



# Public Trust Investment Service

Diversified Funds and Cash Fund  
Quarterly Update  
30 June 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.

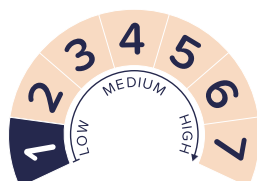
Any reference to us, we or our, refers to Public Trust.

# 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.**



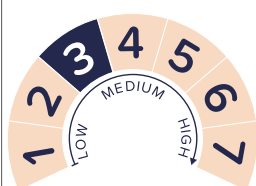
Risk indicator

Management fee	0.30% of your balance each year
Third party management fees	Nil
Total value of the Fund	\$265.6m
Unit price (redemption)	1.0767
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).**

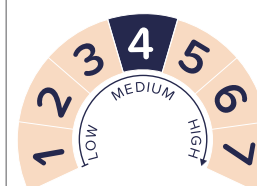


Risk indicator

Management fee	0.85% of your balance each year
Third party management fees	0.02% of your balance each year
Total value of the Fund	\$183.4m
Unit price (redemption)	1.1443
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.**

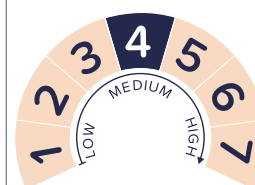


Risk indicator

Management fee	0.85% 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.**

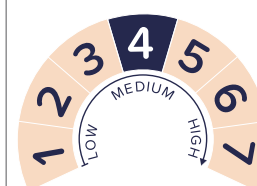


Risk indicator

Management fee	0.85% 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).**

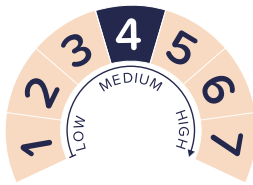


Risk indicator

Management fee	0.85% of your balance each year
Third party management fees	0.05% of your balance each year
Total value of the Fund	\$340.7m
Unit price (redemption)	1.4833
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.

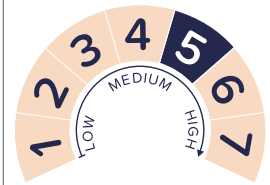


Risk indicator

Management fee	0.85% of your balance each year
Third party management fees	0.06% of your balance each year
Portfolio start date	28 July 2014

### Growth Fund

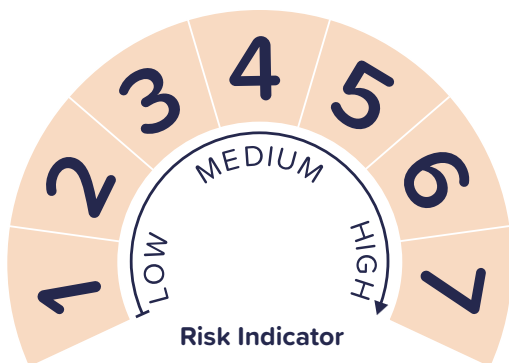
Aims to produce high long-term capital growth by investing 80% in diversified growth assets (shares and listed property) and 20% in diversified income assets (cash and bonds).



Risk indicator

Management fee	0.85% of your balance each year
Third party management fees	0.08% of your balance each year
Total value of the Fund	\$25.3m
Unit price (redemption)	1.6416
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 30 June 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.

# What are the fees?

You will be charged fees for investing in the Public Trust Investment Service Diversified Funds and Cash Fund. 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 of your balance each year.

## Management fee & third party management fee

Option	Public Trust management fee	Third party management fee
Cash Fund	0.30%	Nil
Defensive Fund	0.85%	0.02%
Conservative Portfolio	0.85%	0.03%
Moderate Portfolio	0.85%	0.04%
Balanced Fund	0.85%	0.05%
Balanced Growth Portfolio	0.85%	0.06%
Growth Fund	0.85%	0.08%

Third party management fees are calculated on the value of each Fund's investment in underlying funds. These fees are calculated and deducted daily from the third party funds in which these Funds invest.

## 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. Certain administration expenses 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, 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 \$90.00 for that year:

Public Trust management fee = \$85.00  
0.85% of \$10,000

Third party management fee = \$5.00  
0.05% of \$10,000

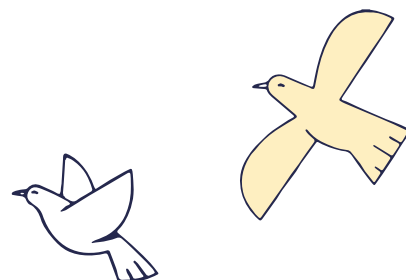
These fees might be more or less if Bob's account balance has increased or decreased more substantially over the year.

Estimated total fees for the first year:

Public Trust management fee: = \$85.00

Third party management fee: = \$5.00

This example only applies to the Balanced Fund. If you invest in other Funds in the Public Trust Investment Service Diversified Funds or the Cash Fund, this example will 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	-3.10%	-0.80%	New Zealand cash	1.40%	5.80%
Australian shares (Local)	-1.10%	12.10%	New Zealand bonds	0.80%	5.40%
Global shares (Unhedged)	1.00%	20.00%	Global bonds	0.10%	3.80%
Global shares (Local)	3.40%	20.70%	NZD/USD	1.90%	-0.50%
New Zealand property	-8.70%	-8.10%	NZD - TWI	2.10%	1.60%

## Review of markets over the Second Quarter of 2024

*In the second quarter of 2024, global equities saw modest gains, supported by strong performances in the US and emerging markets, especially in technology. The US market hit new highs, with the S&P 500 up 4.3% and the Nasdaq Composite rising 8.5%, driven by easing inflation and expectations of lower interest rates. However, the materials sector struggled due to falling commodity prices and real estate equities weakened amid high interest rates.*

*European markets had mixed results: UK equities rose 3.6%, while European equities lagged (up 1%) despite a surprise rate cut by the European Central Bank (ECB), which provided only limited support. Emerging markets outperformed most global indexes, with the MSCI Emerging Markets Index up 6%. In contrast, the New Zealand equity market continued to lag global benchmarks (including Australia), with the NZX50 Index returning -3.1%, impacted by weak economic indicators and earnings downgrades.*

*NZ listed property experienced significant volatility, falling 8.7%. However, fixed income investments provided some cushioning against the declines across global and NZ equity markets. NZ bonds outperformed global bonds, with the NZ investment-grade corporate bond index rising 1.2% and government bonds increasing by 0.5%, ahead of the Bloomberg Global Aggregate Index's 0.1% gain. The Reserve Bank of New Zealand (RBNZ) held the official cash rate steady at 5.50% in May but suggested that interest rates might need to stay high for longer.*

*Looking ahead, while inflation remains problematic, it is trending down. Despite this, the current interest rate environment continues to be challenging for consumers and households. Although geopolitical risks are high and could lead to future volatility, global growth is forecasted to remain positive, with potential relief from*

*interest rates by year end. In this context, it is important that investors maintain a well-diversified investment portfolio with a focus on the long-term.*

## Global markets

In the second quarter of 2024, global equities saw a modest rise, driven by strong performances in the US and emerging markets. Gains were particularly notable in the technology sector with companies involved in artificial intelligence leading the way. However, the materials sector struggled due to falling commodity prices, and real estate equities weakened amid high interest rates.

In the US, equity markets reached new highs, bolstered by easing inflation and growing expectations for lower interest rates this year. The S&P 500 gained 4.3%, while the Nasdaq Composite surged by 8.5%, due to excitement over technological advancements. Although the Federal Reserve kept interest rates unchanged, it hinted at a reduction in 2024, citing cooling inflation and slower economic growth. Inflation cooled more than expected in May, contributing to the positive market sentiment.

Despite the gains, the US economy grew at an annual rate of 1.4% in the first quarter, down from 3.4% in the previous quarter. On the global front, the International Monetary Fund is projecting global growth of 3.2% through 2024 and 2025.

The UK and European equity markets showed mixed results. The UK market fared well returning 3.6%, supported by strong performances in sectors like financials and consumer staples. Despite economic uncertainties and political developments weighing on market sentiment, the Bank of England left the base interest rate at 5.25%. Meanwhile, the ECB took a surprising step by cutting interest rates for the first time in five years, even though inflation is still above target. This move provided little boost to European markets, with the MSCI Europe Index rising just under 1% for the quarter.

Emerging market equities performed well, bolstered by a rebound in Chinese stocks and solid gains among major

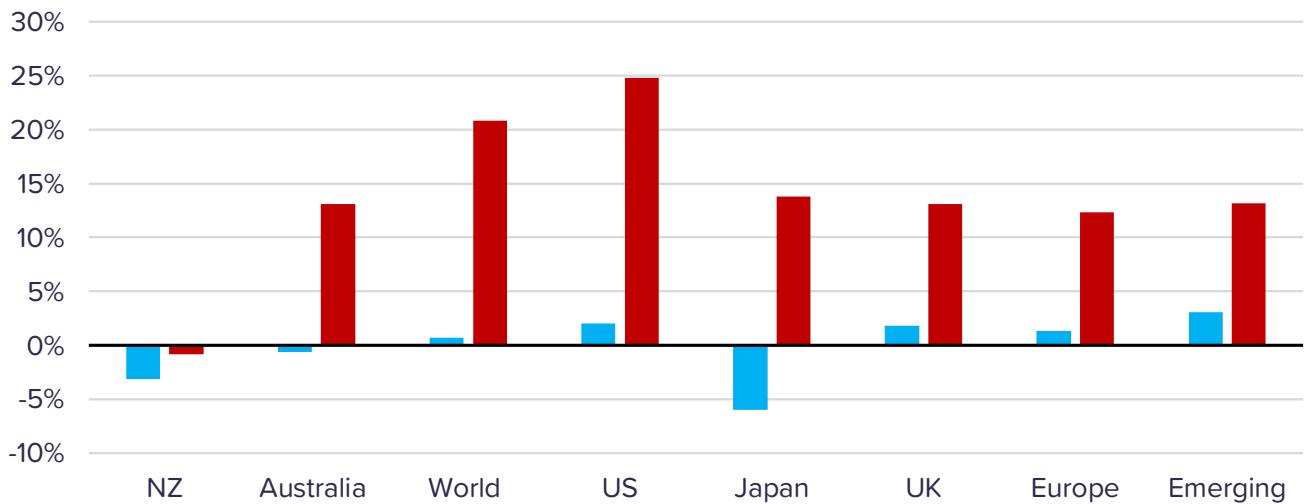
technology companies. Despite some market fluctuations caused by elections in various developing countries, the MSCI Emerging Markets Index returned 6% for the quarter, outperforming major global indexes.

In fixed income markets, the quarter started off challenging for global bonds due to concerns about US inflation, which

led investors to reevaluate the timing of interest rate cuts. Over the course of the quarter, conditions improved with more positive updates on the labour market and inflation outlook, resulting in shifting market sentiment. The Bloomberg Global Aggregate Index finished 0.1% up for the quarter.

### Global equity returns (in local currency terms)

As at 30 June 2024



### New Zealand

The New Zealand equity market continued to lag global benchmarks this quarter, with the NZX50 Index returning -3.1%, impacted by weak economic indicators and earnings downgrades.

Positively, New Zealand came out of a technical recession with GDP growing by 0.2% in the March 2024 quarter following a 0.1% contraction in the fourth quarter of 2023. Despite this growth, companies reported lower earnings and downgraded their guidance due to challenging market conditions. Additionally, unemployment increased to 4.3% in the three months ending in March, up from 4% in the previous quarter.

The RBNZ held the official cash rate steady at 5.50% in May but suggested that interest rates might need to stay higher for longer, referred to as a “hawkish hold”. The bank’s statement highlighted that its restrictive monetary policy had eased capacity pressures and reduced consumer price inflation which they expect to reach the 1-3% target range by year end.

As a result, NZ listed property suffered substantial volatility and a significant sell-off, with the index falling by 8.7%. However, fixed income investments provided some cushioning against the declines across global and NZ equity markets. NZ bonds outperformed global bonds, with the NZ investment-grade corporate bond index rising 1.2% and government bonds increasing by 0.5%, ahead of the Bloomberg Global Aggregate Index¹.

Across the Tasman, Australian shares were down by 1.2% for the quarter but outperformed the NZ equity market. The negative sentiment stemmed over concerns that domestic interest rates would remain higher for longer due to persistently high inflation. The Reserve Bank of Australia (RBA) kept its official cash rate steady at 4.35%, a 12-year high.

The NZD strengthened against most major currencies this quarter, with the New Zealand Trade-Weighted Index rising by 2.1%, partly due to strong comments from the RBNZ after its May meeting. However, the NZD fell 0.5% against the Australian dollar following the RBA’s decision to keep rates unchanged amid higher-than-expected inflation and the possibility of further rate hikes.

### Outlook

Looking ahead, while inflation remains problematic, it is trending down. Despite this, the current interest rate environment continues to be challenging for consumers and households. Although geopolitical risks are high and could lead to future volatility, global growth is forecasted to remain positive, with potential relief from interest rates by year end. In this context, it is important that investors maintain a well-diversified investment portfolio with a focus on the long-term.

# How have the Funds performed?

	Qtr	Year	Inception
Cash Fund	1.46%	5.91%	2.55%
Defensive Fund	0.44%	5.97%	3.23%
Conservative Portfolio	0.18%	6.72%	4.23%
Moderate Portfolio	-0.08%	7.47%	5.23%
Balanced Fund	-0.25%	7.96%	5.89%
Balanced Growth Portfolio	-0.35%	8.62%	6.49%
Growth Fund	-0.44%	9.28%	7.09%

## Commentary on performance

In the second quarter, the diversified funds displayed mixed performance amid increased volatility and challenging market conditions. The Defensive and Conservative funds finished in positive territory due to their higher weighting to NZ bonds, which gained from their traditionally defensive characteristics. The remaining funds, with higher exposure to growth assets, had slightly negative returns, as gains from international equities were offset by weaker performance across other sectors during the second quarter. Meanwhile, the Cash Fund gained 1.46% over the period, benefiting from the current interest rate environment.

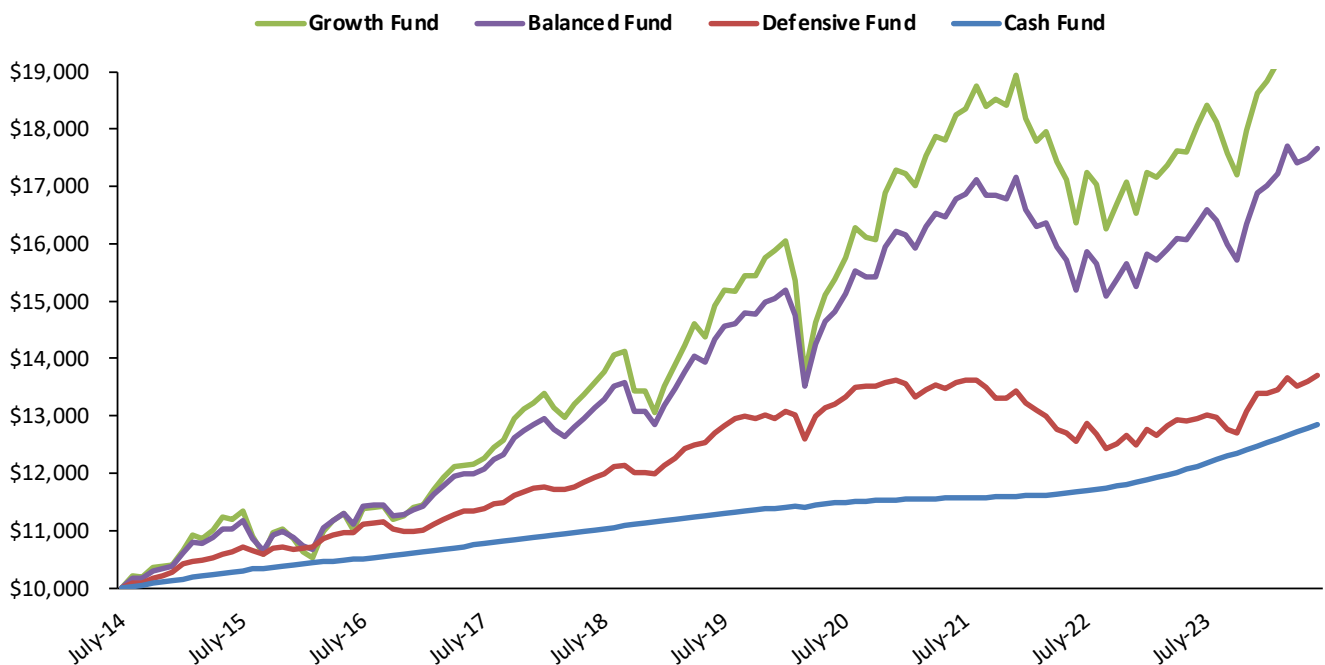
## Note on returns

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

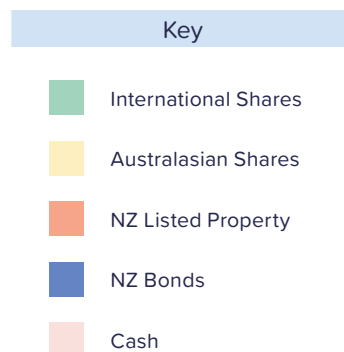
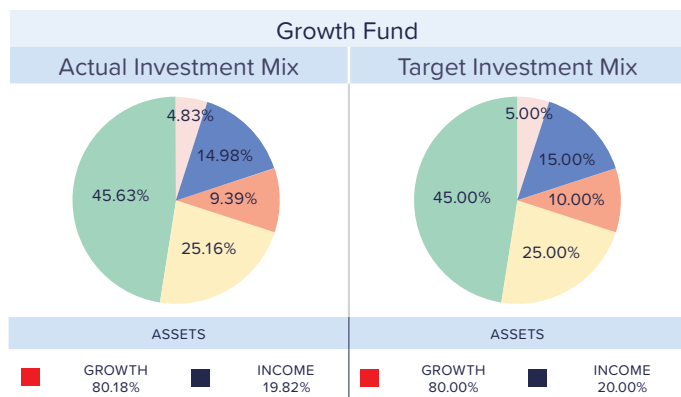
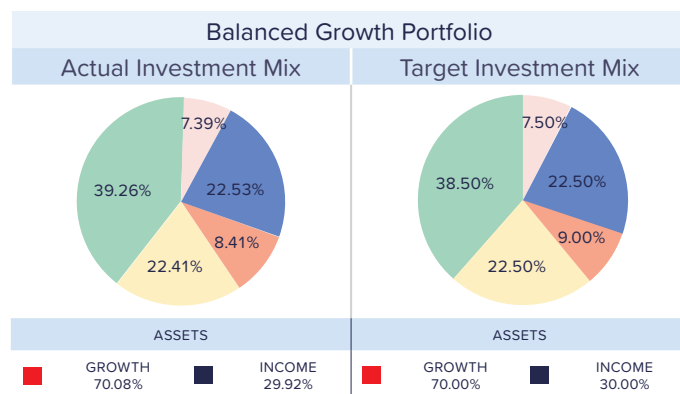
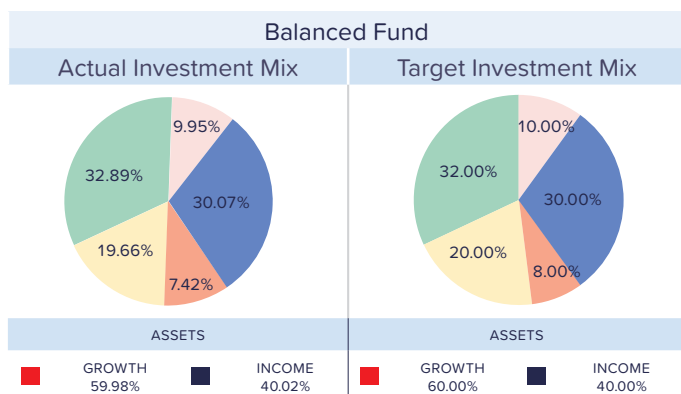
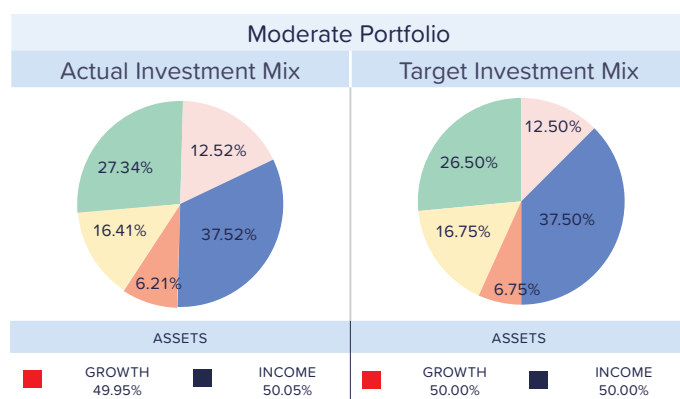
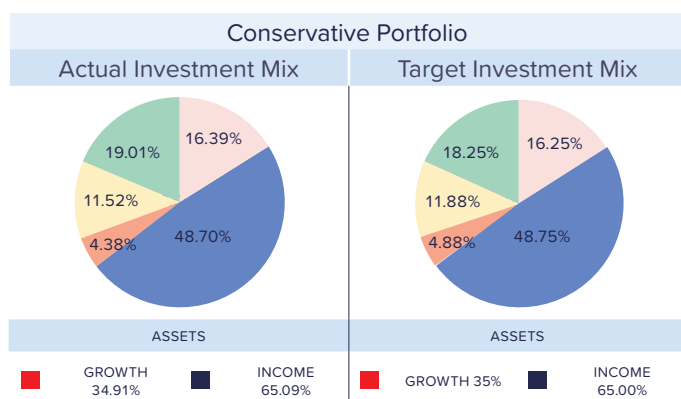
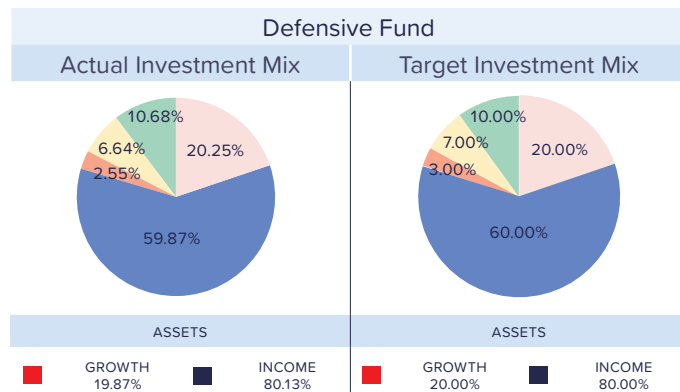
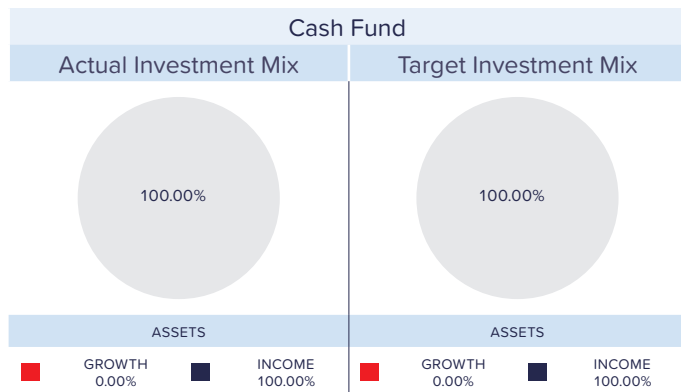
Value of the investment



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](http://www.publictrust.co.nz).

# What do the Funds invest in?





# Top 10 holdings

## GROWTH ASSETS

INTERNATIONAL SHARES		
COMPANY	COUNTRY	WEIGHTING
Microsoft Corp	United States	4.28%
Apple	United States	4.19%
Nvidia	United States	4.19%
Amazon.com	United States	2.45%
Meta Platforms A	United States	1.50%
Alphabet A	United States	1.46%
Alphabet C	United States	1.27%
Taiwan Semiconductor MFG	Taiwan	0.99%
Lilly (Eli) & Company	United States	0.99%
Broadcom	United States	0.96%
Top 10 Issuers		22.28%

AUSTRALASIAN SHARES		
COMPANY	COUNTRY	WEIGHTING
Fisher & Paykel Healthcare Corporation Limited	New Zealand	11.39%
Auckland Intl Airport Ltd	New Zealand	6.52%
Infratil Ltd	New Zealand	6.05%
Meridian Energy Ltd	New Zealand	5.07%
Spark New Zealand Ltd	New Zealand	4.89%
Contact Energy Ltd	New Zealand	4.60%
Mainfreight Limited	New Zealand	3.75%
a2 Milk Co Ltd	New Zealand	3.33%
EBOS Group Ltd	New Zealand	3.31%
Mercury NZ Limited	New Zealand	2.85%
Top 10 Issuers		51.75%

NZ LISTED PROPERTY		
COMPANY	COUNTRY	WEIGHTING
Goodman Property Trust	New Zealand	22.63%
Precinct Properties New Zealand & Precinct Properties Investments Ltd	New Zealand	19.04%
Kiwi Property Group Limited	New Zealand	14.23%
Property for Industry Ltd	New Zealand	11.62%
Vital Healthcare Property Trust	New Zealand	9.49%
Argosy Property Ltd	New Zealand	9.30%
Stride Stapled Group	New Zealand	7.16%
Investore Property Limited	New Zealand	3.34%
New Zealand Rural Land Company Ltd	New Zealand	1.23%
Winton Land Ltd	New Zealand	0.70%
Top 10 Issuers		98.74%

## INCOME ASSETS

NZ CASH		
ISSUER	CREDIT RATING	WEIGHTING
Bank of New Zealand	AA-	19.51%
Westpac NZ Limited	AA-	19.51%
ASB Bank Limited	AA-	16.38%
Kiwibank Limited	AA	16.14%
ANZ Bank NZ Limited	AA-	5.65%
Rabobank NZ Limited	A+	4.24%
NZ Local Government Funding Agency	AAA	2.71%
Toyota Finance	A+	2.32%
Contact Energy	BBB	2.05%
Auckland International Airport	A-	1.81%
TOP 10 ISSUERS		90.33%

NZ BONDS		
ISSUER	CREDIT RATING	WEIGHTING
New Zealand Government	AAA	35.10%
NZ Local Government Funding Agency Ltd	AAA	24.29%
Housing New Zealand Ltd	AAA	9.27%
Bank of New Zealand	AA-	4.53%
Westpac NZ Limited	AA-	3.43%
ASB Bank NZ Limited	AA-	3.40%
Kiwibank Limited	AA	2.70%
Auckland Regional Council	AA	2.24%
Transpower New Zealand	AA	1.69%
Auckland International Airport	A-	1.37%
TOP 10 ISSUERS		88.01%

# Key personnel

Position	Chief Executive Officer	General Manager Investments	Senior Portfolio Manager
Name	Glenys Talivai	Amanda Livingstone	Nick Combs
Time in position	5 years, 3 months	1 years, 7 months	1 years, 3 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 30 September 2023, a copy of which is available on request to Public Trust.

## Contact information

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