

# The Outlook | Te Tirohanga

## Performance Insights + Fund Updates

For the three months to 31 March 2026

# A word from our General Manager - Investments

The Outlook | Te Tirohanga



Matthew  
Goldsack

General Manager  
Investments

**"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 this edition of *The Outlook*, our quarterly update on markets, the Trust Management PIE Funds, what lies ahead, along with some insights on how we are putting ethical investing into action.

The first quarter of 2026 has highlighted how rapidly markets can respond to global events. Volatility increased, particularly toward the end of the quarter, driven by heightened geopolitical tensions in the Middle East and renewed concerns regarding growth and inflation. These factors contributed to an environment of uncertainty.

Global equities ended the quarter slightly down, while domestic shares experienced a more pronounced decline. Bond markets also slipped as inflation fears pushed yields higher, limiting their typical ability to diversify portfolios. Within this environment, the diversified nature of our asset allocation framework proved valuable, with direct commercial property delivering positive performance and providing some stability to the Trust Management ESG Balanced Fund's returns amid broader market volatility.

During periods of uncertainty, we rely on our core principles: resilience through diversification, careful risk management, and a commitment to ethical investing. Our diversified fund asset allocation strategy aims to cushion weakness in one area with stability in others.

As always, history demonstrates that diversified portfolios tend to weather the effects of geopolitical events over the long term, as markets eventually refocus on underlying fundamentals.

A highlight of our ethical investment approach this quarter was our support for strengthening understanding of Te Ao Māori within the investment sector. As members of the Responsible Investment Association Australasia (RIAA), we were pleased to support the release of Ngā Rauemi mō Te Ao Māori - Resources for Understanding the Māori World View. I am also proud of our Investment Analyst, Catherine Bodnar's, leadership and contributions through the RIAA Aotearoa collaborative working group. These initiatives are helping to build capability and deepen understanding across the financial industry to support better governance, decision making, and long term value creation.

Thank you for your continued trust and support. If you'd like to discuss your portfolio or any aspect of markets, please feel free to book time with me or reach out to our team - we're always happy to kōrero.

Nāku iti nei, nā

*Matthew*

Matthew Goldsack  
General Manager - Investments



# 2026 Ethical Investment Client Survey insights

## The Outlook | Te Tirohanga

Clients back ESG integration, and want it applied in a way that is clear, practical and aligned to investment decisions.

Our 2026 annual Ethical Investment Client Survey received 38 responses from trustees, board members and executives. This year, Environmental, Social and Governance (ESG) factors were assessed separately to better reflect how organisations consider each component.

The insights from survey guide our approach and discussions with underlying specialist fund managers, with a focus on clarity, decision-usefulness and alignment to client values, as expressed in the Ethical Investment Policy.

Client feedback continues to show strong support for incorporating responsible investment considerations into investment decisions, particularly good governance practices.

In response, we work closely with our underlying managers to ensure this is reflected in practice. For example, Harbour Asset Management, the specialist underlying fund manager of the Trust Management ESG Australasian Shares Fund, undertakes an annual Corporate Behaviour Survey, asking 80 questions of all listed New Zealand companies each year, where more than half of the assessment is focused on governance factors.

Verbatim feedback emphasised the importance of understanding risks and opportunities, and a clear preference for reporting that is practical, transparent and linked to investment decisions.

Recently, our engagement with underlying specialist fund managers has led to more targeted action on specific risks within portfolios.

For example, in conjunction with one of our specialist underlying managers utilised within the portfolios, we carried out additional due diligence on data privacy practices at ASX-listed technology software company, Life360, engaging directly with management to understand how location data is used and protected.

We have also seen more detailed assessment of climate and physical risks, including engagement with NZX listed Scales Corporation to understand exposure to flooding, drought, and how resilient their horticulture operations are over the long term.

Thank you for your time completing this survey, we also welcome questions and feedback from you at any time throughout the year. We are always happy to attend a hui or have a kōrero to discuss how we incorporate ESG considerations into investment processes.



# ESG Balanced Fund

## The Outlook | Te Tirohanga

The Balanced Fund fell -2.1% for the three months to 31 March 2026, however the 12 month return remains solid at +6.2% (before fees).

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 fell -2.1% for the three months to 31 March 2026, reflecting global events and increased ups and downs across global listed markets during the quarter. The 12 month return remains solid at +6.2% (before fees).

The March quarter was marked by sharp movements in share and bond markets, driven by geopolitical tensions, rising energy prices and renewed inflation concerns.

Global and Australasian share markets largely declined over the period, while bond markets also came under pressure as market expectations for higher interest rates in the future increased later in the quarter.

These declines were partly offset by the Fund's allocation to directly held commercial property, which continued to provide stable, income-driven returns and showed resilience during market volatility. Property Fund fundamentals remain supported by high occupancy, contracted rental income and clearer pricing in the market.

Overall, the Balanced Fund's diversified structure helped limit losses during a challenging period.

Our focus remains on maintaining a disciplined, balanced portfolio, designed to support long term outcomes including through periods of market uncertainty.

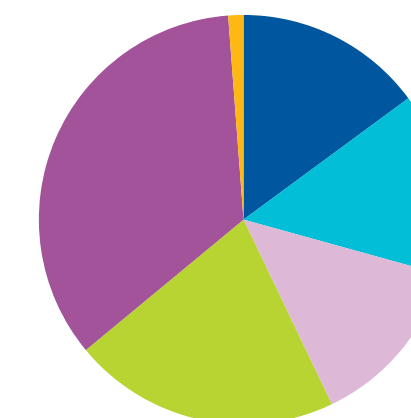
### Performance to 31 March 2026

	Balanced Fund
3 months	-2.1%
1 year	6.2%
3 years pa	6.4%
5 years pa	3.8%
10 years pa	6.8%
Inception pa	7.0%

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 31 March 2026



- New Zealand Bonds - 14.9%
- International Bonds - 14.4%
- Australasian Shares - 13.6%
- International Shares - 21.1%
- Property - 34.8%
- Cash - 1.2%

Please refer to Notes on Page 10.

# Property Fund

## The Outlook | Te Tirohanga

The recovery in New Zealand commercial property values continued through early 2026.

In contrast to the volatility seen across listed markets, the Trust Management Property Fund delivered a solid +2.7% return for the March 2026 quarter. The Fund benefited from increases in property values driven by new leases and lease extensions, while rental income remained stable.

The recovery in New Zealand commercial property values continued through early 2026, supported by recent sales activity, particularly in industrial and large format retail sectors.

While the Reserve Bank of New Zealand held the Official Cash Rate (OCR) at 2.25% in April, the market is now expecting more than 1% increase in the OCR over the next 12 months, which could place some pressure on property valuations.

Tenant demand improved across most sectors, although it remains dependent on quality and location. High quality office buildings, industrial logistics and warehousing, and large retail

formats such as supermarkets and hardware stores are performing well. Lower quality buildings continue to face higher vacancy rates and weaker demand.

Investor confidence is improving, although caution remains. This is supported by more stable yields and clearer pricing. Investors are focusing on strategies to improve value and generate income, such as targeted leasing and upgrading buildings, including ESG improvements.

As at 31 March 2026, the portfolio’s contracted income yield is 5.8%. The portfolio’s weighted average lease term is 4.8 years. The Fund is well positioned, holding 18 properties and actively managed by the Trust Management Property team, with a focus on future growth opportunities and high quality industrial and large retail assets.

### Performance to 31 March 2026

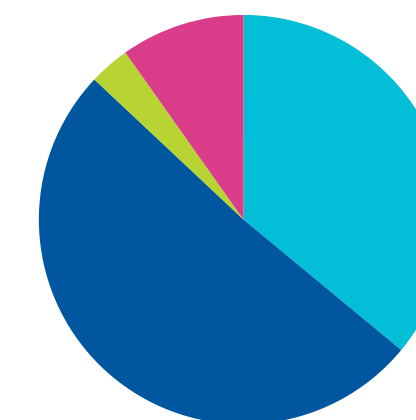
	Property Fund
3 months	2.7%
1 year	7.4%
3 years pa	3.1%
5 years pa	3.5%
10 years pa	7.3%
Inception pa	8.6%

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 31 March 2026



- Large format retail - 36.0%
- Industrial - 51.0%
- Office 3.2%
- Specialty retail - 9.8%

Please refer to Notes on Page 10.

# ESG Australasian Share Fund

## The Outlook | Te Tirohanga

The underlying manager continues to focus on companies expected to deliver sustainable earnings growth over time.

New Zealand shares, as measured by the S&P/NZX 50 Portfolio Index, declined -6.7% for the three months to 31 March 2026, with market sentiment weakening sharply toward the end of the quarter.

Technology companies led the decline, particularly software companies, as investors reassessed how sustainable future earnings may be. This reflects the growing use of artificial intelligence and concerns that some businesses may choose to build their own systems rather than rely on external providers.

Geopolitical developments in the Middle East added to market uncertainty late in the quarter, contributing to higher energy prices, renewed inflation pressure and lower share valuations as interest rate expectations increased.

Australian shares were also weaker, with the S&P/ASX 200 Index down -2.7%. The fund can invest up to 20% in ASX listed securities.

For the March 2026 quarter, the Trust Management ESG Australasian Shares Fund delivered negative returns and performed below its benchmark. This was partly due to higher exposure to Summerset and Life360 and technology securities Serko and Xero, which underperformed during the period.

The underlying manager continues to focus on companies expected to deliver sustainable earnings growth over time, particularly where that growth may be stronger than the market currently expects.

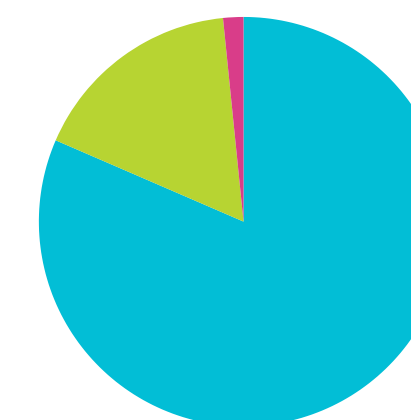
## Performance to 31 March 2026

	Australasian Share Fund	Benchmark
3 months	-10.8%	-6.7%
1 year	-5.2%	4.7%
3 years pa	1.3%	2.5%
5 years pa	-0.7%	0.2%
10 years pa	7.9%	6.8%
Inception pa	9.6%	7.5%

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 Harbour Asset Management. The Fund's benchmark is the S&P/NZX 50 Portfolio Index.

## Regional Allocation As at 31 March 2026



- New Zealand shares - 81.5%
- Australian shares - 16.9%
- Cash - 1.6%

Please refer to Notes on Page 10.

# ESG International Share Fund

## The Outlook | Te Tirohanga

For New Zealand investors, a weaker NZ dollar helped offset some of the decline in global share markets that occurred late in the quarter.

Global shares (measured by the MSCI World Index) declined -3.1% (in local currencies) over the March quarter. After strong gains earlier in the quarter, investor confidence fell in March due to concerns about high valuations in technology and AI related companies, followed by increased geopolitical tensions.

Energy and materials companies performed best, supported by higher commodity and oil prices. Technology stocks underperformed due to high valuations and AI related concerns, while financial companies were also weaker due to rising borrowing costs and inflation expectations.

By region, US and European markets were the weakest, while Japan and the UK delivered positive returns overall.

The US dollar strengthened during the quarter. For New Zealand investors, a weaker NZ dollar helped offset some of the decline in global share markets,

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. The Fund aims to track the MSCI World ex Australia Index while incorporating sustainability and climate considerations.

The Fund slightly underperformed its benchmark, mainly due to differences in sector exposures. Higher exposure to financials and healthcare, and lower exposure to energy and materials, affected performance.

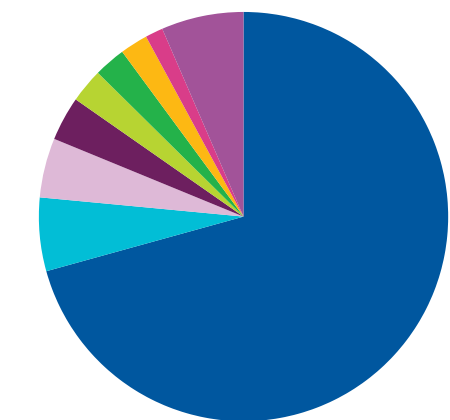
### Performance to 31 March 2026

	International Share Fund	Benchmark
3 months	-5.5%	-3.3%
1 year	16.7%	17.5%
3 years pa	17.7%	18.7%
5 years pa	11.9%	12.8%
10 years pa	13.0%	13.5%
Inception pa	9.3%	9.7%

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 31 March 2026



- United States - 70.7%
- Japan - 5.8%
- France - 3.5%
- Canada - 4.7%
- Germany - 2.5%
- United Kingdom - 2.2%
- Switzerland - 2.7%
- Netherlands - 1.4%
- Other - 6.5%

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 declined 0.5% over the March quarter, as yields increased in response to global market developments.

Market sentiment shifted as investors reassessed the likelihood and timing of interest rate increases following rising geopolitical tensions. Higher oil prices added to inflation concerns and pushed interest rate expectations higher.

The Trust Management ESG NZ Bond Fund performed slightly below its benchmark. This reflects the manager’s positioning in longer term bonds compared to the market.

The manager believes that longer-term, high-quality bonds are offering attractive income yield, with investors being well compensated for holding them over time. The Fund remains focused on high quality issuers and is positioned to benefit if longer-dated bond yields fall.

As at 31 March 2026, around 30% of the Fund was invested in bonds with environmental, social or governance (ESG) objectives.

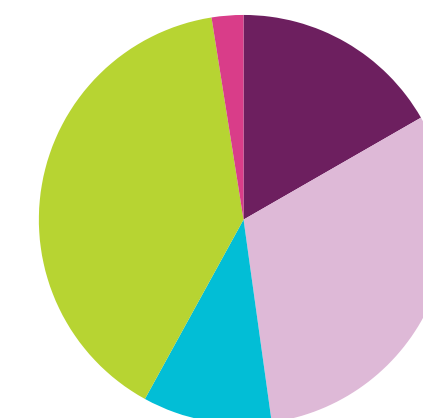
### Performance to 31 March 2026

	NZ Bond Fund	Benchmark
3 months	-0.7%	-0.5%
1 year	4.2%	3.8%
3 years pa	5.6%	4.6%
5 years pa	1.8%	1.2%
10 years pa	2.8%	2.3%
Inception pa	4.7%	4.3%

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 March 2026



- Registered Banks - 16.7%
- Corporates - 31.1%
- Local Authorities - 10.2%
- NZ Government - 39.5%
- Supranationals & Sovereigns - 2.5%

Please refer to Notes on Page 10.

# ESG International Bond Fund

## The Outlook | Te Tirohanga

The Fund, managed by Nuveen, slightly outperformed the market benchmark in what was a highly volatile period for bonds.

Global bond markets had a difficult end to the March quarter, as expectations for inflation and interest rates shifted higher.

Geopolitical tensions in the Middle East led to a sharp rise in energy prices, which unsettled bond markets and reversed some of the gains seen in previous quarters.

The Bloomberg Global Aggregate Bond Index (NZD hedged) declined -0.6% for the quarter.

Central banks kept interest rates unchanged in March but signalled a more cautious outlook due to inflation risks. Expectations for interest rate cuts were pushed further out, putting pressure on bond returns.

The Trust Management ESG International Bond Fund, managed by Nuveen, delivered returns broadly in line with global bond markets. Its focus on high quality issuers and diversification helped performance during a volatile period.

The Fund invests globally with a strong sustainability focus, including areas such as renewable energy, affordable housing and community development. As at the end of February, over 45% of the portfolio met Nuveen’s criteria for measurable social or environmental impact.

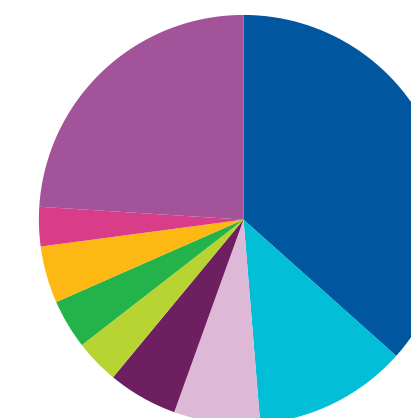
### Performance to 31 March 2026

	International Bond Fund	Benchmark
3 months	-0.5%	-0.6%
1 year	3.0%	2.0%
3 years pa	3.4%	3.3%
5 years pa	0.2%	0.2%
10 years pa	1.6%	1.8%
Inception pa	4.4%	4.7%

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 31 March 2026



- United States - 36.6%
- Supranational - 12.1%
- United Kingdom - 6.8%
- Germany - 5.5%
- France - 3.5%
- Japan - 3.9%
- Canada - 4.5%
- Spain - 3.1%
- Other - 24.0%

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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# TRUST INVESTMENTS

For Good Investment

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