



Ethical investing update

Ethical and responsible investing are now part of 'mainstream' investing. This was again shown in a survey of 1,000 New Zealanders released last week by Mindful Money and the Responsible Investment Association of Australasia. Three quarters of those surveyed are either already investing ethically or will consider it within 5 years - only 5% said they'll never consider a responsible or ethical investment fund.

Importantly, the survey highlighted not just support for ethical investing but also acceptance that ethical and responsible investing should generate the same, or better, returns than 'traditional' investing (which considers only financial factors and not non-financial like climate change or human rights issues). Only one in ten people disagreed with the statement that ethical or responsible investing will perform better over the long term.

Some of the results that reflect our investing include (1) two thirds of people want fund managers to disclose positive real-world impacts of their investing (2) half are concerned about greenwashing and (3) half agree investment decisions can affect climate change. All three of these points are addressed in our Ethical Investment Policy and our annual Sustainability Report. We will continue to lead in ethical investing – and are encouraged how New Zealanders are so supportive of this direction.



John Berry
CEO & Resident Wayfinder

Market Commentary

Equity market indices continued the trend higher in April, as the New Zealand NZX50, Australian ASX200, and US S&P500 returned +1.1%, +1.8%, +1.6% respectively (in local currency), while markets have been rangebound in May to date.

Headline index returns however do hide what has been larger divergence "under the hood" with several stocks making big gains/losses as investors digested the latest quarterly corporate profit announcement period. Notable winners included Microsoft & Meta, as big technology company earnings seem to be more robust than market expectations. Big tech stocks continue to lead returns, with the US Nasdaq technology index up +20% year to date, clawing back losses experienced in 2022. It has not all been positive though, with Tesla a notable loser as the market didn't take the idea of car price cuts well. Interestingly, US market valuation measures look broadly in line with the 30-year average after stripping out the technology sector.

Continues on next page

Fund Performance at a Glance (after fees, before tax)

	1 month	6 months	1 year	2 years p.a.	3 years p.a.	5 years p.a.	Since Inception p.a.	Start Date
Ethical Growth Fund	0.2%	4.7%	0.4%	-0.7%	-	-	4.1%	Sep 2020
Global Responsibility Fund	0.2%	7.2%	6.3%	3.2%	12.3%	8.8%	8.4%	Oct 2017
Global Water Fund	1.1%	7.4%	6.9%	1.5%	11.9%	8.6%	8.6%	Jun 2010
Ethical Trans-Tasman Fund	1.9%	4.1%	-3.1%	-2.9%	8.9%	-	8.7%	Sep 2019
Global Property Fund	2.4%	0.7%	-17.4%	-7.4%	1.0%	-0.9%	0.6%	Jul 2015
Global Green Bond Fund	0.6%	-	-	-	-	-	*	Jan 2023
KiwiSaver Conservative Fund	0.3%	2.5%	1.6%	1.0%	3.2%	-	3.2%	Jul 2019
KiwiSaver Balanced Fund	0.4%	4.1%	0.8%	1.4%	7.7%	-	6.0%	Jul 2019
KiwiSaver Growth Fund	0.3%	4.8%	0.3%	1.3%	10.6%	-	9.0%	Jul 2019

*There is no trading record of the Green Bond Fund prior to January 2023.
Please refer to the benchmark returns on our website and the fact sheets before making any investment decisions.



Market Commentary

Taking a step back, first-quarter S&P 500 earnings have surprised to the upside with 78% of companies having beaten market expectations. This may reflect a very low bar of market expectations, but still, the much-feared deep contraction in earnings and second down-leg in stock prices has not yet occurred. In fact, the US market has recovered from the peak of the banking stress in March to year-to-date highs reached in February. At the same time, investors' risk exposure has dropped to low levels last seen in October of 2022 as investors generally remain pessimistic according to fund manager surveys. Most investors anticipate a recession either later this year or sometime in 2024 and fear that recession will crimp company profits, causing another drawdown for stocks. We are watching this space closely but would note that often the consensus call does not play out how the masses believe (i.e., equity markets may not see another significant round of selling pressure). Overall, we remain 90% invested in growth assets across the equity funds.

Financial news over the last month has also been focussed on limited progress around the US debt ceiling issue. Most recently clinging to US Treasury Secretary Yellen's comments that the Federal Government could be heading for a default in early June if the debt ceiling is not raised. While this is grabbing headlines, an 11th hour deal will likely be reached - political posturing in full force! Hence, we do not see any broader market concerns, although depending on the negotiations, there could be a reallocation of government spend that will hurt or benefit certain sectors. Solar energy is a sector of contention for Republicans & Democrats right now, but we see the current dip in solar stocks as a longer-term buying opportunity.

Closer to home, in NZ the government announced its budget, which didn't contain too many surprises although restraint is on show considering it is election year. The Government will spend \$2.6 billion to help households handle the increased cost of living by providing cheaper public transport, 20-hours of free childcare for 2-year-olds, and subsidies for insulating older houses. Other large operating costs include \$465m of funding to build 3,000

state houses and \$120m on vehicle charging infrastructure. Taxation will become a key element of the upcoming election campaign. There is substantial pressure on Government to move the tax brackets higher to compensate for the bracket creep that has occurred over the last decade or so. The problem is that this Budget's fiscal outlook makes it very difficult for a government to provide any tax cuts without a substantial cut in expenditure and/or significant tax hikes elsewhere. Remarkably, the government no longer forecasts a recession with tourism, migration and post-flood rebuild cited as the reasons for such. Whether or not this plays out, the budget was seen by the market as adding to inflationary pressure at the margin.

Finally, there was welcome news for many Kiwis as the RBNZ lifted the Official Cash Rate by 25bps to 5.50% but surprised markets by signalling it is now in watch and wait mode. We believe the OCR has peaked but will stay at this rate for the rest of the year, with a possible cut in the first half of 2024.

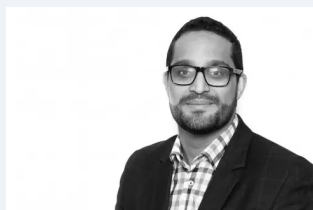
The market reaction was a fall in the NZ dollar and market interest rates, while NZ shares were also marginally higher on the news.



Investment Team



Paul Brownsey
Chief Investment Officer



Hamesh Sharma
Portfolio Manager



Kate Brownsey
ESG Analyst



Holly Armstrong
Investment Analyst



Fund Performance April 2023

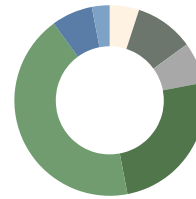
Ethical Growth Fund

Investment Strategy & Objective

Ethical investing to achieve medium to high returns with a higher risk focus.

An ethical portfolio with a higher exposure to growth assets and a lower exposure to income assets. Investments are spread across multiple asset types, geographies, companies and sectors to provide diversification. The investment strategy includes management of foreign currency exposure to New Zealand dollars. When we refer to growth assets, we mean investments like shares and when we refer to income assets we mean investments that generate income in the form of interest payments like bonds and bank deposits.

Asset Allocation



- Cash: 4.7%
 - NZ Fixed Interest: 10.7%
 - International Fixed Interest: 7.2%
 - Australasian Equities: 25.2%
 - International Equities: 43.1%
 - Listed Property: 6.5%
 - Other*: 2.6%
- Total: 100.0**

* Other assets include unlisted property & private equity.

Fund Performance* (after fees, before tax)

	1 month	3 months	6 months	1 year	Inception p.a.	Start Date
Fund Return	0.2%	0.8%	4.7%	0.4%	4.1%	Sep 2020
Benchmark Return†	1.7%	2.5%	4.8%	2.4%	5.6%	

* Performance as of 30 April 2023. Trading started: July 2015.

† Benchmark: Morningstar Target Allocation Index: Growth Multisector for New Zealand Index return used from Oct 2021. Previous market index return is a composite of 5% Bloomberg NZ Bank Bill Index, 20% Bloomberg Barclays Global Aggregate Total Return Index, 20% S&P/NZX50 Gross Index, 20% S&P/ASX200 Gross Return index and 35% Morningstar Developed Markets Net Return Index was used for the period since Fund inception to 30 Sep 2021.

[Explore More](#)

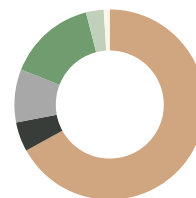
Global Responsibility Fund

Investment Strategy & Objective

Ethical investing in international equities and listed property to achieve above average long term, risk adjusted returns.

The Fund invests in international equities and listed property. It achieves this by investing in Pathfinder's Wholesale Responsible Investment Fund.

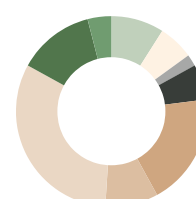
Equity Split



- North America: 67.5%
 - Australasia: 4.8%
 - Japan: 9.4%
 - Europe ex UK: 15.3%
 - United Kingdom: 2.4%
 - Asia ex Japan: 0.6%
- Total: 100.0**

Fund Performance* (after fees, before tax)

	1 month	6 months	1 year	3 years p.a.	Inception p.a.	Start Date
Fund Return	0.2%	7.2%	6.3%	12.3%	8.4%	Oct 2017
Benchmark Return†	2.3%	8.7%	5.4%	12.9%	9.4%	



- Communication Services: 9.1%
 - Consumer Cyclical: 6.4%
 - Consumer Defensive: 1.7%
 - Healthcare: 5.8%
 - Industrials: 19.6%
 - Real Estate: 9.0%
 - Technology: 31.2%
 - Financial Services: 13.6%
 - Utilities: 3.5%
- Total: 100.0**

* Performance as of 30 April 2023. Trading started: October 2017.

† Benchmark: Morningstar Developed Markets Index

[Explore More](#)



Global Water Fund

Investment Strategy & Objective

Ethical investing in global water companies to achieve above average long-term, risk adjusted returns.

The Fund invests in listed water companies. Water companies cover a wide range of activities, including water utilities, filtration, monitoring technology and the manufacture of pumps, pipes and irrigation equipment.

Fund Performance* (after fees, before tax)

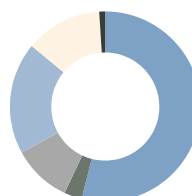
	1 month	6 months	1 year	3 years p.a.	10 years p.a.	Start Date
Fund Return	1.1%	7.4%	6.9%	11.9%	9.7%	Jun 2010
Benchmark Return†	0.8%	11.2%	6.3%	10.9%	9.6%	

* Performance as of 30 April 2023. Trading started: June 2010.

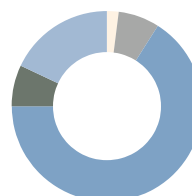
† Benchmark: Morningstar Developed Markets Index

[Explore More](#)

Equity Split



- North America: 55.0%
- Australasia: 2.8%
- Japan: 9.6%
- Europe ex UK: 19.1%
- United Kingdom: 12.7%
- Asia ex Japan: 0.0%
- Latin America: 0.7%
- Total: 100.0**



- Basic Materials: 1.5%
- Healthcare: 6.8%
- Industrials: 66.6%
- Technology: 7.1%
- Utilities: 18.0%
- Total: 100.0**

Ethical Trans-Tasman Fund

Investment Strategy & Objective

Ethical investing in Australian and New Zealand equities, listed property companies and other assets to achieve above average long-term risk adjusted returns.

The Fund invests in Australian and New Zealand equities, listed property companies and other assets. The Fund may achieve this by investing in Pathfinder's Wholesale Ethical Trans-Tasman Fund which invests in our top individual equity ideas and targets a portfolio of 10 to 40 holdings.

Fund Performance* (after fees, before tax)

	1 month	6 months	1 year	3 years p.a.	Inception p.a.	Start Date
Fund Return	1.9%	4.1%	-3.1%	8.9%	8.7%	Sep 2019
Benchmark Return†	1.5%	6.6%	1.5%	9.3%	4.6%	

* Performance as of 30 April 2023. Trading started: October 2019.

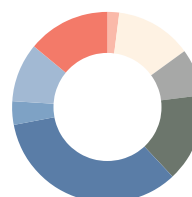
† Benchmark: Morningstar Developed Markets Index

[Explore More](#)

Equity Split



- New Zealand: 46.6%
- Australia: 53.5%
- Total: 100.0**



- Basic Materials: 2.1%
- Communication Services: 13.5%
- Consumer Defensive: 8.2%
- Financial Services: 14.8%
- Healthcare: 33.5%
- Industrials: 3.9%
- Information Technology: 10.1%
- Utilities: 13.9%
- Total: 100.0**



Global Property Fund

Investment Strategy & Objective

Ethical investing in global property holdings to achieve above average long term risk adjusted returns.

The Fund invests in listed property entities. These are expected to predominantly own industrial, office and retail property but can include other activities (such as trading and development) and other types of real estate assets (such as residential property, medical facilities, and storage units).

Fund Performance* (after fees, before tax)

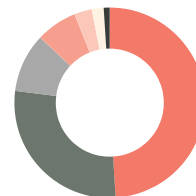
	1 month	6 months	1 year	3 years	Inception p.a.	Start Date
Fund Return	2.4%	0.7%	-17.4%	1.0%	0.6%	Jul 2015
Benchmark Return†	2.2%	5.0%	-14.1%	5.0%	2.2%	

* Performance as of 30 April 2023. Trading started: July 2015.

† Benchmark: FTSE EPRA/NAREIT Global Real Estate Index

[Explore More](#)

Equity Split



- North America: 48.9%
- Australasia: 28.0%
- Europe dev: 9.6%
- Japan: 7.2%
- United Kingdom: 3.1%
- Asia dev: 2.1%
- Asia emrg: 1.1%
- Total: 100.0**

* Other assets include unlisted property & private equity.

Global Green Bond Fund

Investment Strategy & Objective

Looking to make a meaningful impact on climate change with your investments? Pathfinder's Global Green Bond Fund invests in bonds that allocate money to green purposes. These could include clean transportation, clean water access, increasing resilience to extreme weather events and renewable energy supply networks.

The make-up of our Global Green Bond Fund:

Pathfinder has partnered with Affirmative Investment Management to invest in fixed income securities that have been classified as Green Bonds. Green Bonds fund projects targeting climate and environmental solutions. The aim of this fund is to invest 100% in Green Bonds, but if there aren't enough Green Bonds available to achieve the targeted returns and risk profile, Affirmative will invest (up to 20%) in bonds issued by companies that meet their environmental and social criteria. We view this as a mix of predominantly green bonds with some supporting environmental bonds.

Fund Performance* (after fees, before tax)

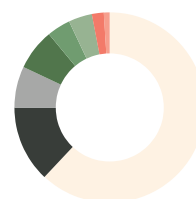
	1 month	3 months	1 year	3 years p.a.	Since Inception	Start Date
Fund Return	0.6%	0.9%	-	-	0.6%	Jan 2023
Benchmark Return†	0.5%	1.0%	-1.5%	-2.7%	0.8%	

* Performance as of 30 April 2023. Trading started: Jan 2023.

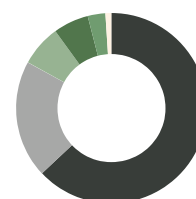
† Benchmark: Bloomberg Global Aggregate Index Hedged to NZD

[Explore More](#)

Fixed Income Split



- Europe dev: 61.8%
- North America: 12.9%
- Asia emrg: 7.5%
- Japan: 7.3%
- Asia dev: 3.9%
- United Kingdom: 4.5%
- Latin America: 1.4%
- Australasia: 0.7%
- Total: 100.0**



- Financials: 63.5%
- Government Activity: 20.4%
- Utilities: 6.7%
- Industrials: 5.6%
- Real Estate: 3.3%
- Consumer Cyclical: 0.5%
- Total: 100.0**



KiwiSaver Plan

What is Pathfinder KiwiSaver?

The Pathfinder KiwiSaver Plan (Pathfinder KiwiSaver) is an ethical investment. This means, for example, that we consider environmental, social and governance matters when investing. We do this to be consistent with our mission to grow individual wealth and collective well-being and because we believe companies that are more ethical make better long-term investments.

Pathfinder KiwiSaver has three Funds which are managed by us. The Funds pool the money of investors within each Fund and invest in assets (such as shares, bonds, and bank deposits) on behalf of those investors. Each Fund actively invests in and manages a different combination of assets, which varies the level of risk and potential return of each Fund. This means you can select a Fund into which your contributions will be placed to suit your risk profile and investment goals.

Fund Performance* (after fees, before tax)

	1 month	6 months	1 year	3 years p.a.	Inception p.a.	Start Date
Conservative	0.3%	2.5%	1.6%	3.2%	3.2%	Jul 2019
Morningstar Conservative Index †	0.8%	3.5%	0.5%	1.4%	1.8%	
Balanced	0.4%	4.1%	0.8%	7.7%	6.0%	Jul 2019
Morningstar Balanced Index †	1.4%	4.4%	1.7%	7.3%	5.9%	
Growth	0.3%	4.8%	0.3%	10.6%	9.0%	Jul 2019
Morningstar Growth Index †	1.7%	4.8%	2.4%	10.6%	8.1%	

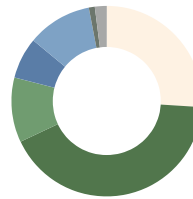
* Performance as of 30 April 2023. Trading started: July 2019.

† The Morningstar Indices are used to calculate market index returns for performance period after 1 December 2021. Earlier market index returns are calculated retrospectively using the composite indices described in each quarterly fund before Dec 2021. You can find details of the change here.



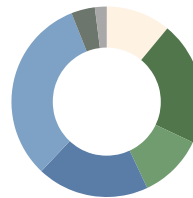
Asset Allocation

KIWISAVER CONSERVATIVE FUND



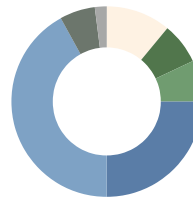
- Cash: 25.9%
- NZ Fixed Interest: 42.0%
- International Fixed Interest: 11.3%
- Australasia Equity: 6.5%
- International Equity: 11.2%
- Listed Property: 1.4%
- Other*: 1.8%
- Total: 100.0**

KIWISAVER BALANCED FUND



- Cash: 11.4%
- NZ Fixed Interest: 20.9%
- International Fixed Interest: 11.3%
- Australasia Equity: 18.4%
- International Equity: 31.8%
- Listed Property: 4.2%
- Other*: 2.0%
- Total: 100.0**

KIWISAVER GROWTH FUND



- Cash: 11.1%
- NZ Fixed Interest: 7.5%
- International Fixed Interest: 7.3%
- Australasia Equity: 24.4%
- International Equity: 41.8%
- Listed Property: 5.9%
- Other*: 2.1%
- Total: 100.0**

* Other assets include unlisted property & private equity.

Explore More

Join the future of investment.

0800 ETHICAL (384 4225)
info@pathfinder.kiwi
pathfinder.kiwi

Level 37, PwC Tower,
15 Customs St West,
Auckland, 1010

