



Public Trust Investment Service

Diversified Funds and Cash Fund
Quarterly Update
31 March 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.

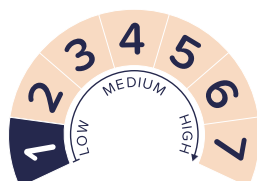
Any reference to us, we or our, refers to Public Trust.

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.



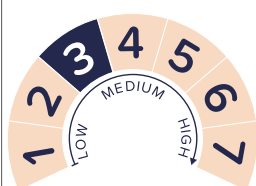
Risk indicator

Management fee	0.30% of your balance each year
Third party management fees	Nil
Total value of the Fund	\$246.5m
Unit price (redemption)	1.0756
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).

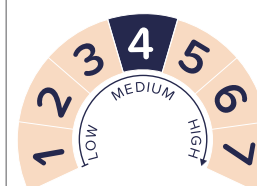


Risk indicator

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	\$174.4m
Unit price (redemption)	1.1456
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.

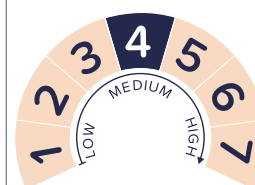


Risk indicator

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.

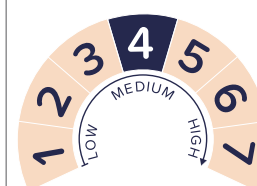


Risk indicator

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).

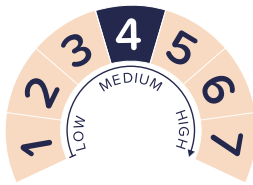


Risk indicator

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	\$341m
Unit price (redemption)	1.4907
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.

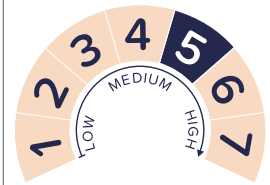


Risk indicator

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

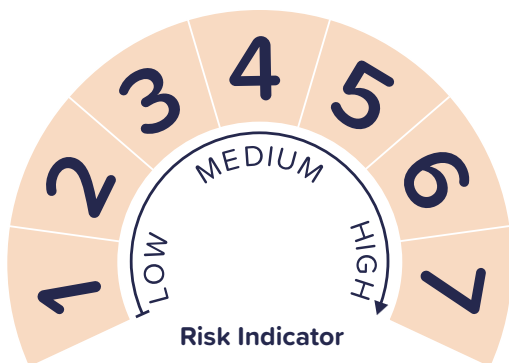
Aims to produce high long-term capital growth by investing 80% in diversified growth assets (shares and listed property) and 20% in diversified income assets (cash and bonds).



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	\$24.5m
Unit price (redemption)	1.6507
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 March 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

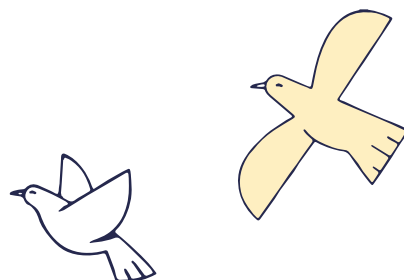
These fees might be more or less if Bob's account balance has increased or decreased more substantially over the year.

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%	2.70%	New Zealand cash	1.40%	5.70%
Australian shares (Local)	5.30%	14.40%	New Zealand bonds	0.30%	3.90%
Global shares (Unhedged)	14.50%	28.90%	Global bonds	0.00%	3.80%
Global shares (Local)	9.50%	24.40%	NZD/USD	-5.50%	-4.40%
New Zealand property	-0.20%	3.50%	NZD - TWI	-2.90%	-1.10%

Review of markets over the First Quarter of 2024

Global equities posted strong gains in the first quarter, returning 14.5% as market sentiment continued to focus on the prospect of lower interest rates, easing inflation and resilient economic growth.

The US markets performed strongly, rallying 10.6%, but the top performing equity market was Japan, with their local index returning 19.2%. The New Zealand equity market also saw gains but were again behind global peers, with the NZX50 Index returning 3.1%. The drag on performance was pressured by weaker NZ economic growth and a difficult corporate earnings season.

In interest rate sensitive sectors such as fixed income and property, returns were more restrained as the likelihood of aggressive interest rate cuts in the coming year diminished. In the US, the market was expecting six rate cuts in 2024 but now project no more than three. Most major central banks are pursuing a similar approach to the US in keeping interest rate settings suitably restrictive to address inflation concerns.

Meanwhile, the Reserve Bank of New Zealand (RBNZ) held the Official Cash Rate (OCR) at 5.5% and forecasts no OCR rate cuts before mid-2025 as inflation remains above target. In contrast, the market is still pricing for interest rate cuts by the end of this year.

Looking ahead economic activity may continue to slow as inflation remains problematic and the current interest rate environment is still challenging for both consumers and households. Geopolitical risks remain elevated, and any flare up could lead to volatility ahead. Nevertheless, global growth is expected to stay positive with the possibility of some respite from higher interest rates towards the 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

Global equities across developed markets posted strong gains in the first quarter, with the MSCI ACWI index returning 14.5% (in NZD unhedged terms). Market sentiment continued to focus on the prospect of lower interest rates, easing inflation and resilient economic growth.

Global shares rose broadly due to the sharp rally in US equities over the quarter, with the S&P500 index returning 10.6%. At the sector level, communications, energy, and technology sectors recorded the highest returns amidst a widespread rally. The gains were supported by the US Federal Reserve still signalling the possibility of reducing interest rates three times in 2024, pointing to strong economic growth and manageable inflation. In the fourth quarter, the US economy grew by an annualized rate of 3.4%, marking the sixth consecutive quarter of growth.

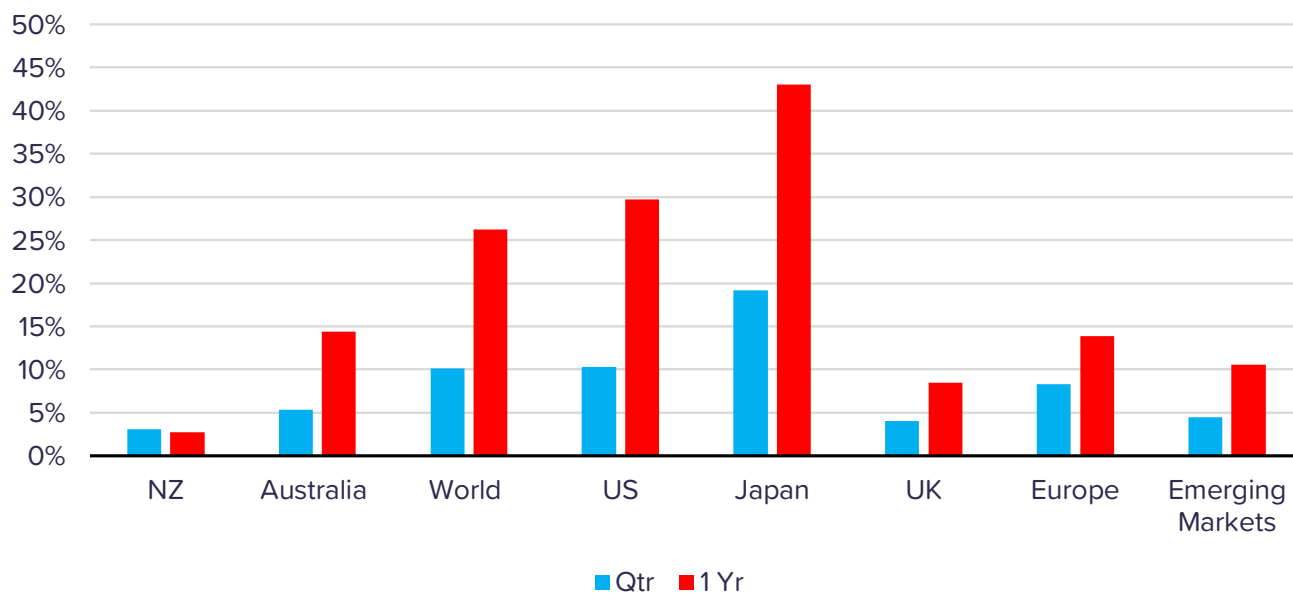
However, the best performing equity market of the quarter was Japan, with their local index returning 19.2%, despite the Bank of Japan raising interest rates for first time in 17 years. In contrast, the UK equity market struggled to keep pace relative to global peers, as their economy officially entered a technical recession. Meanwhile, European equities advanced as the Eurozone economy expanded, registering an 8.3% return and more than double the performance of the UK market.

Like the UK market, emerging markets showed weaker performance compared to global peers, returning 4.5% in the first quarter. The continuous weakness in China's economy, coupled with the lack of substantial fiscal support measures and the strengthening US dollar, dampened investor sentiment.

In fixed income markets, global bonds declined as investors revised down the likelihood of aggressive interest cuts in the coming year. In the fourth quarter of 2023, the market anticipated six rate cuts in the US, but it now expects only three as inflation remains above the Fed's target band. Most major central banks are pursuing a similar approach to the US in keeping interest rate settings suitably restrictive to address inflation.

Global equity returns (in local currency terms)

As at 31 March 2024



New Zealand

The New Zealand share market also posted gains but again lagged global peers this quarter, with the NZX50 Index returning 3.1%. The lacklustre performance was pressured by weaker NZ economic growth and the first corporate reporting season showing mixed results.

NZ economic growth shrank 0.1% in the fourth quarter of 2023, pushing the country into a technical recession. Conversely, this has contributed to a higher number of companies falling short of earnings expectations, reflecting challenging market conditions.

Meanwhile, the RBNZ kept the policy rate unchanged at 5.5% for a fifth consecutive meeting. The bank reiterated the need to maintain restrictive policy settings until inflation returns to target range and forecasts no interest rate cuts before mid-2025. In contrast, the market is still pricing for OCR cuts by the end of this year.

In interest rate sensitive sectors such as fixed income and property, returns were more restrained as the likelihood of aggressive interest rate cuts in the coming year diminished. During the quarter, NZ listed property declined -0.2% while NZ bonds gained slightly over the period, returning 0.3%.

Across the Trans-Tasman, the Australian equity market outperformed NZ over the quarter, with the ASX200 index returning 5.3%. This was helped by a rally in mining and energy companies and the Reserve Bank of Australia (RBA) softening its stance on interest rates. The RBA left their benchmark rate at 4.35% in March as it aims to bring down inflation.

The NZD fell 2.9% on a trade weighted basis primarily due to broad US dollar strength. The US dollar surged against most major currencies, with the NZD/USD falling -5.5% for the 3-month period.

Outlook

Looking ahead economic activity may continue to slow as inflation remains problematic and the current interest rate environment is still challenging for both consumers and households. Geopolitical risks remain elevated, and any flare up could lead to volatility ahead. Nevertheless, global growth is expected to stay positive with the possibility of some respite from higher interest rates towards the 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	1.45%	5.71%	2.46%
Defensive Fund	1.90%	6.49%	3.27%
Conservative Portfolio	2.99%	8.30%	4.32%
Moderate Portfolio	4.08%	10.11%	5.38%
Balanced Fund	4.80%	11.31%	6.08%
Balanced Growth Portfolio	5.62%	12.73%	6.70%
Growth Fund	6.43%	14.14%	7.33%

Commentary on performance

Global equities posted strong gains in the first quarter, returning 14.5% as market sentiment continued to focus on the prospect of lower interest rates, easing inflation and resilient economic growth. Much of the gains were broadly due to the sharp rally in US equities, with the S&P500 index returning 10.6%. The New Zealand and Australian share markets also posted gains but lagged global peers this quarter, returning 3.1% and 5.3% respectively. In interest rate sensitive sectors such as fixed income and property, returns were more restrained as the likelihood of aggressive interest rate cuts in the coming year diminished. During the quarter, NZ listed property returned -0.2% while NZ bonds gained slightly over the period, returning 0.3%.

All diversified funds delivered positive returns over the March quarter. The Defensive and Conservative funds which have a higher weighting to NZ bonds experienced some volatility throughout the quarter in response to changing interest rate expectations but ended in positive territory. The remaining diversified funds with a greater exposure to growth assets benefitted as international equities posted an impressive first quarter of the year. The Cash Fund gained over the period, returning 1.45%, benefitting from the current interest rate environment.

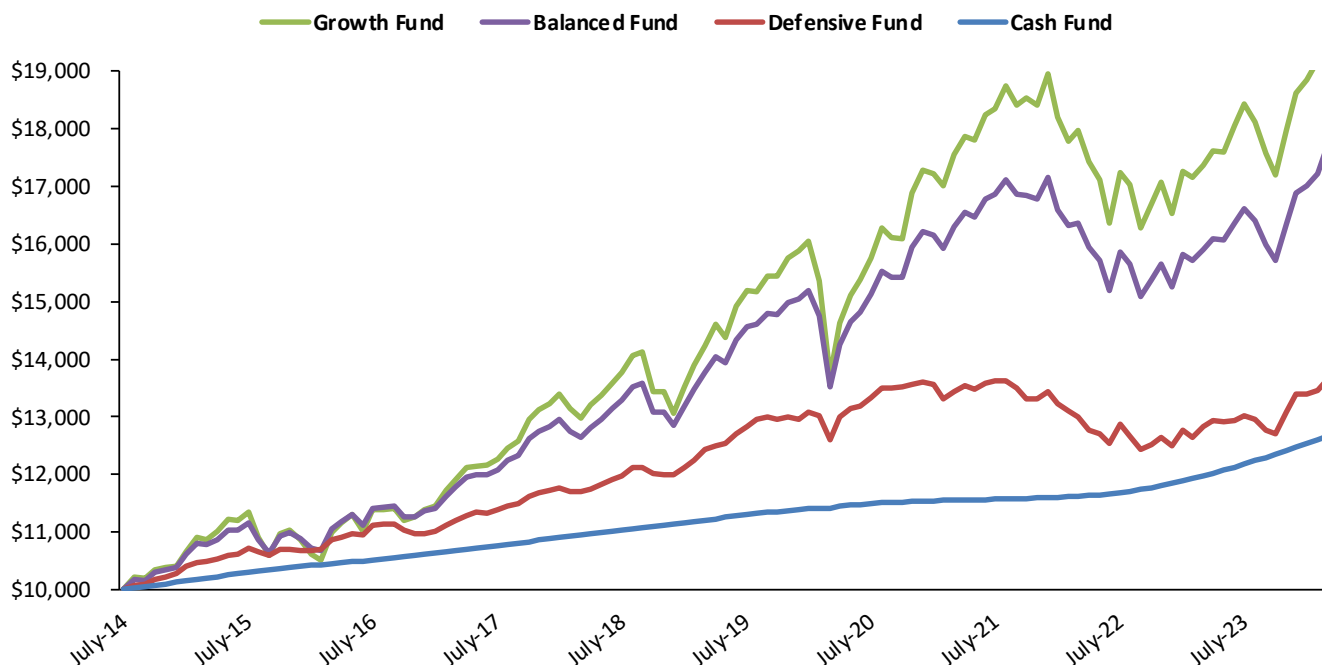
Note on returns

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

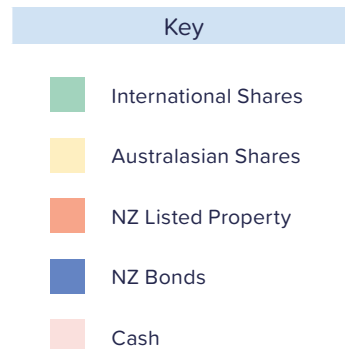
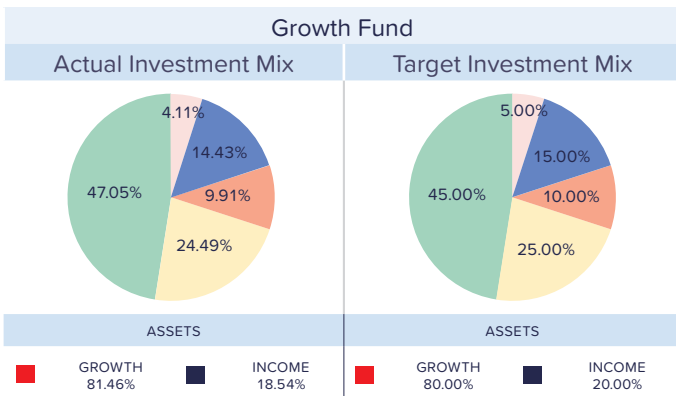
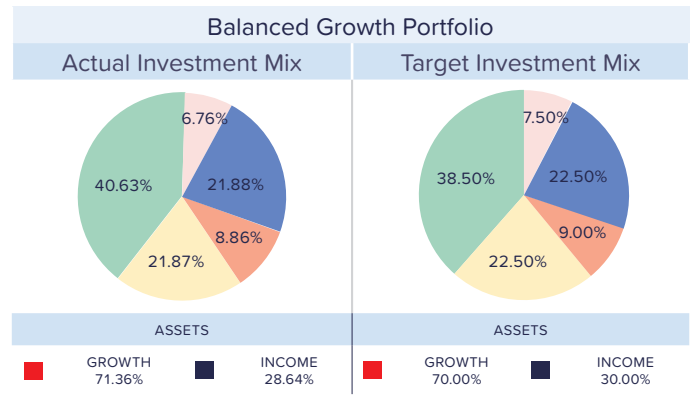
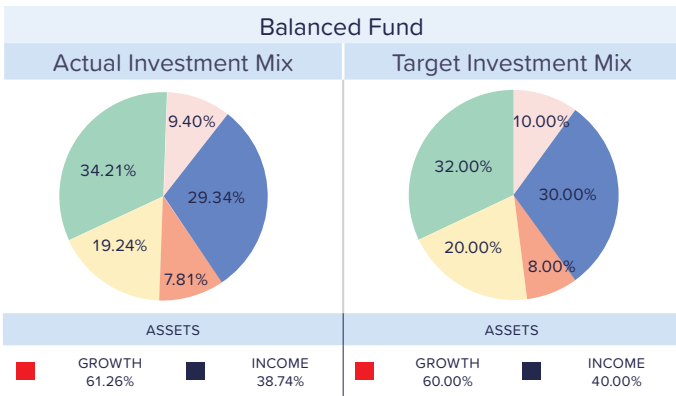
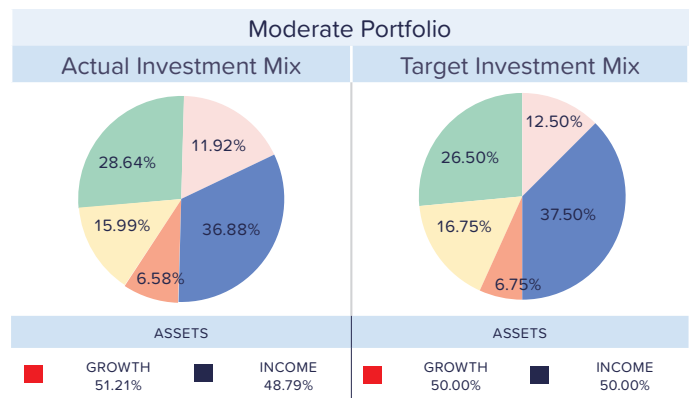
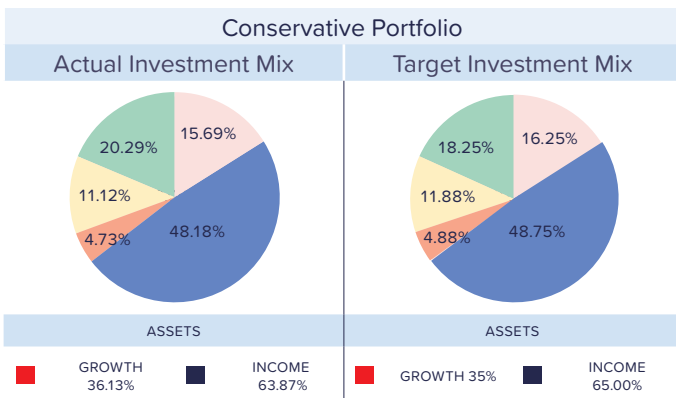
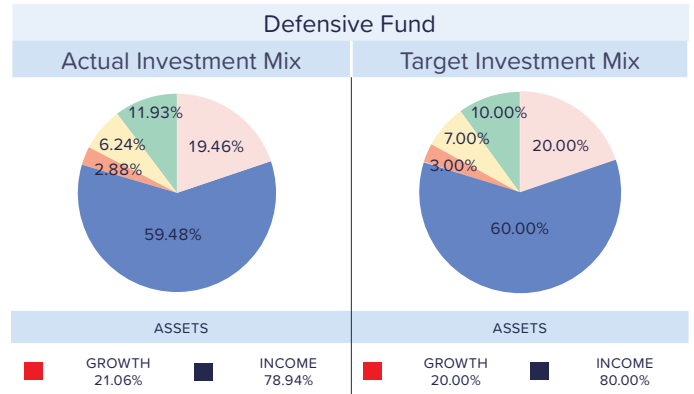
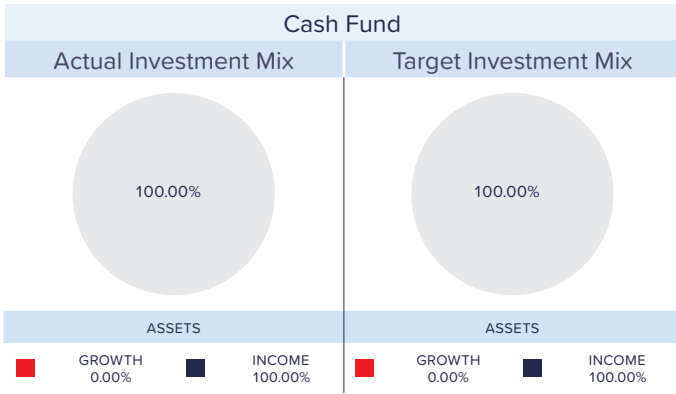
Value of the investment



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.

What do the Funds invest in?



Top 10 holdings

GROWTH ASSETS

INTERNATIONAL SHARES		
COMPANY	COUNTRY	WEIGHTING
Microsoft Corp	United States	4.12%
Apple	United States	3.49%
Nvidia	United States	3.09%
Amazon.com	United States	2.32%
Meta Platforms A	United States	1.49%
Alphabet A	United States	1.24%
Alphabet C	United States	1.09%
Lilly (Eli) & Company	United States	0.87%
Taiwan Semiconductor MFG	Taiwan	0.83%
Broadcom	United States	0.82%
Top 10 Issuers		19.36%

AUSTRALASIAN SHARES		
COMPANY	COUNTRY	WEIGHTING
Fisher & Paykel Healthcare Corporation Limited	New Zealand	9.38%
Auckland Intl Airport Ltd	New Zealand	6.87%
Infratil Ltd	New Zealand	5.68%
Spark New Zealand Ltd	New Zealand	5.41%
Meridian Energy Ltd	New Zealand	4.59%
Contact Energy Ltd	New Zealand	4.27%
Mainfreight Limited	New Zealand	3.74%
EBOS Group Ltd	New Zealand	3.37%
a2 Milk Co Ltd	New Zealand	3.07%
Mercury NZ Limited	New Zealand	2.90%
Top 10 Issuers		49.27%

NZ LISTED PROPERTY		
COMPANY	COUNTRY	WEIGHTING
Goodman Property Trust	New Zealand	23.28%
Precinct Properties NZ & Precinct Properties Investments Ltd	New Zealand	18.70%
Kiwi Property Group Limited	New Zealand	12.98%
Property for Industry Ltd	New Zealand	11.43%
Vital Healthcare Property Trust	New Zealand	10.56%
Argosy Property Ltd	New Zealand	9.25%
Stride Stapled Group	New Zealand	7.26%
Investore Property Limited	New Zealand	3.37%
New Zealand Rural Land Company Ltd	New Zealand	1.17%
Winton Land Ltd	New Zealand	0.72%
Top 10 Issuers		98.72%

INCOME ASSETS

NZ CASH		
ISSUER	CREDIT RATING	WEIGHTING
Bank of New Zealand	AA-	18.07%
Westpac NZ Limited	AA-	17.78%
Kiwibank Limited	AA	17.49%
ASB Bank Limited	AA-	13.97%
ANZ Bank NZ Limited	AA-	7.19%
Rabobank NZ Limited	A+	6.42%
Toyota Finance	A+	2.53%
Fonterra	A-	2.37%
Meridian Energy	A-	2.08%
Auckland International Airport	A-	1.98%
TOP 10 ISSUERS		89.89%

NZ BONDS		
ISSUER	CREDIT RATING	WEIGHTING
New Zealand Government	AAA	35.98%
NZ Local Government Funding Agency Ltd	AAA	23.76%
Housing New Zealand Ltd	AAA	8.89%
Bank of New Zealand	AA-	4.43%
Westpac NZ Limited	AA-	3.37%
ASB Bank NZ Limited	AA-	3.22%
Kiwibank Limited	AA	2.76%
Auckland Regional Council	AA	2.10%
BNP Paribas NZD Account	A+	1.74%
Transpower New Zealand	AA	1.67%
TOP 10 ISSUERS		87.93%

Key personnel

Position	Chief Executive Officer	General Manager Investments	Senior Portfolio Manager
Name	Glenys Talivai	Amanda Livingstone	Nick Combs
Time in position	5 years	1 year, 4 months	1 year
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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