



TAHITO Te Tai o Rehua Fund

Performance (Returns net of fees)

28-Feb-24	Month	3 Mths	6 Mths	YTD	1 Year	2 Years	3 Years
Fund	0.0%	5.5%	2.1%	0.5%	6.4%	3.9%	5.1%
Benchmark	-0.5%	6.3%	3.2%	0.3%	4.0%	3.8%	4.3%
Alpha	0.5%	-0.8%	-1.0%	0.2%	2.4%	0.1%	0.8%

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

Our Performance

The markets saw mixed results in February. The S&P/NZX 50 Portfolio Index was down -1.3% and the S&P/ASX 200 was up 0.2% (in NZD terms). Our Te Tai o Rehua Fund was flat, 0.5% ahead of our benchmark.

The NZ share market had a challenging month. Fletcher Building reported a \$120 million loss, causing its shares to fall -9%. The Warehouse Group is contending with a weak consumer and announced a decision to sell their loss-making Torpedo7 stores for \$1. Their shares fell 16% during the month. Our Fund holds neither of these shares.

In Australia, the ASX 200 hit a record high with real estate and tech stocks leading the gains, and strong performances by the banks.

The majority of the global share markets showed positive returns in February: S&P 500 (+4.2%), the Nasdaq 100 (+5.4%) and the Euro Stoxx 50 (+5.0%). The UK FTSE 100 was flat (+0.5%) and the Chinese CSI 300 was up strongly (+9.4%).

Global share markets in February were propelled by a confluence of positive factors. Despite the inflation surprise, equity markets across the US, Eurozone, and Japan surged to record highs in February, fuelled by the strength of the technology sector. Additionally, the Chinese sharemarket thrived as its central bank lowered the five-year mortgage rate, further adding to the positive global market sentiment.

The economic picture remained robust, particularly in the US. Strong labour market conditions, characterized by high job creation and wage growth, bolstered consumer

spending, especially in service industries that rely heavily on labour. However, a wrinkle emerged with inflation falling to 3.1% and core inflation holding steady at 3.9%, exceeding market expectations.

Optimism surrounding artificial intelligence (AI) innovation surged, with investors anticipating AI-powered companies like Nvidia and Amazon to experience significant earnings growth. This enthusiasm rippled through the technology sector, driving its overall performance.

Interest rate decisions also played a role. While economic data and central bank pronouncements hinted that interest rate cuts wouldn't be implemented soon, leading to higher bond yields, the US Federal Reserve's decision to maintain current rates and remove tightening bias provided some relief to investors.

The key movers in our Fund were:

- Reliance Worldwide +29% - A share buy-back announcement helped to improve investor sentiment, following strong half yearly returns.
- Meridian Energy +8%, after good half yearly returns with lower than expected capital expenditure.
- KMD Brands -26%, as a result of weakening consumer sentiment and the impacts of rising cost of living cutting discretionary spending, as well as controversy surrounding subsidiary Rip Curl's sponsorship of a transgender surfer.
- Continued on next page.



TAHITO



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- SIMs Ltd -16%, as net income and profit margins were down despite half yearly revenue exceeding analyst estimates by 13%. Weakening demand for steel prices and oversupply concerns also weighed on performance.

Good News sustainability stories:

- Just how Sustainable is Aotearoa NZ? This article jumps into some detail: <https://medium.com/@AndreaNThompsonNZ/just-how-sustainable-is-aotearoa-new-zealand-599c3b808f67>
- A disused mine in Finland is being turned into a gravity battery to store renewable energy: One of Europe's deepest mines is being transformed into an underground energy store. It will use gravity to retain excess power for when it is needed. The remote Finnish community of Pyhäjärvi is 450 kilometres north of Helsinki. Its more than 1,400-metre-deep zinc and copper Pyhäsalmi mine was decommissioned but is now being given a new lease of life by Scotland-based company Gravitricity.
- Ireland on track for €225m climate finance target - what can other European countries learn? Ireland is set to meet its pledge of providing €225 million in climate finance per year to poorer nations by 2025.
- Chicken bones ground into paste could help cut food waste and emissions. Food scientists have found a way to make chicken nuggets and fish cakes out of otherwise discarded bones and hard tissues. The idea is to reduce food waste and carbon emissions from animal agriculture, by getting more mileage out of the meat, thereby requiring fewer animals to be farmed for the same output.

Record High 2023 CO2 Emissions

Global energy-related emissions of carbon dioxide (CO₂) reached a record high in the past year, driven partly by increased fossil fuel usage in countries where droughts affected hydropower production, according to the International Energy Agency (IEA). To meet global climate goals outlined in the Paris Agreement, significant reductions in CO₂ emissions are necessary. However, the recent trend has been the opposite: emissions rose by 410 million tonnes (1.1%) in 2023, totalling 37.4 billion tonnes globally. While clean technologies like wind, solar, and electric vehicles helped mitigate emissions growth (which was 1.3% in 2022), other factors contributed to the overall increase. China's economic reopening, greater fossil fuel use in regions with low hydropower output, and a recovery in the aviation sector all played a role. Notably, efforts to compensate for lost hydropower generation due to extreme droughts accounted for about 40% of the emissions rise, equivalent to 170 million tonnes of CO₂.

In the United States, energy-related emissions decreased by 4.1%, primarily driven by reductions in the electricity sector. Meanwhile, the European Union saw a nearly 9% decline in energy-related emissions, thanks to increased renewable power generation and decreased coal and gas power production. In contrast, China experienced a 5.2% rise in energy-related emissions, reflecting post-COVID-19 recovery and significant contributions to global solar, wind, and electric vehicle installations. Despite these challenges, efforts to transition to cleaner energy sources remain critical for combating climate change and achieving sustainability goals.

[Global energy-related CO₂ emissions hit record high in 2023 - IEA | Reuters](#)

Temuera Hall - Portfolio Manager

Responsible Investment Association Australasia certification

The TAHITO Te Tai o Rehua Fund has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. The Certification Symbol signifies that an investment product or service has implemented an investment style and process that takes into account environmental, social, governance or ethical considerations. See www.responsiblereturns.com.au for details.¹

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