



Public Trust Investment Service

Diversified Funds and Cash Fund
Quarterly Update
31 March 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.



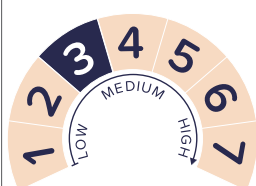
Risk indicator

Management fee	0.30% of your balance each year
Third party management fees	Nil
Total value of the Fund	\$153.2m
Unit price (redemption)	1.0697
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).

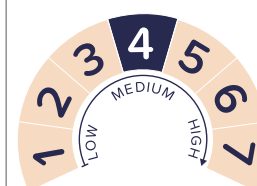


Risk indicator

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	\$154.4m
Unit price (redemption)	1.1047
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.

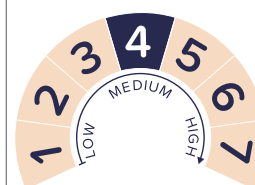


Risk indicator

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.

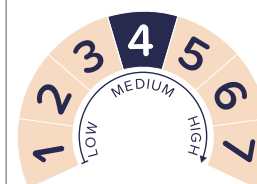


Risk indicator

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).

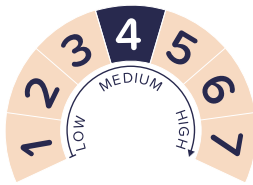


Risk indicator

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	\$291.0m
Unit price (redemption)	1.3686
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.

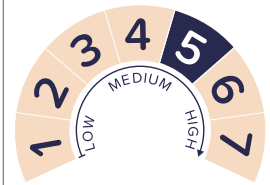


Risk indicator

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

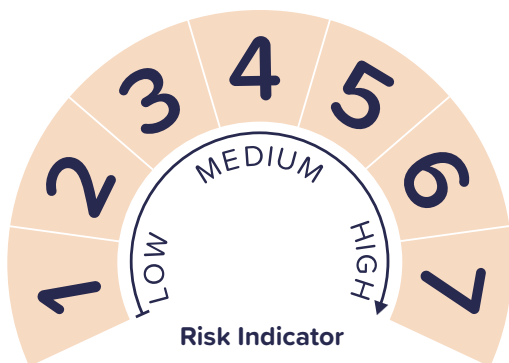
Aims to produce high long-term capital growth by investing 80% in diversified growth assets (shares and listed property) and 20% in diversified income assets (cash and bonds).



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	\$21.5m
Unit price (redemption)	1.4741
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 31 March 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:

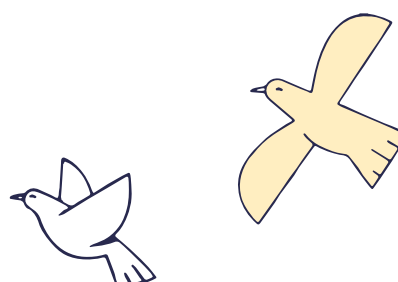
Public Trust management fee: = \$85.00

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	3.90%	-1.00%	New Zealand cash	1.10%	3.20%
Australian shares (Local)	3.50%	0.10%	New Zealand bonds	2.40%	-1.30%
Global shares (Unhedged)	8.50%	2.90%	Global bonds	2.70%	-4.80%
Global shares (Local)	7.00%	-5.60%	NZD/USD	-1.60%	-4.60%
New Zealand property	1.80%	-15.70%	NZD - TWI	-1.10%	-10.00%

Review of markets over the First Quarter of 2023

Financial markets performed well in the quarter, boosted by signs inflation is cooling and hopes that central banks may be nearing a peak in interest rate increases. Difficulties in the US banking sector contributed to volatility in the final month, leading to speculation about the path of interest rates, which roiled markets globally.

Global equities rose 8.5% for the quarter, while European equities closed higher gaining 11.8% followed by US equities returning 8.8%. Global bonds also increased by 2.7% benefitting from the prospect of easier monetary policy and lower inflation expectations.

It was a good quarter for New Zealand equities and NZ bonds returning 3.9% and 2.4% respectively, helped by favourable inflation data and China's economic growth coming in stronger than expected having a positive impact on the NZ economy. Despite economic data showing consumer prices easing, the Reserve Bank of New Zealand (RBNZ) raised the Official Cash Rate (OCR) to 4.75% in February as they see upside risks to the inflation outlook.

While 2023 is expected to see an easing of global inflation, the effects of monetary tightening across many economies may have yet to appear. There are signs global growth is slowing and the risk of recession rising which could add to volatility in the quarters ahead. Positively, unemployment remains low and interest rates may be approaching a peak. However, given the uncertain environment, it is important for investors to have a well-diversified investment portfolio with a focus on the long-term.

Global markets

Global equities rose 8.5% (in unhedged NZD terms) in the first quarter, boosted by signs inflation is cooling, hopes that major central banks may be nearing a peak in interest rate increases, and investors rotating into growth sectors.

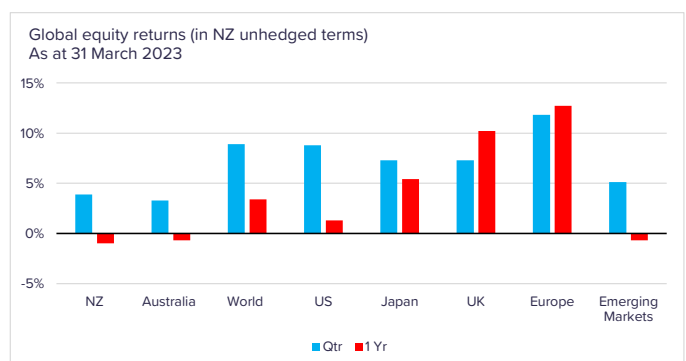
The US equity market rose 8.8% (in in unhedged NZD terms) as most sectors made robust gains over the quarter, with information technology having the strongest returns. Favourable inflation data compounded by the US Federal Reserve softening its stance for further rate rises supported growth equities. Limiting overall performance was the

financial sector which was dragged down by the collapse of two US regional banks in March which roiled markets globally.

European equities gained 11.80% (in unhedged NZD terms) topping the world's major developed markets. The outperformance was supported by better-than-expected economic data and signs of inflation easing across Europe. The European Central Bank (ECB) raised interest rates by 0.50% to 3.0%, while acknowledging that it was monitoring the turmoil in the banking sector. Similarly, the Bank of England raised interest rates from 3.5% to 4.25% as inflation accelerated to 10.4% in February. Markets now expect the BOE to raise interest rates after the surprise surge.

Emerging markets also fared well for the quarter, returning 5.1% (in unhedged NZD terms) helped by a weak US dollar and China's economy showing signs of momentum amid progressive reopening and monetary policy.

Global bond markets advanced as investors re-evaluated the path of inflation and interest rate expectations. The Bloomberg Barclays Global Aggregate Index rose 2.70% for the quarter.



New Zealand

The New Zealand share market rose over the period, returning 3.9%, supported by lower inflation and China's economic growth coming in stronger than expected having a positive impact on the NZ economy. Similarly, the overseas banking situation weighed on financials dragging the NZX50 Index lower, while growth sectors provided a cushion and drove it higher.

Local economic activity decelerated 0.6% in the December quarter, which was a bigger drop than expected raising concerns about a recession. Meanwhile, the economic impact of Cyclone Gabrielle is still being assessed. In terms of business sentiment, the ANZ business outlook survey for March showed confidence was largely unchanged, but still down and inflation expectations easing.

Likewise, the Australian equity market made strong gains over the quarter, with the S&P/ASX200 index returning 3.3% (in unhedged NZD terms), but the recent international banking issues weighed on performance. Inflation for the December quarter was stronger than expected, up 1.9%, raising expectations that the Reserve Bank of Australia (RBA) will increase rates.

NZ listed property returned 1.8% for the period and outperformed its global equivalent by 1.2%. The pressures from higher interest rates dragged down the sector as investors reassess property valuations and relative yields.

In fixed income, the NZ bond market advanced, with the Bloomberg NZ Bond composite Index up 2.4% during the quarter, partly due to investors seeking risk-off assets amid volatile international markets and attracted by investment yields. The RBNZ continues to see upside inflationary risks, and lifted the Official Cash Rate (OCR) to 4.75% in February which surprised markets after incoming inflation was weaker.

The NZD fell against most currencies on a trade weighted basis, returning -1.6% for the 3-month period, and down 10% against the USD for the year. The strong US dollar reflects the significant rise in US interest rates and its safe-haven status during volatile markets.

Outlook

While 2023 is expected to see an easing of global inflation, the effects of monetary tightening across many economies may have yet to appear. There are signs global growth is slowing and the risk of recession rising which could add to volatility in the quarters ahead. Positively, unemployment remains low and interest rates may be approaching a peak. Given the uncertain environment, it is important for investors to have a well-diversified investment portfolio with a focus on the long-term.

How have the Funds performed?

	Qtr	Year	Inception
Cash Fund	1.07%	3.01%	2.10%
Defensive Fund	2.69%	-1.31%	2.91%
Conservative Portfolio	3.24%	-1.89%	3.88%
Moderate Portfolio	3.79%	-2.48%	4.85%
Balanced Fund	4.16%	-2.87%	5.49%
Balanced Growth Portfolio	4.59%	-3.09%	6.03%
Growth Fund	5.02%	-3.31%	6.57%

Commentary on performance

Financial markets performed well in the quarter, boosted by signs inflation is cooling and hopes that central banks may be nearing a peak in interest rate increases. Difficulties in the US banking sector contributed to volatility in the final month, leading to speculation about the path of interest rates, which roiled markets globally.

All the diversified funds finished the March Quarter in positive territory despite volatility over the 3-month period. The Defensive and Conservative Funds returned 2.69% and 3.24% respectively. Each Fund has a significant weighting to NZ bonds which edged higher as lower inflation readings and risk of sentiment supported bond valuations. The remaining diversified funds performed well over the quarter (see performance table), as Australasian and international equities gained as investors rotated into higher risk assets. The Cash Fund increased over the period, returning 1.07%, benefitting from the rising interest rate environment.

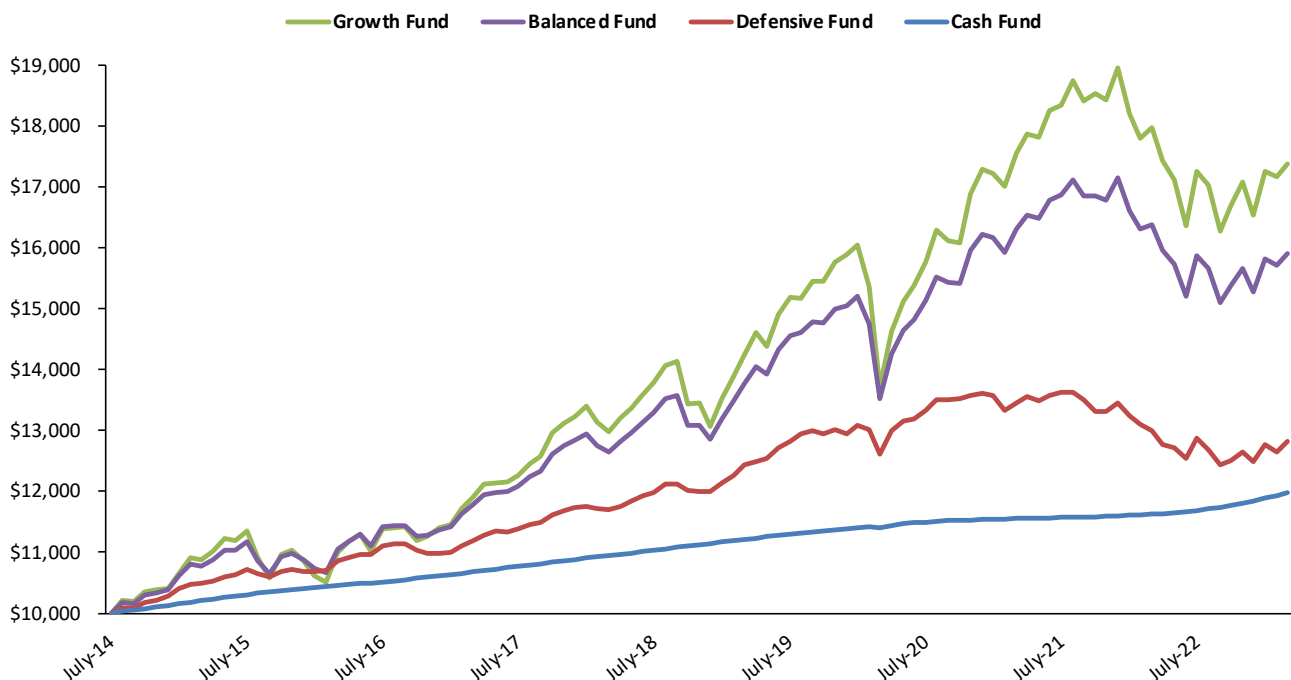
Note on returns

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

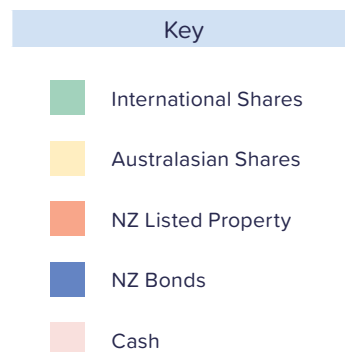
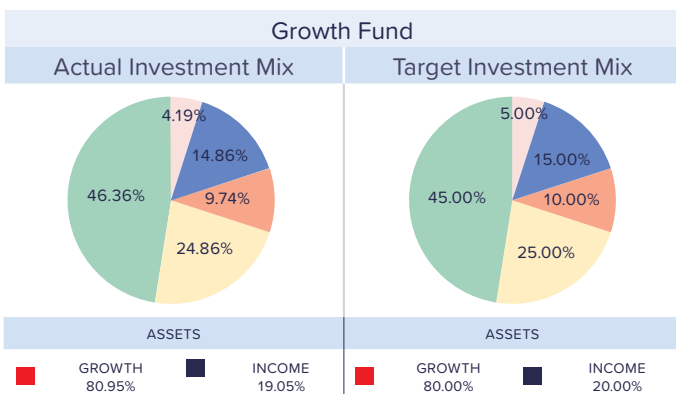
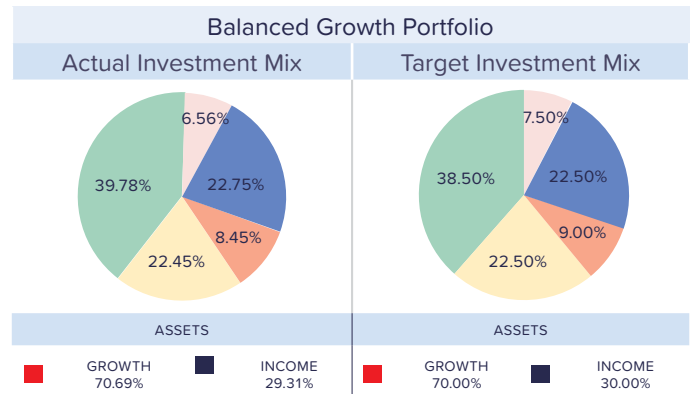
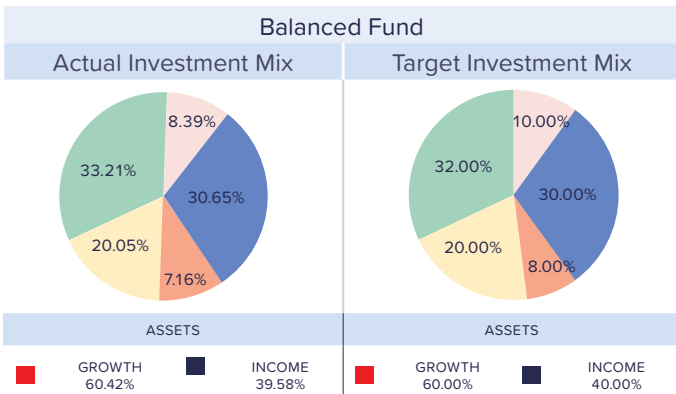
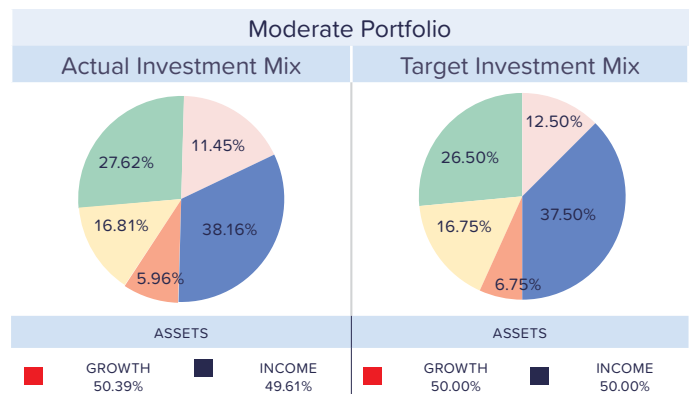
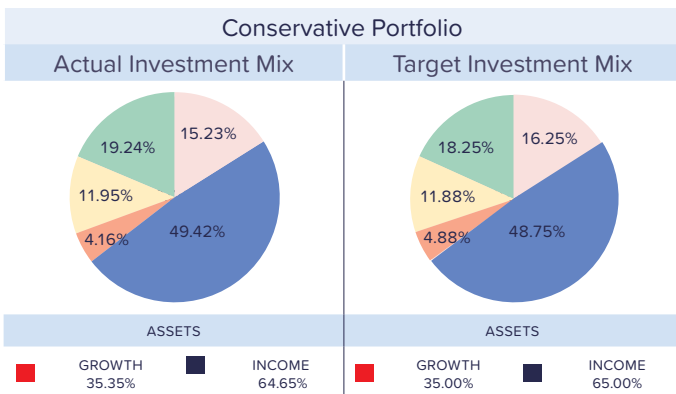
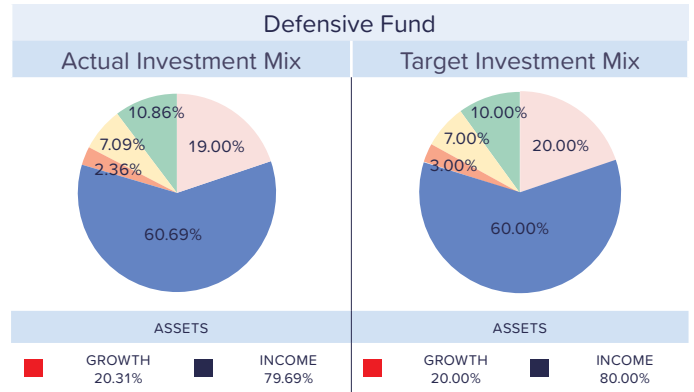
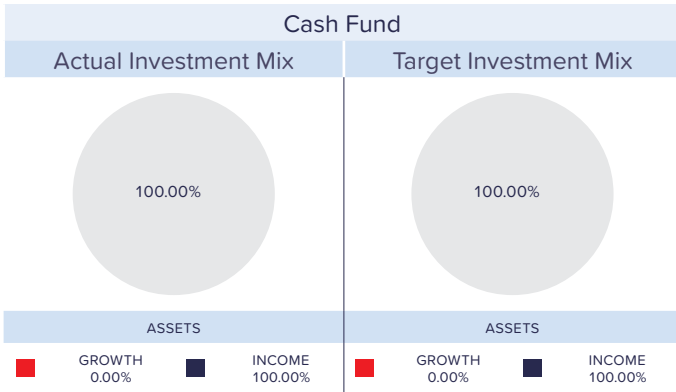
Value of the investment



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	4.37%
Microsoft Corp	United States	3.40%
Amazon.com	United States	1.58%
Nvidia	United States	1.14%
Alphabet A	United States	1.03%
Alphabet C	United States	0.95%
Tesla	United States	0.93%
Meta Platforms A	United States	0.79%
Exxon Mobil Corp	United States	0.75%
Unitedhealth Group	United States	0.74%
Top 10 Issuers		15.68%

AUSTRALASIAN SHARES		
COMPANY	COUNTRY	WEIGHTING
Fisher & Paykel Healthcare Corporation Limited	New Zealand	9.73%
Auckland Intl Airport Ltd	New Zealand	6.62%
Spark New Zealand Ltd	New Zealand	5.97%
EBOS Group Ltd	New Zealand	4.69%
Infratil Ltd	New Zealand	4.20%
Meridian Energy Ltd	New Zealand	4.01%
Contact Energy Ltd	New Zealand	3.82%
Mainfreight Limited	New Zealand	3.78%
a2 Milk Co Ltd	New Zealand	2.88%
BHP Group Ltd	Australia	2.73%
Top 10 Issuers		48.43%

NZ LISTED PROPERTY		
COMPANY	COUNTRY	WEIGHTING
Goodman Property Trust	New Zealand	22.40%
Precinct Properties New Zealand Limited	New Zealand	17.03%
Kiwi Property Group Limited	New Zealand	14.22%
Property for Industry Ltd	New Zealand	11.56%
Vital Healthcare Property Trust	New Zealand	11.02%
Argosy Property Ltd	New Zealand	9.35%
Stride Stapled Group	New Zealand	7.04%
Investore Property Limited	New Zealand	4.17%
New Zealand Rural Land Company Ltd	New Zealand	1.25%
Asset Plus Ltd	New Zealand	0.72%
Top 10 Issuers		98.75%

INCOME ASSETS

NZ CASH		
ISSUER	CREDIT RATING	WEIGHTING
ANZ Bank NZ Limited	AA-	15.94%
ASB Bank NZ Limited	AA-	15.85%
Westpac NZ Limited	AA-	13.89%
Bank of New Zealand	AA-	12.74%
Kiwibank Limited	AA	8.84%
Rabobank NZ Limited	A+	6.93%
China Construction Bank	A	3.50%
Greater Wellington Regional Council	AA+	2.79%
Industrial and Commercial Bank of China NZ Limited	A	2.64%
The Hongkong and Shanghai Bank NZ Limited	AA-	2.60%
TOP 10 ISSUERS		85.72%

NZ BONDS		
ISSUER	CREDIT RATING	WEIGHTING
New Zealand Government	AAA	35.70%
NZ Local Government Funding Agency Ltd	AAA	22.19%
Housing New Zealand Ltd	AAA	8.66%
Bank of New Zealand	AA-	5.17%
ASB Bank NZ Limited	AA-	4.06%
Westpac NZ Limited	AA-	3.93%
Auckland Regional Council	AA	2.76%
ANZ Bank NZ Limited	AA-	2.35%
Transpower New Zealand	AA	2.07%
Kiwibank Limited	AA	1.68%
TOP 10 ISSUERS		88.58%

Key personnel

Position	Management Investment Committee Chair	Chief Executive	General Manager Investments
Name	Peter Aish	Glenys Talivai	Amanda Livingstone
Time in position	2 years, 6 months	4 years, 0 months	4 months
Previous Position	Chief Financial Officer	General Manager	Head of Investments
Time in previous position	2 years 5 months	4 years 5 months	8 months
Employer	Southern Cross Benefits Limited	Tower Insurance	Public Trust

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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