

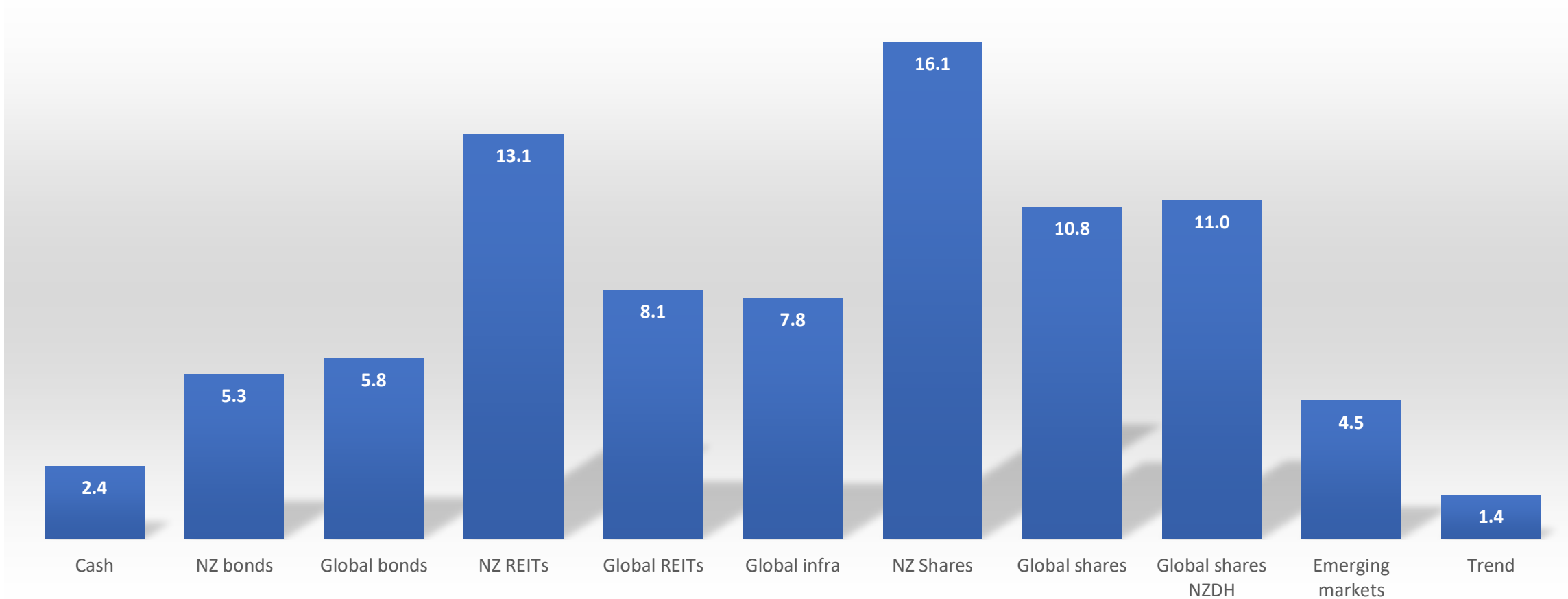


MyFiduciary

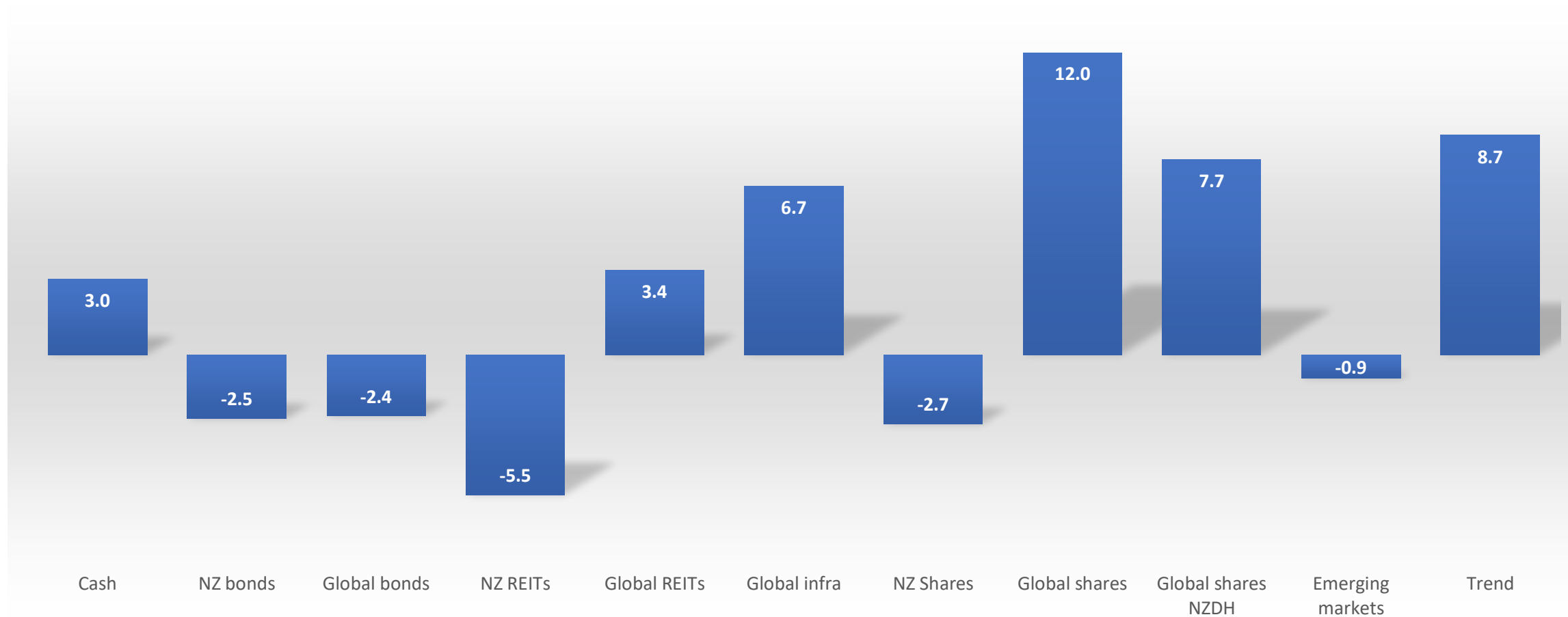
Heathcote Meet the Managers

February 2024

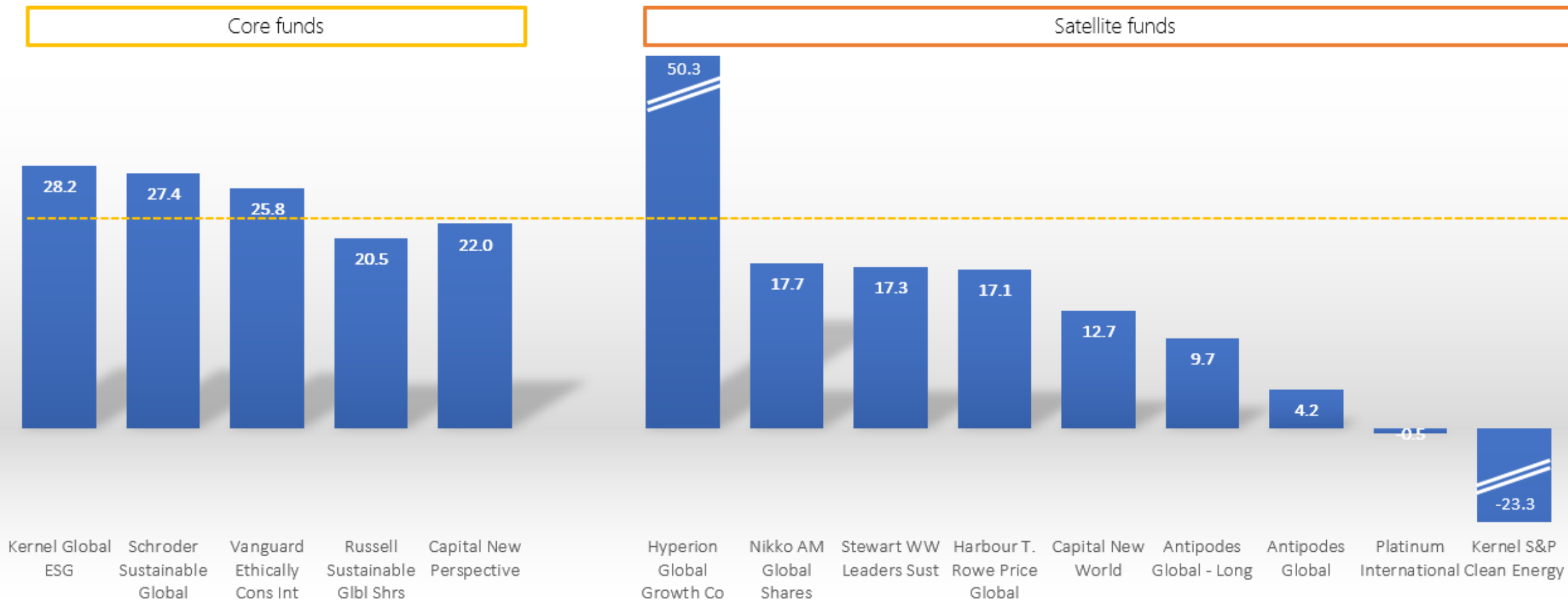
The good old days: 2011 - 2021



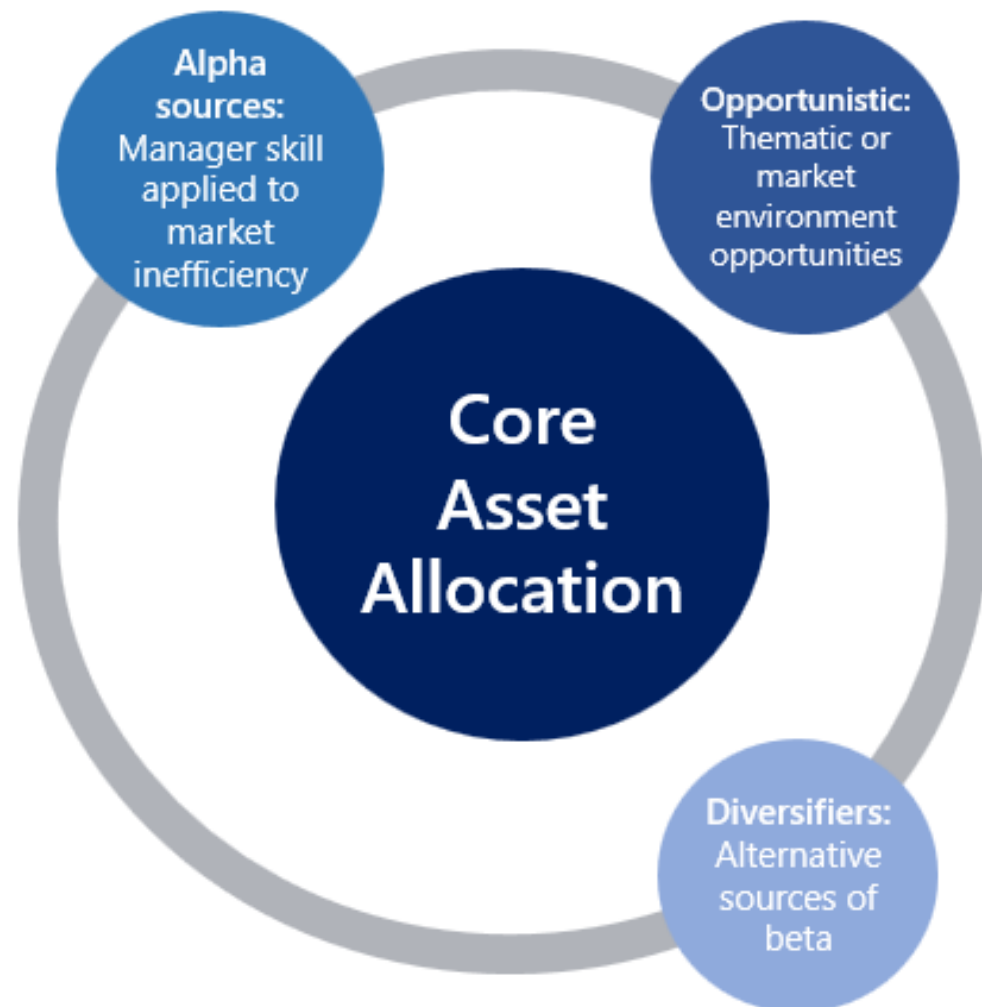
The last three years: 2021 - 2023



Global equity fund 1 year returns comparison 31 Jan 2024



How we build portfolios



Satellites may increase the portfolios **risk-adjusted return via diversification and 'alpha'** generated by manager skill and/or market inefficiency or temporal dislocation.

Satellites may include:

- High conviction funds
- 'Smart beta' funds that target risk factors (e.g. value)
- Specialist sector managers (e.g. high yield or emerging markets)
- Hedge funds
- Speciality sector funds (e.g. tech/clean energy)
- Single country funds (e.g. India and China), etc

Sub Asset Allocation	Percentage of Allocation	Foreign Exchange Hedging
Equities		
New Zealand Equities	15.0%	N/A
Global Equities, split to:	85%	
Developed Markets	85%	+50% (75%)
Emerging Markets	15%	0%
Tilts within the global equity allocation:		
Value stocks	0-30% (15%)	
Small cap stocks	0-10% (5%)	
Australian stocks	0-15% (5%)	
Fixed Income and cash		
NZ Bonds	40%	
Global Bonds	60%	100%
Short Duration and cash enhanced	0-25% (0%)	
Listed Property and Infrastructure		+50% (75%)
Listed Infrastructure	50%	100%
Listed Property (REITs)	50%	100%
Alternative Assets		+50% (75%)
Multi-strategy alternative (risk mitigator)	5% (0%)	100%

Start with your asset allocation exposures

Sector	Fund allocation.	Core/Satellite
NZ cash and fixed income		
Cash	Kernel Cash Plus	Core
NZ bonds	Kernel NZ Bond	Core
Global fixed income		
Global bonds – IG	Kernel US Bond Fund	Core
Global bonds – short duration	Daintree Core Income Trust NZD	Core
Global bonds – high yield	Daintree High Income Trust NZD	Satellite
NZ and Australian shares		
NZ shares	Castle Point Trans-Tasman	Core
	Kernel 20	
Australian shares – value	Allan Gray Australia Equity (B)	Satellite
Global shares		
Global shares NZDH	Kernel Global ESG NZDH	Core
	Kernel S&P Global 100 NZDH	Core
	Schroders Sustainable Global Shares NZDH	Core
Global shares	Capital Group New Perspective	Core
	Kernel S&P Global Clean Energy	Satellite
Global shares – small-caps	Fairlight Global Small & Mid Cap	Satellite
Emerging markets	Capital Group New World	Satellite
Listed property and infrastructure		
Global REITs	Kernel Global Green Property	Core
Global Infrastructure	OneAnswer SAC Int. Infrastructure	Core
Alternatives		
Multi-sector/trend	Janus Henderson Global Multi-Strat	Satellite

Build out the sub-asset class exposures and manager allocations




Sector	Fund allocation.	Core/Satellite
NZ cash and fixed income		
Cash	Kernel Cash Plus	Core

Global fixed Income		
Global bonds – IG	Kernel US Bond Fund	Core
Global bonds – short duration	Daintree Core Income Trust NZD	Core
Global bonds – high yield	Daintree High Income Trust NZD	Satellite

US shares	Kernel Core Fund US	Core
	Kernel 20	
Australian shares – value	Allan Gray Australia Equity (B)	Satellite
Global shares		
Global shares NZDH	Kernel Global ESG NZDH	Core
	Kernel S&P Global 100 NZDH	Core
	Schroders Sustainable Global Shares NZDH	Core
Global shares	Capital Group New Perspective	Core
	Kernel S&P Global Clean Energy	Satellite
Global shares – small-caps	Fairlight Global Small & Mid Cap	Satellite
Emerging markets	Capital Group New World	Satellite
Listed property and infrastructure		
Global REITs	Kernel Global Green Property	Core
Global Infrastructure	OneAnswer SAC Int. Infrastructure	Core
Alternatives		
Multi-sector/trend	Janus Henderson Global Multi-Strat	Satellite

Sector	Fund allocation.	Core/Satellite
NZ cash and fixed income		
Cash	Kernel Cash Plus	Core

Global fixed Income

Global bonds – IG	 Kernel US Bond Fund	Core
Global bonds – short duration	 Daintree Core Income Trust NZD	Core
Global bonds – high yield	 Daintree High Income Trust NZD	Satellite

Australian shares – value

Global shares

Global shares NZDH

Global shares

Global shares – small-caps

Emerging markets

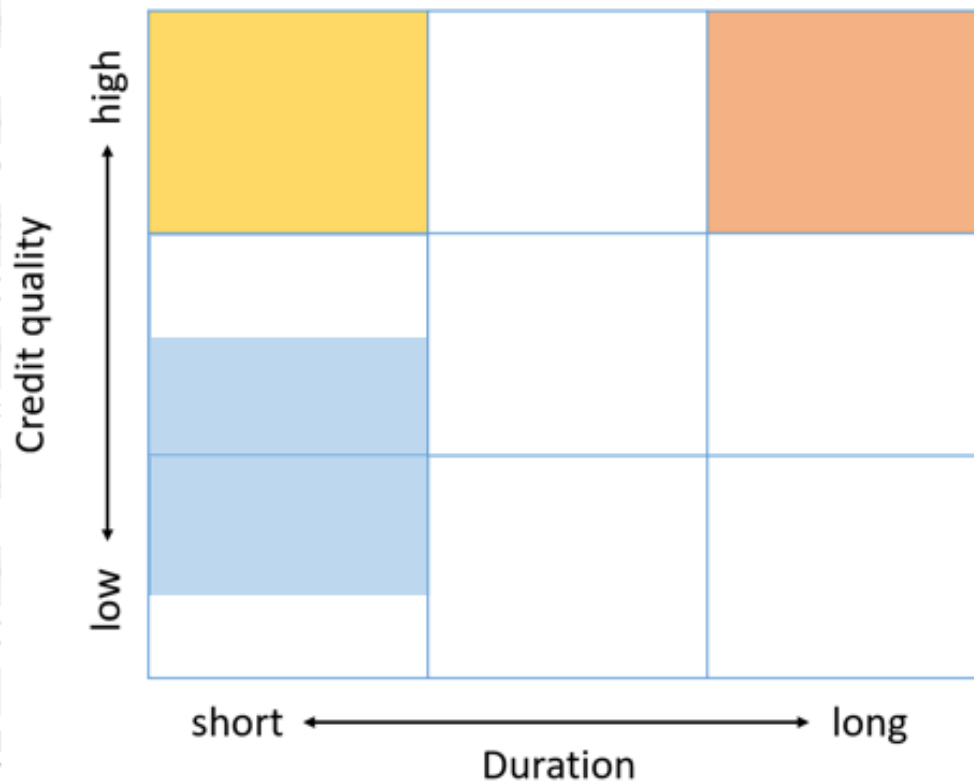
Listed property and infrastructure

Global REITs

Global Infrastructure

Alternatives

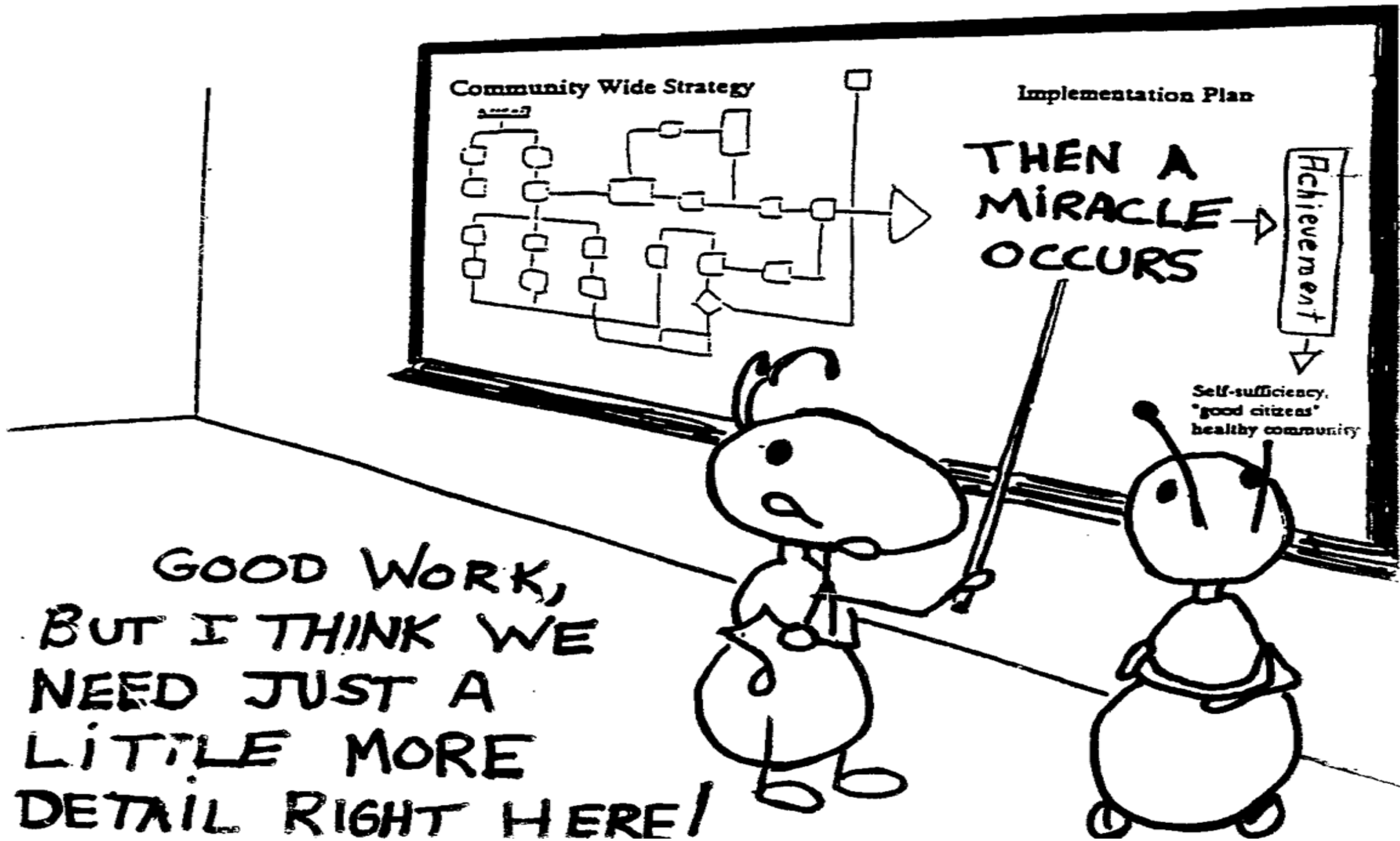
Multi-sector/trend



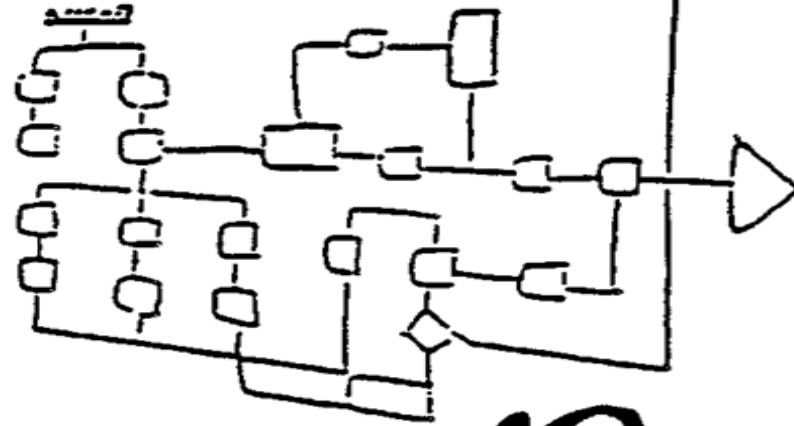
Sector	Fund allocation.	Core/Satellite
NZ cash and fixed income		
Cash	Kernel Cash Plus	Core
NZ bonds	Kernel NZ Bond	Core
Global fixed income		
Global bonds – IG	Kernel US Bond Fund	Core
Global bonds – short duration	Daintree Core Income Trust NZD	Core
Global bonds – high yield	Daintree High Income Trust NZD	Satellite
NZ and Australian shares		
NZ shares	Castle Point Trans-Tasman Kernel 20	Core
Australian shares – value	Allan Gray Australia Equity (B)	Satellite
Global shares		
Global shares NZDH	Kernel Global ESG NZDH	Core
	Kernel S&P Global 100 NZDH	Core
	Schroders Sustainable Global Shares NZDH	Core
Global shares	Capital Group New Perspective	Core
	Kernel S&P Global Clean Energy	Satellite
Global shares – small-caps	Fairlight Global Small & Mid Cap	Satellite
Emerging markets	Capital Group New World	Satellite
Alternatives		
Multi-sector/trend	Janus Henderson Global Multi-Strat	Satellite

	Defensive	Moderate	Balanced	Growth	High Growth
NZ cash and fixed income					
Kernel Cash Plus	7.0%	5.0%	3.5%	2.0%	2.0%
Kernel NZ Bond	22.0%	16.0%	12.0%	7.0%	4.0%
Global fixed Income					
Daintree Core Income Trust NZD	10.0%	8.0%	5.0%	3.5%	2.0%
Daintree High Income Trust NZD	6.0%	5.0%	3.5%	2.5%	
Kernel US Bond Fund	25.0%	21.0%	16.0%	10.0%	7.0%
NZ and Australian shares					
Allan Gray Australia Equity (B)			2.5%	3.0%	4.0%
Castle Point Trans-Tasman		3.5%	3.5%	4.5%	5.5%
Kernel 20	3.0%	3.0%	3.0%	4.5%	5.5%
Global shares					
Kernel Global ESG NZDH	2.5%	5.0%	8.0%	8.5%	10.0%
Kernel S&P Global 100 NZDH				4.0%	5.0%
Schroders Sustainable Glb Sh NZDH	2.5%	6.0%	9.0%	10.0%	12.5%
Kernel S&P Global 100				3.0%	5.0%
Capital Group New Perspective	5.0%	5.0%	7.0%	8.0%	10.0%
Kernel S&P Global Clean Energy		2.0%	2.5%	3.0%	3.5%
Fairlight Global Small & Mid Cap		2.0%	2.5%	3.5%	4.0%
Capital Group New World	2.0%	3.5%	7.0%	8.0%	10.0%
Listed property and infrastructure					
Kernel Global Green Property	5.0%	5.0%	5.0%	5.0%	5.0%
OneAnswer SAC Int. Infrastructure	5.0%	5.0%	5.0%	5.0%	5.0%
Alternatives					
Janus Henderson Global Multi-Strat	5.0%	5.0%	5.0%	5.0%	
Total	100.0%	100.0%	100.0%	100.0%	100.0%

Blend managers
and exposures
together



Community Wide Strategy



Implementation Plan

THEN A
MIRACLE
OCCURS

Achievement

Self-sufficiency,
"good citizens"
healthy community

GOOD WORK,
BUT I THINK WE
NEED JUST A
LITTLE MORE
DETAIL RIGHT HERE!