The Perpetual Investment Fund

Perpetual Investment Fund
Investment decision making responsibilities

What	Who
Setting investment objectives and risk tolerance	PIF Guardians
Setting and reviewing Statement of Investment Policies and Objectives (“SIPO”) (including Responsible Investment Policy)	PIF Guardians
Setting long term strategic asset allocation (“SAA”); i.e. which asset class to invest in	PIF Guardians
Selecting and monitoring the Fully Outsourced Agent (“FOA”)	PIF Guardians
Implementing investment as set out in SIPO	FOA
Selecting investment funds to implement SAA	FOA
Selecting investment managers for investment funds	FOA
Selecting and trading securities	Investment managers within the investment funds
Day to day management and reporting	FOA
Regular monitoring of investment and returns	PIF Guardians

Mercer

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Quarterly Report: Q3 2025/26

NPDC Perpetual Investment Fund

May 2026

A business of Marsh McLennan

Performance Snapshot

NPDC PIF Value ($m)
31-Mar-26*
426.5

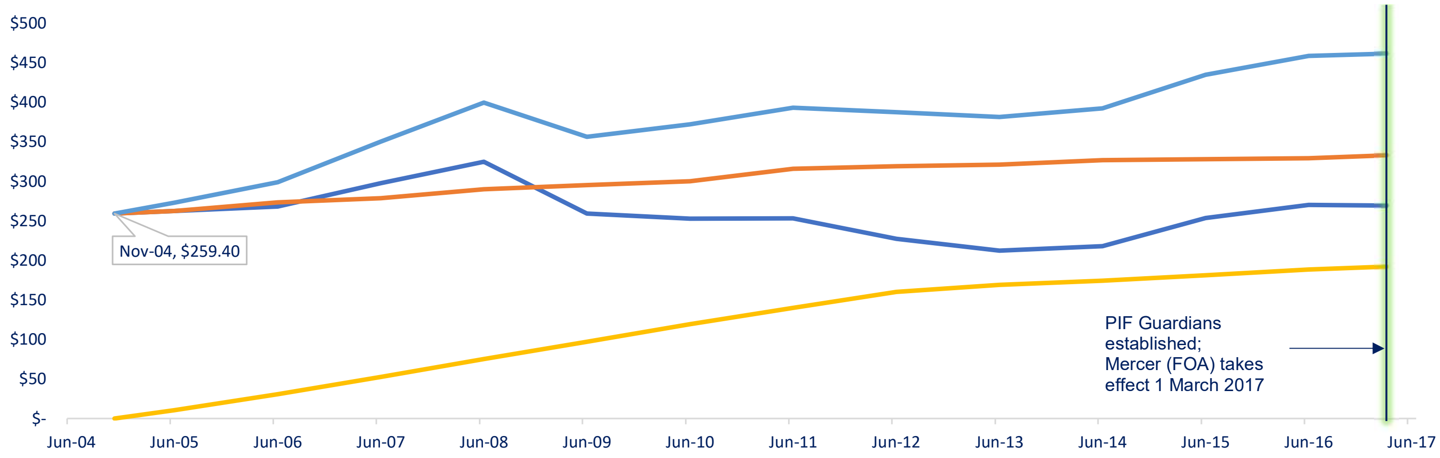
NPDC PIF Returns (Net)					
3 months (%)	**12 months (%)**	**3 years (% p.a.)**	**5 years (% p.a.)**	**7 years (% p.a.)**	**Since inception** (Nov 2004 % p.a.)**
0.4%	12.4%	11.0%	8.7%	9.2%	7.4%

Release Payments				
3 months	**1 year**	**3 years**	**5 years**	**Since inception (Nov 2004)**
$3.1m	$12.4m	$35.9m	$56.1m	$284.6m

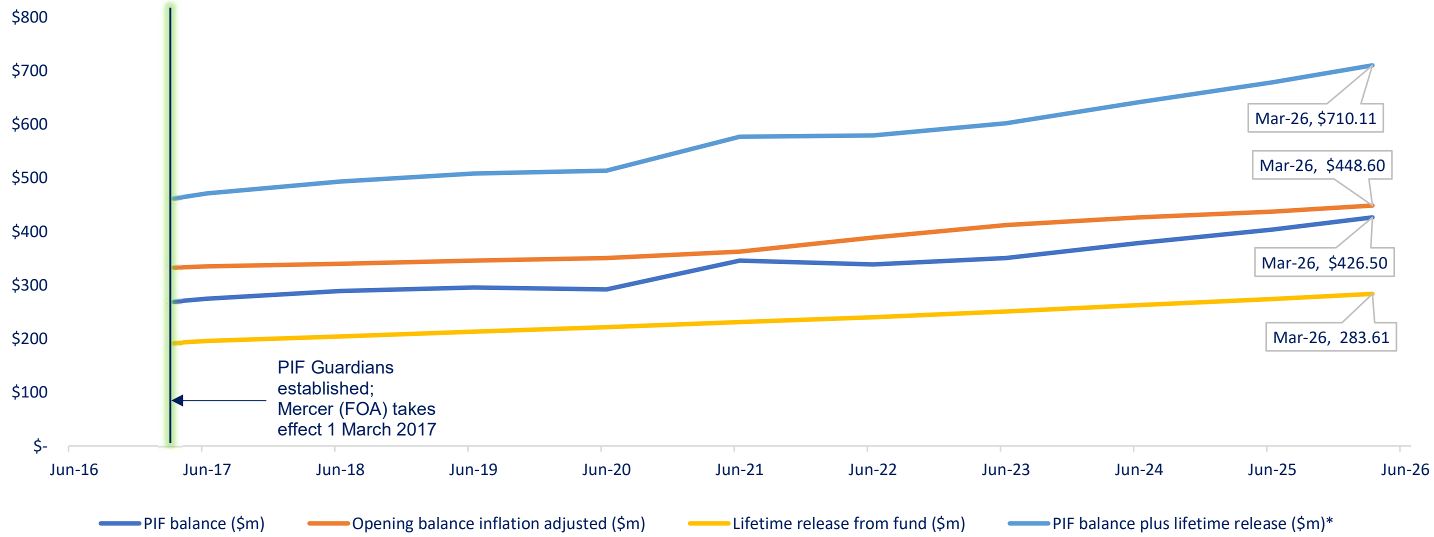
* As at 30 April 2026, the PIF value has since increased to $444.5m.

** Implementation of Guardian and Full Outsource Agent (Mercer) model took effect 1 March 2017. Results and distributions incorporate TIML results for period prior to March 2017.

PIF Balances and Releases - inception to March 2017



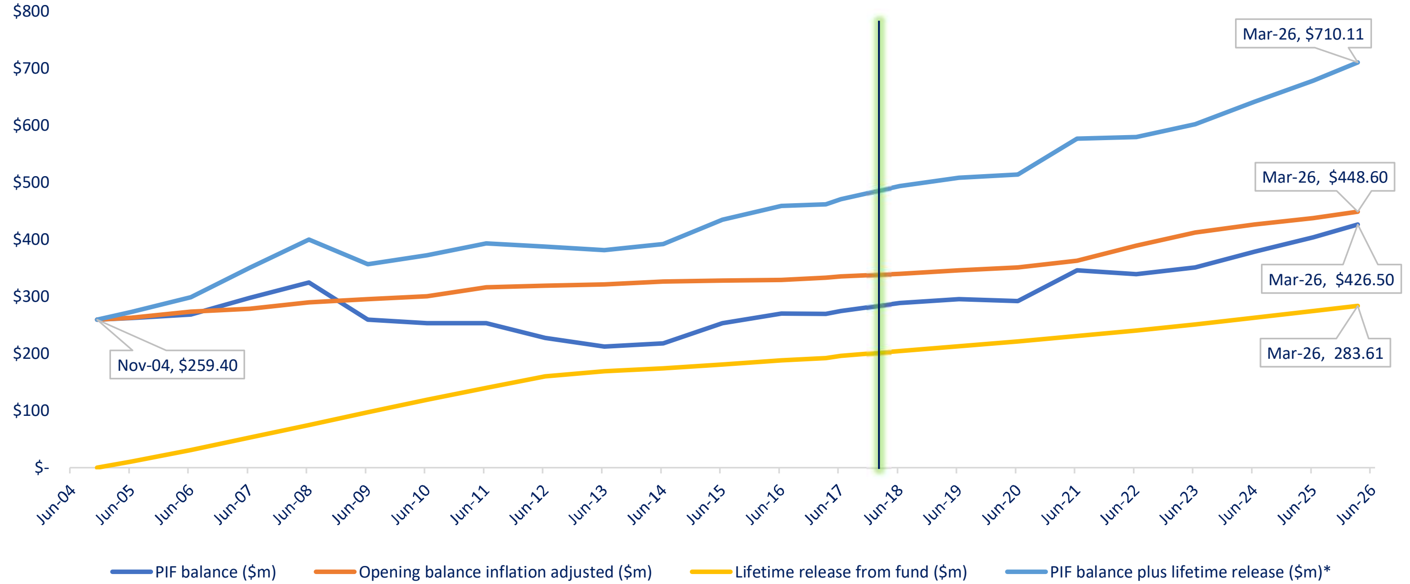
PIF Balances and Releases - March 2017 to present



**Note:* that "PIF balance plus lifetime release" trend only adds lifetime releases from the fund to actual balances at each year end, and therefore omits hypothetical compounding returns which would have been achieved had the release amounts remained invested along with the existing balance.

Source: NPDC

PIF Balances and Releases to 31 March 2026



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Source: NPDC

Q1 Market Index Returns

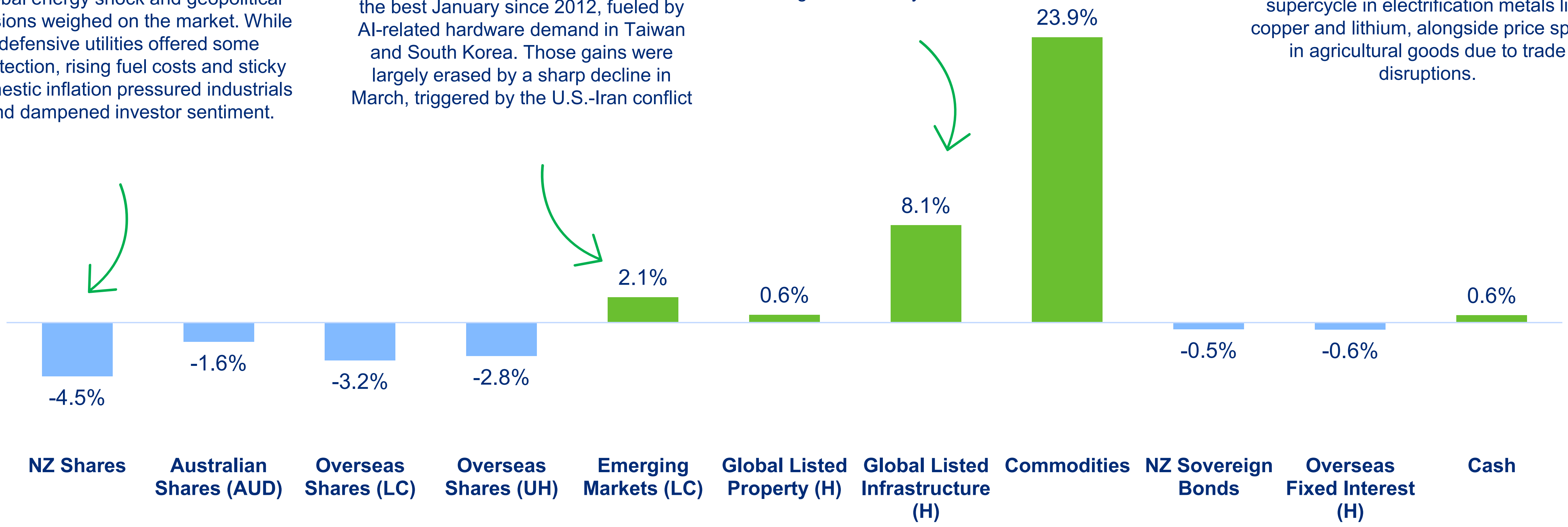
As of 31 March 2026

Falling from a January record high, the global energy shock and geopolitical tensions weighed on the market. While defensive utilities offered some protection, rising fuel costs and sticky domestic inflation pressured industrials and dampened investor sentiment.

Initially emerging markets surged in with the best January since 2012, fueled by AI-related hardware demand in Taiwan and South Korea. Those gains were largely erased by a sharp decline in March, triggered by the U.S.-Iran conflict

Global listed Infrastructure acted as a defensive haven that outpaced broader markets. The growth was driven by utility and energy midstream exposure, offering inflation-protected returns during global volatility.

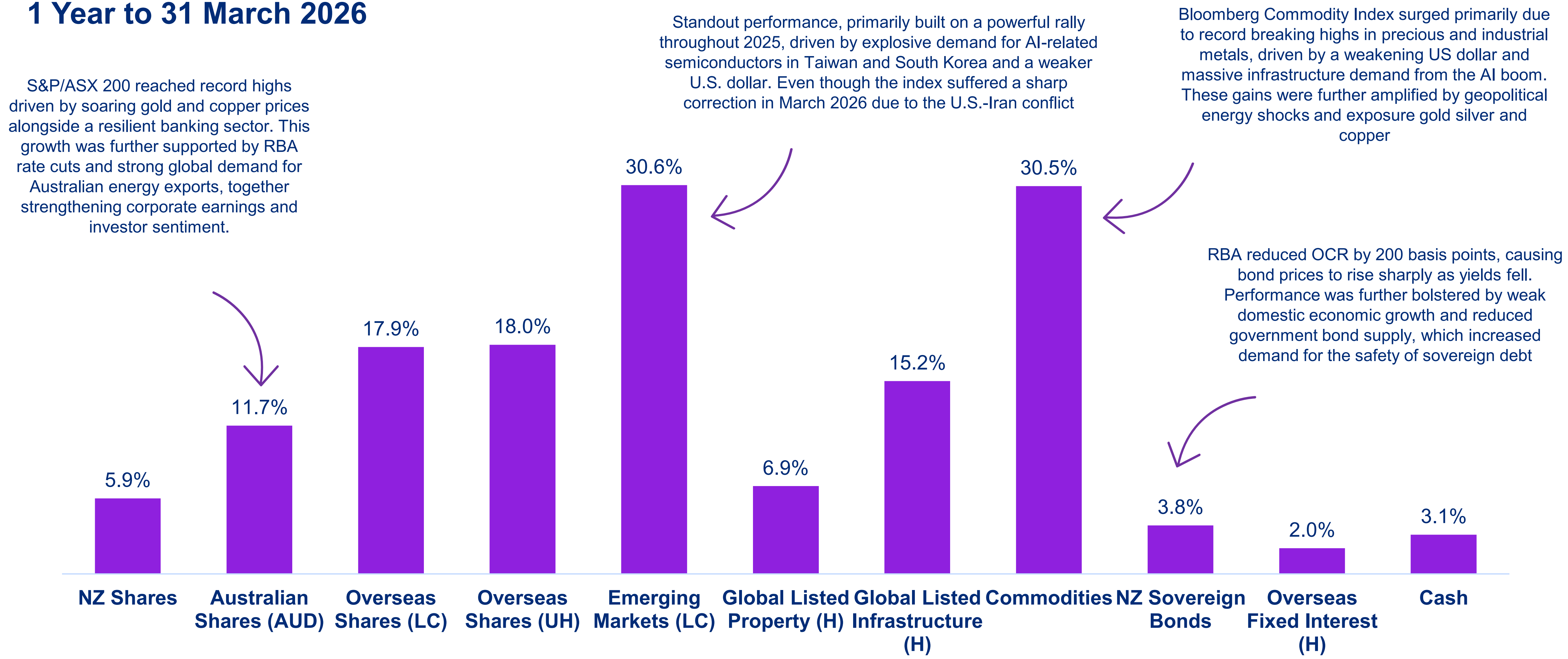
Commodities surged, primarily fueled by a massive energy shock as U.S. Iran tensions disrupted supply through the Strait of Hormuz, nearly doubling oil prices. This rally was reinforced by a structural supercycle in electrification metals like copper and lithium, alongside price spikes in agricultural goods due to trade disruptions.



As at 31 March 2026 (NZD), Indices used: NZ Shares is S&P/NZX 50 Index with IC, Australian Shares (AUD) is S&P ASX 200, Overseas Shares is MSCI World, Overseas shares (UH) is MSCI World in NZD, Emerging Markets is MSCI World Emerging Markets, Global Listed Property is FTSE EPRA NAREIT Developed Index Hedged (NZD), Global Listed Infrastructure is FTSE Global Core Infrastructure 50/50 Hedged (NZD), Commodities is Bloomberg Commodity Index Hedged (NZD), NZ Sovereign Bonds is S&P/NZX NZ Government Bond Index, Overseas Fixed Interest is Bloomberg Capital Global Aggregate-Hedged (NZD) and Cash is S&P/NZX Bank Bills 90-Day Index.

1 Year Market Index Returns

1 Year to 31 March 2026



As at 31 March 2026 (NZD), Indices used: NZ Shares is S&P/NZX 50 Index with IC, Australian Shares (AUD) is S&P ASX 200, Overseas Shares is MSCI World, Overseas shares (UH) is MSCI World in NZD, Emerging Markets is MSCI World Emerging Markets, Global Listed Property is FTSE EPRA NAREIT Developed Index Hedged (NZD), Global Listed Infrastructure is FTSE Global Core Infrastructure 50/50 Hedged (NZD), Commodities is Bloomberg Commodity Index Hedged (NZD), NZ Sovereign Bonds is S&P/NZX NZ Government Bond Index, Overseas Fixed Interest is Bloomberg Capital Global Aggregate-Hedged (NZD) and Cash is S&P/NZX Bank Bills 90-Day Index.

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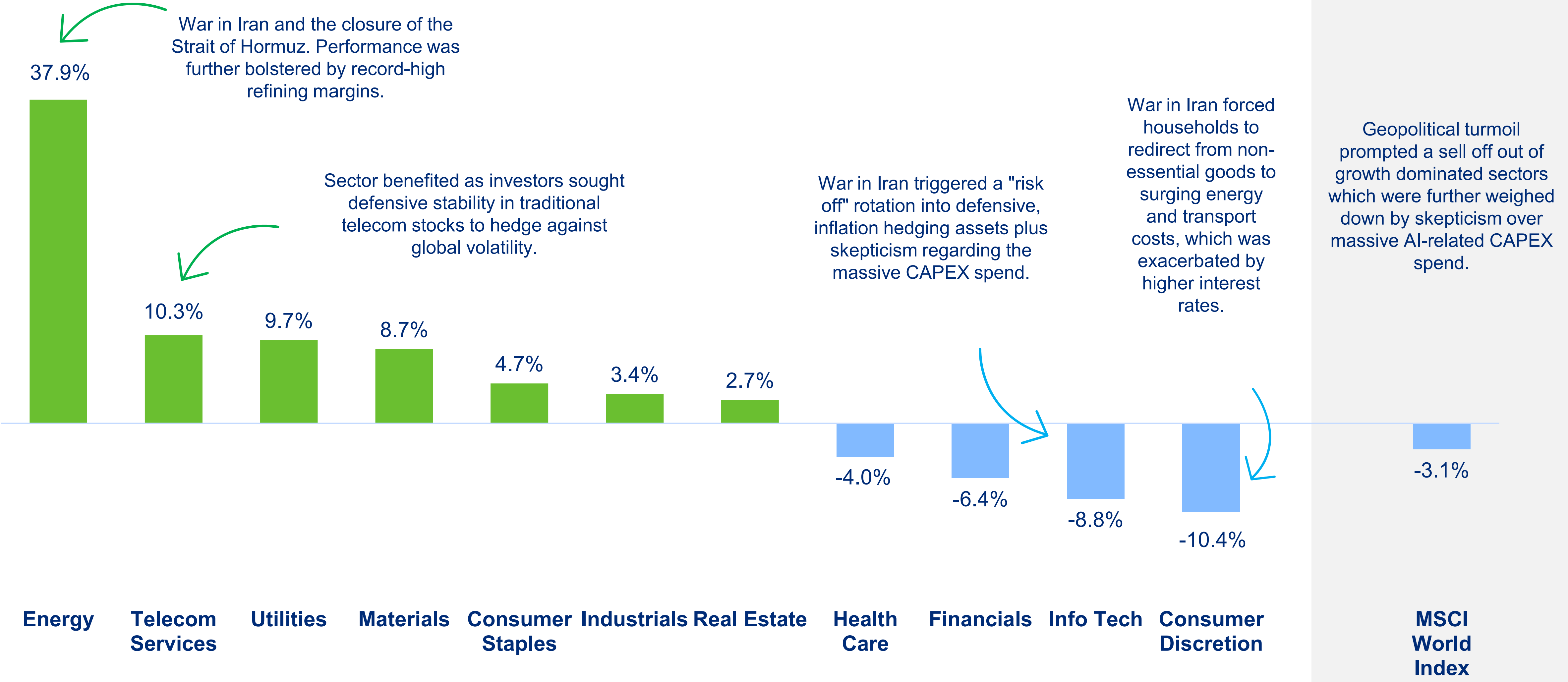
Q1 Sector Performance – Equity

MSCI World Index (Local Currency)



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Fund Performance

- The NPDC PIF returned 0.4% for the quarter (after fees). The Fund was below its CPI + 3.3% objective over Q1 2026, though is above objective over all time periods shown including since inception (Mercer inception date 1 March 2017).

Fund Performance						
	3 months (%)	**12 months (%)**	**3 years (% p.a.)**	**5 years (% p.a.)**	**7 years (% p.a.)**	**Since inception (% p.a.)**
NPDC PIF Return (Net)	0.4%	12.4%	11.0%	8.7%	9.2%	8.6%
Value-add (incl. Private Equity)						
Relative to CPI + 3.3%	-1.3%	+6.0%	+4.5%	+0.7%	+2.0%	+2.1%
Relative to secondary benchmark [1]	+0.5%	-0.6%	-1.4%	-0.8%	-0.3%	-0.5%
Equities, Fixed Interest, and Cash	-1.6%	14.7%	14.7%	9.7%	10.4%	9.6%
Relative to benchmark [2]	+0.3%	+1.1%	+0.8%	+0.9%	+0.9%	+0.6%
Private Equity and Real Assets	4.4%	11.6%	7.5%	9.1%	8.8%	8.1%
Relative to benchmark [3]	+1.0%	-0.1%	-2.1%	-1.3%	-0.5%	-1.1%

[1]The Fund's secondary benchmark is a composite of the underlying sector benchmarks. For Private Equity this is CPI + 6%. For Real Assets this was CPI +4% prior to 1 July 2025 and from then onwards reflects the underlying sub-sector market-related benchmarks.
[2]The benchmark is an aggregate of their respective market-related benchmarks.
[3] The benchmark comprises Private Equity at CPI + 6%, while for Real Assets this was CPI +4% prior to 1 July 2025 and from then onwards reflects the underlying sub-sector market-related benchmarks.

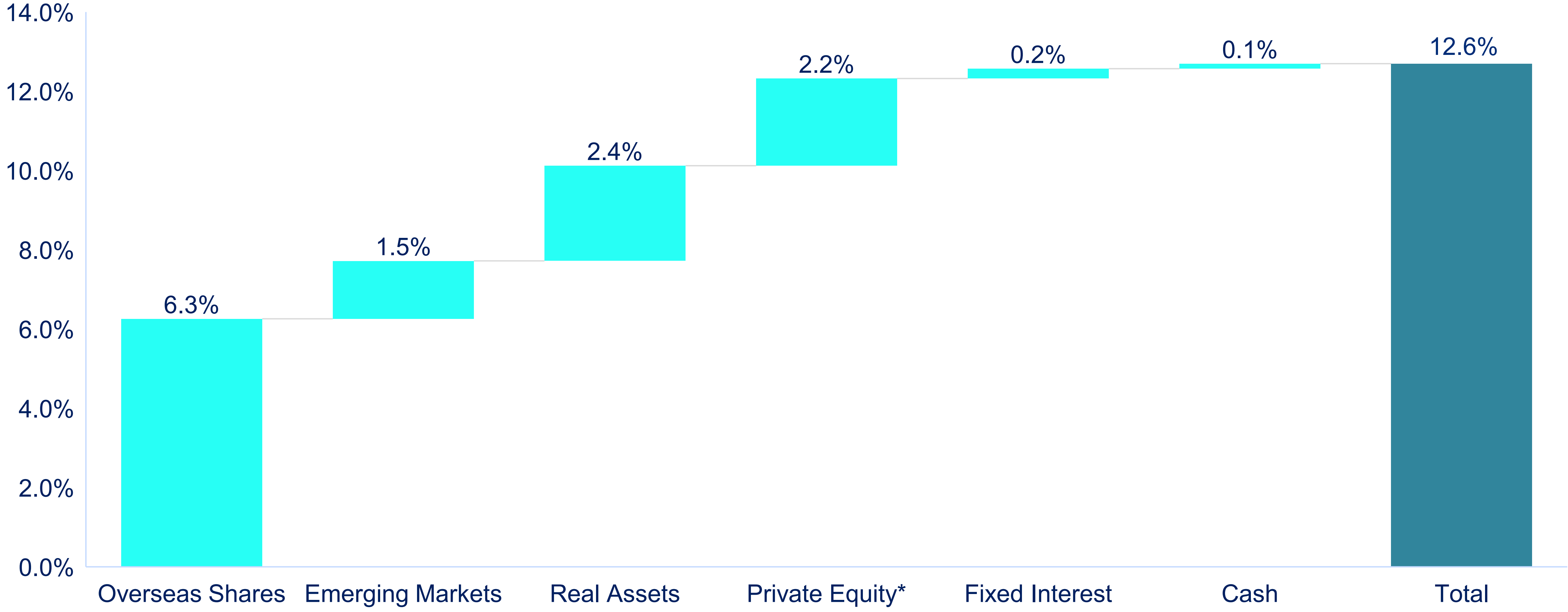
Sector Performance

Sector	3 months			12 months			3 years (p.a.)			Since Inception (p.a.)[1]		
	Gross Return (%)[2]	Excess (%)	Attribution (%)[3]	Gross Return (%)[2]	Excess (%)	Attribution (%)[3]	Gross Return (%)[2]	Excess (%)	Attribution (%)[3]	Gross Return (%)[2]	Excess (%)	Attribution (%)[3]
Overseas Shares (part passive)	-3.2%	-0.0%	-1.0%	18.9%	+1.4%	6.3%	19.2%	+0.7%	6.7%	12.5%	+0.2%	4.5%
Emerging Markets	1.6%	+0.9%	0.1%	29.1%	+0.4%	1.5%	19.7%	+1.3%	1.0%	10.7%	+0.8%	0.6%
Real Assets[4]	4.8%	+0.5%	0.8%	14.1%	+3.4%	2.4%	8.8%	+0.3%	1.6%	6.7%	-1.0%	1.2%
Listed Property	0.9%	+0.3%		9.4%	+2.5%		8.0%	+1.4%		5.2%	+2.5%	
Listed Infrastructure	8.7%	+0.6%		18.9%	+3.7%		8.8%	-2.0%		6.8%	-0.7%	
Private Equity (vs CPI+6%)	3.3%	+1.2%	0.8%	8.9%	-0.2%	2.2%	5.6%	-3.7%	1.5%	8.9%	-1.2%	2.4%
Fixed Interest[5]	-1.4%	-0.9%	-0.2%	1.8%	-0.2%	0.2%	3.1%	-0.3%	0.4%	2.1%	+0.3%	0.3%
O'seas Sovereign Bonds	-1.7%	-1.0%		0.6%	-0.3%		1.6%	-0.2%		1.9%	+0.8%	
Global Credit	-1.2%	-0.2%		3.3%	+0.1%		4.7%	+0.4%		2.3%	+0.1%	
Cash[6]	0.6%	+0.0%	0.0%	3.4%	+0.3%	0.1%	4.9%	+0.2%	0.2%	2.9%	+0.3%	0.1%
Total Portfolio	0.5%		0.5%	12.7%		12.7%	11.4%		11.4%	9.1%		9.1%

1. Since inception is measured from Mercer's inception date (March 1, 2017).
2. Gross returns are reported for all sectors except Private Equity, which is net of fees.
3. Weighted contribution to Total Portfolio return.
4. The Real Assets sector benchmark changed from CPI + 4% (a long-term target with a one-quarter lag) to a composite of the relevant sub-sector market-related benchmarks on 1 July 2025.
5. At the sector level, Fixed Interest is benchmarked against the Bloomberg Global Aggregate Bond Index (100% NZD Hedged).
6. Cash includes TIML Cash prior to December 2023.

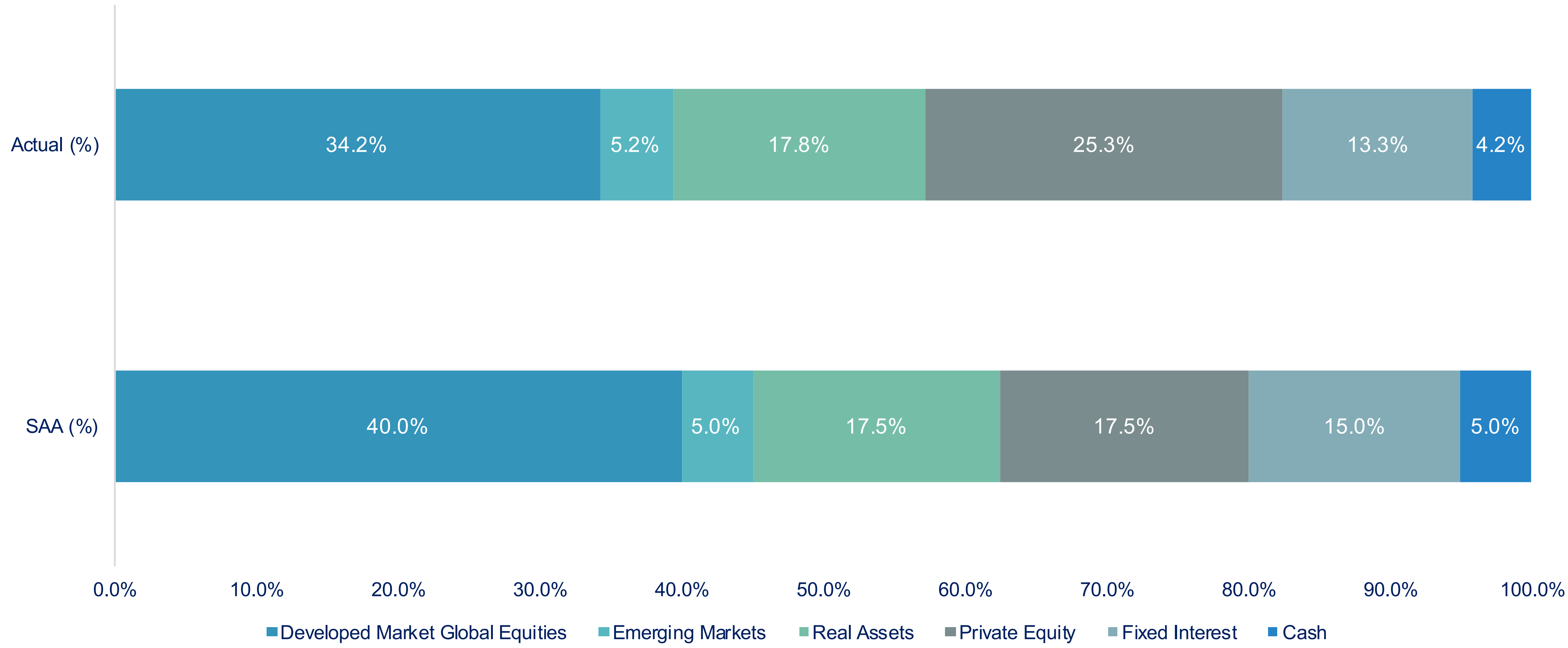
Sector Performance – 12 months

Weighted Contribution to Total Fund Return



*Gross returns are reported for all sectors except Private Equity, which is net of fees.

Asset Allocation



Notes:

- The Private Equity allocation is currently NZ$108.2m (USD$61.7m) excl FX hedge P&L, which is above the benchmark Strategic Asset Allocation (SAA) level. This has reduced the Overseas Shares allocation by 6.25% and Cash by 1.56%. The remaining commitment amount for Private Equity is NZ$16.9m.
- The target hedging ratio for Overseas Shares is 50% (effective 31 August 2019).

Sector in focus – Overseas and Emerging Markets Shares

What are they and what are the key benefits and risks?

Overseas Shares, also known as global equities, refer to ownership of shares of companies that are traded on stock exchanges around the world.

Diversification: Overseas Shares provide investors with the opportunity to diversify their portfolios across different industries, sectors and countries. This can help reduce risk by allocating to a range of companies with different characteristics.

International Exposure: Investing in Overseas Shares allows investors to gain exposure to international markets and economies. This can provide opportunities for growth and potentially higher returns compared to investing solely in domestic equities.

Currency Risk: Investing in Overseas Shares exposes investors to currency risk. Fluctuations in exchange rates can impact the value of investments, as the value of foreign currencies relative to the investor's home currency can change over time. The NPDC PIF is 50% hedged to the New Zealand dollar which mitigates the impact of currency movements on returns.

Volatility: Overseas Shares can be subject to higher levels of volatility compared to other asset classes. This is because global markets can be influenced by a variety of factors, including geopolitical events, economic conditions, and regulatory changes.

Liquidity: Overseas Shares are generally more liquid compared to investments in smaller, less developed markets such as New Zealand. This means that investors can buy and sell shares more easily, which can be important for those who require quick access to their investments.

Emerging Markets: Refer to economies of developing nations that are becoming more engaged with global markets as they grow, but do not have all the characteristics of a developed market (e.g. China, India, Mexico or Brazil). Emerging Markets Shares refer to shares of companies domiciled in these developing nations.

Compliance Statement

Document	Status
NPDC PIF Guardians SIPO	There were no breaches reported in the quarter
MITNZ SIPO	There were no breaches reported in the quarter
Mercer Sustainable Investment Policy	There were no breaches reported in the quarter

Investments held in MITNZ	Status
Segregated mandates	There were no breaches reported in the quarter
Mercer managed funds	There were no breaches reported in the quarter
External managed funds	There were no breaches reported in the quarter