

# The Outlook | Te Tirohanga

## Performance Insights + Fund Updates

For the three months to 31 December 2025



# A word from our General Manager - Investments

The Outlook | Te Tirohanga



"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 December quarter edition of The Outlook, our regular update on the Trust Management PIE Funds (the Funds), market performance, and what lies ahead.

*Looking back at the year*

Despite an uncertain backdrop - policy shifts, geopolitics, and episodic volatility - we are pleased to report solid investment outcomes for investors with diversified portfolios. Strong capital gains from share markets underpinned performance, while steady income from commercial property continued to support investors seeking sustainable, long-term income.

This year also marked important change across our business: **Trust Management** - our charitable, client-service organisation - introduced a refreshed brand and identity that better reflects our purpose, *Standing with you, For Good*; and **Trust Investments** - our dedicated investment and funds management engine - with a focus on delivering good returns by doing good (*For Good Investment*). We deepened our stewardship efforts and advanced impact-aligned allocations, ensuring our investment approach remained strongly connected to community and values.

We made several changes to some of the Funds during the year, aimed at enhancing resilience and long-term return potential. We adjusted the asset allocation settings for the ESG Balanced Fund to improve diversification, and transformed the ESG International Bonds Fund, moving from

passive to active management and partnering with global investment house, Nuveen, to bring specialist capability and deeper ESG integration.

*Principles for Responsible Investment (PRI)*

We were encouraged by our latest results under the UN-supported Principles for Responsible Investment (PRI), the leading global benchmark for responsible investment practice. Our 2025 assessment remained well above global medians across all modules, with notable improvements in areas such as Policy, Governance & Strategy, and both passive equities and fixed income - reinforcing the consistency and depth of our approach. You can read more about this on page 3.

*In closing*

Thank you for being on this journey with us. We particularly want to thank all our clients, partners, and stakeholders for your continued trust and support.

If you'd like to speak with me or one of the team, please click on the QR code here. We would love to chat.

Nāku iti nei, nā

*Matthew*

Matthew Goldsack  
General Manager - Investments



# Principles for Responsible Investment (PRI) Report 2025

The Outlook | Te Tirohanga

As a signatory to the PRI, Trust Management reports annually on how environmental, social and governance (‘ESG’) considerations are embedded across our investment practices.



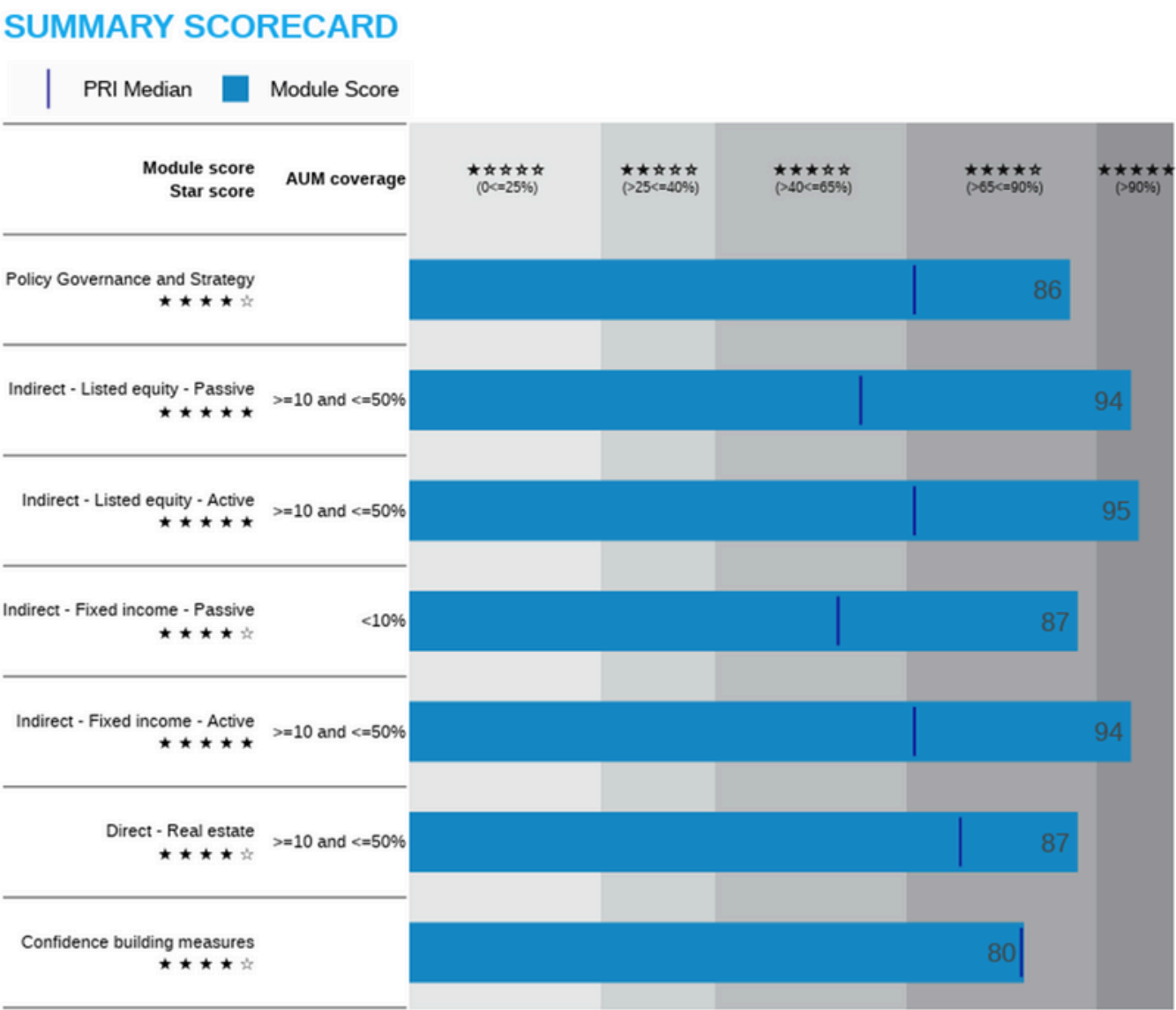
While PRI reporting was optional this year for signatories that reported in 2024, we elected to report on a voluntary basis. This reflects both the importance of ESG integration to our clients and the value of using the PRI framework to assess how our practices compare with global peers over time.

The 2025 results show a modest but meaningful uplift on 2024 and continue to sit well above the global industry median score across all modules. Policy, Governance and Strategy, Listed Equity Passive, and Fixed Income Passive improved materially. Listed Equity Active remained strong at 95%.

The blue bars in the chart show our scores across modules, while the blue lines represent the global median.

The year-on-year uplift primarily reflects improvements in how existing practices are documented, monitored, and evidenced. In particular, the work undertaken in 2024 year to prepare for the Climate Risk Reporting regime allowed us to improve the quality of our conversations and monitoring practices with external managers.

The largest gains were in passive listed equity and fixed income. There were also some improvements in stewardship escalation and engagement with policy makers, reflecting our increased industry involvement, including through the Responsible Investment Association Australasia (RIAA) Aotearoa collaborative working group and the Aotearoa Stewardship Code working group, improving the depth of our understanding



of stewardship issues and improving our monitoring of underlying managers stewardship activities.

Click [here](#) to explore the PRI Full Assessment Report 2025.

# ESG Balanced Fund

## The Outlook | Te Tirohanga

The Balanced Fund delivered another solid quarter, gaining +1.4% for the three months to 31 December 2025 and taking the annual return to +7.5% (gross of fees).

The Trust Management ESG Balanced Fund ("Balanced Fund") invests in five different 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.

Global shares were the strongest performers over the year, supported by robust US corporate earnings, AI driven optimism, and interest rate cuts. Commercial property also supported returns for the Fund, with an attractive income yield the primary performance driver. Bonds also delivered steady returns despite a modest sell off in New Zealand late in the year as the Reserve Bank signalled the end of its easing cycle.

As part of our asset allocation review of the Balanced Fund, we reduced exposure to New Zealand Bonds and Australasian Shares, reallocating to International Bonds and

International Shares to improve diversity in the Fund and enhance long term outcomes for investors. We also transitioned the Trust Management ESG International Bond Fund from passive global market exposure to active management under global specialist Nuveen, strengthening ESG/impact alignment and intended to improve performance in this part of the portfolio.

Looking ahead, we expect 2026 to feature steady economic growth and easing inflation, a backdrop that should remain broadly supportive for investment markets. We retain a constructive view on commercial property given its dependable income and long term inflation protection characteristics.

A disciplined and diversified approach will help investors navigate short-term uncertainty while staying on track to achieve long-term goals - investing not just for performance, but for resilience and “good” outcomes over time.

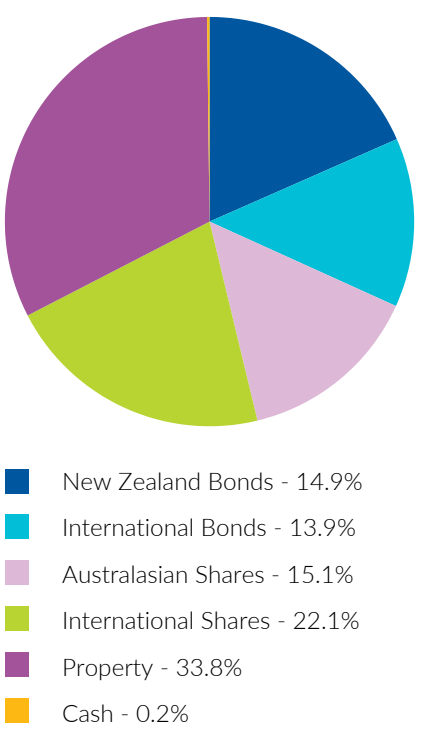
## Performance to 31 Dec 2025

	Balanced Fund
3 months	1.4%
1 year	7.5%
3 years pa	7.7%
5 years pa	4.6%
10 years pa	7.2%
Inception pa	7.2%

Returns are before fees, expenses and tax, and annualised for periods longer than one year. Inception date: 01 June 2006. Refer to notes in section 9.

*There is no representative market Benchmark Index for the Trust Management ESG Balanced Fund (refer to Notes in Section 9). The Fund is managed by the internal team at Trust Management.*

## Asset Allocation As at 31 December 2025



Please refer to Notes on Page 10.

# Property Fund

## The Outlook | Te Tirohanga

The valuation trend for the commercial property sector continues to stabilise.

The New Zealand commercial property market showed stability in 2025. While some property sub-sectors continued to face some headwinds, industrial and large format retail assets performed well where vacancy rates remain low, and investor confidence gradually returns on the back of the lowered cost of debts and signs of recovery in the domestic economy.

Conditions across the commercial property market generally improved as the year progressed. Transaction activity continued to lift, led by strong liquidity in the industrial sector, while retail and office markets showed early signs of stabilisation. Evidence of a firming in yields has emerged, particularly where valuations are supported by income resilience and relative value against funding costs.

Occupier markets remain mixed, with leasing activity improving modestly, however, rental growth remains largely flat across most sectors.

While near-term conditions remain challenging, the combination of easing financial conditions and improving investor sentiment supports a cautiously positive outlook and further recovery anticipated through 2026.

The Trust Management Property Fund (the Fund), actively managed by the Trust Management Property team, continues to prioritise industrial and large-format retail assets, including supermarkets and a Bunnings in Hamilton. The final quarter of the year saw modest valuation uplifts resulting from value-add strategies which have positioned the Fund for ongoing improvement through 2026.

## Performance to 31 Dec 2025

	Property Fund
3 months	1.6%
1 year	6.8%
3 years pa	0.7%
5 years pa	4.1%
10 years pa	7.1%
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 in Section 9). The Fund is actively managed by the internal team at Trust Management.*

## Sector Allocation As at 31 December 2025



- Large format retail - 35.6%
- Industrial - 50.7%
- Office 3.3%
- Specialty retail - 10.4%

Please refer to Notes on Page 10.



# ESG Australasian Share Fund

## The Outlook | Te Tirohanga

New Zealand shares (NZX 50 Portfolio Index) marked its third year of consecutive gains, returning +7.4% in 2025.

Mid and small cap New Zealand shares outperformed the broader market during the final quarter of the year, supported by improving expectations for a recovery in domestic economic conditions. Interest rate sensitive sectors, including property (listed), communications, and utilities, underperformed as long term bond yields moved slightly higher.

The Australian share market was weaker for the December quarter, reflecting mixed earnings outcomes and sticky domestic inflation, which pushed long dated bond yields higher, negatively impacting sentiment.

The Trust Management ESG Australasian Shares Fund (the Fund) delivered positive absolute returns for the December 2025 quarter but lagged the returns of the benchmark index. Over the quarter, relative fund performance was detracted by being overweight (relative to the benchmark market index) in Life 360, Xero, Telix, and CSL, and

being underweight in shares in Auckland Airport.

Performance benefited from the Fund being overweight in market outperformers Summerset, Mainfreight, Ryman, and Challenger, and Serko.

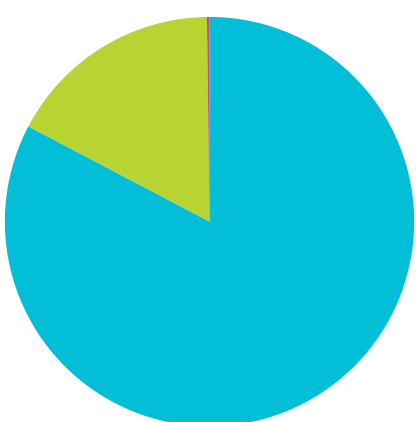
## Performance to 31 Dec 2025

	Australasian Share Fund	Benchmark
3 months	0.4%	2.4%
1 year	-0.7%	7.4%
3 years pa	6.3%	5.7%
5 years pa	1.0%	1.1%
10 years pa	9.6%	8.2%
Inception pa	10.3%	7.9%

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

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

## Regional Allocation As at 31 December 2025



- New Zealand shares - 82.7%
- Australian shares - 17.1%
- Cash - 0.2%

Please refer to Notes on Page 10.

# ESG International Share Fund

## The Outlook | Te Tirohanga

The Fund outperformed its benchmark for the quarter and year, with differences in sector positioning and company holdings benefitting returns.

Despite advancing geopolitical risks, elevated valuations, and renewed concerns about the Artificial Intelligence (AI) bubble, global shares ended the year again with double digit returns for the third straight year, gaining +18.9% (MSCI World) in local currencies and +18.2% in unhedged NZD terms.

The volatility experienced in the final two months of 2025 was driven by the persistent uncertainty around the direction of US official interest rates. Sentiment improved towards the end of the year as interest rate related pressures eased. In 2025, materials, information technology, and consumer discretionary were the three top performing sectors within the index.

The S&P 500 index returned +2.4% for the quarter and +16.4% for the year. Across other regions, UK shares (FTSE 100) rose +21.5% for the year (+6.2% qtr), while European shares (Euro Stoxx 50) gained +18.3% (+4.7% qtr). The Japanese share market (Nikkei 225) outperformed the other major global markets,

gaining +26.2% (+12.0% qtr), supported by expectations of increased government spending under the new Prime Minister.

Currency markets were volatile in 2025, with the New Zealand dollar trading in a wide range against the US dollar, between 0.55 and 0.61. While the NZD/USD has recovered from its lows, it remains below its five-year average. With New Zealand nearing the end of its easing cycle and financial markets pricing in two further rate cuts by the US Federal Reserve in 2026, consensus expectations point to a gradual appreciation of the NZD against the USD over the medium term.

The Trust Management ESG International Share Fund is 50% hedged to the New Zealand dollar and invests through an index fund managed by State Street Investment Management. The Fund seeks to track the MSCI World ex-Australia Index while incorporating sustainability and climate risk objectives.

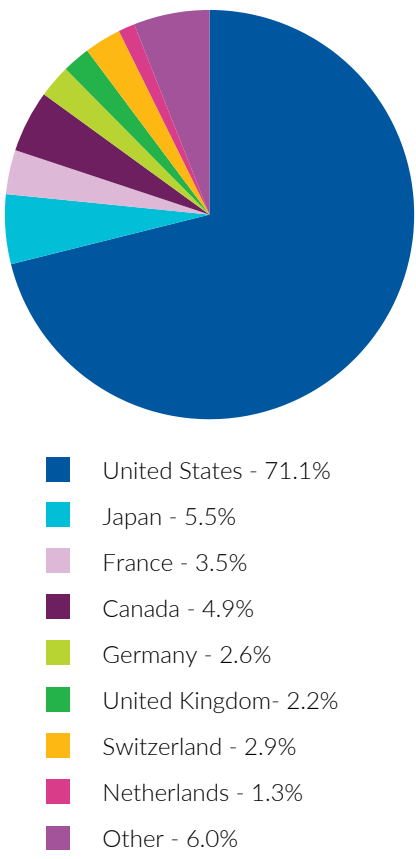
## Performance to 31 Dec 2025

	International Share Fund	Benchmark
3 months	4.2%	3.7%
1 year	19.2%	18.1%
3 years pa	23.0%	23.2%
5 years pa	14.6%	15.1%
10 years pa	13.5%	13.7%
Inception pa	9.7%	10.0%

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

*The Fund currently invests in the State Street Climate ESG International Equity Fund, an Australian domiciled unit trust managed by State Street Global Advisors. 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 31 December 2025



Please refer to Notes on Page 10.

# ESG NZ Bond Fund

## The Outlook | Te Tirohanga

New Zealand bonds delivered a positive return for the year, reflecting solid performance amid market volatility.

New Zealand bonds posted a slightly negative return for the December quarter, falling -0.2% as long dated bond yields moved higher in November and December. The Reserve Bank of New Zealand (RBNZ) indicated that it is likely the end of the easing cycle after a total of 200bps cut in 2025. At the time of writing, financial markets are anticipating the RBNZ may commence hiking rates towards the end of 2026 and into 2027.

Interest rate movements were the main influence on returns over the quarter. The New Zealand yield curve steepened. Short dated government bond yields fell, while medium to long dated yields rose. Swap rates moved higher across the curve.

While the Official Cash Rate (OCR) may have reached the bottom for this cycle, spare capacity in the economy is likely to provide an anchor to short dated bond yields for a while longer.

For the three months to December 2025, the Trust Management ESG NZ Bond Fund (the Fund) delivered a return of -0.3%, slightly lagging the market benchmark return due to the Fund's (longer than benchmark) interest rate sensitivity positioning. For the 2025 calendar year, the Fund gained +5.6%, outperforming benchmark by +0.6%.

The specialist underlying manager of the Fund, Amova Asset Management, continues to maintain a longer duration bias relative to the benchmark index.

As at 31 December 2025, around 28% of the Fund invests in fixed interest investments with an Environmental, Social, or Governance (ESG) objective, consistent with the objectives of the Fund.

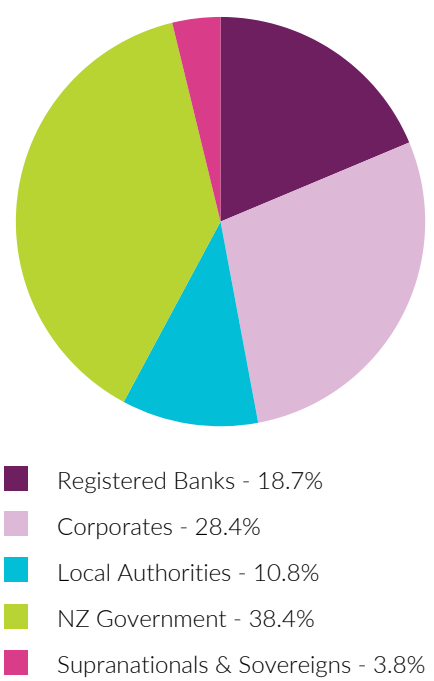
## Performance to 31 Dec 2025

	NZ Bond Fund	Benchmark
3 months	-0.3%	-0.2%
1 year	5.6%	5.0%
3 years pa	6.9%	5.6%
5 years pa	1.4%	0.6%
10 years pa	3.2%	2.7%
Inception pa	4.7%	4.4%

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 31 December 2025



Please refer to Notes on Page 10.



# ESG International Bond Fund

The Outlook | Te Tirohanga

Bonds continue to provide income and portfolio stability to investors, through ongoing share market volatility.

Global bonds, as measured by the Bloomberg Global Aggregate Bond Index (NZD Hedged), delivered a positive return of +0.4% for the three months to 31 December 2025. On a 12 months basis, the asset class delivered +3.7% in NZD hedged terms.

Despite fiscal concerns, United States (US) treasuries were the top performing sovereign bond market in 2025, returning +6.3%.The second half of the year saw solid returns from US sovereign bonds amid an easing in tariff related inflation fears and a softening in labour market conditions which enabled the US Federal Reserve to cut the Fed Funds Rate by 75bps. In other regions, UK Gilts were the second best performing of the major sovereign bond markets, returning +5.0% as the Bank of England progressed on policy easing. Eurozone government bonds delivered modest returns, with the FTSE Eurozone Govt Bond Index gaining only +0.6% in 2025.

The Trust Management ESG International Bond Fund (the Fund) is actively managed by global investment leader and bond specialist Nuveen. As at 31 December 2025, over 45% of the Fund was invested in securities that qualify under its direct and measurable impact criteria.

The Fund outperformed the benchmark (Bloomberg Global Aggregate Bond Index) for the fourth quarter as well as for the calendar year of 2025. The Fund returned 4.6%, outperforming the benchmark by 0.9% for the 12 months to December 2025. The Fund’s final quarter outperformance was largely due to the manager’s active duration and yield-curve positioning, alongside an underweight allocation to government bonds and an overweight to corporate bonds.

## Performance to 31 Dec 2025

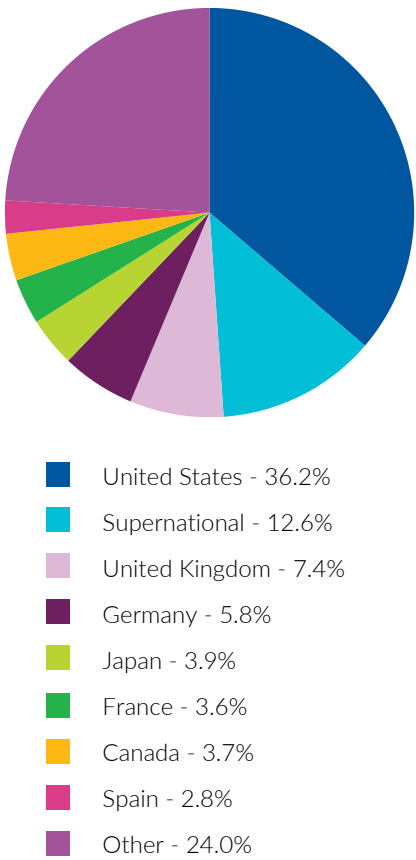
	International Bond Fund	Benchmark
3 months	0.6%	0.4%
1 year	4.6%	3.7%
3 years pa	4.4%	4.4%
5 years pa	-0.2%	-0.1%
10 years pa	2.1%	2.4%
Inception pa	4.5%	4.8%

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

**All returns stated are gross of management fees**

## Regional Allocation As at 31 December 2025



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.

This document is provided by Trust Investments Management Limited ("TIML") in good faith and is designed as a summary to accompany the Product Disclosure Statement for the Trust Management PIE Funds Scheme ("Funds"). FundRock NZ Limited ("FundRock") is the issuer and manager of the Funds, and TIML is its investment manager. The Product Disclosure Statement is available from FundRock NZ Limited on [www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting](http://www.fundrock.com/fundrock-new-zealand/frnz-documents-and-reporting) and on <https://disclose-register.companiesoffice.govt.nz/>. The information contained in this document is not an offer of units in the Funds or a proposal or an invitation to make an offer to sell, or a recommendation to subscribe for or purchase, any units in the Funds. If you are making an investment directly then you will be required to complete the application form, which can be obtained from the TIML or FundRock. The information and any opinions in this document are based on sources that TIML believes are reliable and accurate. TIML, its directors, officers and employees make no representations or warranties of any kind as to the accuracy or completeness of the information contained in this document and disclaim liability for any loss, damage, cost or expense that may arise from any reliance on the information or any opinions, conclusions or recommendations contained in it, whether that loss or damage is caused by any fault or negligence on the part of TIML, or otherwise, except for any statutory liability which cannot be excluded. All opinions reflect TIML's judgment on the date of this document and are subject to change without notice. This disclaimer extends to FundRock, and any entity that may distribute this publication. The information in this document is not intended to be financial advice for the purposes of the Financial Services Legislation Amendment Act 2021 or the Financial Markets Conduct Act 2013. In particular, in preparing this document, TIML did not take into account the investment objectives, financial situation, or particular needs of any particular person. Professional investment advice from an appropriately qualified adviser should be taken before making any investment. Past performance is not necessarily indicative of future performance, unit prices may go down as well as up, and an investor in the fund may not recover the full amount the capital that they invest. No part of this document may be reproduced without the permission of TIML or FundRock.



# TRUST INVESTMENTS

For Good Investment

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