

Te Whakahou - Paenga-whāwhā

Revitalise - April 2025



TAHITO

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 posted a minor decline of -0.1% in April but outperformed the benchmark by a healthy 0.9%. The S&P/NZX 50 Portfolio Index declined -3.5% while the S&P/ASX 200 was up 1.5% in NZD terms (3.6% in AUD).

Performance (Returns net of fees)

	30-Apr-25	Month	3 Mths	6 Mths	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	Start (p.a.)
Fund		-0.1%	-6.0%	-1.4%	-3.4%	4.2%	4.0%	2.4%	8.3%	5.5%
Benchmark		-1.0%	-6.7%	-3.1%	-4.6%	4.2%	4.9%	3.0%	8.5%	5.1%
Alpha		0.9%	0.6%	1.7%	1.1%	0.1%	-0.9%	-0.6%	-0.2%	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

I te marama o Paenga-whāwhā, i kitea he tūraru i nga māketē, i ārahi ngā kamupene o Aotearoa me Ahitereiria i ētahi pānga rerekē. Ko ngā taero utu o Amerika te tino take i tūraru ai. I kake ake te S&P/ASX 200 o Ahitereiria ki te 4%, e hora ana nga hekenga o te marama o Poutū-te-rangi. Engari i heke iho anō te S&P/NZX 50 o Aotearoa ki te 3%, ko te whā tēnei o ngā hekenga marama i whakaraunga.

In the month of April, there was volatility in the markets, leading to divergent impacts on New Zealand and Australian companies. U.S. tariff announcements were the main cause of this volatility. The S&P/ASX 200 in Australia climbed 4%, recovering the losses from March. However, New Zealand's S&P/NZX 50 fell another 3%, marking its fourth consecutive monthly decline.

I puta mai he pikinga i ngā wāhanga 10 o ngā 11 o te S&P/ASX 200, ko ngā Ratonga Whakawhitiwhiti Kōrero, Hangarau Pārongo me ngā Taonga Kiritaki ngā mea i tino eke, ia mea i piki ki te 6%. Ko te wāhanga Pūngao anake te wāhanga i heke, nā te tino hekenga o ngā utu hinu (i heke te S&P GSCI Crude Oil i te 18%) i te pikinga o ngā āwangawanga mō te whakahekenga o te ōhanga.

Gains appeared in 10 of the 11 sectors in the S&P/ASX 200, with Communication Services, Information Technology and Consumer Discretionary sectors showing the strongest growth, each rising 6%. Only the Energy sector declined, as oil prices fell significantly (the S&P GSCI Crude Oil dropped 18%) amid growing concerns about economic slowdown.

The key movers in our Fund were:

- Commonwealth Bank of Australia +10%, arguably benefitting from 'safe haven' status during a period of global market volatility, reflecting robust financial performance and strategic initiatives, such as investments in digital banking capabilities and sustainability projects.
- ALS Ltd +12%, after reporting strong financial performance and revenue growth.
- Australian Ethical -12% following a small decline in funds under management reflecting weak share markets, albeit fund flows remain positive.
- NZ Carbon Fund -11% due to a combination of factors including broader market volatility alongside investor concerns about government policy and the future of carbon credits

Global share markets experienced significant volatility in April, largely driven by the introduction of new U.S. tariffs. The S&P 500 and Nasdaq indices briefly entered bear market territory, with declines exceeding 10% before partially recovering. European markets also faced challenges, with the Eurozone's economic recovery faltering and business confidence reaching its lowest point since November 2022. Meanwhile, Asian markets showed mixed results; Japan's manufacturing sector continued to contract, albeit at a slower pace.

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On the economic front, global growth projections were revised downward due to escalating trade tensions and policy uncertainties. The IMF's World Economic Outlook highlighted a critical juncture, with global headline inflation expected to decline at a slower pace than previously anticipated. Financial stability risks increased, driven by tighter global financial conditions and heightened geopolitical uncertainties. The IMF emphasised the need for international cooperation to promote a stable trade environment and address structural imbalances to secure economic stability.

Global returns (3 months in brackets): MSCI World ex emerging markets -0.4% (-6.3), S&P 500 -0.7% (-7.5%), Nasdaq 100 +1.6% (-8.7%), Japan Nikkei 225 1.2% (-8.1%), Euro Stoxx 50 -1.2% (-1.7%), UK FTSE 100 -0.7% (-0.7%), Hong Kong Hang Seng -4.0% (10.1%) and the Chinese CSI 300 -2.9% (-1.1%).

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

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

Good News sustainability stories:

- » **Elderly and Smartphones:** “A recent study challenges the fear that smartphones and other digital devices contribute to cognitive decline, often referred to as “digital dementia.” Researchers analysed data from over 400,000 adults aged 50 and above and found that those who regularly used digital devices had lower rates of cognitive decline. The study suggests that the use of technology may help maintain cognitive function by engaging users in complex activities, enhancing social connections, and compensating for cognitive impairments. However, it remains unclear whether technology use directly preserves cognitive abilities or if individuals with better cognitive skills are more inclined to use these devices.
- » **Improving Turtle population:** A global survey reveals that endangered sea turtle populations are showing signs of recovery in over half of the regions studied. The study, which examined 48 populations worldwide, found that threats such as hunting, pollution, and coastal development are generally declining. However, some species, like leatherback turtles, remain at high risk, particularly in the Pacific Ocean. Conservation efforts, including the protection of nesting beaches and the reduction of accidental bycatch in fishing, have contributed to the positive trends, especially for green turtles in regions like Mexico and the U.S. Despite these successes, ongoing challenges persist, highlighting the need for continued conservation efforts.
- » **EU Ecosystem Restoration:** The EU's Nature Restoration Regulation is a groundbreaking law aimed at reversing the decline of ecosystems across Europe. It sets binding targets to restore at least 20% of the EU's land and sea areas by 2030, with the ultimate goal of restoring all ecosystems in need by 2050. The regulation focuses on improving habitats for biodiversity, enhancing carbon capture, and reducing natural disaster risks. Key targets include restoring wetlands, forests, grasslands, and marine ecosystems, as well as increasing urban green spaces and agricultural biodiversity. EU countries must submit National Restoration Plans and regularly report on their progress to ensure these ambitious goals are met.

A Notable Increase in Clean Energy | Ka Nui Ake te Pūngao Mā

- **Clean Energy Milestone:** In 2024, clean energy sources powered over 40% of global electricity for the first time since the 1940s.
- **Solar Power Growth:** Solar power has been the fastest-growing energy source for the past 20 years, doubling its capacity in the last three years and contributing nearly 7% of the world's electricity in 2024.
- **Hydropower Dominance:** Despite the growth of solar and wind power, hydropower remains the largest renewable energy source, making up 14% of global electricity.
- **Emissions and Demand:** Global power sector emissions rose by 1.6% in 2024 due to increased electricity demand from heatwaves and the growing use of AI, data centres, electric vehicles, and heat pumps.
- **Future Outlook:** The report suggests that clean energy, including solar and wind, is set to expand faster than overall electricity demand, potentially reducing the reliance on fossil fuels.

[Global Electricity Review 2025 | Ember](#)

[Clean energy powered 40% of global electricity in 2024, report finds | Energy industry | The Guardian](#)

Spark NZ Limited (SPK)

Whakarāpopototanga | Summary

SPK has a Tahito score of 5.8 (out of 10) with good scores in climate change and environmental efforts. SPK has an 'AA' MSCI ESG rating.

Spark New Zealand Limited	Score	Telecommunication Services	Score
Women Directors	57.1%	T-score	5.8
Women in Executive roles	50.0%	ESG Rating	AA
\$M Donations and community grants	\$3.30	Te Pai o Rangi TAHITO Score	7.4
% of community grants to NPAT (ebita if a loss)	1.0%	Climate Change Theme Score*	10.0
Has achieved Carbon Netural (CO2 only, Y/N)	N	Te Poho o Papa TAHITO Score	2.6
Target date for carbon netural if N	2050	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*	7.2
Scopes 1&2 Carbon Emissions - Key *	Reported	Wage Ratio (multiple of median wage)**	32
Scope 1+2 (metric tons) *	13,318	Qualitative TAHITO Community Score	3.0
Scope 1+2 Intensity (t/USD million sales) *	5.6		
Scope 3 Carbon Emissions - Key *	Estimation model		
Scope 3 - Total (combined dataset) *	378,829		
Scope 3 - Total Sales Intensity (combined dataset) *	159.6		
Total GHG Emissions (Scopes 1, 2 and 3) *	397,128		

Carbon intensity +tons / \$M sales

* MSCI ESG data and scores

** CEOs salary divided by the median wage

Spark NZ Limited

Executive Summary

As New Zealand's largest telecommunications provider, SPK demonstrates varied alignment with TAHITO's indigenous values and investment principles. While showing strong commitment in areas of governance and social responsibility, environmental performance requires attention. This analysis examines Spark's performance through the lens of TAHITO's values framework and Te Utu Panga impact goals.

Key Strengths and Concerns

Environmental Performance:

Concerning trends emerge in Spark's environmental metrics, with scope 1 and 2 emissions increasing 26.7% in FY24, placing them 18.6% above their Science Based Targets initiative (SBTi) pathway. While a significant portion of this increase stems from a one-time fire suppressant incident, underlying emissions growth challenges alignment with TAHITO's Whakarongo (balanced) principles. However, the company demonstrates forward-thinking through their 10-year renewable energy partnership with Genesis Energy, which will cover 60% of electricity needs from 2025.

The circular economy approach shows promise through e-waste management and device recycling programs, though declining recovery volumes (450 tonnes in FY24, down from 559 tonnes in FY23) suggest room for improvement in implementing Kawa (cyclical) practices.

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Social Impact and Cultural Integration:

Spark exhibits strong commitment to digital equity and community development, investing nearly \$10 million in FY24 through various initiatives:

- Skinny Jump program supporting 31,776 households
- Digital connectivity to 659 marae
- \$2 million contribution to Spark Foundation
- Comprehensive employee wellbeing programs

However, workforce diversity metrics reveal areas requiring attention:

- Māori representation at 4% and Pacific peoples at 5%
- Overall female representation static at 34%
- Persistent 22% median gender pay gap

Governance and Leadership:

The board structure demonstrates strong alignment with TAHITO principles through:

- 57% female directors
- Quarterly sustainability oversight
- Integrated ESG risk management
- Clear AI governance principles
- Science-based emissions targets

Financial Performance FY24 results reflect challenging market conditions:

- Operating revenues: \$3,861M (down 14.0% reported, 1.2% adjusted)
- EBITDAI: \$1,163M (down 32.5% reported, 2.5% adjusted)
- Net profit: \$316M (down 72.2%)
- Free cash flow: \$330M (down 32.5%)

Despite financial headwinds, Spark maintains substantial infrastructure investment (\$350M+) and community initiatives, demonstrating commitment to long-term stakeholder value.

Strategic Initiatives and Partnerships:

Notable developments aligning with TAHITO values include:

- Launch of Te Awe Skills Hub for technology upskilling
- \$1 million investment in Te Ao Matihiko

Spark NZ Limited (SPK) - Continued

- Partnership with Genesis Energy for renewable energy
- Joint Audit Cooperation initiative participation
- Digital equity partnerships with multiple community organisations

Recommendations for Strengthening TAHITO Alignment:

Environmental:

- Accelerate emissions reduction initiatives beyond the Genesis Energy partnership
- Strengthen waste recovery programs and circular economy implementation
- Develop comprehensive biodiversity initiatives beyond waste management

Social:

- Set more aggressive targets for Māori and Pacific peoples representation
- Address persistent gender pay gap through structured intervention
- Expand community program reach and employee volunteering

Governance:

- Enhance supplier engagement on sustainability targets
- Strengthen climate risk management frameworks
- Develop more comprehensive biodiversity strategy

Conclusion:

While Spark demonstrates genuine commitment to TAHITO principles through governance structures and social initiatives, environmental performance requires improvement. The company's investment in digital infrastructure and community development shows promise, but faster progress is needed in diversity outcomes and emissions reduction to fully align with Te Utu Panga's theory of change. The challenge ahead lies in balancing financial resilience with accelerated progress on environmental and social metrics.

This analysis suggests Spark is on a positive trajectory regarding TAHITO principles but requires more aggressive implementation in key areas to achieve full alignment with indigenous values and sustainability goals.

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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