
STRATEGIC DIRECTION

Building on the Trust's strategic planning, Bulk Funding has been introduced for 2026 - 2027 to streamline funding administration, reduce compliance demands, and better empower Episcopal Units to make agile education funding decisions.

As signalled during 2025, in 2026 the Trust will also start to seek reporting and feedback on the utilisation of the funding distributed, to better inform future funding decisions.

Importantly, the Bulk Funding methodology has also created space to allow equity discussions to be progressed, across the three Tikanga

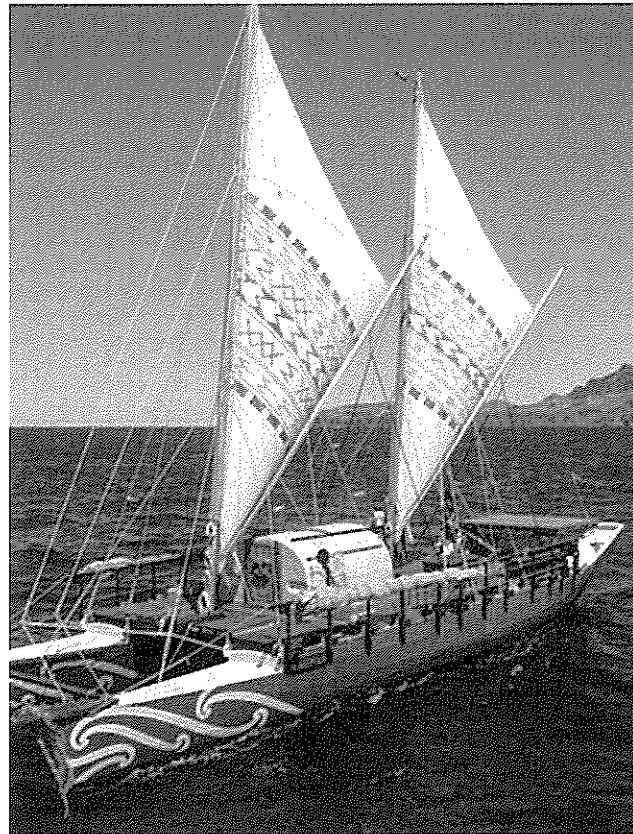
Although a 'pan-Church' talanoa has yet to take place, the focus is presently on the equity of funding available from the Trust, and Trustees look forward to the outcome of these deliberations and the likely resulting consideration of capacity needs, mission aligned investments and co-investment opportunities to build the self-reliance of funding recipients.

Following on from a review of its operating structure in 2023, new service provision arrangements put in place in 2024 were embedded during 2025.

Trustees recently undertook a review of these service arrangements, noting the significant enhancement in the quality of the advice being received while also generating substantial cost savings.

As part of the mahi with these new service providers, the Trust has set a new investment strategy and is presently working through its implementation – which in turn will lead to a number of investment transactions being completed in the coming years.

Despite this progress, significant work remains for the Trust to fully achieve its strategic objectives.



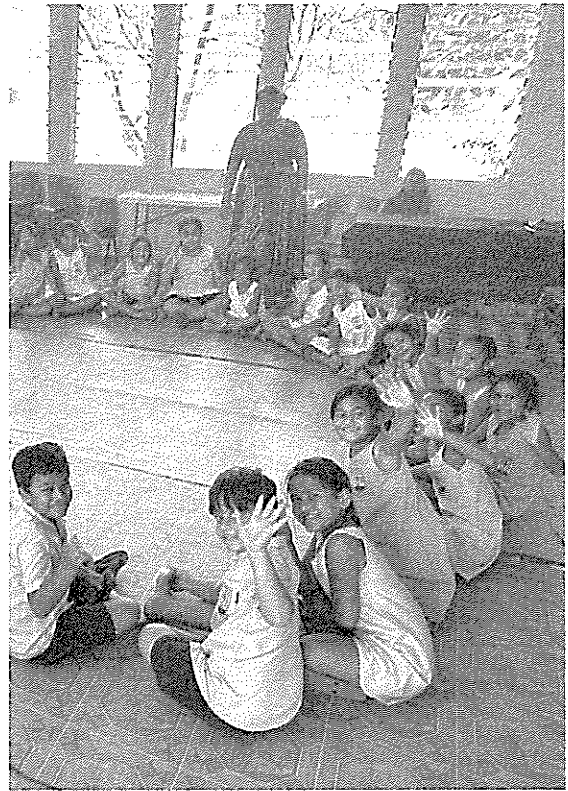
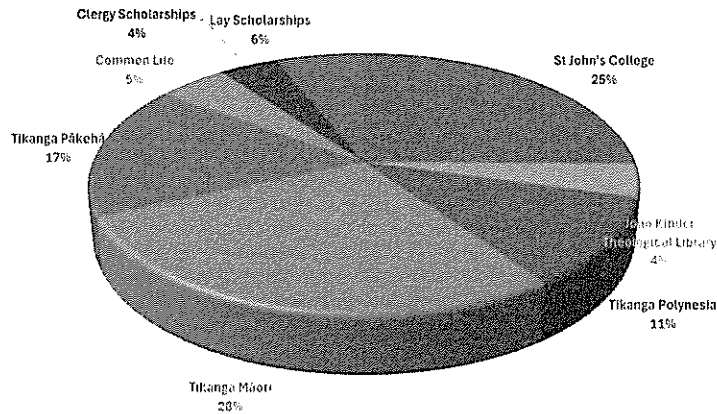
STRATEGIC MAHI

- Introduce funding methodology that has **equity** at its core
- Understand **capacity** needs of the Church
- Clarify funding needs and infrastructure needs of **St John's College**
- Review **capital utilisation** at St John's College, to identify capital that can be released to fund education priorities
- Continue to review **Investment Strategy**
- Review **Mission Aligned Investment** opportunities
- Consider **co-investment opportunities** to build funding resilience of recipients
- Consider how funding can be allocated to **new education initiatives**
- Establish **reporting and impact** measures
- Review efficacy of current funding recipients

DISTRIBUTIONS

In 2025, the Trust set the level of distribution at **\$20.9 million**, a reduction on the \$21.45 million distributed in 2024 and \$21.8 million distributed in 2023.

The allocation of this funding, in accordance with advice received from Te Kotahitanga, is set out in the analysis below.



Over the 2022 – 2024 years, the Trust increased distributions by 19% to take into account the impact of inflation. Unfortunately, over the same period investment market performance saw the Trust's investment returns reduce.

As such, in 2025 the Trust resolved to reduce distributions for the 2026 – 2027 years to **\$20 million**, being the sustainable level of distribution the Trust can fund, after allowing for the maintenance of the College, without the ongoing erosion of Trust Capital, as occurred over this period.

However, when the costs of maintaining St John's College, which are funded directly by the Trust, are included in the distribution value, the 2025 distribution increases to \$23.2 million, while the total distribution forecast for 2024 was **\$22.4 million**.

The total cost of funding St John's College in 2025 was **\$7.39 million** or 32% of total distributions. Trustees remain concerned at the quantum of this funding in comparison to funding being distributed to other education providers, especially given the continued increased operating costs of the College while the numbers of students completing courses of study being delivered by the College continues to decline.

As directed by General Synod Standing Committee, Trustees remain focussed on working with Te Kaunihera of the College and the wider Church to develop new groundbreaking education programmes that are genuinely conceived, shaped, and delivered from the ground up within mātauranga Māori and Moana theological frameworks, and which adopt distinctly indigenous approaches to both learning and theological content, as is being requested by the majority of Episcopal Units.

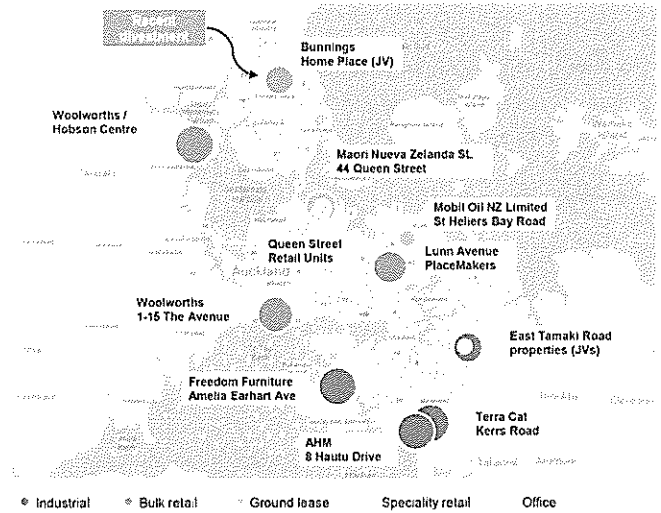
INVESTMENT PERFORMANCE

The 2025 year saw investment returns continue the rebound experienced in 2024, following the negative post-Covid years of 2022 and 2023.

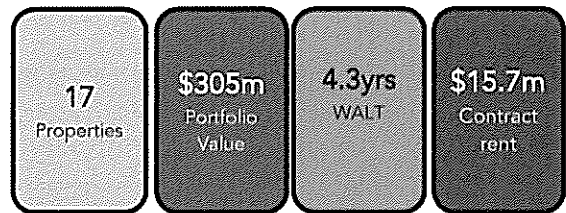
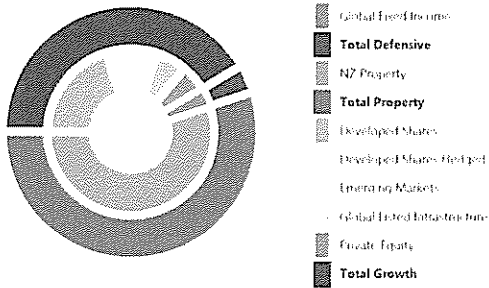
This recovery was driven primarily by strong revaluations in the Trust's equity investments, supported by a solid uplift in the value of its commercial property holdings.

Overall, the Trust delivered a total return of 10.9%, ahead of its weighted target benchmark of 9.3%.

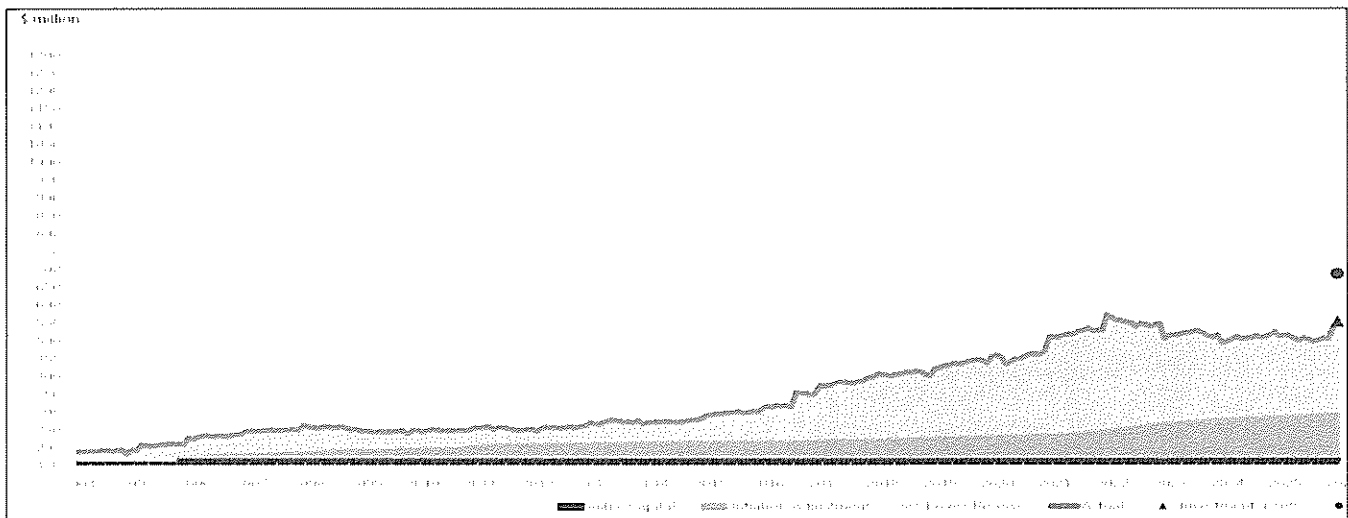
Asset Allocation	2025
International Shares	29.7%
International Bonds	3.6%
Commercial Property	55.1%
Private Equity	5.2%
Global Infrastructure	6.4%
	100.0%



Current asset allocation



However, despite the recent lean return years, over the long-term the Trust's investment capital continues to outperform its inflation adjusted value. It is this long-term performance that has allowed the Trust to continue to maintain distributions at levels exceeding 4% of investment capital.

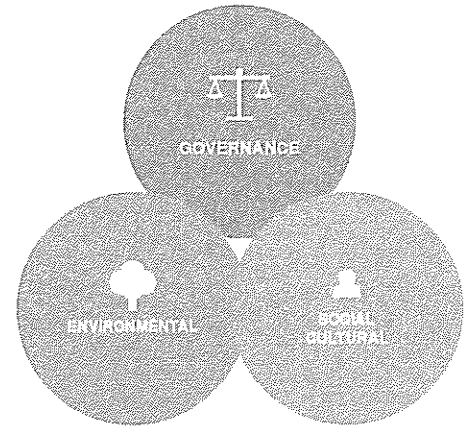


ESG INVESTING

The Trust remains committed to continuously reviewing its investment portfolios against cultural, ethical, environmental, social, and governance (ESG) parameters.

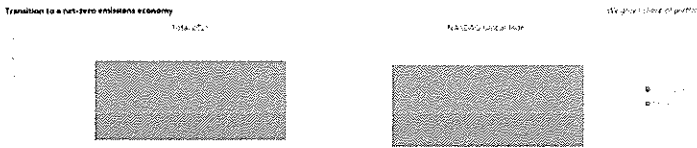
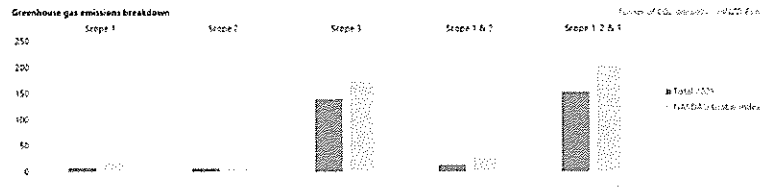
While the Trust continues to review and refine these settings, it is deliberately taking time to build knowledge and understanding so it can adopt an authentic approach to meeting its investment objectives. This means going beyond simply accepting what is offered by investment funds and instead using relevant, credible data to inform decision-making.

In 2024, the Trust commissioned an independent report to identify key measures against which it can progressively monitor its investments. This work was undertaken using the reporting services of *Matter*, a Copenhagen-based company that provides sustainability data, analytics, and reporting to investors managing more than USD 4 trillion in assets.

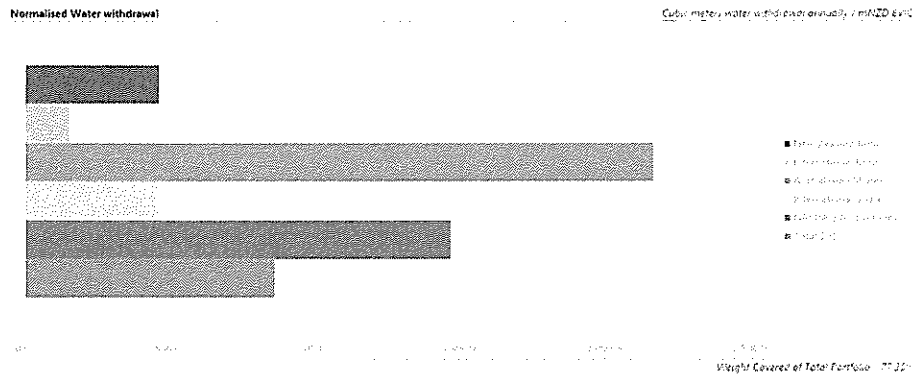
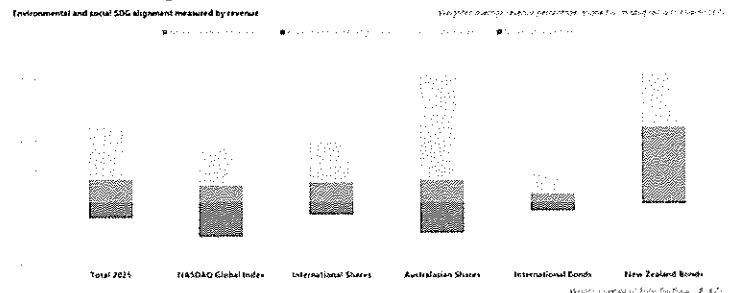
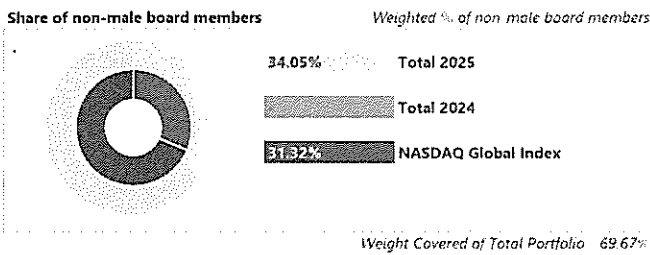


The analysis received by the Trust includes the following ESG measures:

- United Nations Sustainable Development Goals
- Task Force on Climate-Related Financial Disclosures
- Carbon Footprint
- Diversity and Equality
- Biodiversity and Water



While the Trust performed well against general market benchmarks on these measures, Trustees acknowledge that significantly more progress is needed. This includes developing clearer theological references and policies to guide investment decisions and determining how best to balance the practical need to access investments and generate returns with the Trust's ESG and wider ethical objectives.



With this data in mind, in late 2025 the Trust made several adjustments to its asset allocation and fund managers to enhance both its return and ESG characteristics.

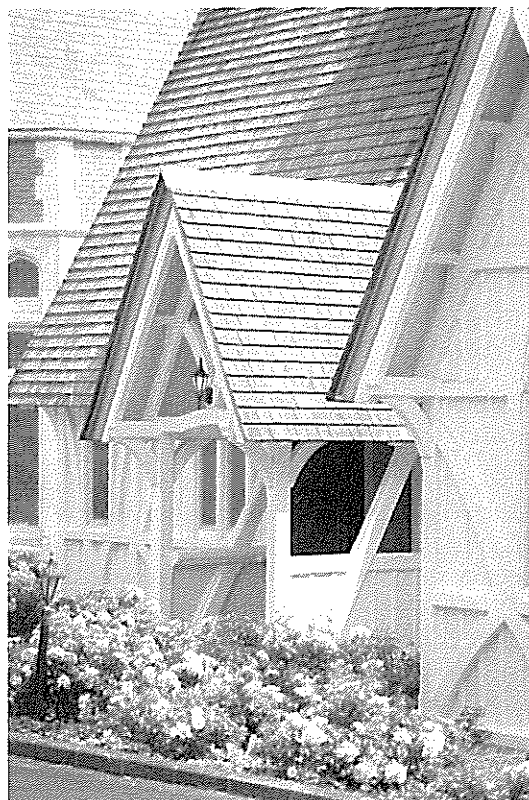
MISSION ALIGNED INVESTMENTS

The Trust continues to maintain its Mission Aligned Investments, supporting its Christian education objectives at St John's College, Hukarere Girls' Kura and Kāinga Tipu (hostel) and St Andrew's High School in Nuku'alofa.

Under the St John's College Trusts Act 1972, one of the Trust's core purposes is to "maintain and support" St John's College. In this capacity, the Trust operates similarly to a Proprietor of an Integrated School, funding the provision and upkeep of the College, as well as associated staff and student housing.

The College is recorded in the financial statements at a historic value of \$42.1 million, although its current market value is estimated to exceed \$100 million. In addition, the Trust expends up to \$2.4 million annually on the College's maintenance, insurance, and operations, in addition to its annual distributions to support the College's educational programs.

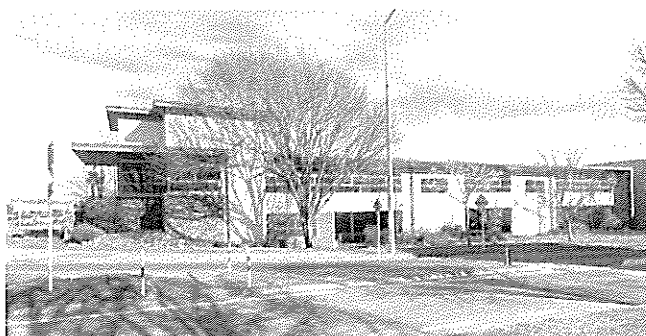
Following the devastating impact of Cyclone Gabrielle in February 2023, which resulted in the total loss of Hukarere Girls' College in the Eskdale Valley, Hawke's Bay, the Trust acquired two commercial properties to reestablish the Kura and Kāinga Tipu. These facilities remain fully operational. The Trust anticipates selling these properties, currently valued at \$20.8 million, to recycle funding once a permanent home for Hukarere is identified.



St John's College Chapel

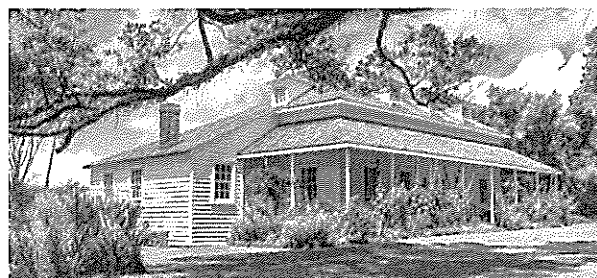


Hukarere Girls' Kāinga Tipu, Havelock North



Hukarere Girls' College, Havelock North

In 2025, the Trust also finalised an agreement to acquire a 50% interest in Te Waimate Mission, a site significant to the Trust and Church, especially in terms of education.



Te Waimate Mission



Ceremony to mark the commencement of mahi at St Andrew's

Trustees were also pleased to start the refurbishment work at St Andrew's High School in Nuku'alofa, Tonga. This mahi will see the refurbishment of classrooms, erection of new ablution blocks and development of drainage of the School site.

Work at schools in Apia, Labasa and Suva is hoped to commence in 2026 as part of the delivery of Mission Aligned Investments to the Diocese of Polynesia as agreed in late 2023.

FINANCIAL PERFORMANCE²

Following the review of its operating structure, leading to the resetting of its service arrangements and increased focus on the recovery of property costs, Trustees were pleased to note a sustained reduction in the operating costs of the Trust and resulting increase in the 2025 operating surplus to **\$21.0 million**.

The Trust's investment portfolio also performed strongly, increasing in value by **\$23.5 million** (2024: -\$35.7 million), bringing the total return for the year to **\$48.5 million**.

Including distribution commitments arising from prior years, the costs of maintaining St John's College, as well as the recovery of unspent distributions, the Trust distributed a net \$23.5 million during the year, representing a distribution of 4.6% of the Trust's investment capital.

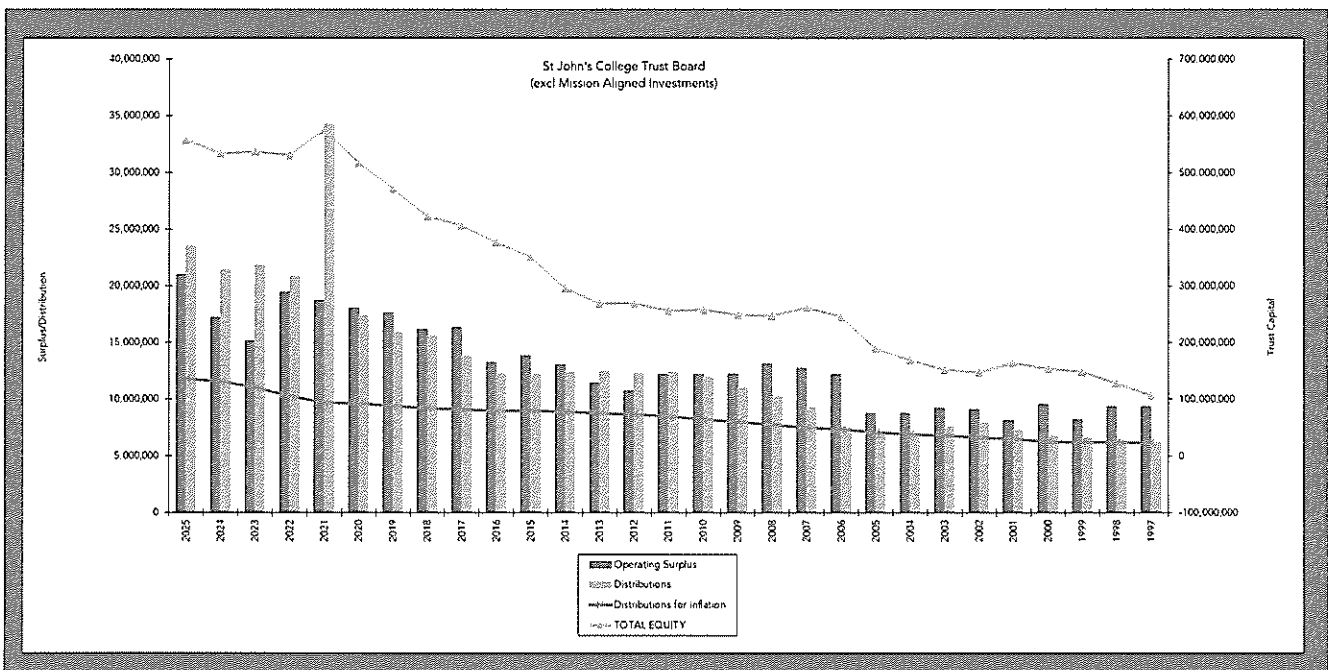
Consistent with prior years, this level of distribution meant Trustees needed to sell a portion of the Trust's investments to fund distributions, albeit the remaining investments gained in value, meaning the Trust achieved its target to grow by at least the rate of inflation, reversing the trend recorded in the 2022 – 2024 years.

Over the past three decades, the Trust has delivered strong long-term outcomes, with capital growing threefold and cumulative distributions exceeding \$350 million to support education within the Church and maintain Mission Aligned Investments.

Trustees remain mindful, however, that while capital has grown, annual distributions have increased from \$6 million to over \$20 million per year—more than twice the rate of inflation. This growth raises concerns about potential over-reliance on Trust distributions, especially as equity considerations have not yet been incorporated into long-term distribution processes.

In response, the Trust looks forward to further discussions on equity within the Church along with a strategic review of the Church's education needs, so as to ensure long-term sustainability of funding in alignment with the Trust's mission and purpose.

\$'000	2025	2024
Revenues	26,568	26,924
Operating costs	5,585	9,757
Operating surplus	20,983	17,167
Capital gains/(losses)	27,533	35,661
Total return	48,515	52,828
Distributions	23,534	21,455
Net return	24,981	31,373



² Based on unaudited 2025 financial statements

FINANCIAL POSITION AND TRUST CAPITAL³

The 2025 year saw a continued recovery in investment values as experienced in 2024 reversing the two years of sustained losses incurred in 2022 – 2023.

As at 31 December 2025, the Trust’s investments were valued at \$553.7 million, while total Trust Capital had increased to \$627.2 million, surpassing the value recorded in 2021 prior to capital losses.

Trust Capital is represented by the aggregation of the College Fund, Scholarship Fund and Marsh Trust. Each of these ‘sub-trusts’ has differing purposes which can be summarised as follows:

- **Scholarships Fund (Section 7):** Held to fund scholarships for those in, or seeking, ordained ministry. Only income earned can be distributed.
- **College Fund (Section 3):** Supports St John’s College and all other Amorangi, Diocese, and Common Life education programmes. Both income and capital may be distributed.
- **Marsh Scholarship Fund:** Income is distributed to support the operations of St John’s College.

While representing 43% of total Trust Capital, at present only a small percentage of annual distributions are funded from the Scholarship Funds (2025: 3.5%, 2024: 2.6%) meaning this sub-trust generates significant surpluses.

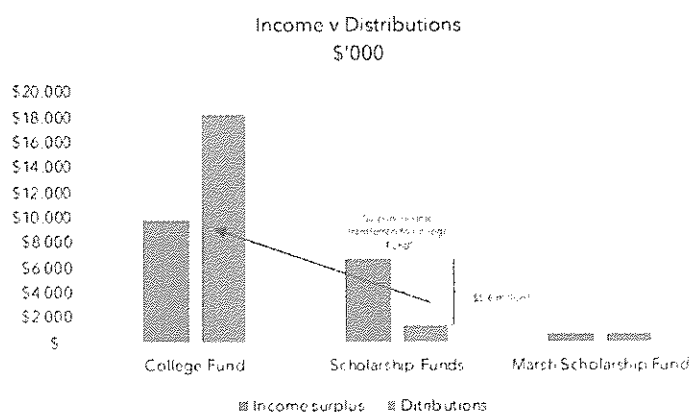
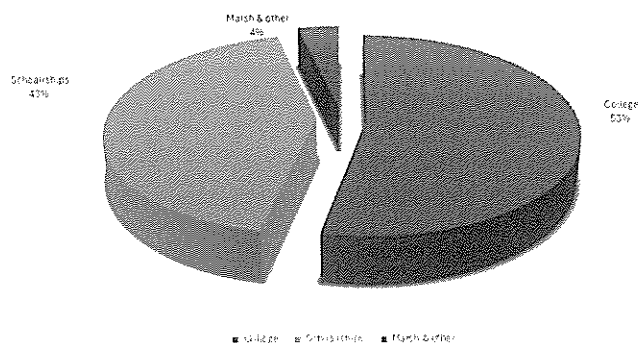
By contrast, the College Fund is the primary source of funding for the majority of funding distributed by the Trust (2025: 96.5% 2024: 97.4%) while representing only 53% of Trust Capital.

Section 8 of the St John’s College Trust Act permits Trustees, with the approval of the General Synod Standing Committee, to transfer surplus income (but not capital gains) from the Scholarship Funds to support distributions from the College Fund.

However, despite this allowance being enacted the capital value of the Scholarship Funds continues to increase, while the College fund is gradually eroded. Ultimately this would result in the purposes being funded by the College Fund being starved of funding.

As such, in the coming years, especially as further Mission Aligned Investments are anticipated, Trustees will need to consider this matter further to determine what adjustments need to be made to its investment strategy, the profile of distributions and/or the interpretation of the provisions of the Act.

\$'000	2025	2024
Cash	8,755	19,883
Receivables	668	2,979
	9,423	22,862
Financial investments	247,581	234,727
Property investments	306,146	277,910
Mission aligned investments	64,818	63,964
	618,545	576,601
Accounts payable	750	908
Trust Capital	627,218	598,555



³ Based on unaudited 2025 financial statements

LOOKING FORWARD

Trustees remain confident that the introduction of Bulk Funding signals the beginning of a journey to finally consider equity provision in terms of the funding available from the Trust, while also introducing a high trust distribution model that empowers Episcopal Units to be more agile in terms of funding education needs while at the same time increasing the accountability for the funding utilised.

In the 2026 – 2027 period, Trustees anticipate their focus will be on:

- The finalisation and introduction of equity funding provisions,
- The consideration of Mission Aligned Investments and co-investment opportunities to build capacity and self-reliance,
- The introduction of accountability reporting, and
- Consideration of the terms of the Trust, to ensure distributions can continue to be delivered to meet the education needs of the Church on a sustainable basis.

ACKNOWLEDGEMENTS

Mele Tu'ilotolava retired as a Trustee at the end of 2024, after 14 years of dedicated service representing the Diocese of Polynesia. In 2025, after a twelve-year tenure, Joseph Halapua also stepped down from the Board.

As an outcome of these retirements, the Trust has been pleased to welcome Alex Abraham to the Board. Alex, who resides in Samoa, has brought fresh insights to the work of the Trust in his representation of Diocese of Polynesia.

Following the resolution passed at the 2023 General Synod to amend the provisions of Canon II, Title E, the Ven. Maui Tangohau continued to serve as the Chair of the Trust, while Ven. Sue Fordyce continued to serve as Deputy Chair.

However, Trustees have noted that after an extended term, Ven. Maui Tangohau has advised of his desire to relinquish his role as Chair at the end of 2026, after what can only be called a tumultuous six years for the Trust. Maui's leadership and his dedication to fulfilling the purposes of the Trust—particularly his work in the Diocese of Polynesia and his drive for equity—will be missed by his fellow Trustees.

Trustees also acknowledge the invaluable support and guidance provided by the Trust's CEO, Grant Hope. His institutional knowledge, steadfast commitment to advancing the Trust's purpose and strategy, and oversight of operational matters are highly valued by both current and past Trustees.

The affairs and operations of the Trust are inherently complex due to its scale and scope, and with much mahi yet to be completed, it is only through the dedication of its voluntary Trustees that the Trust has and continues to prosper.

Maui Tangohau
Chair

Sue Fordyce
Deputy Chair

Trustees

Ven Maui Tangohau, Chair

Ven Sue Fordyce, Deputy Chair

Ven. Don Rangī

Most Rev. Phillip Richardson

Rev. Dr Carolyn Robertson

Most Rev. Don Tamihere

Mr Fe'ioakitau Tevi

Mr Alex Abraham

Chief Executive: Grant Hope

