



# TAHITO Te Tai o Rehua Fund

## Performance (Returns net of fees)

	31-Jan-24	Month	3 Mths	6 Mths	YTD	1 Year	2 Years	3 Years	Inception (p.a.)
Fund		0.5%	11.5%	0.5%	0.5%	5.7%	4.6%	3.9%	6.2%
Benchmark		0.8%	11.2%	1.4%	0.8%	2.5%	4.9%	3.9%	5.3%
Alpha		-0.3%	0.3%	-0.9%	-0.3%	3.1%	-0.3%	0.1%	0.9%

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 modest growth in January. The S&P/NZX 50 Portfolio Index was up 0.9% and the S&P/ASX 200 was also up 0.9% (in NZD terms). Our Te Tai o Rehua Fund showed a 0.5% return, -0.3% behind our benchmark.

In January 2024, the NZ share market was influenced by slowing inflation in developed nations leading to central banks ending or signalling the conclusion of interest rate hikes, benefiting equity markets. Additionally, a bond rally improved the outlook for fixed interest investments. However, challenges such as geopolitical uncertainty and the impact of inflation persist. Analysts are forecasting a slowing down of the New Zealand economy, which may require the Reserve Bank of New Zealand (RBNZ) to consider potential interest rate cuts.

The Australian share market was lifted by the strength of the resources and industrial sectors, and China's return to GDP growth. The market's cheaper valuation also contributed to its performance. Additionally, the Australian dollar continued to rise against the greenback. However, a potential recession remains a key risk.

The majority of the large share markets showed positive returns in January: S&P 500 (+1.7%), the Nasdaq 100 (+1.9%) and the Euro Stoxx 50 (+2.9%). The UK FTSE 100 was down (-1.3%), along with the Chinese CSI 300 falling (-6.3%).

The key movers in our Fund during November were:

- Medibank Private +7.8%. The Australian government has announced sanctions

against Russian man Aleksandr Ermakov over his role in the Medibank Private data breach.

- Brambles +7.6%. Brambles has advanced one position to be ranked the second most sustainable company in the world by Corporate Knights in its 2024 Global 100 list. They also retain the #1 industry ranking in the Dow Jones Sustainability Index.
- SIMS Ltd -6.7%. SIMS was named the #1 ranked most sustainable company in the world by Corporate Knights in its 2024 Global 100 list. Metal prices eased with softening demand.
- KMD Brands -6.7%. The Rip Curl surfwear label sparked controversy after including a transgender surfer in a marketing campaign for its Rip Curl Women's range.

Good news sustainability stories from January 2024:

- Sustainable Plastic Alternatives: A California start-up called Sway is finding unique ways to be sustainable. In a world where single-use plastic is prevalent, Sway uses polymers found in seaweed to create compostable alternatives to thin-film plastics. Their innovative plastic bags biodegrade in about four to six weeks, making them much more sustainable than conventional plastic.
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TAHITO



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## Continued

- Hawaii's Clean Energy Transition: Hawaii replaced its last coal plant with a giant battery system. This move demonstrates that a functional grid can operate without fossil fuels. The battery absorbs power from the grid and delivers cheap, sustainable energy when needed, showcasing the viability of clean energy solutions.
- Record wind generation: In December 2023, wind power reached a new record, generating 55% of New Zealand's electricity on a single day, highlighting the progress in renewable energy transition.

## To World Economic Outlook January 2024

1. The IMF has revised its forecast for global real GDP growth in 2024 upwards by 0.2 percentage points to 3.1%. This is still below the historical (2000-2019) average of 3.8%.
2. While the IMF notes inflation around the world has been falling faster than expected, 2024's global inflation forecast hasn't changed at 5.8%. Inflation projections for 2025 have been revised downwards to 4.4%.
3. 2024's real GDP growth forecast for the U.S. has been revised upwards by 0.6 percentage points to 2.1%, with 2025's forecast revised downwards by 0.1 percentage points to 1.7%.

From a sustainability stance GDP is an inefficient measure as it does not account for the negative impact of many of the growth activities. GDP's shortcomings: Misses key factors like environment, well-being, and inequality. Can incentivize unsustainable practices and mislead policy decisions. Impact on sustainability: Hinders progress towards goals like the SDGs.

<https://elements.visualcapitalist.com/wp-content/uploads/2024/01/text-29.pdf>

## Sustainability and Climate Trends to Watch for in 2024

Get ahead of the curve with key insights for 2024. Join MSCI's experts as they unpack the crucial questions shaping the investment landscape in their newly released report, "Sustainability and Climate Trends to Watch 2024." This webinar will delve into three important topics:

1. Financing the Net-Zero Future: Unlisted assets are booming, and private debt players hold a vital role in driving the transition to a net-zero world. Learn how this shift will impact your investment strategy.
2. Navigating the Carbon Market Maze: Nature-based investments are surging in the voluntary carbon market. As pledges surge, discover how to distinguish between high-quality and dubious carbon credits.
3. AI: Transforming Work and Value Creation: The AI revolution is here, reshaping industries and how companies operate. Explore the key capabilities needed for successful AI implementation within your portfolio.

Gain valuable insights and stay informed about the forces shaping the future of sustainable investing.

<https://events.msci.com/profile/web/index.cfm>

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](http://www.responsiblereturns.com.au) for details.<sup>1</sup>

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