



Public Trust Investment Service

Diversified Funds and Cash Fund
Quarterly Update
31 December 2023

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.

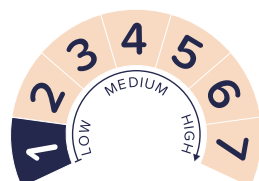
Any reference to us, we or our, refers to Public Trust.

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.



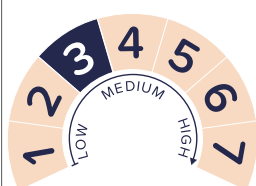
Risk indicator

Management fee	0.30% of your balance each year
Third party management fees	Nil
Total value of the Fund	\$247.1m
Unit price (redemption)	1.0758
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).

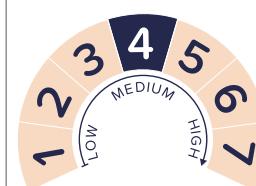


Risk indicator

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	\$166.5m
Unit price (redemption)	1.1330
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.

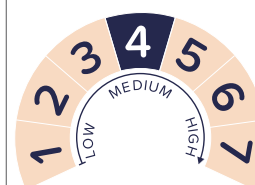


Risk indicator

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.

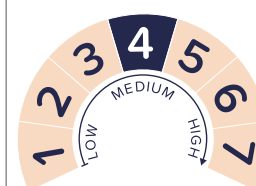


Risk indicator

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).

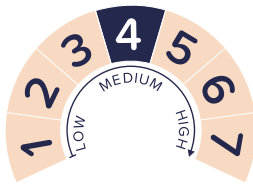


Risk indicator

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	\$321.8m
Unit price (redemption)	1.4323
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.

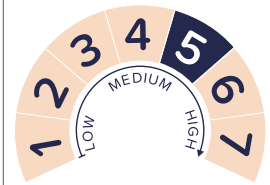


Risk indicator

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

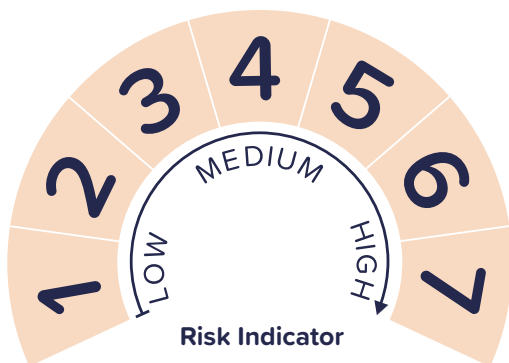
Aims to produce high long-term capital growth by investing 80% in diversified growth assets (shares and listed property) and 20% in diversified income assets (cash and bonds).



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	\$21.9m
Unit price (redemption)	1.5609
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 2023. 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

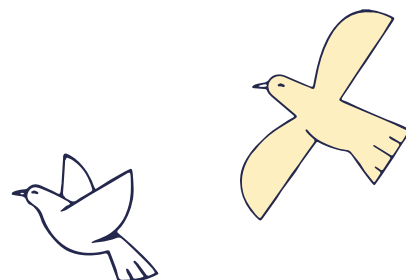
These fees might be more or less if Bob's account balance has increased or decreased more substantially over the year.

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	4.30%	3.50%	New Zealand cash	1.40%	5.40%
Australian shares (Local)	8.40%	12.40%	New Zealand bonds	6.00%	6.20%
Global shares (Unhedged)	5.80%	23.70%	Global bonds	5.70%	6.60%
Global shares (Local)	9.80%	23.10%	NZD/USD	5.30%	0.10%
New Zealand property	6.80%	6.40%	NZD - TWI	2.62%	0.30%

Review of markets over the Fourth Quarter of 2023

Global financial markets had a strong end to the year, with robust gains across most asset classes in the fourth quarter. Expectations of falling interest rates and encouraging inflation data led equities and bonds higher.

Global equities rose in the fourth quarter returning 5.8%, while the New Zealand equity market also saw gains but were again behind global equities this quarter, with the NZX50 Index returning 4.3%. Like world markets, NZ equities benefitted from expectations that interest rate cuts may be approaching. Elsewhere, the US share market topped most developed markets, driven by a broad-based rally led by the Magnificent 7 (technology companies) and expectations that the US Federal Reserve (the Fed) has finished its rate hiking cycle and will shift toward cuts in 2024. The S&P 500 index returned 11.2%.

Meanwhile, the Reserve Bank of New Zealand (RBNZ), unlike most central banks, surprised the market with a more hawkish stance in November, signalling interest rates will remain at restrictive levels. Despite the announcement, the market expected lower interest rates anticipated in 2024. This was a significant contributor to performance of NZ bonds, driving bond prices higher (yields lower) in the quarter. NZ bonds returned 6% and outperformed global bonds over the period.

Looking ahead there are reasons for caution as the path of growth, recession risk and the complex geopolitical backdrop continue to evolve in shifting market conditions. On the upside, inflation is trending down, interest rates may be approaching a peak, and the labour market remains resilient. In this uncertain environment, it is important that investors maintain a well-diversified investment portfolio with a focus on the long-term.

Global markets

Global equities rose in the fourth quarter returning 5.8% (in unhedged NZD), supported by signs of easing inflation and expectations of falling interest rates in 2024.

US equities was the top performer over the December quarter as investors welcomed strong economic growth and signs that the Fed has finished its rate hiking cycle and will move toward cuts in 2024. The rally was broad based as 10 of 11 sectors had positive returns. Information technology (the Magnificent 7 - comprising Meta, Amazon, Apple, Alphabet, Microsoft, Nvidia and Tesla) and the real estate sectors posted the biggest gains, while the energy sector dipped amid declining oil prices. The S&P500 index ended the quarter returning 11.2%.

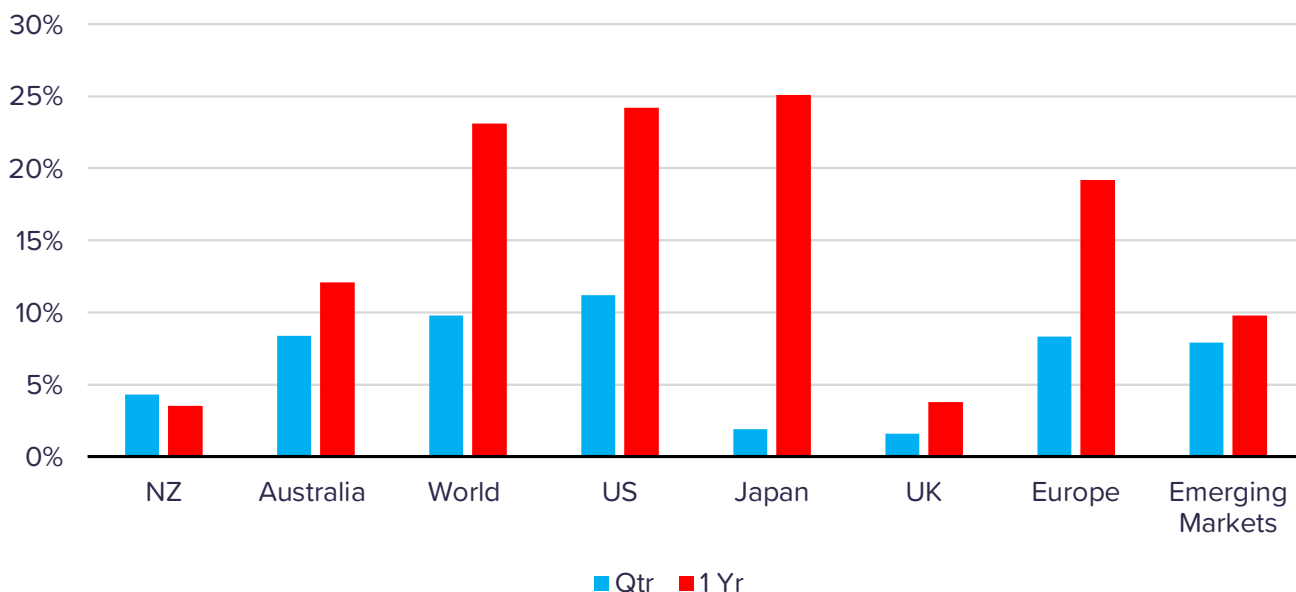
Like the US, European equities performed strongly amid signs of easing inflation and markets pricing in interest rates cuts for 2024, with the Index up 8.3%. The UK equity market, however, trailed peers with heavyweight energy stocks falling on lower oil prices, ending the quarter up 1.6%. The Japanese equity market also underperformed major international equity markets but eked out a positive return of 1.9% for the quarter. Limiting the return was less favourable economic data highlighting the economy contracted steeply in the third quarter and inflation remaining elevated.

Despite the conflict in the Middle East and difficulties in China, Emerging market equities surged over the 3-month period, returning 7.9%. Growing expectations inflation is cooling combined with falling interest rates and a weaker US dollar drove renewed confidence.

Global bond markets were positive. This was largely due to the Fed leaving interest rates unchanged and turning unexpectedly dovish following the December meeting, which led to a substantial decline in interest rates. This drove yields lower and bond prices higher, leaving the Bloomberg Barclays Global Aggregate Index returning 5.7% at the end of the quarter.

Global equity returns (in local currency terms)

As at 31 December 2023



New Zealand

The New Zealand equity market also saw gains but were again behind global equities this quarter, with the NZX50 Index returning 4.3%. NZ equities benefitted from expectations that interest rate cuts may be approaching. At a sector level, real estate and communication services led gains and consumer discretionary and energy fell the most.

Meanwhile, the RBNZ, unlike most central banks, surprised the market with a more hawkish stance in November, signalling interest rates will remain at restrictive levels. Despite the announcement, the market priced in faster and deeper interest rate cuts anticipated in 2024. Economic data released showed the local economy slowed with weaker-than-expected growth and headline inflation easing but still above the RBNZ target band (1-3%). Third quarter GDP fell 0.3%, much weaker than the 0.5% forecasted in the June Quarter while inflation fell to 5.6%, a two-year low from 6% in the second quarter.

Equities in the NZ listed property sector posted a strong recovery after being hit hard by rising interest rates over the past year. The index gained 6.8% over the 3 months and outperformed the broader NZ equity market but underperformed global property.

Across the Trans-Tasman, the Australian equity market outperformed NZ over the quarter, with the ASX200 index returning 8.4%. This was helped by a broad-based rally led by mining companies. The Reserve Bank of Australia raised their benchmark rate to 4.35% in November in the face of persistent inflation.

In fixed income, NZ bonds posted strong gains over the quarter as investors brought forward projections of interest rates falling sooner, driving prices higher. NZ bonds returned 6% and outperformed global bonds over the period.

The NZD gained on a trade weighted basis, returning 2.6% for the 3-month period, but flat for the year (0.3%). The US dollar a sharp decline against most major currencies including NZ, with the NZD/USD gaining 5.3% for the 3-month period.

Outlook

Looking ahead there are reasons for caution as the path of growth, recession risk and the complex geopolitical backdrop continue to evolve in shifting market conditions. On the upside, inflation is trending down, interest rates may be approaching a peak, and the labour market remains resilient. In this uncertain environment, 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	1.48%	5.31%	2.37%
Defensive Fund	4.90%	7.31%	3.15%
Conservative Portfolio	5.18%	8.55%	4.11%
Moderate Portfolio	5.46%	9.80%	5.08%
Balanced Fund	5.64%	10.63%	5.72%
Balanced Growth Portfolio	5.83%	11.63%	6.27%
Growth Fund	6.02%	12.63%	6.82%

Commentary on performance

Global financial markets had a strong end to the year, with robust gains across most asset classes in the fourth quarter. Expectations of falling interest rates and encouraging inflation data led equities and bonds higher.

All diversified funds posted strong returns in the fourth quarter as the underlying investments delivered positive returns. The most significant contributor to performance in the Defensive and Conservative funds were bonds, which rallied (bond prices higher) from interest rates falling sharply. The remaining funds more exposed to growth assets also performed well. While bonds and property staged an impressive rally, international shares added most of the gains for diversified funds more exposed to growth assets (see performance table). The Cash Fund gained over the period, returning 1.48%, benefitting from the current interest rate environment.

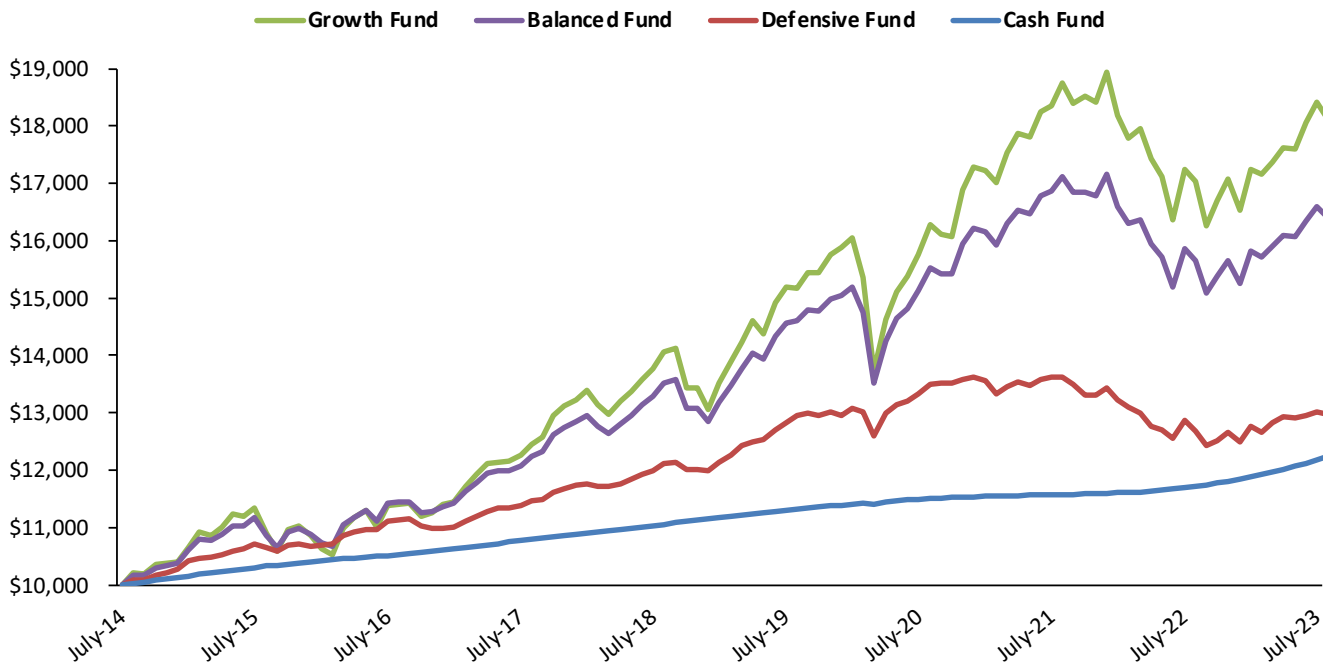
Note on returns

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

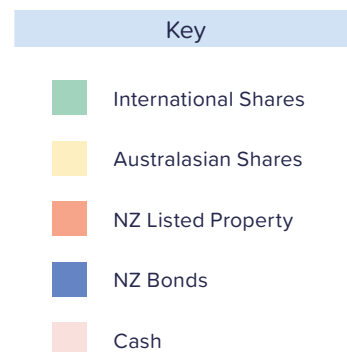
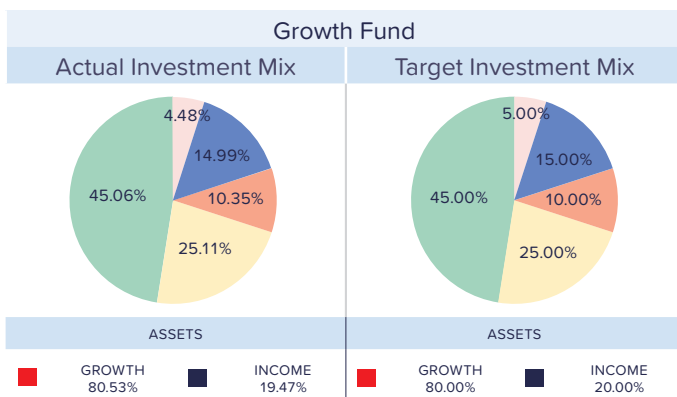
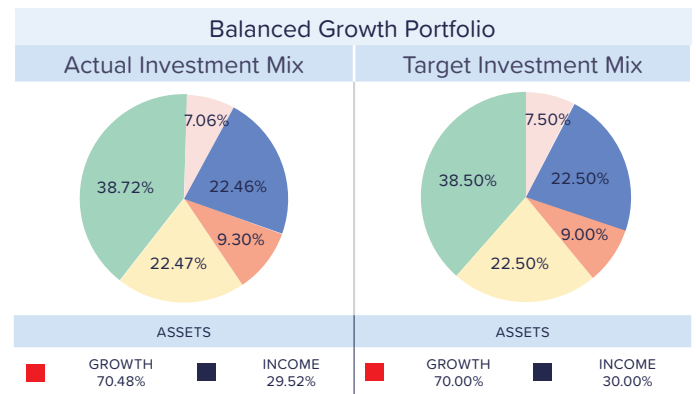
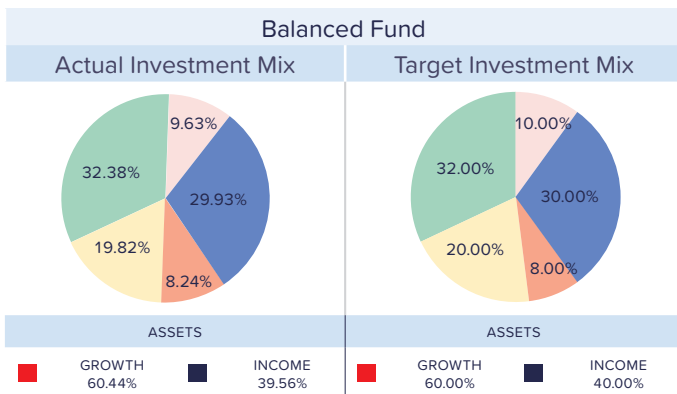
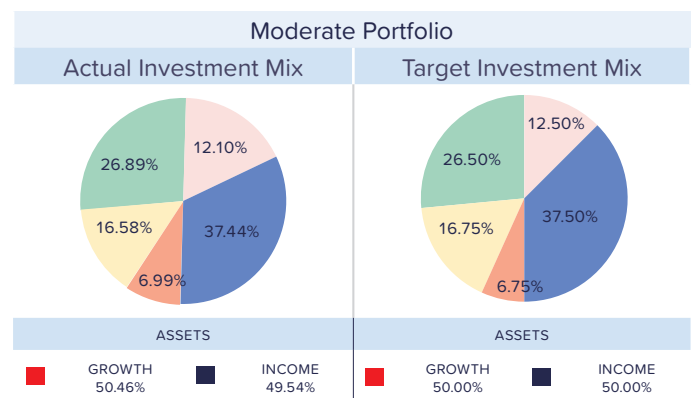
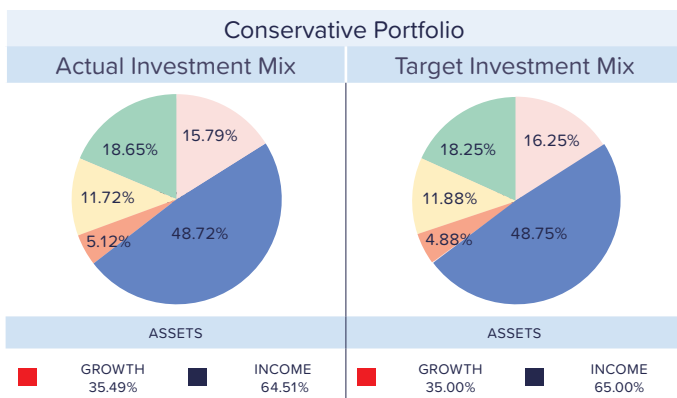
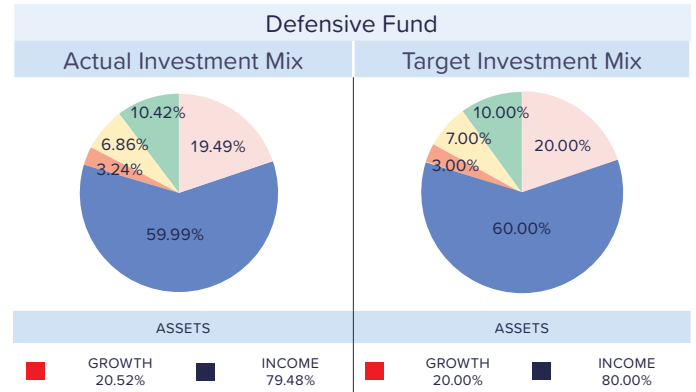
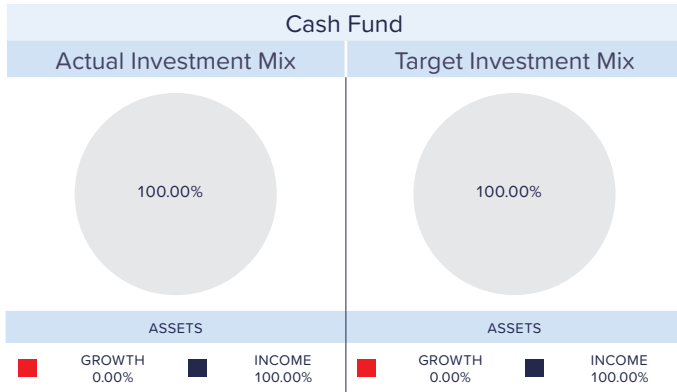
Value of the investment



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
Apple	United States	4.47%
Microsoft Corp	United States	3.95%
Amazon.com	United States	2.10%
Nvidia	United States	1.82%
Alphabet A	United States	1.23%
Meta Platforms A	United States	1.17%
Alphabet C	United States	1.09%
Tesla	United States	1.06%
Broadcom	United States	0.74%
JP Morgan Chase & Co	United States	0.73%
Top 10 Issuers		18.36%

AUSTRALASIAN SHARES		
COMPANY	COUNTRY	WEIGHTING
Fisher & Paykel Healthcare Corporation Limited	New Zealand	8.78%
Auckland Intl Airport Ltd	New Zealand	7.38%
Spark New Zealand Ltd	New Zealand	6.05%
Infratil Ltd	New Zealand	5.33%
Meridian Energy Ltd	New Zealand	4.40%
Contact Energy Ltd	New Zealand	4.03%
Mainfreight Limited	New Zealand	3.79%
EBOS Group Ltd	New Zealand	3.57%
Mercury NZ Limited	New Zealand	2.82%
BHP Group Ltd	Australia	2.75%
Top 10 Issuers		48.89%

NZ LISTED PROPERTY		
COMPANY	COUNTRY	WEIGHTING
Goodman Property Trust	New Zealand	23.58%
Precinct Properties New Zealand & Precinct Properties Investments Ltd	New Zealand	16.83%
Kiwi Property Group Limited	New Zealand	13.75%
Property for Industry Ltd	New Zealand	11.15%
Vital Healthcare Property Trust	New Zealand	10.65%
Argosy Property Ltd	New Zealand	9.36%
Stride Stapled Group	New Zealand	7.82%
Investore Property Limited	New Zealand	3.54%
New Zealand Rural Land Company Ltd	New Zealand	1.06%
Winton Land Ltd	New Zealand	0.90%
Top 10 Issuers		98.65%

INCOME ASSETS

NZ CASH		
ISSUER	CREDIT RATING	WEIGHTING
Bank of New Zealand	AA-	15.91%
Kiwibank Limited	AA	15.81%
ASB Bank Limited	AA-	14.90%
Westpac NZ Limited	AA-	14.04%
ANZ Bank NZ Limited	AA-	10.22%
Rabobank NZ Limited	A+	4.82%
Fonterra	A-	2.80%
Toyota Finance	A+	2.54%
Industrial and Commercial Bank of China NZ Limited	A	2.50%
Auckland International Airport	A-	1.97%
TOP 10 ISSUERS		85.51%

NZ BONDS		
ISSUER	CREDIT RATING	WEIGHTING
New Zealand Government	AAA	35.40%
NZ Local Government Funding Agency Ltd	AAA	23.82%
Housing New Zealand Ltd	AAA	8.87%
Bank of New Zealand	AA-	4.74%
Westpac NZ Limited	AA-	3.50%
ASB Bank NZ Limited	AA-	3.31%
Kiwibank Limited	AA	2.85%
Auckland Regional Council	AA	2.52%
Transpower New Zealand	AA	1.93%
ANZ Bank NZ Limited	AA-	1.39%
TOP 10 ISSUERS		88.33%

Key personnel

Position	Chief Executive Officer	General Manager Investments	Senior Portfolio Manager
Name	Glenys Talivai	Amanda Livingstone	Nick Combs
Time in position	4 years, 9 months	1 year, 1 month	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 30 September 2023, a copy of which is available on request to Public Trust.

Contact information

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