



TAHITO Te Tai o Rehua Fund

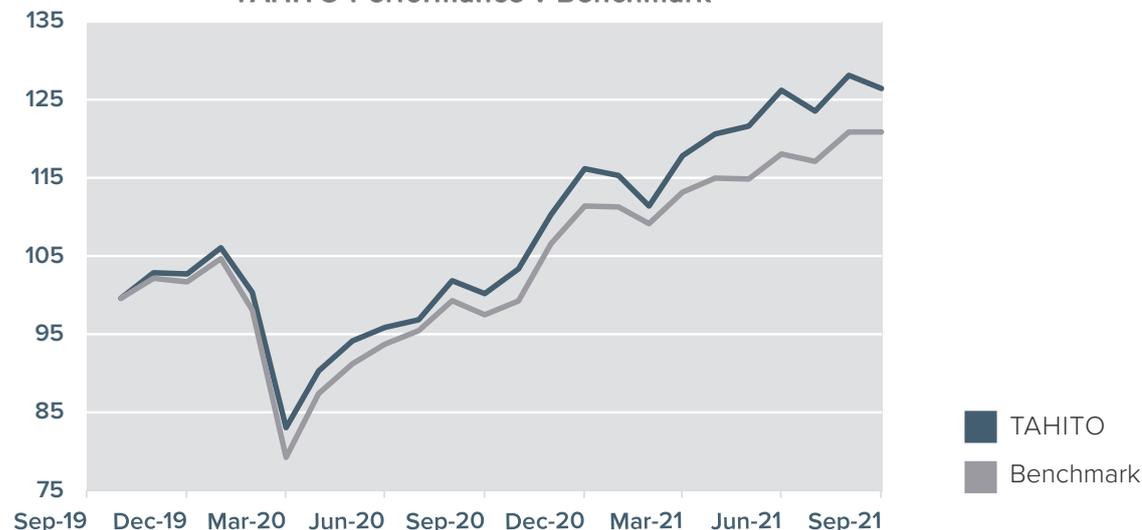
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	30-Sep-21	Month	3 Mths	6 Mths	YTD	1 Year	Inception (p.a.)
Fund		-1.2%	0.2%	7.3%	8.8%	26.2%	12.5%
Benchmark		-0.1%	2.2%	6.7%	8.4%	24.0%	10.1%
Alpha		-1.1%	-2.0%	0.6%	0.4%	2.2%	2.4%

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 Performance v Benchmark



TAHITO Motuhake | TAHITO Fund Position

After a very strong run over the first half of this year, our Fund posted a weaker relative return in the September quarter. The Trans-Tasman benchmark was up 2.2% while our fund returned 0.2%. While this is disappointing, we are heartened that we are still ahead of the benchmark on an after fees basis over six and twelve months. The key drivers for the underperformance were:

- A lack of exposure to transport and tourism stocks (which are often high carbon emitters).
- Some positions giving back previous gains from the last three months, with a notable decline in Technology and Finance stocks.
- A fall in value for portfolio holding Sims Metals (Metal recycling), which mirrored the recent decline in iron ore prices, and some share price weakness for our holding in Brambles in September due to a slightly disappointing investor update on long-term capital expenditure and returns projections.

Fixed interest and share markets were both focused on the inflation outlook during the quarter. If inflation accelerates, and proves to be persistent, then central banks will be forced to take action to limit

the level of price rises. Several investment scenarios with distinctly different implications are feasible at present.

These include:

- Inflation accelerates and interest rates increase to a greater extent than anticipated.
- Inflation is temporary and interest rates remain moderate but with upward bias.
- Economic recovery fades as normalisation occurs, supply constraints clear and stimulus is maintained.

Our updated carbon portfolio analysis shows the carbon emissions exposure of Te Tai o Rehua Fund is 89.3% lower than all New Zealand or Australian listed equities with a AAA or AA ESG rating from MSCI. Against that same group, our carbon intensity is 79.7% lower and our weighted average carbon intensity is 66.8% lower. Furthermore, our fund has no exposure to fossil fuels, and companies in Te Tai o Rehua Fund hold no fossil fuel reserves.

Top 5 Investment Holdings	Sector	T-Score	V-Score	Mkt Cap \$NZbn	Weight
Commonwealth Bank of Australia	Banks	5.7	3.1	177.6	7.9%
Spark New Zealand	Telecommunications	6.2	5.3	8.9	6.8%
Summerset	Retirement NZ	5.1	5.0	3.5	5.0%
Kiwi Property Group	Real Estate	5.8	4.4	1.8	4.8%
Mercury Energy	Electricity NZ	6.0	4.5	8.9	4.8%

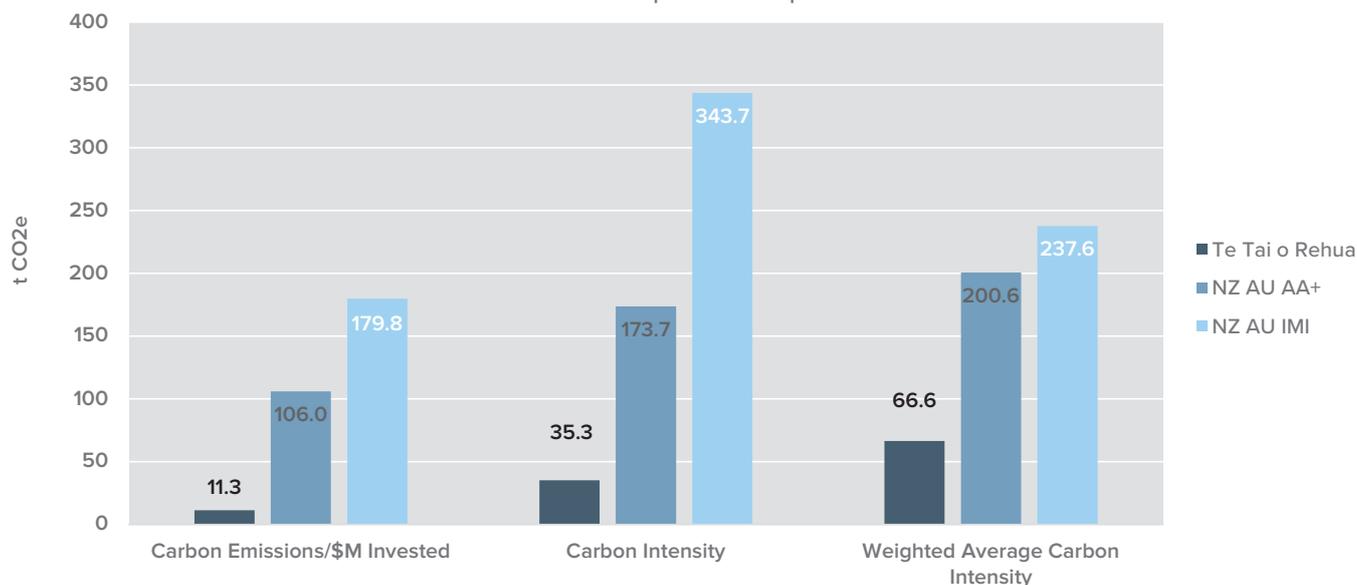
Kei hea te wai? Access to safe water - The Global Crisis

Billions of people around the world will be unable to access safely managed household drinking water, sanitation and hygiene services in 2030 unless the rate of water use reduction and management progress quadruples, according to a new report from the World Health Organization (WHO) and the United Nations Children's Fund (UNICEF). Water scarcity will be the biggest climate-related threat to corporate assets like factories within the next few decades, but it seems to have barely registered on investors' radars. The climate crisis is often cited for these deficits, which are aggravated by demand that grows in tandem with an expanding global population. Water scarcity is expected to be a major topic of discussion at the UN Climate Change Conference (COP26) to begin later this month.

The human cost of worsening scarcity is already fully apparent; about one out of every four people in world doesn't have access to safely managed drinking water at home, and in just a few years about two-thirds of the global population could face water shortages. A lack of water is triggering violent conflict in places like India's Northern Plains, and creating new migrants and refugees

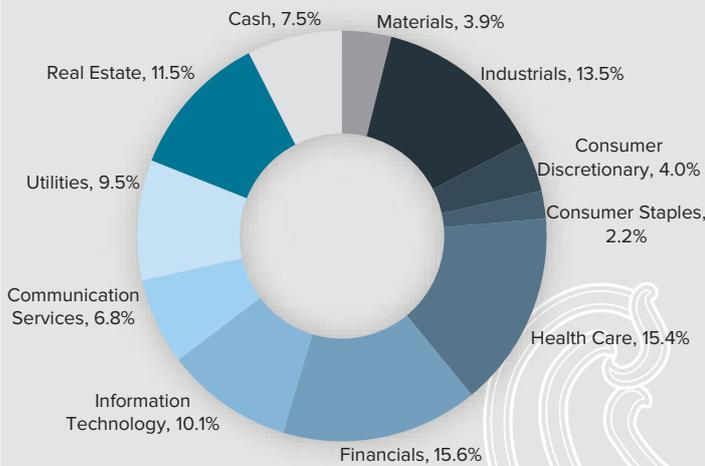
who may contribute to further shortages wherever they resettle. Sydney will endure shortfalls within 20 years if the city continues growing at its current rate, according to a recent estimate, while residents of San Jose, California, (the "Capital of Silicon Valley") are being threatened with penalties if they don't cut their water use by 15%. Kenya's drought has been declared a national disaster. The World Economic Forum has created a visualization of some of the most glaring instances of disappearing surface water around the world. Follow this link to see four excerpts. <https://www.weforum.org/agenda/2021/10/water-scarcity-in-a-warming-climate-a-story-in-four-visuals/>

Carbon Emissions Comparison - September 2021



The carbon emissions in Te Tai o Rehua Fund are 89.3% lower than all NZ AU MSCI listed equities with a AAA or AA ESG rating. Carbon intensity is 79.7% lower and weighted average carbon intensity is 66.8% 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).

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

Te Whakaaturanga Tahua | Fund Description

The TAHITO Te Tai o Rehua is an indigenous ethical and sustainable fund for wholesale 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 uses 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 and Polynesian worldview which centres on the connection and interrelationship of all things.

The investment process effectively measures 'Aroha Connection'. We are measuring 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.

Kei hea te wai? Water quality and management - The NZ Challenge

Meanwhile at home in New Zealand we have our own water problems. A commissioned report estimates that New Zealand will need to invest between \$120 billion and \$185 billion in our so-called 'three waters infrastructure' over the next 30 years to catch up with historical underinvestment, meet drinking water and environmental standards, provide for future population growth, and undertake ongoing maintenance and refurbishment of our three waters assets.

We use too much water: Water use in New Zealand is on the rise; up 12 percent between 2016 and 2020, to 504 million cubic metres last year for the survey participants. New Zealand's population has also gone up over that same period, but only 6.5 percent.

Three Waters Reform: What is being proposed? Currently 67 different councils own, manage and operate most of the drinking water, wastewater and stormwater services on behalf of their communities. The Government's Three Waters Reform Programme proposes to create publicly-owned multi-regional entities that have the scale, expertise, operational efficiencies and financial flexibility to provide safe, affordable water services for New Zealanders. These reforms are intended to safeguard and enhance this critical infrastructure and associated services for generations to come so that we can have safe drinking water, sewage and stormwater systems with good environmental outcomes that we can afford.

One of our first questions is to ask what local governments think of the proposal. In a local government position statement on the Three Waters proposal the group notes that "...we extend the opportunity to central government to work together with local government to establish a robust regulatory framework that cost effectively delivers the three waters infrastructure and services that our communities deserve."

The problem is local government has a history of under investment and poor performance; a fifth of our water infrastructure leaks, sewerage water over flows go unmonitored and waste treatment plants tend to break the rules. In 2019, there were 629 incidents of "non-conformance" and in only 11 cases did anyone do anything about it. Check out this informative article to get a better understanding of this issue. <https://www.newsroom.co.nz/hold-4-monday-our-water-problem-in-15-worrying-charts>

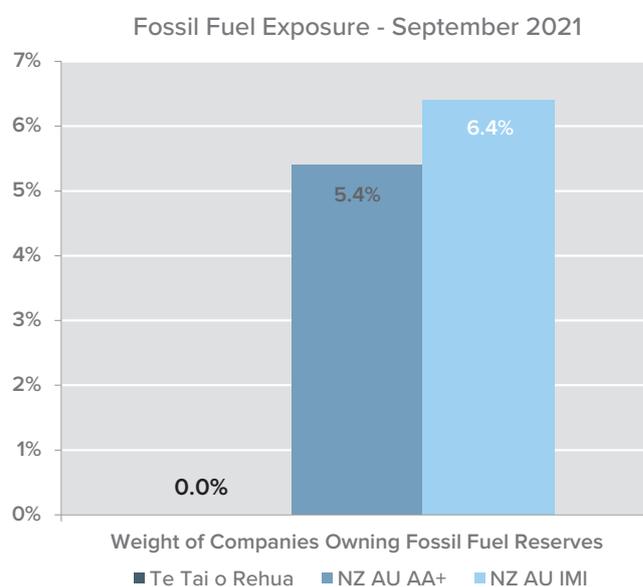
Te Kura Whakangao | Investment Philosophy

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 30 September 2021

Risk	TAHITO TToR	Benchmark	Difference
Total Risk	15.16	15.42	-0.26
Tracking Error	4.57		
No. of Stocks	27	250	-223
% Cash	7%		
Aggregate Statistics: Value	TAHITO TToR	Benchmark	Difference
Dividend Yield	3.2%	3.3%	-0.1%
Earnings Yield	4.4%	4.6%	-0.2%
Growth			
Historic Earnings Growth	4.3%	9.3%	-5.1%
Forecast Earnings Growth	4.7%	9.0%	-4.3%
Historic Dividend Growth	10.2%	5.6%	4.6%
Forecast Dividend Growth	8.6%	6.0%	2.6%
Quality			
High Quality	28.9%	18.9%	9.9%



TAHITO | Portfolio Fossil Fuels

The TAHITO Tai o Rehua portfolio holds no companies that own fossil fuels or fossil fuels reserves, relative to 5.4% in the MSCI ESG NZ-AU AAA or AA only companies. (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 Investable Market Index).

Brambles (BXB)

Whakarāpopototanga | Summary

BXB ranks in the top five Australian TAHITO scores (7.5/10) and is the top three for overall Australian T & V scores. BXB has a 'AAA' ESG rating.

T Score
7.5

V Score
5.5

TAHITO Score Card - BXB (Out of 10)	Score
Te Taiao - Environment	9.1
Hapori - Social	6.6
Mana whakahaere - Governance	7.7
MSCI ESG Ratings (Out of 10)	AAA
Climate change	10.0
Environmental	9.7
Human capital development	10.0
Corporate governance	7.1

Te Whakaaturanga | Business Description

Brambles Limited is a supply-chain logistics company. The Company is engaged in providing reusable pallets and containers.

Ngā Whaipanga | Key points aligned to TAHITO Values

Utū - tō mauri (Reciprocal – collective dominance)

1. Brambles has a clearly articulated and measurable circular business model that reaches into stakeholders and communities. The model is underpinned by a circular economy transformation strategy to reach, educate and inspire stakeholders.
2. Brambles became Carbon Neutral in June 21. They are committed to using 100% renewable electricity in all operations by 2025.
3. Clear recognition of their responsibility to conduct business in a way that protects and improves the communities in which they live and work.

Kawa - tō ora (Cyclical – collective success)

4. The CEO has operational responsibility for sustainability issues. The Brambles Sustainability Risk Committee is responsible for assisting the CEO and Executive Leadership Team with sustainability strategies, targets and activities, consistent with the Group's Shared Values.
5. Brambles has committed to adopting (or developing) natural and social capital accounting approaches to transparently measure and to validate their performance against all of their 2025 targets to confirm progress towards their regenerative status.

Mana Whakahaere | Governance

Brambles is recognised as a global leader in sustainability. In June 2021 they took their first critical step towards a regenerative business model by becoming a carbon neutral company, bringing their net CO2 emissions derived from own operations to zero.

By getting to zero impact and beyond, Brambles aims to be a company that delivers the supply chains that the world needs for the future. To support this ambition, they launched 2025 sustainability targets in September 2020, and have started their journey towards regeneration. In addition to achieving carbon neutral status, Brambles have made significant progress with their afforestation programme, investing in projects designed to grow the world's forest reserves while securing the essential supply of sustainable lumber for their operations into the future.

Te Taiao | Environment

The Brambles circular business model facilitates the 'share and reuse' of the world's largest pool of reusable pallets and containers. This enables Brambles to serve its customers while minimising the impact on the environment and improving the efficiency and safety of supply chains. Circular business models like those operated by Brambles are recognised as a practical business solution which enables the world to trade more responsibly.

Forest Positive: Enable the sustainable growth of two trees for every tree used.

Climate Positive: Committed to a 1.5C degree climate future including a 2015 Paris Agreement-aligned carbon emissions target (science-based target supported by carbon-neutral operations and 100% renewable electricity).

Waste Positive: Zero product materials sent to landfill, for all Brambles and subcontracted locations; Innovate closed-loop products: aspire to use 30% recycled or upcycled plastic waste; 100% of Brambles locations, including offices and service centres, to be zero waste; and Water positive: optimise all water use including reclaiming, recycling, replenishment and treatment.

Supply Chain Positive: Continuous increases in environmental benefits in the customers' supply chains through their 'share and reuse' model. Co-develop and improve performance in leading circular measurement tools for industry.

Brambles (BXB) - Continued

Te Pāpori | Social

Community and People

Work Place Positive: Brambles has committed to: a 25% reduction in their Injury Frequency Rate and to develop a wellbeing at-work programme; at least 40% of management roles to be held by women by 2025 and double the number of women in their plants; top 20% for inclusivity and to launch an accessibility programme in each region; and lead on anti-corruption and human rights, including modern day slavery.

Food Positive: Collaborate with foodbanks to serve rescued food to 10 million people. Volunteering, in kind donations, skills and expertise sharing and financial donations are the key actions for this target.

Circular Economy Transformation: As a leading example of a circular business model operating at a global scale, Brambles seeks to advocate, educate and impact one million people to become circular economy change makers. The company aspires to share their knowledge of circular models and encourage other sectors to accelerate their transition to a low-carbon, circular model. The Brambles circular economy transformation strategy to reach, educate and inspire stakeholders is channelled through three pillars: education, events and communications. Their ambition is aligned with key partners, the EMF, WEF and the WBCSD, who are leading the charge to help accelerate the global circular transition.

Volunteering in communities is a hallmark of Brambles' global workplace culture. Despite social distancing and restrictions in many regions, Brambles' employees contributed 11,404 volunteer hours to many worthy causes, translating to US\$424,297 of value for the year.

Brambles Zero Harm Charter: Brambles states a commitment to achieving Zero Harm. This means zero injuries, zero environmental damage and zero detrimental impact on human rights.

Brambles is a logistical backbone of food rescue supply chains. Brambles has been a long-time supporter of The Global FoodBanking Network (GFN), which supports food banks around the world. Brambles also partners with Feeding America and the Federation of European Food Banks. GFN stated that it is grateful for the steadfast partnership and strategic support received from Brambles. As food banks scaled their operations to meet surging demand caused by the COVID-19 pandemic, Brambles' partnership with GFN was instrumental in efforts to mobilise a humanitarian response to address the immediate crisis.

Brambles subsidiary CHEP South Africa donates food to 510,000 vulnerable families. Thanks to a longstanding relationship with the Do More Foundation, the charitable arm of RCL Foods – a leading South African food manufacturer and CHEP customer – CHEP was able to distribute essential food packs to more than 510,000 families in need.

Te Pārongo Ahumoni | Financial Information

Ticker	Forward Dividend Yield	Forward P/E	Long Run Median P/E	Forward P/E rel LRM	Forecast EPS Growth (Yr 2&3)	Return on Capital	Total Debt / Total Capital
BXB	2.7%	23.6	22.4	1.1	10%	9.6%	48%

The board of Brambles has announced that it will be increasing its dividend on the 14th of October 2021 to AU\$0.14. Based on the announced payment, the dividend yield for the company will be 2.3%, which is fairly typical for the industry.

Brambles' dividend is well covered by earnings: solid dividend yields are great, but they only really help if the payment is sustainable. Prior to this announcement, Brambles' dividend was comfortably covered by both cash flow and earnings. This indicates that quite a large proportion of earnings is being invested back into the business.

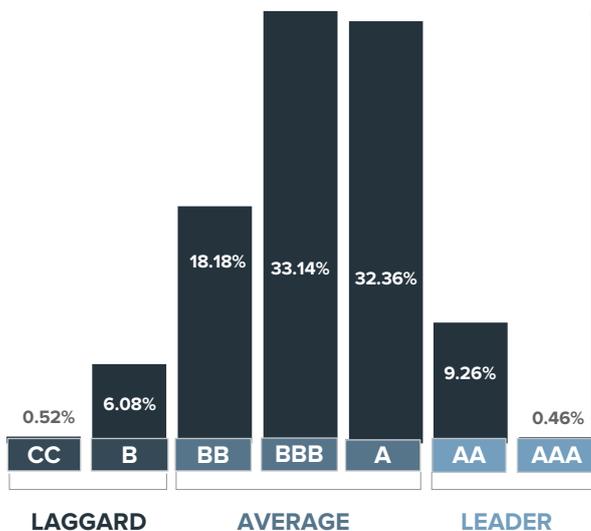
The next year is set to see EPS grow by 10.2%. If the dividend continues along recent trends, we estimate the payout ratio will be 66%, which is in the range that makes us comfortable with the sustainability of the dividend.

Te Tai o Rehua Fund ESG summary



MSCI ESG Fund Metrics Distribution

Coloured bars correspond to portfolio and benchmark ESG Quality Scores



MSCI ESG
Quality Score
(out of 10)

TToR
Portfolio

10.00

Primary
Benchmark

10.00

TAHITO Engagement and Proxy Voting

Whakarāpopototanga | Summary

During the third quarter 2021 TAHITO submitted proxy votes for the Annual General Meetings of Tilt Renewables, ALS, Xero, My Food Bag, Mercury Energy, ASX and Meridian Energy.

Our voting is aligned to our TAHITO Values. Generally, we vote against inequitable executive/director remuneration and against

directors when we believe there is not fair gender representation on the board.

For more information on engagement and voting please contact us at info@tahito.co.nz

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