TRUST INVESTMENTS

For Good Investment

The Outlook | Te Tirohanga

Performance Insights + Fund Updates

For the three months to 30 September 2026

A word from our Chief Investment Officer

The Outlook | Te Tirohanga



Matthew Goldsack
Chief Investment Officer

"Ki a koe tēnā kīwai o te kete, ki a au tēnei kīwai"

You take that handle and I will take this handle of the basket.

Tēnā koutou and welcome to the September edition of The Outlook, our quarterly update on markets, the Trust Management PIE Funds, what lies ahead, and how we continue to put ethical investing into action.

Looking back at the quarter

The quarter was again shaped by uncertainty, with geopolitics and changing interest-rate expectations influencing markets, while artificial intelligence continued to support global equities. Closer to home, attention is increasingly turning to the forthcoming general election.

Periods of volatility reinforce the importance of a diversified, long-term approach. More detail on recent market developments and our outlook is included in the fund commentaries that follow.

Responsible investment leadership

Ethical investing remains central to our approach. This quarter, we were pleased to contribute to the inaugural Investment Sector Kaupapa Māori Market Scan as a survey respondent and member of the working group behind it. The research provides a first baseline of how kaupapa Māori is reflected across the investment sector in Aotearoa, and a foundation we look forward to building on.

We were also delighted to be named a 2026 Responsible Investment Leader by the Responsible Investment Association Australasia (RIAA), recognising how responsible investment is embedded across our governance, investment approach and stewardship.

Ngā mihi

Finally, thank you for the trust you continue to place in us. As a charitable trust, our profits contribute to community good, and that purpose continues to guide how we manage capital: ethically, carefully and for the long term.

If you know another trust, foundation, iwi, parish, school or charitable organisation that may benefit from our approach, we would be grateful if you shared our story.

As always, if you would like to discuss your portfolio, markets or investment governance, please reach out. We are always happy to kōrero.

Nāku iti nei, nā

Matthew

Matthew Goldsack
Chief Investment Officer

Get in touch:

Bringing Different Types of Capital Together

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Photo credit: Impact Investment Exchange (IIX)

The Women's Livelihood Bond is a current holding within the Trust Management ESG International Bond Fund, for which Nuveen is the underlying investment manager.

One of the most interesting conversations at the 2026 Responsible Investment Association Australasia (RIAA) Aotearoa Conference in Auckland was about what it takes to turn a good idea into an investment opportunity that can attract capital at scale.

In a session chaired by Trust Investments, representatives from global investment manager Nuveen and impact investment organisation Impact Investment Exchange (IIX) discussed the Women's Livelihood Bond Series. The bonds provide women across emerging markets with access to finance, clean energy and economic opportunities.

Some investments with strong social or environmental outcomes can involve higher risks, less established markets or structures that make them difficult for mainstream institutional investors to access. This is where different types of capital can work together.

Development agencies, foundations and other impact-focused investors may be able to provide concessional, or catalytic, capital. This can include taking on more risk, accepting lower returns, providing guarantees or absorbing some initial losses. By reducing some of the early-stage risk, these structures can help attract non-concessional institutional capital on more familiar investment terms.

The Women's Livelihood Bond Series provides an example. According to reporting by the programme, it has mobilised more than US$320 million across seven issuances and reached close to 3.5 million women and girls.

In practice, this can mean providing affordable loans for income-generating assets, such as a sewing machine that allows a woman running a small business to expand her services and increase revenue. Loans can also fund practical improvements such as a tube well or household latrine, which may not directly generate income but can free up time and reduce days lost to illness.

For us, the example reinforces something we have believed for some time: responsible investment is not simply about finding investments with a positive story. It is about finding practical ways for capital to support positive outcomes while still meeting investors' financial requirements.

That means remaining open to opportunities that can deliver both financial and real-world outcomes, while applying the same standards of risk, return and suitability we would expect of any investment.

TRUST INVESTMENTS

ESG Balanced Fund

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The Balanced Fund was broadly flat for the quarter, with gains from international shares and property offsetting weaker bond returns.

The Trust Management ESG Balanced Fund ("Balanced Fund") invests in five single asset class funds. It has a medium level of risk and spreads its investments across bonds (30%), shares (38%), and property (32%). The Fund focuses on providing steady income while managing risk.

The Balanced Fund returned -0.2% (gross of fees) for the three months to 30 September 2026, following a +5.0% gain in the June quarter. The broadly flat result reflected weaker returns from bonds and New Zealand shares, largely offset by positive returns from international shares and property.

The Fund's 12-month return was 4.0% (gross of fees).

Market conditions were more mixed over the September quarter. The US economy remained resilient, but higher energy prices kept inflation elevated and central banks, including the Reserve Bank of New Zealand, raised interest rates.

Bond yields rose to multi-decade highs in several major markets, weighing on both bond returns and New Zealand shares.

International shares and directly held commercial property were the main contributors to performance, supported by resilient global company earnings and income - led returns from the Fund's commercial property holdings. The Fund held a slight overweight allocation, relative to its long-term target weighting, to international shares during the quarter.

Overall, while inflation, interest rates and geopolitical risks may continue to drive volatility, we remain constructive on the outlook. Higher bond yields have improved the income available from bonds, and the Fund remains well diversified and positioned to provide resilience and sustainable income through different market environments.

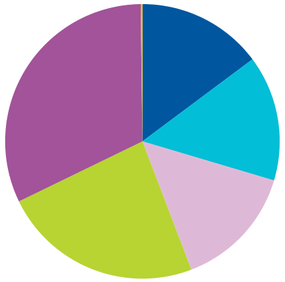
Performance
to 30 September 2026

	Balanced Fund
3 months	-0.2%
1 year	4.0%
3 years pa	8.3%
5 years pa	3.6%
10 years pa	6.8%
Inception pa	7.1%

Returns are before fees, expenses and tax, and annualised for periods longer than one year. Inception date: 01 June 2006. Refer to notes on Page 10.

There is no representative market Benchmark Index for the Trust Management ESG Balanced Fund (refer to Notes on Page 10). The Fund is managed by the internal team at Trust Management.

Asset Allocation
As at 30 September 2026



- New Zealand Bonds - 14.8%
- International Bonds - 14.8%
- Australasian Shares - 14.6%
- International Shares - 23.6%
- Property - 32.0%
- Cash - 0.2%

Please refer to Notes on Page 10.

Property Fund

The Outlook | Te Tirohanga

Buyers are highly selective with focus on high-quality assets, secure income streams and realistic pricing given the movement of interest rates over the quarter.

The New Zealand commercial property market remained relatively steady through the September 2026 quarter, although rising bond yields, higher interest rates and election-related uncertainty has slowed transaction activity and value growth. Investors have become increasingly selective, favouring quality assets with secure income streams, strong tenant covenants and realistic pricing.

Industrial property and large format retail continued to lead the market, supported by good occupier demand and defensive tenant profiles. However, increasing industrial vacancy and new supply are creating greater tenant choice and reducing rental growth expectations. Office markets remain mixed. Demand for quality CBD buildings has improved, while secondary and suburban offices continue to face higher vacancy and weaker leasing conditions.

Retail conditions remain mixed, although dominant centres and large format retail assets continue to perform well and CBD retail conditions are improving.

Looking ahead, market conditions are expected to improve gradually through late 2026 and 2027 as economic activity strengthens and occupier demand recovers. In a flatter capital value environment, returns are likely to be driven more by leasing activity, tenant retention and rental growth than by further capital value gains.

The Property Fund remains well positioned, with a diversified portfolio of 18 assets focused on high-quality industrial and large format retail properties, while retaining flexibility to pursue future growth opportunities. As at 30 September 2026, the portfolio's contract income yield was 5.8%, the market income yield was 6.9%, and the Weighted Average Lease Term (WALT) was 4.8 years.

Performance
to 30 September 2026

	Property Fund
3 months	0.7%
1 year	7.3%
3 years pa	5.0%
5 years pa	2.7%
10 years pa	6.8%
Inception pa	8.6%

Returns are before fees, expenses and tax and annualised for periods longer than one year. Inception date: 08 January 2001. Refer to notes on page 10.

There is no representative market Benchmark Index for the Trust Management Property Fund (refer to Notes on Page 10). The Fund is actively managed by the internal team at Trust Management.

Sector Allocation
As at 30 September 2026



Please refer to Notes on Page 10.

ESG Australasian Share Fund

The Outlook | Te Tirohanga

Following a positive reporting season, the local market came under pressure in September from rising interest rates and energy prices.

New Zealand shares, as measured by the S&P/NZX 50 Portfolio Index, returned -0.1% for the three months to 30 September 2026. The Trust Management ESG Australasian Share Fund ("Australasian Share Fund") returned -1.3% (gross of fees), with its performance laging the benchmark index.

After five consecutive months of gains and a positive company reporting season, the local market came under pressure in September from rising interest rates and higher energy prices. The index fell -1.1% in September, reversing gains made earlier in the quarter. Caution ahead of the New Zealand general election also weighed on sentiment.

Within the local market, Hallenstein Glasson and Fonterra were among the strongest performers, rising +48% and +24% respectively, supported by strong annual results. Interest rate sensitive sectors, such as property and retirement village companies, lagged as bond yields rose.

Australian shares gained a modest +0.1% in local currency terms, with healthcare and energy performing well while consumer discretionary and real estate lagged.

Some short-term volatility may continue as businesses wait for greater clarity on future policy direction. However, there are increasing signs the domestic economic recovery is underway, which should support company earnings and investor sentiment over the medium term.

The Fund's underlying manager, Devon Funds Management, continues to focus on companies with resilient earnings, strong balance sheets and the ability to benefit from a gradually improving economy.

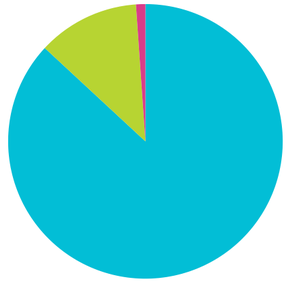
Performance
to 30 September 2026

	Australasian Share Fund	Benchmark
3 months	-1.3%	-0.1%
1 year	-7.3%	0.4%
3 years pa	2.9%	5.4%
5 years pa	-2.4%	-0.1%
10 years pa	7.5%	6.5%
Inception pa	9.6%	7.6%

Returns are before fees, expenses and tax and annualised for periods longer than one year. Inception date: 01 December 2002. Refer to Notes on Page 10.

The Fund is currently actively managed by Devon Funds Management. The Fund's benchmark is the S&P/NZX 50 Portfolio Index.

Regional Allocation
As at 30 September 2026



Please refer to Notes on Page 10.

ESG International Share Fund

The Outlook | Te Tirohanga

Company earnings and economic activity remained strong, despite the prolonged Middle East conflict and concerns about higher interest rates.

Global equities, as measured by the MSCI World Index (local currency), gained +1.9%, and +2.6% in unhedged NZD terms, for the three months to 30 September 2026. Despite the prolonged conflict in the Middle East and concerns about higher interest rates, company earnings and economic activity remained strong.

Technology-related industries and energy were among the strongest performers, while semiconductor equipment, transportation and some consumer-related industries lagged.

US equities (S&P 500) returned +2.0%, ahead of other developed markets. UK equities (FTSE 100) rose +1.0%, while Japanese (Nikkei 225) and European (Euro Stoxx) equities fell -4.7% and -0.9% respectively.

The NZD weakened against most major currencies over the quarter, with the trade-weighted index falling to its lowest level since 2009.

This boosted returns from unhedged offshore investments for New Zealand investors.

The Trust Management ESG International Share Fund ("International Share Fund") is 50% hedged to the New Zealand dollar and is invested via an index-tracking strategy managed by State Street Investment Management. The Fund seeks to track the MSCI World ex-Australia Index, subject to defined sustainability and climate-related objectives.

Relative to the benchmark index, the International Share Fund modestly outperformed over the quarter, mainly due to strong performance from selected industrial and technology stocks held in the Fund.

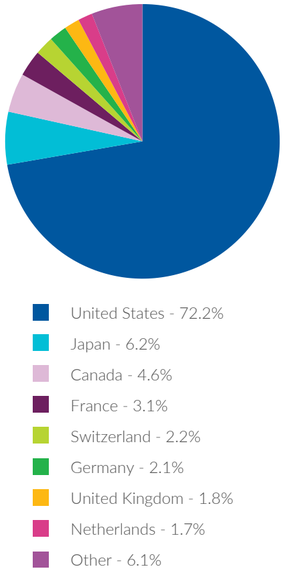
Performance
to 30 September 2026

	International Share Fund	Benchmark
3 months	2.7%	2.1%
1 year	14.9%	16.8%
3 years pa	22.0%	22.4%
5 years pa	13.4%	14.3%
10 years pa	14.3%	14.7%
Inception pa	9.8%	10.3%

Returns are before fees, expenses and tax and annualised for periods longer than one year. Inception date: 01 December 2005. Refer to Notes on Page 10.

The Fund currently invests in the State Street Climate ESG International Equity Fund, an Australian domiciled unit trust managed by State Street Investment Management. The Fund's benchmark index is the MSCI World ex Australia Index (50% hedged to NZD). The Fund follows an index investment style. Performance can deviate from the index due to the Fund's ethical investing criteria and currency hedging costs.

Regional Allocation
As at 30 September 2026



Please refer to Notes on Page 10.

ESG NZ Bond Fund

The Outlook | Te Tirohanga

The Fund remains focused on high-quality issuers and is positioned to benefit if longer-dated bond yields fall.

New Zealand bonds returned -2.0% for the September 2026 quarter, as higher global interest rates pushed domestic bond yields up and elevated energy prices lifted the inflation outlook. The New Zealand 10-year government bond yield rose around 0.7% to close just above 5%.

The Reserve Bank of New Zealand (RBNZ) raised the Official Cash Rate (OCR) by 0.5% to 2.75% over the quarter, as expected. Annual inflation rose to 4.1% in the June quarter, with higher fuel prices adding around 0.9%. At its September meeting, the RBNZ signalled the OCR is likely to rise gradually to around 3.2% over the next two years.

Although markets expect the economic impact of the US/Iran conflict to be temporary, the RBNZ expects higher costs to keep feeding into domestic inflation over the short to medium term as businesses pass them on to consumers.

The Trust Management ESG NZ Bond Fund ("NZ Bond Fund") underperformed its market benchmark over the quarter, as the Fund holds more longer-dated bonds than the benchmark index. Underlying manager Amova Asset Management has maintained this position to capture the attractive yields on offer, believing investors are well compensated for the additional interest rate and term risk. The Fund remains focused on high-quality issuers and is positioned to benefit if longer-dated bond yields fall.

As at 30 September 2026, approximately 36% of the Fund was invested in fixed interest securities with an Environmental, Social or Governance (ESG) objective, consistent with the Fund's mandate and long-term responsible investment objectives.

Performance
to 30 September 2026

	NZ Bond Fund	Benchmark
3 months	-2.5%	-2.0%
1 year	-0.1%	0.1%
3 years pa	6.5%	5.7%
5 years pa	2.2%	1.5%
10 years pa	2.6%	2.1%
Inception pa	4.6%	4.2%

Returns are before fees, expenses and tax, and annualised for periods longer than one year. Inception date: 09 September 2005. Refer to Notes in Page 10.

The Fund is currently actively managed by Amova Asset Management. The Fund's benchmark index is the Bloomberg NZBond Composite 0+ Index.

Sector Allocation
As at 30 September 2026



Please refer to Notes on Page 10.

ESG International Bond Fund

The Outlook | Te Tirohanga

Higher bond yields have weighed on prices, but have also improved the income outlook for bond investors.

Global bond markets experienced a sharp sell-off during the quarter as yields rose across short and long-dated bonds. The Bloomberg Global Aggregate Bond Index (NZD hedged) fell -2.9% for the September 2026 quarter. The US 10-year Treasury yield rose to its highest level since 2007, ending the quarter at 5.3%.

A key driver was a rise in the extra return investors demand for holding longer-term bonds, as high government borrowing and strong demand for capital increased the supply of longer-dated debt.

While higher yields have weighed on bond prices, they have also improved the outlook for bond investors. At current levels, high-quality bonds offer stronger income and the potential for meaningful returns above inflation over the medium to long term.

The Trust Management ESG International Bond Fund ("International Bond Fund"), managed by Nuveen, delivered a result broadly in line with global bond markets over the September quarter. The Fund's emphasis on credit quality and diversification supported performance during a volatile period.

The International Bond Fund continues to invest across global fixed income markets with a strong sustainability lens, targeting issuers that demonstrate environmental, social and governance leadership or provide measurable social and environmental impact. As at 30 September 2026, over 47% of the portfolio was allocated to securities qualifying under Nuveen's direct and measurable impact framework, including renewable energy, affordable housing and community development.

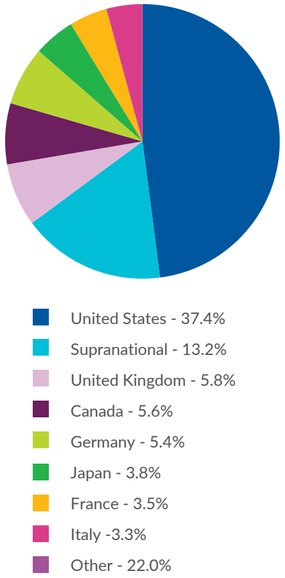
Performance
to 30 September 2026

	International Bond Fund	Benchmark
3 months	-2.8%	-2.9%
1 year	-1.7%	-2.1%
3 years pa	3.5%	3.3%
5 years pa	-0.3%	-0.4%
10 years pa	1.1%	1.3%
Inception pa	4.2%	4.5%

Returns are before fees, expenses and tax, and annualised for periods longer than one year. Inception date: 08 September 2005. Refer to Notes on page 10.

The Fund is actively managed by Nuveen via the Nuveen Global Sustainable Bond Fund. The Fund's benchmark is the Bloomberg Global Aggregate (NZD Hedged) Index.

Regional Allocation
As at 30 September 2026



Please refer to Notes on Page 10.

Notes

- As the Funds have only been operating since 1 April 2020, the returns shown have been calculated using the returns for the Trust Investments Group Investment Funds for the period from the relevant inception date to 31 March 2020, and the Trust Management PIE Funds Scheme from 1 April 2020 to the date of this report. On 1 April 2020 the Trust Management PIE Funds Scheme acquired all of the assets of the Trust Investments Group Investment Funds under a scheme restructure. Past performance is not indicative of future performance and is not guaranteed by FundRock NZ Limited, Trust Investments Management Limited, the Supervisor, or the underlying Investment Managers. Returns are gross of total annual fund charges and before the deduction of any PIE tax. Returns are annualised for periods longer than one year.

- **Benchmark return for the ESG Balanced Fund and the Property Fund.**

  For the purposes of the disclosure requirements of the Financial Markets Conduct Act 2013, it has been determined that there is no appropriate market index or suitable peer group index for the Property Fund that reflects the assets of the Fund that would be helpful to investors for assessing movements in the market in relation to the returns of the Fund. Accordingly, the Manager is relying on the exemption in the Financial Markets Conduct (Market Index) Exemption Notice 2024 in relation to the Property Fund.

  For the Balanced Fund, it has been determined that, even though the Balanced Fund invests in Funds (other than the Property Fund) with assets that have an appropriate market index, due to the size of the Balanced Fund's target allocation to and holding in the Property Fund (for which there is no appropriate market index), there is no appropriate market index or suitable peer group index for the Balanced Fund that would be helpful to investors for assessing movements in the market in relation to the returns of the Fund. Accordingly, the Manager is relying on the exemption in the Financial Markets Conduct (Market Index) Exemption Notice 2024 in relation to the Balanced Fund.

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