

Public Trust Investment Funds

Fund Performance

Investor update 30 June 2011

Market briefing

New Zealand economy registers a pulse

The last quarter saw New Zealand's investor confidence building along with signs the economy was finally starting to improve after the Christchurch earthquake in February. Unfortunately, the opposite was occurring in major economies such as the US and Japan.

After a volatile but still positive performance in the previous quarter ending in March, world share markets gave way to bouts of weakness caused by questioning the durability and sustainability of world economic growth. This loss of confidence was brought about particularly by a weakening in key US economic data at a time when there is little room for authorities to kick-start growth.

Added to the mix of trouble for the US was confirmation that Japan had fallen back into recession as a result of the major earthquake; Chinese authorities were trying to slow growth in order to lower inflation; and in Europe

speculation was growing that Greece would default on its debts, potentially followed by other struggling countries such as Portugal.

While share markets suffered under the weight of disappointing economic news, bond market interest rates fell to near historic lows as investors delayed expectations for when official cash rates would begin to rise around the world.

Although growth prospects for most countries were being downgraded, those for New Zealand were recording a modest uplift. With prices for NZ agricultural goods rising over 30% in the past year to new record highs, our economy appears to be relatively well insulated from the current soft patch in world growth. This is reflected in the Reserve Bank of New Zealand upgrading the outlook for our economy causing investors to anticipate a hike in the Official Cash Rate by the end of 2011, rather than early 2012.

The comparatively improved outlook for New Zealand coupled with the weak US economy saw the NZ dollar surge nearly 7 cents to a record 0.8310 against the US dollar, the highest since our currency was floated in March 1985.

Looking ahead, global markets are wrestling with a "wall of worry". While this has certainly grown taller over the quarter, the medium term outlook for global share markets is more encouraging. Share prices are low relative to solid corporate earnings and low interest rates are a helpful tool in promoting growth. These factors suggest that an eventual recovery in share prices could occur later this year, however, current risks in the market first need to shrink. Once this occurs, interest rates will likely climb and the NZ dollar will potentially stay high.

Market returns at a glance

Sector	Quarter (to 30 Jun-2011)	Year (to 30 Jun-2011)
New Zealand Shares	0.5%	17.5%
International Shares*	-7.9%	8.9%
New Zealand Listed Property	7.7%	22.8%
New Zealand Bonds	3.2%	6.8%
International Bonds**	2.2%	3.5%
Cash	0.7%	3.1%
NZD	9.2%	19.5%

* In New Zealand Dollars ** Hedged to New Zealand Dollars



Colin Thomson is Public Trust's Head of Investments and has over twenty years' experience in financial markets. Public Trust is responsible for the management of over \$1.2 billion of investments, including Public Trust Investment Funds.

Funds at a glance

for the period ending 30 June 2011

Fund	Fund Size \$M	Unit Prices		Performance*			Asset Allocations
		Application Price	Withdrawal Price	Last year	Last 2 years	Last 3 years	
Defensive Fund	18.4	1.3513	1.3345	6.6%	6.9%	5.5%	<ul style="list-style-type: none"> NZ Bonds 41% NZ Cash 39% International Shares 13% NZ Shares 5% NZ Listed Property 2%
Conservative Fund	17.3	1.3067	1.2904	8.5%	8.1%	4.1%	<ul style="list-style-type: none"> NZ Bonds 31% NZ Cash 29% International Shares 25% NZ Shares 10% NZ Listed Property 5%
Moderate Growth Fund	9.2	1.2787	1.2628	9.2%	8.8%	3.5%	<ul style="list-style-type: none"> International Shares 33% NZ Cash 24% NZ Bonds 18% NZ Shares 12% International Bonds 7% NZ Listed Property 6%
Balanced Growth Fund	13.0	1.2574	1.2417	10.3%	9.2%	2.6%	<ul style="list-style-type: none"> International Shares 39% NZ Cash 20% NZ Shares 15% NZ Bonds 13% NZ Listed Property 7% International Bonds 6%
Growth Priority Fund	8.6	1.2508	1.2352	12.6%	10.7%	1.3%	<ul style="list-style-type: none"> International Shares 51% NZ Shares 20% NZ Cash 10% NZ Listed Property 9% NZ Bonds 7% International Bonds 3%
Balanced Fund	5.2	1.4660	1.4477	9.6%	8.7%	4.2%	<ul style="list-style-type: none"> International Shares 33% NZ Bonds 28% NZ Shares 12% International Bonds 11% NZ Cash 10% NZ Listed Property 6%
Capital Growth Fund	3.8	1.4505	1.4324	11.5%	9.6%	2.3%	<ul style="list-style-type: none"> International Shares 45% NZ Shares 18% NZ Bonds 13% NZ Cash 10% NZ Listed Property 8% International Bonds 6%
Cash Management Fund	31.8	1.1585	1.1585	2.6%	2.9%	3.3%	<ul style="list-style-type: none"> Bank 68% Asset Backed Securities 16% Local Authority 9% Corporate 7%
NZ Bond Fund	3.2	1.5059	1.4871	6.5%	9.1%	9.3%	<ul style="list-style-type: none"> Government Stock 44% Bank 31% Corporate 16% Local Authority 8%

* Performance returns are shown as annualised rates of return. The returns assume a lump sum invested at the beginning of the period with no subsequent contributions or withdrawals. Returns will vary over time and are dependent on market conditions and the performance of the individual asset allocations in each Fund.

Top 10 holdings at a glance as at 30 June 2011

The tables below show the top 10 companies or countries and their weighting as a percentage of the value of each sector.

International Shares*

Company	Weighting
Exxon Mobil	1.7%
Apple	1.2%
Nestle	0.9%
IBM	0.9%
Chevron	0.8%
General Electric	0.8%
Microsoft	0.8%
AT & T	0.7%
Johnson & Johnson	0.7%
Procter & Gamble	0.7%

International Bonds*

Country	Weighting
Japan	31.0%
United States	26.7%
Italy	7.1%
France	6.9%
Germany	6.7%
United Kingdom	5.5%
Spain	3.1%
Canada	2.0%
Belgium	1.9%
Netherlands	1.7%

NZ Shares

Company	Weighting
Fletcher Building Ltd	13.9%
Telecom	11.9%
Contact Energy Ltd	9.0%
Auckland International Airport Ltd	7.6%
Sky City Entertainment Group	5.7%
Sky Network Television Ltd	5.1%
Fisher & Paykel Healthcare Corporation Ltd	3.8%
Ryman Healthcare Ltd	3.6%
Guinness Peat Group Plc	3.1%
Infratil Ltd	2.8%

NZ Listed Property

Company	Weighting
Kiwi Income Property Trust	28.5%
Goodman Property Trust	18.9%
AMP NZ Office Limited	18.9%
Argosy Property Trust	10.4%
Vital Healthcare Property Trust	9.2%
Property For Industry Ltd	7.0%
The National Property Trust	2.5%
DNZ Property Fund Limited	2.1%
Kermadec Property Fund	1.5%
CDI Investments	1.0%

NZ Bonds

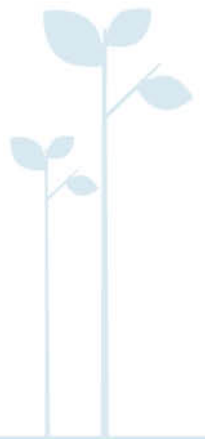
Company	Weighting
Government Stock	44.2%
BNZ	10.6%
Auckland City Council	5.8%
Rabobank	5.7%
Fonterra	5.7%
ASB Bank	5.1%
ANZ	5.0%
Queensland Treasury Corporation	4.2%
Westpac	3.7%
Powerco Ltd	1.9%

NZ Cash

Company	Weighting
Kiwibank	20.0%
ANZ	19.6%
BNZ	16.7%
Westpac	10.6%
Marac (ABCP Trust 1)	9.3%
Retail Financial Services (RFS Trust 2006-1)	7.0%
Auckland City Council	3.7%
Western Bay Of Plenty	3.7%
Fonterra	3.7%
Wellington Regional Council	1.9%

* Securities held by third party managers of international assets.

Public Trust welcomes new industry wide *regulation & standards*



The financial services industry is undergoing a period of change with the introduction of new legislation. Here are some of the changes...

New standards in financial advice

The Financial Advisers Act 2008 came fully into effect on 1 July 2011. It sets new standards for advisers across the New Zealand financial industry to help ensure protection for investors.

Public Trust advisers meet or exceed the new standards and they're all either registered or authorised to give you financial advice. Our registered advisers are able to offer you both estate planning and financial advice relating to your goals. If you have more complex investment needs, our Authorised Financial Advisers are qualified to help.

New standard making fees more transparent

As a member of the Investment Savings & Insurance Association (ISI), we welcome the introduction of the new ISI standard on the calculation and disclosure of fees and expenses. Public Trust is making sure our fees are easy for investors to understand by incorporating the new standard into our current investment statement for the Public Trust Investment Funds investment statement.

New information for Fund Prospectus access is now online

In accordance with amendments to the Securities Act 1978, the Public Trust Investment Funds Prospectus was registered on 30 June 2011 and a copy can be viewed online through instructions found at www.publictrust.co.nz/prospectus. Alternatively you can request a copy by getting in touch with us.

At Public Trust, we fully support investor protection, disclosure and greater transparency because we believe it's in the best interest of our investors and it's important to you.

If you would like more information, call us on 0800 371 471, email info@publictrust.co.nz, or visit www.publictrust.co.nz.

Financial statements are now *online*

In our last Investor Update we let you know that future Public Trust Investment Funds Financial Statements would be available online instead of by mail. We are pleased to let you know the financial statements for the year ending 31 March 2011 are now available on the Public Trust website for viewing or downloading at your leisure.

As always, copies are also available, free of charge from any Public Trust customer centre nationwide.

This newsletter has been prepared to update investors about the performance of their investments.

It provides general information only and is not a substitute for professional advice in any particular circumstances.

Whilst we take care to ensure the accuracy of statements in our publications, we cannot guarantee the accuracy of any part of this newsletter and neither Public Trust, nor its board members or officers, will be liable to any person for any loss or damage whatsoever, including indirect loss, arising from any person's reliance on information contained in this newsletter. Further information about Public Trust Investment Funds is contained in the Investment Statement, a copy of which is available from Public Trust.

A Public Trust adviser's disclosure statement is available, on request and free of charge.

Important information about the Public Trust Investment Funds and their performance

- On 1 October 2007, all Funds elected to operate as Portfolio Investment Entities (PIEs), where individual investors have their tax liability paid or tax rebate reinvested on their behalf at their Prescribed Investor Rate (PIR).
- All Fund performance figures exclude entry fees. Performance has been calculated before deduction of tax and after deduction of management fees.
- Returns reflect past performance and do not indicate future performance.
- No particular level of return is promised. None of Public Trust, the Government of New Zealand, the Statutory Supervisor, nor any other person guarantees the repayment of any investment in the Funds, the performance of the Funds, or any particular rate of return. The value of an investment in any of the Public Trust Investment Funds can decrease, as well as increase.
- Unit prices are as at 30 June 2011. The withdrawal unit price is a gross price, before allowing for any PIE tax applicable to individual investors.
- The Balanced Fund and the Capital Growth Fund are currently closed to new Investors.