



# Methodist Trust Association

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**16 January 2026**

Dear Depositor

## **MTA DISTRIBUTION RATES**

The Methodist Trust Association (MTA) is pleased to advise the distribution rates for its Income and Growth & Income Funds for the quarter ended 31 December 2025.

The Income Distribution Rates are:

	<b>Dec 2025</b>	<b>Sep 2025</b>	<b>Jun 2025</b>	<b>Mar 2025</b>	<b>12 Month Average Return</b>
<b>Income Fund</b>	4.67%	4.65%	4.55%	4.53%	4.60%
<b>Growth &amp; Income Fund</b>	2.48%	2.38%	3.14%	2.70%	2.68%

**Income distributions** for the quarter totalled **\$3,000,098**

## **PAYMENT OF DISTRIBUTIONS**

Income distributions will be made into depositors' accounts on Monday 19<sup>th</sup> January 2026 by direct credit.

## **INVESTING IN THE MTA FUNDS**

**An investment with MTA is an investment into one of MTA's two diversified investment funds.**

Both investment funds are managed in accordance with the Church's Responsible Investment Policy.

### **Income Fund**

The Income Fund's objective is to provide income returns that over time are superior to those available in the general market for similar investments. The fund also maintains sufficient liquidity (cash) to allow you access to your funds at any time, with no penalty.

### **Growth & Income Fund**

The Growth & Income Fund's objective is to provide superior longer-term returns, with greater focus on long-term capital growth and less focus on short-term income. There is risk of capital loss, particularly over shorter periods (less than 3 years).

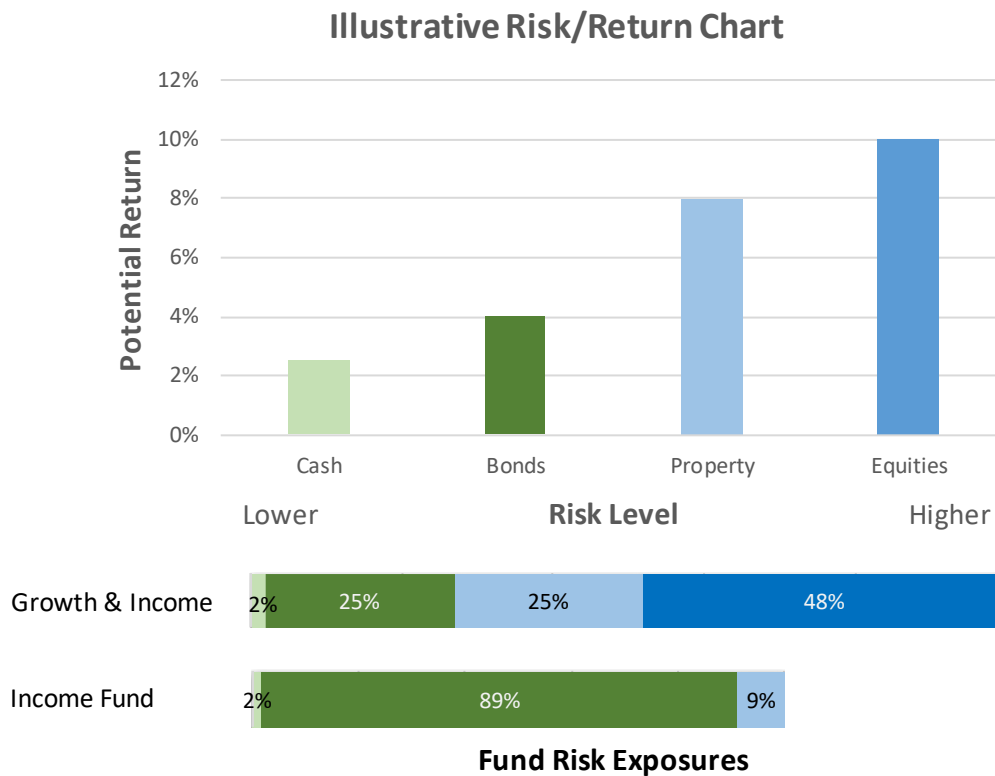
Over the 10-year period to 30 June 2025 the Growth & Income Fund produced a total return of 7.2% p.a. Within that 10-year period there were two negative years – 2022 and 2024.

MTA's responsible investment criteria also ensures that your investments are compliant with Church policies and values, resulting in MTA meeting both your financial and ethical requirements

for investments. Responsible investing is entrenched in our research and investment decision-making processes.

### MTA Funds Risk and Returns

With the following illustrative risk/return chart, we show each fund's allocations to lower-risk (shown in green); and higher risk (shown in blue) asset classes. There is a clear trade-off between long-term returns and "risk" taken.



The Income Fund invests in mainly lower risk (green) asset classes, which will result in lower investment returns, but with high predictability of returns.

The Growth & Income Fund invests across the risk spectrum, with its highest weightings in the (blue) higher-risk assets. This will result in higher returns over the longer term, but with that comes greater short-term volatility of returns from year to year.

In the above commonly used context, "risk" mainly means short-term volatility, although in equities there is also the risk of permanent loss of capital.

In the 2025 Annual Report I discussed the importance of focusing on the real (adjusted for inflation) return. This is the return that would be available for depositors to spend, after they retain and reinvest enough funds to maintain the real value (spending power) of their deposit.

If you are investing funds for long-term purposes, it is almost certain you will fail to maintain the real value of your deposit over the long term, if you only invest in the lower-risk (green) asset classes.

***If you are unsure which fund you should invest in, please contact MTA's Executive Officer Stephen Walker to discuss your circumstances and objectives.***

For either fund, new or additional deposits are welcome from any Church group, responsible in whole or in part to the Conference of the Methodist Church of New Zealand.

Deposits cannot be accepted from any other group or from any individual.

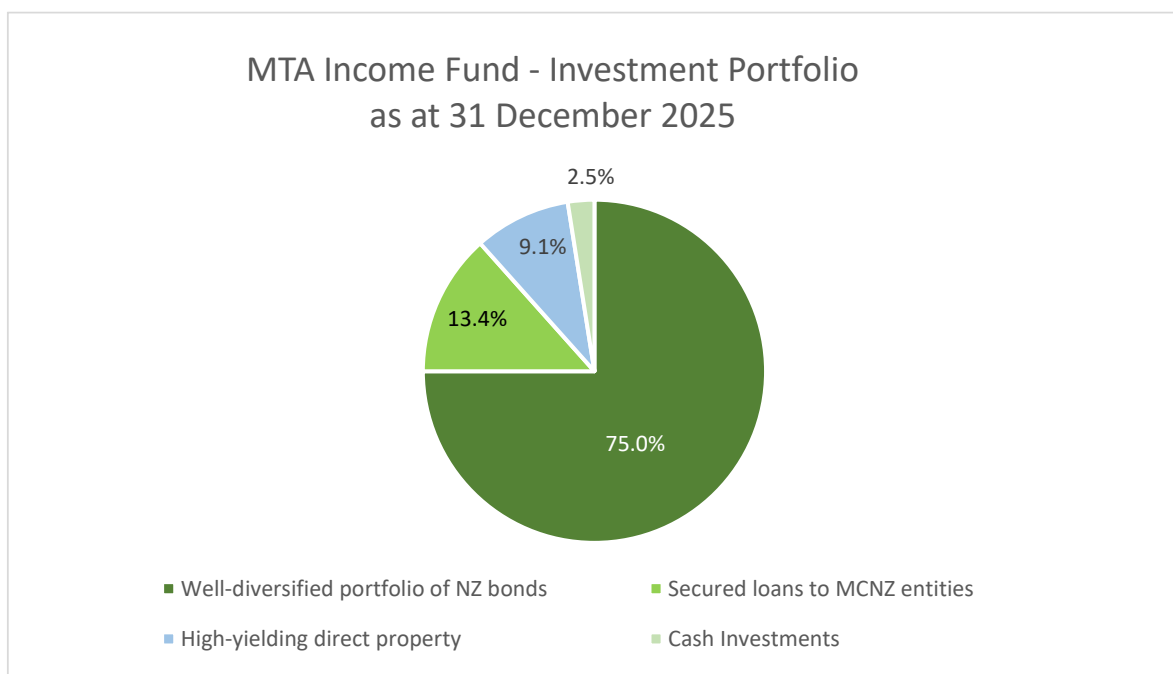
For the Growth & Income Fund only, the following withdrawal policy applies:

*When a depositor wishes to withdraw their total Growth & Income Fund deposit during the financial year, 10% of that deposit will be retained until after the financial year end at 30 June. This will ensure that the depositor participates in the capital allocation at the end of the year, whether it is a capital accretion or a capital decrease. After the capital distribution has been done at year-end, those depositors can close their deposit and receive the balance of their account.*

## INCOME FUND

The Income Fund's annualised income distribution rate for the December quarter is 4.67%.

The asset allocation for the Income Fund's investment portfolio is shown below.



**We are pleased to share that we are increasing the forecast distribution rate for the June 2026 financial year from 4.60% to 4.70%.** This forecast return is far superior to currently available bank term deposit rates.

**We expect quarterly returns for the balance of the financial year to range between 4.70% to 4.80%.**

During 2025 we lengthened the term of the fund's bond portfolio, locking in attractive yields which will enable us to maintain very attractive distribution rates beyond the current financial year.

Unlike bank term deposits, **MTA Income Fund deposits are not locked in for any term. They can be withdrawn at any time, with no penalty.** This can be very important should your circumstances change, resulting in an urgent need to access some of your money.

Your investment with MTA also enables us to provide loans for a variety of mission-related projects throughout the Connexion, when sufficient funds and liquidity permit.

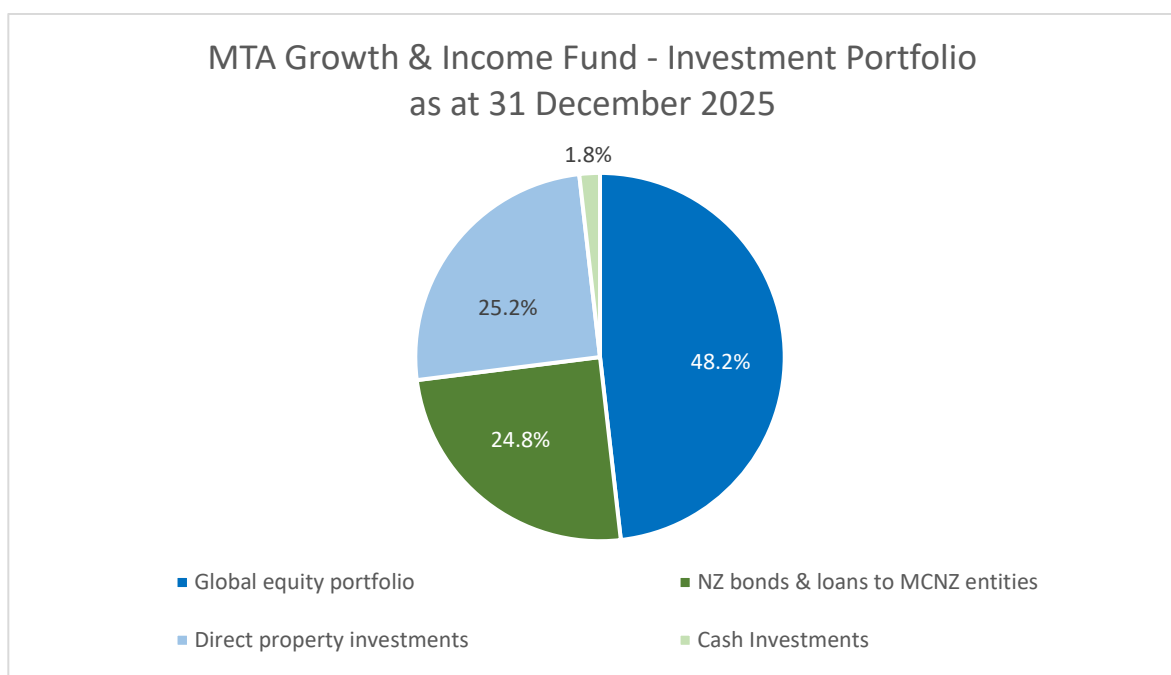
## GROWTH & INCOME FUND

The annualised income distribution rate for the Growth & Income Fund is 2.48% for the December quarter.

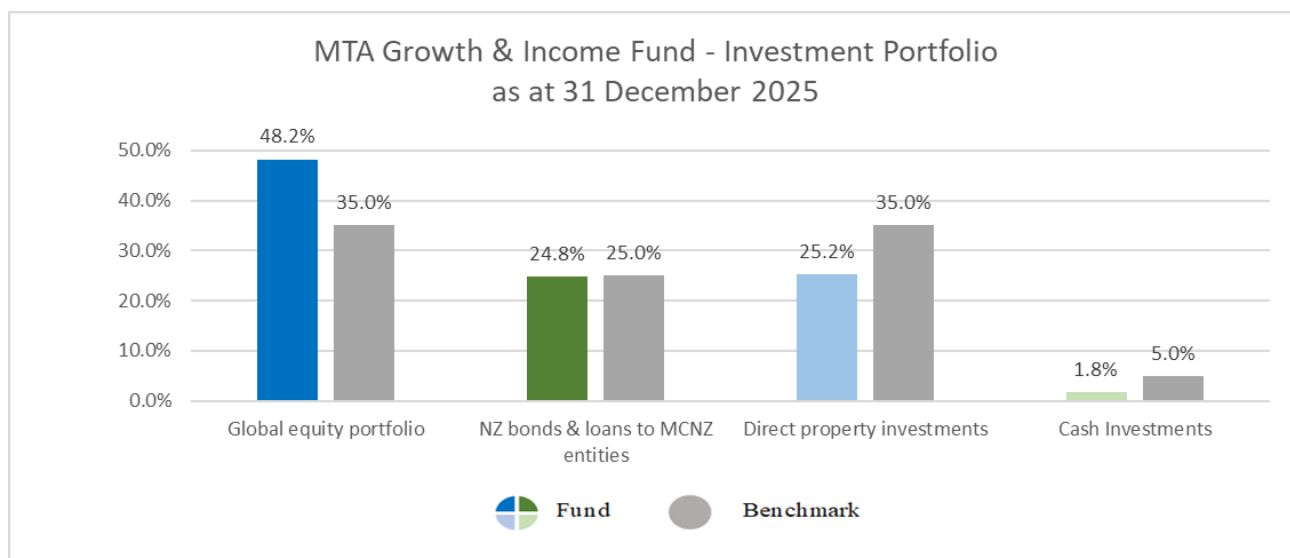
The lower distribution rates for the Growth and Income Fund, relative to the Income Fund, reflect the different objectives for this fund, which is primarily focused on long-term capital growth. Consequently, a large portion of the portfolio is invested in international share markets, where income yields are much lower than most other asset classes.

Over the longer-term this approach is expected to produce higher total returns through capital growth but result in a lower income component within those total returns.

The asset allocation for Growth & Income Fund's investment portfolio is shown below.



The Growth & Income Fund's investment portfolio is currently overweight equities (shares) compared to the fund's benchmark, benchmark-weight on Bonds, and underweight in both property and cash, as shown below.



Note: The benchmark weights are the neutral position set by the MTA Board. Each asset class is managed within a range around (over and under) its benchmark weight, with the position taken reflecting our relative risk-adjusted return expectations for each asset class.

The Fund's equity portfolio continues to favour resilient, high-quality growth businesses, positioned to benefit from longer-term structural changes.

The Fund's largest equity holdings on 31 December 2025 and their respective December quarter returns are listed below.

#### Top 10 Equity Holdings

Name	Industry	Weight*	Quarter Performance
Alnylam Pharmaceuticals	Pharmaceuticals, Biotechnology	7.5%	-12.3%
MongoDB	Software & Services	7.1%	36.1%
General Motors	Automobiles & Components	6.3%	34.5%
Kymera Therapeutics	Pharmaceuticals, Biotechnology	6.2%	38.3%
New York Times	Media & Entertainment	5.8%	22.0%
Champion Homes	Consumer Durables & Apparel	5.4%	11.2%
NICE	Software & Services	5.3%	-21.4%
Protagonist Therapeutics	Pharmaceuticals, Biotechnology	5.1%	32.3%
Tomra Systems	Capital Goods	4.6%	-9.0%
IQVIA Holdings	Pharmaceuticals, Biotechnology	4.5%	19.4%

\*Weight relates to the weighting in the listed equity portfolio, which was 48.2 % of the Fund on 31 December 2025

The equity portfolio gained +2.9% for the December quarter and +14.86% for the financial year to date.

#### WORLD MARKETS

Global share markets had a good quarter with the MSCI World Total Return Index gaining 3.12% for the quarter in US dollars.

Major markets returns were positive over the quarter. In USA the S&P 500 Index (+2.65%) underperformed the MSCI Index, as did the Nasdaq Composite Index (+2.72%). The UK FTSE (+6.86%), European STOXX (+6.50%) and Japanese Nikkei (+12.18%) indices all outperformed. The

New Zealand NZX50 (+1.93%) and Australia ASX200 (-1.01%) both underperformed world markets.

Over the December quarter long-bond yields in NZ, Australia and Japan all had large increases (which is negative for their valuations). More modest increases were seen in USA and Europe. In New Zealand the yield on 5-year Government bonds rose by 0.32% to finish the quarter at 3.67% and the 10-year bond yield rose by 0.21% to finish the quarter at 4.40%. The US 10-year bond yield rose by 0.02% to 4.17%, while the 30-year bond yield rose 0.11% to 4.84%. In Europe the 10-year bond yield rose by 0.14% to 2.85%.

In currency markets, the NZ dollar was modestly weaker against most major currencies. The NZ dollar fell -0.6% against the USD, -1.5% against the Australian dollar, -0.8% against the Pound and -0.8% against the Euro.

Central banks were not very active during the December quarter:

- The US Federal Reserve cut its rate by 0.25% in both October and December to now be at 3.50-3.75%.
- The United Kingdom cut its rate in December by 0.25% to 3.75%.
- Canada cut its rate in October by 0.25% to 2.25%.
- New Zealand cut its rate by 0.50% in October and by 0.25% in November to now be at 2.25%.
- Japan raised its rate in December by 0.25% to 0.75%

Resource price moves during the quarter:

- Oil prices were weak, with WTI crude down -6.6% for the quarter.
- Coking coal fell -9.4%.
- Metal prices were mostly stronger, zinc (+5.3%), nickel (+9.3%), Iron ore (+5.9%), steel (-0.5%). Aluminium (+11.8%) and copper (+21.0%).
- Precious metals were very strong, gold (+11.9%), silver (+53.6%), palladium (+28.4%) and platinum (+30.8%).
- Agriculture commodities were mixed: Corn (+1.9%), Wheat (-3.8%), and Soybeans (+1.1%).

## **RESPONSIBLE INVESTMENT**

On 13 November 2025 the Church adopted a new Responsible Investment Policy.

Our goal is to produce risk-adjusted returns that align with the values and principles of the Methodist Church, as well as our investors' return objectives.

We access the information we use to implement the Church's Responsible Investment Policy from Institutional Shareholder Services Inc (ISS).

The Responsible Investment Policy is implemented by using values/ethical negative screens and through the integration of Norm-Based research and ESG factors into our investment decision making process.

The Church's Responsible Investment Policy restricts us from owning many of the largest companies in the world, since larger companies have a much broader range of products, services

and customers, making it more likely that they have some activities that are not in keeping with church values.

### **Values/Ethical Negative Screens**

The Methodist Church of New Zealand will not invest in companies that derive >5% of their revenue from products and services listed below, that are not aligned to the principles of the Methodist Church.

#### **Ethical Screening**

- Alcoholic beverages
- Adult Entertainment
- Civilian Firearms
- Conventional Weapons and munitions
- Gambling
- Nuclear bases
- Privately operated correctional facilities
- Tobacco and vapes

#### **Controversial Weapons Screening**

- Anti-personnel Mines
- Biological Weapons
- Cluster munitions
- Chemical Weapons
- Depleted Uranium
- Incendiary Weapons
- Nuclear Weapons
- White Phosphorus Weapons

#### **Energy & Extractives**

- Exposure to Fossil Fuel Activities - Coal, Oil and Gas

At 31 December the fund had no exposure to any companies with >5% of revenues involved in any prohibited activities related to the above issues.

### **Norm-Based Research Integration**

Norm-Based Research includes assessing investments against minimum standards of business practice based on national or international standards and norms such as the International Labour Organisation conventions, the OECD Guidelines for Multinational Enterprises, the UN Global Compact or the UN Guiding Principles on Business and Human Rights.

ISS research assists MTA by flagging any exposure, as well as providing detailed information on any issues. This enables MTA to make robust decisions regarding companies' adherence to global norms on anti-corruption, human rights, environmental protection and labour standards.

We use Norm-Based Research to assess supply chain risks (e.g. child/forced labour) and to identify and understand any companies with military equipment involvement.

#### **Norm-Based Research covers:**

- Anti-Corruption
- Environmental Protection
- Human Rights (including supply chain exposures)
- Labour Rights/Standards (including supply chain exposures)
- Military Equipment Involvement.

ISS flags three of our holdings, Porsche, UBS Group and Microsoft, with amber warnings for past failures, which have previously been discussed.

In each of those cases the issues raised were not current issues and did not happen under the current senior management teams.

At 31 December, the Funds had no exposure to any companies of continuing concern, related to the above listed issues. In addition, no companies were flagged as having issues in their supply chains.

### **ESG Integration**

We include Environmental, Social and Governance risks and opportunities into our investment analysis and investment decisions.

ESG risks and opportunities are assessed across a company's value chain.

### **ESG Assessments include:**

- Upstream risks related to a company's supply chain and natural resource usage.
- Operational risks related to a company's production and operational processes.
- Downstream impacts, positive and negative, from products and services sold.

The portfolio ESG assessment will give a more complete picture in time, as more companies are assessed, and disclosures improve. Currently, reliable data is available for larger companies, especially in North America and Europe.

Where data is available most of our holdings are rated highly by MSCI and mostly rate much higher than their industry peers.

### **Global Warming Alignment**

We are committed to achieving the International Energy Agency's (IEA) most ambitious pathway, the "Net Zero by 2050" CO<sub>2</sub> emissions scenario, defined to be when the amount of CO<sub>2</sub> being emitted into the atmosphere by human activity is perfectly balanced by the amount being permanently removed. "Net Zero by 2050" targets limiting global warming targeting to 1.5°C.

Under this scenario the net zero date for all greenhouse gases (GHGs – CO<sub>2</sub> +Methane + Nitrous Oxide and others) is 2070, because methane and nitrous oxide are harder to eliminate.

ISS data shows that the portfolio, in its current state, is aligned with the IEA Sustainable Development Scenario (SDS) by 2050 and with a potential temperature increase of 1.5°C by 2050, whereas the MSCI World Index has a potential temperature increase of 2.7°C.

The ISS reporting will never report a number below 1.5%. We can measure our portfolio's progress against the IEA Sustainable Development Scenario (SDS) Budget for 2050, which our portfolio, in its current state, is undershooting (very positive) by 18.9%. This figure will move around, but we aim to maintain an undershooting position.

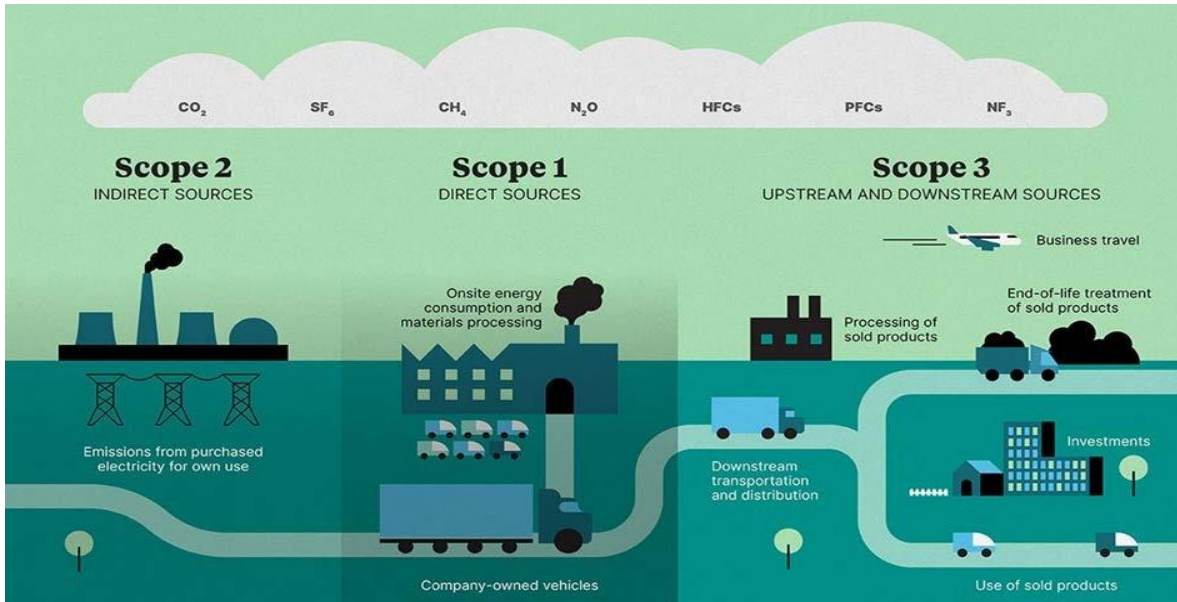


## Climate Impact Assessment

The equity portfolio's annual greenhouse gas exposure on 31 December 2025 was at 1,326 tonnes for scope 1 & 2 emissions and 17,060 tonnes for Scope 1,2 &3 emissions.

The portfolio was at 60.6% of the MSCI benchmark's level for scope 1 & 2 emissions (see diagram below for definitions) and at 58.7% for scope 1,2 &3 emissions.

### Overview of Greenhouse Gas scopes and emissions



## RENEWAL OF DEPOSITS

In the absence of instructions to the contrary, maturing deposits are rolled over for new terms equivalent to those expiring. Income not withdrawn is credited to capital but remains available for withdrawal upon request by the depositor.

## FEEDBACK

The Board of the MTA is keen to improve its communications with our stakeholders.

Please use the email address [MTAFeedback@methodist.org.nz](mailto:MTAFeedback@methodist.org.nz) to ask any questions. We would also welcome your feedback on our communications, which information you find useful and what is of no interest for you.

Regards

**Stephen Walker**  
Executive Officer

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