



Public Trust Investment Service

Diversified Funds and Cash Fund
Quarterly Update
30 June 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 options offered in the Public Trust Investment Service Diversified Funds, as well as the 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.



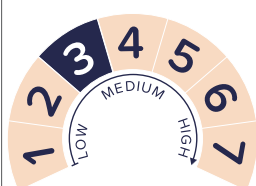
Risk indicator

Management fee	0.30% of your balance each year
Third party management fees	Nil
Total value of the Fund	\$193.3m
Unit price (redemption)	1.0719
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).

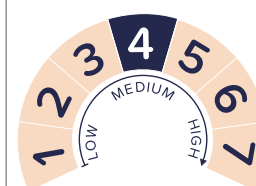


Risk indicator

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	\$159.2m
Unit price (redemption)	1.1085
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.

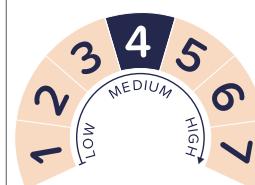


Risk indicator

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.

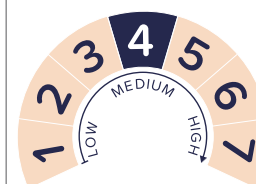


Risk indicator

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).

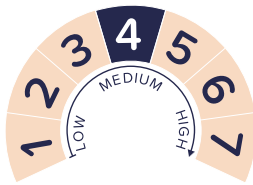


Risk indicator

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	\$302.2m
Unit price (redemption)	1.4022
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.

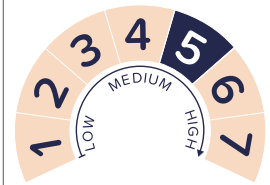


Risk indicator

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

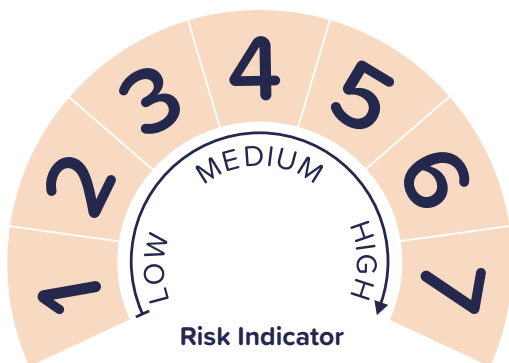
Aims to produce high long-term capital growth by investing 80% in diversified growth assets (shares and listed property) and 20% in diversified income assets (cash and bonds).



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	\$22.2m
Unit price (redemption)	1.5276
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 to 30 June 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 funds offered by the sub-contracted investment manager appointed to manage international shares. 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 include, but are not limited to brokerage and settlement and clearing services expenses. 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:

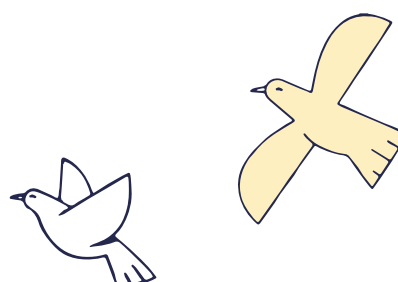
Public Trust management fee: = \$85.00

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.

The fees can be changed

Public Trust publishes an update for all its Funds showing the fees actually charged during the most recent year. The Fund update, including past reports, is available at www.publictrust.co.nz



Market Update

Markets at a glance

	Returns			Returns	
	Quarter	Year		Quarter	Year
New Zealand shares	0.40%	10.60%	New Zealand cash	1.30%	4.10%
Australian shares (Local)	1.00%	14.80%	New Zealand bonds	-0.60%	0.50%
Global shares (Unhedged)	8.40%	18.30%	Global bonds	0.10%	-0.30%
Global shares (Local)	6.60%	16.50%	NZD/USD	-2.10%	-1.50%
New Zealand property	3.00%	-1.00%	NZD - TWI	-0.60%	0.70%

Review of markets over Second Quarter of 2023

Global markets extended gains during the second quarter 2023, helped by cooling inflation, the prospect of slower interest rate rises and optimism over artificial intelligence (AI).

US equities outpaced most developed world markets over the quarter returning 10.9%, lifted by strong gains among a few companies involved in AI technology. Meanwhile, local markets have again fallen short of their global peers as New Zealand dipped into a ‘technical recession’ and Australia’s central bank unexpectedly raised interest rates. The NZX50 index advanced 0.4%, underperforming Australian shares which returned 1% over the three months.

The US Federal Reserve (the Fed) delivered one interest rate hike in May but left rates unchanged at 5.25% in June which drove market momentum. Turning to NZ, the Reserve Bank of New Zealand (RBNZ) lifted the Official Cash Rate (OCR) by 0.25% to 5.5% as anticipated by the market and left its projections for the peak unchanged at 5.5%.

Financial markets have proved resilient over 2023. However, the headwinds facing the global economy at the start of the year may have yet to appear, which could add to volatility in the near-term. Positively, unemployment remains low and interest rates may be approaching a peak. 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 markets extended gains in the second quarter, supported by favourable inflation data, the prospect of slower interest rate rises and optimism over AI.

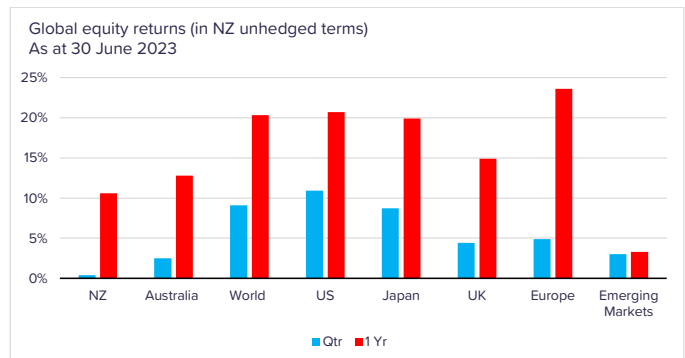
US equities rose 10.9% (in NZD terms), topping the world’s major developed markets. The outperformance was lifted by strong gains among a few companies involved in AI technology. A surprise fall in US inflation compounded by the Fed’s decision to pause its hiking cycle also drove the market’s momentum. The Fed delivered one interest rate hike in May but left rates unchanged at 5.25% in June.

In contrast to the Fed’s move to hold rates steady, the

European Central Bank (ECB) and Bank of England (BOE) raised interest rates more than expected, putting pressure on their markets. European equities rose 1.8% while UK shares fell -0.6% (in local currency terms) and both underperformed their international peers over the quarter.

Similarly, Emerging markets posted a small gain over the 3 months, returning 1.7% (in local currency terms) and trailed the broader market. Chinese equities declined, losing 9% amid a weaker than expected economic recovery despite China’s central bank lowering interest rates.

Around the world, bond markets fell, as major central banks continued tightening monetary conditions in the fight against inflation. The Bloomberg Barclays Global Aggregate Index declined -0.60% as bond yields climbed over the quarter.



New Zealand

The New Zealand share market delivered a small gain over the quarter, returning 0.4%, which fell short of that generated by global peers. Limiting the gains was a decline in economic output for a second consecutive quarter, after weakness became widespread, pushing the country into a technical recession.

Positively, consumer price inflation for the March quarter, surprised to the downside and helped cushion the market’s advance, along with signs business sentiment is improving. The ANZ business outlook survey released showed an uptick in confidence as businesses were encouraged by the RBNZ’s announcement to ‘pause and assess’ its hiking cycle coupled with lower inflation expectations.

Turning to the Trans-Tasman, the Australian equity market eked out a small gain over the quarter, with the S&P/ASX200 index returning 1.0% (in local currency terms), under the weight of higher interest rates. Like the ECB and BOE, the Reserve Bank of Australia unexpectedly turned hawkish, and raised its policy rate to 4.1%, noting persistent inflation.

NZ listed property returned 3.0% over the 3 months and outperformed its global equivalent by 1.8% but lagged broader equity markets. The move higher is partly due to RBNZ's decision to leave the OCR unchanged as investors reassess property valuations and relative yields.

In fixed income, the NZ bond market was slightly negative, with the Bloomberg NZ Bond composite Index down -0.6% during the quarter, as markets continue to react to incoming data concerning inflation and the RBNZ's signal that it is nearing the peak in interest rates.

The NZD fell against most currencies on a trade weighted basis, returning -0.6% for the 3-month period, but up 0.70% for the year. The US dollar lost ground against most major currencies, with the NZ/USD up 2.2% for June.

Outlook

Financial markets have proved resilient over 2023. However, the headwinds facing the global economy at the start of the year may have yet to appear, which could add to volatility in the near-term. Positively, unemployment remains low and interest rates may be approaching a peak. 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	1.28%	3.93%	2.18%
Defensive Fund	0.94%	3.17%	2.93%
Conservative Portfolio	1.65%	4.82%	3.96%
Moderate Portfolio	2.37%	6.48%	4.98%
Balanced Fund	2.85%	7.59%	5.67%
Balanced Growth Portfolio	3.42%	8.99%	6.26%
Growth Fund	3.99%	10.40%	6.85%

Commentary on performance

Global markets extended gains during the second quarter 2023, helped by cooling inflation data, the prospect of slower interest rate rises and optimism over artificial intelligence.

All diversified funds posted gains in the June Quarter. The Defensive and Conservative Funds returned 0.94% and 1.65% respectively, despite NZ bonds and NZ shares having a weaker quarter. The other diversified funds more exposed to shares gained (see performance table), as international equity markets rose sharply over the 3 months. The Cash Fund increased over the period, returning 1.28%, benefitting from the current interest rate environment.

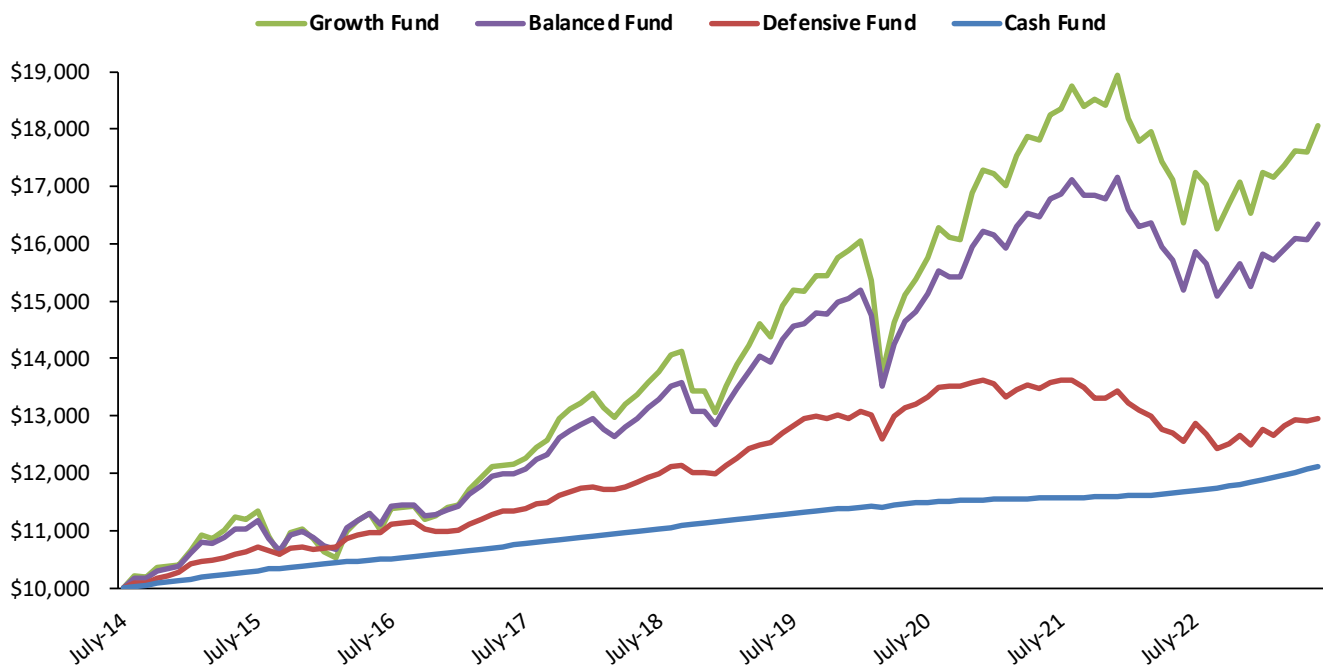
Note on returns

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

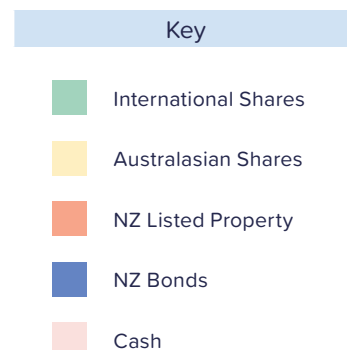
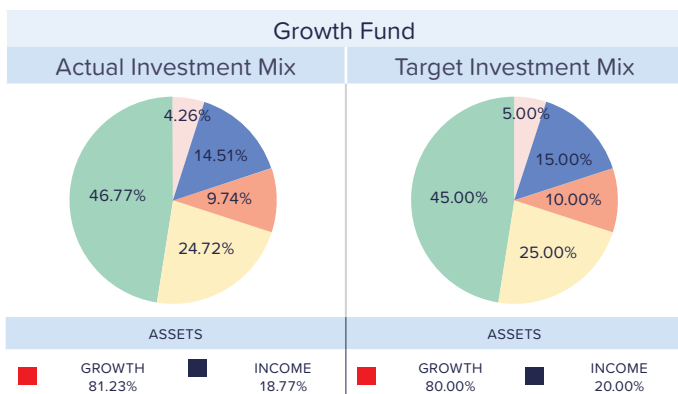
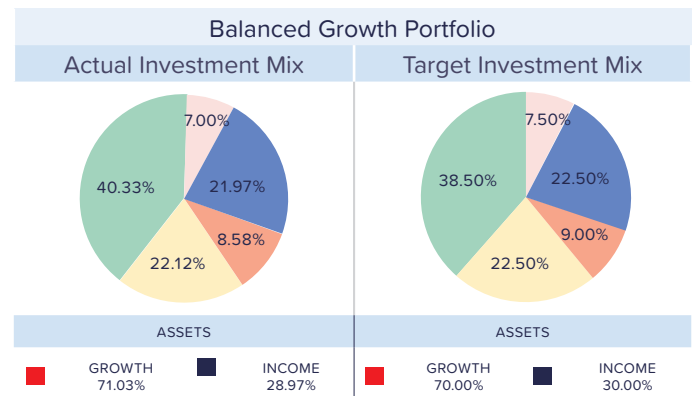
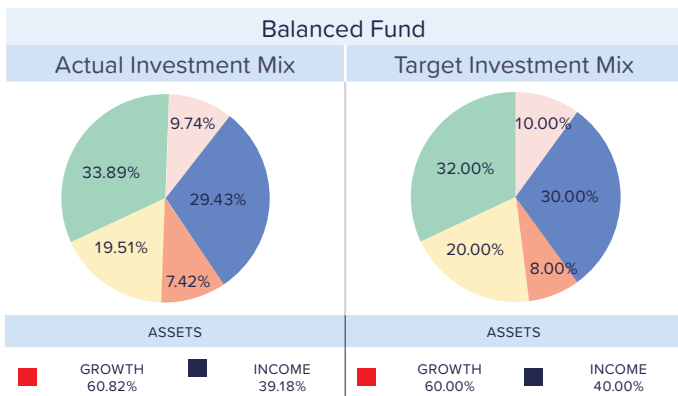
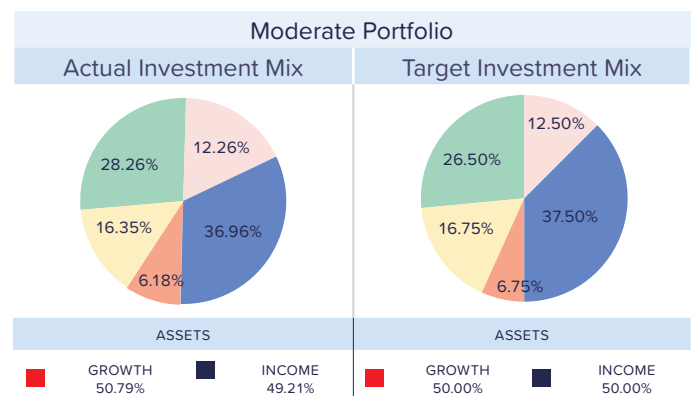
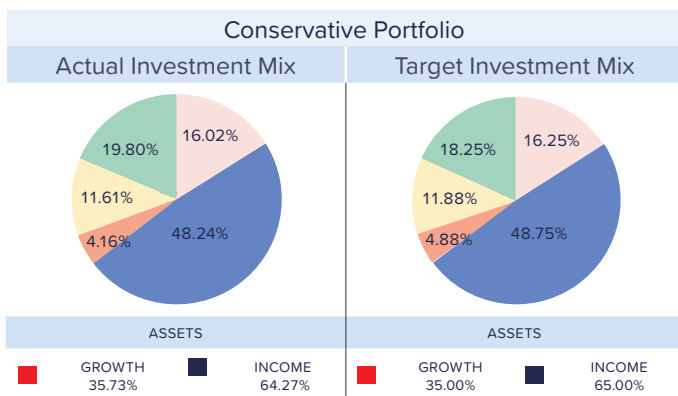
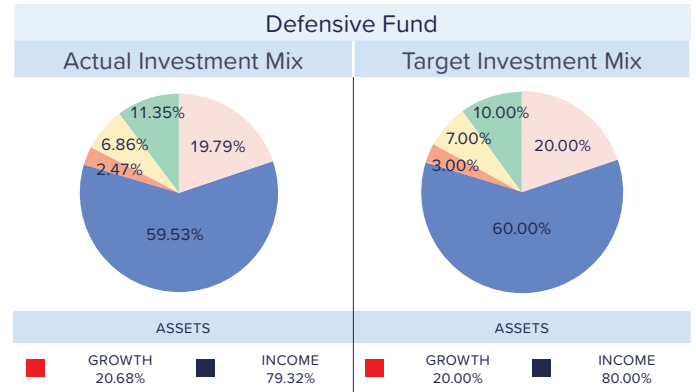
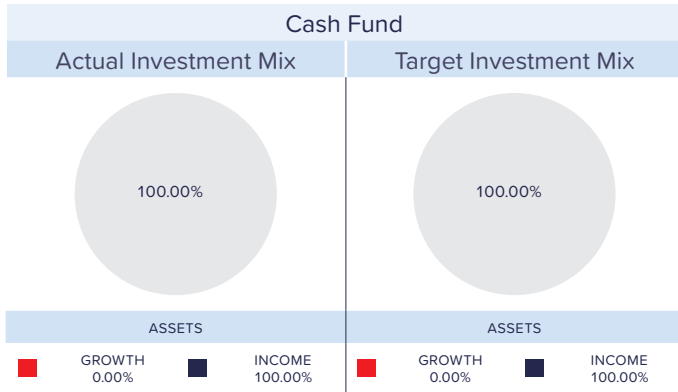
Value of the investment



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	4.84%
Microsoft Corp	United States	3.79%
Amazon.com	United States	1.90%
Nvidia	United States	1.65%
Tesla	United States	1.18%
Alphabet A	United States	1.12%
Alphabet C	United States	1.02%
Meta Platforms A	United States	1.00%
Taiwan Semiconductor MFG	Taiwan	0.72%
Unitedhealth Group	United States	0.71%
Top 10 Issuers		17.93%

AUSTRALASIAN SHARES		
COMPANY	COUNTRY	WEIGHTING
Fisher & Paykel Healthcare Corporation Limited	New Zealand	8.84%
Auckland Intl Airport Ltd	New Zealand	6.43%
Spark New Zealand Ltd	New Zealand	5.89%
Infratil Ltd	New Zealand	5.10%
Meridian Energy Ltd	New Zealand	4.23%
Contact Energy Ltd	New Zealand	3.96%
Mainfreight Limited	New Zealand	3.83%
EBOS Group Ltd	New Zealand	3.68%
Fletcher Building Ltd	New Zealand	2.62%
Mercury NZ Limited	New Zealand	2.62%
Top 10 Issuers		47.19%

NZ LISTED PROPERTY		
COMPANY	COUNTRY	WEIGHTING
Goodman Property Trust	New Zealand	22.83%
Precinct Properties New Zealand Limited	New Zealand	16.99%
Kiwi Property Group Limited	New Zealand	13.97%
Property for Industry Ltd	New Zealand	11.60%
Vital Healthcare Property Trust	New Zealand	10.83%
Argosy Property Ltd	New Zealand	9.22%
Stride Stapled Group	New Zealand	7.39%
Investore Property Limited	New Zealand	4.13%
New Zealand Rural Land Company Ltd	New Zealand	1.11%
Asset Plus Ltd	New Zealand	0.75%
Top 10 Issuers		98.82%

INCOME ASSETS

NZ CASH		
ISSUER	CREDIT RATING	WEIGHTING
Westpac NZ Limited	AA-	14.69%
ANZ Bank NZ Limited	AA-	14.50%
ASB Bank NZ Limited	AA-	14.23%
Bank of New Zealand	AA-	12.33%
Kiwibank Limited	AA	12.09%
Rabobank NZ Limited	A+	5.85%
Industrial and Commercial Bank of China NZ Limited	A	2.99%
China Construction Bank	A	2.97%
Bank of China	A	2.94%
Auckland International Airport	A-	2.39%
TOP 10 ISSUERS		84.98%

NZ BONDS		
ISSUER	CREDIT RATING	WEIGHTING
New Zealand Government	AAA	34.31%
NZ Local Government Funding Agency Ltd	AAA	22.75%
Housing New Zealand Ltd	AAA	9.58%
Bank of New Zealand	AA-	4.57%
ASB Bank NZ Limited	AA-	3.95%
Westpac NZ Limited	AA-	3.89%
Auckland Regional Council	AA	2.33%
Transpower New Zealand	AA	2.04%
Kiwibank Limited	AA	1.98%
ANZ Bank NZ Limited	AA-	1.67%
TOP 10 ISSUERS		87.06%

Key personnel

Position	Chief Executive Officer	General Manager Investments	Senior Portfolio Manager
Name	Glenys Talivai	Amanda Livingstone	Nick Combs
Time in position	4 years, 3 months	7 months	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 1 April 2023, a copy of which is available on request to Public Trust.

Contact information

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