

Public Trust Investment Service

Diversified Funds and Cash Fund
Quarterly Update

31 December 2024

Funds Update

What is the purpose of this update?

This document tells you how the Public Trust Investment Service Diversified Funds and Cash Fund 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.

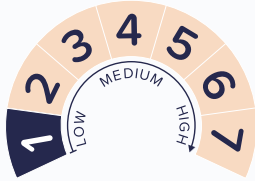
The Funds referred to in this Quarterly Update are used by Public Trust as investment options where it is acting as trustee or co-trustee of an estate or trust, or as property attorney or property manager for a non-consultable customer.

The Funds are not open to members of the public.

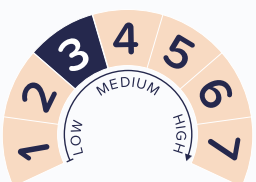
Any reference to us, we or our, refers to Public Trust.

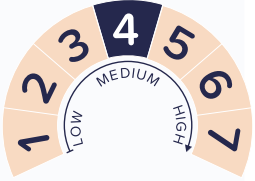
Description of the funds

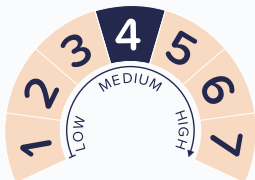
There are six diversified investment options made up of three funds and three portfolios (Diversified Funds) and a single sector Cash Fund. The Funds referred to in this Quarterly Update are used by Public Trust as investment options where it is acting as trustee or co-trustee of an estate or trust, 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.

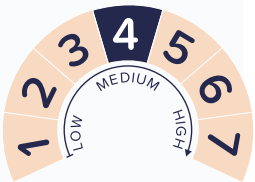
Cash Fund	
Aims to produce low risk returns by investing in short-term bank deposits and fixed interest securities.	 Risk indicator
Annual fund charges	0.39% per annum (estimated percentage of net asset value)
Total value of the Fund	\$293.4m
Unit price (redemption)	1.0766
Fund start date	28 July 2014

Diversified Funds

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
Annual fund charges	0.98% per annum (estimated percentage of net asset value)
Total value of the Fund	\$202.8m
Unit price (redemption)	1.1828
Fund start date	28 July 2014

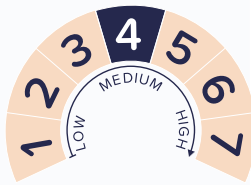
Conservative Portfolio	
Aims to produce stable returns with some capital growth and low to medium risk over the medium-term by investing 62.5% in the Defensive Fund and 37.5% in the Balanced Fund.	 Risk indicator
Annual fund charges	0.99% per annum (estimated percentage of net asset value)
Portfolio 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
Annual fund charges	1.00% per annum (estimated percentage of net asset value)
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
Annual fund charges	1.01% per annum (estimated percentage of net asset value)
Total value of the Fund	\$373.2m
Unit price (redemption)	1.5650
Fund start date	24 July 2014

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.

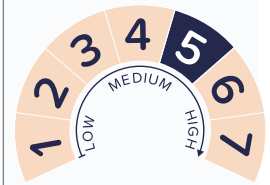


Risk indicator

Annual fund charges	1.08% per annum (estimated percentage of net asset value)
Portfolio start date	28 July 2014

Growth Fund

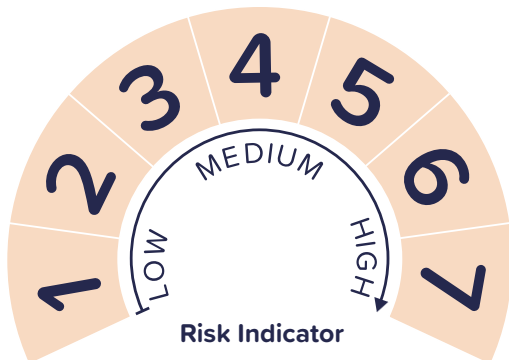
Aims to produce high long-term capital growth by investing 80% in diversified growth assets (shares and listed property) and 20% in diversified income assets (cash and bonds).



Risk indicator

Annual fund charges	1.16% per annum (estimated percentage of net asset value)
Total value of the Fund	\$28.5m
Unit price (redemption)	1.7501
Fund start date	28 July 2014

What are the risks of investing?



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. A lower risk rating generally means lower potential returns over time, but fewer 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. The risk indicator is based on the returns data for a 5 year period from 31 December 2024. 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.

5. What are the fees?

You will be charged fees for investing in the Public Trust Investment Service Diversified Funds and Cash Fund. 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:

- > **Regular charges** for example annual fund charges. Small differences in these fees can have a big impact on your investment over the long term.
- > **One-off fees** (for example fees charged for investing or withdrawing from the fund or other specific actions).

Annual fund charges

Option	Management fee	Costs and expenses	Third party management fee	Estimated annual fund charges*
Cash Fund	0.30%	0.09%	Nil	0.39%
Defensive Fund	0.85%	0.11%	0.02%	0.98%
Conservative Portfolio	0.85%	0.11%	0.03%	0.99%
Moderate Portfolio	0.85%	0.11%	0.04%	1.00%
Balanced Fund	0.85%	0.11%	0.05%	1.01%
Balanced Growth Portfolio	0.85%	0.17%	0.06%	1.08%
Growth Fund	0.85%	0.23%	0.08%	1.16%

*The estimated percentage of the net asset value.

Description of annual fund charges

The estimated annual fund charges include:

- > The management fee charged by Public Trust for investment management services.
- > Costs and expenses which cover operational and administration costs and expenses incurred by the funds (other than trading costs). These charges are estimated.
- > Third party management fees are the fees of third party funds into which the Funds invest. These charges are estimated.

These are calculated daily, reduce the fund's unit price and include GST where applicable.

One-off fees

Public Trust does not currently charge individual action fees such as for entry, exit, establishment, termination, or switching.

Other administration expenses and costs may be charged to the funds where they are necessary in exercising our powers, as permitted under the Trust Deed. These expenses are not fixed and cannot be completely known ahead of time. We

are currently assessing options to enhance our investment proposition. Any changes may result in one-off fees which could be accrued as costs and expenses in addition to the estimates above.

The annual fund charges exclude trading costs incurred by the funds such as the costs of buying and selling investments, which will affect the value of the investment.

There are no performance-based fees charged for the funds.

Management fee rebate for Diversified Funds

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 \$1,000,000	0.00%
On the next \$1,000,000 plus	0.35%

The rebates are calculated daily and applied quarterly to your account held with Public Trust.

Example of how fees in Fund apply

Example of how fees in a Fund apply:

Bob invests \$10,000 in the Balanced Fund.

The starting value of his investment is \$10,000. Bob is charged annual fund charges, which works out to about \$100.96 (1.01% of \$10,000).

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

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*

**Note, this does not apply currently but will be reflected in the Fund Updates issued for the March 2025 quarter onwards.*

Estimated total fees for the first year

Public Trust management fee	\$85.00
Costs and Expenses	\$10.65
Third party management fees	\$5.31

See the latest Fund update for an example of the actual returns and fees investors were charged over the past year*.

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

Market Update

Markets at a glance

	Returns			Returns	
	Quarter	Year		Quarter	Year
New Zealand shares	5.60%	12.20%	New Zealand cash	1.20%	5.60%
Australian shares (Local)	-0.80%	11.40%	New Zealand bonds	0.70%	5.70%
Global shares (Unhedged)	12.40%	32.80%	Global bonds	-1.20%	3.00%
Global shares (Local)	1.30%	20.20%	NZD/USD	-11.90%	-11.50%
New Zealand property	-1.90%	-3.20%	NZD - TWI	-5.90%	-6.70%

Review of markets over the Fourth Quarter of 2024

The final quarter saw mixed outcomes as financial markets navigated the US election, geopolitical unrest, and shifting interest rates. Global equity markets posted modest returns with the MSCI ACWI index returning 1.3% (in local currency). The US led gains, returning 2.4%, while the UK and Eurozone, faced political and economic challenges, returning -0.2% and -2.9%, all in local currency terms.

New Zealand equities outperformed its global counterparts, posting 5.6% (in local currency terms), supported by improving company results and expectations of continued interest rate relief. This came despite New Zealand slipping into a technical recession with GDP declining in the June quarter amid challenging market conditions. After a strong run last quarter, NZ listed property retreated, with the NZX All Real Estate Index down 1.8%. Meanwhile, NZ fixed income was steady, with the NZ Government Bond Index largely flat and the NZ A-grade Corporate Bond Index returning 1.1%,

On interest rates, the US Federal Reserve (the Fed) cut rates twice but took a more hawkish stance, scaling back its 2025 rate cut forecast from four to two. In contrast, the Reserve Bank of New Zealand (RBNZ) was more aggressive, delivering two 0.5% cuts, with further reductions anticipated.

Looking ahead, global growth is projected to remain robust in 2025. Inflation appears under control, allowing central banks to lower rates and support economic activity though interest rates are unlikely to return to ultra-low levels of recent years. While the outlook remains constructive, uncertainties persist, particularly around the new US administration and geopolitical risks which could add to market volatility. As always, this reinforces the importance of maintaining a well-diversified portfolio with a long-term perspective.

Global markets

The final quarter saw mixed outcomes as financial markets navigated the US election, geopolitical unrest, and shifting interest rates. Global equities posted modest gains over the fourth quarter, with the MSCI ACWI index returning 1.3% (in local currency terms), as concerns over a potential trade war and the prospect of higher interest rates weighed on investor sentiment.

Despite market volatility, US equities gained, with the S&P 500 Index rising 2.4% (in local currency terms). This was driven by optimism surrounding the incoming administration and expectations for pro-growth policies. Sectors such as technology, communication services, and consumer discretionary led, while materials underperformed.

On interest rates, the Fed cut interest rates by 0.25% in both November and December, bringing the target range to 4.25%–4.5%. However, it remains cautious about further cuts due to inflation still above target, with core CPI rising 3.3% year-over-year for the third straight month in November. Strong economic data, including 3.1% GDP growth in Q3 and a tight labour market, reinforced this cautious stance, leading the Fed to scale back its 2025 rate cut forecast from four to two.

Other markets, including the UK, Eurozone, and Emerging Markets, faced challenges from political instability, sluggish growth, and the prospect of higher tariffs under the new US administration, adding to economic uncertainty.

UK equities declined -0.2%, weighed down by rising long-term interest rates, concerns over the new government's fiscal policies, and the potential threat of US tariffs. Economic data showed two consecutive months of contraction, with Q3 growth coming in weaker than expected, further dampening sentiment.

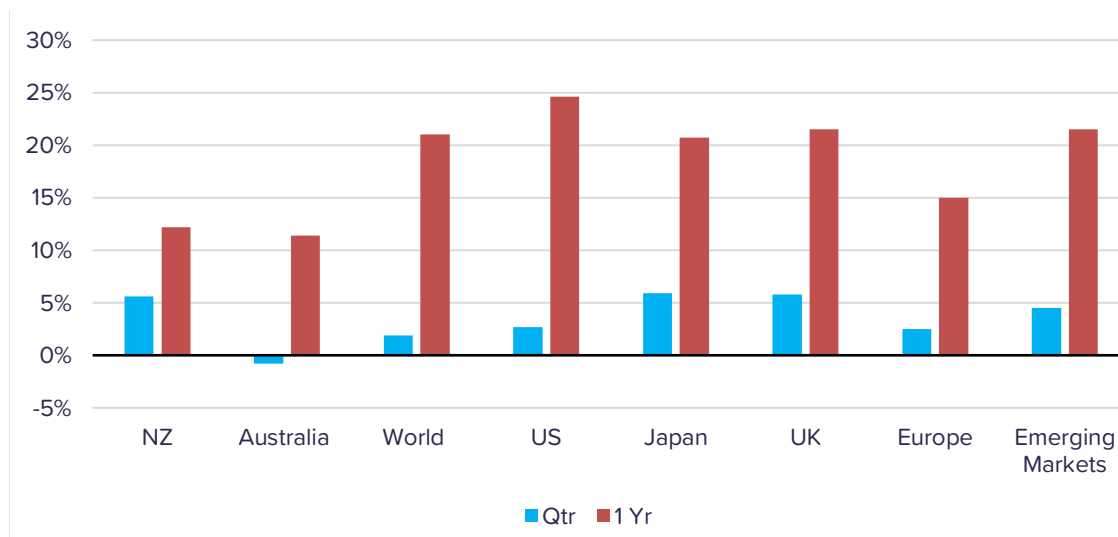
Eurozone equities fared worse, falling -2.9% in Q4 amid political instability in Germany and France driven by no-confidence votes and leadership changes, alongside recession fears. In response, the European Central Bank cut interest rates twice during the quarter and signalled further reductions for 2025.

Emerging markets struggled with proposed US trade tariffs and a stronger US dollar. The MSCI EM index dropped -4.4% in Q4, with Brazil and South Korea underperforming due to fiscal and political concerns. China also fell, though slightly less than the broader index.

In fixed interest, most global bond markets struggled in Q4 2024 as inflation remained elevated and some central banks signalled fewer rate cuts ahead. The Barclays Global Aggregate Index declined by -1.2%.

Global equity returns (in local currency terms)

As at 31 December 2024



New Zealand

New Zealand equities outperformed global equities (in local currency terms), with the S&P/NZX50 Index returning 5.6% in Q4, owing to strong company results and expectations of further interest rate cuts by the RBNZ. This occurred despite New Zealand slipping into a technical recession with GDP declining in the June quarter due to challenging market conditions.

The RBNZ continued its aggressive rate cutting path, implementing two consecutive 0.5% cuts in October and November, bringing the OCR to 4.25%, with indications that further cuts could occur early next year.

Across the Tasman, Australian equities posted weak returns in Q4, with all sectors declining amid weak domestic and global economic growth. Inflation eased to its lowest level since 2021, providing some relief. The ASX 200 index finished 0.8% lower for the 3-month period, trailing both NZ and other international markets.

After a strong performance last quarter, NZ listed property retreated this period, with the NZX All Real Estate Index declining by 1.9%. Meanwhile, NZ fixed income was steady over the quarter, with the NZ Government Bond Index remaining largely flat and the NZ A-grade Corporate Bond Index up 1.1%, ending a solid year and outperforming their global counterparts.

In foreign exchange markets, the NZD weakened significantly against the USD over the quarter (-11.9%), reflecting the higher US interest rate outlook (hawkish stance) relative to New Zealand.

Outlook

Looking ahead, global growth is projected to remain robust in 2025. Inflation appears under control, allowing central banks to lower rates and support economic activity though interest rates are unlikely to return to ultra-low levels of recent years. While the outlook remains constructive, uncertainties persist, particularly around the new US administration and geopolitical risks which could add to market volatility. As always, this reinforces the importance of maintaining a well-diversified portfolio with a long-term perspective.

How have the Funds performed?

	Qtr	Year	Inception
Cash Fund	1.30%	5.77%	2.69%
Defensive Fund	1.56%	7.51%	3.56%
Conservative Portfolio	2.14%	9.29%	4.60%
Moderate Portfolio	2.72%	11.08%	5.64%
Balanced Fund	3.11%	12.26%	6.33%
Balanced Growth Portfolio	3.53%	13.66%	6.95%
Growth Fund	3.96%	15.06%	7.58%

Commentary on performance

Despite market volatility in the fourth quarter, all diversified funds posted positive returns, wrapping up a strong year. The Defensive and Conservative funds benefited from their higher allocation to New Zealand bonds (corporate and government), which delivered steady performance during the quarter, contributing to a year of solid returns. Funds with a greater exposure to growth assets saw gains from rising NZ equities and international equities. Favourable currency movements played a significant role in enhancing returns for international equities. Meanwhile, the Cash Fund returned 1.3% over the period, slightly lower than the previous quarter due to shifting interest rate conditions.

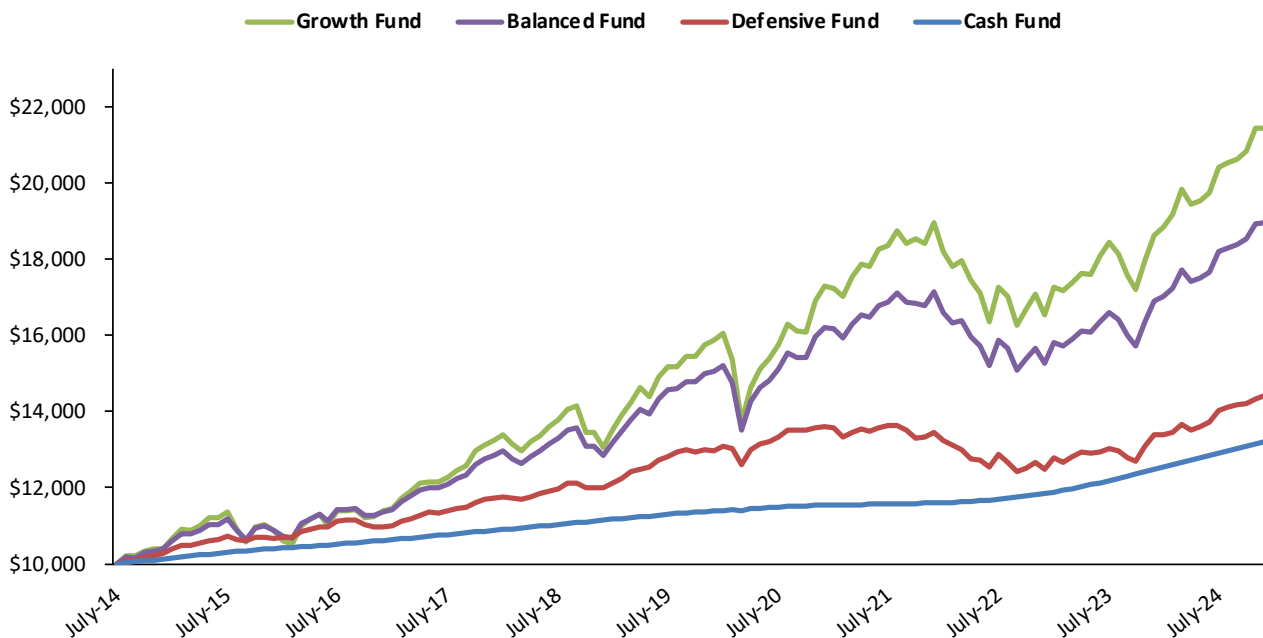
Note on returns

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.

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?

Cash Fund

Actual Investment Mix

Target Investment Mix



ASSETS

GROWTH 0.00% INCOME 100.00%

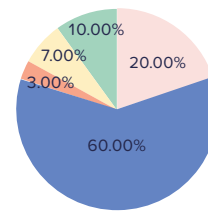
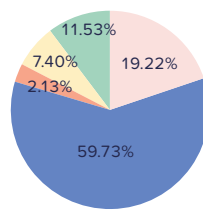
ASSETS

GROWTH 0.00% INCOME 100.00%

Defensive Fund

Actual Investment Mix

Target Investment Mix



ASSETS

GROWTH 21.06% INCOME 78.94%

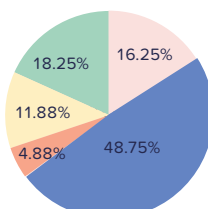
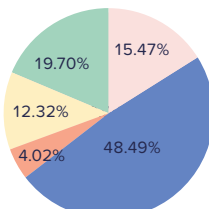
ASSETS

GROWTH 20.00% INCOME 80.00%

Conservative Portfolio

Actual Investment Mix

Target Investment Mix



ASSETS

GROWTH 36.04% INCOME 63.96%

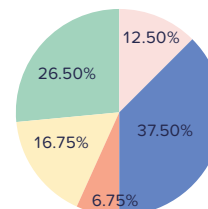
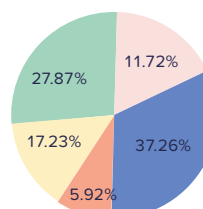
ASSETS

GROWTH 35% INCOME 65.00%

Moderate Portfolio

Actual Investment Mix

Target Investment Mix



ASSETS

GROWTH 51.02% INCOME 48.98%

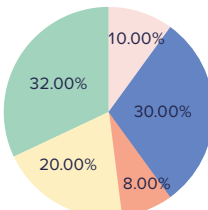
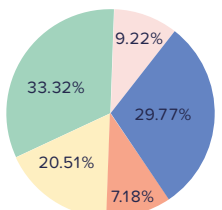
ASSETS

GROWTH 50.00% INCOME 50.00%

Balanced Fund

Actual Investment Mix

Target Investment Mix



ASSETS

GROWTH 61.01% INCOME 38.99%

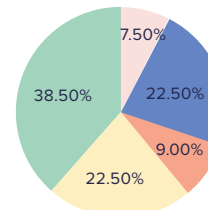
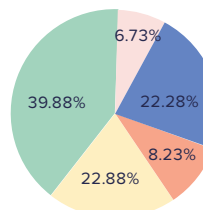
ASSETS

GROWTH 60.00% INCOME 40.00%

Balanced Growth Portfolio

Actual Investment Mix

Target Investment Mix



ASSETS

GROWTH 70.99% INCOME 29.01%

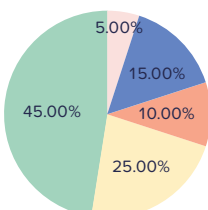
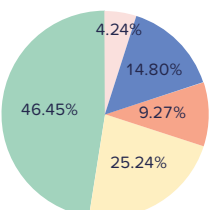
ASSETS

GROWTH 70.00% INCOME 30.00%

Growth Fund

Actual Investment Mix

Target Investment Mix



ASSETS

GROWTH 80.97% INCOME 19.03%

ASSETS

GROWTH 80.00% INCOME 20.00%

Key

- International Shares
- Australasian Shares
- NZ Listed Property
- NZ Bonds
- Cash

Top 10 holdings

GROWTH ASSETS

INTERNATIONAL SHARES		
COMPANY	COUNTRY	WEIGHTING
Apple	United States	4.91%
Nvidia	United States	4.25%
Microsoft Corp	United States	3.84%
Amazon.com	United States	2.67%
Meta Platforms A	United States	1.65%
Tesla	United States	1.50%
Alphabet A	United States	1.43%
Broadcom	United States	1.33%
Alphabet C	United States	1.24%
Taiwan Semiconductor MFG	Taiwan	1.04%
Top 10 Issuers		23.86%

AUSTRALASIAN SHARES		
COMPANY	COUNTRY	WEIGHTING
Fisher & Paykel Healthcare Corporation Limited	New Zealand	12.71%
Auckland Intl Airport Ltd	New Zealand	8.26%
Infratil Ltd	New Zealand	6.87%
Contact Energy Ltd	New Zealand	4.28%
Meridian Energy Ltd	New Zealand	4.26%
Mainfreight Limited	New Zealand	3.55%
EBOS Group Ltd	New Zealand	3.34%
Spark New Zealand Ltd	New Zealand	3.07%
a2 Milk Co Ltd	New Zealand	2.57%
Commonwealth Bank of Australia	Australia	2.56%
Top 10 Issuers		51.48%

NZ LISTED PROPERTY		
COMPANY	COUNTRY	WEIGHTING
Goodman Property Trust	New Zealand	21.85%
Precinct Properties New Zealand & Precinct Properties Investments Ltd	New Zealand	19.45%
Kiwi Property Group Limited	New Zealand	15.02%
Property for Industry Ltd	New Zealand	11.32%
Vital Healthcare Property Trust	New Zealand	9.14%
Argosy Property Ltd	New Zealand	8.80%
Stride Stapled Group	New Zealand	7.61%
Investore Property Limited	New Zealand	3.57%
New Zealand Rural Land Company Ltd	New Zealand	1.27%
CDL Investments NZ Ltd	New Zealand	0.66%
Top 10 Issuers		98.70%

INCOME ASSETS

NZ CASH		
ISSUER	CREDIT RATING	WEIGHTING
Bank of New Zealand	AA-	20.72%
Kiwibank Limited	AA	16.19%
ASB Bank Limited	AA-	15.21%
Westpac NZ Limited	AA-	13.60%
ANZ Bank NZ Limited	AA-	6.55%
Rabobank NZ Limited	A+	3.96%
Bank of China (NZ) Limited	A	3.11%
MUFG Bank, Ltd	A	3.09%
China Construction Bank (New Zealand)	A	2.84%
Industrial and Commercial Bank of China NZ Limited	A	2.62%
Top 10 Issuers		87.89%

NZ BONDS		
ISSUER	CREDIT RATING	WEIGHTING
New Zealand Government	AAA	35.19%
NZ Local Government Funding Agency Ltd	AAA	24.54%
Housing New Zealand Ltd	AAA	9.31%
Bank of New Zealand	AA-	5.23%
Westpac NZ Limited	AA-	3.67%
Kiwibank Limited	AA	2.76%
ASB Bank NZ Limited	AA-	2.47%
Auckland Regional Council	AA	2.13%
Transpower New Zealand	AA	1.62%
Auckland International Airport	A-	1.33%
Top 10 Issuers		88.26%

Key personnel

Position	Chief Executive Officer	General Manager Investments	Senior Portfolio Manager
Name	Glenys Talivai	Amanda Livingstone	Nick Combs
Time in position	5 years, 9 months	2 years, 1 month	1 year, 9 months
Previous Position	General Manager	Head of Investments	Head of Investment Management
Time in previous position	4 years, 5 months	8 months	1 year, 11 months
Employer	Tower Insurance	Public Trust	Financial Markets Authority

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 December 2024, a copy of which is available on request to Public Trust.

Contact information

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