



TAHITO Te Tai o Rehua Fund

Performance (Returns net of fees)

30-Apr-24	Month	3 Mths	6 Mths	YTD	1 Year	2 Years	3 Years	Inception (p.a.)
Fund	-3.4%	-0.1%	11.4%	0.4%	3.7%	1.5%	2.3%	5.8%
Benchmark	-2.5%	1.3%	12.6%	2.1%	5.7%	2.5%	3.2%	5.3%
Alpha	-0.9%	-1.3%	-1.2%	-1.7%	-2.0%	-1.0%	-0.8%	0.5%

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

Our Performance

Both the NZ and Australian markets were down for the month of April. Te Tai o Rehua Fund returned -3.4%, -0.9% behind the benchmark at -2.5%. The S&P/NZX 50 Portfolio Index was down -2.7% and the S&P/ASX 200 was down -2.2% (in NZD terms).

The NZX 50 fell in April due to both global and domestic factors. Globally, strong US labour costs led investors to expect interest rates to stay high longer, dampening overall market sentiment. Domestically, a rise in the unemployment rate to 4.3% in the first quarter coupled with a 0.2% decline in employment led to a decrease in investor confidence. This was further amplified by falling share prices of major companies like Auckland Intl Airport, A2 Milk and Mercury NZ. Disappointment over potential delays in interest rate cuts due to high CPI numbers also contributed to the decline.

In April 2024, the ASX 200 navigated a complex interplay of factors. Rising oil prices offered potential gains for energy companies, but geopolitical tensions in the Middle East dampened overall market sentiment. Investor uncertainty grew as hopes for interest rate cuts faded. Company-specific news also played a role, with BHP's rejected takeover offer and analyst downgrades impacting individual share prices. Additionally, rising gold prices presented a potential opportunity for ASX 200 gold miners.

The majority of the global share markets showed negative returns in April: S&P 500 (-2.6%), Nasdaq 100 (-4.4%), Japan Nikkei 225 (-4.9%) and Euro Stoxx 50 (-2.4%). The exceptions were UK FTSE 100 (+2.7%), Hong

Kong Hang Seng (+7.4%) and the Chinese CSI 300 (+2.0%).

April 2024 saw a correction in global share markets driven by two main forces: 1. Persistent Inflation raised concerns about delayed interest rate cuts, dampening investor enthusiasm and causing a retreat from all-time highs. 2. Geopolitical tensions now including Iranian and Israel sparking fears of a wider conflict that could impact oil prices and overall market sentiment. However, some positive factors remained. Corporate earnings growth continued to be strong, offering some support to stock valuations.

The commodity markets lifted in April, driven by strong global manufacturing, indicated by Purchasing Managers Index (PMI) readings above 50. Energy prices, particularly coal and natural gas, led the increase in March, which continued into April. Precious metals like gold reached record highs before a small pullback. Base metals like zinc and copper benefitted from strong demand due to robust manufacturing activity in the US and China.

The key movers in our Fund were:

- Fisher & Paykel Healthcare +11%, reflecting growing investor confidence in the long-term growth profile for the company and broker upgrades.
- Computershare +4% , benefitting from rising interest rates, which drive higher earnings for the company.
- Mirvac -13%. In contrast Mirvac's share price came under pressure from climbing interest rates, as did many companies in the real estate sector.
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TAHITO



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- Heartland Group -15.2%. HGH raised \$210m additional equity to fund the previously announced purchase of Challenger Bank in Australia, and fund further growth.

Good News sustainability stories:

- The European Union (EU) has introduced a new law to tackle the issue of mounting packaging waste. This legislation mandates a reduction in the amount of packaging waste generated per person. Specifically, the goal is a 5% decrease by 2030, rising to 15% by 2040. Additionally, the law bans certain single-use plastics deemed unnecessary, such as disposable plastic wrappers, miniature bottles, and bags.
- Biden's Earth Day pledge: Rooftop solar grants could save US households over \$320 million a year. The US President marked Earth Day by announcing \$7 billion in federal grants for residential solar projects serving 900,000-plus households in low- and middle-income communities.
- In a unique effort to raise money for conservation, "Nature" is now a credited artist on Spotify and other streaming platforms. This means musicians who use nature sounds in their songs can credit "Nature" as a collaborator, with a portion of the streaming royalties going towards environmental charities.
- Kiwi company Neocrete just scored USD4 million to tackle a big environmental challenge: concrete's carbon footprint. Their secret weapon? A special additive that unlocks the potential of volcanic ash, a natural material, to replace cement in concrete (cement production is responsible for 8% of global greenhouse gases). They aim to build a production facility in Auckland by mid-2024 to kick off large-scale trials. But Neocrete isn't stopping there. They're pushing their research to develop completely cement-free, zero-carbon concrete by 2027. This could be a game-changer for sustainable construction in the future.

The Toha Dual Token System: A Look Under the Hood with Toha Network

While the world of cryptocurrency can be complex, some companies are pioneering innovative solutions to streamline user experience. One such company is Toha Network, a New Zealand-based platform focused on facilitating environmental action through a data and payments network.

Toha Network's mission centres on bridging the gap between environmental entrepreneurs and impact investors. Toha is piloting a dual-token system. Dual-token systems are not uncommon in the emerging world of Web3, because this enables systems with better incentive structures, features, and functionalities. In turn, this creates more value for token holders and end users. The two tokens in Toha's system are MAHI and TOHA.

[Introducing Toha's dual-token system](#)

Temuera Hall - Portfolio Manager

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