050 is supported by clear interim targets and practical implementation strategies.

The company's waste management initiatives show promising results, particularly in laboratory plastic reduction and recycling programs. Their Perth Environmental Laboratory achieved over 90% plastic diversion from landfill, demonstrating the potential for system-wide improvements. However, these initiatives could benefit from greater standardisation across global operations and deeper integration of circular economy principles.

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## Social Equity and Community Engagement

ALS shows meaningful progress in workforce diversity, achieving 48% female representation across their global workforce and 47% in senior management roles. Their comprehensive employee development programs and benefits packages reflect a commitment to collective wellbeing. However, their approach to indigenous engagement and partnerships remains nascent, presenting a significant opportunity for growth.

The company's community investment, while structured and diverse, could evolve from transactional support to more transformative partnerships aligned with indigenous principles of reciprocity and interconnectedness. Their current charitable giving framework focuses on education, environmental awareness, and community enrichment, but could benefit from deeper integration of indigenous wisdom and collective intelligence approaches.

## Governance and Leadership

ALS maintains strong governance frameworks with clear ethical guidelines and comprehensive risk management. Their Code of Conduct, available in 18 languages with 95% completion rates for training, demonstrates commitment to ethical business practices. However, their governance approach could more fully embrace indigenous principles of collective decision-making and long-term stewardship.

## TAHITO Values Alignment Analysis

### Strengths:

- Strong environmental stewardship and climate action
- Progressive approach to workforce diversity
- Comprehensive ethical frameworks
- Clear commitment to scientific innovation for societal benefit

### Areas for Development:

- Deeper integration of indigenous worldviews and knowledge systems

- Evolution from individual to collective self-intelligence
- More transformative approach to community partnerships
- Enhanced focus on circular economy and regenerative practices

### Alignment with Key TAHITO Values:

**Whanaungatanga (Relational):** Demonstrates good connectivity through global operations and partnerships, but could deepen relationships with indigenous communities.

**Whakapapa (Interdependent):** Shows understanding of environmental interconnectedness through climate initiatives, though could strengthen recognition of deeper ecological relationships.

**Kaitiakitanga (Guardianship):** Strong environmental protection programs, but opportunity exists for more holistic stewardship approaches.

**Manaakitanga (Care):** Good employee and community support programs, though could evolve toward more transformative care models.

## Recommendation

While ALS Limited demonstrates strong conventional ESG performance, there is significant potential to deepen alignment with indigenous principles and practices. We recommend:

1. Developing comprehensive indigenous engagement strategies
2. Enhancing circular economy integration across operations
3. Evolving community partnerships toward more transformative models
4. Strengthening integration of collective intelligence principles in governance

The company shows promise in its journey toward sustainable and ethical business practices. Our analysis suggests ALS Limited merits continued engagement while encouraging deeper alignment with indigenous principles of collective wellbeing and interconnected prosperity.

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](http://www.responsibleinvestments.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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