

# Te Hauwha Tuarua | 2nd Quarter Report

Pipiri: 30 June 2025

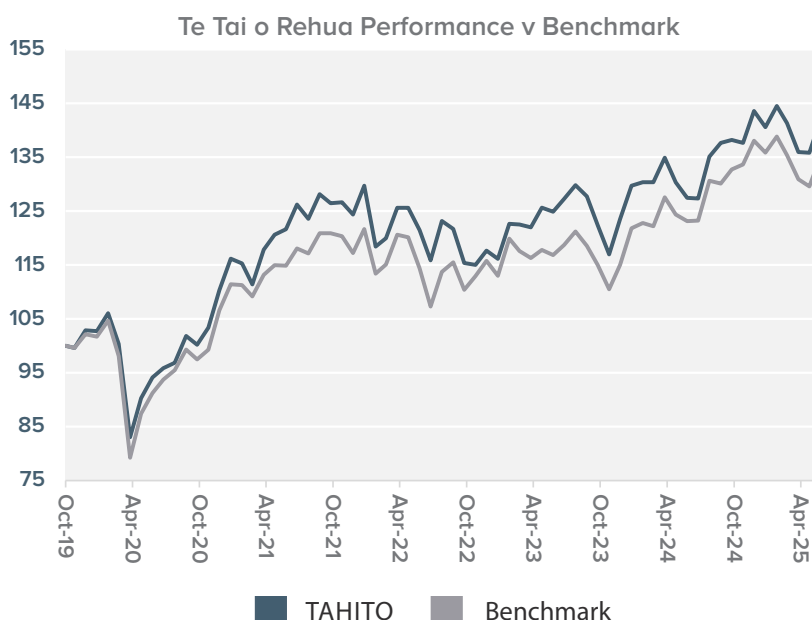


## TAHITO Te Tai o Rehua Fund

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30-Jun-25	Month	3 Mths	6 Mths	YTD	1 Yr	2 Yrs	3 Yrs	5 Yrs	Start (p.a.)
Fund	2.4%	7.0%	3.4%	3.4%	14.2%	7.0%	7.6%	8.5%	6.6%
Benchmark	1.7%	5.0%	1.3%	1.3%	11.5%	7.6%	8.7%	8.3%	6.0%
Alpha	0.7%	1.9%	2.2%	2.2%	2.7%	-0.7%	-1.1%	0.2%	0.6%

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](http://www.responsibleinvestments.com.au) and RIAA's Financial Services Guide for details.<sup>1</sup>

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## TAHITO Motuhake | TAHITO Te Tai o Rehua Fund Performance

Te Tai o Rehua Fund outperformed the benchmark for the month of June returning +2.4%, 0.7% above benchmark. The return for the quarter to 30 June was a healthy +7.0%, 1.9% above benchmark. The NZ market was positive in June with the NZX 50 Portfolio index up +1.8%, and the ASX 200 up +1.6% (in NZD terms). Both the NZ and Australian markets were up for quarter, as the NZX 50 Portfolio showed +2.8% while the ASX200 showed a strong +7.4% in NZD (9.5% in AUD).

The NZ economy showed a reasonable lift in GDP, particularly in agriculture and food products, helping to support GDP despite rising inflation and unemployment. The RBNZ maintained a cautious stance, holding the Official Cash Rate steady amid persistent inflationary pressures. Investor sentiment was dampened by global uncertainty, especially surrounding U.S. tariff policies, although NZ largely avoided direct impacts. The government focused on attracting international investment through reforms to the foreign investment regime and promoting infrastructure opportunities.

In Australia, share market gains were driven by strong performance the energy and finance sectors. The Reserve Bank of Australia continued easing monetary policy during the quarter, cutting interest rates to support growth amid signs of economic softening. Consumer

confidence remained fragile, influenced by cost-of-living pressures and global trade tensions. However, fiscal stimulus measures, including infrastructure spending and targeted support for households, helped stabilise the economy. Overall, while both countries faced headwinds from global developments, domestic policy responses and sectoral strengths provided a buffer against broader volatility.

Global market performances were positive for June quarter. The MSCI World (incl. emerging markets) was up +9.3%, with strong performances in the S&P 500 +10.9%, Nasdaq 100 +17.9% and Japan Nikkei 225 +13.9%. Results from other markets: German DAX +7.9% Hong Kong Hang Seng +5.8%, Euro Stoxx 50 +2.7%, UK FTSE 100 +3.2%, Chinese CSI 300 +2.4% and Canadian S&P TSE Composite up +8.5% (all in local currencies).

In the June quarter, global share markets were primarily influenced by aggressive trade policy shifts and geopolitical tensions. The U.S. announcement of sweeping "Liberation Day" tariffs, including a 10% universal rate and a 25% levy on autos and parts, initially sparked market volatility. However, a temporary suspension of many tariffs and ongoing trade negotiations helped equities recover.

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## TAHITO Fund Performance

The S&P 500 rebounded sharply, driven by strong performance in technology and AI-related stocks, as well as robust corporate earnings. Meanwhile, geopolitical developments—such as U.S. military action in the Middle East and a minerals deal with Ukraine—added to market uncertainty but had limited long-term impact on investor sentiment.

Economically, the U.S. showed resilience despite the turbulence. While GDP contracted slightly due to import surges tied to tariff fears, core indicators like consumer spending and business investment remained stable. The Federal Reserve held interest rates steady amid inflation concerns, and Congress passed major tax and spending legislation, extending 2017 tax cuts and increasing defence spending. In Europe, easing inflation and rate cuts by the European Central Bank supported equity gains, particularly in industrials and real estate. China's recovery remained uneven under pressure from U.S. tariffs, despite targeted stimulus efforts. Overall, markets were buoyed by policy responses and investor optimism, even as underlying economic risks persisted.

The key movers in the Fund during the month were:

- Spark NZ +9%, recovering from recent share price weakness as investors looked ahead to a potential divestment of their data centre business and more certainty around the dividend profile.
- Meridian Energy +7%, due to favourable weather improving Meridian's hydro electricity dam levels. Meridian's continued investment in wind and solar capacity signalled long-term growth potential, reinforcing its appeal to sustainability-focused investors.
- CSL -3%, negatively impacted by concerns over proposed U.S. tariffs on pharmaceutical imports. Other contributing factors include sector underperformance, investor concerns about valuation and growth momentum and slower-than-expected margin recovery.
- Reliance Worldwide -7% primarily due to the negative impact of U.S. tariffs on plumbing and industrial components, which affected its North American operations—one of its largest markets.

Good news regeneration (te whakahau) stories from Pipiri - June 2025:

- At the third UN Oceans Conference in Nice, Portugal announced the creation of a new 38,000 square-mile marine protected area around the Gorringe seamount, boosting its protected territorial waters to 27%, the highest in Europe. The Gorringe Ridge, rich in biodiversity with over 850 recorded species including whales, dolphins, and deep-sea corals, has long been advocated for protection by the charity Oceana.
- Australia has announced a major expansion of marine protected areas, adding over 10,000 square miles around the remote Heard and McDonald Islands, bringing its total protected ocean territory to 52%, the highest globally. This move, part of a broader conservation strategy aligned with the international "30x30" goal (30% of land and waters under protection), aims to safeguard critical habitats for seabirds, penguins, and marine life in one of the planet's most pristine regions. Hailed as a global environmental win, the expanded sanctuary now covers an area roughly the size of Italy.
- The Matariki mā Puanga live broadcast, held at Tiorangi Marae in Ohakune on June 20, marked the Māori New Year by celebrating the rise of the Matariki star cluster and Puanga (Rigel). This culturally rich event, now in its fourth year, featured traditional ceremonies, kapa haka performances, and regional stories, highlighting the importance of remembrance, renewal, and unity across Aotearoa. The broadcast emphasised the diverse ways iwi observe the New Year and showcased the sacred connection between the stars and Māori heritage.
- A pioneering microfibre recycling plant has opened in Bude, Cornwall, marking a world first in tackling microplastic pollution. Developed by the Cleaner Seas Group, the facility can process up to 86 tonnes of microfibres annually, turning them into usable materials for construction and packaging. The startup also created a £130 washing machine filter to capture microfibres during laundry, which users can now send to the plant for recycling. "Microplastic pollution is a global crisis hiding in plain sight," said Dave Miller, chief executive of CSG. "It's in our oceans, our food, even our bloodstreams. We're told it's too complex to fix – we're proving that's not true."

## Kāore te Raruraru Āhurangi e Tatari – ā Kāore hoki nga Kaitāha Pūtea

The climate crisis isn't waiting—and neither are investors. As the dream of a smooth, finance-led transition to net-zero fades, the world's financial giants are waking up to a harsher reality: climate change is here, and it's messy. In a world fractured by geopolitics and uneven policy responses, banks, insurers, and asset managers are no longer just betting on green tech—they're bracing for impact. From rising seas to scorching heatwaves, physical climate risks are reshaping asset values and insurance markets in real time. Properties in high-risk zones are losing value, insurance is vanishing, and investors are scrambling for new tools to navigate the chaos.

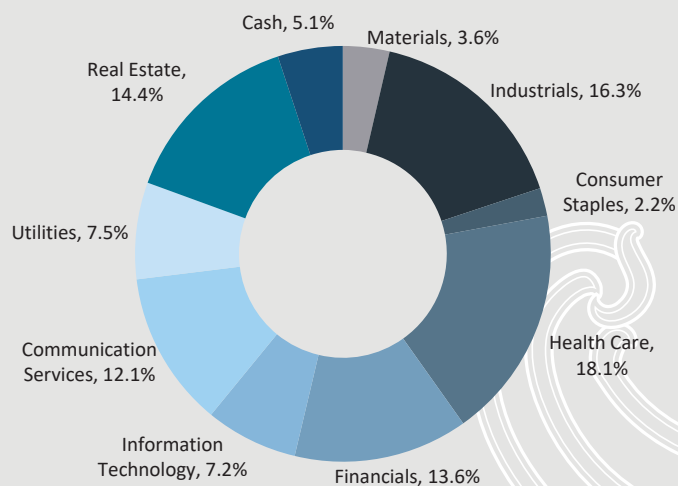
But this isn't just about risk—it's about opportunity. As traditional decarbonisation pathways falter, a new frontier is emerging: adaptation. Water scarcity, heat resilience, and nature-based solutions are becoming hot commodities. Meanwhile, listed companies are burning through the carbon budget at breakneck speed, threatening to blow past the Paris Agreement's targets within two years. The message is clear: climate pragmatism isn't a retreat—it's a recalibration. In this fragmented world, those who embrace complexity and contradiction may be the ones who thrive.

The article "Climate Pragmatism in a Fragmented World" by Linda-Eling Lee, Head of the MSCI Sustainability Institute, explores how financial institutions are adapting to the growing challenges of climate change amid increasing global fragmentation.

[Climate Pragmatism in a Fragmented World | MSCI](#)

## TAHITO Te Tai o Rehua Portfolio Weights

TTOR 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	6.0	6.5	15.1	7.5%
Spark New Zealand	Telecommunications	5.8	6.0	4.5	7.3%
Commonwealth Bank of Australia	Banks	5.7	2.5	319.1	5.2%
Brambles	Commercial Services	5.8	5.7	31.7	5.1%
Summerset	Retirement NZ	5.3	5.0	2.6	4.4%

## 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.

## Te Pikinga o te Kore Taurite i Amerika | The Rise in Inequity in the USA

TAHITO identifies inequity and loss of connection as fundamental drivers underlying major global challenges: "Arguably it is the loss of connection that underpins the major issues we face across the world, from climate change to loneliness." From this collective self-intelligence perspective, inequity, loneliness, and climate change are interconnected symptoms of the same underlying problem - the dominance of individual wealth over collective wealth and wellbeing.

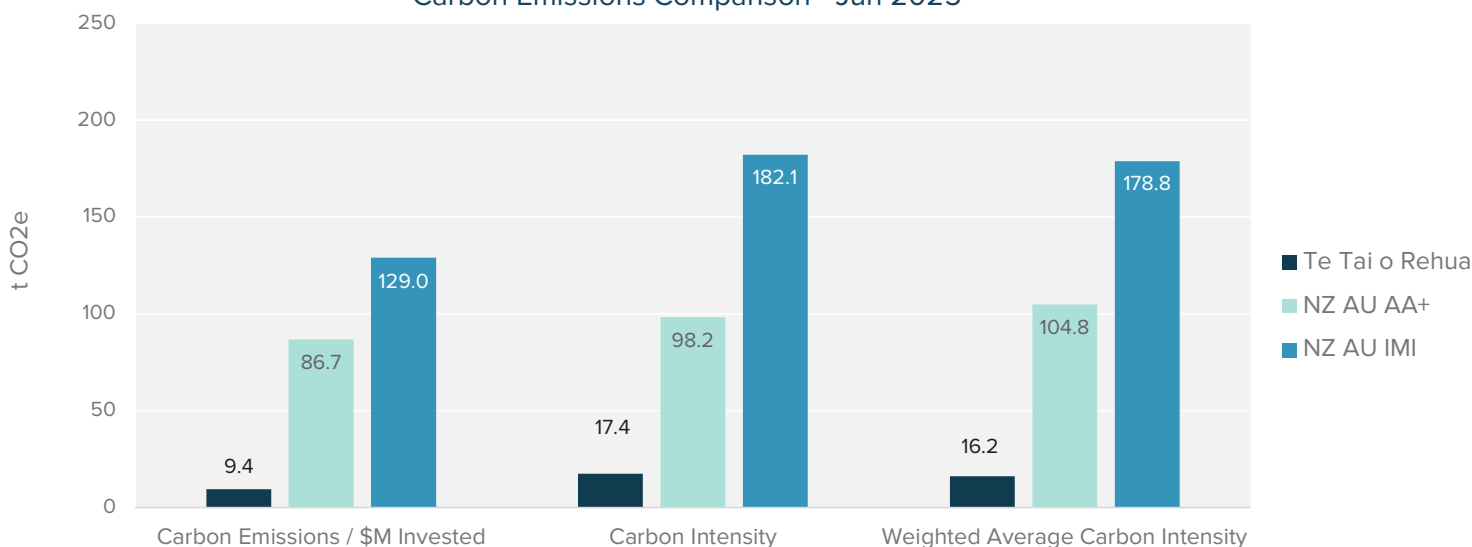
Global inequity has been a persistent feature of human history, rooted in the concentration of wealth and power among ruling elites and religious institutions. In ancient and medieval societies, monarchs and emperors controlled vast resources through land ownership, taxation, and conquest, often legitimised by divine authority. Religious institutions, such as the Catholic Church in Europe or powerful Islamic caliphates, also accumulated immense wealth and influence, owning land, collecting tithes, and shaping political decisions. These systems created rigid social hierarchies, where the majority of the population lived in poverty while a small elite enjoyed privilege and luxury.

With the rise of colonial empires, global inequity expanded dramatically. European powers extracted wealth from colonised regions through forced labour, resource exploitation, and the transatlantic slave trade, enriching themselves at the expense of indigenous populations. The Industrial Revolution further widened the gap between the industrialised Global North and the colonised Global South. Even after decolonisation, many former colonies remained economically dependent and structurally disadvantaged. Today's global disparities in income, education, healthcare, and technology are deeply rooted in these historical patterns of exploitation and unequal power dynamics.

Today the USA has the highest number of billionaires (\$1B+), centi-millionaires (\$100M+), and millionaires (\$1M+) in the world, and the distribution of wealth in the U.S. has been a topic of debate for decades, with 'the top 10% of Americans now owning 71.2% of the nation's wealth'. Over the last 35 years, the wealthiest 1% of Americans have significantly increased their share of the country's net worth. The link below provides a visualisation of the share of total U.S. net worth held by the top 1% of wealth holders (99th to 100th wealth percentiles) from 1989 to 2024, based on data from the Federal Reserve Economic Data (FRED) platform.

[Visualized: The 1%'s Share of U.S. Wealth Over Time \(1989-2024\)](#)

Carbon Emissions Comparison - Jun 2025



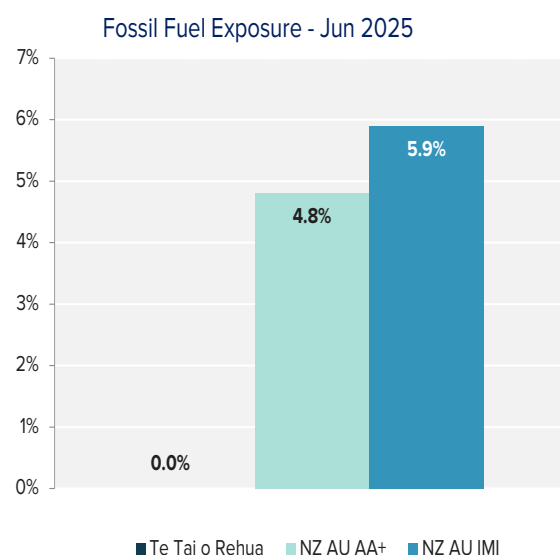
The carbon emissions in Te Tai o Rehua Fund are 89% lower than all NZ AU MSCI listed equities with a AAA or AA ESG rating. Carbon intensity is 82% lower and weighted average carbon intensity is 84% lower. (NZ AU AA+ = New Zealand and Australian equities with an ESG rating of AA or better) (NZ AU IMI = The Morgan Stanley New Zealand and Australia Investible Market Index).

## Te 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.

Risk	TAHITO TToR	Bench-mark	Difference
Total Risk	16.6	17.7	-1.0
Tracking Error	4.4		
Beta	0.91	1.00	-0.09
Number Of Stocks	27	250	-223
Active Share	71%		
Aggregate Statistics: Value	TAHITO TToR	Bench-mark	Difference
Dividend Yield	3.5%	3.5%	-0.1%
Earnings Yield	4.5%	5.1%	-0.7%
Quality			
High Quality	34.0%	24.0%	10.0%
ROE	6.0%	6.3%	-0.3%



## TAHITO Engagement and Proxy Voting

### Whakarāpopototanga | Summary

During the quarter TAHITO submitted proxy votes for following companies:

**SUM - Summerset Group Holdings** – Whakarongo – tō hiwa (Balanced – collective awareness / equity and diversity). SUM has near gender parity with three females on a seven member Board. TAHITO voted for the re-election of current chair Mark Verbiest-, Stephen Bull and Grainne Troute.

### Company Enagement:

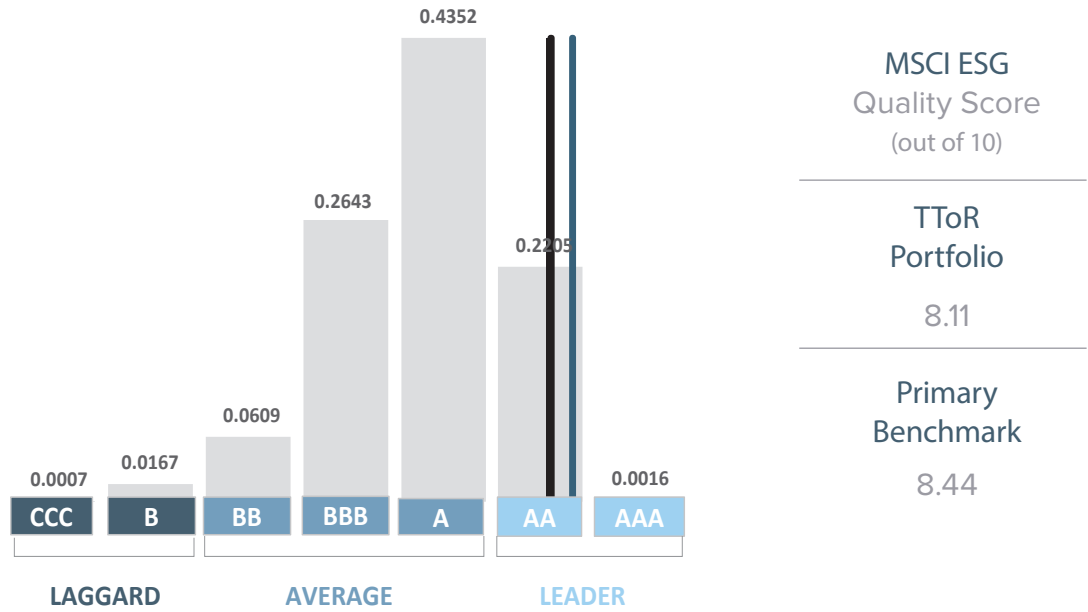
**GNC - Gaincorp Limited:** GNC was profiled in our Te Haratua - Te Whakahou (May Revitalise report). The May report and TAHITO Values Assessment, outlining their strengths and areas for development, was sent to GNC for their information and comment.

**SPK - Spark NZ Limited:** ASPK was profiled in our Paenga-whāwhā - Te Whakahou (April Revitalise report). The summary report along and TAHITO Values Assessment, outlining their strengths and areas for development, was sent to SPK for their comment. We are arranging a hui with the lead of their Korowai Tupu (Māori Strategy).

**CNU - Chorus Limited:** The CNU Investor relationship manager responded to our report, pointing out some discrepancies and data updates. The community giving quantum was \$1.12M (\$771K for donations and \$349k for grants and other support). Note CNU made a loss in FY 2024, therefore we applied the ebitda of \$700M for the community giving as a percentage on income calculation.

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 8.11  
Te Tai o Rehua Fund

Benchmark 8.44  
NZ-AU MSCI ESG AA+

**MSCI ESG Ratings**

**AA**

**AA**

**PORTFOLIO ESG Rating Summary**

ESG Quality: Leader  
3.9% below benchmark

ESG Ratings Distribution: Leaders 28.8% under benchmark  
Portfolio Laggards% = Benchmark Laggards%

ESG Ratings Momentum: Upward momentum 21.5% over benchmark  
Downward momentum 7.0% over benchmark

## Meridian Energy Limited (MEL)

### Whakarāpopototanga | Summary

MEL has a Tahito score of 6.0 (out of 10) with good scores in climate change, environmental efforts. MEL has an 'AAA' MSCI ESG rating.

Meridian Energy Limited	Score	Utilities	Score
Women Directors	57.1%	<b>T-score</b>	<b>6.0</b>
Women in Executive roles	30.0%	<b>ESG Rating</b>	<b>AAA</b>
\$M Donations and community grants	\$2.00	Te Pai o Rangi TAHITO Score	8.1
% of community grants to NPAT (ebitda if a loss)	0.6%	Climate Change Theme Score*	10.0
Has achieved Carbon Netural (CO2 only, Y/N)	N	Te Poho o Papa TAHITO Score	4.6
Target date for carbon netural if N	2050	Environmental Pillar Score*	8.9
Has set target for Net zero scope 1,2 (Y/N)	Y	Environmental Opportunities Score*	8.0
Target date for Net zero Scopes 1&2	2050	Natural Capital Score*	9.1
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*	6.1
Scopes 1&2 Carbon Emissions - Key *	Reported	Wage Ratio (multiple of median wage)**	47
Scope 1+2 (metric tons) *	2,399	Qualitative TAHITO Community Score	2.0
Scope 1+2 Intensity (t/USD million sales) *	1.2		
Scope 3 Carbon Emissions - Key *	Reported		
Scope 3 - Total metric tons (combined dataset) *	796,037		
Scope 3 - Total Sales Intensity (combined dataset) *	403.3		
Total GHG Emissions - metric tons (Scopes 1, 2 and 3) *	798,926		

Carbon intensity = tons / \$M sales

\* MSCI ESG data and scores

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

### Whakarāpopototanga | Summary Executive Summary

Meridian Energy Limited continues to demonstrate strong alignment with TAHITO's indigenous ethical investment principles while delivering robust financial performance. The company's commitment to renewable energy, environmental stewardship, and social responsibility reflects core TAHITO values of collective wellbeing and sustainable development. This analysis examines MEL's performance through the lens of Te Kōwhiringa Tapu principles and Te Utu Panga impact framework.

### Environmental Leadership and Climate Action

Meridian's environmental initiatives align with TAHITO's principles of environmental stewardship. The company maintains its position as New Zealand's largest renewable energy generator, producing 30% of the country's electricity through entirely renewable sources. Notable achievements include:

Their ambitious "7 in 7" renewable development program continues to progress, with the successful completion of the Harapaki Wind Farm and advancement of the Ruakākā Battery Energy Storage System.

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The company's commitment to zero fossil fuels and 87% lower carbon emissions than the industry average demonstrates leadership in environmental responsibility.

Meridian has set clear targets for emissions reduction, aiming for a 90% reduction in Scope 1 and 2 emissions by 2040 and Scope 3 emissions by 2050. The Forever Forests program, which has planted approximately 450,000 trees, exemplifies the company's practical approach to environmental regeneration.

## Cultural Integration and Community Engagement:

Meridian's governance structure and operational practices reflects alignment with TAHITO's values of Whanaungatanga (relationships) and Manaakitanga (care). The board composition of 57% female directors and the maintenance of a Ngāi Tahu-affiliated directorship demonstrates commitment to diversity and indigenous representation.

The company's community initiatives are substantial and impactful. The Energy Wellbeing Programme has supported 1,467 households, while the establishment of a \$150,000 Cyclone Recovery Fund for affected iwi shows responsive community support. Long-term partnerships with organisations like KidsCan (11 years) and the Kākāpō Recovery Programme (8 years) demonstrate sustained commitment to social and environmental causes.

## Financial and Operational Performance:

Meridian has achieved significant financial growth while maintaining its commitment to sustainable practices. The company reported operating revenue of \$4.9 billion, with EBITDAF increasing 16% to \$905 million. Net profit after tax rose substantially to \$429 million, supported by strong operating cash flows of \$667 million. These results demonstrate that adherence to indigenous ethical principles can coexist with robust financial performance.

## Strategic Partnerships and Industry Leadership:

Meridian has secured several significant partnerships that align with TAHITO principles of collective benefit and long-term sustainability. The 20-year agreement with New Zealand's Aluminium Smelter (NZAS) and decarbonisation partnership with Fonterra demonstrate the company's ability to create meaningful industry collaborations that support environmental goals.

## Areas for Development:

While Meridian shows strong alignment with TAHITO principles, several areas present opportunities for further development:

- Enhanced reduction of Scope 3 emissions, which showed an increase in FY24
- Expanded indigenous participation in leadership roles and decision-making processes
- Further development of regenerative practices beyond current environmental initiatives
- Strengthened measurement and reporting of biodiversity impacts

Meridian Energy Limited continues to demonstrate a healthy alignment with TAHITO's indigenous ethical investment principles. The company's balanced approach to financial performance, environmental stewardship, and social responsibility makes it a good fit for our ethical and sustainable investment portfolio. Their commitment to renewable energy, community engagement, and cultural integration reflects the holistic approach valued by TAHITO.

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