

Public Trust Investment Service

Diversified Funds and Cash Fund
Quarterly Update

30 September 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.

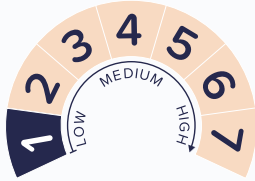
The Funds referred to in this Quarterly Update are used by Public Trust as investment options where it is acting as trustee or co-trustee of an estate or trust, or as property attorney or property manager for a non-consultable customer.

The Funds are not open to members of the public.

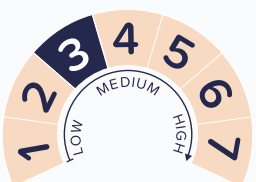
Any reference to us, we or our, refers to Public Trust.

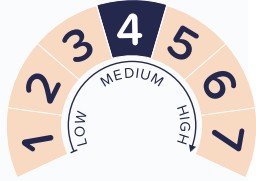
Description of the funds

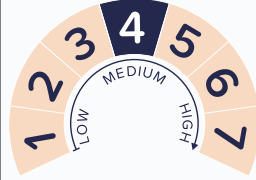
There are six diversified investment options made up of three funds and three portfolios (Diversified Funds) and a single sector Cash Fund. The Funds referred to in this Quarterly Update are used by Public Trust as investment options where it is acting as trustee or co-trustee of an estate or trust,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

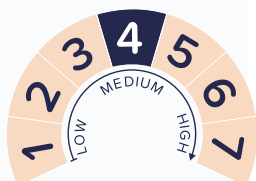
Cash Fund	
Aims to produce low risk returns by investing in short-term bank deposits and fixed interest securities.	 Risk indicator
Management fee	0.30% of your balance each year
Third party management fees	Nil
Total value of the Fund	\$283.4m
Unit price (redemption)	1.0777
Fund start date	28 July 2014

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	\$193m
Unit price (redemption)	1.1735
Fund start date	28 July 2014

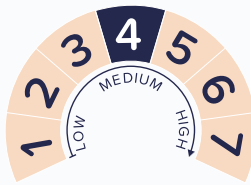
Conservative Portfolio	
Aims to produce stable returns with some capital growth and low to medium risk over the medium-term by investing 62.5% in the Defensive Fund and 37.5% in the Balanced Fund.	 Risk indicator
Management fee	0.85% of your balance each year
Third party management fees	0.03% of your 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	\$359.7m
Unit price (redemption)	1.5288
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.

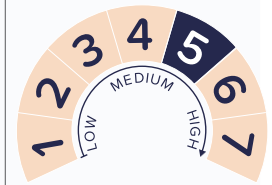


Risk indicator

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

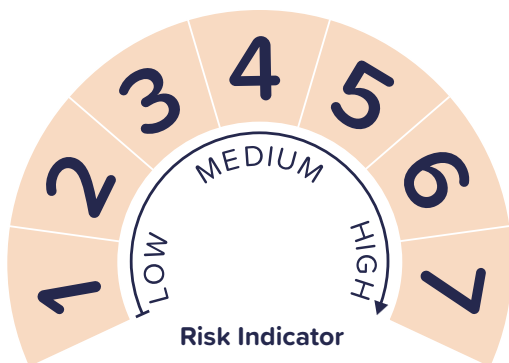
Aims to produce high long-term capital growth by investing 80% in diversified growth assets (shares and listed property) and 20% in diversified income assets (cash and bonds).



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	\$26.9m
Unit price (redemption)	1.6954
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 September 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	6.40%	10.80%	New Zealand cash	1.40%	5.80%
Australian shares (Local)	7.80%	21.80%	New Zealand bonds	3.90%	11.30%
Global shares (Unhedged)	2.10%	24.40%	Global bonds	4.20%	10.20%
Global shares (Local)	4.90%	29.80%	NZD/USD	4.40%	5.90%
New Zealand property	8.30%	5.20%	NZD - TWI	0.00%	1.70%

Review of markets over the Third Quarter of 2024

In the third quarter of 2024, most asset classes performed well despite some volatility in August, with international equity markets reaching new highs. Global equities rose, with the MSCI ACWI index returning 2.1% (unhedged NZD terms), largely due to central banks, especially in the US, beginning to lower interest rates.

The Federal Reserve cut its policy rate for the first time in four years signalling improved inflation control and bolstered investor sentiment. Economic indicators showed a decline in the Consumer Price Index to 2.5% and a stable job market, although consumer confidence fell slightly. The S&P 500 index rose by 6%, primarily driven by sectors such as utilities and real estate. Meanwhile, emerging markets posted a return of nearly 6%, primarily due to strong performances in Chinese equities, spurred by government measures aimed at stimulating the economy.

In New Zealand, the equity sector outperformed globally with a return of 6.4%, driven by an unexpected interest rate cut by the Reserve Bank of New Zealand (RBNZ) in August, which boosted investor confidence as inflation approached the bank's target band. Australian equities also fared well, returning 7.8% amid positive earnings. The lower interest rates positively impacted the performance of bonds and property, with New Zealand's listed property sector returning 8.3%, and government and corporate bonds delivering gains of 3.9% and 3.8%, respectively. Although GDP declined in the June quarter due to high interest rates affecting domestic demand, New Zealand narrowly avoided a technical recession.

Looking ahead, the global economic outlook is improving for businesses and households, supported by lower interest rates. However, ongoing geopolitical tensions, the upcoming U.S. presidential election, and the potential for an economic downturn remain key factors that may

contribute to increased market volatility. With signs that inflation appears to be coming under control and global growth projected to remain stable, it is important for investors to maintain a well-diversified portfolio with a focus on the long term.

Global markets

In the third quarter of 2024, while August brought some volatility, most asset classes in the period ended on a strong note, with some international equity markets reaching new all-time highs. Global equities rose, reflected by the MSCI ACWI index returning 2.1% (unhedged NZD terms), driven by major central banks beginning to lower interest rates.

Central bank actions, particularly in the US, played a crucial role in driving market gains. The Federal Reserve made a significant move by reducing its policy rate for the first time in four years, lowering it to a range of 4.75% - 5%. The Fed also indicated that it anticipates lowering interest rates by an additional 0.50% this year. This adjustment came as inflation showed signs of being under control, which helped boost investor sentiment.

Positive economic indicators further supported this outlook, with the Consumer Price Index dropping to 2.5% in August and the job market remaining stable, despite a slight increase in unemployment to 4.2%. However, a decline in consumer confidence raised concerns about potential future spending. The US S&P500 index gained by 6%, driven by a rally across most sectors, particularly utilities and real estate, while energy and information technology lagged.

Elsewhere, Eurozone equities, particularly in real estate, utilities, and healthcare, gained due to expectations of lower interest rates. Overall returns were modest; UK markets rose 1.7% while the rest of Europe saw a 1.6% increase. The European Central Bank cut interest rates by 0.25% in September as inflation fell from 2.6% to 1.8%. Economic data indicated a slow recovery in the Eurozone, particularly for Germany's manufacturing sector, which faced weak demand from China. In the UK, equities

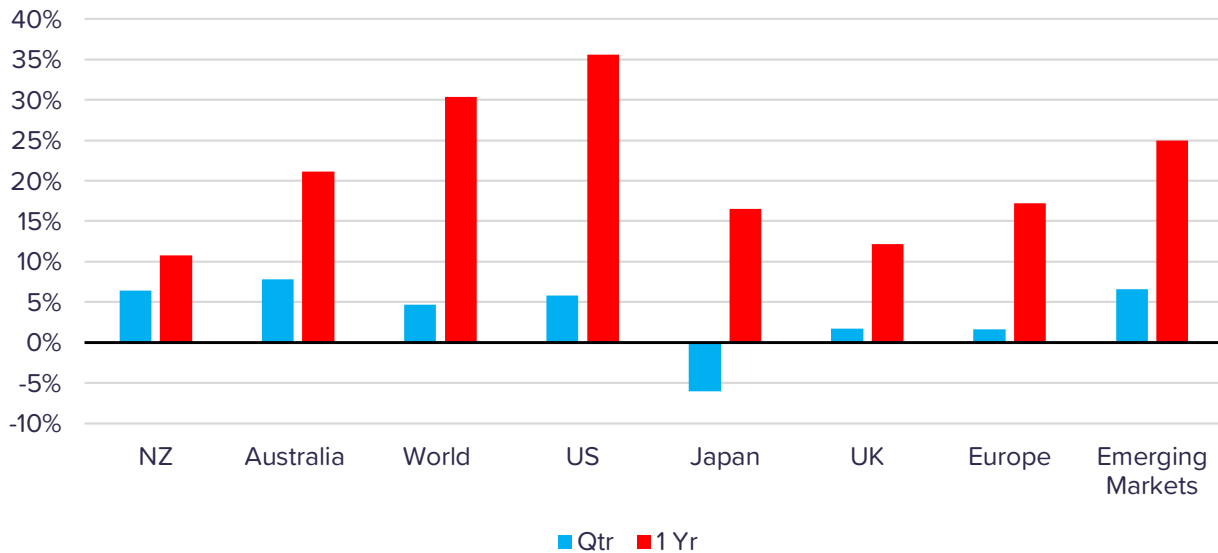
rose following the election, and the Bank of England cut interest rates for the first time in four years.

With a return of nearly 6%, emerging markets experienced significant gains, primarily driven by strong performances in Chinese equities, which make up a substantial portion of the MSCI Emerging Markets Index. Chinese equities surged as investors welcomed government measures aimed at boosting the economy.

In the third quarter, fixed income markets also performed well, supported by easing inflation and a declining interest rate environment. The Barclays Global Aggregate Index recorded a return of 4.2%, with government bonds and credit contributing solid gains.

Global equity returns (in local currency terms)

As at 30 September 2024



New Zealand

During the third quarter, the New Zealand equity market outpaced global markets registering a return of 6.4%. This strong result was largely driven by the RBNZ’s unexpected interest rate cut of 0.25% in August, which lowered the official cash rate to 5.25%, boosting investor confidence as inflation approached the bank’s 1-3% target band.

Australian equities also rose, gaining 7.8% due to positive earnings and central bank support. Although the Reserve Bank of Australia kept interest rates steady, it acknowledged persistent inflationary pressure, with recent data showing a 3.8% annual increase.

New Zealand's listed property and fixed income sectors also benefitted from the RBNZ’s early interest rate cut, delivering strong returns of 8.3% for property and solid gains of 3.9% and 3.8% in governments and corporate bonds, respectively. Meanwhile, GDP declined in the June quarter as high interest rates continued to dampen domestic demand, though the smaller than expected drop helped New Zealand narrowly avoid a technical recession.

The New Zealand dollar (NZD) remained stable against most major currencies but rose 4.4% against the US dollar due to interest rate differentials – central bank actions. This NZD strength slightly reduced returns on unhedged foreign investments for New Zealand investors.

Outlook

Looking ahead, the global economic outlook is improving for businesses and households, supported by lower interest rates. However, ongoing geopolitical tensions, the upcoming U.S. presidential election, and the potential for an economic downturn remain key factors that may contribute to increased market volatility. With signs that inflation appears to be coming under control and global growth projected to remain stable, it is important for investors to maintain a well-diversified portfolio with a focus on the long term.

How have the Funds performed?

	Qtr	Year	Inception
Cash Fund	1.43%	5.95%	2.63%
Defensive Fund	3.42%	11.05%	3.49%
Conservative Portfolio	3.70%	12.54%	4.50%
Moderate Portfolio	3.97%	14.03%	5.50%
Balanced Fund	4.15%	15.02%	6.17%
Balanced Growth Portfolio	4.30%	16.18%	6.77%
Growth Fund	4.46%	17.34%	7.37%

Commentary on performance

In the third quarter, the diversified funds delivered solid performance despite some volatility in August. The Defensive and Conservative funds benefited from their higher allocation to New Zealand bonds, which posted strong returns from corporate and government bonds. Funds with a greater exposure on growth assets saw gains from rising NZ and global equities, alongside robust performance in NZ listed property. Meanwhile, the Cash Fund gained 1.43% over the period, slightly lower than the previous quarter amid changing interest rate conditions.

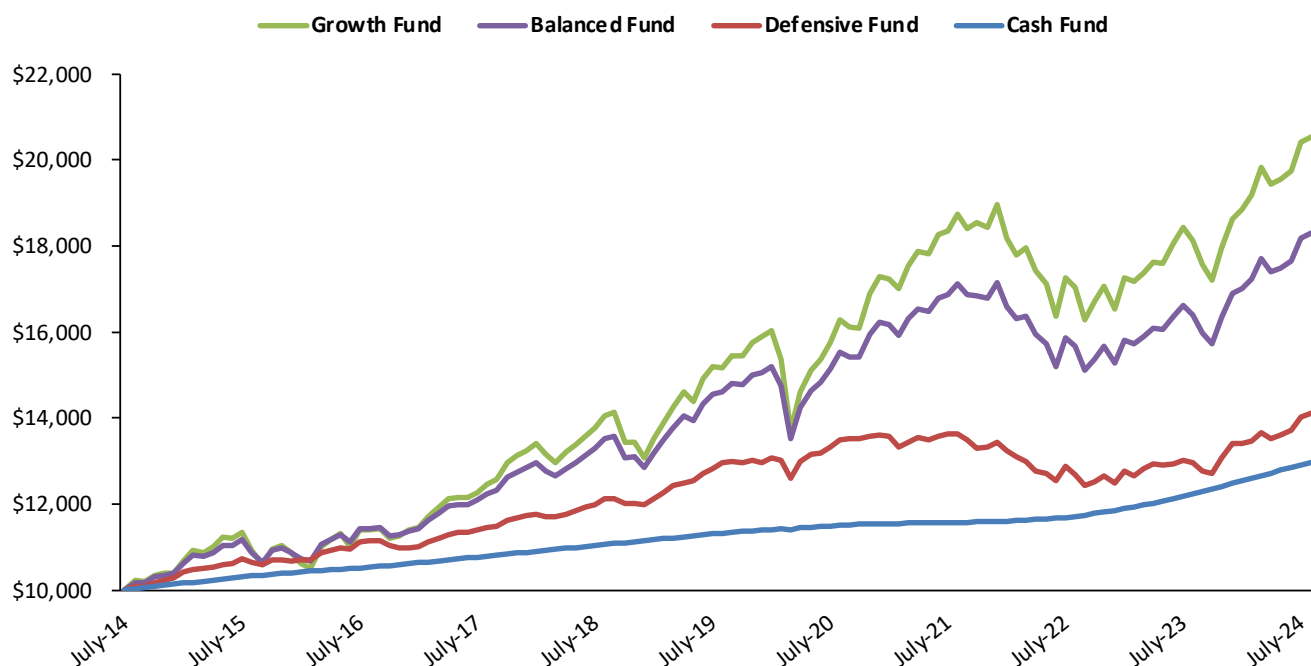
Note on returns

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

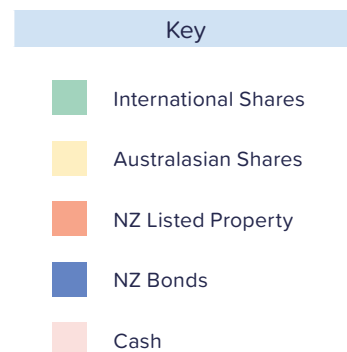
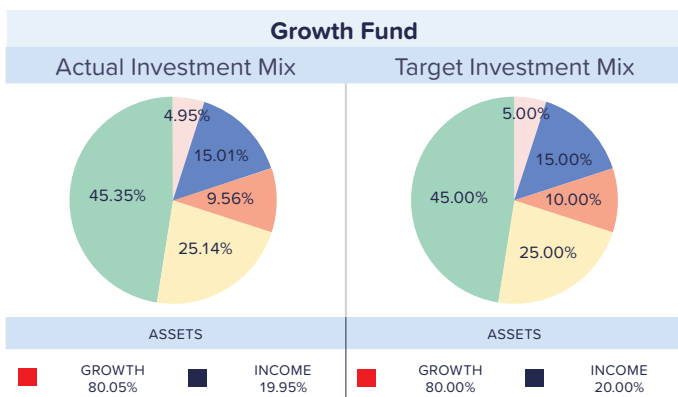
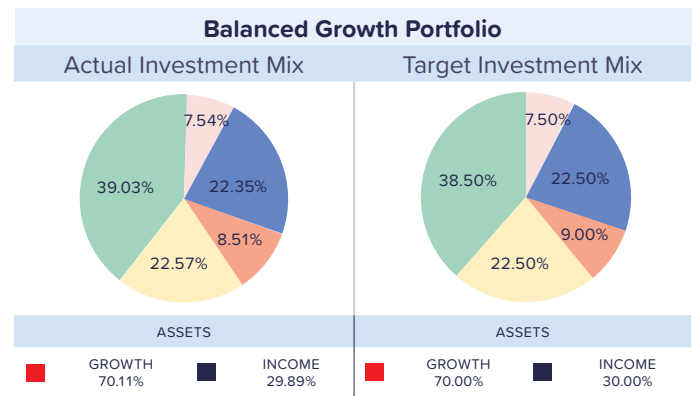
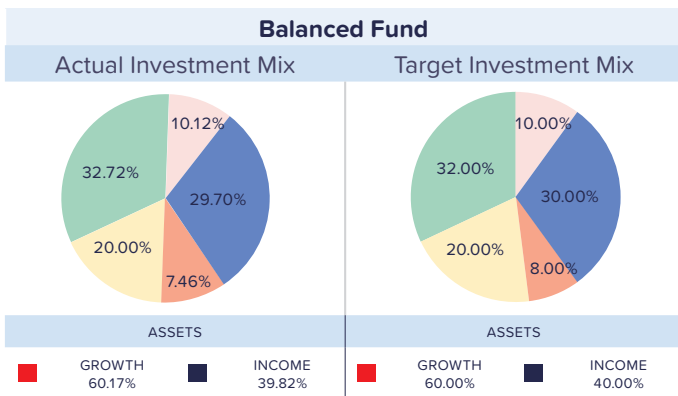
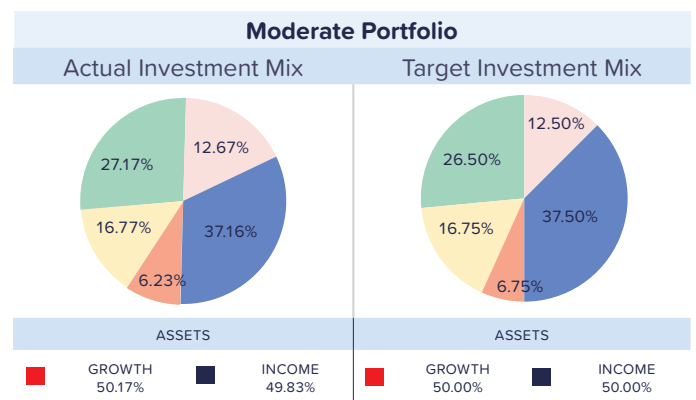
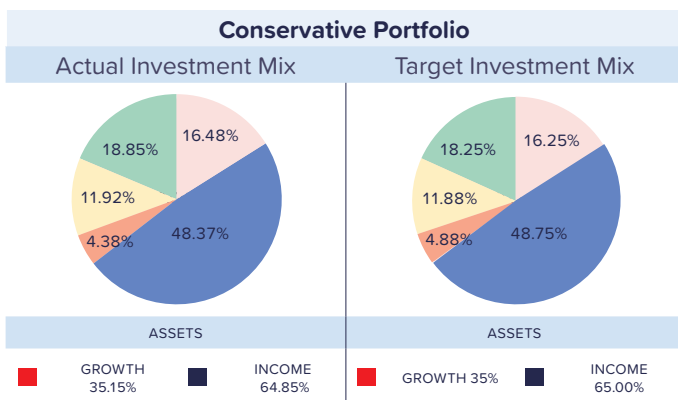
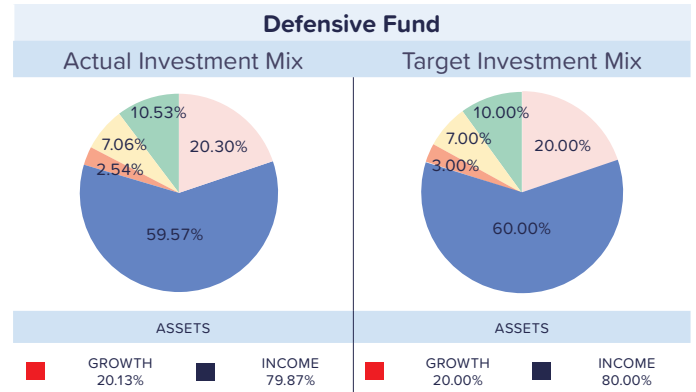
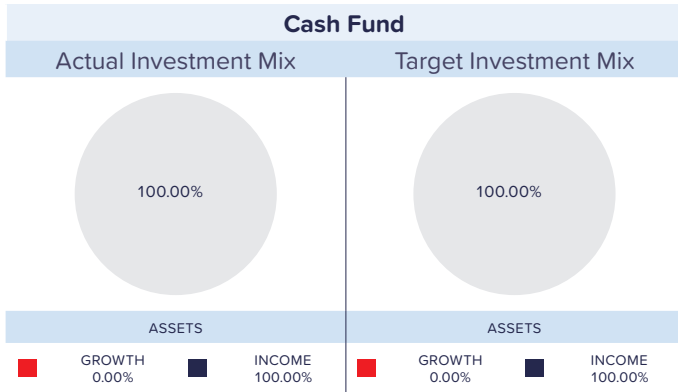
Value of the investment



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?



Top 10 holdings

GROWTH ASSETS

INTERNATIONAL SHARES		
COMPANY	COUNTRY	WEIGHTING
Apple	United States	4.34%
Microsoft Corp	United States	3.88%
Nvidia	United States	3.82%
Amazon.com	United States	2.23%
Meta Platforms A	United States	1.60%
Alphabet A	United States	1.25%
Alphabet C	United States	1.08%
Broadcom	United States	0.98%
Tesla	United States	0.96%
Taiwan Semiconductor MFG	Taiwan	0.95%
Top 10 Issuers		21.09%

AUSTRALASIAN SHARES		
COMPANY	COUNTRY	WEIGHTING
Fisher & Paykel Healthcare Corporation Limited	New Zealand	12.23%
Infratil Ltd	New Zealand	7.11%
Auckland Intl Airport Ltd	New Zealand	6.68%
Meridian Energy Ltd	New Zealand	4.53%
Contact Energy Ltd	New Zealand	3.87%
Mainfreight Limited	New Zealand	3.67%
EBOS Group Ltd	New Zealand	3.44%
Spark New Zealand Ltd	New Zealand	3.30%
a2 Milk Co Ltd	New Zealand	2.98%
Mercury NZ Limited	New Zealand	2.59%
Top 10 Issuers		50.40%

NZ LISTED PROPERTY		
COMPANY	COUNTRY	WEIGHTING
Goodman Property Trust	New Zealand	21.67%
Precinct Properties New Zealand & Precinct Properties Investments Ltd	New Zealand	20.15%
Kiwi Property Group Limited	New Zealand	14.84%
Property for Industry Ltd	New Zealand	10.98%
Vital Healthcare Property Trust	New Zealand	8.97%
Argosy Property Ltd	New Zealand	8.97%
Stride Stapled Group	New Zealand	7.89%
Investore Property Limited	New Zealand	3.52%
New Zealand Rural Land Company Ltd	New Zealand	1.18%
Asset Plus Ltd	New Zealand	0.66%
Top 10 Issuers		98.82%

INCOME ASSETS

NZ CASH		
ISSUER	CREDIT RATING	WEIGHTING
Bank of New Zealand	AA-	21.14%
Kiwibank Limited	AA	18.26%
Westpac NZ Limited	AA-	16.99%
ASB Bank Limited	AA-	13.23%
ANZ Bank NZ Limited	AA-	6.71%
Rabobank NZ Limited	A+	4.04%
Industrial and Commercial Bank of China NZ Limited	A	3.43%
Bank of China	A	3.16%
NZ Local Government Funding Agency	AAA	2.32%
Toyota Finance	A+	2.21%
Top 10 Issuers		91.51%

NZ BONDS		
ISSUER	CREDIT RATING	WEIGHTING
New Zealand Government	AAA	34.86%
NZ Local Government Funding Agency Ltd	AAA	26.04%
Housing New Zealand Ltd	AAA	9.64%
Bank of New Zealand	AA-	4.49%
Westpac NZ Limited	AA-	3.76%
ASB Bank NZ Limited	AA-	2.59%
Kiwibank Limited	AA	2.20%
Auckland Regional Council	AA	2.20%
Transpower New Zealand	AA	1.65%
Auckland International Airport	A-	1.57%
Top 10 Issuers		89.00%

Key personnel

Position	Chief Executive Officer	General Manager Investments	Senior Portfolio Manager
Name	Glenys Talivai	Amanda Livingstone	Nick Combs
Time in position	5 years, 6 months	1 year, 10 months	1 year, 6 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

Public Trust
Phone: 0800 371 471
Email : info@publictrust.co.nz
Post: Private Bag 5902
Wellington 6160

0800 371 471
info@publictrust.co.nz
publictrust.co.nz

