



## TAHITO Te Tai o Rehua Fund

He Whakatauāki: Hāhāea nga ripa o te pō, kia whiti ake ko te māramatanga (*Shred away the darkness, let there be light*)

The TAHITO Te Tai o Rehua Fund returned -1.9% in January, underperforming its composite index (50% NZX50 Portfolio / 50% ASX200 Index), which rose 0.1%. This relative result (-2%) reflects a broader theme we are seeing across global sustainability and ethical investment strategies.

### Performance (Returns net of fees)

	31-Jan-26	Month	3 Mths	6 Mths	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	Start (p.a.)
<b>Fund</b>		<b>-1.9%</b>	<b>-6.2%</b>	<b>-4.8%</b>	<b>-1.9%</b>	<b>-1.9%</b>	<b>4.3%</b>	<b>4.7%</b>	<b>4.1%</b>	<b>5.6%</b>
<b>Benchmark</b>		0.1%	0.3%	7.8%	0.1%	9.7%	11.3%	8.3%	6.8%	7.2%
<b>Alpha</b>		-1.8%	-6.5%	-12.6%	-1.9%	-11.6%	-7.1%	-3.6%	-2.7%	-1.6%

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

### Our Performance

During the month, markets favoured energy, materials, and higher emissions cyclical sectors—areas we are structurally underweight due to our tikanga aligned screening and selection process. At the same time, several sustainability aligned sectors, particularly technology, healthcare, and renewable energy, experienced softer performance as investors rotated toward value and defensive names.

While this created a short term performance headwind, our portfolio companies continue to demonstrate strong balance sheets, positive social and environmental practices, and long term competitive resilience. We remain confident that our disciplined kaupapa Māori investment approach positions the Fund well for sustainable value creation as markets rebalance toward quality and purpose led enterprises.

The key movers in our Fund were:

- Sims Ltd +13%. SGM began 2026 with strong market momentum, above its 50 and 200 day moving averages. The stock continued to strengthen throughout January, reflecting renewed investor interest and sector stability in global metals recycling.
- ALS Ltd +12%. Positive market sentiment signalled confidence in ALS's growth outlook. ALS shares rose after announcing new PFAS testing services available to clients in Hong Kong and Malaysia, reinforcing its position in environmental diagnostics. ALS continues to emphasise strong ESG performance, supported by its 2025 Sustainability Report and commitments to emissions reduction, worker safety, and responsible business practices.

- Technology One Ltd -10%. Concerns about an AI driven tech bubble, and general scepticism toward highly valued software names (even those reporting record financial performance) are contributing to TNE's underperformance. TNE had already suffered a major share price drop in November 2025 after its FY25 results, largely due to concerns about margin compression and profitability impacts from the SaaS+ transition. These concerns also continued to weigh on sentiment into early 2026.
- Xero Ltd - 18%. Software stocks like Xero were "dumped on AI jitters", despite no company specific deterioration in fundamentals. Xero enters 2026 with strong operating momentum, including 20%+ revenue growth, expanding subscriber numbers and progress from the Melio integration.

Global equity markets opened 2026 on a firm footing, with gains led by emerging markets (EM), commodities, and value-oriented sectors. EM equities outperformed developed markets, supported by a weaker early month US dollar and broadening market leadership beyond US mega caps. Sector wise, Energy and Materials led global returns, buoyed by rising commodity prices, including Brent crude averaging higher through January after supply disruptions and geopolitical tensions. In Australasia, the ASX 200 posted positive monthly gains, while the NZX 50 reached an all time high mid month before consolidating slightly lower by month end. Bond markets were mixed as long dated yields rose, and the US Federal Reserve held its policy rate steady at 3.5–3.75%, emphasising data dependence and balanced risks as inflation remained elevated.

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**Temuera Hall**  
Portfolio Manager

For more information on our Fund please contact:

**TAHITO Limited**  
Level 1, 87 Hurstmere Road,  
Takapuna, Auckland,  
New Zealand

☎ +64 09 308 1450

✉ info@tahito.co.nz

🌐 www.tahito.co.nz

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From a sustainability and climate transition perspective, clean energy equities extended their rally into early 2026. The S&P Global Clean Energy indices and the iShares Global Clean Energy ETF (ICLN) recorded strong performance, driven by accelerating electricity demand—particularly from AI related data centres—and continued investment in renewable infrastructure, even as annual capacity additions are expected to moderate from 2025 highs. These trends align with kaitiakitanga, reinforcing stewardship of natural resources as markets shift toward low carbon systems, and kotahitanga, reflected in the collective global commitment to stable governance and central bank independence during a volatile geopolitical period. For TAHITO, this backdrop underscores the importance of focusing on quality, tikanga aligned companies that demonstrate credible transition pathways and uphold social and environmental responsibilities—companies whose long term resilience extends beyond short term cyclical rotations.

For a more comprehensive review of financial markets, please see the monthly Market Review from our partner company Shaw and Partners.

[Shaw and Partners - Geopolitical volume increases](#)

### Good News sustainability stories:

- » **Breakthrough Biofuel Partnership Accelerates Low Carbon Aviation:** A major step toward cleaner aviation emerged as BP and Corteva launched Etlas, a joint venture to produce regenerative oilseed based biofuel feedstocks — including canola, mustard and sunflower — grown between food crop cycles, reducing land use pressure. The venture aims to supply one million tonnes of sustainable fuel feedstock annually by the mid 2030s, signalling real momentum toward circular, low carbon transport solutions.
- » **Sun Powered Water Treatment Offers Regenerative Breakthrough:** In a promising leap for climate positive remediation, H2nanO's SolarPass™ technology advanced from lab trials to a successful pilot in Canada's oil sands region. The system uses sunlight activated floating photocatalyst beads to break down contaminants in mine water with minimal energy input, showcasing how regenerative innovation can clean industrial sites while reducing emissions.
- » **High Seas Treaty Enters Into Force — A Landmark for Ocean Protection:** After 15 years of negotiation, the High Seas Treaty officially took effect on 17 January 2026, creating the first legally binding global framework to protect marine biodiversity in waters beyond national borders. Covering almost half the planet, it opens the door to new marine protected areas, stronger stewardship, and better safeguarding of ocean ecosystems that feed and support millions of people - a rare and uplifting win for global environmental cooperation.
- » **Congo Partnership Expands Social Protection and Worker Wellbeing:** A meaningful social equity development emerged as Eni (a major Italian multinational energy company) and the International Labour Organisation expanded their partnership into the Republic of Congo, strengthening occupational safety and improving access to social health protection across agricultural supply chains. The initiative supports safer working conditions, broader social protection coverage, and more inclusive economic development — a people centred step forward in the sustainability transition.

## Te Tirohanga Tūmatanui ki te Mōrearea o te Ao 2026

### *Global Risk Report 2026: A Perspective on Systemic Interconnection*

The World Economic Forum's 21st Global Risk Report reveals a world entering an 'age of competition' where geoeconomic confrontation, state-based armed conflict, and misinformation dominate immediate concerns, highlighting a critical disconnect between short-term crisis response and long-term systemic resilience. Where conventional risk management frameworks respond to interconnected challenges through further market fragmentation—deploying trade and technology as competitive weapons, retreating from multilateral cooperation, and prioritising individual advantage over collective stability—sustainable investment principles recognize that isolated responses to systemic risks ultimately deepen underlying vulnerabilities. The relegation of environmental risks from immediate concern despite escalating climate impacts and annual insured losses exceeding \$100 billion demonstrates the challenge of short-term thinking: when decision-makers focus on immediate competitive pressures, they often accelerate the very fragmentation driving systemic instability.

From a sustainable investment perspective, this report reinforces key portfolio considerations. With 68% of respondents expecting a 'multipolar or fragmented order' over the next decade, companies demonstrating stakeholder-focused governance, collaborative supply chain relationships, and regenerative business models face heightened scrutiny precisely because they resist winner-take-all competitive paradigms. While half of global experts anticipate turbulent conditions, with only 1% expecting calm, we identify transformation opportunities: companies genuinely integrating long-term stakeholder wellbeing, diverse governance representation, and equitable profit-sharing are positioned not merely to navigate these challenges but to demonstrate that cooperation-focused, stakeholder-centric business practices offer resilient pathways through complexity. The WEF correctly identifies that cooperation remains essential for global risk management—the challenge lies in rebuilding cooperative capacity within systems currently structured to reward short-term competitive advantage over collective resilience.

**He Whakaaro Whakakapi** (*Closing Reflection*): *Ko te utu te whakawhitiwhiti, ko te whakahoki ki te tohatoha* — Reciprocity transforms competition into regeneration.

[WEF Global Risks Report 2026](#)

## Xero Limited (XRO)

### Whakarāpopototanga | Summary

Xero Limited		Score	Software & Services		Score
Women Directors		46%	<b>T-score</b>		5.8
Women in Executive roles		42.9%	<b>ESG Rating</b>		AAA
\$M Donations and community grants		\$4.70	Te Pai o Rangi TAHITO Score***		8.3
% of community grants to NPAT (ebita if a loss)		4.5%	Climate Change Theme Score*		10.0
Has achieved Carbon Neutral (CO2 only, Y/N)		A	Te Poho o Papa TAHITO Score***		4.4
Target date for carbon neutral if N		Achieved	Environmental Pillar Score*		5.6
Has set target for Net zero scope 1,2 (Y/N)		Y	Environmental Opportunities Score*		3.6
Target date for Net zero Scopes 1&2		2050	Natural Capital Score*		7.1
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*		4.0
Scopes 1&2 Carbon Emissions - Key *		Reported	Wage Ratio (multiple of median wage)**		107
Scope 1+2 (metric tons) *		699	Qualitative TAHITO Community Score		6.0
Scope 1+2 Intensity (t/USD million sales) *		0.6			
Scope 3 Carbon Emissions - Key *		Estimation			
Scope 3 - Total metric tons (combined dataset) *		136,212			
Scope 3 - Total Sales Intensity (combined dataset) *		114.4			
Total GHG Emissions - metric tons (Scopes 1, 2 and 3) *		136,911			

Carbon intensity = tons / \$M sales

\* MSCI ESG data and scores

\*\* CEOs salary divided by the median national wage

\*\*\* Te Pai o Rangi is a TAHITO score for total emissions

\*\*\* Te Poho o Papa is a TAHITO environment score

## Te Pārongo Ahumoni - Financial Information

Ticker	Forward Dividend Yield	Forward Price / Earnings Ratio	Long Run Median P/E	Forward P/E rel LRM	Forecast EPS Growth (Yr 2&3)	Return on Capital	Total Debt / Total Capital
XRO	0.0%	50.0	50.0	1.0	34%	7.1%	38%

## Xero Limited (XRO) Assessment Summary - Te Arotake Pūtea

Xero demonstrates emerging alignment with collective wellbeing principles while operating within global healthcare markets. As a New Zealand-based technology platform serving 4.6 million small businesses across 180+ countries, the company provides cloud accounting software that genuinely enables small business success and community economic development. The platform connects businesses with over 1,000 partner applications, creating a genuine ecosystem for collective prosperity.

The company meets TAHITO's thresholds for portfolio inclusion through developing environmental stewardship, workforce wellbeing infrastructure, and community investment programs. However, significant opportunities exist for deeper transformation toward genuine collective self-intelligence, particularly regarding wealth distribution, indigenous partnership, and circular business model development.

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### Core Aspects - *Te Ngākau o te Kaupapa*

**Innovation for Collective Benefit:** Xero achieved record revenue of NZ\$2.104 billion in FY2025, representing 23% growth while serving small business communities globally. This financial strength creates substantial capacity for expanded collective wellbeing investment. The platform's genuine purpose to "make life better for people in small businesses" demonstrates authentic commitment to small business ecosystem success.

**Workforce Wellbeing:** With 4,611 employees globally, Xero demonstrates commitment to workforce wellbeing through comprehensive mental health support services, neurodiversity guides, and inclusive workplace frameworks. Employee engagement remains stable at 7.5/10, while voluntary turnover improved to 10.3%. The company actively supports Employee Resource Groups with over 1,700 members (35% of workforce) fostering community and inclusion.

**Community Investment:** Xero For Good, established in FY25, demonstrates growing reciprocity consciousness with NZ\$6.6 million in community contributions. Programs include the Beautiful Business Fund (NZ\$796K supporting 28 small businesses), Regional Giving Circles empowering local teams, and 1,100+ employees contributing 9,000+ volunteer hours. The company also provides NZ\$3.6M in nonprofit discounts through Xero For Purpose, supporting the charitable sector.

**Gender Equity Progress:** Xero's Board achieves 42.9% women directors (exceeding 40% aspiration), while overall workforce representation stands at 43.6% women with 46.2% of new hires being women. The company demonstrates genuine pay equity at -0.2% gap (favouring women in like-for-like roles), though the median pay gap of 7.4% indicates continued focus needed on advancement opportunities.

### Environmental Performance - *Te Whakatutukitanga Taiao*

Xero demonstrates exceptional environmental leadership within the technology sector:

- MSCI ratings of 10/10 for Carbon Emissions, Environmental Opportunities, and Toxic Emissions management
- Science-based climate targets: 60% Scope 1&2 reduction by 2034, 70% of suppliers to have science-based targets
- 2050 net-zero ambition
- Green Software Foundation membership for energy-efficient coding practices
- Qantas Sustainable Aviation Fuel Coalition participation to reduce business travel emissions
- Transition to renewable electricity at Melbourne and Sydney offices (FY25)

These achievements position Xero well for transition toward regenerative environmental practices that actively enhance rather than merely minimise harm to Papa-tū-ā-nuku.

### Opportunities for Deeper Transformation - *Ngā Āheinga mō te Whakarerekētanga Hohonu*

Xero's strong foundation creates meaningful opportunities to pioneer indigenous-guided technology enterprise:

**Indigenous Partnership & Governance:** As an Aotearoa-headquartered company, appointing Māori Board members and establishing authentic Te Tiriti o Waitangi frameworks would demonstrate genuine partnership rather than consultation, honouring the company's New Zealand roots and creating pathways for indigenous economic participation.

**Wealth Distribution Transformation:** Expanding profit-sharing programs and employee ownership structures would better align wealth creation with those generating value, moving toward complementary rather than concentrated prosperity. Xero's strong financial performance (NZ\$227.8M net profit, NZ\$506.7M free cash flow) provides substantial capacity for enhanced workforce participation in company success.

**Circular Technology Innovation:** Developing circular approaches to digital infrastructure - including data centre sustainability, end-of-life device responsibility, and regenerative technology practices - would pioneer new models for the software sector, transforming from linear service delivery to cyclical renewal.

**Enhanced Community Reinvestment:** Building on the NZ\$6.6M FY25 community investment, expanding toward 10% of net profit (NZ\$22.8M based on FY25 results) would demonstrate deeper commitment to collective wellbeing and economic regeneration in communities where Xero operates.

### Our Collaborative Engagement Vision - *Tō Mātou Tirohanga Mahi Tahī*

TAHITO views Xero as a valued partner in the journey toward indigenous-guided enterprise transformation. The company's technology platform genuinely serves collective small business success, creating foundation for deeper alignment with whakapapa principles. We envision constructive dialogue exploring how software innovation can integrate with collective wellbeing regeneration, transforming from stakeholder capitalism to exemplary partnership in enabling economic prosperity for all.

### Encouraging Progress Toward TAHITO Standards - *Te Akiaki i te Kokenga ki ngā Paerewa TAHITO*

We encourage Xero to consider progressive steps that would deepen alignment with collective self-intelligence principles:

- Strengthening indigenous governance participation through Board-level Māori representation and developing Te Tiriti o Waitangi partnership frameworks
- Expanding wealth-sharing mechanisms through broad-based profit-sharing schemes and progressive executive compensation alignment
- Increasing community regeneration investment toward 10% of net profit, building on current NZ\$6.6M contribution
- Developing circular business model elements for digital infrastructure lifecycle management
- Setting regenerative environmental targets beyond carbon reduction to actively restore ecosystems
- Integrating mātauranga Māori principles into product development and platform design

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**Why This Journey Matters - He Aha te Take o Tēnei Haerenga**

Technology innovation guided by indigenous wisdom can pioneer new models of digital enterprise. The company’s platform already enables economic success for millions; imagine the collective impact when that same innovation extends to governance structures, wealth distribution, and environmental relationships. This is not about diminishing commercial success but rather expanding the definition of success to value ‘te hononga o ngā mea katoa - the interconnectedness of all things’.

As New Zealand’s leading technology success story with global reach, Xero has unique opportunity to demonstrate that indigenous values create competitive advantage rather than impose compliance costs. The company can show the software sector that collective self-intelligence principles strengthen ecosystem resilience, enhance stakeholder loyalty, and generate superior long-term outcomes compared to pure shareholder value extraction.

**Partnership for Transformation - Te Rangapū mō te Whakarerekētanga**

TAHITO offers partnership in Xero’s transformation journey through constructive engagement, sharing indigenous values frameworks, and celebrating progress toward collective wellbeing principles. We recognise transformation requires time, courage, and systemic change. Our role is to support companies taking genuine steps toward regenerative enterprise models that respect both innovation excellence and collective self-intelligence.

We see Xero’s strong financial performance (44.3% Rule of 40, NZ\$506.7M free cash flow), environmental leadership (MSCI 10/10 ratings), and workforce engagement (7.5/10 employee satisfaction) as evidence that commercial success and values alignment can coexist. The question becomes: how can these achievements serve as foundation for even deeper transformation toward indigenous-guided principles?

**Looking Forward - Te Titiro Whakamua**

Xero Limited stands at an inspiring threshold - a globally recognised technology leader with deep Aotearoa roots, positioned to demonstrate how indigenous values can guide world-class software innovation. The pathway forward involves celebrating both technological excellence and whakapapa wisdom, integrating financial strength with collective generosity, balancing commercial success with regenerative responsibility.

The company’s FY25 performance - serving 4.6 million subscribers, achieving NZ\$2.1B revenue, maintaining MSCI 10/10 environmental ratings, supporting 4,611 employees, and contributing NZ\$6.6M to communities - demonstrates significant foundation for transformation. These accomplishments show Xero’s capacity to operate successfully while advancing collective wellbeing.

We look forward to witnessing Xero’s evolution and supporting their journey toward fuller expression of collective self-intelligence in global software innovation. The technology sector needs indigenous-guided exemplars, and Xero has genuine opportunity to pioneer this transformation.

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.responsiblereturns.com.au](http://www.responsiblereturns.com.au) and [RIAA’s Financial Services Guide](#) for details.<sup>1</sup>

<sup>1</sup> 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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