



# TAHITO Te Tai o Rehua Fund

He Whakatauaiki: Iho taketakitia tō kaupapa (*Know what you're doing before you do anything*)

October was another positive month for our Fund which returned +1.1%, although this was modestly behind our benchmark. The S&P/NZX 50 Portfolio Index was up 2.1% and the S&P/ASX 200 was up 0.6% in NZD terms (0.4% in AUD).

## Performance (Returns net of fees)

| 31-Oct-25        | Month       | 3 Mths      | 6 Mths       | YTD         | 1 Yr        | 2 Yrs        | 3 Yrs       | 5 Yrs       | Start (p.a.) |
|------------------|-------------|-------------|--------------|-------------|-------------|--------------|-------------|-------------|--------------|
| <b>Fund</b>      | <b>1.1%</b> | <b>1.5%</b> | <b>11.3%</b> | <b>7.5%</b> | <b>9.8%</b> | <b>13.7%</b> | <b>9.3%</b> | <b>7.7%</b> | <b>6.9%</b>  |
| <b>Benchmark</b> | 1.3%        | 7.5%        | 17.1%        | 11.8%       | 13.5%       | 17.2%        | 10.4%       | 9.2%        | 7.4%         |
| <b>Alpha</b>     | -0.2%       | -6.0%       | -5.8%        | -4.3%       | -3.7%       | -3.5%        | -1.1%       | -1.5%       | -0.5%        |

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

## Our Performance

The New Zealand market was buoyed by the Reserve Bank of New Zealand's 50 basis point cut to the Official Cash Rate, which lifted interest-rate sensitive sectors such as property.

Renewable energy stocks showed good gains, with Meridian Energy, Genesis Energy and Contact Energy all moving higher as investors reaffirmed the strategic role of 100% renewable generation in New Zealand's decarbonisation pathway. The month underscored selective investor appetite for companies with strong fundamentals and sustainability alignment.

The ASX200's modest 0.4% gain in October 2025 masked extraordinary volatility beneath the surface, with inflation data coming in hotter than expected, forcing traders to abandon hopes for RBA rate cuts. The quarterly Consumer Price Index showed inflation remains stubbornly elevated, triggering the index's worst day in eight weeks and causing sharp selloffs in rate-sensitive sectors, with banks falling as much as 3% and real estate stocks tumbling 2.3% on the RBA's high-for-longer policy stance. Lithium stocks rallied on improving sector sentiment and rising commodity prices. The month demonstrated a significant defensive rotation as investors shifted away from growth stocks, with materials reaching record highs while financials dragged on overall performance, ultimately leaving the index near flat despite wild intraday swings and suggesting the market may face continued turbulence ahead.

The key movers in our Fund were:

- Sims Ltd +19%, supported by resilient non-ferrous metal demand.

- ALS Ltd +9%, continuing its strong recent momentum, buoyed by strong commodity prices (particularly gold) which could drive higher testing volumes for the company's minerals division.
- CSL Ltd - 10%. Management trimmed FY26 revenue and profit growth guidance, forecasting slower expansion than previously expected. Ongoing challenges in its Seqirus influenza vaccine division.
- Gentrack Group - 11%, in part due to concerns over slowing growth momentum and margin pressure. Competitive pressures in utility software markets and uncertainty ahead of the full-year results briefing added to caution.

Global returns: MSCI World ex emerging markets 2.6%, S&P 500 2.3%, Nasdaq 100 4.8%, UK FTSE 100 4.1%, Euro Stoxx 50 2.5%, Japan Nikkei 225 16.7%, Chinese CSI 300 0.2%, Hong Kong Hang Seng -3.5%.

Global equity markets delivered positive returns in October 2025, with the S&P 500 rising 2.3% and developed market equities gaining 2.6%, as easing US-China trade tensions following late-month negotiations helped markets recover from early-October volatility triggered by rare earth mineral export control disputes. Japan's TOPIX led developed market performance as Sanae Takaichi became Japan's first female prime minister, with markets responding positively to her expansionary fiscal and monetary policy agenda, while the MSCI Asia ex-Japan Index rose 4.5%, with South Korea surging 23% and Taiwan gaining 10% on semiconductor sector optimism.



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The month was characterised by strong corporate earnings, with 82% of reporting S&P 500 companies beating consensus expectations, though performance remained divergent across regions with Europe's MSCI ex-UK Index rising just 2.1%, underperforming due to political uncertainty in France and limited exposure to AI-related technology. Commodities gained 2.9%, led by industrial and precious metals, with gold and silver up 52% and 69% year-to-date respectively, reflecting ongoing concerns about inflation, geopolitical tensions, and the search for safe-haven assets amid continued uncertainty about trade policy and fiscal sustainability in major economies.

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

[Shaw and Partners - AI Boom or Bubble](#)

### Good News sustainability stories:

- » **Global Renewables Surpass Coal for the First Time:** Renewables generated 34.3% of global electricity in the first half of 2025, overtaking coal for the first time. This milestone signals accelerating progress toward decarbonization and was accompanied by a proposal from 21 countries and the EU for a global carbon-price coalition to cut industrial emissions and fund low-carbon technologies in developing nations. [\[Coal Takes A Back Seat | Global Finance Magazine\]](#)
- » **India Crosses 50% Renewable Energy Share:** India achieved a historic milestone with renewable energy capacity exceeding 500 GW, making up more than 50% of its total power generation capacity. This positions India as a global leader in clean energy and includes pioneering solar-plus-storage tariffs at record-low prices, reinforcing its path toward net zero. [\[republicworld.com\]](#)
- » **World's Largest Marine Park Created in French Polynesia:** A landmark conservation effort saw the creation of the world's largest marine park, protecting critical ocean ecosystems and biodiversity. This initiative underscores global momentum in safeguarding natural habitats as part of climate resilience strategies. [\[opportunitygreen.org\]](#)
- » **Corporate Climate Leadership: Big Tech Drives Clean Energy:** Major tech companies announced transformative clean-energy projects: Meta expanded its renewable portfolio with a 600 MW solar project in Texas, Google backed a carbon-capture power plant in Illinois, and Microsoft signed a deal for 300,000 tonnes of permanent carbon removal. These moves highlight corporate leadership in scaling low-carbon solutions and advancing net-zero goals. [\[promotings...ogspot.com\]](#)

## Global Tipping Points Report

**Critical Risks:** Global warming approaching 1.5°C has already triggered irreversible collapse of warm-water coral reefs (crossed at 1.2°C) and places the Amazon rainforest, major ice sheets, and Atlantic ocean circulation at risk of tipping below 2°C. These are not gradual changes but abrupt, self-reinforcing system failures with cascading global impacts. Current emission trajectories commit the world to >2°C by 2100, threatening food security for billions (monsoon disruption, fisheries collapse), infrastructure through multi-metre sea-level rise, and economic stability via stranded assets and supply chain breakdown. Traditional risk models underestimate these tail risks—portfolio exposure to nonlinear Earth system changes (particularly Atlantic Meridional Overturning Circulation (AMOC) collapse, ice sheet loss, Amazon dieback) requires immediate reassessment. Every 0.1°C and year above 1.5°C materially increases tipping likelihood.

**Investment Opportunities:** Positive tipping points are already accelerating the clean transition—solar PV and wind have crossed global adoption thresholds (capacity doubling every 2-3 years), electric vehicles have tipped in leading markets, and battery costs have fallen 84% decade-on-decade. These technologies exhibit reinforcing feedback loops that drive exponential growth once critical thresholds are crossed, creating asymmetric return opportunities. Policy mandates (fossil fuel phase-out deadlines) and reduced capital costs prove most effective catalysts, particularly for Global South deployment. Strategic positioning should target technologies approaching tipping points (heat pumps, green hydrogen, sustainable agriculture) while integrating Indigenous-led nature restoration initiatives that demonstrate superior carbon retention. The decade ahead is decisive—coordinated acceleration of proven clean technologies can trigger positive cascades preventing catastrophic outcomes, with investment decisions today determining which trajectory prevails.

<https://global-tipping-points.org/>

## Summerset Group Holdings Limited (SUM)

### Whakarāpopototanga | Summary

SUM has a Tahito score of 5.3 (out of 10). SUM has achieved Carbon neutral and has good score in climate change and environmental efforts. SUM has a 'AAA' MSCI ESG rating.

| Summerset Group Holdings Limited                        | Score    | Health Care Providers & Services       | Score |
|---------------------------------------------------------|----------|----------------------------------------|-------|
| Women Directors                                         | 43%      | T-score                                | 5.3   |
| Women in Executive roles                                | 55.6%    | ESG Rating                             | AAA   |
| \$M Donations and community grants                      | N/A      | Te Pai o Rangi TAHITO Score***         | 8.7   |
| % of community grants to NPAT (ebita if a loss)         | 0.0%     | Climate Change Theme Score*            | 10.0  |
| Has achieved Carbon Netural (CO2 only, Y/N)             | A        | Te Poho o Papa TAHITO Score***         | 2.3   |
| Target date for carbon netural if N                     | Achieved | 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*                   | 5.9   |
| Scopes 1&2 Carbon Emissions - Key *                     | Reported | Wage Ratio (multiple of median wage)** | 88    |
| Scope 1+2 (metric tons) *                               | 3,629    | Qualitative TAHITO Community Score     | 5.0   |
| Scope 1+2 Intensity (t/USD million sales) *             | 21.1     |                                        |       |
| Scope 3 Carbon Emissions - Key *                        | Reported |                                        |       |
| Scope 3 - Total metric tons (combined dataset) *        | 99,337   |                                        |       |
| Scope 3 - Total Sales Intensity (combined dataset) *    | 576.4    |                                        |       |
| Total GHG Emissions - metric tons (Scopes 1, 2 and 3) * | 43,576   |                                        |       |

Carbon intensity = tons / \$M sales

\* MSCI ESG data and scores

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

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

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

### Whakarāpopototanga | Executive Summary

Summerset Group Holdings (SUM) demonstrates substantial progress in environmental sustainability while exhibiting significant gaps in social equity and indigenous values integration. The company operates over 40 retirement villages across New Zealand and Australia, serving 8,700+ residents with strong operational metrics (97% resident satisfaction, 94% care occupancy).

**Financial Performance:** FY2024 revenue of \$319.9 million (+18% YoY), underlying profit of \$206.4 million (+8%), with NPAT of \$339.8 million (-20% primarily due to fair value movements). The company maintains a strong development margin of 28.9%, exceeding guidance.

From a TAHITO perspective, Summerset operates within conventional corporate sustainability frameworks rather than embodying an inclusive - collective worldview of collective responsibility and interconnectedness. While environmental initiatives show promise, fundamental misalignment persists regarding equitable wealth distribution, indigenous partnership, and holistic wellbeing prioritisation.

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## Te Pae o Ranginui & Te Poho o Papatūānuku | Climate & Environmental Performance

### Strengths:

- Toitū Net Carbon Zero certification maintained with SBTi-validated near-term targets (49% scope 1&2 emissions reduction per m<sup>2</sup> by 2028)
- Installation of 1,000+ solar panels generating ~300 MWh annually; 12% EV fleet (up from 5% in 2023)
- Construction waste diversion excellence: 4,409 tonnes diverted from landfill in FY2024, exceeding targets
- Embodied carbon reduction: 24% decrease in Louisville typology; 30% reduced carbon concrete across all future builds
- Biodiversity regeneration at Waikanae village: 80,000+ native plants with collaborative EMP development

### Critical Weaknesses:

- Total emissions increased 728% from 2022 baseline (72,925 tCO<sub>2</sub>e in FY2024), predominantly due to expanded Scope 3 reporting, yet demonstrates inadequate absolute reductions
- Heavy reliance on offsets and RECs (renewable energy certificates) rather than fundamental operational decarbonisation—93.8% of emissions are Scope 3 (primarily capital goods), indicating construction-led carbon footprint not sufficiently addressed
- Limited supplier data quality: significant portions of Scope 3 calculated via spend-based methods, undermining accuracy and genuine emissions understanding
- Intensity targets vs. absolute reduction: focus on per-m<sup>2</sup> emissions allows continued growth in total environmental impact—incompatible with TAHITO's holistic regeneration principles

## Te Mana Taurite & Te Hapori Whanui | Social Equity & Community Impact

### Strengths:

- Support for 200+ community groups proximate to villages, demonstrating localised whanaungatanga (relational) engagement
- 30% minimum gender representation target on Board; diversity policy acknowledging Te Tiriti o Waitangi
- In-kind community contributions (materials to Scouts NZ, van to Wellington City Mission) exemplifying utu (reciprocity)

### Critical Weaknesses:

- No disclosure of community investment amounts or percentage of NPAT—fails TAHITO's Te Hapori Whanui target of 10%+ NPAT equivalent to community benefit
- Executive remuneration ratios unreported —no evidence of alignment with TAHITO's 1:10 CEO-to-median wage equity principle; shareholder-centric wealth model persists
- Minimal tangata whenua governance representation: While acknowledging Te Tiriti and consulting iwi on Waikanae EMP, no evidence of Māori Board members or structural indigenous partnership—consultation rather than co-governance
- Ethnic diversity metrics absent beyond gender; no reporting on racial equality alignment to national demographics
- Limited Australian First Nations engagement: Acknowledgment of Aboriginal and Torres Strait Islander Peoples stated, but no disclosed partnerships, cultural protocols, or employment initiatives for expanding Australian operations

## Te Ngākau Aroha & Mauri Ohooho | Governance & Values Alignment

### Strengths:

- Comprehensive governance structure with dedicated clinical, people and culture, and development committees
- Sustainability-linked lending facilities tying financial incentives to ESG performance; executive remuneration incorporates sustainability targets
- Supplier engagement target (70% by emissions with science-based targets by 2028) demonstrates mahitahi (co-operational) intent
- High resident satisfaction (97%) and care occupancy (94%) indicating operational excellence and manaakitanga (care)

### Critical Weaknesses:

- Shareholder primacy persists: Purpose statement 'bringing the best of life' lacks deeper whakapapa (genealogical) connection to land and ancestors—conventional corporate model prioritising financial returns over collective wellbeing
- Absence of formal Supplier Code of Conduct despite extensive supply chain—ethical procurement standards underdeveloped
- Limited non-CO<sub>2</sub> emissions reporting: while acknowledging 'zero contaminating emissions' goal, no quantification of particulates, NO<sub>x</sub>, or other air pollutants from operations
- Circular economy implementation incomplete: waste diversion strong, but limited evidence of product lifecycle analysis, material marketplace systems, or comprehensive circular procurement policies

## Strategic Opportunities & Threats

### Opportunities:

- Pioneer sector leadership: retirement living offers unique platform for demonstrating intergenerational equity and indigenous values—elder care inherently aligned with Māori tikanga (customs) respecting kaumātua (elders)
- Australian expansion: 5 villages in development present an opportunity to establish genuine Treaty-equivalent partnerships with Aboriginal and Torres Strait Islander communities from inception
- Supply chain transformation: engaging 70% of suppliers on emissions creates platform for broader indigenous procurement, fair wage advocacy, and circular economy ecosystem development
- Biodiversity as differentiator: Waikanae's 80,000-plant regeneration model is scalable across the entire portfolio—align villages as biodiversity corridors supporting native ecosystems

### Threats:

- Greenwashing perception: carbon neutral certification via offsets while total emissions rise may attract regulatory scrutiny and reputational damage as standards tighten
- Indigenous expectation gap: stated Te Tiriti commitments without structural implementation risk credibility loss with mana whenua and values-aligned investors
- Scope 3 dependency: 93.8% emissions from construction/procurement leaves company vulnerable to supply chain disruptions and carbon pricing without genuine transition strategy
- Community investment opacity: without disclosed amounts, company risks failing emerging mandatory social impact reporting requirements and investor due diligence standards

## TAHITO Te Kōwhiringa Tapu Assessment

Summerset demonstrates partial alignment with TAHITO principles, operating as a company in transition toward sustainability but not yet embodying indigenous values at foundational level. The company excels in environmental measurement and resident care (*whakarongo* - balanced awareness) yet falls short on equitable wealth distribution (*honotahi* - complementary), community reciprocity (*utu* - reciprocal), and indigenous partnership (*whakapapa* - interdependent).

**Te Utu Pānga Progress:** Te Pae o Ranginui (climate): Moderate • Te Poho o Papatūānuku (regeneration): Moderate • Te Mana Taurite (equality): Weak • Te Hapori Whanui (community): Weak • Te Ngākau Aroha (compassion): Moderate • Mauri Ohoho (wellbeing): Weak

### Critical Path Forward:

1. Commit and report 10% NPAT equivalent to community benefit and indigenous partnerships
2. Develop absolute emissions reduction targets alongside intensity metrics; phase out offsets by 2030
3. Implement formal Supplier Code of Conduct incorporating indigenous procurement and fair wage requirements
4. Establish co-governance structures with mana whenua for Australian expansion developments

**Conclusion:** Summerset operates competently within dominant paradigms but requires fundamental transformation to align with TAHITO's indigenous values framework. The company's environmental progress provides foundation; however, without structural changes to governance, wealth distribution, and indigenous partnership, Summerset remains a conventional corporate sustainability performer rather than a values-aligned regenerative enterprise. He *huringa mai i te rawa ki te oranga me te mauri ohoho* (A shift from wealth to wellbeing and life's vital essence) has not yet occurred.

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](http://www.responsibleinvestments.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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