

General Market Commentary

Investment volatility has continued in May. The Garrison Bridge funds faced headwinds as both local investment markets and global equity markets remained difficult. A slowdown in economic activity combined with persistent inflation is likely to see interest rates continue to rise, not only in New Zealand but around the world.

The Reserve Bank of New Zealand (RBNZ) increased the Official Cash Rate (OCR) by 50bp to 2.0% in May as predicted. The commentary from the RBNZ that accompanied the rate rise clearly indicated that the OCR will “continue to lift at pace to a level that will confidently bring consumer price inflation to within the target range.” The target range as set by the RBNZ Monetary Policy Committee is 1% to 3%. Inflation currently sits at a whopping 6.9%, a long way from the target range. To provide some context on this, since the inflation target was introduced in New Zealand, the Consumers Price Index (CPI) has averaged around 2.2%, compared to over 11% in the 1980s.

Currently, rising inflationary pressures are being driven by ongoing supply disruptions, with a finger squarely pointed at Covid-19 persistence (i.e lock downs in China) as well as the Russian invasion of Ukraine. The latter continues to cause very high prices for food and energy. US inflation numbers are at 8.6%, the highest rate since 1981, while the UK inflation rate is 9.0% (as at April), the highest in 40 years.

According to the BBC, energy bills are the biggest contributor to UK inflation at present, as oil and gas prices remain at elevated levels. The average electricity price in April jumped by 95.5% compared to the previous year. Food prices are rising, mortgage rates are increasing and the cost of raw materials, household furniture, water bills and even the cost of postage has increased.

In New Zealand, underlying strength remains in the economy, supported by a strong labour market, relatively low household debt, continued Government monetary support, and easing of Covid restrictions. The re-opening of New Zealand’s borders from 1 July has been cheered by the tourism industry, potentially the sector that has suffered the most from Covid restrictions. Re-opening of the borders may also ease labour shortages although an influx of foreign workers or backpackers could be several months away.

Returning to the Garrison Bridge investment funds, the month of May was a negative month for the investment funds. Increasing investment volatility and a negative result is essentially an expression of market uncertainty. When markets turn volatile it is natural for investors to feel anxious. Investors can protect themselves during such times by broadly diversifying across and within asset classes. Within Garrison Bridge, our investment funds are diversified across Fixed Interest, Property and Equities to achieve this diversity.

Our investment committee is constantly reviewing the current market environment. While the current decline in investment markets is concerning, we regularly remind ourselves that we have been through market declines in the past, and it doesn’t last forever. It is likely that 2022 will require investors to remain patient waiting for positive news to change the direction of investment markets. In our view the longer-term prospects remain intact, it will just take patience and time for those prospects to come to fruition.

GBP and AUD / NZD exchange rate change from 30 April 2022 to 31 May 2022:

1 Month to 31/05/2022			
	30/04/2022	31/05/2022	% change over month
GBP / NZD	\$1.95	\$1.93	-1.0%
AUD / NZD	\$1.09	\$1.10	0.9%

GBP and AUD / NZD exchange rate change from 31 May 2021 to 31 May 2022:

1 Year to 31/05/2022			
	31/05/2021	31/05/2022	% change over year
GBP / NZD	\$1.95	\$1.93	-1.0%
AUD / NZD	\$1.06	\$1.10	3.8%

About Garrison Bridge

Garrison Bridge Superannuation Scheme (‘Scheme’) is a New Zealand Superannuation Scheme, regulated by the Financial Markets Authority and offered in Australia under the Mutual Recognition Scheme. The Scheme is a managed superannuation scheme that offers six investment options in NZD, AUD & GBP and has QROPS registration for foreign superannuation transfers.

Garrison Bridge is managed by Lifetime Asset Management Limited.

Ralph Stewart – Managing Director, Lifetime Asset Management Limited



Ralph Stewart was CEO of AXA Insurance New Zealand for 9 years and more recently the CEO of ACC. He has thirty years of experience in New Zealand’s financial services sector, including 8 years as General Manager of Marketing & Strategy at TOWER Insurance. Ralph holds a Masters in Business Administration from Manchester University in England.

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Lifetime Asset Management Limited

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Fund Summary

For the month ending 31 May 2022

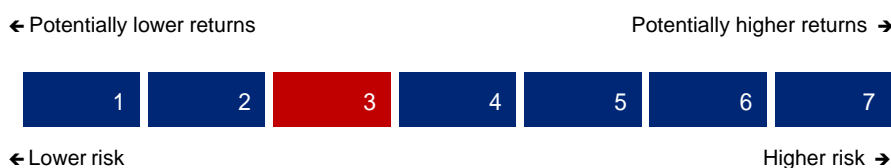
NZD Conservative Fund



Description of this Fund

New Zealand Dollar denominated fund employing an active asset allocation strategy and a passive investment management strategy invested 70% in income assets (New Zealand and international fixed interest), with 30% exposure to growth assets (Australasian and international equities). Seeks to track composite indices (before annual fund charge and tax), comprising 10% S&P/NZX Bank Bills 90-Day Index, 40% Bloomberg NZ Bond Govt 0+ Yr Index, 20% Bloomberg Barclays Global Aggregate Index 100% hedged to NZD, 20% S&P/NZX 50 Gross Index (including imputation credits) and 10% MSCI World Ex Australia Custom ESG Leaders Index.

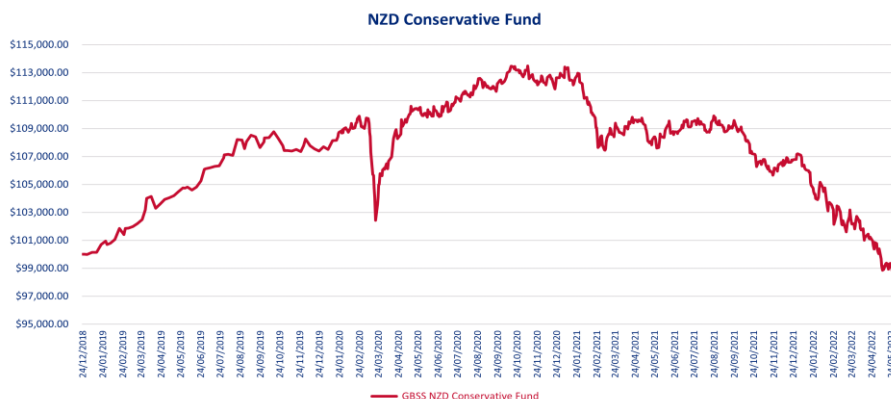
Risk indicator for the NZD Conservative Fund



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way. For further information on how the risk indicator is calculated, please see the Product Disclosure Statement.

Investment performance

The chart below illustrates the performance of \$100,000 invested in the NZD Conservative Fund from inception on 24 December 2018 to 31 May 2022. The chart shows cumulative investment performance after fees, and tax (at 28%):



The below performance figures for the NZD Conservative Fund as at 31 May 2022. The returns are after fees and after taxes:

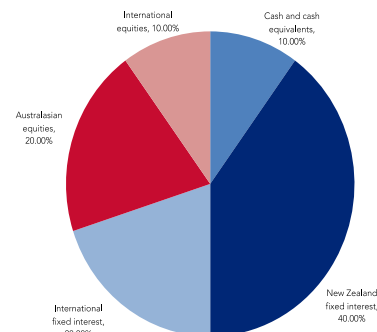
PIR Tax Rate	Month	Quarter	6-months	12-months	Inception
28%	-1.26%	-3.22%	-6.45%	-7.94%	-0.14%
0%	-1.24%	-3.70%	-7.08%	-9.37%	-0.38%

* Returns for periods longer than one year are annualised

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Target asset allocation



Underlying Investment Managers

Simplicity NZ Limited are a leading investment manager located in NZ, with over \$4 billion under management.

Harbour Asset Management Limited are a proven fund manager with over \$2 billion under management.

BlackRock Asset Management Limited are the world's largest global investment manager with over \$8 trillion in assets under management.

Key facts

Inception date:
24 December 2018

Underlying Investment Managers:
Simplicity NZ Ltd, Harbour Asset Management Ltd, BlackRock Asset Management Ltd

Supervisor:
Public Trust

Fund type:
Multi-rate Portfolio Investment Entity

Licenced Manager:
Lifetime Asset Management Ltd

Estimated annual fund charge: 1.09%

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Fund Summary

For the month ending 31 May 2022

NZD Growth Fund

Description of this Fund

New Zealand Dollar denominated fund employing an active asset allocation strategy and a passive investment management strategy invested 16% in income assets (New Zealand and international fixed interest), with 84% exposure to growth assets (Australasian and international equities). Seeks to track composite indices (before annual fund charge and tax), comprising 8% Bloomberg NZ Bond Govt 0+ Yr Index, 8% Bloomberg Barclays Global Aggregate Index 100% hedged to NZD, 30% S&P/NZX 50 Gross Index (including imputation credits) and 54% MSCI World Ex Australia Custom ESG Leaders Index.

Risk indicator for the NZD Growth Fund

← Potentially lower returns

Potentially higher returns →



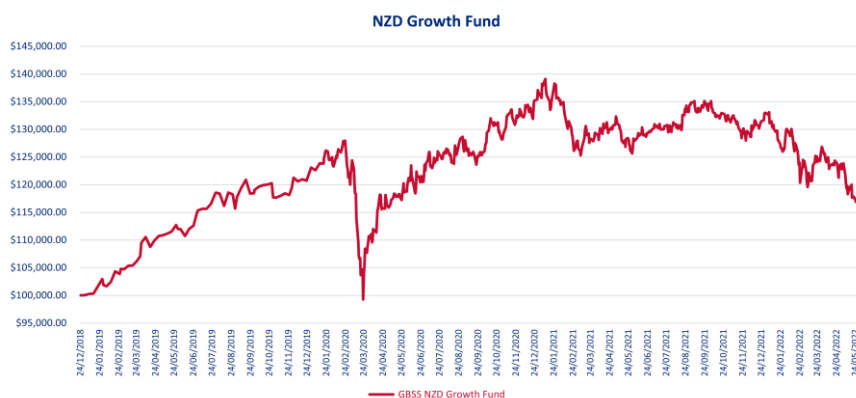
← Lower risk

Higher risk →

The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way. For further information on how the risk indicator is calculated, please see the Product Disclosure Statement.

Investment performance

The chart below illustrates the performance of \$100,000 invested in the NZD Growth Fund from inception on 24 December 2018 to 31 May 2022. The chart shows cumulative investment performance after fees, and tax (at 28%):



The below performance figures for the NZD Growth Fund as at 31 May 2022. The returns are after fees and after taxes:

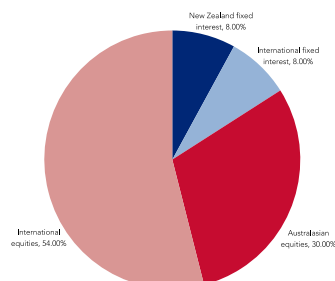
PIR Tax Rate	Month	Quarter	6-months	12-months	Inception
28%	-2.97%	-2.40%	-7.37%	-5.36%	5.47%
0%	-2.92%	-2.40%	-7.39%	-5.60%	5.42%

* Returns for periods longer than one year are annualized

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Target asset allocation



Underlying Investment Managers

Simplicity NZ Limited are a leading investment manager located in NZ, with over \$ billion under management.

Harbour Asset Management Limited are a proven fund manager with over \$2 billion under management.

BlackRock Asset Management Limited are the world's largest global investment manager with over \$8 trillion in assets under management.

Key facts

Inception date:
24 December 2018

Underlying Investment Managers:
Simplicity NZ Ltd, Harbour Asset Management Ltd, BlackRock Asset Management Ltd

Supervisor:
Public Trust

Fund type:
Multi-rate Portfolio Investment Entity

Licensed Manager:
Lifetime Asset Management Ltd

Estimated annual fund charge: 1.09%

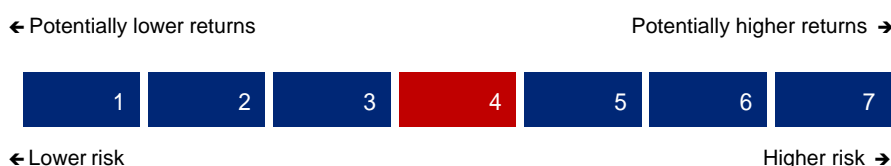
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AUD Balanced Fund

Description of this Fund

Australian Dollar denominated fund employing an active asset allocation strategy and a passive investment management strategy invested 40% in income assets (international fixed interest), with 60% exposure to growth assets (Australasian and international equities). Seeks to track composite indices (before annual fund charge and tax), comprising 20% Bloomberg Aus Bond Credit 0+ Yr Index, 20% Bloomberg Barclays Global Treasury Scaled Index hedged into Australian Dollars, 20% FTSE Australia 300 Choice Index and 40% MSCI World ex Australia Custom ESG Leaders Index 100% hedged to AUD.

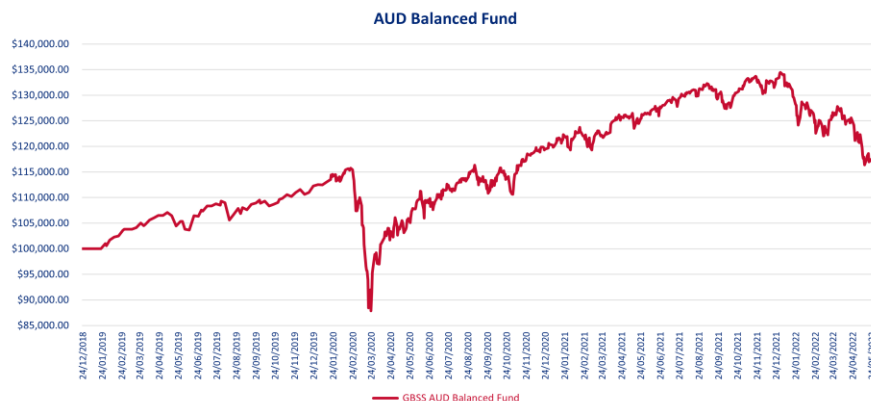
Risk indicator for the AUD Balanced Fund



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way. For further information on how the risk indicator is calculated, please see the Product Disclosure Statement.

Investment performance

The chart below illustrates the performance of \$100,000 invested in the AUD Balanced Fund from inception on 24 December 2018 to 31 May 2022. The chart shows cumulative investment performance after fees, and tax (at 28%):



The below performance figures for the AUD Balanced Fund as at 31 May 2022. The returns are after fees and after taxes:

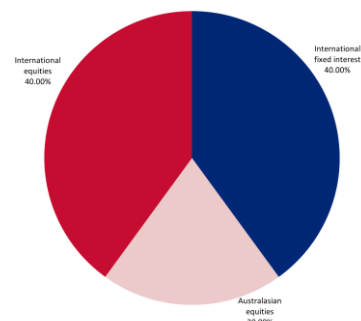
PIR Tax Rate	Month	Quarter	6-months	12-months	Inception
28%	-2.55%	-3.51%	-9.33%	-5.41%	5.35%
0%	-2.45%	-3.25%	-8.89%	-4.88%	6.04%

* Returns for periods longer than one year are annualized

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Target asset allocation



Underlying Investment Managers

Vanguard Investments Australia Limited are the world's second largest investment manager with over \$7 trillion under management.

BlackRock Asset Management Limited are the world's largest global investment manager with over \$8 trillion in assets under management.

Key facts

Inception date:
24 December 2018

Underlying Investment Managers:
Vanguard Investments Australia Ltd,
BlackRock Asset Management Ltd

Supervisor:
Public Trust

Fund type:
Multi-rate Portfolio Investment Entity

Licensed Manager:
Lifetime Asset Management Ltd

Estimated annual fund charge: 1.19%

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Fund Summary

For the month ending 31 May 2022

GBP Conservative Fund

Description of this Fund

Great British Pound denominated fund employing an active asset allocation strategy and a passive investment management strategy invested 65% in income assets (international fixed interest), with 35% exposure to growth assets (international equities and listed property). Seeks to track composite indices (before annual fund charge and tax), comprising 10% iBoxx MSCI ESG GBP Liquid Investment Grade Ultrashort, 55% Bloomberg Barclays Global Aggregate Corporate Index, 5% FTSE EPRA/NAREIT UK Property Index and 30% MSCI world ESG Screened Net GBP

Risk indicator for the GBP Conservative Fund

← Potentially lower returns

Potentially higher returns →



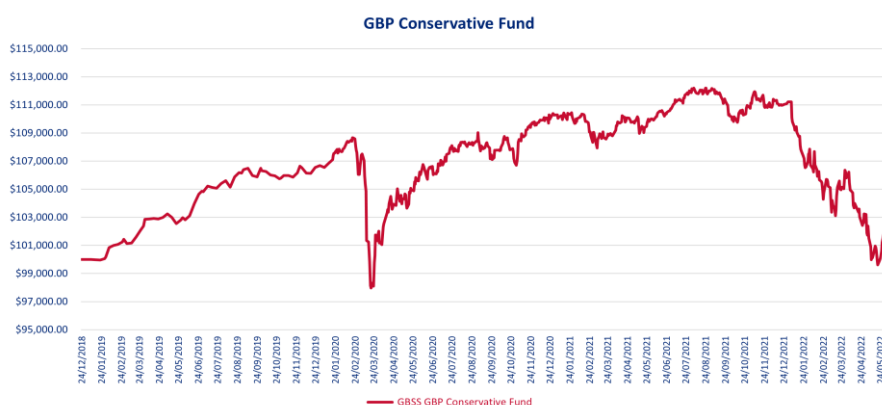
← Lower risk

Higher risk →

The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way. For further information on how the risk indicator is calculated, please see the Product Disclosure Statement.

Investment performance

The chart below illustrates the performance of £100,000 invested in the GBP Conservative Fund from inception on 24 December 2018 to 31 May 2022. The chart shows cumulative investment performance after fees, and tax (at 28%):



The below performance figures for the GBP Conservative Fund as at 31 May 2022. The returns are after fees and after taxes:

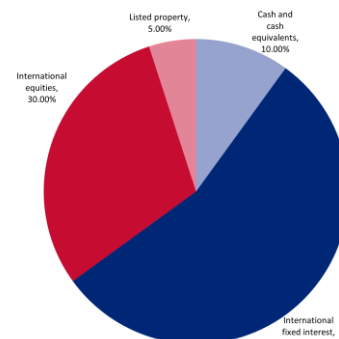
PIR Tax Rate	Month	Quarter	6-months	12-months	Inception
28%	-1.86%	-4.18%	-8.77%	-7.92%	0.37%
0%	-1.77%	-3.83%	-8.31%	-6.94%	1.44%

* Returns for periods longer than one year are annualized

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Target asset allocation



Underlying Investment Manager

BlackRock Asset Management are the world's largest global investment manager with over \$8 trillion in assets under management. BlackRock is an American global investment management corporation based in New York. It was founded in 1988, initially as a risk management and fixed income institutional asset manager.

Key facts

Inception date:
24 December 2018

Underlying Investment Manager:
BlackRock Asset Management Limited

Supervisor:
Public Trust

Fund type:
Multi-rate Portfolio Investment Entity

Licensed Manager:
Lifetime Asset Management Ltd

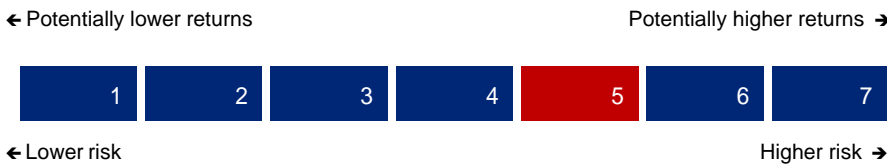
Estimated annual fund charge: 1.14%

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Description of this Fund

Great British Pound denominated fund employing an active asset allocation strategy and a passive investment management strategy invested 15% in income assets (international fixed interest), with 85% exposure to growth assets (listed property and international equities). Seeks to track composite indices (before annual fund charge and tax), comprising 15% Bloomberg Barclays Global Aggregate Corporate Index, 7% FTSE EPRA/NAREIT UK Property Index and 78% MSCI world ESG Screened Index Net GBP

Risk indicator for the GBP Growth Fund



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund’s assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way. For further information on how the risk indicator is calculated, please see the Product Disclosure Statement.

Investment performance

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The below performance figures for the GBP Growth Fund as at 31 May 2022. The returns are after fees and after taxes:

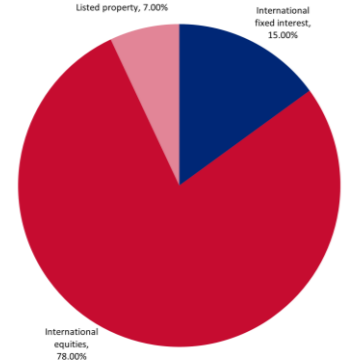
PIR Tax Rate	Month	Quarter	6-months	12-months	Inception
28%	-3.92%	-2.26%	-7.62%	-3.57%	8.12%
0%	-3.82%	-1.77%	-7.15%	-2.54%	9.26%

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