

Te Hauwha Tuatahi | 1st Quarter Report

Poutū-te-rangi: 31 March 2025



TAHITO Te Tai o Rehua Fund

This communication is for information purposes only and does not represent an offer to invest in TAHITO.

	31-Mar-25	Month	3 Mths	6 Mths	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	Start (p.a.)
Fund		-3.8%	-3.3%	-1.6%	-3.3%	0.8%	5.6%	2.4%	10.2%	5.6%
Benchmark		-3.3%	-3.6%	-1.4%	-3.6%	2.6%	6.1%	3.3%	10.9%	5.4%
Alpha		-0.5%	0.3%	-0.2%	0.3%	-1.8%	-0.5%	-0.8%	-0.7%	0.3%

Benchmark - 50% NZX 50 Portfolio index (including imputation credits) / 50% ASX Accumulation 200 index (in NZD). Fund returns are after deductions for fees but before tax. Benchmark returns have no deduction for fees or tax.



TAHITO

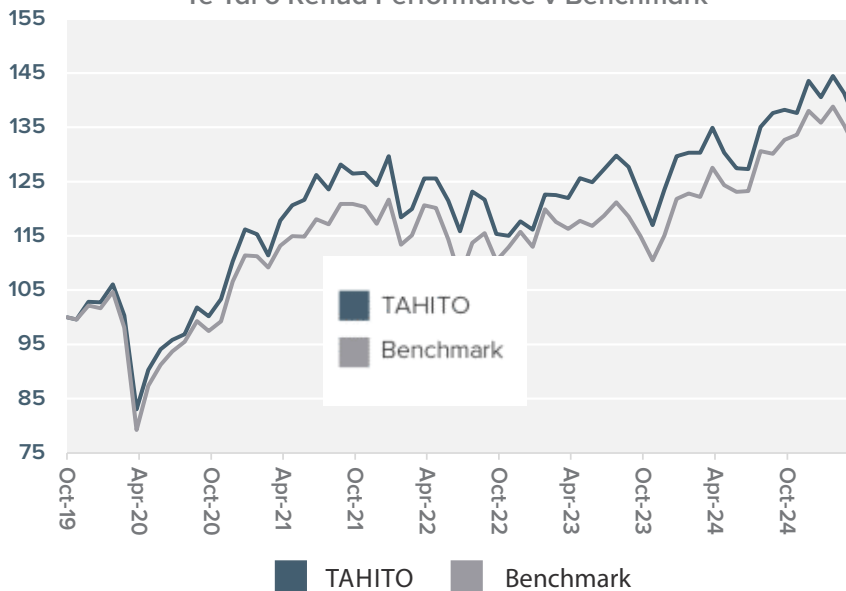


SUSTAINABLE PLUS
CERTIFIED BY RIAA

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

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Te Tai o Rehua Performance v Benchmark



TAHITO Motuhake | TAHITO Te Tai o Rehua Fund Performance

While this report covers the first quarter of 2025 and last month (March), major market events have occurred in the first couple of weeks of April. We have begun our report with some information on these developments, given their significance for investors.

US tariffs and trade wars: In what was dubbed 'Liberation Day', on April 2 U.S. President Donald Trump introduced sweeping new tariffs on nearly all U.S. trading partners, including a 104% tariff on goods from China. These tariffs are promoted as part of an effort to increase U.S. manufacturing but have raised concerns about inflation and trade wars and have caused significant fluctuations in global financial markets. In response, China retaliated with tariffs of 84% on U.S. goods. This has been increased to 125% along with a recent halt on the export of several critical rare earth elements to the U.S. China produces around 90% of the world's rare earths, which are essential for various industries, including defence, electronics, and electric vehicles. The European Union also approved new tariffs on \$23 billion worth of U.S. goods. The U.S. administration has indicated that these tariffs are designed to open negotiations with trading partners. President Trump has mentioned that tailored deals will be prioritised with allies like Japan and South Korea.

On April 9 a 90-day pause on most tariffs was announced for 75 countries, intended to allow time for negotiations on new trade deals. However, tariffs on imports from China have been increased to 125%. We are experiencing extreme market volatility. After falling over -15% in the last three months, the S&P500 jumped a staggering 9.5% on April 9 only to fall over -3% the next day. -10% is a termed a correction, while -20% is referred to as a bear market.

Global economic events are developing at a rapid pace, and as such this news may be outdated by the time the report is published.

What are we doing: We believe the Fund was well positioned heading into this period of volatility, and month-to-date in April it is materially outperforming its benchmark. If sustained, the tariffs may have a direct impact on some of the companies held in the Fund, but lack of clarity around tariff policy means we have not made any changes to stock positions at this stage. However, given the abnormal geo-political events, high market volatility and excessive uncertainty, we are actively holding a higher allocation to cash in our TAHITO fund.

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TAHITO Fund Performance

Te Tai o Rehua Fund underperformed the benchmark for the month of March returning -3.8%, -0.5% behind the benchmark. The return for the quarter to March was -3.3%, 0.3% ahead of benchmark. The NZ market return was negative in March with the NZX 50 down -2.4%, and the ASX 200 was down -4.1% (in NZD terms). The NZ market fell heavily in the March quarter, with the NZX 50 down -6.2%. The ASX200 followed behind at -3.3% (in NZD).

The local share market fell, largely taking its lead from offshore markets with little corporate news given the completion of the earnings season in February. Likewise, the Australian S&P / ASX 200 Index fell largely on offshore developments. The New Zealand fixed income market returned 0.2% in March, reflecting very little movement in interest rates over the month.

After contracting over the June and September quarters of 2024, the New Zealand economy expanded 0.7%, much stronger than expected, over the final three months of the 2024 year. The consensus was 0.4% growth for the quarter. Domestic consumer confidence fell in the first quarter 2025 and spending data was weak, although manufacturing activity continued to recover.

There was no market reaction to the Reserve Bank of New Zealand (RBNZ) Governor's unexpected resignation two years into his second five-year term. Prior to April, market expectations continue to see a high chance of interest rate cuts over the next two meetings and for the Official Cash Rate (OCR) to settle near 3.0%. The OCR is currently 3.75%.

Global market performances were mixed in the March quarter. The German DAX (+11.3%) and Hong Kong Hang Seng (+16.1%) had notably strong performances while the USA waned under a barrage of executive orders. March quarter performance: The MSCI World (incl. emerging markets) was down -2.1%, S&P 500 -4.3%, the Nasdaq 100 -8.1%, Euro Stoxx 50 up +7.5%, UK FTSE 100 up +6.1%, Chinese CSI 300 down -1.0%, Japan Nikkei 225 -9.9%. Adding the currently topical Canadian S&P TSE Composite up +1.5% (in local currencies).

Global share markets experienced a decline in March. European markets, however, outperformed due to the prospect of peace in Ukraine, robust corporate earnings, and increased government spending. The Bloomberg Global Aggregate Bond Index (New Zealand dollar hedged) fell by 0.5% in March. While longer-term interest rates in the US remained flat to lower, the rise in longer-term interest rates across Europe, driven by expectations of increased government spending, led to losses in global bonds over the month.

The Federal Reserve aims to prevent one-time price increases from causing persistently higher inflation. Consequently, the Fed is in no rush to adjust interest rates and is well-positioned to wait for greater economic clarity. In March, the Fed left the Federal Funds Rate unchanged in the target range of 4.25% to 4.50% for the second consecutive meeting. Similarly, both the Bank of England and the Bank of Japan kept their interest rates unchanged in March. The Bank of England maintained its rate at 4.5%, citing global trade uncertainties and domestic economic conditions. In Japan, the central bank remained cautious due to escalating trade tensions and their potential impact on the global economy.

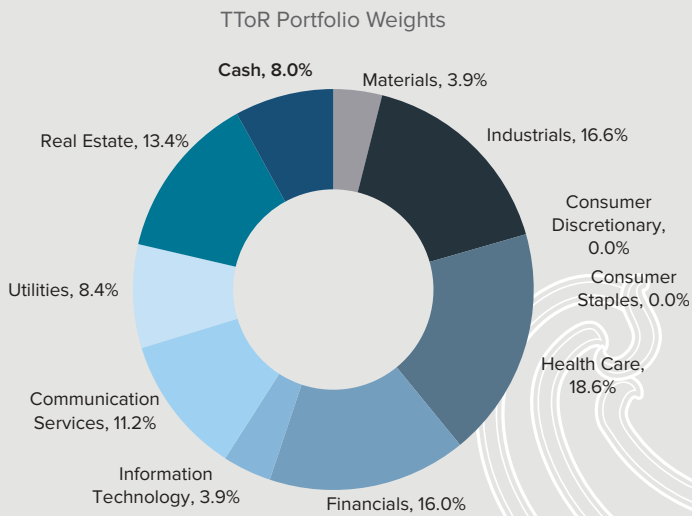
The key movers in the TToR Fund during the month were:

- Medibank Private +4%, with the company's defensive, domestic healthcare insurance business proving attractive in uncertain times.
- Meridian Energy -4%, due to record low inflows affecting hydroelectric generation.
- Summerset Group -8%. The whole retirement village sector came under share price pressure in March following Ryman Healthcare's large capital raise in February continued weakness in New Zealand's residential real estate market.

Good news regeneration (te whakahau) stories from Hakihea - December 2024:

- Heart of Titanium: An Australian man in his 40s set a record by living 105 days with a titanium heart before receiving a donor heart transplant in March. This makes him the first patient to be discharged from the hospital with BiVACOR's Total Artificial Heart and the longest survivor between implantation and transplantation. The device uses magnetic levitation technology to pump blood and is controlled externally to adjust blood flow based on activity. Experts believe it could help heart failure patients awaiting transplants and potentially serve as a permanent solution for those ineligible for transplants, though more testing is needed. Approximately 6.7 million Americans over age 20 have heart failure, and around 4,600 heart transplants were performed in 2024.
- Nebraska's annual spring migration of sandhill cranes saw a record-setting stopover of approximately 738,000 birds along the Platte River, without any signs of a bird flu outbreak. This year's migration, monitored by the Crane Trust, marked the largest on record, alleviating fears of a potential H5N1 avian flu spread. The cranes, which have been visiting this region for millions of years, benefit from the managed river environment, ensuring safe resting spots. This successful migration highlights the importance of ongoing conservation efforts and the resilience of these magnificent birds.
- Colombia has established a groundbreaking 2.7-million-acre territory in the Amazon Rainforest to protect the uncontacted Indigenous Yuri-Passé people. This first-of-its-kind area, located between the Caquetá and Putumayo Rivers, prohibits economic development and forced human contact, ensuring the autonomy and survival of these isolated communities. The creation of this territory follows years of advocacy by human rights and conservation groups, highlighting the crucial role of Indigenous leadership in safeguarding their lands and rights. [Read full article](#)
- Indian Railways has launched an AI-driven system to prevent wildlife deaths on railway tracks, particularly focusing on elephants. This Intrusion Detection System (IDS) uses Distributed Acoustic Sensors (DAS) to detect the presence of animals and immediately alerts locomotive pilots, station masters, and control rooms. The system, currently operational over 141 km of critical routes, aims to cover 1,158 km in total. Additional measures include constructing underpasses and using honey bee buzzer devices to deter animals. These efforts have significantly reduced elephant deaths from 26 in 2013 to 12 in 2024. [Read full article](#)

TAHITO Te Tai o Rehua Portfolio Weights



Ngā āhuatanga motuhake o te Tahua Key features of the fund

- Positive ethical screening
- Low carbon foot print
- Holistic sustainability measures
- High ESG quality
- Active management
- Experienced team
- Environmental & social impact
- Competitive fees

Top 5 Investment Holdings	Sector	T-Score	V-Score	Mkt Cap \$NZbn	Weight
Meridian Energy	Electricity NZ	6.9	6.5	14.8	8.4%
Spark New Zealand	Telecommunications	5.4	3.9	3.8	6.5%
Brambles	Commercial Services	5.8	5.6	28.0	5.4%
Commonwealth Bank of Australia	Banks	5.7	2.6	251.7	5.0%
Summerset	Retirement NZ	5.3	5.0	2.8	4.4%

Kua ngaro tatou i te ara whakatika? | Have we lost the path of rectification?

Top Wall Street institutions are preparing for a future where global warming exceeds the temperature limits agreed upon by over 190 nations a decade ago. Recent reports from Morgan Stanley, JPMorgan Chase, and the Institute of International Finance indicate that these banks believe the world will fail to prevent warming of more than two degrees Celsius above preindustrial levels. This acknowledgment comes as President Donald Trump seeks to repeal federal policies supporting clean energy while boosting oil, gas, and coal production. Morgan Stanley analysts now expect a 3°C world, citing setbacks in global decarbonisation efforts, which could lead to severe climate impacts such as widespread droughts, sea-level rise, and extreme heat episodes.

The reports also highlight how financial institutions plan to continue operating profitably in a warming world. For instance, Morgan Stanley's climate forecast, included in a research report on air conditioning stocks, predicts that a 3-degree warming scenario could double the growth rate of the cooling market. Meanwhile, banks like Wells Fargo are retreating from previous climate pledges, and the Institute of International Finance suggests that financial institutions recalibrate their targets, as the Paris Agreement goals are no longer seen as achievable. Despite these dire projections, JPMorgan remains committed to zeroing out its emissions by 2050, aligning with the Paris Agreement, while stressing the need for constructive government leadership and policy to support the transition to cleaner energy.

[Big banks predict catastrophic warming, with profit potential - E&E News by POLITICO](#)

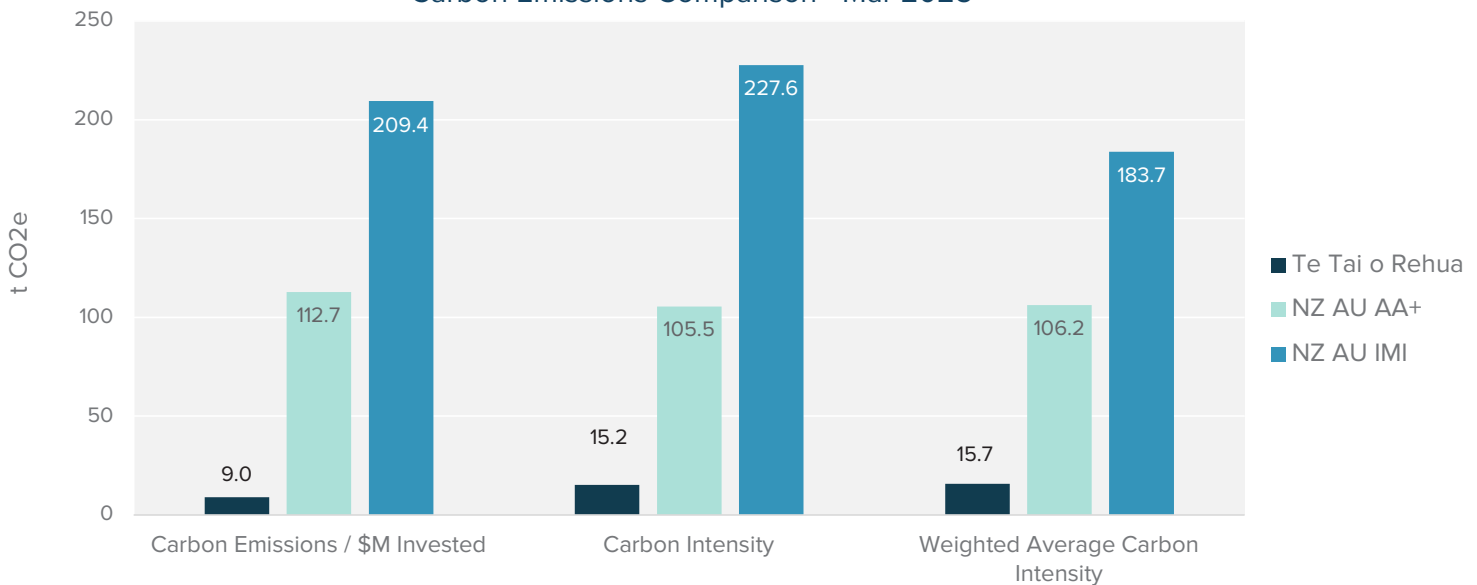
Te Whakaaturanga Tahua | Fund Description

Putting Environment and People before profit: The TAHITO Te Tai o Rehua is a values led ethical and sustainable Australasian equities fund for investors who want competitive market returns but equally would like to see their capital applied to a high ethical standard and in investments that are making a positive social and environmental impact.

TAHITO Te Tai o Rehua provides a holistic accountability on wellbeing using ethical and sustainable screens derived from Māori indigenous values. Māori values and ethics place people and the environment in high priority. This thinking is derived from the ancestral Māori worldview, which can be described as a holistic socio-ecological system that centres on the connection and interrelationship of all things. The process is called 'Te Kōwhiringa Tapu' which translates to 'Careful Selection'.

Te Kōwhiringa Tapu investment process integrates ESG on a values basis and applies a positive scoring system. The fund measures 'Aroha Connection', because the stronger the Aroha the better the Mauri. We are effectively measuring 'behaviour change', the transition of companies from the 'substantive', internally focused, very self-absorbed behaviours, to the ideal 'relational', externally connected, collective behaviours. This requires ethically strong and committed governance with a clear drive toward long-term sustainability to enhance financial returns.

Carbon Emissions Comparison - Mar 2025



The carbon emissions in Te Tai o Rehua Fund are 92% lower than all NZ AU MSCI listed equities with a AAA or AA ESG rating. Carbon intensity is 85% lower and weighted average carbon intensity is 85% lower. (NZ AU AA+ = New Zealand and Australian equities with an ESG rating of AA or better) (NZ AU IMI = The Morgan Stanley New Zealand and Australia Investible Market Index).

Te ine o ngā Tohu o te Rangī | Measuring Climate Tipping Points

The UK's Advanced Research and Invention Agency (Aria) has launched an ambitious £81m project to develop an early warning system for climate tipping points. This initiative will utilise fleets of drones, cosmic ray detection, and plankton bloom patterns, combined with artificial intelligence and advanced computer models. The project aims to identify signals that forewarn of significant climate catastrophes, focusing on high-risk tipping points such as the collapse of the Greenland ice sheet and crucial ocean currents in the north Atlantic. These efforts are expected to provide decade-level forecasts, helping decision-makers take proactive measures against abrupt climate changes.

The five-year programme involves 27 teams working on various aspects, including better data collection from oceans and ice, and developing detailed computer simulations. The goal is to create a system similar to tsunami monitoring stations, providing early warnings of critical climate shifts. This could incentivise accelerated climate action and give society time to prepare for major impacts, even if the tipping points cannot be prevented.

[Early warning system for climate tipping points given £81m kickstart | Climate crisis | The Guardian](#)

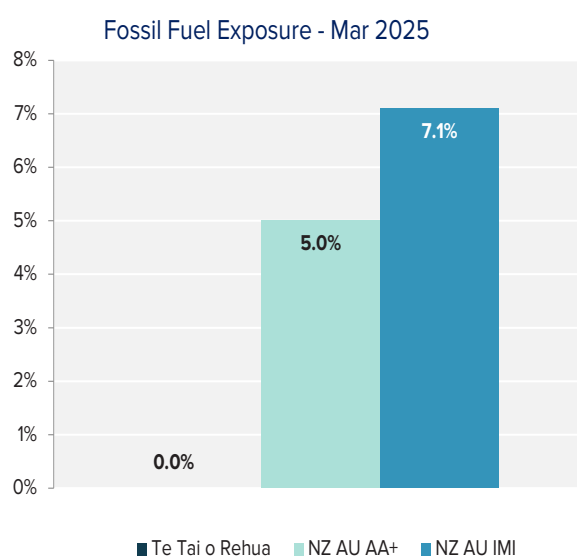
Te Kura Whakangao | Investment Philosophy

The TAHITO investment philosophy focuses on providing high quality ethical and sustainable investment services to investors. It is based on the following principles:

1. We are ethical investors. We actively seek companies that are well run and meet our stringent Māori ethical screening tests.
2. We have a disciplined approach to risk management.
3. We actively manage the portfolio, enabling quick assessment and reaction to adverse changes.
4. We look for long term sustainable growth potential and a willingness to change and engage new tech.
5. We take a long-term view.
6. We are values-based investors. We invest in quality companies that are serious about their ethics and committed to low environmental impact and a high-level of social and corporate responsibility.
7. All securities undergo fundamental valuation and financial quality analysis.
8. We integrate MSCI Environmental Social and Governance (ESG) research on a values basis in our ethical screening.

TAHITO | Portfolio Analysis as at 31 March 2025

Risk	TAHITO TToR	Benchmark	Difference
Total Risk	12.5	13.0	-0.5
Tracking Error	4.8		
Beta	0.89	1.00	-0.11
Number Of Stocks	26	249	-223
Active Share	72%		
Aggregate Statistics: Value	TAHITO TToR	Benchmark	Difference
Dividend Yield	3.9%	3.8%	0.1%
Earnings Yield	4.8%	5.5%	-0.7%
Quality			
High Quality	32.3%	23.3%	9.0%
ROE	4.6%	6.2%	-1.6%



TAHITO Engagement and Proxy Voting

Whakarāpopototanga | Summary

During the quarter TAHITO submitted proxy votes for following companies:

TNE - Technology One: Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). TNE has two females on an eight member Board. TNE should be making an effort to move toward gender equity. TAHITO voted against the re-election of the male directors. TNE has a high wage ratio of 24 to 1. It is the view of TAHITO that wage disparity in corporates, sports and other areas is a significant contribution to global inequity. Ideally the difference between the median wage and top salary should be no more than a multiple of 10. On this principle TAHITO voted against the Remuneration Report, and against the grant of long term incentive options to the CEO. TAHITO abstained on the vote for change of constitution. The changes appear to provide self-empowerment to the directors over the shareholders.

(Wage ratio definition: Great <=10, Moderate 11 to 15, High 16 to 30, Very High 31 - 50, Extremely High >50)

Company Engagement:

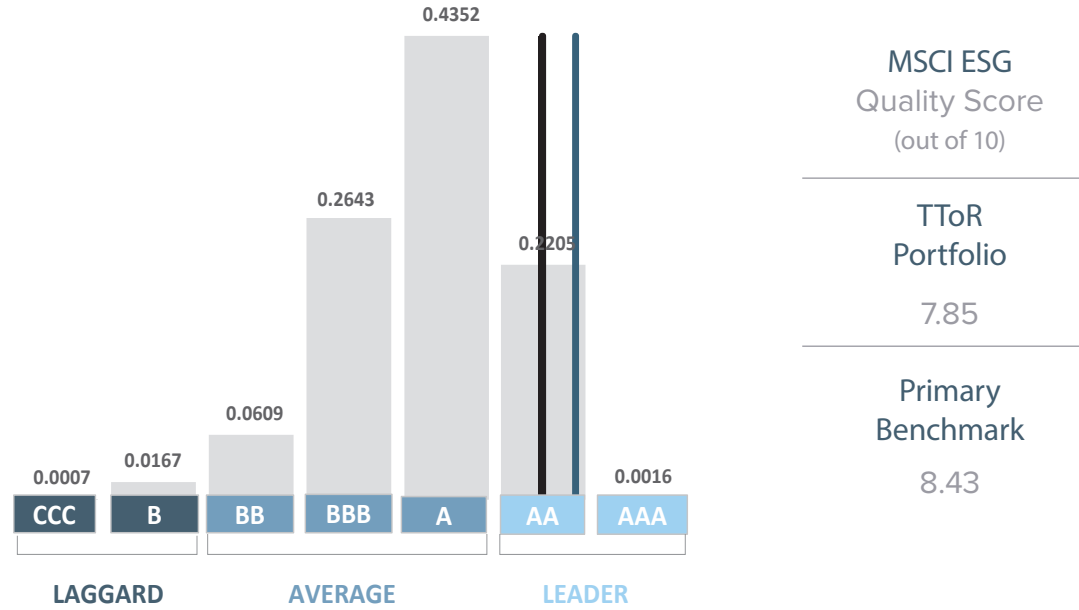
CNU - Chorus Limited: CNU was profiled in our Hui-tanguru - February Te Whakahou a Marama (monthly regenerative report). The full report with was sent to CNU for their comment, outlining their strengths and areas for development. We highlighted their grants and community giving quantum of \$1.2M or 0.2% of NPAT and asked if they intend to increase this figure.

ALQ - ALS Limited: ALQ was profiled in our January Whakahou a Marama (monthly regenerative report). The full report with was sent to ALQ for their comment, outline their strengths and areas for development. We have not heard back from ALQ.

XRO - Xero Limited: XRO was profiled in our December Quarter report (Te Hauwaha Tuawha). The full report with was sent to XRO for their comment, outlining their strengths and areas for development. XRO acknowledge receipt of the report but have not provided any feedback.

MSCI ESG | Fund Metrics Distribution

Coloured bars correspond to portfolio and benchmark ESG Quality Scores



Te Tai o Rehua Fund ESG summary

PORTFOLIO Weighted Avg ESG Score Portfolio 7.85 Te Tai o Rehua Fund	MSCI ESG Ratings
Benchmark 8.43 NZ-AU MSCI ESG AA+	

PORTFOLIO ESG Rating Summary	
ESG Quality	Leader 6.8% below benchmark
ESG Ratings Distribution	Leaders 31.2% under benchmark Portfolio Laggards% = Benchmark Laggards%
ESG Ratings Momentum	Upward momentum 17.2% over benchmark Downward momentum 16.3% over benchmark

SIMS Limited (SGM)

Whakarāpopototanga | Summary

SGM has a Tahito score of 5.7 (out of 10) with good scores in climate change, environmental efforts and Human Capital. SGM has an 'AAA' MSCI ESG rating.

SIMS Limited	Score	Steel	Score
Women Directors	37.5%	T-score	5.7
Women in Executive roles	28.6%	ESG Rating	AAA
\$M Donations and community grants	\$1.10	Te Pai o Rangi TAHITO Score	7.6
% of community grants to NPAT (e bitda if a loss)	2.6%	Climate Change Theme Score*	10.0
Has achieved Carbon Netural (CO2 only, Y/N)	N	Te Poho o Papa TAHITO Score	2.2
Target date for carbon netural if N	2030	Environmental Pillar Score*	8.3
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*	10.0
Has set target Carbon Net zero Scopes 1,2 &3 (Y/N)	Y	Pollution and Waste Score*	4.9
Target date for Net zero Scopes 1,2 & 3	2050	Human Capital Score*	8.5
Scopes 1&2 Carbon Emissions - Key *	Reported	Wage Ratio (multiple of median wage)**	23
Scope 1+2 (metric tons) *	144,700	Qualitative TAHITO Community Score	3.0
Scope 1+2 Intensity (t/USD million sales) *	26.9		
Scope 3 Carbon Emissions - Key *	Reported		
Scope 3 - Total (combined dataset) *	4,756,282		
Scope 3 - Total Sales Intensity (combined dataset) *	884.2		
Total GHG Emissions (Scopes 1, 2 and 3) *	933,302		

Carbon intensity +tons / \$M sales

* MSCI ESG data and scores

** CEOs salary divided by the median wage

Whakarāpopototanga | Summary

Executive Summary

Sims Limited demonstrates strong alignment with TAHITO's indigenous values and principles through its core business model focused on metal recycling and circular economy solutions. The company's commitment to sustainability, decarbonisation, and social responsibility reflects key TAHITO principles of collective intelligence and environmental stewardship.

Strategic Overview

Sims Limited operates through three primary segments: Sims Metal, Sims Resource Renewal, and Sims Lifecycle Services. The company's business model inherently supports environmental sustainability by reducing the need for virgin material extraction and enabling significant carbon emissions avoidance through recycling activities. Recent strategic shifts under new leadership focus on geographical consolidation and operational efficiency while maintaining strong sustainability commitments.

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Environmental Leadership and Circular Economy

The company demonstrates exceptional environmental performance, earning recognition as #1 on Corporate Knights' 2024 Global 100 Most Sustainable Corporations. Key achievements include:

- 31% reduction in Scope 1 and 2 emissions from FY20 baseline
- 83% renewable electricity consumption across global operations
- Substantial emissions avoidance through metal recycling and IT asset disposition
- Innovative approaches to waste reduction and resource renewal

However, opportunities exist to enhance Scope 3 emissions reporting and accelerate the development of more comprehensive circular economy metrics.

Social Impact and Community Engagement

Sims Limited's approach to social responsibility shows mixed results. While the company maintains strong community investment programs and indigenous engagement initiatives, some key metrics require attention:

- Positive trend in community investment, reaching \$1.1 million
- Progressive indigenous engagement through Reconciliation Action Plan
- Declining women's representation in senior leadership (21%, down from 26%)
- Gender pay gap increase to 3.3% (from 2.9%)

The company would benefit from more robust strategies to reverse declining diversity metrics and enhance indigenous representation across leadership levels.

Governance and Leadership

Recent leadership changes, including the appointment of Philip Bainbridge as Chairman and Stephen Mikkelsen as CEO, have brought renewed focus on strategic simplification and operational excellence. While maintaining commitment to sustainability principles, the company faces challenges in balancing market pressures with long-term sustainable value creation.

Financial Performance

The company demonstrates resilience in challenging market conditions:

- Revenue growth of 6.2% to \$8,562.7 million
- Maintained dividend distribution despite market pressures

TAHITO Values Alignment Analysis

Sims Limited demonstrates particularly strong alignment with several key TAHITO values:

Whanaungatanga (Relationships):

- Strong stakeholder engagement practices

- Comprehensive community partnership approach
- Emphasis on collaborative innovation

Whakapapa (Interdependence):

- Recognition of environmental interconnections
- Integration of circular economy principles
- Understanding of systemic sustainability challenges

Utu (Reciprocity):

- Significant community investment
- Active indigenous engagement
- Environmental stewardship through core business model

Areas for Enhanced TAHITO Alignment:

- Deepen integration of indigenous knowledge in strategic planning
- Strengthen diversity and inclusion outcomes
- Enhance measurement and reporting of social impact
- Accelerate circular economy innovations

Conclusion

Sims Limited demonstrates substantial alignment with TAHITO principles through its commitment to environmental stewardship and circular economy practices. While challenges exist in social metrics and profitability, the company's core business model and strategic direction support long-term sustainable value creation. The organisation shows significant potential to further strengthen its alignment with indigenous ethical principles through enhanced diversity initiatives, deeper community engagement, and accelerated technological innovation.

Opportunities for development include:

- Reversing declining diversity metrics
- Enhancing indigenous representation in leadership
- Developing more comprehensive impact measurement
- Accelerating circular economy technologies
- Strengthening profitability while maintaining sustainability focus

The company represents a strong example of how traditional industrial business models can be transformed through indigenous ethical perspectives, though continued focus on social metrics and profitability will be crucial for long-term success.

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