[WINTER 2026]

INSIGHTS

[ECONOMIC & MARKET COMMENTARY JUNE 2026]

[HOW THE MARKETS FARED]

[HAS ESG INVESTING HELPED OVER RECENT YEARS?]

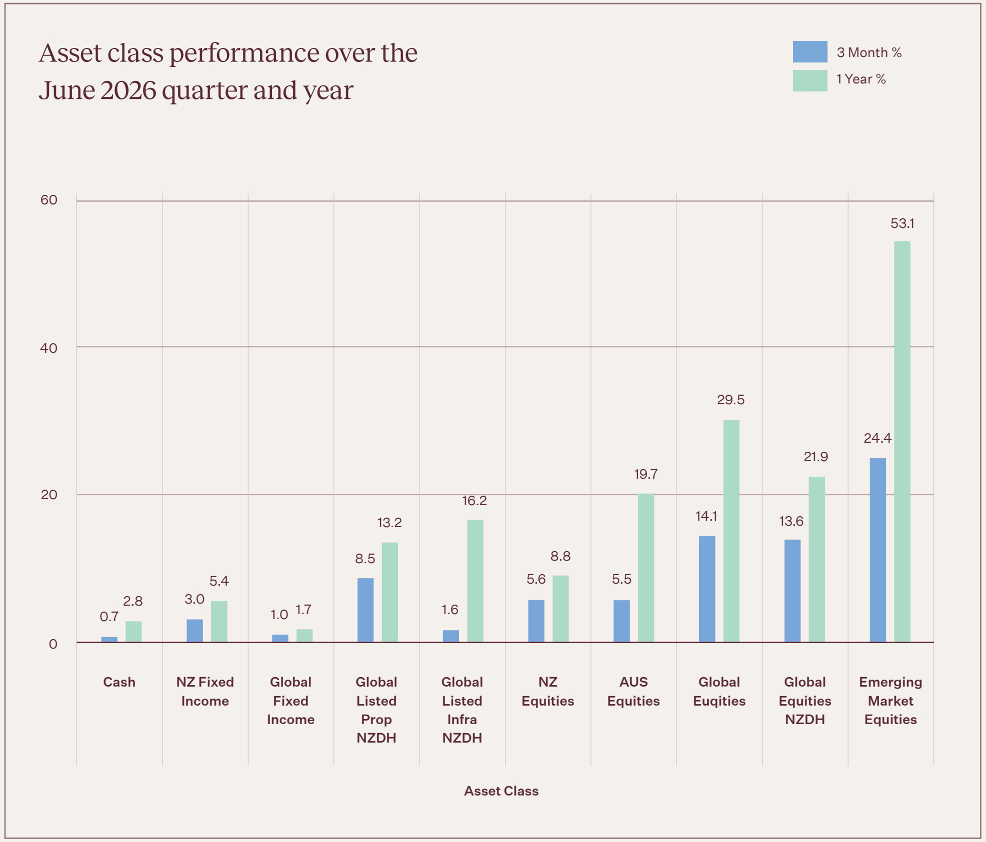
[Q&A WITH ANDREA FLORES]

RUTHERFORD REDE

[CONTENTS]

Economic & Market Commentary

[JUNE QUARTER 2026]



Markets surged in the June quarter as the war in Iran seemingly ended and corporates provided a very upbeat earnings picture.

Most markets delivered exceptional performances in the June 2026 quarter. Oil prices fell as traffic started flowing again through the Strait of Hormuz, following an 'MOU' between Iran, the US and Israel to develop a more comprehensive peace agreement. Global corporate earnings growth also remained very strong at around 14% for the year to June, as did corporate forward guidance. While technology and the related AI capex boom again dominated the earnings picture, earnings gains were fairly broad based across different sectors and countries. As a consequence, the market rally was broad based, with emerging markets being the stand-out, partly because of surging chip manufacturers in Taiwan and South Korea, but also because valuations were relatively cheap compared with developed markets.

Emerging markets were the stand-out, while Australian equities were the laggard this time.

Global equities rose around 14% in the quarter, bringing their annual return to around 22.5% on a NZD-hedged basis, and 30% in NZD terms (see Figure 1). Ex-US and value stocks had a similar performance over the year, indicating performance has not just been driven by large-cap US tech stocks. Emerging markets were the stand-out in this regard, increasing by around 24% in the quarter and around 53% over the year. Equity market performance was however more tepid in our neck of the woods, with NZ and Australian markets returning around 5.5% in the quarter. Annual NZ equity returns were around 8.8%, and only 6% in Australia in AUD terms. The relatively weak Australian results reflect a pull-back in the banking sector and, relatedly, increases in interest rates by the Reserve Bank of Australia.

Fixed income returns were mixed while real assets except gold performed well.

New Zealand bonds rose by 3% in the quarter and around 5.5% over the year. The good quarter reflected a reduction in longer-term interest rate expectations on the back of the war in Iran seemingly ending and a view that inflation is heading towards the RBNZ's target band. In contrast, global bonds again struggled, increasing by 1% in the quarter and 1.7% over the year. Inflation risks remain on the upside in the US, and markets now expect rates to stay on hold or increase over the next year.

Listed global property performed well in the quarter, rising by around 8.5% on a NZD-hedged basis. Global infrastructure returns were weaker at around 1.6%, but annual returns were around 16%, a little ahead of the 13% return from global property. In contrast, following several years of rallying gold prices pulled back by around 12% in NZD terms as oil prices fell.

How the Markets Fared

Markets rose broadly in the June quarter, led by international and emerging-market shares, while New Zealand bonds benefited from lower interest-rate expectations.

	Quarter	Past Year	
New Zealand Shares	+5.6%	+8.8%	**New Zealand Shares** New Zealand shares rose around 5.6% in the quarter ended June, reversing losses from the March quarter. Annual returns were 8.8%, a solid outcome, but still considerably below the very strong returns seen in global markets. Market Index: S&P/NZX 50 Total Return Index with Imputation Credits
Australian Shares	+5.5%	+19.7%	**Australian Shares** Australian shares posted a gain of around 5.5% in NZD terms for the quarter, lifting the annual return to around 19.7%. Most of this gain reflected a decline in the NZD against the AUD over the year; the AUD return was only 6% for the year ended June, as the market grappled with rising interest rates. Market Index: S&P/ASX 200
International Shares	+14.1% (+13.6% Hedged)	+29.5% (+21.9% Hedged)	**International Shares** International shares rose 13.6% in NZD hedged terms and 14.1% in NZD terms as the Kiwi fell slightly against major currencies. Over the past year, returns were exceptional, at around 30% unhedged and 22% NZD hedged. Small-cap stocks outperformed in the quarter and year, rising 39% in NZD terms, while value and ex-US stocks performed in line with the market over the year. Market Indices: MSCI World Index; MSCI World 100% Hedged NR NZD, MSCI World Value, MSCI World Small Cap in NZD terms
Emerging Markets	+24.4%	+53.1%	**Emerging Markets** Emerging markets outperformed international shares, rising by 24.4% in the quarter and more than 50% in the year to June. This exceptional performance partly reflected rotation towards EM stocks, which were relatively 'cheap' compared with valuations in most developed markets. Market Index: MSCI Emerging Markets Index
New Zealand Fixed Income	+3.0%	+5.4%	**New Zealand Fixed Income** NZ investment grade bonds returned 3.0% over the quarter and around 5.4% over the year. The good quarter reflected a reduction in future interest rate expectations and associated mark-to-market gains on bond prices, on the back of soft NZ data and the conflict with Iran seemingly ending. Market Index: S&P/NZX Composite Investment Grade Index
International Fixed Income	+1.0%	+1.7%	**International Fixed Income** Global investment grade bonds rose around 1.0% in the June quarter, bringing the annual return to around 1.7%. The softer return in global bonds compared with NZ bonds reflected that inflationary pressure remains higher offshore, particularly in the US.Market Index: Bloomberg Barclays Global Aggregate Index (hedged to NZD)
International Property & Infrastructure	+8.5% (Prop)	+13.2% (Prop)	**International Property & Infrastructure** International property stocks rose 8.5% in the quarter in NZD hedged terms, while global infrastructure increased around 1.6% in NZD hedged terms. Over the year, infrastructure increased 16.2% and global property rose 13.2% on an NZD hedged basis. Market Indices: FTSE EPRA NAREIT, FTSE Dvlp Core Infra 50/50; NZD & NZD hedged basis

All returns are expressed in NZD.

We assume Australian Shares and International Property are invested on an unhedged basis, and therefore returns from these sectors are susceptible to movement in the value of the NZD.

[SPECIAL FEATURE]

Has ESG investing helped over recent years?

In the special feature this quarter, we examine how global equity funds in your portfolio have performed through the period of rising oil prices this year, and over recent years.

Our fund selection approach favours managers with strong responsible investment credentials.

Our approach to selecting funds for your portfolio includes a preference for fund managers and funds with strong Responsible Investment (RI) credentials. This is in line with our investment belief, which is based on long-term evidence, that responsible investors can reduce risks and enhance performance over the long term. As such, most of the equity funds in your portfolio screen out companies that cause harm through what they produce (e.g. tobacco stocks and nuclear weapon manufacturers), and many also integrate so-called ESG (environmental, social and governance) measures into the selection of companies in their funds. This takes the form of screening out companies that have poor ESG measures, as well as upweighting companies with relatively good ESG practices.

Please see Table 1 for a summary of global equity funds in your portfolio that have strong ESG features.

TABLE 1

Responsible Investment considerations in your global equity funds

Fund	Exclusions and screens	ESG integration	Greenhouse gas emissions vs index
Dimensional Global and Emerging Market Sustainability Funds	Extensive At least includes tobacco, alcohol, weapons, and gambling, fossil fuels	Extensive	Low Excludes worst emitters
Simplicity Unhedged Global Equities	Extensive At least includes tobacco, alcohol, weapons, and gambling, fossil fuels	Limited	Low Excludes much of the fossil fuel sector
Schroders Sustainable Global Core	Moderate Excludes tobacco, weapons and fossil fuels	Extensive	Moderate Excludes much of the fossil fuel sector, but will hold utilities which can be high polluting

Examining the performance of ESG funds

One important implication of the ESG activity the managers undertake is that their funds' exposure to oil and gas stocks, as well as companies with high greenhouse gas emissions (e.g. coal-fired power plants), is relatively low. A key question is whether this has helped or hindered in recent years where we have seen oil and gas prices rise? To answer this question, we look at the performance of the main global ESG equity funds in your portfolios in two ways:

1. We look at how each ESG global equity fund in the portfolio has performed relative to an index or variant of the fund concerned that does not have strong ESG features. This isolates whether ESG has helped at the fund level.
2. We look at how the ESG global equity funds in your portfolio overall have performed relative to a market-cap-weighted index. This shows how the combination of ESG funds has performed relative to the market.

The results of our analysis are summarised in Table 2.

TABLE 2

Performance of your ESG global equity funds vs non-ESG funds % p.a

Fund	1 Year to June 2026	2 years to June 2026	3 years to June 2026
Simplicity Unhedged Global Share*	30.5% (+1.0%)	23.0% (+0.7%)	22.6% (+0.4)
Schroders Sustainable Global Core*	31.9% (+2.4%)	24.6% (+2.3%)	24.6% (+2.4%)
Dimensional Global Sustainability Fund**	27.5% (-2.2%)	21.8% (-1.2%)	21.2% (-0.35%)
Dimensional Emerging Market Sustainability Fund**	40.3% (-6.9%)	20.9% (-0.6%)	21.7% (-2.7%)
Performance of ESG equity funds in combination^	31.0%	23.7%	22.8%
Out-performance relative to MSCI All Country Index	-0.7%	3.8%	0.1%

Overall, the broadly diversified global equity ESG funds in your portfolio have performed very well in recent years and not detracted from returns versus the market.

While the allocations to the specific managers (Dimensional, Schroders and Simplicity) have had variations relative to their benchmarks, in aggregate they have added marginal value over the three years to 30 June, good performance over the past two years, and only slight under-performance over the past year despite the very strong rise in oil prices.

* Simplicity and Schroders have been compared against MSCI World

** Dimensional Global Sustainability has been compared against Dimensional Global Core and Dimensional EM Sustainability has been compared against Dimensional EM Value.

^Scaled to the weight each fund contributes to global equities in your portfolio, excluding any non-ESG funds.

— Responsible investing has not come at the cost of investment outcomes.

Insights introduces the people we work closely with, giving you a clearer view of the wider team behind the advice and support we provide.

Q&A with Andrea Flores

How long have you been in New Zealand and how long with Rutherford Rede?

I have been in New Zealand for two and a half years, and I've been with Rutherford Rede for the past month and a half.

What is your role in Rutherford Rede and what do you like about it?

My role at Rutherford Rede is as an administrator. What I enjoy most about this role is that the industry is completely new to me, which makes it both interesting and exciting. I see it as an opportunity to learn more about finance and investments and to be part of a business that helps people keep their financial affairs organised.

I enjoy the challenge of learning something different every day. And I find myself thinking about how I can apply some of what I am learning in my own life, which makes the experience even more valuable.

What I'm enjoying most is working in a team where everyone is collaborative, kind, and supportive. There's a positive atmosphere in the office, and from time to time we enjoy a bit of friendly teasing, which makes the workplace feel very human and fun.

The way I see my role is as a facilitator who works behind the scenes so that my colleagues can be more effective in what they do. By keeping things organised and helping processes run smoothly, I feel that I'm making a meaningful contribution to the way the office operates.

Tell me about the place where you grew up?

I grew up in Morelia, a UNESCO World Heritage city in the centre of Mexico. It has a population of nearly one million people, so it is considered a relatively small city compared to others in the country. Both of my parents are architects, so I grew up immersed in that world and developed an appreciation for architecture and design from an early age.

"What I'm enjoying most is working in a team where everyone is collaborative, kind, and supportive."

"One of my favourite memories is waiting for the adults to finish their endless conversations around the table."

As a child, most of my days were spent with what felt like hundreds of cousins, I'm sure there weren't quite that many. We rode our scooters around the neighbourhood and looked forward to Sunday lunches at my grandparents' house

One of my favourite memories is waiting for the adults to finish their endless conversations around the table. In Mexico, we have a tradition called sobremesa, which literally means "over the table." It's the time after a meal when people simply stay together talking, laughing and of course, continuing to eat. As children, we loved it because whilst the adults continued their conversations, it meant we could keep playing.

Some of my most treasured childhood memories are with my grandmother. Especially the weekends we spent building a dollhouse together. She was endlessly curious, always surrounded by books, art, and full of existential questions. Looking back, I think she was a seeker of knowledge, and she passed that curiosity on to me. She played a big part in shaping the interests I still have today.

School days were quite long compared to what I've seen in New Zealand. In junior high, classes started at 7:00 a.m. and we had a full schedule, often followed by plenty of homework. Even so, it was a wonderful time in my life. The friends I made back then are still among my closest friends today, which I think says a lot about those years.

When it was time for university, I decided to move to Mexico City to study at a university specialising in the arts. The admission process was very competitive. I had to meet the academic requirements, complete a full day of entrance exams, and attend an interview. Getting accepted required a lot of preparation and, to some extent, a bit of luck. I had always wanted to go to university because I enjoy learning and want to keep challenging myself.

University introduced me to inspiring lecturers and experiences that shaped both my personal and professional growth. Many of my lecturers were working professionals who shared real projects, case studies, and stories from their careers. This made my learning feel very connected to the real world. My classmates were equally motivated, creating an environment where everyone pushed themselves to do their best. Looking back, I feel incredibly fortunate to have had that opportunity. I know that access to higher education isn't something everyone in Mexico can enjoy, so I wanted to make the most of every opportunity while also enjoying everything that life in such a vibrant city had to offer.

Although Mexico is an incredibly rich country in terms of culture, history, the warmth of its people, and, of course, football, growing up there also meant being aware of the insecurity that many people face, especially women. Those experiences gave me a deep appreciation for opportunities, and they've shaped the way I think about wanting to contribute someway and give back over time.

"Looking back, I feel incredibly fortunate to have had that opportunity. I know that access to higher education isn't something everyone in Mexico can enjoy."

Why did you decide to travel and what made you choose New Zealand?

—— I would say that since I was a young, I've always had a strong desire to see the world. I liked the idea of studying overseas and experiencing life in a different country.

During the lockdown, I met some people from New Zealand who told me about the lifestyle and how friendly people are here. That conversation stayed with me, and it was almost like a moment of realisation about the country.From there, I started imagining what it would be like to live somewhere quieter, surrounded by nature, and that idea really resonated with me. At the same time, I became excited about the challenge of living in another language and the opportunity to discover who I could become outside of everything that was familiar.

How does your role influence the lives of our clients?

—— I would say that even though I'm still at an early stage and I don't have direct contact with clients, the work I do behind the scenes still has an impact on their experience.By keeping client information and processes organised, I help ensure that the advisors can deliver their work in a smooth and efficient way. In that sense, my role supports the overall client experience, even if I'm not directly in front of them.

I also believe that when everything is well organised internally, it directly influences how clients perceive the company. While advisors are the main point of contact, we are all working towards the same goal: helping clients feel that they are dealing with a professional, reliable, and well-organised company.

What is the place you most want to visit in NZ and why?

—— My dream before coming to NZ had been to visit Queenstown, and I was actually able to make it there in a trip that I took to the South Island last December.

Next I would really love the experience of travelling around the country by van. More than a specific destination, it's the idea of the journey itself, driving through different landscapes, stopping whenever something feels right, and just taking in everything around you. In New Zealand, you don't really need much more than that: open roads, beaches, stunning sunsets and the sound of birds in the background.

I would also love to explore the East Coast, as it feels like a quieter and more untouched part of the country, with beautiful coastal views and small towns along the way. I imagine it would be the kind of trip where you can really slow down and connect with the landscape in a simple way.

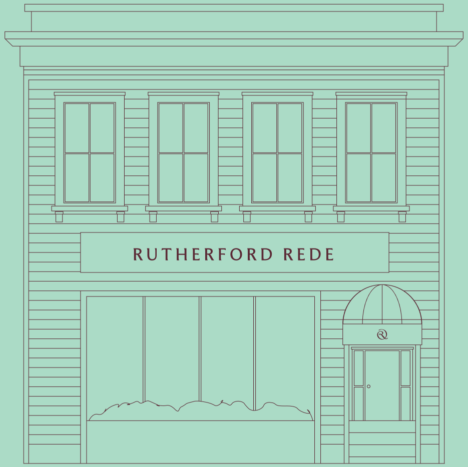
What food at home do you miss mostly in New Zealand? Can you buy ingredients here? Are there authentic restaurants and take away outlets that sell authentic Mexican food?

—— The food I miss the most is probably mole oaxaqueño. It's a traditional Mexican dish, usually served with chicken, and it's covered in a rich, complex sauce made from dozens of ingredients, including different types of chillies, spices, nuts, seeds, and just a touch of chocolate.

What makes mole so special is that it's so much more than just a recipe; it's a tradition. Many of the best versions are made by cocineras tradicionales, women who have spent decades preserving recipes that have been passed down through generations. Preparing mole takes hours, sometimes even days, because every ingredient has to be roasted, toasted, or ground separately before everything comes together.

You can find some of the ingredients in New Zealand, and there are a few Mexican restaurants, but unfortunately, it's difficult to recreate the same flavour. Part of what makes Mexican food so unique is the quality of the ingredients and the history behind it.

RUTHERFORD REDE



+64 9 361 3670
91 College Hill, Freemans Bay, Auckland 1011
PO Box 147 246, Ponsonby, Auckland 1144
rutherfordrede.co.nz