



# Methodist Trust Association

15 July 2025

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 30 June 2025.

The Income Distribution Rates are:

	Jun 2025	Mar 2025	Dec 2024	Sep 2024	12 Month Average Return
<b>Income Fund</b>	4.55%	4.53%	4.59%	4.53%	4.55%
<b>Growth &amp; Income Fund</b>	3.14%	2.70%	3.38%	2.52%	2.94%

**Income distributions** for the quarter totalled **\$3,043,078**

**Income & capital distributions** for the quarter totalled **\$13,441,940**

Income Fund depositors have been credited with a capital accretion 0.13% return for the quarter (\$191,216) comprising the Fund's share of the revaluation gains on the Izone property in Rolleston. **(The total annual return for the Income Fund for the year to 30 June 2025 is +4.68%).**

The total return to Growth and Income Fund depositors has been increased by a capital accretion of 7.61% for the quarter (\$13,250,725) following a positive revaluation of the equity portfolio and positive revaluations for each of the Fund's property exposures. **(Total annual return for the Growth and Income Fund for the year to 30 June 2025 is 10.55%).**

## PAYMENT OF DISTRIBUTIONS

Income distributions will be made into depositors' accounts on Thursday 17<sup>th</sup> July 2025 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. Currently MTA's returns are significantly

better. The fund also maintains sufficient liquidity (cash) to allow you access to your funds at any time, with no penalty.

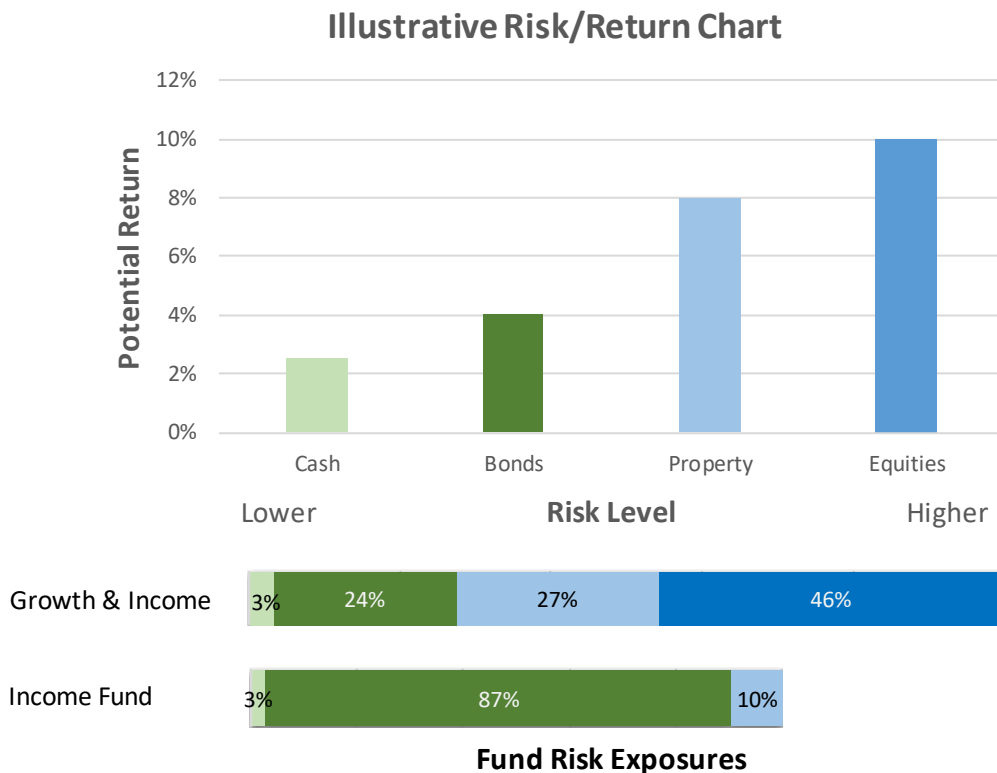
### Growth & Income Fund

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 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 long-term 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.

MTA's responsible investment criteria also ensure 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.

***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.

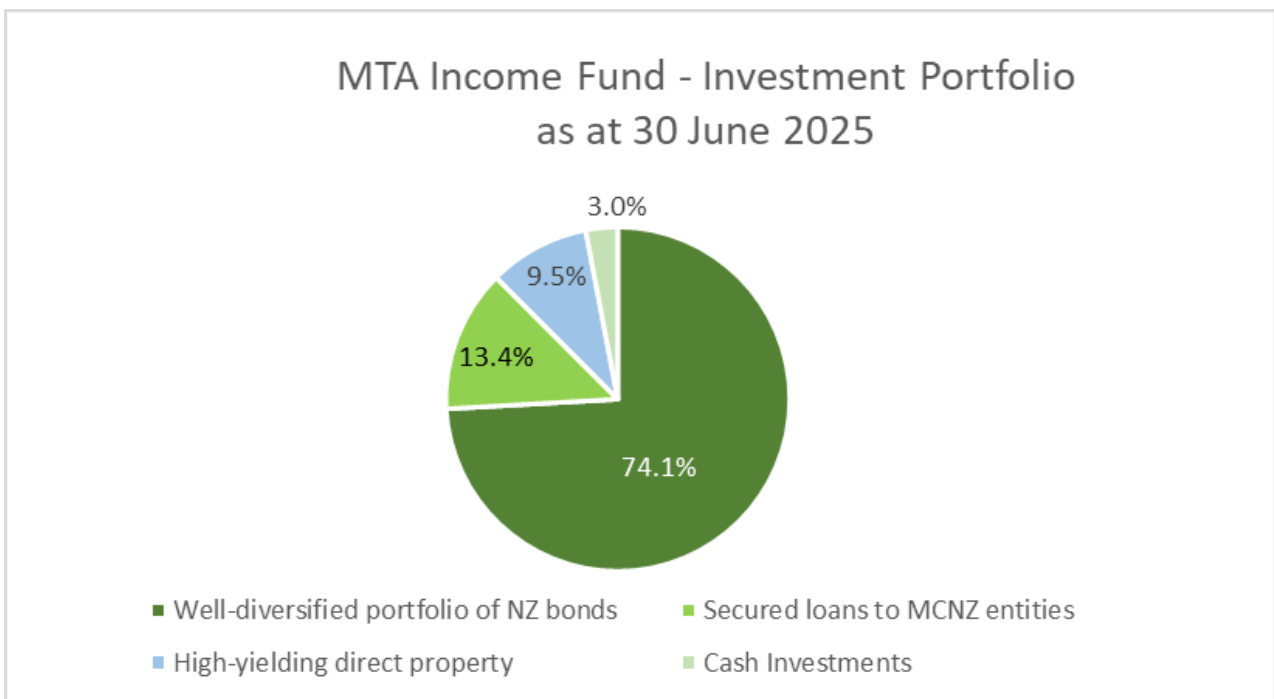
Deposits cannot be accepted from any other group or from any individual.

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



The Income Fund's total annual return for the year ended 30 June 2025 is 4.68%.

The Fund's annualised income distribution rate for the year is 4.55%. We are pleased to deliver a return better than our June 2024 forecast of 4.40%. This improvement was achieved through careful management of the investment portfolio, as we proactively improved the credit quality of the portfolio as well purchasing longer term bonds, thereby locking in higher long-term returns.

In determining its investment mix, MTA is aware that returns on your Income Fund investments must not only enable the Church to continue its operations in the short-term, while also allowing the Church to enhance its financial resources over the longer term.

**We are raising our forecast distribution rate for the June 2026 financial year to 4.60%.** This forecast does incorporate a negative impact from further expected reductions in short-term interest rates over the financial year. This forecast return is far superior to currently available bank term deposit rates.

Unlike bank term deposits, the **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 in MTA also enables us to provide loans for a variety of mission-related projects throughout the Connexion, when sufficient funds and liquidity permit.

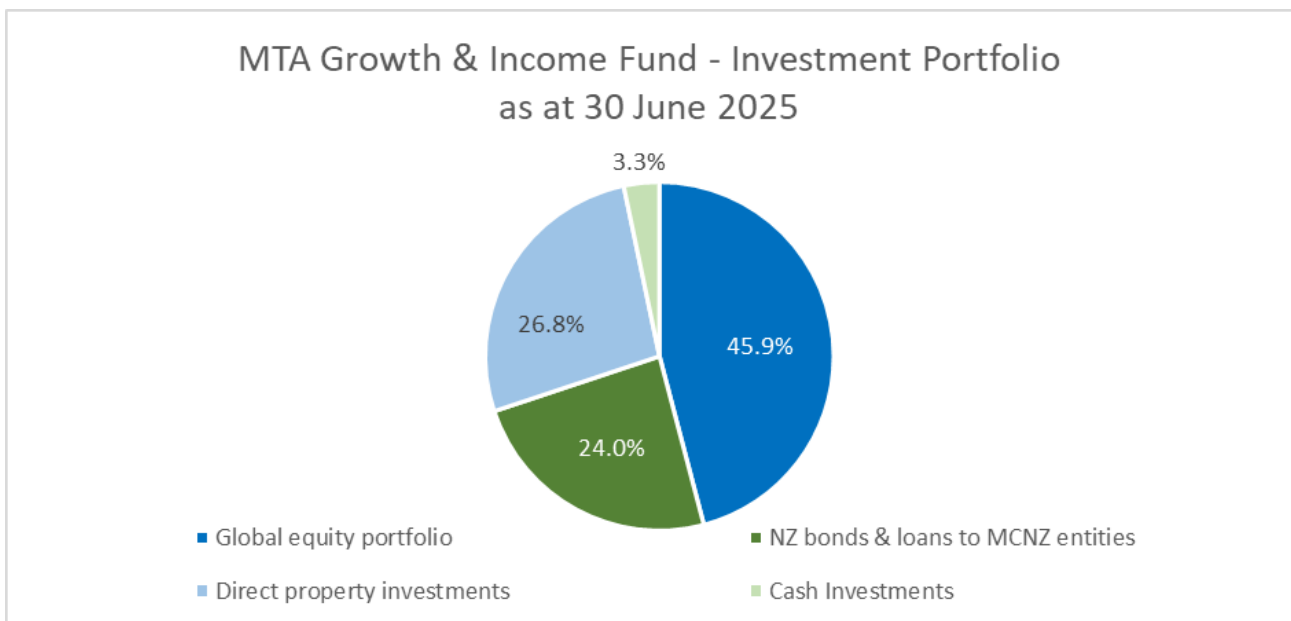
## **GROWTH & INCOME FUND**

The total annual return for the Growth & Income Fund to 30 June 2025 is 10.55%. The average income return for the year was 3.14%.

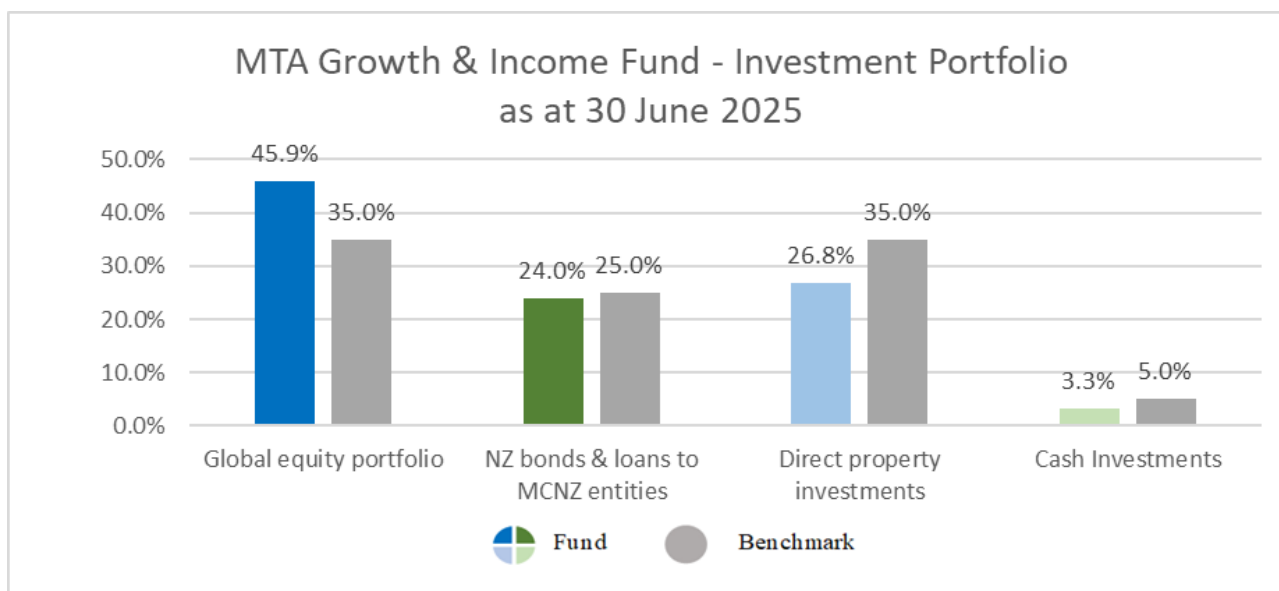
The lower income distribution rates for the Growth and Income Fund, relative to the Income Fund, reflect the different objectives for this fund, which is primarily focused on long-term capital growth. Consequently, a large portion of the portfolio is invested in international share markets, where income 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, slightly underweight on Bonds, and underweight in both property and cash, as shown below.



Note: The benchmark weights are the neutral position. 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 change.

The Fund's largest equity holdings on 30 June 2025 and their respective June quarter returns are listed below.

#### Top 10 Equity Holdings

Name	Industry	Weight*	Quarter Performance
Ahlyam Pharmaceuticals	Pharmaceuticals, Biotechnology	8.2%	12.5%
NICE	Software & Services	7.5%	2.0%
MongoDB Inc	Software & Services	6.9%	11.5%
General Motors	Automobiles & Components	6.7%	-2.3%
Tomra Systems	Capital Goods	6.0%	3.5%
Sabre	Consumer Services	5.0%	4.7%
Husqvarna	Capital Goods	4.7%	4.7%
Owens Corning	Capital Goods	4.3%	-10.3%
IQVIA Holdings Inc	Pharmaceuticals, Biotechnology	4.0%	-16.8%
Porsche AG Group	Automobiles & Components	3.7%	-2.8%

\*Weight relates to the weighting in the listed equity portfolio, which was 44.3 % of the Fund on 30 June 2025

The equity portfolio's return for the June quarter was +6.3%. Share markets had a strong quarter as some respected and competent people assumed more prominent roles in US trade and tariff negotiations. The hope is that a lower limit may have been set for damaging tariff outcomes, and that some of President Trump's more business-friendly policies may have greater focus looking forward. The June financial year return for the equity portfolio was +15.7%.

## WORLD MARKETS

Global share markets had a strong June quarter. The MSCI World Total Return Index returned +11.5% for the quarter in US dollars. A weak USD during the quarter reduced the return in NZ dollars to +3.8%.

Major market returns were mixed over the quarter. In USA the S&P 500 Index (+10.9%) slightly underperformed the MSCI, while the Nasdaq outperformed (+18.0%). But the returns to non-US based investors were much lower, due to the weak US dollar.

The UK (+2.1%) and European markets (+1.4%) both gained, but only slightly underperformed the MSCI World Index in NZD terms. The New Zealand NZX50 gained 2.7% and while Australia was very strong gaining 9.5%.

Over the June quarter longer maturity bond yields rose in NZ and US but fell in all other major markets.

In New Zealand the yield on 5-year Government bonds fell by 0.15% to finish the quarter at 3.86%, but the 10-year bond yield rose by 0.04% to finish the quarter at 4.54%.

The US 10-year bond yield rose by 0.02% to 4.23%, while the 30-year bond yield rose 0.20% to 4.77%. In Europe the 10-year bond yield fell by 0.13% to 2.61%.

In currency markets, the US dollar weakened, resulting in the NZ dollar gaining +7.4% against the USD. The NZ dollar also gained +1.9% against the Australian dollar and +1.0% against the UK Pound. The NZ dollar weakened by -1.5% against the Euro and by -3.7% against the Swiss Franc.

Central banks either cut or held their interest rates steady during the quarter:

- The US Federal Reserve cut has paused its rate at 4.25-4.50%.
- The United Kingdom cut its rates in May by 0.25% to 4.25%.
- Canada paused its rate at 2.75%.
- Australia cut rates in May by 0.25% to now be at 3.85%.
- New Zealand cut its rates by 0.25% in both April and May to now be at 3.25%.
- The European Central Bank cut its rates by 0.25% in both April and June to now be at 2.00%.
- Switzerland cut its rates in June by 0.25% to now be 0.00%.
- Denmark cut its rates by 0.25% in both April and June to 1.75%.
- Sweden cut its rates by 0.25% in June to now be 2.00%.
- Japan paused its rate at 0.50%.

Resource price moves during the quarter:

- Oil prices were weak, with WTI crude down -6.5% for the quarter.
- Coking coal prices fell 21.1%.
- Metal prices were mostly weaker, zinc (-3.5%), nickel (-4.4%), Iron ore (-7.1%), and steel (-5.3%). Aluminium (+2.5%) and copper (+1.6%) both gained.
- Precious metals were all stronger, gold (+5.7%), silver (+5.9%), palladium (+11.7%) and platinum (+36.2%).

- Agriculture commodities were mostly weaker: Corn (-5.9%), Wheat (-4.9%), but Soybeans gained (+0.8%).

## **RESPONSIBLE INVESTMENT**

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 most of 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 analysis and investment decision making process.

### **Divestment Decision**

At the February 2025 MTA Board meeting, a decision was taken by the Board to instruct our Executive Officer to exit our holding in Rocket Lab, in an appropriate, orderly and timely manner.

The position was fully exited by 30 June. Financially Rocket Lab proved to be an outstanding investment for the MTA Growth & Income fund, with realised gains totalling \$12.2m.

The Board acknowledged this decision may have financial consequences on this year's returns, which it has, but believed this decision was aligned with our obligations to comply with our Responsible Investing practices.

It was noted that the holding in Rocket Lab was not in breach of our specific policies and procedures, but the Board's view was that, at this time, they were not comfortable with the alignment of the company with some of the Methodist ideologies.

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

The Methodist Church of New Zealand excludes 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
- Privately operated correctional facilities
- Nuclear bases
- Tobacco

#### **Controversial Weapons Screening**

- Cluster munitions,
- Anti-personnel Mines,
- Depleted Uranium,
- Nuclear Weapons (all),
- Chemical Weapons,
- Biological Weapons,
- Incendiary Weapons
- White Phosphorus Weapons

### **Energy & Extractives**

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

At 30 June the fund had no exposure to any companies with >5% of revenues involved in any prohibited activities related to our ethical screens, controversial weapons or energy and extractives.

### **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 currently flags three of our holdings, Porsche, UBS Group and Microsoft, with amber warnings for past failures.

For Microsoft, as previously reported, the flag is characterised as labour rights. Microsoft Corporation has an AMBER signal since March 2023 relating to its recently acquired subsidiary Activision Blizzard, Inc.

For UBS Group, as previously reported, the flag was characterised as human rights, being failure to pay fair share of taxes in France.

For Porsche AG, as previously reported, the AMBER signal relates to illegal engine software that resulted in non-compliant diesel emissions in 2015, when it was part of the Volkswagen Group.

An amber warning is less serious than a red warning. This is usually due to the issue being either less serious or historic and remediated, as is the case with UBS. It does not preclude us from owning these investments.

We use all warnings or flagged potential breaches of our values, as a signal to fully investigate the issue, to determine whether we are comfortable with the current situation. If not, any holding will be exited in a timely manner.

In each of the cases above, the issues raised are not current issues and did not happen under the current senior management teams.



At 30 June, 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.

Two companies are flagged as having military equipment involvement, General Motors and Microsoft. In each case their involvement was clearly not weapons-related. In each case the activity was explicitly allowed by the Church's policy.

### **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 transitioning to net-zero greenhouse gas emissions by 2050. This is needed to limit the increase in the global temperature to less than 1.5°C. Current science indicates that global warming beyond 1.5°C has potentially catastrophic impacts on the natural world and human society.

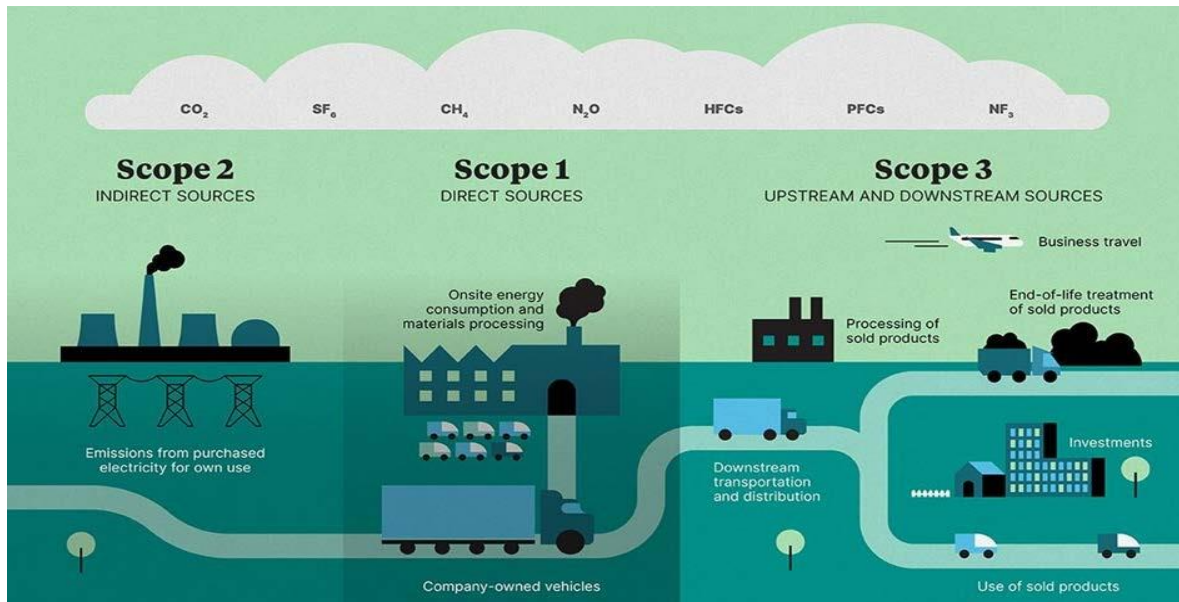
ISS data shows that our portfolio continues to be aligned with a potential temperature increase of 1.5°C by 2050, whereas the MSCI World Index has a potential temperature increase of 2.5°C.

### **Climate Impact Assessment**

The equity portfolio's annual greenhouse gas exposure on 30 June 2025 was at 1,187.30 tonnes for scope 1 & 2 emissions and 21,226.82 tonnes for Scope 1,2 &3 emissions.

The portfolio was at 30.9% of the MSCI benchmark's level for scope 1 & 2 emissions (see diagram below for definitions) and at 64.5% 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 and any suggestions for topics you would like us to address in future.

Regards

**Stephen Walker**  
**Executive Officer**

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