



Public Trust Investment Service.

Diversified Funds
Quarterly Update
31 March 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.

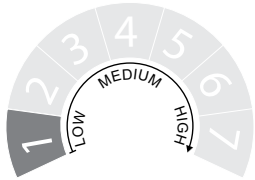
The Funds referred to in this Quarterly Update are used by Public Trust as investment options where it is acting as trustee or co-trustee of an estate or trust, or as property attorney or property manager for a non-consultable customer.

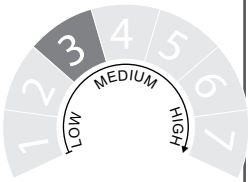
The Funds are not open to members of the public.

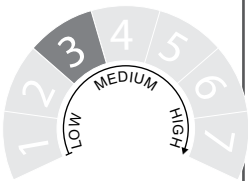
Any reference to us, we or our, refers to Public Trust.

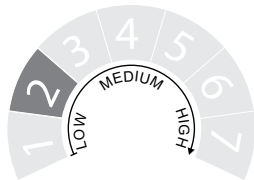
Description of the funds

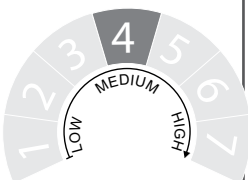
There are seven options offered in the Public Trust Investment Service Diversified Funds. The Funds referred to in this Quarterly Update are used by Public Trust as investment options where it is acting as trustee or co-trustee of an estate or trust, or as property attorney or property manager for a 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	\$72m
Unit price (redemption)	1.0610
Fund start date	28 July 2014

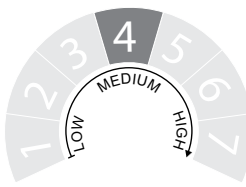
Conservative Portfolio	
Aims to produce stable returns with some capital growth and low to medium risk over the medium-term by investing 62.5% in the Defensive Fund and 37.5% in the Balanced Fund.	
	Risk indicator
Management fee	1.11% of your balance each year
Third party management fees	0.03% of your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

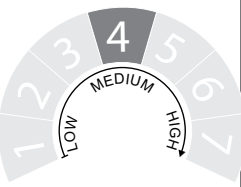
Moderate Portfolio	
Aims to produce moderate capital growth with moderate risk over the medium-term by investing 25% in the Defensive Fund and 75% in the Balanced Fund.	
	Risk indicator
Management fee	1.16% of your balance each year
Third party management fees	0.04% of your balance each year
Portfolio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

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	\$166.3m
Unit price (redemption)	1.2079
Fund start date	28 July 2014

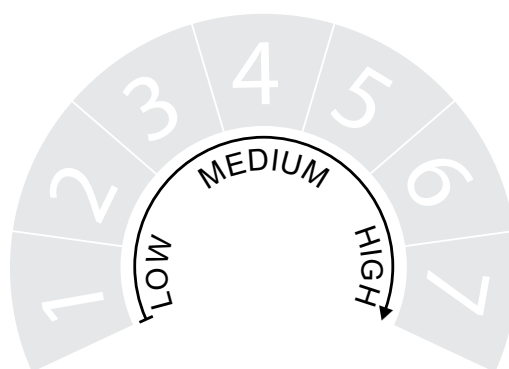
Balanced Fund	
Aims to produce long-term capital growth with medium levels of risk by investing 60% in diversified growth assets (shares and listed property) and 40% in diversified income assets (cash and bonds).	
	Risk indicator
Management fee	1.20% of your balance each year
Third party management fees	0.05% of your balance each year
Total value of the Fund	\$296.2m
Unit price (redemption)	1.4861
Fund start date	24 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	\$25.9m
Unit price (redemption)	1.5944
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	-3.90%	28.90%
Australian shares (local)	4.30%	37.50%
Global shares (Unhedged)	7.50%	30.90%
Global shares (Local)	5.90%	51.10%
New Zealand property	-4.20%	25.60%

	Returns	
	Quarter	Year
New Zealand cash	0.10%	0.30%
New Zealand bonds	-3.00%	-0.80%
Global bonds	-2.50%	1.40%
NZD/USD	-2.70%	18.10%
NZD - TWI	-1.60%	7.40%

Review of markets over the fourth quarter of 2021

The first quarter of 2021 has seen a continuation of key themes from 2020 – the gradual reopening of economies as the vaccine rollout accelerates, unprecedented levels of financial stimulus, and expectations of rising inflation and interest rates. Fixed income markets suffered from the “reflation trade”, with volatility amplified by rising bond yields amid investors’ expectations that US stimulus measures may lead to a pick-up in inflation and higher interest rates.

International equities were up sharply, with the MSCI All Country World Index returning 7.5% (in unhedged NZD terms) for the quarter, led by the United Kingdom (UK), Europe and United States (US) markets. Equities rallied on positive news on the global vaccine rollout and optimism for the global economy.

Regionally, the NZ equity market lagged global peers, with the NZX50 and NZ listed property sector returning -3.90% and -4.20% respectively for the quarter mainly due to the rise in longer term interest rates. Meanwhile, the Reserve Bank of New Zealand (RBNZ) maintained the official cash rate (OCR) at the historically low level of 0.25% despite the local economy recovering better than expected.

Global economic prospects have improved markedly in 2021, helped by the gradual deployment of vaccines, announcements of more fiscal support in some countries and central banks reluctance to withdrawal stimulus measures. Equity markets have risen significantly in the last 12 months with gains going forward likely to be at slower pace with some volatility expected. On the upside, favourable news of the Covid-19 vaccination programme could lead to a further lift in global activity and growth in the back half of 2021.

Global markets

The first quarter of 2021 has seen a continuation of key themes from 2020 – the gradual reopening of economies as the vaccine rollout accelerates, unprecedented levels of financial stimulus, and expectations of rising inflation and interest rates. The quarter was dominated by fixed income markets and the “reflation trade”.

Market participants became concerned that the announced macroeconomic stimulus measures could lead to a pick-up in inflation and higher interest rates.

Long term bond yields such as the US 10 year rose and yield curves steepened as short term rates remained anchored at historically low levels.

The rise in yields negatively impacted investors demand for bonds and led to global bonds posting negative returns with the Bloomberg Barclays Global Aggregate (hedged) down -2.50% for the March quarter

Global equities rose in the first quarter, with the MSCI ACWI index returning 7.5% in unhedged NZD terms (or 5.8% in hedged NZD). Energy, financials and industrials were the best performing sectors supported by the widespread vaccine rollout, possibility of higher interest rates, and optimism for the global economy.

Global stocks also benefited from robust economic data. The Institute of Supply Management (ISM) manufacturing index reading for advanced economies showed manufacturing activity expanded in March rising at its fastest pace since 1983 while the activity in the services sector remained strong.

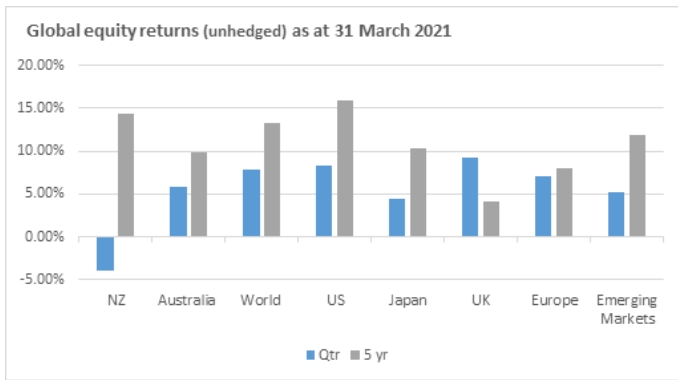
UK equities were the best performing market globally (see graph 1) rising 9.2% on an unhedged basis over the quarter. European equities rallied 7.0% in the quarter supported by the European Central Bank reinforcing its accommodative policy stance by ramping up the pace of the \$1.85 trillion bond buying program.

The US S&P500 index rose 6.2% over the quarter and rose nearly 80% from its March 2020 bottom, supported by stimulus measures and the gradual reopening of the economy. New fiscal measures contributed to the rally in US equities as President Joe Biden signed a \$1.9 trillion fiscal relief package, and unveiled an additional promise of \$2 trillion in infrastructure spending, dubbed “the American Jobs Plan”.

The Federal Reserve (Fed) maintained its accommodative monetary path for both interest rates and asset purchases. The Fed has signalled that it has no plans to withdrawal support for the economy until substantial progress has been made towards its inflation and employment objectives.

The Fed has upgraded its growth forecasts for 2021 and expects unemployment to decline to 4.5% by year end and 3.5% by the end of 2023.

The MSCI Emerging Markets Index advanced 4% (in local currency terms) during the quarter helped by rising commodity prices. Limiting the advance was the sharp rise in US bond yields and US dollar strength.



New Zealand

The NZ equity market lagged international equity markets, with the NZX50 and NZ listed property sector returning -3.90% and -4.20% respectively for the quarter due to the underperformance of some market heavyweights e.g. Synlait Milk, A2 Milk, and Meridian Energy. Financials and materials sectors made strong gains. Utilities, energy and consumer staples lagged.

At the Monetary Policy Statement (MPS) meeting in February, the RBNZ maintained the OCR at the historically low level of 0.25% despite the local economy recovering better than expected due to the successful management of the Covid-19 outbreak. Similar to its global peers, the RBNZ reiterated that a higher OCR is still a long way off and monetary policy will remain supportive until their policy objectives are met.

NZ fixed income performance tracked closely to global peers with a sell-off in bonds which pushed local bond yields sharply higher for the quarter. The New Zealand Bond Composite Index declined -3.0% underpinned by negative returns from New Zealand Government and A-grade Corporate Bonds of -3.4% and -2.1% respectively. Despite the sharp rise in bond yields, the New Zealand dollar depreciated by -2.7% against the US dollar partly due to the rise in US bond yields.

Outlook

Global economic prospects have improved markedly in 2021, helped by the gradual deployment of vaccines, announcements of more fiscal support in some countries and central banks reluctance to withdrawal stimulus measures. Equity markets have risen significantly in the last 12 months with gains going forward likely to be at slower pace with some volatility expected. On the upside, favourable news of the Covid-19 vaccination programme could lead to a further lift in global activity and growth in the back half of 2021.

How have the Funds performed?

	Past Quarter	1 Year*	Annualised since inception*
Cash Fund	0.13%	1.27%	2.18%
Defensive Fund	-1.22%	6.70%	4.54%
Conservative Portfolio	-0.57%	11.91%	5.68%
Moderate Portfolio	0.09%	17.11%	6.83%
Balanced Fund	0.53%	20.59%	7.60%
Balanced Growth Portfolio	1.03%	24.24%	8.19%
Growth Fund	1.53%	27.89%	8.79%

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.

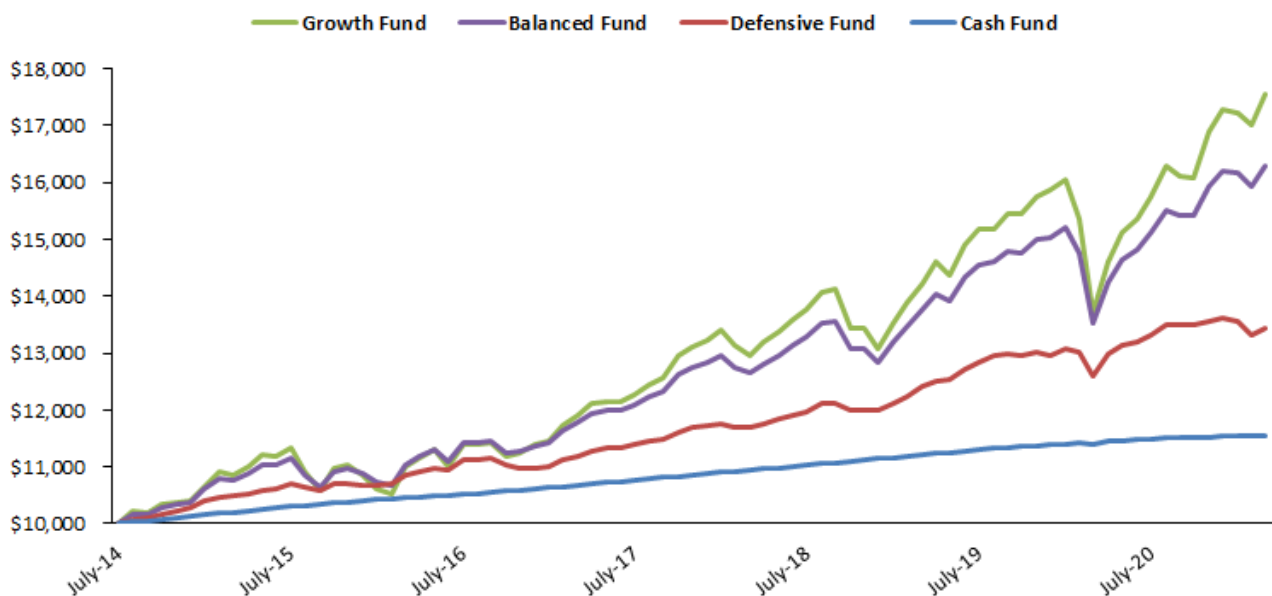
** Performance reported over the 12-month period is abnormally high as it includes the period of the severe February and March 2020 Covid-19 market sell off and the subsequent recovery. Stakeholders should not draw any inferences about the funds performance during this time period.*

Commentary on performance

Global equities rose over the quarter primarily due to the optimism around the reopening of economies as the vaccine rollout accelerates, unprecedented levels of financial stimulus, and expectations of rising inflation and interest rates. Australian and global equities were up strongly, returning 5.8% and 7.5% respectively while New Zealand equities fell over the period, returning -3.9%. New Zealand equities underperformed international markets due to the underperformance of some market heavyweights. NZ listed property underperformed over the quarter, returning -4.20%, again driven lower by the negative impact of rising yields on the property sector. Fixed income returns were negative as New Zealand bonds sold off for the quarter on expectations for stronger economic growth and higher inflation. The NZ Bond Composite Index returned -3.0% over the quarter. The fall in bond prices lowered the returns on the Funds which invest more heavily in fixed income assets. 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

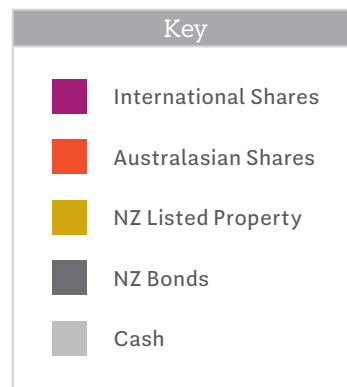
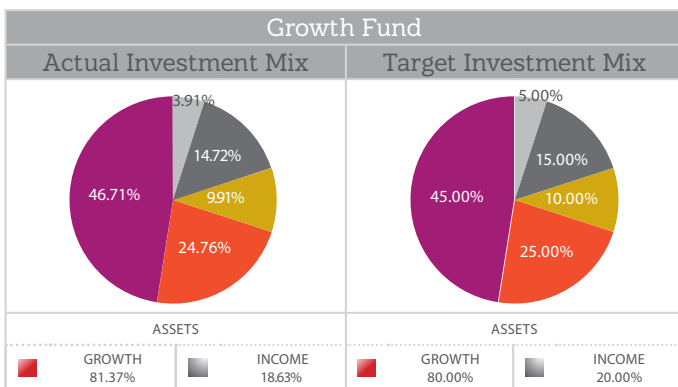
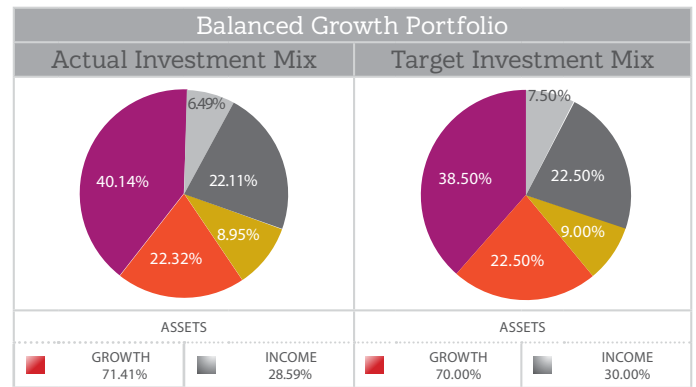
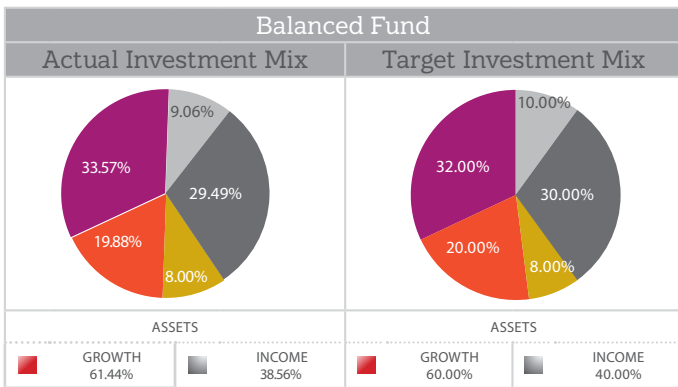
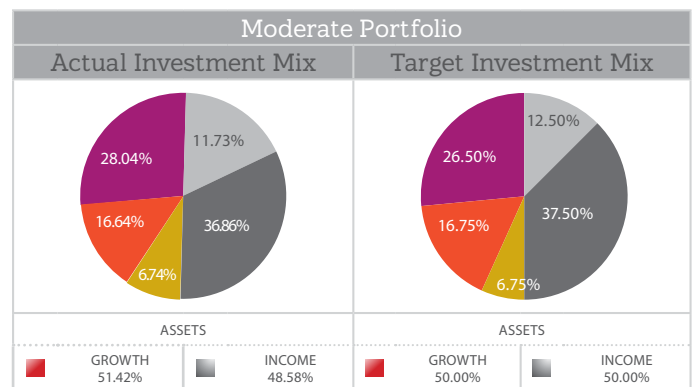
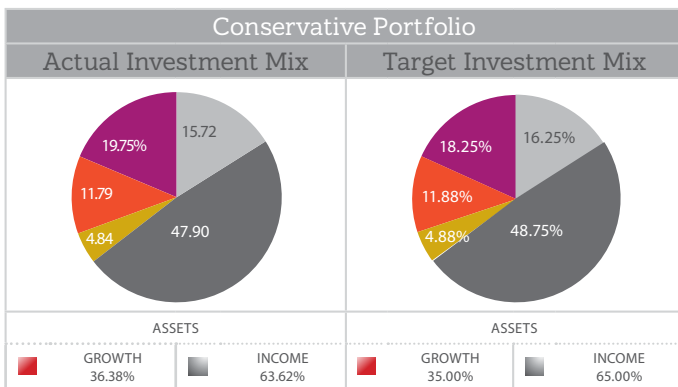
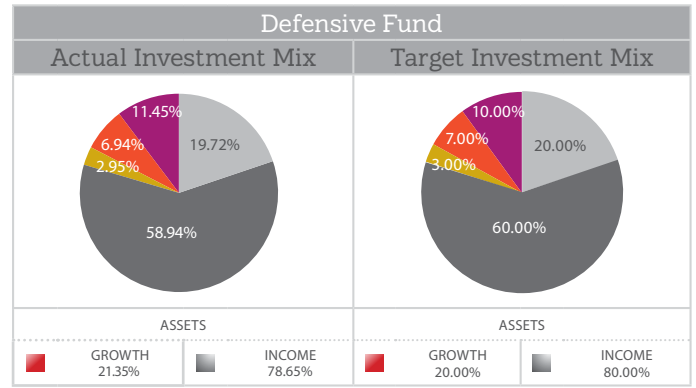
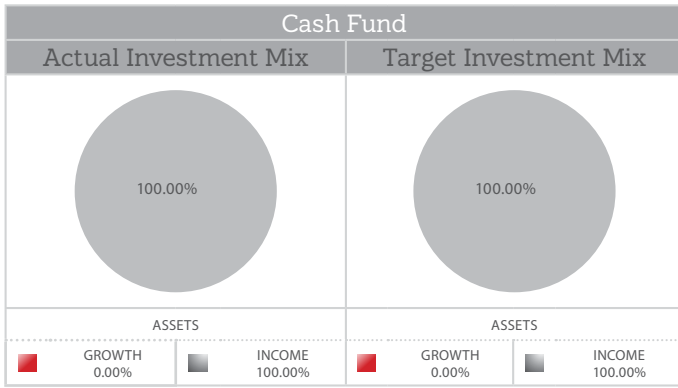


Assumes standard management fees, reinvestment of distributions and zero tax rate.

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	3.36%
Microsoft Corp.	United States	2.74%
Amazon.com Inc.	United States	2.13%
Facebook Inc. Class A	United States	1.14%
Alphabet Inc. Class A	United States	1.00%
Alphabet Inc. Class C	United States	0.99%
Taiwan Semiconductor MFG	Taiwan	0.82%
Tesla	United States	0.82%
JPMorgan Chase & Co.	United States	0.75%
Tencent Holdings Limited	China	0.73%
TOTAL		14.48%

AUSTRALASIAN SHARES		
COMPANY	COUNTRY	WEIGHTING
Fisher & Paykel Healthcare Corporation Ltd	New Zealand	14.30%
Auckland Intl Airport Ltd	New Zealand	7.32%
Spark New Zealand Ltd	New Zealand	6.41%
Meridian Energy Ltd	New Zealand	5.23%
a2 Milk Co Ltd	New Zealand	4.95%
Ryman Healthcare Group Ltd	New Zealand	4.91%
Mainfreight Ltd	New Zealand	4.54%
Fletcher Building Ltd	New Zealand	4.51%
Contact Energy Ltd	New Zealand	4.15%
Infratil Ltd	New Zealand	3.98%
TOTAL		60.30%

NZ LISTED PROPERTY		
COMPANY	FUND	BENCH-MARK
Goodman Property Trust	21.03%	21.11%
Kiwi Property Group Limited	16.48%	16.54%
Precinct Properties New Zealand Limited	14.87%	14.93%
Property for Industry Ltd	11.93%	11.97%
Argosy Property Ltd	10.17%	10.21%
Vital Healthcare Property Trust	9.53%	9.57%
Stride Stapled Group	9.13%	9.16%
Investore Property Limited	5.20%	5.22%
Asset Plus Ltd	0.85%	0.85%
New Zealand Rural Land Co Ltd.	0.44%	0.44%
TOTAL		99.61%

INCOME ASSETS

NZ CASH		
ISSUER	CREDIT RATING	WEIGHTING
Westpac NZ Limited	AA-	16.42%
Kiwibank Limited	A	16.10%
ANZ Bank NZ Limited	AA-	15.17%
Bank of New Zealand	AA-	15.13%
ASB Bank NZ Limited	AA-	14.82%
Industrial and Commercial Bank of China NZ Limited	A	4.03%
Bank of China NZ Limited	A	3.73%
China Construction Bank NZ Limited	A	3.73%
The Hongkong and Shanghai Bank NZ Limited	AA-	2.48%
NZ Local Government Funding Agency Ltd.	AAA	2.46%
TOTAL		90.1%

NZ BONDS		
ISSUER	CREDIT RATING	WEIGHTING
New Zealand Government	AA+	34.87%
NZ Local Government Funding Agency Ltd	AA+	22.87%
Housing New Zealand Ltd	AA+	6.60%
Westpac New Zealand Ltd	AA-	6.21%
ASB Bank Ltd	AA-	3.66%
ANZ Bank New Zealand Ltd	AA-	2.98%
Bank Of New Zealand	AA-	2.88%
Auckland Regional Council	AA	2.85%
Fonterra Co-Operative Group Ltd	A-	1.70%
Auckland International Airport	AA	1.56%
TOTAL		86.19%

Key personnel

Position	Management Investment Committee Chair	Chief Executive Officer	Head of Investments
Name	Peter Aish	Glenys Talivai	Theresa Egan
Time in position	6 months	2 years	3 years 4 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

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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