



Public Trust Investment Service.

Diversified Funds
Quarterly Update
30 June 2021

Funds Update

What is the purpose of this update?

This document tells you how the Public Trust Investment Service Diversified Funds have performed and what fees were charged.

The document will help you to compare the Funds (the Funds) with other funds. Public Trust has not prepared this update in accordance with the Financial Markets Conduct Act.

The Financial Markets Conduct Act 2013, the Securities Act 1978 and the Securities Regulations 2009 do not apply to this offer.

This information is not audited and may be updated.

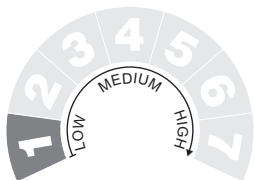
The Funds referred to in this Quarterly Update are used by Public Trust as investment options where it is acting as trustee or co-trustee of an estate or trust, or as property attorney or property manager for a non-consultable customer.

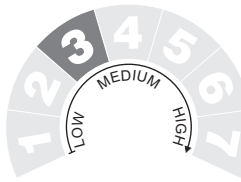
The Funds are not open to members of the public.

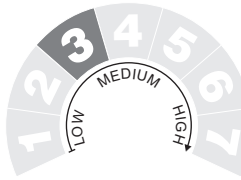
Any reference to us, we or our, refers to Public Trust.

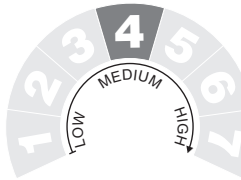
Description of the funds

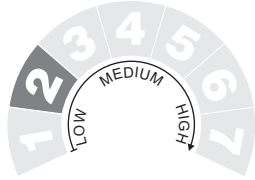
There are seven options offered in the Public Trust Investment Service Diversified Funds. The Funds referred to in this Quarterly Update are used by Public Trust as investment options where it is acting as trustee or co-trustee of an estate or trust, or as property attorney or property manager for a non-consultable customer. The Funds are not open to members of the public. These options are summarised below.

Cash Fund	
Aims to produce low risk returns by investing in short-term bank deposits and fixed interest securities.	 Risk indicator
Management fee	0.40% of your balance each year
Third party management fees	Nil
Total value of the Fund	\$76.8m
Unit price (redemption)	1.0597
Fund start date	28 July 2014

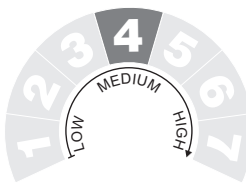
Conservative Portfolio	
Aims to produce stable returns with some capital growth and low to medium risk over the medium-term by investing 62.5% in the Defensive Fund and 37.5% in the Balanced Fund.	 Risk indicator
Management fee	1.11% of your balance each year
Third party management fees	0.03% of your balance each year
Portfolio start date	28 July 2014

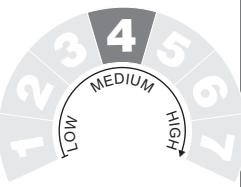
Moderate Portfolio	
Aims to produce moderate capital growth with moderate risk over the medium-term by investing 25% in the Defensive Fund and 75% in the Balanced Fund.	 Risk indicator
Management fee	1.16% of your balance each year
Third party management fees	0.04% of your balance each year
Portfolio start date	28 July 2014

Balanced Fund	
Aims to produce long-term capital growth with medium levels of risk by investing 60% in diversified growth assets (shares and listed property) and 40% in diversified income assets (cash and bonds).	 Risk indicator
Management fee	1.20% of your balance each year
Third party management fees	0.05% of your balance each year
Total value of the Fund	\$305.5m
Unit price (redemption)	1.5206
Fund start date	24 July 2014

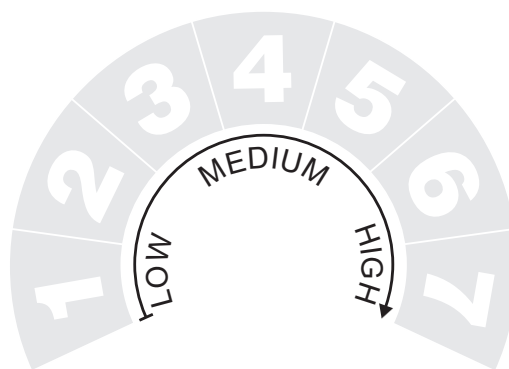
Defensive Fund	
Aims to produce stable returns with low capital growth and low risk over the medium-term by investing 80% in diversified income assets (cash and bonds) and 20% in diversified growth assets (shares and listed property).	 Risk indicator
Management fee	1.05% of your balance each year
Third party management fees	0.02% of your balance each year
Total value of the Fund	\$178.6
Unit price (redemption)	1.2135
Fund start date	28 July 2014

What are the risks of investing?

Balanced Growth Portfolio	
Aims to provide significant long-term capital growth with medium to high levels of risk by investing 50% in the Balanced Fund and 50% in the Growth Fund.	 <p>Risk indicator</p>
Management fee	1.225% of your balance each year
Third party management fees	0.06% of your balance each year
Portfolio start date	28 July 2014

Growth Fund	
Aims to produce high long-term capital growth by investing 80% in diversified growth assets (shares and listed property) and 20% in diversified income assets (cash and bonds).	 <p>Risk indicator</p>
Management fee	1.25% of your balance each year
Third party management fees	0.08% of your balance each year
Total value of the Fund	\$26.1m
Unit price (redemption)	1.6467
Fund start date	28 July 2014

Risk Indicator



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of a Fund's assets goes up and down. A higher risk rating generally means higher potential returns over time, but more ups and downs along the way.

Note that even the lowest category does not mean a risk-free investment.

The risk indicator is not a guarantee of a Fund's future performance. Because the Funds are relatively new it is not possible to base the risk indicator on long-term actual performance. Instead the risk indicator is based on historical fund performance for similar funds managed by Public Trust for the five years ended 30 April 2014. While risk indicators are usually relatively stable, they do shift from time to time.

See the Information Statement for more information about the risks associated with investing in these funds.

Important note

None of Public Trust, the Government of New Zealand or any other person guarantees the repayment of any investment in the Funds or the performance of the Funds.

What are the fees?

You will be charged fees for investing in the Public Trust Investment Service Diversified Funds. These fees are deducted from your investment, and will reduce your returns. If Public Trust invests in other funds, those funds may also charge fees. The fees you pay will be charged in two ways:

- Public Trust management fee.
This fee is expressed below as a percentage of your balance each year.
- Third party management fee.
This fee is expressed below as a percentage

Management fee & third party management fee

Option	Public Trust management fee	Third party management fee
Cash Fund	0.40%	Nil
Defensive Fund	1.05%	0.02%
Conservative Fund	1.11%	0.03%
Moderate	1.16%	0.04%
Balanced Fund	1.20%	0.05%
Balanced Growth Portfolio	1.225%	0.06%
Growth Fund	1.25%	0.08%

Third party management fees are calculated on the value of each Fund's investment in funds offered by the sub-contracted investment manager appointed to manage international shares. These fees are calculated and deducted daily from the third party funds in which these Funds invest.

Management fee rebate

Accounts with larger amounts invested qualify for a rebate of part of Public Trust's management fee, as outlined in the table below:

Amount Invested	Rebate
On the first \$500,000	0.00%
On the next \$500,000	0.40%
On the next \$1,000,000 plus	0.80%

The rebates are calculated daily and applied quarterly to your account held with Public Trust. Certain administration expenses may be charged to the Funds where they are necessary in exercising our powers, as permitted under the Trust Deed. These include, but are not limited to brokerage and settlement and clearing services expenses. These expenses are not fixed and cannot be completely known ahead of time, but are not expected to be material.

Public Trust does not charge entry or exit fees, establishment fees, termination fees or any other fees or charges unless disclosed in this Information Statement.

Example of how fees in a Fund apply

Bob invests \$10,000 in the Balanced Fund. Over the next year the average value of Bob's investment in the Balanced Fund is \$10,000. Bob is charged fees which work out to \$125.00 for that year:

Public Trust management fee 1.20% of \$10,000	= \$120.00
Third party management fee 0.05% of \$10,000	= \$5.00

These fees might be more or less if Bob's account balance has increased or decreased more substantially over the year.

Estimated total fees for the first year:

Public Trust management fee:	= \$120.00
Third party management fee:	= \$5.00

See the latest Fund update for an example of the actual returns and fees investors were charged during the most recent year.

This example only applies to the Balanced Fund. If you invest in other Funds in the Public Trust Investment Service Diversified Funds, this example will not be representative of the actual fees you may be charged.

The fees can be changed

Public Trust publishes an update for all its Funds showing the fees actually charged during the most recent year. The Fund update, including past reports, is available at www.publictrust.co.nz

Market Update

Markets at a glance

	Returns	
	Quarter	Year
New Zealand shares	0.90%	11.20%
Australian shares	8.30%	27.80%
Global shares (Unhedged)	7.60%	28.30%
Global shares (Local)	7.10%	36.80%
New Zealand property	2.20%	20.40%

	Returns	
	Quarter	Year
New Zealand cash	0.10%	0.30%
New Zealand bonds	0.10%	-3.00%
Global bonds	1.00%	0.00%
NZD/USD	-0.20%	8.50%
NZD - TWI	-0.20%	3.30%

Review of markets over the second quarter of 2021

Global equity markets continued to rise in the second quarter supported by a recovering global economy and an acceleration in vaccination rollouts worldwide. As in the first quarter the US equity market was the best performing market returning 7.9% compared to the MSCI ACWI Index return of 5.6% (in unhedged NZD terms). NZ and Japan equities were sharply lower returning only 0.90% and -0.1% respectively for the quarter.

Inflation pressures from the combination of strong demand and supply chain disruptions led the US Federal Reserve (the Fed) to raise expectations for tighter monetary policy and are now projecting two interest rate hikes in 2023. Similarly, the Reserve Bank of New Zealand (RBNZ) is expected to complete its asset purchase programme and increase the Official Cash Rate (OCR) sooner than expected following strong economic data. NZ's unemployment rate fell to 4.7% and Gross Domestic Product (GDP) climbed 1.6% for the March quarter, exceeding forecasts, and led many economists to predict interest rate increases in the second half of 2021. Since the end of the quarter the RBNZ has announced the end of its asset purchase programme.

The NZ bond market was largely flat during the second quarter, returning 0.1% and lagged global bonds. Income from bonds helped offset price declines from rising bond yields leaving total returns for both NZ government and corporate bonds positive, at 0.2% and 0.3% respectively.

The outlook for the second half of the year remains positive with a firm economic recovery underway. The vaccine rollout is gaining momentum with many countries starting to loosen restrictions. On the negative side, the rebound in delta COVID-19 variant could slow the full reopening of economies or require new lockdowns which may negatively impact financial markets. Financial markets may experience more volatility than we have seen in the last 12 months. Inflation concerns and central bank tightening will continue to be key themes in the remainder of 2021. Financial markets may display more volatility in the second half of the year but could still continue their upward path, albeit at a slower pace.

Global markets

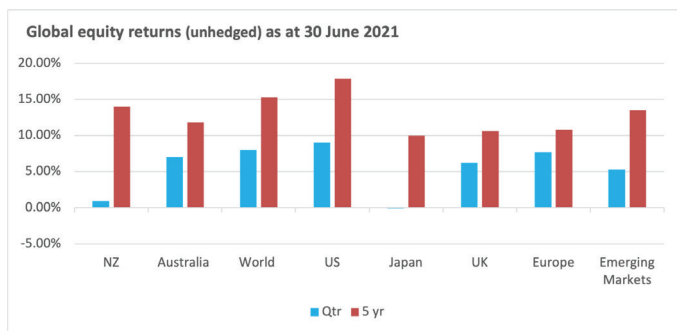
International equity indices continued to hit new all-time highs in the second quarter of 2021, as the COVID-19 vaccine rollout and good economic news fuelled optimism that the world is inching closer to reopening. As in the first quarter, the US market continued to be the best performing market returning 7.9% compared to the MSCI ACWI Index return of 5.6% (in unhedged NZD terms).

Ongoing fiscal and monetary stimulus in the US resulted in the economy growing by 1.6% in the first quarter of 2021, compared to 1.1% in the last quarter of 2020. A \$1tn infrastructure package secured by President Biden also provided additional support for the US economy. The Fed suggested that interest rates would rise in 2023 citing inflationary pressures. Previously the Fed had said that interest rates would stay near zero in 2023. The returns from fixed income were moderate during the quarter, with global bonds returning 1.0% (hedged in NZD).

European equities rallied 7.7% in the quarter as many countries loosened-pandemic related activities which led to a strong rebound in economic activity similar to the US. European business growth accelerated at its fastest pace in 15 years according to the Eurozone Purchasing Manager Index survey. UK equities performed well rising 6.2% on an unhedged basis despite ongoing challenges and resurgence of the delta variant in parts of the UK.

Emerging market equities gained, with the MSCI Emerging Markets index returning 5.3% on an unhedged basis during the quarter. Increased demand for commodities and currency strength against a weak US dollar amplified the gains. Emerging markets lagged developed markets over the period, partly due to China's regulatory crackdown within the technology sector.

The Australian equity market significantly outperformed New Zealand with the S&P/ASX200 Index returning 7.0% over the quarter due to the strong performance of commodities up 13% during the second quarter.



New Zealand

Despite signs of a strong domestic economy, NZ equities underperformed global markets, with the NZX50 index gaining 0.90% in the second quarter due to the poor performance of A2 Milk Co Ltd and Fonterra. NZ listed property outperformed the broad NZ equity index, returning 2.20% but underperformed its global equivalent by 6.80%.

Economic data released during the period exceeded market expectations with the economy growing by 1.6% during the quarter and unemployment falling to 4.7%. The RBNZ May Monetary Policy Statement (MPS) was less dovish than its February MPS. The RBNZ stated that economic activity has been stronger than it expected which has resulted in it projecting a faster rate of OCR increase than previously expected. The RBNZ's OCR track is projecting cash rates to start rising from mid-2022. However, given the expected strength in the economy many economists are predicting interest rates to rise in the second half of this year.

NZ government and corporate bonds returned 0.2% and 0.3% respectively during the quarter and lagged their international equivalents. The lacklustre performance of NZ bonds during the quarter reflects the market's expectation that the OCR will increase soon.

The NZD slipped against most currencies, down -0.2% on a trade weighted basis for the quarter. The shift in tone by the Fed about the prospect of future tightening helped support a strengthening USD against the NZD.

Outlook

The outlook for the second half of the year remains positive with a global economic recovery underway. The vaccine rollout is gaining momentum with many countries starting to loosen restrictions. On the negative side, the rebound in the delta variant of COVID-19 may slow the full reopening of economies or require new locks downs which may negatively impact financial markets. Financial markets may experience more volatility than we have seen in the last 12 months. Inflation concerns and central bank tightening will continue to be key themes in the remainder of 2021. Financial markets may display more volatility in the second half of the year but could still continue their upward path, albeit at a slower pace.

How have the Funds performed?

	Past Quarter	1 Year	Annualised since inception
Cash Fund	0.12%	0.74%	2.12%
Defensive Fund	0.97%	2.89%	4.52%
Conservative Portfolio	1.72%	6.77%	5.74%
Moderate Portfolio	2.47%	10.64%	6.96%
Balanced Fund	2.97%	13.23%	7.77%
Balanced Growth Portfolio	3.49%	15.97%	8.42%
Growth Fund	4.02%	18.72%	9.08%

Note on returns

The returns assume that distributions are reinvested. Fund returns are after deductions for charges, but before tax.

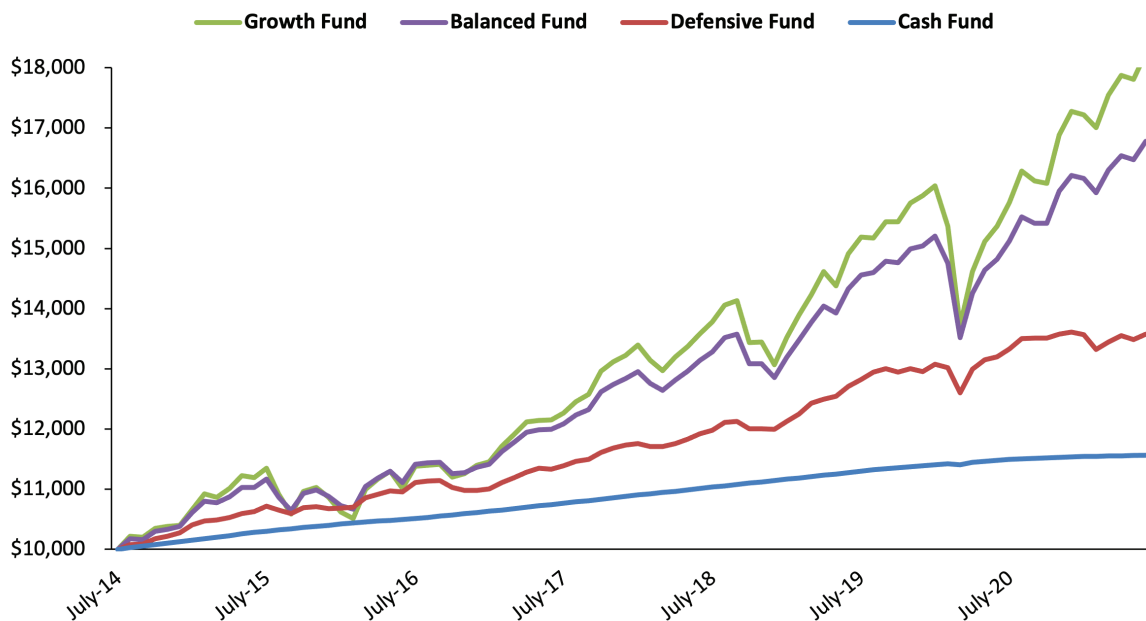
Important: Returns reflect past performance and do not indicate future performance.

Commentary on performance

Global equity markets extended their strong quarterly gains supported by a recovering global economy and acceleration in vaccination efforts worldwide. Australian and global equities were up strongly, returning 7.0% and 7.6% respectively while NZ equities lagged, returning 0.90%. NZ listed property outperformed the broad NZ equity market index, returning 2.20% but underperformed global property by 6.80%. Fixed income returns were broadly flat despite rising yields with New Zealand Government and A-grade Corporate Bonds returning 0.2% and 0.3% respectively. Funds with higher exposure to growth assets outperformed for the quarter. Returns on the Cash Fund dipped lower as proceeds from maturities are reinvested at current, historically low, interest rates.

Growth of a \$10,000 investment

Value of the investment

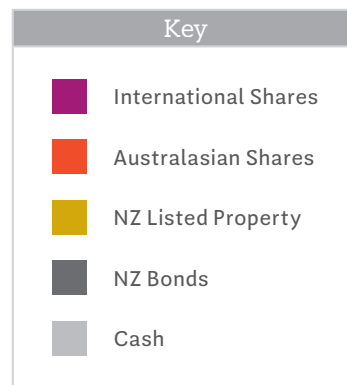
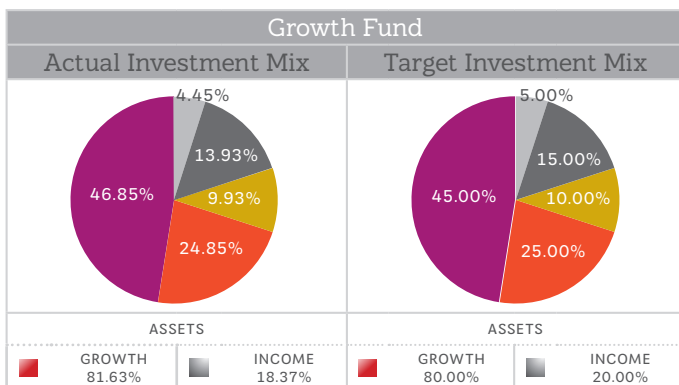
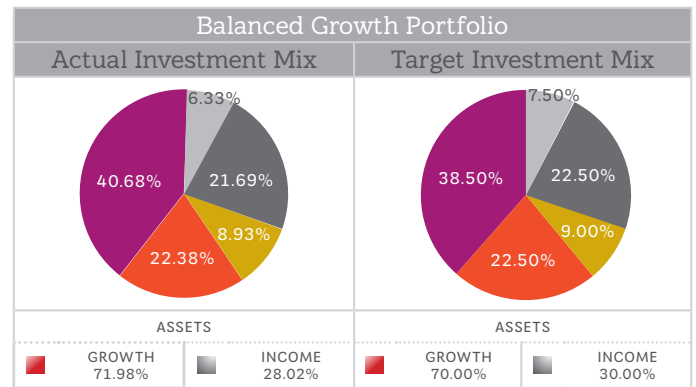
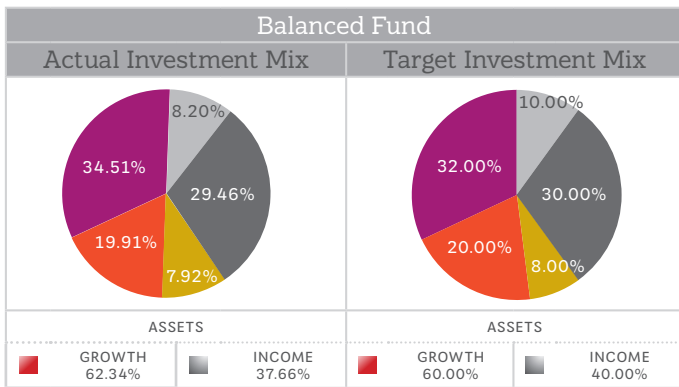
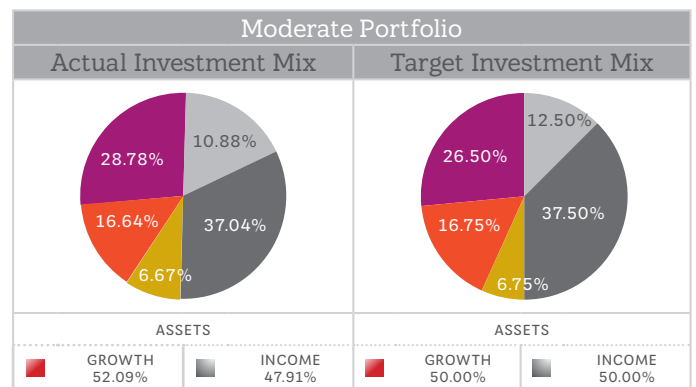
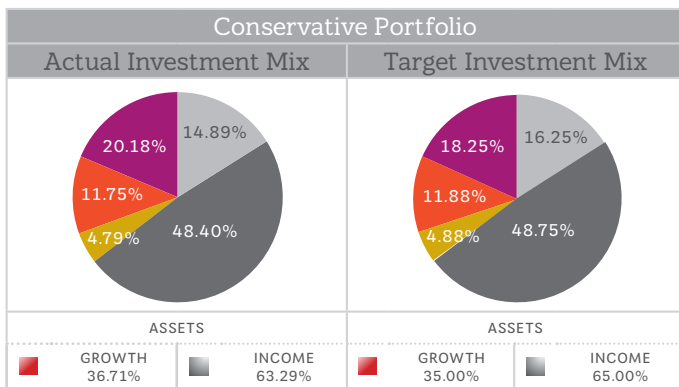
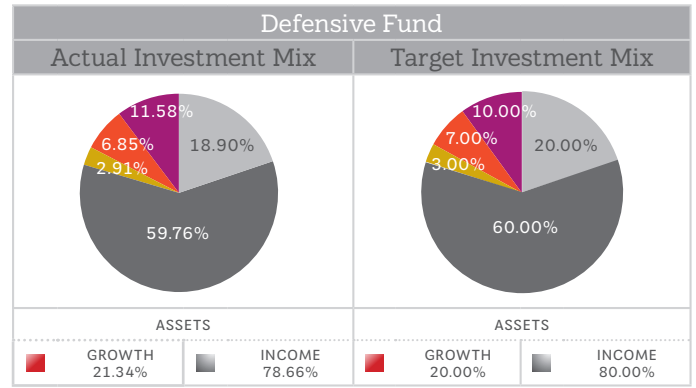
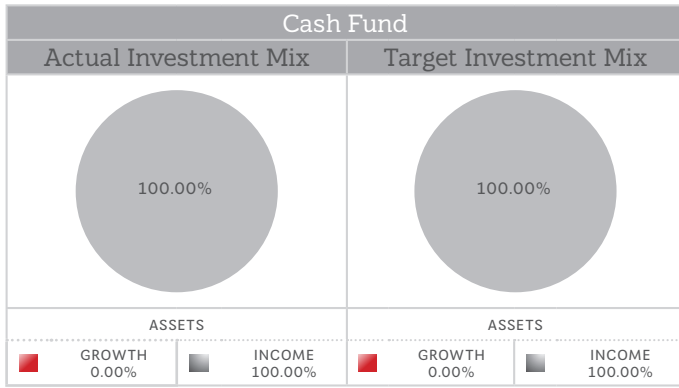


Assumes standard management fees, reinvestment of distributions and zero tax rate.

Inception date for the Balanced Fund is 24 July 2014. For all other Funds it is 28 July 2014.

Further information may be found in the document "Public Trust Investment Service Investment Beliefs and Strategy" on our website: www.publictrust.co.nz.

What do the Funds invest in?



Top 10 holdings

GROWTH ASSETS

INTERNATIONAL SHARES		
COMPANY	COUNTRY	WEIGHTING
Apple Inc.	United States	3.46%
Microsoft Corp.	United States	2.92%
Amazon.com Inc.	United States	2.21%
Facebook Inc. Class A	United States	1.26%
Alphabet Inc. Class C	United States	1.11%
Alphabet Inc. Class A	United States	1.10%
Taiwan Semiconductor MFG	Taiwan	0.79%
Tesla	United States	0.78%
Nvidia	United States	0.74%
JP Morgan Chase & Co	China	0.71%
TOTAL		15.08%

AUSTRALASIAN SHARES		
COMPANY	COUNTRY	WEIGHTING
Fisher & Paykel Healthcare Corporation Limited	New Zealand	10.33%
Spark New Zealand Ltd	New Zealand	5.16%
Auckland Intl Airport Ltd	New Zealand	5.05%
Meridian Energy Ltd	New Zealand	3.85%
Mainfreight Limited	New Zealand	3.75%
Contact Energy Ltd	New Zealand	3.70%
Fletcher Building Ltd	New Zealand	3.57%
Infratil Ltd	New Zealand	3.20%
Ryman Healthcare Group Ltd	New Zealand	3.14%
a2 Milk Co Ltd	New Zealand	2.76%
TOTAL		44.50%

NZ LISTED PROPERTY		
Company	Country	Weighting
Goodman Property Trust	NZ	21.15%
Kiwi Property Group Limited	NZ	15.26%
Precinct Properties New Zealand Limited	NZ	14.39%
Property for Industry Ltd	NZ	11.95%
Argosy Property Ltd	NZ	10.90%
Vital Healthcare Property Trust	NZ	9.99%
Stride Stapled Group	NZ	9.43%
Investore Property Limited	NZ	5.03%
Asset Plus Ltd	NZ	0.80%
New Zealand Rural Land Company Ltd	NZ	0.41%
TOTAL		99.31%

INCOME ASSETS

NZ CASH		
ISSUER	CREDIT RATING	WEIGHTING
Westpac NZ Limited	AA-	15.43%
Bank of New Zealand	AA-	15.06%
ASB Bank NZ Limited	AA-	13.81%
Kiwibank Limited	A	13.51%
ANZ Bank NZ Limited	AA-	12.58%
Industrial and Commercial Bank of China NZ Limited	A	4.11%
China Construction Bank NZ Limited	A	3.78%
Bank of China NZ Limited	A	3.17%
The Hongkong and Shanghai Bank NZ Limited	AA-	2.51%
NZ Local Government Funding Agency Ltd	AAA	2.50%
Top 10 Issuers		86.45%

NZ BONDS		
ISSUER	CREDIT RATING	WEIGHTING
New Zealand Government	AA+	34.83%
NZ Local Government Funding Agency Ltd	AA+	22.40%
Housing New Zealand Ltd	AA+	7.67%
Westpac New Zealand Ltd	AA-	5.13%
Bank Of New Zealand	AA-	4.43%
ASB Bank Ltd	AA-	3.31%
ANZ Bank New Zealand Ltd	AA-	2.94%
Auckland Regional Council	AA	2.73%
Transpower New Zealand	AA-	2.14%
Fonterra Co-Operative Group Ltd	A-	1.58%
Top 10 Issuers		87.16%

Key personnel

Position	Management Investment Committee Chair	Chief Executive	Head of Investments
Name	Peter Aish	Glenys Talivai	Theresa Egan
Time in position	9 months	2 years 3 months	3 years 7 months
Previous Position	Chief Financial Officer	General Manager	Investment Manager
Time in previous position	2 years 5 months	4 years 5 months	5 years
Employer	Southern Cross Benefits Limited	Tower Insurance	Te Tuma Paeroa

Where you can find more information Contact information

Further information about the funds is contained in the Public Trust Investment Service Diversified Funds Information Statement dated 1 January 2021, a copy of which is available on request to Public Trust.

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