

**TRUST MANAGEMENT PIE FUNDS
SCHEME**

ANNUAL REPORT

31 MARCH 2021

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1. STATEMENT FROM THE DIRECTORS

Dear Investor

We are pleased to provide the Annual Report for the Trust Management PIE Funds Scheme (“The Funds”), covering the period from 1 April 2020 to 31 March 2021.

As at 1 April 2020 the legal structure of the funds became PIE funds and the assets and units of the previous Group Investment Funds were transferred to the new Trust Management PIE Funds.

This Annual Report contains details about the performance of the Funds, as well as standard disclosures required by the Financial Markets Conduct Regulations 2014.

PricewaterhouseCoopers has issued an unqualified audit opinion on the Financial Statements. A copy of the financial statements are attached to this report.

Section 14 outlines how you can obtain further information about the Funds, including the Product Disclosure Statement, Other Material Information document, Statement of Investment Policies and Objectives, as well as the Master Trust Deed and Establishment Deeds and Audited Financial Statements.

Subsequent to the financial year end, the fund names for the Australasian Shares, International Shares, NZ Bond, International Bond and Balanced Funds were changed to incorporate the term “ESG”. The new names acknowledge Trust Management’s commitment to responsible, sustainable and ethical investing, and reflect the changes that have been made to the underlying strategies for these funds over the past year.

Additionally, the management of the Trust Management New Zealand Bond Fund was outsourced to specialist investment manager Nikko Asset Management from June 2021. The change is expected to deliver stronger investment outcomes utilising the investment insights and skillset of a specialist fixed interest manager.

We appreciate your continued investment with us, and we will continue to do our utmost to optimise outcomes for our investors.



Christine Scott
Chair
Trust Management

\$20.1m

Distributed to Unitholders

\$686m

**Value of Unitholders’ Funds at
End of Period**

2. PERFORMANCE OF FUNDS

Trust Investments Management Limited PIE Funds Performance to 31 March 2021

Trust Investments Product	1 year %
Trust Management Property Fund	15.0%
Trust Management Sustainable Australasian Share Fund	50.8%
Trust Management International Share Fund	40.4%
Trust Management New Zealand Bond Fund	0.9%
Trust Management International Bond Fund	-1.0%
Trust Management Balanced Fund	18.9%

Returns relate to the period for which the funds were PIE Funds. For longer term performance of the previous Group Investment Funds, please refer to our website. Returns are gross of management fees and expenses.

Fund Performance

The year to 31 March 2021 saw strong performance across many financial markets following significant volatility created by COVID-19 in the first quarter of 2020. In response to closure of economies globally, interest rates were cut to record lows and government stimulus was ramped up, supporting one of the strongest annual periods on record for many global share markets. Bond markets meanwhile experienced strong gains in the initial market selloff as interest rates fell, but weakened towards the end of the period as yields rose again.

The annualised distribution per unit when compared to the Group Investment Funds in the prior year, was slightly lower for all Funds with the exception of the International Bond Fund. Distributable income was impacted by interest rate declines, dividend income reduction and rental relief provided to tenants of the Property Fund as a consequence of COVID-19.

Highlights

The Australasian Share Fund and International Share Fund generated returns of 50.8% and 40.4% (gross) respectively for the 12 months to 31 March 2021. It is important to note that this was an unusual period for equity markets as the strong returns followed a sharp decrease in markets in February and March 2020 in the early days of the pandemic. These returns should therefore be evaluated with caution as they are unlikely to be repeated and should not be considered a guide to expected future performance. The Property Fund also delivered strong performance of 15.0%, supported by strong asset revaluations. The Balanced Fund returned 18.7%, and continued to provide strong income returns to unitholders.

All Funds grew the number of units on issue during the period. Particularly strong growth was experienced in the NZ Bond Fund (56%). With more unitholders in the Funds, fixed costs are shared more widely.

Responsible Investment

Trust Management continued to build on its responsible investment (RI) strategy during the year, implementing a number of RI enhancements to several of the funds.

Within the International Shares Fund, the underlying fund's sustainability criteria was broadened to include additional climate change and carbon intensity targets, including reallocating capital towards companies benefiting from the transition to low carbon technologies and companies more resilient to climate change. The exclusions framework was also broadened to include prohibitions to companies that experience severe ESG controversies or exhibit poor adherence to international norms in relation to environmental protection, human rights, labour standards and corruption.

Within the International Bond Fund, the underlying fund was changed to a strategy that employs negative screens that are aligned with Trust Management's Ethical Investment Policy. There is no exposure to non-government issuers whose major business activities are tobacco products, alcoholic beverages, pornography, gambling, armaments or the production or extraction of fossil fuels. Furthermore, any treasury and government-related issuers with an MSCI ESG government rating below "BB" are now also excluded from the portfolio.

The NZ Bond Fund also continued to increase its allocation to bonds that support green and social improvements.

3. DETAILS OF THE SCHEME

Name of the Scheme

Trust Management PIE Funds Scheme
(SCH12851)

Type of Scheme

Managed Fund

Name of the Manager

Trust Investments Management Limited as corporate trustee for Trust Investments Management Charitable Trust.

Name of the Supervisor

The New Zealand Guardian Trust Company Limited

Date of latest Product Disclosure Statement

31 May 2021

Status of latest Product Disclosure Statement

Open for Applications

Date of the latest Fund Update for each Fund to which the Scheme relates

31 March 2021

Financial Statements Lodgement

The Scheme's latest audited financial statements for the accounting period ended 31 March 2021 were lodged with the Registrar on 14 July 2021.

4. INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS

Number of Managed Investment Products on issue at the start of the accounting period (1 April 2020)

Fund	Units on Issue
Trust Management Property Fund	151,447,778
Trust Management Sustainable Australasian Share Fund	25,120,750
Trust Management New Zealand Bond Fund	26,186,060
Trust Management International Share Fund	36,349,127
Trust Management International Bond Fund	49,683,442
Trust Management Balanced Fund	34,952,492
	323,739,649

Number of Managed Investment Products on issue at the end of the accounting period (31 March 2021)

Fund	Units on Issue
Trust Management Property Fund	191,717,086
Trust Management Sustainable Australasian Share Fund	27,565,534
Trust Management New Zealand Bond Fund	40,872,050
Trust Management International Share Fund	45,131,933
Trust Management International Bond Fund	61,530,931
Trust Management Balanced Fund	44,490,852
	411,308,386

5. TRUST MANAGEMENT PROPERTY FUND

Current Fund Description

The Trust Management Property Fund provides exposure to the New Zealand property market through a diversified portfolio of commercial properties.

The Fund will not acquire properties where the major tenant is a company involved in the manufacture of controversial weapons (antipersonnel mines, nuclear explosive devices, cluster munitions), or companies that derive greater than 10% of their revenue from the manufacture of tobacco, extraction or production of fossil fuels, gambling, adult entertainment, or alcoholic beverages.

The investment objective of the Fund is to provide income while protecting the real value of capital over a medium to long term horizon by investment in direct holdings of commercial properties.

Total value of the Fund NZ \$314,461,141

Date the Fund started 1 April 2020

Units on Issue

1 April 2020	31 March 2021
151,447,778	191,717,086

Unit Price

1 April 2020	31 March 2021
NZ\$1.4791	NZ\$1.6238

Performance for the Year

Notwithstanding the challenges created by COVID-19 during 2020, the Fund returned 15.0% (gross) for the 12 months to 31 March 2021.

Over the year, the Fund grew from \$229m to over \$300m in size. While the focus is on performance rather than size, the additional size does provide investors an increased level of diversification with investment across a greater number of properties and tenants and also an increased level of geographical diversification. The growth in fund size reflects the increased demand from investors wishing to invest in quality commercial property.

With the high level of investment inflows, three properties were contracted to be purchased during the year. These are quality assets that are well located and enhance the portfolio attributes. Once the three assets have been settled the portfolio will be well positioned with 66% of the portfolio being weighted across the industrial and the bulk retail property sectors (eg supermarkets). The portfolio will be 73% located within the "golden triangle" of Auckland, Hamilton and Tauranga.

8.6

Years WALT

(Weighted Average Lease Term)

6. TRUST MANAGEMENT SUSTAINABLE AUSTRALASIAN SHARE FUND

Current Fund Description

The Trust Management Sustainable Australasian Share Fund is a diversified portfolio of New Zealand and Australian shares across a range of industries and sectors which meet certain sustainability criteria.

The Fund integrates environmental, social and governance factors within the investment decision making process, and does not invest in companies involved in the manufacture of controversial weapons (antipersonnel mines, nuclear explosive devices, cluster munitions), or companies that derive greater than 10% of their revenue from the manufacture of tobacco, extraction or production of fossil fuels, gambling, adult entertainment, or alcoholic beverages.

The investment objective of the Trust Management - Sustainable Australasian Share Fund is to meet or exceed the return of the benchmark S&P/NZX 50 Portfolio Index over rolling three-year periods, before taking into account fees and expenses.

Total value of the Fund NZ \$117,435,632

Date the Fund started 1 April 2020

Units on Issue

1 April 2020	31 March 2021
25,120,750	27,565,534

Unit Price

1 April 2020	31 March 2021
NZ\$2.8727	NZ\$4.2517

Performance for the Year

The Fund returned 50.8% (gross) for the 12 months to 31 March 2021, outperforming the strong benchmark return of 40.1%.

New Zealand shares recovered strongly from the weakness of the first quarter of 2020. Accommodative monetary and fiscal policy, the gradual reopening of economies, and the vaccine development and roll-out, supported demand for shares.

Companies in the healthcare and technology sectors led the market higher earlier in the recovery. Companies involved in the tourism, retail and other cyclical sectors experienced strong share price gains late in the period once the vaccine roll-out began.

It is important to note that the return for the one year period was unusually strong, following a sharp decrease in markets in February and March 2020 in the early days of the pandemic. This return should therefore be evaluated with caution as it is unlikely to be repeated and should not be considered a guide to expected future performance.

7. TRUST MANAGEMENT INTERNATIONAL SHARE FUND

Current Fund Description

The Trust Management International Share Fund provides exposure to international share markets through an index tracking fund which meets certain sustainability criteria.

The Fund invests in an indexed product that excludes companies that exhibit poor adherence to international norms in relation to environmental protection, human rights, labour standards and corruption, and companies involved in the manufacture of tobacco or controversial weapons. The Fund also favours companies well positioned for climate change, and those with strong ESG ratings. The Fund's foreign exchange exposures are 50% hedged to the New Zealand dollar.

The investment objective of the Fund is to reasonably closely track the return of the benchmark MSCI World ex-Australia Select ESG Low Carbon Integrated Index 50% NZD Hedged, before taking into account fees and expenses, while avoiding investments that do not meet the Fund's sustainability criteria.

Total value of the Fund NZ \$83,169,909

Date the Fund started 1 April 2020

Units on Issue

1 April 2020	31 March 2021
36,349,127	45,131,933

Unit Price

1 April 2020	31 March 2021
NZ\$1.3896	NZ\$1.8413

Performance for the Year

The Fund returned 40.4% (gross) for the 12 months to 31 March 2021, in-line with the benchmark return of 40.2%.

Similarly to the New Zealand share market, all major share markets posted strong gains for the 12 month period, in contrast to the weak performance experienced at the start of 2020.

Extremely accommodative monetary and fiscal policy globally, as well as better-than-expected economic and company earnings data, were the main drivers of share market returns. Hopes for an acceleration in economic activity in 2021 driven by the continued vaccine roll-out, helped boost share prices further as investors anticipated a return to more "normal" economic conditions.

It is important to note that the return for the one year period was unusually strong, following a sharp decrease in markets in February and March 2020 in the early days of the pandemic. This return should therefore be evaluated with caution as it is unlikely to be repeated and should not be considered a guide to expected future performance.

8. TRUST MANAGEMENT NEW ZEALAND BOND FUND

Current Fund Description

The Trust Management NZ Bond Fund is an actively managed portfolio of fixed interest securities, focusing predominantly on government bonds and corporate issues in the New Zealand market which meet certain sustainability criteria.

The investment objective of the Fund is to maximise income available for distribution, while generating a total return broadly consistent with that of the Bloomberg NZBond Composite 0+ Year Index over rolling three-year periods, before taking into account fees and expenses.

Total value of the Fund NZ \$46,597,222

Date the Fund started 1 April 2020

Units on Issue

1 April 2020	31 March 2021
26,186,060	40,872,050

Unit Price

1 April 2020	31 March 2021
NZ\$1.1522	NZ\$1.1401

Performance for the Year

The Fund returned 0.9% (gross) for the 12 months to 31 March 2021, outperforming the benchmark return of -0.6%.

Bonds performed well during most of 2020, as bond yields fell significantly amid a more cautious sentiment emanating from the COVID-19 outbreak in early 2020. In response to the economic shock, the Reserve Bank of New Zealand cut the official cash rate to 0.25% and announced a massive asset purchasing programme, aimed at keeping long dated bond yields anchored at low levels.

Bond yields then increased rapidly in early 2021 negatively impacting bond performance, as economic activity improved and expectations of future inflation rose.

The Fund maintained a cautious stance throughout the period with a portfolio duration target around a year shorter than benchmark. This positioning was the main reason for outperformance over the period. The Fund's strategy prioritises the level and stability of distributed income.

9. TRUST MANAGEMENT INTERNATIONAL BOND FUND

Current Fund Description

The Trust Management International Bond Fund provides exposure to international bond markets through an index tracking fund. The Fund's foreign currency exposure is fully hedged to New Zealand dollars.

The Fund's investment objective is to reasonably closely track the return of the benchmark, the Bloomberg Barclays Global Aggregate Index hedged to the New Zealand dollar, before taking into account fees and expenses.

Total value of the Fund NZ \$58,866,111

Date the Fund started 1 April 2020

Performance for the Year

The Fund's return for the 12 months to 31 March 2020 was -1.0% (gross), compared to the benchmark return of -0.3%.

As with New Zealand bonds, offshore bonds rallied through most of 2020 amid ultra-accommodative monetary policy on the back of the COVID-19 outbreak. Long dated bond yields in major economies fell to very low levels, and in some cases, further into negative territory.

Bond yields then rose on the back of greater economic certainty during the second part of the period, leading to speculation that less central bank stimulus would be required in the future.

Units on Issue

1 April 2020	31 March 2021
49,683,442	61,530,931

Unit Price

1 April 2020	31 March 2021
NZ\$1.0399	NZ\$0.9553

10. TRUST MANAGEMENT BALANCED FUND

Current Fund Description

The Trust Management Balanced Fund is a diversified fund that aims to generate a return that tracks the weighted average return of the benchmarks of the underlying funds into which it invests.

The Fund invests in the other five sector funds, maintaining a moderate risk profile with a well-diversified asset allocation of approximately 35% Fixed Interest, 35% Shares and 30% Property. The Fund has a strong focus on the distribution of income and its returns tend to be reasonably stable.

Total value of the Fund NZ \$65,842,289

Date the Fund started 1 April 2020

Performance for the Year

The Fund returned a strong 18.9% (gross) for the 12 months to 31 March 2021.

The solid result for the period was largely attributable to the strong performance experienced by share markets globally following the COVID-19 induced weakness seen in the first quarter of 2020.

Bonds also performed well for the earlier half of the period as central banks took interest rates to record lows, before underperforming as bond yields rose due to greater economic certainty.

Property returns were solid for the period as lower interest rates supported the demand for and prices of property assets. The NZ dollar rose from a low of US\$0.57 to a high of US\$0.74 over the year.

Units on Issue

1 April 2020	31 March 2021
34,952,492	44,490,852

Unit Price

1 April 2020	31 March 2021
NZ\$1.2958	NZ\$1.4799

11. CHANGES RELATING TO THE SCHEME

Material changes to the terms of the offer of the managed investment products

The date of the Product Disclosure Statement (“PDS”) at the beginning of the period was 20 March 2020.

On 1st April 2020, the Group Investment Funds were transitioned to the Trust Management PIE Funds. For each Group Investment Fund, there was a new PIE Fund created. Each PIE Fund then acquired the assets of the corresponding Fund in exchange for units in the PIE Fund. Each Fund then allocated PIE units to its investors, so that all Fund investors then held units in the PIE Funds. The Fund units then were cancelled, as there was no longer any assets in those funds.

The PDS was amended and replaced on 31 March 2020 to reflect COVID-19 Pandemic disclosures and then again on 30 October 2020 to include changes in the underlying funds of the Trust Management International Share Fund and Trust Management International Bond Fund.

The date of the Other Material Information document (“OMI”) at the beginning of the period was 31 March 2020.

The OMI was amended and replaced on 26 August 2020 to reflect COVID-19 Pandemic disclosures and then again on 30 October 2020 to include changes in benchmarks for the Trust Management International Share Fund and Trust Management International Bond Fund.

Material changes to the governing documents

There were no material changes to the governing documents during the period.

Material changes to the Statement of Investment Policies and Objectives

The date of the Statement of Investment Policies and Objectives (“SIPO”) at the beginning of the period was 1 April 2020 and was subsequently amended on 26 August 2020 and subsequently on 30 October 2020 to include changes in the underlying funds of the Trust Management International Share Fund and Trust Management International Bond Fund.

Material changes to the nature and scale of related party transactions

There have been no changes to the nature or scale of related party transactions. There were no related party transactions which were not on arm’s-length terms.

Events after the period

Subsequent to 31 March 2021, the PDS, OMI and SIPO were updated to reflect the change in Investment Manager and Custodian for the Trust Management New Zealand Bond Fund, and the change in Fund name for the Australasian Shares, International Shares, NZ Bond, International Bond and Balanced Funds.

12. OTHER INFORMATION FOR PARTICULAR TYPES OF MANAGED FUNDS

Unit Prices of Funds at start and end of accounting period

	Trust Management New Zealand Bond Fund	Trust Management International Bond Fund	Trust Management Sustainable Australasian Share Fund	Trust Management International Share Fund	Trust Management Property Fund	Trust Management Balanced Fund
1 April 2020	NZ\$1.1522	NZ\$1.0399	NZ\$2.8727	NZ\$1.3896	NZ\$1.4791	NZ\$1.2958
31 March 2021	NZ\$1.1401	NZ\$0.9553	NZ\$4.2517	NZ\$1.8413	NZ\$1.6238	NZ\$1.4799

13. CHANGES TO PERSONS INVOLVED IN THE SCHEME

Changes to the Manager

There has been no change to the Manager during the accounting period. There has been no change in the control of the Manager during that period.

Changes to the Directors of the Manager

Peter Brook resigned as Chair of the Board of Directors on 22 February 2021 and Christine Scott was appointed as Chair.

Changes to the Key Personnel of the Manager

There were no changes to the key management personnel of the Manager, other than the additional appointment of Anna Boyle on 15 February 2021.

Changes to the Supervisor or its Directors

There has been no change to the Supervisor during the period. Bryan David Connor was appointed as a Director of the Supervisor on 31 August 2020.

Changes to the Administration or Investment Managers

There has been no change to the Administration or Investment Managers during the period. Subsequent

to 31 March 2021, the Investment Manager for the Trust Management New Zealand Bond Fund changed from Trust Management to Nikko Asset Management.

Changes to the Securities Registrar

MMC Limited was appointed as Securities Registrar in January 2021.

Changes to the Custodian

There has been no change to the Custodian during the period. Subsequent to 31 March 2021, the Custodian for the Trust Management New Zealand Bond Fund changed from Trustee Executors to BNP Paribas.

Changes to the Auditor

There has been no change to the Auditor during the accounting period.

14. HOW TO FIND FURTHER INFORMATION

Further Information relating to the Scheme

In the Offer register entry

The register entry for the Offer includes the following documents which contain more information about the Offer:

- Product Disclosure Statement for the Funds
- Other Material Information Document
- Master Trust Deed and Establishment Deeds for each Fund
- Management Deed between the Manager and the Supervisor
- Quarterly Fund Updates for each Fund
- Full Portfolio Holdings of each Fund
- Return Data for each Fund
- Key policies of the Manager, including the Trading Policy and Unit Pricing and Valuation Policy

In the Scheme register entry

The register entry for the Scheme includes the following documents which contain more information about the Scheme:

- Master Trust Deed and Establishment Deeds for each Fund
- Statement of Investment Policies and Objectives
- Audited Financial statements for the Funds

On request from the Manager

Copies of all of the above documents are available free of charge from the Manager.

How information can be obtained from the Offer register entry or the Scheme register entry

The above information and other useful information about this offer is available on the Disclose Register at <https://discloseregister.companiesoffice.govt.nz/disclose> under the Offer register entry (OFR12861) and the Scheme register entry (SCH12851).

Further information can be found on our website www.trustmanagement.co.nz. The Manager will also give you copies of these documents on request; free of charge.

How a request for information should be made

Requests for hard copies of documents and information can be made to the Manager (Shane Coward, General Manager) in writing or by email to scoward@trustmanagement.co.nz. Further contact details are outlined in section 15 of this report.

All documents and information requested will be provided free of charge.

How to find information about the Trust Management PIE Funds

Further information about the Trust Management PIE Funds can be found on our website www.trustmanagement.co.nz

15. CONTACT DETAILS

Contact Details of the Manager

Trust Investments Management Limited as corporate trustee for Trust Investments Management Charitable Trust is the Manager of the Funds.

Level 4, 123 Carlton Gore Road,
Newmarket
Auckland 1023

PO Box 37 448, Parnell
Auckland 1151

Phone: 0800 550 4040

Directing Queries

Queries can be directed to either:

Shane Coward
General Manager
Trust Investments Management Limited
09 550 4045

or

Grant Hope
Chief Executive
Trust Investments Management Limited
09 550 4043

Details of who to contact in the event of a complaint are set out in section 16 of this report.

Contact Details of the Supervisor

The New Zealand Guardian Trust Company Limited is the Supervisor of the Funds.

Level 6, 191 Queen Street
Auckland 1010

Phone: 0800 87 87 82
General Manager, Corporate Trusts

Securities Registrar

MMC Limited is the Registrar of the Funds.

Level 25, QBE Centre
125 Queen Street
Auckland 1010

Phone: 09 309 8926

16. COMPLAINTS

Complaints can be made in the following ways:

The Manager:

By writing to:

The Complaints Officer
Trust Management
PO Box 37 448
Parnell
Auckland 1012

By phoning:

Shane Coward
General Manager
0800 550 4040

By email:

Shane Coward, General Manager
scoward@trustmanagement.co.nz

The Supervisor:

The New Zealand Guardian Trust Company Limited
Level 6, 191 Queen Street
Auckland 1010
Phone: 0800 87 87 82
General Manager, Corporate Trusts

The Insurance and Financial Services Ombudsman:

Trust Management is a member of an independent dispute resolution scheme operated by the Insurance and Financial Services Ombudsman ("IFSO"). If you feel your complaint has not been resolved to your satisfaction, you may register your complaint with the IFSO. Please note, complaints to the IFSO must fall within certain criteria. The Scheme will not charge a fee to any complainant to investigate or resolve a complaint.

The IFSO office hours are 8.30am to 5.00pm Monday to Friday.

By phone:

Freephone: 0800 888 202
Telephone: 04 499 7612

By email:

info@ifso.nz

By post:

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