



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 September 2026.

The Income Distribution Rates are:

	Sep 2026	Jun 2026	Mar 2026	Dec 2025	12 Month Avg.
Income Fund	5.07%	4.78%	4.85%	4.67%	4.84%
Growth & Income Fund	2.37%	2.75%	2.52%	2.48%	2.53%

Income distributions for the quarter totalled **\$3,585,657**.

In summary: the Income Fund's annualised income distribution rate rose to 5.07% and we forecast 4.80% to 4.90% for the June 2027 year; the Growth & Income Fund's annualised income distribution rate was 2.37% at 30 September. Both funds held no company that breaches the Church's Responsible Investment screens.

PAYMENT OF DISTRIBUTIONS

We will pay income distributions into depositors' accounts by direct credit on **Thursday 29th October 2026**.

INVESTING IN THE MTA FUNDS

An investment with MTA is an investment in 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 aims to provide income returns that over time are superior to those available in the general market for similar investments. It also holds enough liquidity (cash) for you to access your funds at any time, with no penalty.

Growth & Income Fund

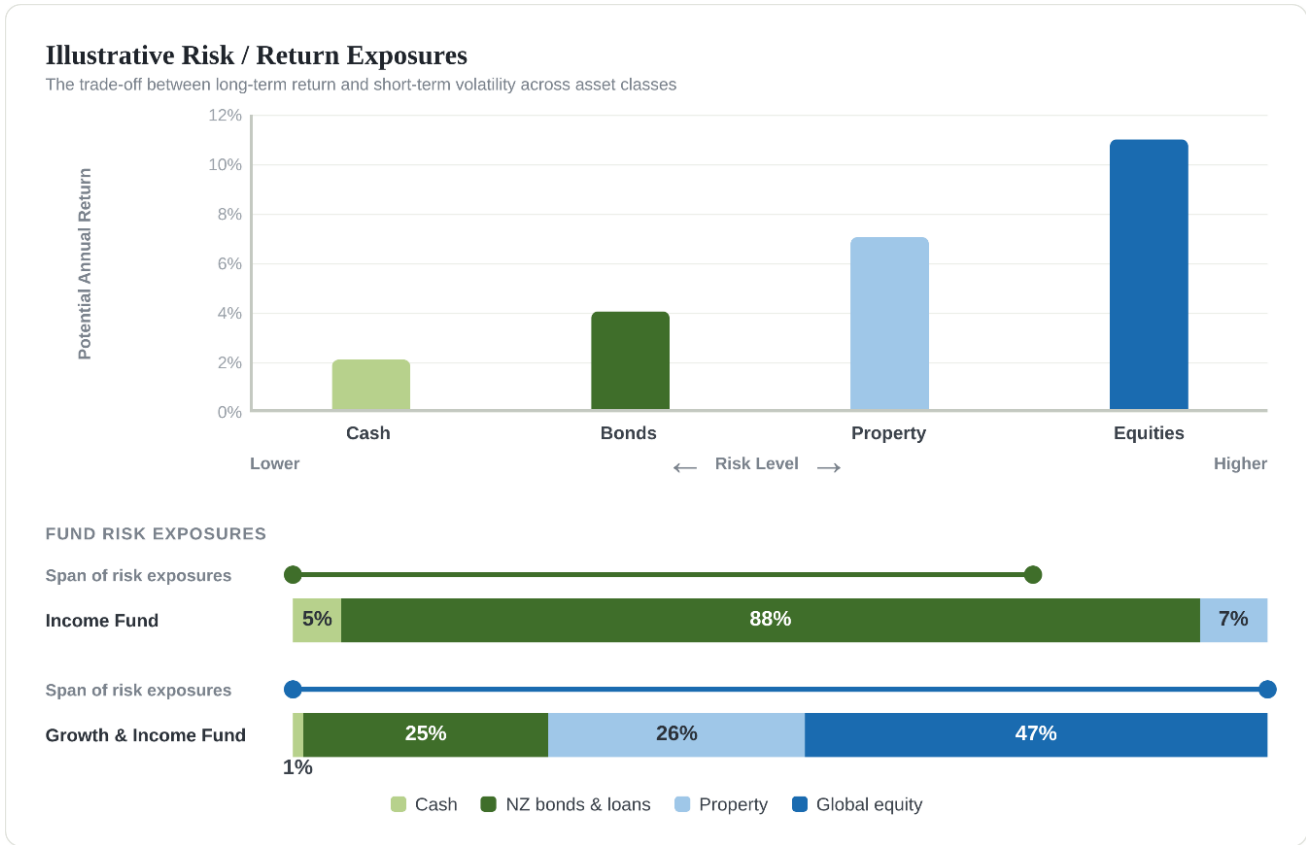
The Growth & Income Fund's objective is to provide superior longer-term returns, with a much higher focus on long-term capital growth and less focus on short-term income. For this fund there is risk of capital loss, particularly over shorter periods (less than 3 years).

Over the 10-year period to 30 June 2026 the Growth & Income Fund has produced a total return of 7.9% p.a. Within that 10-year period there were two negative years – 2022 (-8.5%) and 2024 (-1.9%).

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.

MTA FUNDS RISK AND RETURNS

The following illustrative risk/return chart shows each fund’s allocations to lower-risk (green) and higher-risk (blue) asset classes. There is a clear trade-off between long-term returns and “risk” taken.



The Income Fund invests mainly in lower-risk (green) asset classes, so its returns are lower but highly predictable.

The Growth & Income Fund invests across the risk spectrum, with its highest weightings in the (blue) higher-risk assets. This should 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 for the long term and invest only in the lower-risk (green) asset classes, there is a very high risk that your deposit will lose real value (adjusted for inflation).

If you are unsure which of the funds you should be invested in, please contact MTA’s Executive Officer, Stephen Walker, to discuss your circumstances and objectives.

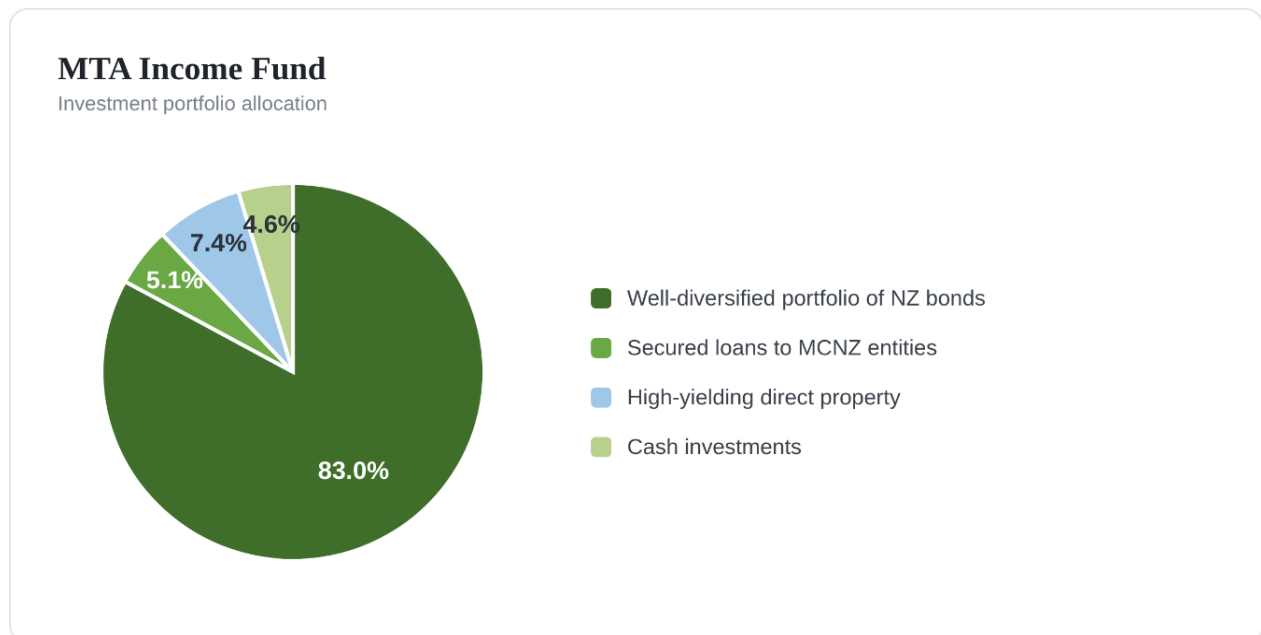
For either fund, new or additional deposits are welcome from any Church group, responsible in whole or in part to the Conference of the Methodist Church of New Zealand. Deposits cannot be accepted from any other group or from any individual.

INCOME FUND

The Income Fund's annualised income distribution rate for the September quarter is 5.07%.

Our forecast distribution rate for the June 2027 financial year is 4.80% to 4.90%. We expect the December quarter to be in the 4.65% to 4.75% range.

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



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.

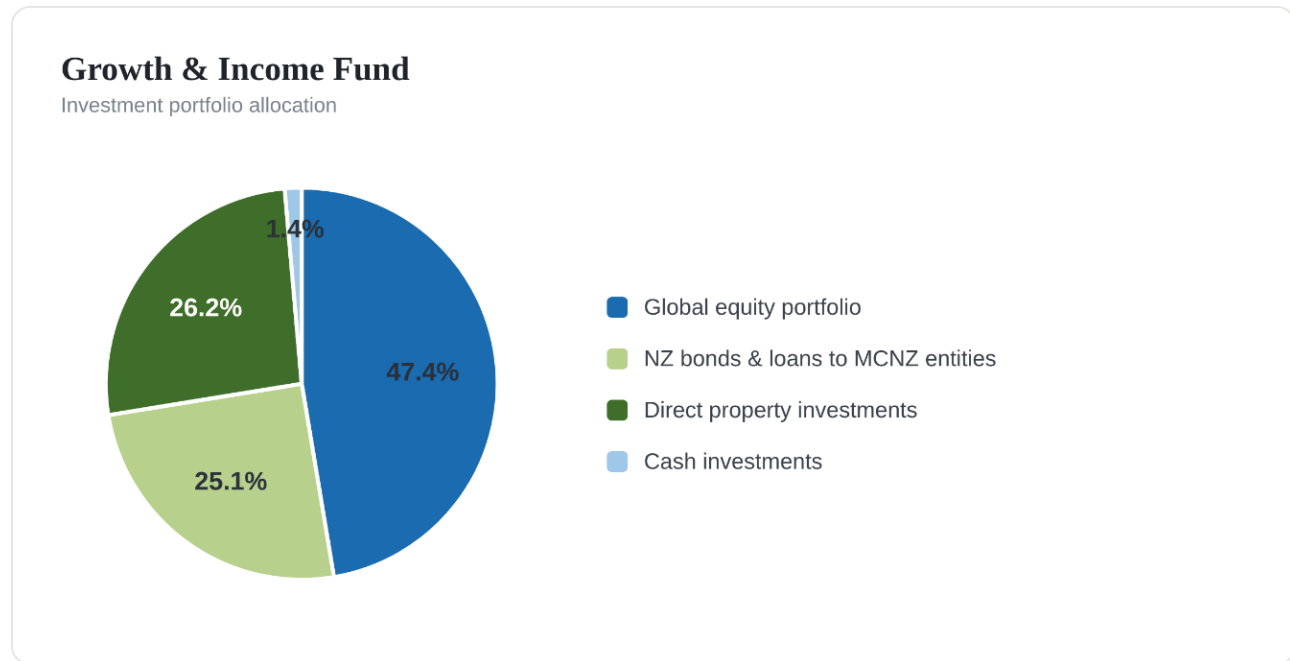
GROWTH & INCOME FUND

The Growth & Income Fund's annualised income distribution rate for the September quarter is 2.37%.

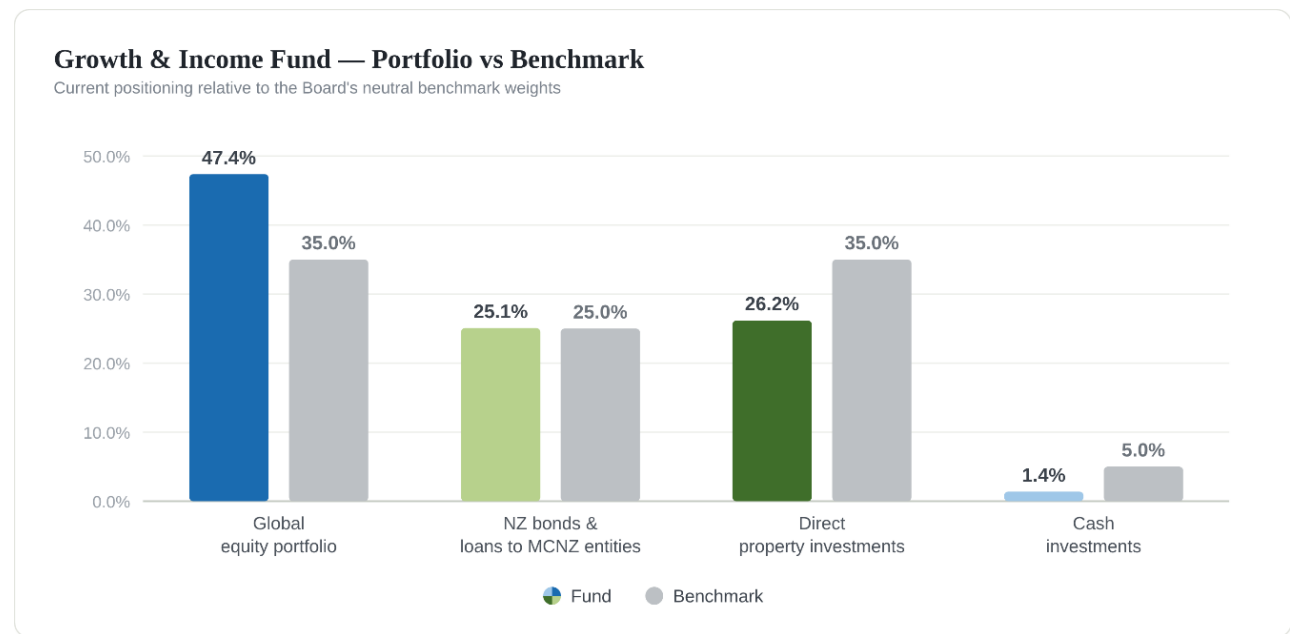
The Growth & Income Fund pays a lower income rate than the Income Fund because its objective is different: long-term capital growth. To pursue that growth we invest a large portion of the portfolio in international share markets, where income yields are much lower than in most other asset classes.

Over the longer term we expect this approach to produce higher total returns, with more of that return coming as capital growth and less as income.

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



As the chart below shows, the Growth & Income Fund’s portfolio is currently overweight equities (shares) against its benchmark, benchmark-weight in bonds, and underweight in both property and cash.



Note: The benchmark weights are the neutral position set by the MTA Board. We manage each asset class within a range above and below its benchmark weight and set the position by our risk-adjusted return expectations for that asset class relative to the others.

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

The equity portfolio rose 2.77% for the September quarter, 0.57% ahead of its benchmark.

The Fund's largest equity holdings on 30 September 2026 and their respective September quarter returns are listed below.

TOP 10 EQUITY HOLDINGS

Largest Equity Holdings at 30 September 2026				
	Sector	Industry	Weight	Period NZD Perf
Alnylam Pharmaceuticals Inc	Health Care	Pharmaceuticals, Biotechnology	7.95%	 -17.4%
Kymera Therapeutics Inc	Health Care	Pharmaceuticals, Biotechnology	7.56%	 -1.8%
Protagonist Therapeutics Inc	Health Care	Pharmaceuticals, Biotechnology	7.15%	 +15.8%
MongoDB Inc	Information Technology	Software & Services	7.11%	 +4.6%
Manhattan Associates Inc	Information Technology	Software & Services	6.05%	 +43.8%
NICE Ltd - Spon ADR	Information Technology	Software & Services	5.78%	 +23.4%
New York Times Co-A	Communication Services	Media & Entertainment	4.20%	 -7.9%
Iqvia Holdings Inc	Health Care	Pharmaceuticals, Biotechnology	4.14%	 +40.3%
Wise Group PLC-CI A	Financials	Financial Services	4.05%	 -3.6%
Moderna Inc	Health Care	Pharmaceuticals, Biotechnology	3.92%	 +177.1%

*Weight relates to the weighting in the listed equity portfolio, which was 46.05% of the Fund on 30 September 2026.

WORLD MARKETS — A MODEST QUARTER AS OIL PRICES AND INTEREST RATES ROSE

Global share markets had a modest September quarter: the MSCI World Total Return Index rose 1.9% in US dollars, and +2.7% measured in NZ dollars.

The September quarter of 2026 saw the strong first-half rally in equity markets give way to a more difficult environment. The June ceasefire between the US and Iran collapsed in July, the Strait of Hormuz was again closed to shipping and oil prices surged. Central banks responded to the renewed energy shock by raising interest rates — the US Federal Reserve delivered its first increase in more than three years in September — and global bond yields rose sharply.

Brent crude rose 34.8% during the quarter and traded above US\$100 a barrel at times during September. Higher energy costs pushed headline inflation higher across most major economies, although core inflation measures were generally more subdued.

Equity markets were underpinned by a very strong US second-quarter earnings season: S&P 500 earnings grew around 50% year on year, the fastest pace since 2021, and 86% of companies beat estimates. Share prices rose far less than earnings, so valuations compressed over the quarter.

Global equity performance diverged significantly by region. Markets heavily exposed to the semiconductor supply chain, notably Korea and Taiwan, fell sharply after a late-July sell-off in memory-chip stocks, while markets with greater energy and financials exposure, such as the UK, held up better. Value outperformed growth and the largest companies outperformed smaller companies, a reversal of the June quarter.

Major market returns were modest over the quarter. In the USA the S&P 500 Index (+2.3%) outperformed the MSCI Index. The NASDAQ Composite Index rose +2.6% (the NASDAQ 100 rose +0.6%).

In Europe the STOXX Europe 600 index fell 1.1% and the UK's FTSE 100 index gained +1.0%. Japan's TOPIX index gained +2.9%. Australasian markets were modestly positive, with the NZX50 gaining +1.6% and the Australian ASX 200 gaining +1.3%.

In currency markets, the NZ dollar fell 0.8% against the USD, fell 1.2% against the Australian dollar and fell 0.8% against the British pound, and was unchanged against the euro.

Bond yields rose sharply

Over the September quarter bond yields rose sharply in New Zealand and offshore. In New Zealand the 5-year Government bond yield rose 0.66% to finish the quarter at 4.50% and the 10-year bond yield rose 0.68% to finish at 5.04%. The US 10-year yield rose 0.82% to 5.28%, and the 30-year yield rose 0.68% to 5.63%. In Europe the 10-year yield rose 0.73% to 3.59%.

Central Banks

Central banks tightened in response to the energy shock. The US Federal Reserve (3.75%–4.00%), the European Central Bank (2.50%), the Reserve Bank of Australia (4.60%) and the Bank of Japan (1.25%) each raised rates by 25 bps in September, and the Reserve Bank of New Zealand raised twice, in July and September, to 2.75% as inflation reached 4.1%; only the Bank of England (3.75%) and the Bank of Canada (2.25%) held steady.

Resource prices (in US dollars) for the quarter

Oil led commodities higher, with WTI crude up 31.7% and Brent up 34.8%, and agricultural prices followed (corn +14.9%, soybeans +13.1%, wheat +11.8%). Precious and base metals were mostly firmer — platinum +10.5%, zinc +7.8%, copper +7.7%, gold +3.7% — while iron ore (–4.1%), nickel (–2.2%) and palladium (–0.3%) fell.

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 implement the Church's Responsible Investment Policy (available on the MTA website) using research from Institutional Shareholder Services Inc (ISS).

At 30 September the fund had no exposure to any companies with >5% of revenues from activities prohibited under the controversial-weapons, Church ethical or fossil-fuel screens.

The Church's Responsible Investment Policy restricts us from owning many of the world's largest companies. Larger companies have a broader range of products, services and customers, so they are more likely to have some activity that conflicts 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 30 September 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 flags any exposure and provides detailed information on each issue, so we can judge robustly whether companies adhere 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.

ISS 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 only one of our holdings, Porsche, with an amber warning for past failures. The amber signal relates to 2015, when Porsche was part of the Volkswagen Group and illegal engine software produced non-compliant diesel emissions.

At 30 September, 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 (ESG) risks and opportunities in our investment analysis and decisions.

We assess these risks and opportunities across a company's whole 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" CO₂ emissions scenario, defined to be when the amount of CO₂ 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 to 1.5°C.

Under this scenario the net zero date for all greenhouse gases (GHGs – CO₂ + Methane + Nitrous Oxide and others) is 2070, because methane and nitrous oxide are harder to eliminate.

Portfolio and Benchmark Comparison to SDS Budget

MTA_PI · as at 30 September 2026 · Red = Overshoot

	2026	2030	2040	2050
Portfolio	-84.72%	-82.37%	-67.50%	-36.58%
Benchmark	-38.27%	-25.03%	+43.93%	+208.57%

MTA_PI is aligned with an SDS scenario to 2050 (potential temperature increase 1.5°C; MSCI benchmark 2°C).

The table above measures our portfolio against the IEA Sustainable Development Scenario (SDS) Budget for 2050. At 30 September the portfolio was already not only aligned with that budget but undershooting it by 36.6%.

CLIMATE IMPACT ASSESSMENT

The equity portfolio's annual greenhouse gas exposure on 30 September 2026 (using Bloomberg data) was 783.25 tonnes for Scope 1 & 2 emissions and 20,139.84 tonnes for Scope 1, 2 & 3 emissions.

Against the MSCI benchmark, the portfolio's emissions were 41.1% of the benchmark's level for Scope 1 & 2 and 71.6% for Scope 1, 2 & 3 (the diagram below defines the scopes).

Greenhouse Gas Emission Scopes

How emissions are classified across the value chain

GREENHOUSE GASES COVERED

CO₂

CH₄

N₂O

HFCs

PFCs

SF₆

NF₃

1

Scope 1 DIRECT SOURCES

Emissions from sources owned or controlled by the organisation.

- Company-owned vehicles
- Onsite energy consumption & materials processing

2

Scope 2 INDIRECT SOURCES

Indirect emissions from the generation of purchased energy.

- Purchased electricity for own use
- Purchased heat, steam & cooling

3

Scope 3 UPSTREAM & DOWNSTREAM

All other indirect emissions across the value chain.

- Business travel
- Downstream transport & distribution
- Processing & use of sold products
- End-of-life treatment of products
- Investments

REINVESTMENT OF DISTRIBUTIONS

Income you do not withdraw is credited to capital, but you can withdraw it at any time on request.

GROWTH & INCOME FUND WITHDRAWAL POLICY

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.

FEEDBACK

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

Please use the email address 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 to you.

Regards



Stephen Walker
Executive Officer

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