

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

Quarterly Report: Q1 2025/26

NPDC Perpetual Investment Fund

November 2025

A business of Marsh McLennan

Performance Snapshot

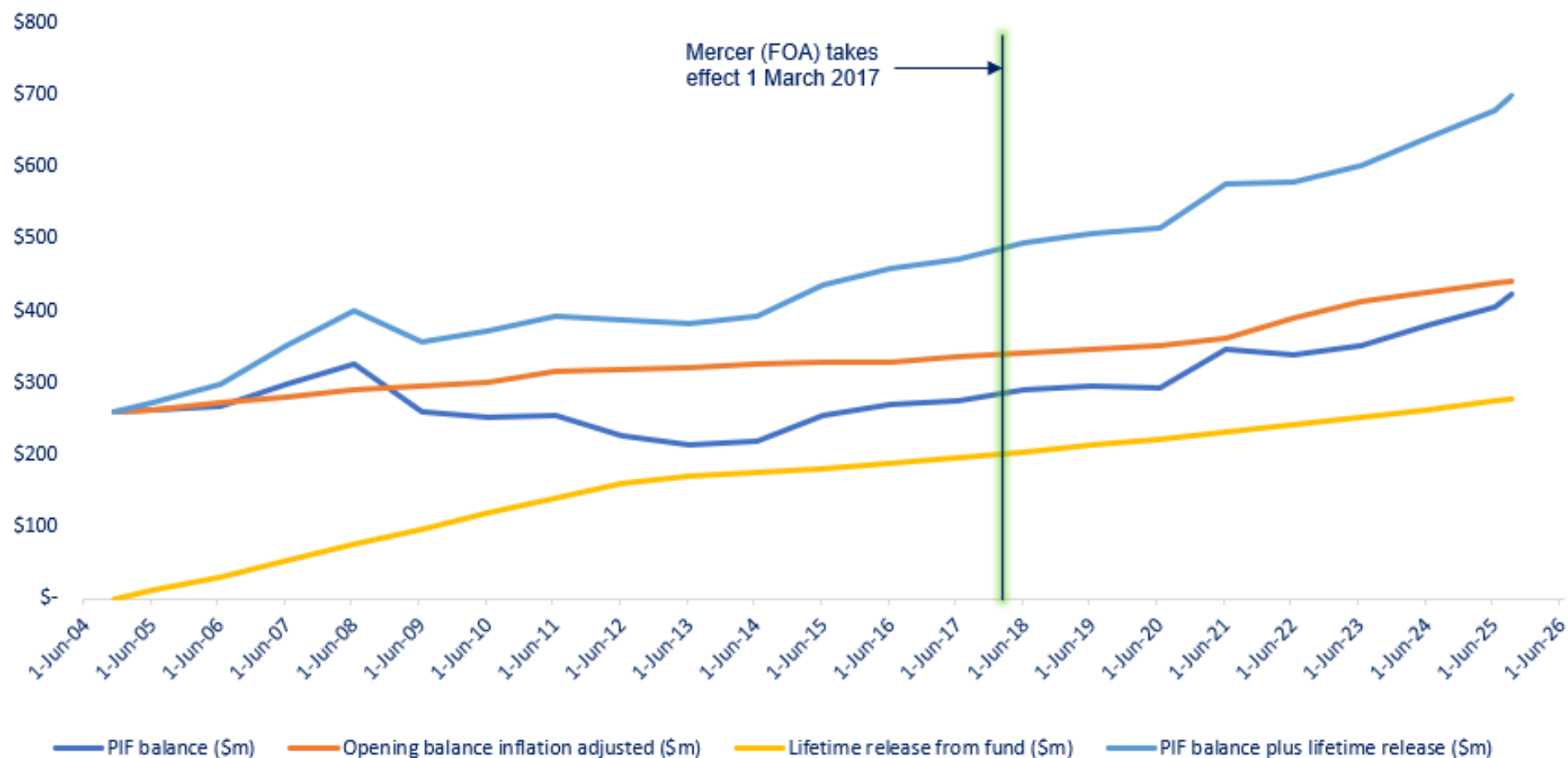
NPDC PIF Value (\$m)
30-Sept-25
422.5

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.)
5.5%	11.7%	11.8%	10.5%	8.9%	7.5%

Release Payments				
3 months	1 year	3 years	5 years	Since inception (Nov 2004)
\$3.3m	\$12.2m	\$35.3m	\$54.5m	\$278.4m

*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 to 30 September 2025

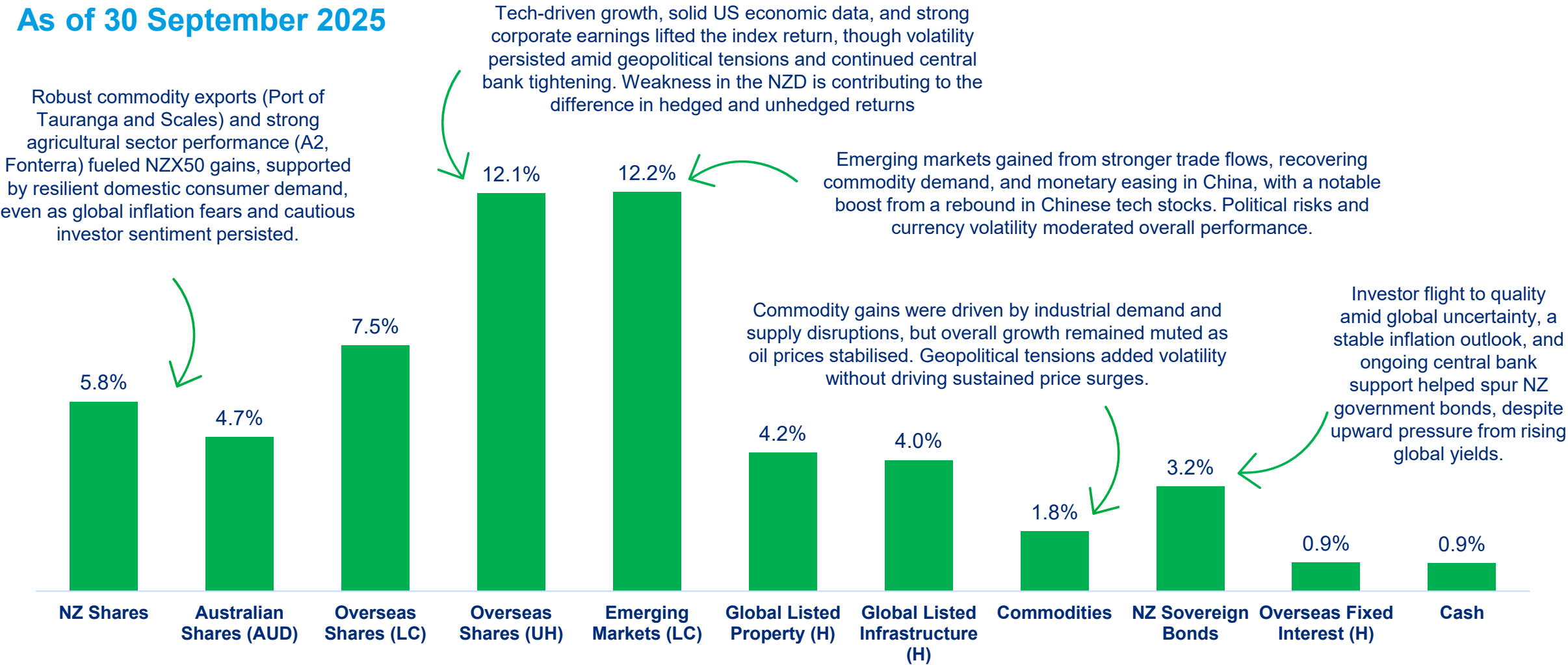


Note: The "PIF Balance plus Lifetime Release (\$m)" trend only adds lifetime releases from the Fund to actual balances at each year end, and therefore omits hypothetical compounding returns which would have been achieved had the release amounts remained invested along with the existing balance.

Source: NPDC.

Q3 Market Index Returns

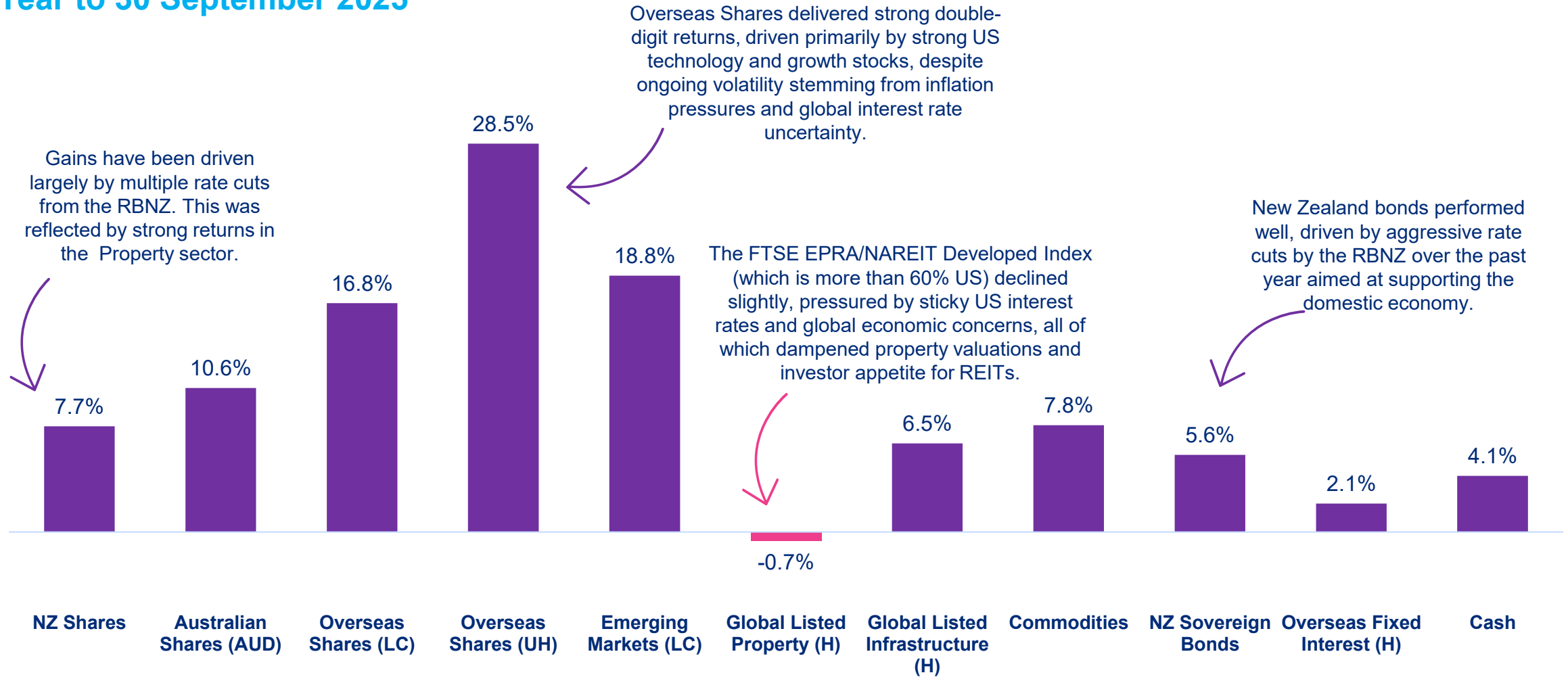
As of 30 September 2025



As at 30 September 2025 (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

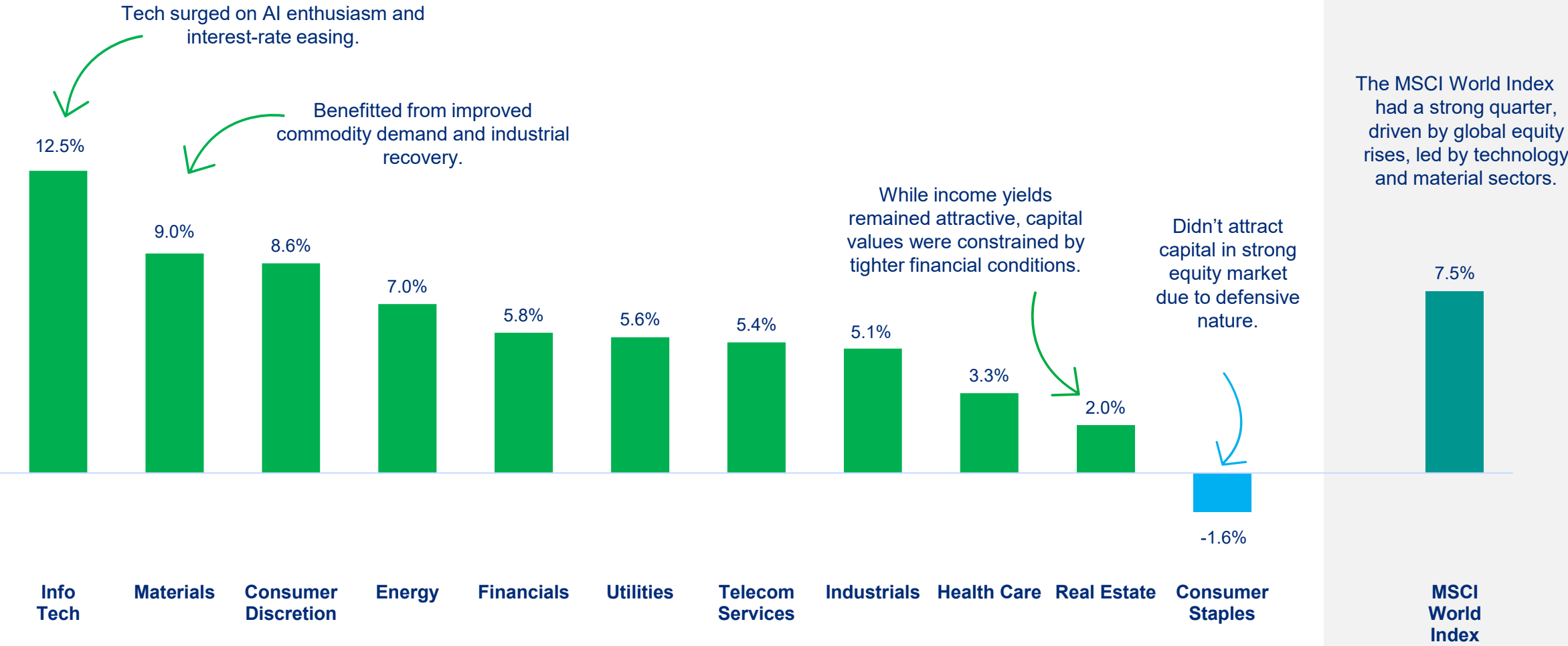
1 Year to 30 September 2025



As at 30 September 2025 (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.

Q3 Sector Performance – Equity

MSCI World Index (Local Currency)



Fund Performance

- The NPDC PIF returned 5.5% for the quarter (after fees). The Fund is above its CPI + 3.3% objective over all time periods shown.
- The Equities, Fixed Interest and Cash category has also outperformed its benchmark over all time periods.
- Private Equity and Alternatives posted positive returns for the quarter but are lagging the benchmark over all periods shown except over 5 years. The benchmark for Real Assets has recently been amended, per footnote below table.

Fund Performance					
	3 months (%)	12 months (%)	3 years (% p.a.)	5 years (% p.a.)	7 years (% p.a.)
NPDC PIF Return (Net)	5.5%	11.7%	11.8%	10.5%	8.9%
Value-add (incl. Private Equity)					
<i>Relative to CPI + 3.3%</i>	+3.7%	+5.4%	+4.9%	+2.6%	+1.8%
<i>Relative to secondary benchmark¹</i>	-0.9%	-2.9%	-2.5%	-0.2%	-0.6%
Equities, Fixed Interest, and Cash	7.8%	17.5%	17.3%	12.2%	10.2%
<i>Relative to benchmark²</i>	+0.3%	+0.8%	+0.7%	+1.3%	+0.9%
Private Equity and Real Assets	2.9%	3.0%	6.1%	10.1%	8.5%
<i>Relative to benchmark³</i>	-1.7%	-7.6%	-3.9%	-0.0%	-0.9%

¹The 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.

²The 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

	3 months			12 months			3 years (p.a.)			Since Inception (p.a.) ¹		
Sector	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	10.0%	+0.2%	3.4%	23.4%	+1.0%	8.6%	22.9%	+0.3%	7.9%	13.2%	+0.2%	4.7%
Emerging Markets	15.0%	-1.0%	0.7%	27.9%	-1.5%	1.5%	18.3%	+0.6%	0.9%	10.4%	+0.4%	0.6%
Real Assets ⁴	4.6%	-0.0%	0.8%	0.9%	-9.0%	0.2%	8.5%	-0.6%	1.5%	6.4%	-1.3%	1.2%
<i>Listed Property</i>	4.5%	+0.3%		-0.3%	+0.4%		8.8%	+0.6%		5.3%	+2.5%	
<i>Listed Infrastructure</i>	4.7%	+0.7%		2.0%	-4.5%		8.2%	-1.7%		6.1%	-0.8%	
Private Equity	1.6%	-3.5%	0.4%	4.0%	-8.1%	1.1%	3.8%	-7.4%	1.0%	8.8%	-1.8%	2.4%
Fixed Interest ⁵	1.5%	+0.6%	0.2%	2.7%	+0.6%	0.4%	4.7%	+0.1%	0.7%	2.4%	+0.4%	0.4%
<i>Overseas Sovereign Bonds</i>	0.6%	+0.1%		1.7%	+1.2%		2.9%	+0.0%		2.3%	+1.0%	
<i>Global Credit</i>	2.5%	+0.6%		3.9%	+0.4%		6.5%	+0.2%		2.5%	+0.2%	
Cash ⁶	0.9%	+0.1%	0.0%	4.4%	+0.2%	0.2%	5.1%	+0.2%	0.2%	2.9%	+0.3%	0.1%
Total Portfolio	5.6%		5.6%	12.0%		12.0%	12.2%		12.2%	9.3%		9.3%

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.

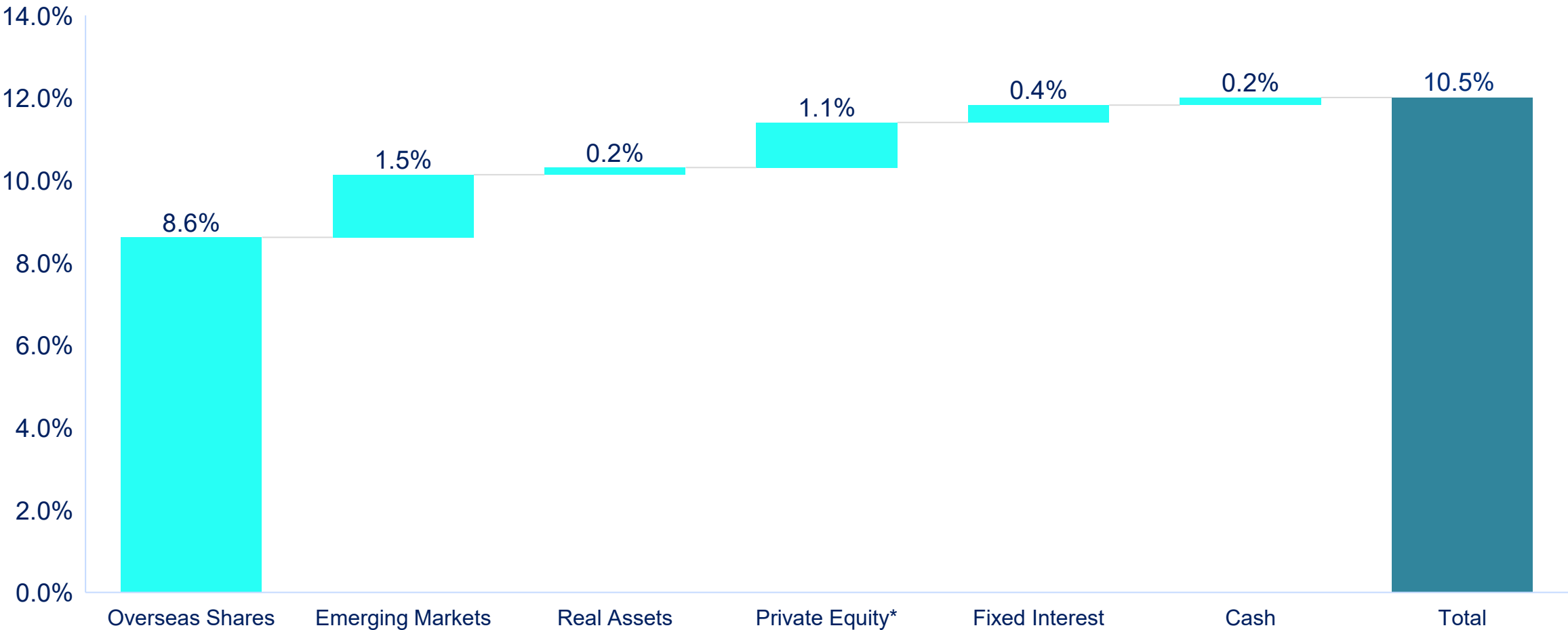
4. The Real Assets sector benchmark was changed from CPI + 4% (a long-term target with a one-quarter lag) to a composite of the relevant sub-sector market-related benchmarks on 1 July 2025.

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.

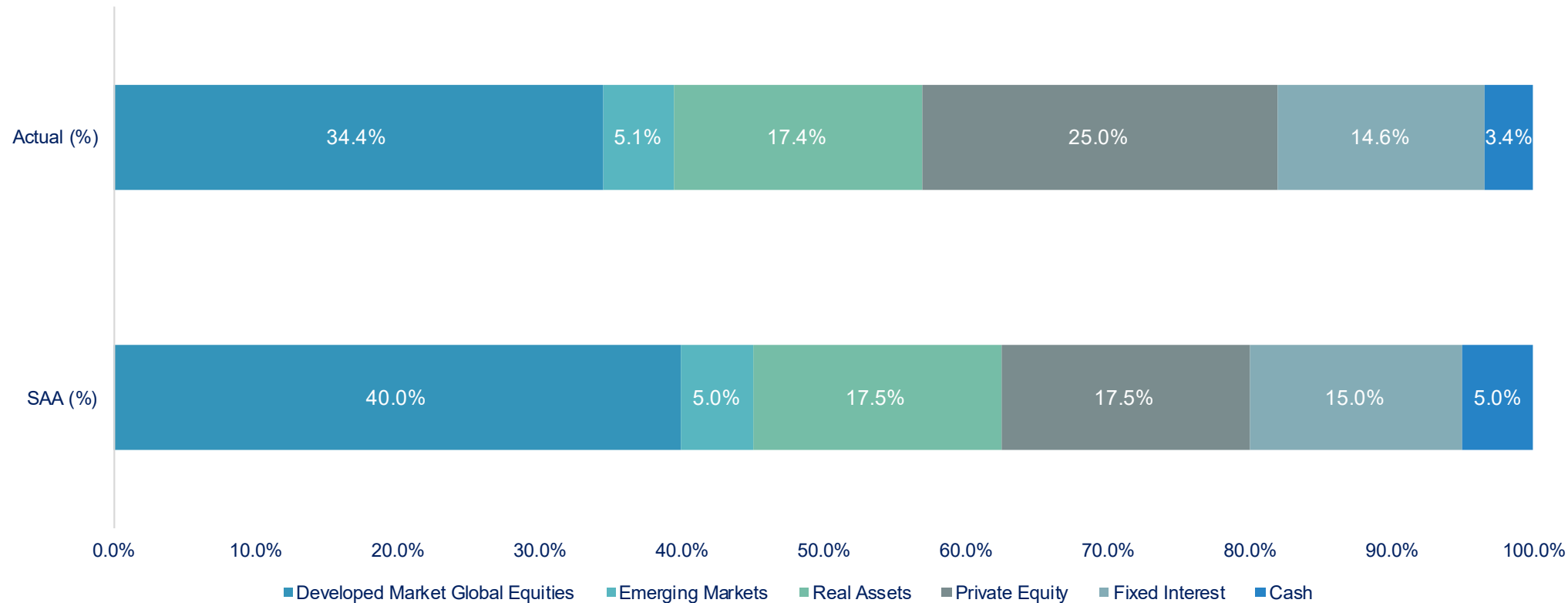
Sector Performance – 12 months

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 above the benchmark Strategic Asset Allocation (SAA) level, which has reduced the Overseas Shares allocation by 6.03% and Cash by 1.51%.
 - The target hedging ratio for Overseas Shares is 50% (effective 31 August 2019).

What is Private Equity?

Private equity refers to investing in companies that are not listed on public exchanges, i.e. buying a stake in private businesses. Private equity firms generally aim to restructure and/or bolster the growth of these companies, to eventually on-sell to other parties or list on public markets. Here are some key points about private equity:

Investment Structure: Private equity firms raise capital from institutional investors and high-net-worth individuals to create funds. These funds are then used to acquire stakes in companies.

Types of Investments:

- **Buyouts:** Acquiring a controlling interest in a company, often involving significant debt financing.
- **Venture Capital:** Investing in early-stage / high growth companies.
- **Growth Capital:** Providing capital to mature companies looking to expand or restructure.

Investment Horizon: Private equity investments typically have a longer time horizon, often 10 or more years, during which the firm works to improve the company's performance before selling it for a profit.

Value Creation: Private equity firms often implement operational improvements, strategic guidance, and financial restructuring to enhance the value of the companies they invest in.

Exit Strategies: Common exit strategies for private equity investments include selling the company to another firm, taking it public through an initial public offering (IPO), or selling it to another private equity firm.

Risks and Returns: While private equity can offer high returns, it also carries significant risks, including illiquidity, market volatility, and the potential for business failure.

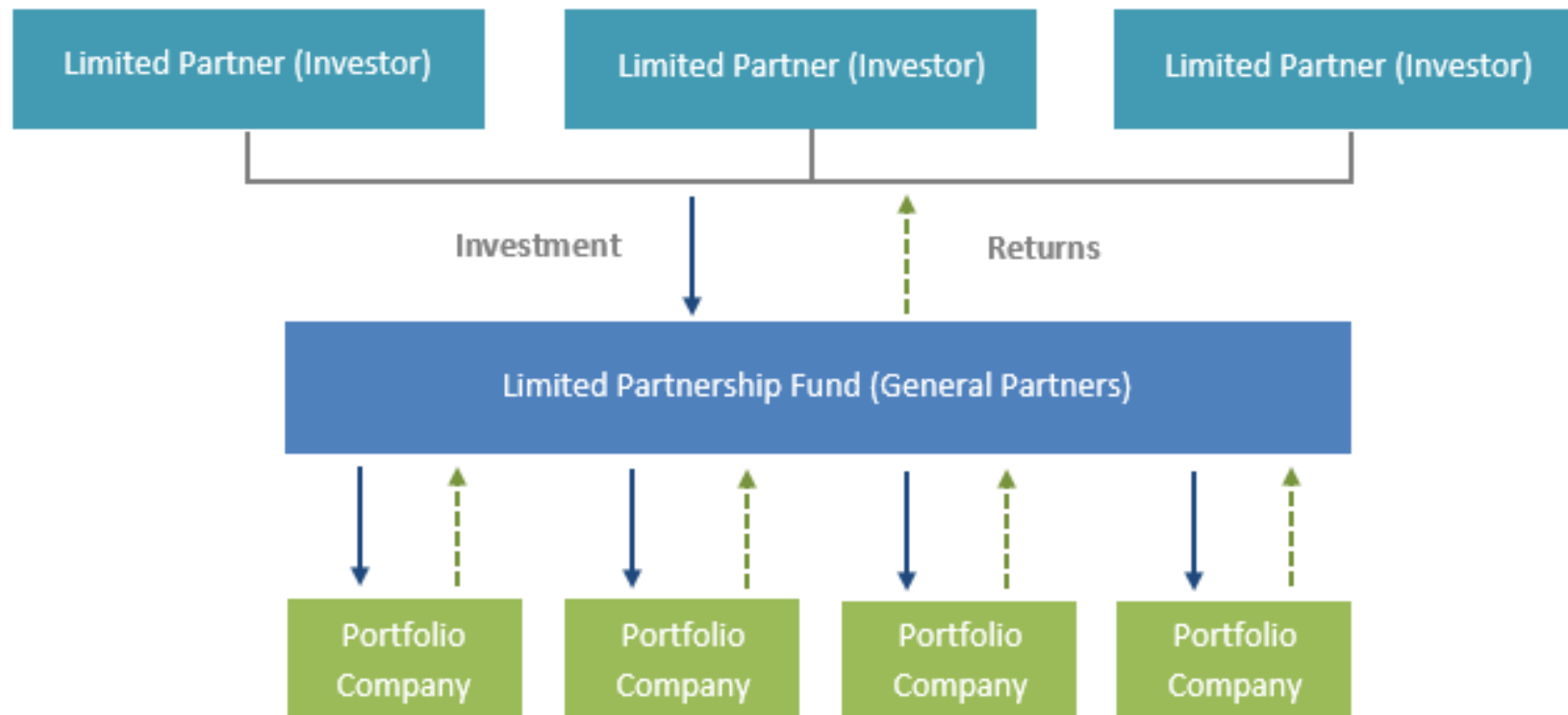
Private vs. Public Equity – characteristics

Public Equity	Private Equity
Publicly traded securities	Private companies
Information on companies is generally freely available	Information on companies is private
Companies are valued instantaneously and there is a mechanism to bring buyers and sellers together efficiently	Company valuation can be difficult
Available to all individuals and institutions	Typically, available only to qualified purchasers
Accessed directly, through a broker or money manager	Accessed indirectly, through a fund manager, or fund-of-funds manager
Long- or short-term strategy: investments are marketable/liquid	Long-term strategies: investments are non-marketable/illiquid

Market inefficiencies are one element that potentially allows Private Equity to outperform Public Equity

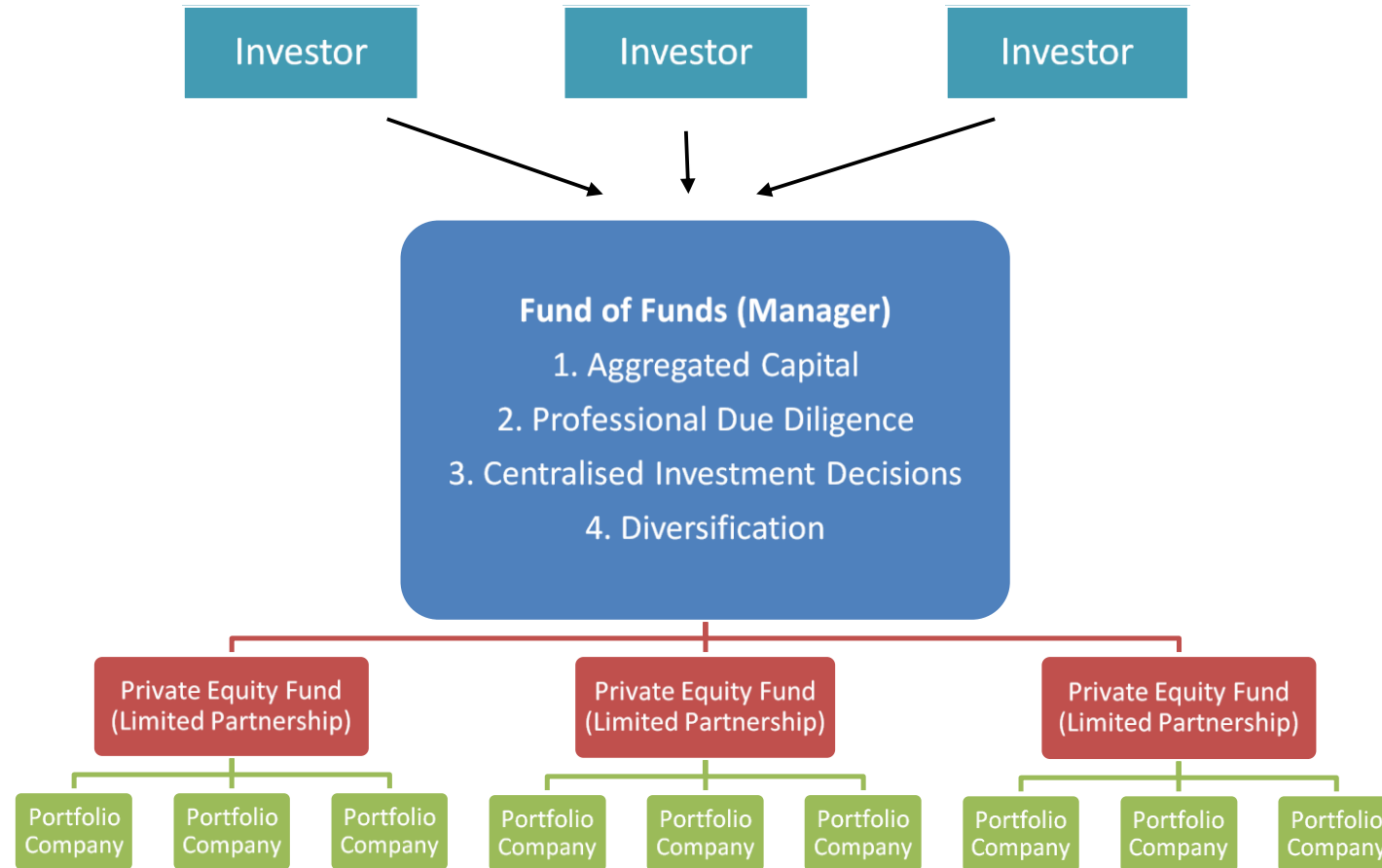
How do clients invest? Option (a) Direct Partnership

- Investment in individual private equity funds as they are created. NPDC PIF example: Direct Capital.
- Requires due diligence on each fund.
- Necessitates investing in multiple funds over time to mitigate concentration risk, whether by fund type or economic cycle phase.



How do clients invest? Option (b) Fund of Funds

- Fund of Funds offer diversification through multiple underlying private equity funds. NPDC PIF example: Mercer Private Investment Partners.
- Due diligence is required only at the FoF level.
- Introduces an additional layer of costs as some due diligence and portfolio construction is outsourced.



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