



# Statement of Investment Policy and Objectives (SIPO)

3 July 2023

**Kernel Funds**

# Contents

1. Description of the Funds.....	3
2. Investment philosophy.....	3
3. Investment objectives.....	4
4. Investment and other relevant policies .....	4
5. Investment governance and management .....	8
6. Investment performance monitoring and reporting.....	8
7. Investment strategy and SIPO review.....	8
8. S&P DJI Indices disclaimer .....	9
9. Schedules .....	12
Schedule 1 – NZ 20 Fund .....	12
Schedule 2 – NZ Small & Mid Cap Opportunities Fund .....	13
Schedule 3 – NZ Commercial Property Fund.....	14
Schedule 4 – NZ 50 ESG Tilted Fund .....	15
Schedule 5 – Kernel Global Infrastructure Fund .....	16
Schedule 6 – Kernel Global Infrastructure (NZD Hedged) Fund .....	17
Schedule 7 – Kernel Global Green Property Fund.....	18
Schedule 8 – Kernel S&P Global Dividend Aristocrats Fund.....	19
Schedule 9 – Kernel S&P Global 100 Fund.....	20
Schedule 10 – Kernel S&P Global 100 (NZD Hedged) Fund.....	21
Schedule 11 – Kernel S&P 500 Fund.....	22
Schedule 12 – Kernel S&P Kensho Moonshots Innovation Fund .....	23
Schedule 13 – Kernel S&P Kensho Electric Vehicle Innovation Fund.....	24
Schedule 14 – Kernel S&P Global Clean Energy Fund.....	25
Schedule 15 – Kernel Global ESG Fund .....	26
Schedule 16 – Kernel Global ESG (NZD Hedged) Fund.....	27
Schedule 17 – Kernel High Growth Fund.....	28
Schedule 18 – Kernel Balanced Fund.....	29
Schedule 19 – Kernel Cash Plus Fund .....	30

# 1. Description of the Funds

Kernel Wealth Limited (Kernel) is a licensed fund manager. Kernel Funds is a registered managed investment scheme (Scheme). More Information is available on the offer register and the scheme register at <https://disclose-register.companiesoffice.govt.nz>.

Kernel offers nineteen funds (each a Fund, and together the Funds):

- NZ 20 Fund
- NZ Small & Mid Cap Opportunities Fund
- NZ Commercial Property Fund
- NZ 50 ESG Tilted Fund
- Kernel Global Infrastructure Fund
- Kernel Global Infrastructure (NZD Hedged) Fund
- Kernel Global Green Property Fund
- Kernel S&P Global Dividend Aristocrats Fund
- Kernel S&P Global 100 Fund
- Kernel S&P Global 100 (NZD Hedged) Fund
- Kernel S&P 500 Fund
- Kernel Global ESG Fund
- Kernel Global ESG (NZD Hedged) Fund
- Kernel S&P Kensho Moonshots Innovation Fund
- Kernel S&P Kensho Electric Vehicle Innovation Fund
- Kernel S&P Global Clean Energy Fund
- Kernel High Growth Fund
- Kernel Balanced Fund
- Kernel Cash Plus Fund

Except for the Kernel High Growth Fund and Kernel Balanced Fund (together, the “Kernel Diversified Funds”), each Fund primarily provides exposure to a single asset class. The Kernel High Growth Fund provides diversified exposure to growth assets, investing into a combination of other Kernel Funds. The Kernel Balanced Fund provides diversified exposure to both income and growth assets investing mainly in other Kernel Funds. The Kernel Cash Plus Fund invests in short-term Fixed Income instruments and other cash and cash equivalents designed to generate an investment return that reflects the return of the Bloomberg NZ Bond Bank Bill Index. All other Funds are equity index funds (“Kernel Equity Funds”) designed to generate an investment return that reflects the return of the index being tracked by the relevant Fund.

The supervisor of the Scheme is Trustees Executors Limited (Supervisor). The Supervisor is independent of Kernel.

## 2. Investment philosophy

The investment philosophy of the Scheme is to provide investors with a range of high quality, diversified investment choices that, individually or in combination, can form part of an investor’s portfolio, enabling them to tailor a portfolio that suits their unique goals and risk tolerance.

We believe that diversification is essential as it helps reduce risk, enhancing a fund’s return potential over the long-term. We aim to reduce costs where possible as costs compound over time, reducing returns.

The Kernel Equity Funds track market indices, primarily providing diversified exposure to a single asset class. Index tracking funds buy and sell securities in proportion to their weightings within the index the fund tracks, rather than managing the fund actively by

making an assessment on a particular security or market condition. This structure helps keep costs low which means investors keep a greater proportion of returns.

The Kernel Diversified Funds are designed according to a long-term asset allocation methodology and intend to stay close to the published target asset allocation rather than drifting for significant periods of time or making tactical bets on the forward macro-economic environment. Diversification across asset classes is intended to reduce the risk and volatility of performance, but as a result may reduce long-term returns.

The Kernel Cash Plus Fund is intended to provide an investment option for those seeking low volatility, but still some positive return and the benefits of holding a diversified portfolio of cash equivalent assets.

Each fund investment strategy is based on a carefully constructed methodology by S&P Dow Jones Indices to systematically assess eligibility and weighting factors. For five of Kernel's funds this includes non-financial factors as independently observed or assessed, and/or reported by listed companies. Those five funds are the Kernel Global Green Property Fund, Kernel Global Clean Energy Fund, Kernel NZ 50 ESG Tilted Fund, Kernel Global ESG Fund, and Kernel Global ESG (NZD Hedged) Fund. The non-financial factors include environmental, social and governance conditions, sometimes called responsible investment. For more information see the Fund's Schedule later in this document, the methodology for the respective index and Kernel's ESG Policy which can be found on the Scheme's offer register entry at <https://disclose-register.companiesoffice.govt.nz> and on our website [www.kernelwealth.co.nz](http://www.kernelwealth.co.nz).

### 3. Investment objectives

The objective of the Scheme is to provide investors with a range of high-quality Funds to meet their long-term investment objectives.

Further details of each Fund's objectives and strategies are detailed in the Schedules. Permitted investments are those which are current index constituents, as well as cash and cash equivalents.

### 4. Investment and other relevant policies

#### Rebalancing Funds

The Kernel Equity Funds undertake rebalancing of their assets at a frequency to match the rebalancing of the respective index tracked. Authorised assets for a Kernel Equity Fund include financial products where there is clear indication of the imminent addition of those financial products to the respective index.

The Kernel Diversified Funds rebalance to their target asset allocation with its cashflows or when the allocation is materially above or below its target weight for a period of up to a week.

The Kernel Cash Plus Fund does not rebalance on a regular basis, but as required with reference to the characteristics of its benchmark.

The actual asset allocation of any Fund can be anywhere within its target asset allocation range.

#### Cash Equivalents definition

Different providers, accounting standards and industry standards distinguish Fixed Interest from Cash Equivalents in a variety of ways. For categorisation in Kernel funds, especially relevant for the Cash Plus Fund, the following assets are considered Cash and Cash equivalents:

- Bank deposits
- Term deposits with less than a year until maturity
- Unsettled asset sales or acquisitions, where proceeds are expected normally within days, but up to one month

- Dividends receivable
- Coupons receivable
- Bonds with less than a year until maturity date
- Commercial Paper with less than a year until maturity date
- Floating Rate Notes where the interest rate is reset at least annually (normally quarterly) and there is an available secondary market.
- Interest rate swaps

By comparison, Fixed Interest as an asset class refers to financial instruments which have a common characteristic of paying an agreed (fixed) return on the initial investment. These instruments are debt securities with the borrower obliged to pay regular interest (often referred to as the "coupon") and then to repay the principal at the end of the investment period (maturity date). The Fixed Interest asset class is sometimes called the "long-term money market", with investment periods in excess of 12 months. These are then categorised as New Zealand Fixed Interest or International Fixed Interest based on their currency (NZD or not) rather than issuer or custodian.

## Derivatives and leverage

Derivatives can be swaps, futures, options or other instruments in any currency, whether listed on an exchange or 'over-the-counter' which means entered into directly with another party.

The Kernel Equity Funds, except for the Kernel High Growth Fund, Kernel Balanced Fund, Kernel Global Green Property Fund, Kernel Global Infrastructure (NZD Hedged) Fund, Kernel S&P Global 100 (NZD Hedged) Fund, Kernel S&P 500 Fund, and Kernel Global ESG (NZD Hedged) Fund do not currently use derivatives but may do so in the future on a Fund by Fund basis.

The Kernel High Growth Fund, Kernel Balanced Fund, Kernel Global Green Property Fund, Kernel Global Infrastructure (NZD Hedged) Fund, Kernel S&P Global 100 (NZD Hedged) Fund, Kernel S&P 500, and Kernel Global ESG (NZD Hedged) Fund may use derivatives to hedge the market risk exposure to foreign currencies.

The Kernel Diversified Funds may use derivatives as part of the composition of their underlying Funds or to directly hedge foreign currency exposures.

The Kernel Cash Plus Fund and Kernel Balanced Fund may use low-risk derivatives issued by major New Zealand financial institutions as counterparties to lock the terms of permitted money market instruments. Most commonly, this will be interest rate futures or swaps.

In accordance with the Funds' establishment deeds, the Funds only intend to borrow for settlement purposes, but are permitted to borrow for other purposes as long as the total amount of principal moneys borrowed by the relevant Fund and outstanding is equal to or less than 25% of the Fund Value of that Fund (calculated in accordance with the Master Trust Deed) or as otherwise agreed with the Supervisor.

The Kernel Cash Plus Fund and Kernel Balanced Fund may occasionally effectively borrow through the use of repurchase agreements for the purposes of managing cash flows and optimising the fixed income portfolios. These two funds might also use an interest rate swap or a future that doesn't exactly match the dates of the intended security to be hedged – otherwise known as a proxy hedge – the purpose of this is to enable a more cost effective hedge than might be achieved with an exact hedge.

## Hedging

Hedging involves removing some or all of the foreign currency risk implicit in owning international financial products. This limits the impact of foreign exchange rate movements on investment performance. The Funds with exposure to international financial products, except for the Kernel High Growth Fund, Kernel Balanced Fund, Kernel Global Green Property Fund, Kernel Global Infrastructure (NZD Hedged) Fund, Kernel S&P Global 100 (NZD

Hedged) Fund, Kernel S&P 500 Fund, and Kernel Global ESG (NZD Hedged) Fund, do not currently hedge but may do so in the future on a Fund by Fund basis.

The Kernel Global Green Property Fund, Kernel Global Infrastructure (NZD Hedged) Fund, Kernel S&P Global 100 (NZD Hedged) Fund, Kernel S&P 500 Fund, and Kernel Global ESG (NZD Hedged) Fund's foreign currency exposure are hedged to the New Zealand dollar, as set out in their respective Schedules.

The Kernel High Growth Fund and Kernel Balanced Fund may hedge foreign currency exposures directly or by investment into other Kernel Funds.

## Securities lending

Securities lending involves lending of assets to another person, typically through an intermediary. The borrower provides collateral for the benefit of borrowing the asset until the original assets are returned to the fund, together with an amount equal to any dividends that may have become payable over the loan period, plus any fee for borrowing the asset.

The Funds do not currently undertake securities lending but may do so in the future on a Fund by Fund basis. However, the Funds may invest into underlying funds that undertake securities lending.

The Kernel Cash Plus Fund and Kernel Balanced Fund may use repurchase agreements ("Repos") to the extent detailed in Schedule 19 respectively. Repurchase agreements are where the owner of a security sells it to another party for cash consideration under an agreement obligating the owner to repurchase the security at some later point in time. At the termination of the agreement, the original owner repurchases the securities at a higher price than the securities were originally sold for. As a result, they are categorised in a similar way to securities lending.

## Asset valuation and pricing methodology

Kernel have outsourced the pricing and valuation of the investments to the administration manager, Adminis NZ Limited.

While pricing and valuation are outsourced, Kernel is ultimately responsible for the pricing and valuation of the Funds. The value of the assets held by the Scheme and the net asset value of each Fund will be determined in accordance with the Master Trust Deed (and each establishment deed) and on a consistently applied basis.

The assets held by the Funds are valued each business day based on the last sale price on the day for which the valuation is being made. If no sale price was quoted for that day, the last bid (buying) price on that valuation day will be used for the valuation or for Fixed Income instruments based on market value.

The valuation days, upon which the unit price for each Fund is calculated, are at the date of this SIPO, Mondays and Wednesdays. Kernel also values each Fund on the last day of each calendar month for reporting and fee purposes. Kernel may change the valuation days, or the frequency of valuation days, by giving written notice to the Supervisor. During 2023 we intend to move the Scheme to having valuation days occur each business day. Notice confirming when this has occurred will be made on our website at [www.kernelwealth.co.nz](http://www.kernelwealth.co.nz).

Kernel may use alternative valuation methods, in consultation with the Supervisor, such as when quoted prices are unavailable, provided the valuation method used is applied on a consistent basis over time.

## Voting

Kernel will exercise voting powers where it is considered by Kernel to be in the best interests of our investors and when considered that not voting would have an adverse effect on investors. Voting decisions are made on a case by case basis. We may decide not to vote or to appoint an independent standing proxy voter.

## Conflicts of interest

Kernel takes steps to identify and, wherever possible, prevent conflicts of interest. In order to identify, avoid, and mitigate conflicts, Kernel operates a Conflicts of Interest Policy. All directors and staff are required to adhere to the policy which provides guidance on what a conflict is, how to avoid a conflict, and how to manage it. Staff are required to notify Kernel of any conflicts which could materially impact investment decisions.

Kernel will disclose a conflict of interest, together with the following information, on the Scheme's offer register at <https://disclose-register.companiesoffice.govt.nz>.

- the nature of the conflict of interest;
- the Funds that are or may be affected by the conflict of interest;
- the circumstances in which, and how, the conflict of interest would, or could reasonably be expected to, materially influence Kernel's investment decisions in respect of the Scheme; and
- the measures that have been, or will be, taken to manage the conflict of interest.

## Related party transactions

Related party transactions are regulated under the Financial Markets Conduct Act 2013 (FMC Act). The manager, and any party the manager has contracted some or all of its managerial or administrative functions to, is prohibited from entering into a transaction that provides for a related party benefit unless it is completed within the exceptions under the FMC Act.

The Kernel Board will consider any related party transaction in accordance with the FMC Act. Transactions may be approved on the basis they are on commercial arm's length terms or where the manager has obtained the consent of the Supervisor.

The Supervisor will be notified of any transactions approved by the Board and provided with a copy of the relevant certificate.

## Trade management

Kernel follows globally accepted best execution principles, which consider, but are not limited to, price, transaction and settlement cost, and speed. Most trades will target the price at the close of the market on the trade date using a variety of methods. Occasionally, client applications, redemptions or fund rebalancing may create a need for multiple Funds that own the same security to trade in the opposite direction to each other. Where appropriate, and to avoid unnecessary trading costs, Kernel allows Funds to transact between each other at no transaction cost. When an internal trade does occur, Kernel will ensure that the transaction is conducted at a fair market price. All trades must be originated and executed by approved staff.

Where Kernel buys or sells the same security for two or more Funds on the same day, Kernel will allocate trades in the best interests of investors, applying the following principles:

- All trades must be pre-allocated, where possible
- Actual allocation must follow the pre-trade allocation
- In the event that a trade is not fully allocated, actual allocation must be pro-rated based on the pre-trade allocation
- No Fund will receive preferential allocation treatment over another.

Kernel retains discretion to review trades where it is in the best interests of our investors to do so.

## ESG Policy

Kernel's approach to sustainability and ESG factors is an important consideration for specific Funds in the Scheme. Our ESG Policy at <https://kernelwealth.co.nz/documents> sets out our approach to defining sustainable and ESG for the collective understanding of investors. It also outlines the principles and policies that underpin the non-financial criteria and features of our sustainable funds.



Our ESG Policy covers Kernel's alignment to the European Commission taxonomy published in 2021 for sustainable finance, the principles Kernel follows for monitoring Kernel's relevant sustainable funds, as well as internal processes it follows to meet the principles. Additionally, our ESG Policy sets out the applicable index methodologies, the relevant exclusions based on various assessments we have applied to measuring the ESG factors, and the minimum reporting publications Kernel will provide for non-financial metrics for the index upon which the fund is based.

## 5. Investment governance and management

Kernel operates a number of governance policies under a Governance Manual which outline the responsibilities for managing and overseeing the business.

### Investment Committee

Kernel maintains an Investment Committee, appointed by the Kernel Board of Directors, which is responsible for monitoring and reviewing investment strategies and their compliance with the SIPO. Any breaches of the SIPO are reported to the Supervisor.

The Investment Committee may recommend changes to the SIPO which are submitted to the Board for approval, within the restrictions (if any) of the Master Trust Deed.

Quarterly reports for the Scheme are reviewed by the Board and provided to the Supervisor.

### Supervisor

The independent Supervisor for the Scheme is Trustees Executors Limited, who supervises the Scheme to protect investor interests.

### Custodian

The Supervisor can hold the assets of the Scheme or appoint an independent third-party custodian. The Supervisor has appointed Adminis NZ Limited as the custodian for the Scheme.

### Administration manager

Kernel has outsourced asset valuation, unit pricing, and registry services to an independent administration manager. The administration manager is Adminis NZ Limited.

## 6. Investment performance monitoring and reporting

### Monitoring and reporting

Kernel monitors performance of the Funds against their respective benchmarks to ensure there are no limit breaches and to monitor performance tracking against the respective benchmark.

Fund performance is monitored over multiple time periods and measured using various methodologies, including on an after-fees and after-tax basis, and an after-fees but before-tax basis. Performance information is available on the Kernel website and is published in the quarterly fund updates. Performance will be reported against the movement of the relevant index the Fund tracks.

Performance is reported to the Investment Committee monthly and Board at least quarterly as part of the ongoing monitoring of the investment performance of the Scheme.

## 7. Investment strategy and SIPO review

### Investment Strategy

The investment strategy of each Fund is reviewed annually by the Investment Committee which monitors and reviews investment performance, strategy and compliance. The Investment Committee will consider whether changes are necessary to either the nature or types of investments that can be made and any limits on those and/or any limits on the



proportions of each type of asset invested in. The Investment Committee also considers the reference portfolio of the Kernel High Growth Fund and Kernel Balanced Fund.

The investment strategy will be reviewed on an ad hoc basis if there is any material change to a Fund, a significant change in financial markets, a change to relevant law, or if instructed by the Board. All reviews will be reported, along with any proposed changes, to the Board.

## SIPO Review

The SIPO is reviewed annually by the Investment Committee. The review considers any required changes to the investment strategy, policies, or changes of relevant law that might affect the SIPO.

The SIPO will also be reviewed on an ad hoc basis if there is a material change to any of the Funds, relevant law, investment strategy and/or policies, or as otherwise instructed by the Board.

All reviews will be reported, along with any proposed changes, to the Board. Any changes to the SIPO are only made by the Board after giving prior written notice to the Supervisor.

## 8. S&P DJI Indices disclaimer

The following disclaimer relates to Kernel's use of S&P indices for the Funds as set out in the Schedules:

The S&P/NZX 20, S&P/NZX Real Estate Select, S&P/NZX Emerging Opportunities, Dow Jones Brookfield Global Infrastructure (NZD and NZD Hedged), S&P Global 100 ex Controversial Weapons (NZD and NZD Hedged), S&P Developed Ex-Korea Dividend Aristocrats Quality Income (NZD), S&P Kensho Moonshots (NZD), S&P Kensho Electric Vehicles (NZD), S&P/NZX 50 Portfolio ESG Tilted, Dow Jones Global Select ESG RESI NZD Hedged, S&P 500 Dynamic NZD Hedged, S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index ex non-pharma Animal Testing (PAB Ex AT) (NZD and NZD Hedged) and S&P Developed ex-Korea Clean Energy (NZD) indices are a product of S&P Dow Jones Indices LLC or its affiliates ("SPDJI") and has been licensed for use by Kernel Wealth Limited (Kernel). Standard & Poor's® and S&P® are registered trademarks of Standard & Poor's Financial Services LLC ("S&P"); Dow Jones® is a registered trademark of Dow Jones Trademark Holdings LLC ("Dow Jones"). It is not possible to invest directly in an index. Kernel's NZ 20, NZ Commercial Property, NZ Small & Mid Cap Opportunities, Kernel Global Infrastructure, Kernel Global Infrastructure (NZD Hedged), Kernel S&P Global 100, Kernel Global 100 (NZD Hedged), Kernel S&P Global Dividend Aristocrats, Kernel S&P Kensho Moonshots Innovation, Kernel S&P Kensho Electric Vehicle Innovation, NZ 50 ESG Tilted, Kernel Global Green Property, Kernel S&P 500, Kernel Global ESG, Kernel Global ESG (NZD Hedged), and Kernel S&P Global Clean Energy funds are not sponsored, endorsed, sold or promoted by SPDJI, Dow Jones, S&P, or any of their respective affiliates (collectively, "S&P Dow Jones Indices"). S&P Dow Jones Indices does not make any representation or warranty, express or implied, to the owners of the NZ 20, NZ Commercial Property, NZ Small & Mid Cap Opportunities, Kernel Global Infrastructure, Kernel Global Infrastructure (NZD Hedged), Kernel S&P Global 100, Kernel Global 100 (NZD Hedged), Kernel S&P Global Dividend Aristocrats, Kernel S&P Kensho Moonshots Innovation, Kernel S&P Kensho Electric Vehicle Innovation, NZ 50 ESG Tilted, Kernel Global Green Property, Kernel S&P 500, Kernel Global ESG, Kernel Global ESG (NZD Hedged), and Kernel S&P Global Clean Energy funds or any member of the public regarding the advisability of investing in securities generally or in the NZ 20, NZ Commercial Property, NZ Small & Mid Cap Opportunities, Kernel Global Infrastructure, Kernel Global Infrastructure (NZD Hedged), Kernel S&P Global 100, Kernel Global 100 (NZD Hedged), Kernel S&P Global Dividend Aristocrats, Kernel S&P Kensho Moonshots Innovation, Kernel S&P Kensho Electric Vehicle Innovation, NZ 50 ESG Tilted, Kernel Global Green Property, Kernel S&P 500, Kernel Global ESG, Kernel Global ESG (NZD Hedged), and Kernel S&P Global Clean Energy funds particularly or the ability of the S&P/NZX 20, S&P/NZX Real Estate Select, S&P/NZX Emerging Opportunities, Dow Jones Brookfield Global Infrastructure (NZD and NZD Hedged), S&P Global 100 ex Controversial Weapons (NZD and NZD Hedged), S&P Developed Ex-Korea Dividend Aristocrats Quality Income (NZD), S&P Kensho Moonshots (NZD), S&P Kensho Electric Vehicles (NZD), S&P/NZX 50 Portfolio ESG Tilted, Dow Jones Global Select ESG RESI NZD Hedged, S&P 500 Dynamic NZD Hedged, S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index ex non-pharma Animal Testing (PAB Ex AT) (NZD and NZD Hedged), and S&P Developed ex-Korea Clean Energy (NZD) indices to track general market performance. Past performance of an index is not an indication or guarantee of future results. S&P Dow Jones Indices' only relationship to Kernel with respect to the S&P/NZX 20, S&P/NZX Real Estate Select, S&P/NZX Emerging Opportunities, Dow Jones Brookfield Global Infrastructure (NZD and NZD Hedged), S&P Global 100 ex Controversial Weapons (NZD and NZD

Hedged), S&P Developed Ex-Korea Dividend Aristocrats Quality Income (NZD), S&P Kensho Moonshots (NZD), S&P Kensho Electric Vehicles (NZD), S&P/NZX 50 Portfolio ESG Tilted, Dow Jones Global Select ESG RESI NZD Hedged, S&P 500 Dynamic NZD Hedged, S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG Index ex non-pharma Animal Testing (PAB Ex AT) (NZD and NZD Hedged), and S&P Developed ex-Korea Clean Energy (NZD) indices is the licensing of the Indices and certain trademarks, service marks and/or trade names of S&P Dow Jones Indices and/or its licensors. The S&P/NZX 20, S&P/NZX Real Estate Select, S&P/NZX Emerging Opportunities, Dow Jones Brookfield Global Infrastructure (NZD and NZD Hedged), S&P Global 100 ex Controversial Weapons (NZD and NZD Hedged), S&P Developed Ex-Korea Dividend Aristocrats Quality Income (NZD), S&P Kensho Moonshots (NZD), and S&P Kensho Electric Vehicles (NZD), S&P/NZX 50 Portfolio ESG Tilted, Dow Jones Global Select ESG RESI NZD Hedged, S&P 500 Dynamic NZD Hedged, S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG ex non-pharma Animal Testing (PAB Ex AT) (NZD and NZD Hedged), and S&P Developed ex-Korea Clean Energy (NZD) indices are determined, composed and calculated by S&P Dow Jones Indices without regard to Kernel or the NZ 20, NZ Commercial Property, NZ Small & Mid Cap Opportunities, Kernel Global Infrastructure, Kernel Global Infrastructure (NZD Hedged), Kernel S&P Global 100, Kernel Global 100 (NZD Hedged), Kernel S&P Global Dividend Aristocrats, Kernel S&P Kensho Moonshots Innovation, Kernel S&P Kensho Electric Vehicle Innovation, NZ 50 ESG Tilted, Kernel Global Green Property, Kernel S&P 500, Kernel Global ESG, Kernel Global ESG (NZD Hedged), and Kernel S&P Global Clean Energy funds. S&P Dow Jones Indices have no obligation to take the needs of Kernel or the owners of the NZ 20, NZ Commercial Property, NZ Small & Mid Cap Opportunities, Kernel Global Infrastructure, Kernel Global Infrastructure (NZD Hedged), Kernel S&P Global 100, Kernel Global 100 (NZD Hedged), Kernel S&P Global Dividend Aristocrats, Kernel S&P Kensho Moonshots Innovation, Kernel S&P Kensho Electric Vehicle Innovation, NZ 50 ESG Tilted, Kernel Global Green Property, Kernel S&P 500, Kernel Global ESG, Kernel Global ESG (NZD Hedged), and Kernel S&P Global Clean Energy funds into consideration in determining, composing or calculating the S&P/NZX 20, S&P/NZX Real Estate Select, S&P/NZX Emerging Opportunities, Dow Jones Brookfield Global Infrastructure (NZD and NZD Hedged), S&P Global 100 ex Controversial Weapons (NZD and NZD Hedged), S&P Developed Ex-Korea Dividend Aristocrats Quality Income (NZD), S&P Kensho Moonshots (NZD), S&P Kensho Electric Vehicles (NZD), S&P/NZX 50 Portfolio ESG Tilted, Dow Jones Global Select ESG RESI NZD Hedged, S&P 500 Dynamic NZD Hedged, S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG ex non-pharma Animal Testing (PAB Ex AT) (NZD and NZD Hedged) and S&P Developed ex-Korea Clean Energy (NZD) indices. S&P Dow Jones Indices are not responsible for and have not participated in the determination of the prices, and amount of the NZ 20, NZ Commercial Property, NZ Small & Mid Cap Opportunities, Kernel Global Infrastructure, Kernel Global Infrastructure (NZD Hedged), Kernel S&P Global 100, Kernel Global 100 (NZD Hedged), Kernel S&P Global Dividend Aristocrats, Kernel S&P Kensho Moonshots Innovation, Kernel S&P Kensho Electric Vehicle Innovation, NZ 50 ESG Tilted, Kernel Global Green Property, Kernel S&P 500, Kernel Global ESG, Kernel Global ESG (NZD Hedged), and Kernel S&P Global Clean Energy funds or the timing of the issuance or sale of the NZ 20, NZ Commercial Property, NZ Small & Mid Cap Opportunities, Kernel Global Infrastructure, Kernel Global Infrastructure (NZD Hedged), Kernel S&P Global 100, Kernel Global 100 (NZD Hedged), Kernel S&P Global Dividend Aristocrats, Kernel S&P Kensho Moonshots Innovation, Kernel S&P Kensho Electric Vehicle Innovation, NZ 50 ESG Tilted, Kernel Global Green Property, Kernel S&P 500, Kernel Global ESG, Kernel Global ESG (NZD Hedged), and Kernel S&P Global Clean Energy funds or in the determination or calculation of the equation by which the NZ 20, NZ Commercial Property, NZ Small & Mid Cap Opportunities, Kernel Global Infrastructure, Kernel Global Infrastructure (NZD Hedged), Kernel S&P Global 100, Kernel Global 100 (NZD Hedged) Kernel S&P Global Dividend Aristocrats, Kernel S&P Kensho Moonshots Innovation, Kernel S&P Kensho Electric Vehicle Innovation, NZ 50 ESG Tilted, Kernel Global Green Property, Kernel S&P 500, Kernel Global ESG, Kernel Global ESG (NZD Hedged), and Kernel S&P Global Clean Energy funds is to be converted into cash, surrendered or redeemed, as the case may be. S&P Dow Jones Indices have no obligation or liability in connection with the administration, marketing or trading of the NZ 20, NZ Commercial Property, NZ Small & Mid Cap Opportunities, Kernel Global Infrastructure, Kernel Global Infrastructure (NZD Hedged), Kernel S&P Global 100, Kernel Global 100 (NZD Hedged), Kernel S&P Global Dividend Aristocrats, Kernel S&P Kensho Moonshots Innovation, Kernel S&P Kensho Electric Vehicle Innovation, NZ 50 ESG Tilted, Kernel Global Green Property, Kernel S&P 500, Kernel Global ESG, Kernel Global ESG (NZD Hedged), and Kernel S&P Global Clean Energy funds. There is no assurance that investment products based on the S&P/NZX 20, S&P/NZX Real Estate Select, S&P/NZX Emerging Opportunities, Dow Jones Brookfield Global Infrastructure (NZD and NZD Hedged), S&P Global 100 ex Controversial Weapons (NZD and NZD Hedged), S&P Developed Ex-Korea Dividend Aristocrats Quality Income (NZD), S&P Kensho Moonshots (NZD), S&P Kensho Electric Vehicles (NZD), S&P/NZX 50 Portfolio ESG Tilted, Dow Jones Global Select ESG RESI NZD Hedged, S&P 500 Dynamic NZD Hedged, S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG ex non-pharma Animal Testing (PAB Ex AT) (NZD and NZD Hedged) and S&P Developed ex-Korea Clean Energy (NZD) indices will accurately track index performance or provide positive investment returns. S&P Dow Jones Indices LLC is not an investment

or tax advisor. A tax advisor should be consulted to evaluate the impact of any tax-exempt securities on portfolios and the tax consequences of making any particular investment decision. Inclusion of a security within an index is not a recommendation by S&P Dow Jones Indices to buy, sell, or hold such security, nor is it considered to be investment advice.

NEITHER S&P DOW JONES INDICES NOR THIRD PARTY LICENSOR GUARANTEES THE ADEQUACY, ACCURACY, TIMELINESS AND/OR THE COMPLETENESS OF THE S&P/NZX 20, S&P/NZX REAL ESTATE SELECT, S&P/NZX EMERGING OPPORTUNITIES, DOW JONES BROOKFIELD GLOBAL INFRASTRUCTURE (NZD AND NZD HEDGED), S&P GLOBAL 100 EX CONTROVERSIAL WEAPONS (NZD AND NZD HEDGED), S&P DEVELOPED EX-KOREA DIVIDEND ARISTOCRATS QUALITY INCOME (NZD), S&P KENSHO MOONSHOTS (NZD), S&P KENSHO ELECTRIC VEHICLES (NZD), S&P/NZX 50 PORTFOLIO ESG TILTED, DOW JONES GLOBAL SELECT ESG RESI NZD HEDGED, S&P 500 DYNAMIC NZD HEDGED, S&P DEVELOPED EX-KOREA LARGEMIDCAP NET ZERO 2050 PARIS-ALIGNED ESG EX NON-PHARMA ANIMAL TESTING (PAB Ex AT) (NZD AND NZD HEDGED) AND S&P DEVELOPED EX-KOREA CLEAN ENERGY (NZD) INDICES OR ANY DATA RELATED THERETO OR ANY COMMUNICATION, INCLUDING BUT NOT LIMITED TO, ORAL OR WRITTEN COMMUNICATION (INCLUDING ELECTRONIC COMMUNICATIONS) WITH RESPECT THERETO. S&P DOW JONES INDICES SHALL NOT BE SUBJECT TO ANY DAMAGES OR LIABILITY FOR ANY ERRORS, OMISSIONS, OR DELAYS THEREIN. S&P DOW JONES INDICES MAKES NO EXPRESS OR IMPLIED WARRANTIES, AND EXPRESSLY DISCLAIMS ALL WARRANTIES, OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE OR AS TO RESULTS TO BE OBTAINED BY KERNEL, OWNERS OF THE NZ 20, NZ COMMERCIAL PROPERTY, NZ SMALL & MID CAP OPPORTUNITIES, KERNEL GLOBAL INFRASTRUCTURE, KERNEL GLOBAL INFRASTRUCTURE (NZD HEDGED), KERNEL S&P GLOBAL 100, KERNEL GLOBAL 100 (NZD HEDGED), KERNEL S&P GLOBAL DIVIDEND ARISTOCRATS, KERNEL S&P KENSHO MOONSHOTS INNOVATION, KERNEL S&P KENSHO ELECTRIC VEHICLE INNOVATION, NZ 50 ESG TILTED, KERNEL GLOBAL GREEN PROPERTY, KERNEL S&P 500, KERNEL GLOBAL ESG, KERNEL GLOBAL ESG (NZD HEDGED), AND KERNEL S&P GLOBAL CLEAN ENERGY FUNDS OR ANY OTHER PERSON OR ENTITY FROM THE USE OF THE S&P/NZX 20, S&P/NZX REAL ESTATE SELECT, S&P/NZX EMERGING OPPORTUNITIES, DOW JONES BROOKFIELD GLOBAL INFRASTRUCTURE (NZD AND NZD HEDGED), S&P GLOBAL 100 EX CONTROVERSIAL WEAPONS (NZD AND NZD HEDGED), S&P DEVELOPED EX-KOREA DIVIDEND ARISTOCRATS QUALITY INCOME (NZD), S&P KENSHO MOONSHOTS (NZD), S&P KENSHO ELECTRIC VEHICLES (NZD), S&P/NZX 50 PORTFOLIO ESG TILTED, DOW JONES GLOBAL SELECT ESG RESI NZD HEDGED, S&P 500 DYNAMIC NZD HEDGED, S&P DEVELOPED EX-KOREA LARGEMIDCAP NET ZERO 2050 PARIS-ALIGNED ESG EX NON-PHARMA ANIMAL TESTING (PAB Ex AT) (NZD AND NZD HEDGED), AND S&P DEVELOPED EX-KOREA CLEAN ENERGY (NZD) INDICES OR WITH RESPECT TO ANY DATA RELATED THERETO. WITHOUT LIMITING ANY OF THE FOREGOING, IN NO EVENT WHATSOEVER SHALL S&P DOW JONES INDICES BE LIABLE FOR ANY INDIRECT, SPECIAL, INCIDENTAL, PUNITIVE, OR CONSEQUENTIAL DAMAGES INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS, TRADING LOSSES, LOST TIME OR GOODWILL, EVEN IF THEY HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES, WHETHER IN CONTRACT, TORT, STRICT LIABILITY, OR OTHERWISE. THERE ARE NO THIRD-PARTY BENEFICIARIES OF ANY AGREEMENTS OR ARRANGEMENTS BETWEEN S&P DOW JONES INDICES AND KERNEL, OTHER THAN THE LICENSORS OF S&P DOW JONES INDICES.

## 9. Schedules

### Schedule 1 – NZ 20 Fund

#### Description of the Fund

The NZ 20 Fund is designed to track the S&P/NZX 20 Index by investing in financial products listed on the NZX.

#### Investment objective

The NZ 20 Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the S&P/NZX 20 Index.

#### Investment strategy

Invest in 20 of the largest and most liquid financial products listed on the NZX.

#### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities*	100%	90% to 105%
International equities	-	-
Listed property	-	-
Unlisted property	-	-
Commodities	-	-
Other	-	-

\* The Fund may invest in listed property trusts included in the Index. This is included in its asset allocation to Australasian equities.

#### Authorised investments

The NZ 20 Fund may invest in the following assets:

- financial products listed on the NZX that are included or to be included in the S&P/NZX 20 Index; and
- cash and cash equivalents issued or guaranteed by New Zealand entities.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

Further information about the S&P/NZX 20 Index, referred to in this document and the fund updates, is available at [www.spglobal.com/spdji/en/indices/equity/sp-nzx-20-index](http://www.spglobal.com/spdji/en/indices/equity/sp-nzx-20-index).

## Schedule 2 – NZ Small & Mid Cap Opportunities Fund

### Description of the Fund

The NZ Small & Mid Cap Opportunities Fund is designed to track the S&P/NZX Emerging Opportunities Index by investing in financial products listed on the NZX.

### Investment objective

The NZ Small & Mid Cap Opportunities Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the S&P/NZX Emerging Opportunities Index.

### Investment strategy

Invest in NZX listed financial products whose free-float market capitalisation is between \$75 million and \$1.25 billion New Zealand dollars and who are outside of the S&P/NZX 20 Index.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities*	100%	90% to 105%
International equities	-	-
Listed property	-	-
Unlisted property	-	-
Commodities	-	-
Other	-	-

\* The Fund may invest in listed property trusts included in the Index. This is included in its asset allocation to Australasian equities.

### Authorised investments

The NZ Small & Mid Cap Opportunities Fund may invest in the following assets:

- financial products listed on the NZX that are included or to be included in the S&P/NZX Emerging Opportunities Index; and
- cash and cash equivalents issued or guaranteed by New Zealand entities.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

Further information about the S&P/NZX Emerging Opportunities Index, referred to in this document and fund updates, is available at [www.spglobal.com/spdji/en/indices/equity/sp-nzx-emerging-opportunities-index](http://www.spglobal.com/spdji/en/indices/equity/sp-nzx-emerging-opportunities-index).

## Schedule 3 – NZ Commercial Property Fund

### Description of the Fund

The NZ Commercial Property Fund is designed to track the S&P/NZX Real Estate Select Index by investing in financial products listed on the NZX.

### Investment objective

The NZ Commercial Property Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the S&P/NZX Real Estate Select Index.

### Investment strategy

Invest in financial products listed on the NZX.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities	-	-
International equities	-	-
Listed property	100%	90% to 105%
Unlisted property	-	-
Commodities	-	-
Other	-	-

### Authorised investments

The NZ Commercial Property Fund may invest in the following authorised investments:

- financial products listed on the NZX that are included or to be included in the S&P/NZX Real Estate Select Index; and
- cash and cash equivalents issued or guaranteed by New Zealand entities.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

Further information about the S&P/NZX Real Estate Select Index, referred to in this document and fund updates, is available at [www.spglobal.com/spdji/en/indices/equity/sp-nzx-real-estate-select](http://www.spglobal.com/spdji/en/indices/equity/sp-nzx-real-estate-select).

## Schedule 4 – NZ 50 ESG Tilted Fund

### Description of the Fund

The NZ 50 ESG Tilted Fund is designed to track the S&P/NZX 50 Portfolio ESG Tilted Index by investing in financial products listed on the NZX.

### Investment objective

The NZ 50 ESG Tilted Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the S&P/NZX 50 Portfolio ESG Tilted Index.

### Investment strategy

Invest in financial products listed on the NZX, where companies are screened on Environmental, Social, and Governance (ESG) characteristics, with company weightings modified to tilt a higher investment to companies with stronger ESG characteristics as calculated by the index.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities*	100%	90% to 105%
International equities	-	-
Listed property		
Unlisted property	-	-
Commodities	-	-
Other	-	-

\* The Fund may invest in listed property trusts included in the Index. This is included in its asset allocation to Australasian equities.

### Authorised investments

The NZ 50 ESG Tilted Fund may invest in the following authorised investments:

- financial products listed on the NZX that are included or to be included in the S&P/NZX 50 Portfolio ESG Tilted Index; and
- cash and cash equivalents issued or guaranteed by New Zealand entities.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

Further information about the S&P/NZX 50 Portfolio ESG Tilted Index, referred to in this document and fund updates, is available from <https://www.spglobal.com/spdji/en/indices/esg/sp-nzx-50-portfolio-esg-tilted-index/#overview>.

### Sustainability strategy

The NZ 50 ESG Tilted Fund considers non-financial factors as independently observed or assessed, and/or reported by listed companies. These non-financial factors include environmental, social and governance conditions. The S&P/NZX 50 Portfolio ESG Tilted Index is part of a global series of S&P ESG Tilted Indices, with a globally standardised scoring system. Rather than just an inclusion/exclusion filter, the methodology also overweights (underweights) companies with relatively high (low) S&P DJI ESG Scores. For more information on this see Kernel's ESG Policy which can be found on the Scheme's offer register entry at <https://disclose-register.companiesoffice.govt.nz> and on our website [www.kernelwealth.co.nz](http://www.kernelwealth.co.nz).



## Schedule 5 – Kernel Global Infrastructure Fund

### Description of the Fund

The Kernel Global Infrastructure Fund is designed to track the Dow Jones Brookfield Global Infrastructure (NZD) Index by investing in globally listed financial products.

### Investment objective

The Kernel Global Infrastructure Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the Dow Jones Brookfield Global Infrastructure (NZD) Index.

### Investment strategy

Invest in globally listed pure-play infrastructure companies.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities*	0%	0% to 30%
International equities*	100%	70% to 105%
Listed property	-	-
Unlisted property	-	-
Commodities	-	-
Other	-	-

\* The Fund may invest in listed property trusts included in the Index. This is included in its asset allocation to Australasian or International equities as appropriate.

### Authorised investments

The Kernel Global Infrastructure Fund may invest in the following authorised investments:

- financial products that are included or to be included in the Dow Jones Brookfield Global Infrastructure (NZD) Index;
- cash and cash equivalents; and
- exchange traded funds that Kernel considers to be a reasonable proxy for the Dow Jones Brookfield Global Infrastructure Index.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

Further information about the Dow Jones Brookfield Global Infrastructure (NZD) Index, referred to in this document and fund updates, is available at [www.spglobal.com/spdji/en/indices/equity/dow-jones-brookfield-global-infrastructure-index](http://www.spglobal.com/spdji/en/indices/equity/dow-jones-brookfield-global-infrastructure-index).

## Schedule 6 – Kernel Global Infrastructure (NZD Hedged) Fund

### Description of the Fund

The Kernel Global Infrastructure (NZD Hedged) Fund is designed to track the Dow Jones Brookfield Global Infrastructure (NZD Hedged) Index by investing in globally listed financial products.

### Investment objective

The Kernel Global Infrastructure (NZD Hedged) Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the Dow Jones Brookfield Global Infrastructure (NZD Hedged) Index.

### Investment strategy

Invest in globally listed pure-play infrastructure companies. The Fund targets a position of being fully hedged back to New Zealand dollars.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities*	0%	0% to 30%
International equities*	100%	70% to 105%
Listed property	-	-
Unlisted property	-	-
Commodities	-	-
Other	-	-

\* The Fund may invest in listed property trusts included in the Index. This is included in its asset allocation to Australasian or International equities as appropriate.

### Authorised investments

The Kernel Global Infrastructure (NZD Hedged) Fund may invest in the following authorised investments:

- the Kernel Global Infrastructure Fund
- financial products that are included or to be included in the Dow Jones Brookfield Global Infrastructure (NZD Hedged) Index;
- derivatives, including futures, options or other instruments in any currency, whether listed on an exchange or 'over-the-counter'
- cash and cash equivalents; and
- exchange traded funds that Kernel considers to be a reasonable proxy for the Dow Jones Brookfield Global Infrastructure Index.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

### Hedging

The Fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 100% (although the actual hedging level may differ because of cash flow, market movements, or where there is limited ability to hedge some currencies). The permitted hedging range for the Fund is 70% to 120%, assessed weekly.

Further information about the Dow Jones Brookfield Global Infrastructure (NZD Hedged) Index, referred to in this document and fund updates, is available at

[www.spglobal.com/spdji/en/indices/equity/dow-jones-brookfield-global-infrastructure-index](http://www.spglobal.com/spdji/en/indices/equity/dow-jones-brookfield-global-infrastructure-index).

## Schedule 7 – Kernel Global Green Property Fund

### Description of the Fund

The Kernel Global Green Property Fund is designed to track the Dow Jones Global Select ESG RESI NZD Hedged Index by investing in globally listed financial products.

### Investment objective

The Kernel Global Green Property Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the Dow Jones Global Select ESG RESI NZD Hedged Index.

### Investment strategy

Invest in globally listed real estate investment trusts (REITs) and real estate operating companies (REOCs) traded globally. Company weights are modified to tilt a higher investment to companies with stronger ESG characteristics as calculated by GRESB. The Fund targets a position of being fully hedged back to New Zealand dollars.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities	0%	0% to 30%
International equities	0%	0% to 30%
Listed property	100%	70% to 105%
Unlisted property	-	-
Commodities	-	-
Other	-	-

### Authorised investments

The Kernel Global Green Property Fund may invest in the following authorised investments:

- financial products that are included or to be included in the Dow Jones Global Select ESG RESI NZD Hedged Index;
- derivatives, including futures, options or other instruments in any currency, whether listed on an exchange or 'over-the-counter'
- cash and cash equivalents; and
- exchange traded funds that Kernel considers to be a reasonable proxy for the Dow Jones Global Select ESG RESI NZD Hedged Index.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

### Hedging

The Fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 100% (although the actual hedging level may differ because of cash flow, market movements, or where there is limited ability to hedge some currencies). The permitted hedging range for the Fund is 70% to 120%, assessed weekly.

Further information about the Dow Jones Global Select ESG RESI NZD Hedged Index, referred to in this document and fund updates, is available at <https://www.spglobal.com/spdji/en/indices/equity/dow-jones-global-select-esg-resi/#overview>.

### Sustainability strategy

The Kernel Global Green Property Fund considers non-financial factors as independently observed or assessed, and/or reported by listed companies. These non-financial factors include environmental, social and governance conditions. The Dow Jones Global Select ESG RESI NZD Hedged Index is part of global series of Dow Jones Green Real Estate Indices designed to measure the performance of publicly traded real estate securities while overweighting those companies with relatively high GRESB total scores and underweighting those with lower or zero total scores. GRESB are a global leader in measuring and assessing the ESG performance of real estate companies. For more information on this see Kernel's ESG Policy which can be found on the Scheme's offer register entry at <https://disclose-register.companiesoffice.govt.nz> and on our website [www.kernelwealth.co.nz](http://www.kernelwealth.co.nz).

## Schedule 8 – Kernel S&P Global Dividend Aristocrats Fund

### Description of the Fund

The Kernel S&P Global Dividend Aristocrats Fund is designed to track the S&P Developed Ex-Korea Dividend Aristocrats Quality Income (NZD) Index by investing in globally listed financial products.

### Investment objective

The Kernel S&P Global Dividend Aristocrats Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the S&P Developed Ex-Korea Dividend Aristocrats Quality Income (NZD) Index.

### Investment strategy

Invest in high-dividend yielding globally listed companies who have a managed-dividends policy of increasing or maintaining dividends for at least 10 consecutive years.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities*	0%	0% to 30%
International equities*	100%	70% to 105%
Listed property	-	-
Unlisted property	-	-
Commodities	-	-
Other	-	-

\* The Fund may invest in listed property trusts included in the Index. This is included in its asset allocation to Australasian or International equities as appropriate.

### Authorised investments

The Kernel S&P Global Dividend Aristocrats Fund may invest in the following authorised investments:

- financial products that are included or to be included in the S&P Developed Ex-Korea Dividend Aristocrats Quality Income (NZD) Index;
- cash and cash equivalents; and
- exchange traded funds that Kernel considers to be a reasonable proxy for the S&P Developed Ex-Korea Dividend Aristocrats Quality Income (NZD) Index.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

Further information about the S&P Developed Ex-Korea Dividend Aristocrats Quality Income (NZD) Index, referred to in this document and fund updates, is available at

[www.spglobal.com/spdji/en/indices/strategy/sp-developed-ex-korea-dividend-aristocrats-quality-income-index](http://www.spglobal.com/spdji/en/indices/strategy/sp-developed-ex-korea-dividend-aristocrats-quality-income-index).

## Schedule 9 – Kernel S&P Global 100 Fund

### Description of the Fund

The Kernel S&P Global 100 Fund is designed to track the S&P Global 100 ex Controversial Weapons Index (NZD) by investing in globally listed financial products.

### Investment objective

The Kernel S&P Global 100 Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the S&P Global 100 ex Controversial Weapons Index (NZD).

### Investment strategy

Invest in globally listed multi-national blue-chip companies.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities*	0%	0% to 30%
International equities*	100%	70% to 105%
Listed property	-	-
Unlisted property	-	-
Commodities	-	-
Other	-	-

\* The Fund may invest in listed property trusts included in the Index. This is included in its asset allocation to Australasian or International equities as appropriate.

### Authorised investments

The Kernel S&P Global 100 Fund may invest in the following authorised investments:

- financial products that are included or to be included in the S&P Global 100 ex Controversial Weapons Index (NZD);
- cash and cash equivalents; and
- exchange traded funds that Kernel considers to be a reasonable proxy for the S&P Global 100 ex Controversial Weapons Index (NZD).

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

Further information about the S&P Global 100 ex Controversial Weapons Index (NZD), referred to in this document and fund updates, is available at [www.spglobal.com/spdji/en/indices/custom-indices/sp-global-100-ex-controversial-weapons-index-custom](http://www.spglobal.com/spdji/en/indices/custom-indices/sp-global-100-ex-controversial-weapons-index-custom).

## Schedule 10 – Kernel S&P Global 100 (NZD Hedged) Fund

### Description of the Fund

The Kernel S&P Global 100 (NZD Hedged) Fund is designed to track the S&P Global 100 ex Controversial Weapons Index (NZD Hedged) by investing in globally listed financial products.

### Investment objective

The Kernel S&P Global 100 (NZD Hedged) Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the S&P Global 100 ex Controversial Weapons Index (NZD Hedged).

### Investment strategy

Invest in globally listed multi-national blue-chip companies.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities*	0%	0% to 30%
International equities*	100%	70% to 105%
Listed property	-	-
Unlisted property	-	-
Commodities	-	-
Other	-	-

\* The Fund may invest in listed property trusts included in the Index. This is included in its asset allocation to Australasian or International equities as appropriate.

### Authorised investments

The Kernel S&P Global 100 (NZD Hedged) Fund may invest in the following authorised investments:

- the Kernel S&P Global 100 Fund
- financial products that are included or to be included in the S&P Global 100 ex Controversial Weapons Index (NZD);
- derivatives, including futures, options or other instruments in any currency, whether listed on an exchange or 'over-the-counter';
- cash and cash equivalents; and
- exchange traded funds that Kernel considers to be a reasonable proxy for the S&P Global 100 ex Controversial Weapons Index (NZD).

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

### Hedging

The Fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 100% (although the actual hedging level may differ because of cash flow, market movements, or where there is limited ability to hedge some currencies). The permitted hedging range for the Fund is 70% to 120%, assessed weekly.

Further information about the S&P Global 100 ex Controversial Weapons Index (NZD Hedged), referred to in this document and fund updates, is available at [www.spglobal.com/spdji/en/indices/custom-indices/sp-global-100-ex-controversial-weapons-index-custom](http://www.spglobal.com/spdji/en/indices/custom-indices/sp-global-100-ex-controversial-weapons-index-custom).

## Schedule 11 – Kernel S&P 500 Fund

### Description of the Fund

The Kernel S&P 500 Fund is designed to track the S&P 500 NZD Dynamic Hedged Index by investing in U.S. listed financial products.

### Investment objective

The Kernel S&P 500 Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the S&P 500 NZD Dynamic Hedged Index.

### Investment strategy

Invest in large-cap U.S. equities with the effects of USD/NZD currency movements reduced.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities	0%	-
International equities*	100%	0% to 105%
Listed property	-	-
Unlisted property	-	-
Commodities	-	-
Other	-	-

\* The Fund may invest in listed property trusts included in the Index. This is included in its asset allocation to International equities as appropriate.

### Authorised investments

The Kernel S&P 500 Fund may invest in the following authorised investments:

- financial products that are included or to be included in the S&P 500;
- currency derivatives, including futures, options or other instruments in any currency, whether listed on an exchange or 'over-the-counter'
- cash and cash equivalents; and
- exchange traded funds that Kernel considers to be a reasonable proxy for the S&P 500.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

### Hedging

The Fund's foreign currency exposure is hedged to the New Zealand dollar. The target hedging level is 100% (although the actual hedging level may differ because of cash flow or market movements). The permitted hedging range for the Fund is 70% to 120%, assessed weekly.

Further information about the S&P 500 NZD Dynamic Hedged Index, referred to in this document and fund updates, is available at <https://www.spglobal.com/spdji/en/indices/equity/sp-500-dynamic-hedged-index/#overview>.



## Schedule 12 – Kernel S&P Kensho Moonshots Innovation Fund

### Description of the Fund

The Kernel S&P Kensho Moonshots Innovation Fund is designed to track the S&P Kensho Moonshots (NZD) Index by investing in U.S. listed financial products.

### Investment objective

The Kernel S&P Kensho Moonshots Innovation Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the S&P Kensho Moonshots (NZD) Index.

### Investment strategy

Invests in highly innovative U.S. listed companies that produce the products and services shaping our future.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities*	0%	0% to 30%
International equities*	100%	70% to 105%
Listed property	-	-
Unlisted property	-	-
Commodities	-	-
Other	-	-

\* The Fund may invest in listed property trusts included in the Index. This is included in its asset allocation to Australasian or International equities as appropriate.

### Authorised investments

The Kernel S&P Kensho Moonshots Innovation Fund may invest in the following authorised investments:

- financial products that are included or to be included in the S&P Kensho Moonshots (NZD) Index;
- cash and cash equivalents; and
- exchange traded funds that Kernel considers to be a reasonable proxy for the S&P Kensho Moonshots (NZD) Index.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

Further information about the S&P Kensho Moonshots (NZD) Index, referred to in this document and fund updates, is available at [www.spglobal.com/spdji/en/indices/equity/sp-kensho-moonshots-index](http://www.spglobal.com/spdji/en/indices/equity/sp-kensho-moonshots-index).

## Schedule 13 – Kernel S&P Kensho Electric Vehicle Innovation Fund

### Description of the Fund

The Kernel S&P Kensho Electric Vehicle Innovation Fund is designed to track the S&P Kensho Electric Vehicles (NZD) Index by investing in U.S. listed financial products.

### Investment objective

The Kernel S&P Kensho Electric Vehicle Innovation Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the S&P Kensho Electric Vehicles (NZD) Index.

### Investment strategy

Invests in U.S. listed companies involved in the electric vehicle sector and the industries supporting it.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities*	0%	0% to 30%
International equities*	100%	70% to 105%
Listed property	-	-
Unlisted property	-	-
Commodities	-	-
Other	-	-

\* The Fund may invest in listed property trusts included in the Index. This is included in its asset allocation to Australasian or International equities as appropriate.

### Authorised investments

The Kernel S&P Kensho Electric Vehicle Innovation Fund may invest in the following authorised investments:

- financial products that are included or to be included in the S&P Kensho Electric Vehicles (NZD) Index;
- cash and cash equivalents; and
- exchange traded funds that Kernel considers to be a reasonable proxy for the S&P Kensho Electric Vehicles (NZD) Index.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

Further information about the S&P Kensho Electric Vehicles (NZD) Index, referred to in this document and fund updates, is available at: [www.spglobal.com/spdji/en/indices/equity/sp-kensho-electric-vehicles-index](http://www.spglobal.com/spdji/en/indices/equity/sp-kensho-electric-vehicles-index).

## Schedule 14 – Kernel S&P Global Clean Energy Fund

### Description of the Fund

The Kernel S&P Global Clean Energy Fund is designed to track the S&P Developed ex Korea Clean Energy (NZD) Index by investing in globally listed financial products.

### Investment objective

The Kernel S&P Global Clean Energy Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the S&P Developed ex Korea Clean Energy (NZD) Index.

### Investment strategy

Invests in globally listed companies involved in clean energy related businesses, including energy production and energy equipment.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities*	0%	0% to 30%
International equities*	100%	70% to 105%
Listed property	-	-
Unlisted property	-	-
Commodities	-	-
Other	-	-

\* The Fund may invest in listed property trusts included in the Index. This is included in its asset allocation to Australasian or International equities as appropriate.

### Authorised investments

The Kernel S&P Global Clean Energy Fund may invest in the following authorised investments:

- financial products that are included or to be included in the S&P Developed ex Korea Clean Energy (NZD) Index;
- cash and cash equivalents; and
- exchange traded funds that Kernel considers to be a reasonable proxy for the S&P Developed ex Korea Clean Energy (NZD) Index.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

Further information about the S&P Developed ex Korea Clean Energy (NZD) Index, referred to in this document and fund updates, is available at: [www.spglobal.com/spdji/en/indices/esg/sp-developed-ex-korea-clean-energy-index](http://www.spglobal.com/spdji/en/indices/esg/sp-developed-ex-korea-clean-energy-index).

### Sustainability strategy

The Kernel S&P Global Clean Energy Fund considers non-financial factors as independently observed or assessed, and/or reported by listed companies. These non-financial factors include environmental, social and governance conditions. Companies in the tracked S&P Developed ex Korea Clean Energy (NZD) Index must be listed in developed markets and meet the eligibility criteria for specific practices related to clean energy. For more information on this see Kernel's ESG Policy which can be found on the Scheme's offer register entry at <https://disclose-register.companiesoffice.govt.nz> and on our website [www.kernelwealth.co.nz](http://www.kernelwealth.co.nz).

## Schedule 15 – Kernel Global ESG Fund

### Description of the Fund

The Kernel Global ESG Fund is designed to track the S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG ex non-pharma Animal Testing (PAB Ex AT) NZD Index ("Global ESG Index") by investing in globally listed financial products.

### Investment objective

The Kernel Global ESG Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the Global ESG Index.

### Investment strategy

The fund is passively managed and invests in a diverse mix of globally listed companies and is designed to approximate the developed global equity market across countries and sectors. Companies are screened on business activities and company weightings are modified based on a company's environmental, social, and governance (ESG) characteristics and climate alignment scores, as calculated by the index provider.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities*	0%	0% to 30%
International equities*	100%	70% to 105%
Listed property	-	-
Unlisted property	-	-
Commodities	-	-
Other	-	-

\* The Fund may invest in listed property trusts included in the Index. This is included in its asset allocation to Australasian or International equities as appropriate.

### Authorised investments

The Kernel Global ESG Fund may invest in the following authorised investments:

- financial products that are included or to be included in the Global ESG Index;
- cash and cash equivalents; and
- exchange traded funds that Kernel considers to be a reasonable proxy for the Global ESG Index.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

Further information about the Global ESG Index, referred to in this document and fund updates, is available at: <https://www.spglobal.com/spdji/en/indices/esg/sp-developed-ex-korea-largemidcap-net-zero-2050-paris-aligned-esg-ex-non-pharma-animal-testing-index/#overview>.

### Sustainability strategy

The Kernel Global ESG Fund considers non-financial factors as independently observed or assessed, and/or reported by listed companies. These non-financial factors include environmental, social and governance conditions. Companies in the tracked Global ESG Index must be listed in developed markets and meet the eligibility criteria based on ESG scores and climate alignment. Companies are selected and weighted to be collectively compatible with a 1.5°C global warming climate scenario at the index level. For more information on this see Kernel's ESG Policy which can be found on the Scheme's offer register entry at <https://disclose-register.companiesoffice.govt.nz> and on our website [www.kernelwealth.co.nz](http://www.kernelwealth.co.nz).

## Schedule 16 – Kernel Global ESG (NZD Hedged) Fund

### Description of the Fund

The Kernel Global ESG (NZD Hedged) Fund is designed to track the S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG ex non-pharma Animal Testing (PAB Ex AT) NZD Hedged Index ("Global ESG Hedged Index") by investing in globally listed financial products.

### Investment objective

The Kernel Global ESG (NZD Hedged) Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return on the Global ESG Hedged Index.

### Investment strategy

The fund is passively managed and invests in a diverse mix of globally listed companies and is designed to approximate the developed global equity market across countries and sectors. Companies are screened on business activities and company weightings are modified based on a company's environmental, social, and governance (ESG) characteristics and climate alignment scores, as calculated by the index provider. The Fund targets a position of being fully hedged back to New Zealand dollars.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	0%	-5% to 10%
New Zealand fixed interest	-	-
International fixed interest	-	-
Australasian equities*	0%	0% to 30%
International equities*	100%	70% to 105%
Listed property	-	-
Unlisted property	-	-
Commodities	-	-
Other	-	-

\* The Fund may invest in listed property trusts included in the Index. This is included in its asset allocation to Australasian or International equities as appropriate.

### Authorised investments

The Kernel Global ESG Hedged Fund may invest in the following authorised investments:

- the Kernel Global ESG Fund;
- financial products that are included or to be included in the Global ESG Hedged Index;
- derivatives, including futures, options or other instruments in any currency, whether listed on an exchange or 'over-the-counter'
- cash and cash equivalents; and
- exchange traded funds that Kernel considers to be a reasonable proxy for the Global ESG Hedged Index.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

Further information about the Global ESG Hedged Index, referred to in this document and fund updates, is available at <https://www.spglobal.com/spdji/en/indices/esg/sp-developed-ex-korea-largemidcap-net-zero-2050-paris-aligned-esg-ex-non-pharma-animal-testing-index/#overview>.

### Sustainability strategy

The Kernel Global ESG (NZD Hedged) Fund considers non-financial factors as independently observed or assessed, and/or reported by listed companies. These non-financial factors include environmental, social and governance conditions. Companies in the tracked Global ESG Hedged Index must be listed in developed markets and meet the eligibility criteria based on ESG scores and climate alignment. Companies are selected and weighted to be collectively compatible with a 1.5°C global warming climate scenario at the index level. For more information on this see Kernel's ESG Policy which can be found on the Scheme's offer register entry at <https://disclose-register.companiesoffice.govt.nz> and on our website [www.kernelwealth.co.nz](http://www.kernelwealth.co.nz).

## Schedule 17 – Kernel High Growth Fund

### Description of the Fund

The Kernel High Growth Fund is designed to provide investors with a diversified exposure to growth assets by investing in domestic and global listed financial products.

### Investment objective

The Kernel High Growth Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return of the index of the reference portfolio.

### Investment strategy

A diversified fund comprising several of the Kernel Funds, targeting high growth and suitable for long-term investors comfortable accepting higher volatility.

### Benchmark asset allocation and ranges

Asset category	Asset class	Reference Portfolio	Limits	Market Index
Cash	Cash and cash equivalents	2.0%	-5% to 10%	Bloomberg NZ Bond Bank Bill Index
New Zealand fixed interest	New Zealand fixed interest	-	-	Bloomberg NZ Bond Index
International fixed interest	International fixed interest	-	-	-
NZ Large equities	Australasian equities	23.5%	10% to 50%	S&P/NZX 20 Index
NZ Medium equities	Australasian equities	5.9%		S&P/NZX Emerging Opportunities Index
Global equities	International equities	58.6%	50% to 80%	50% S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG ex non-pharma Animal Testing (PAB Ex AT) NZD Index / 50% S&P Global 100 ex CW Index (NZD Hedged)
Global Infrastructure	International equities	5.0%	0% to 10%	Dow Jones Brookfield Global Infrastructure Index (NZD Hedged)
Global Real Estate	Listed property	5.0%	0% to 10%	Dow Jones Global Select ESG RESI (NZD Hedged)
	Unlisted property		-	
	Commodities		-	
	Other		-	

### Authorised investments

The Kernel High Growth Fund may invest in the following authorised investments:

- any other Fund in the Scheme;
- financial products that are included or to be included in the market indices listed in the table above;
- derivatives, including futures, options or other instruments in any currency, whether listed on an exchange or 'over-the-counter'
- cash and cash equivalents; and
- exchange traded funds that Kernel considers to be a reasonable proxy for the market indices listed in the table above.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.

## Schedule 18 – Kernel Balanced Fund

### Description of the Fund

The Kernel Balanced Fund is designed to provide investors with a diversified exposure to both income and growth assets by investing in domestic and global listed financial products.

### Investment objective

The Kernel Balanced Fund's investment objective is to provide a return (before tax, fees and expenses) that closely matches the return of the index of the reference portfolio.

### Investment strategy

Designed as a 60% growth / 40% income option by investing mainly in several of the other Kernel funds. The investment objective is to achieve positive real returns over the medium term while lessening volatility through diversification across asset classes, sectors and geographies.

### Benchmark asset allocation and ranges

Asset category	Asset class	Reference Portfolio	Limits	Market Index
Cash	Cash and cash equivalents	5%	-5% to 20%	Bloomberg NZ Bond Bank Bill Index
New Zealand fixed interest	New Zealand fixed interest	17%	0% to 30%	Bloomberg NZ Bond Composite 1+Yr Index
International fixed interest	International fixed interest	18%	0% to 30%	Bloomberg Barclays Global Aggregate
NZ Large equities	Australasian equities	14%	0% to 30%	S&P/NZX 20 Index
NZ Medium equities	Australasian equities	4%	0% to 10%	S&P/NZX Emerging Opportunities Index
Global equities	International equities	36%	20% to 60%	50% S&P Developed Ex-Korea LargeMidCap Net Zero 2050 Paris-Aligned ESG ex non-pharma Animal Testing (PAB Ex AT) NZD Index / 50% S&P Global 100 ex CW Index (NZD Hedged)
Global Infrastructure	International equities	3%	0% to 10%	Dow Jones Brookfield Global Infrastructure Index (NZD Hedged)
Global Real Estate	Listed property	3%	0% to 10%	Dow Jones Global Select ESG RESI (NZD Hedged)
	Unlisted property		-	
	Commodities		-	
	Other		-	

### Authorised investments

The Kernel Balanced Fund may invest in the following authorised investments:

- any other Fund in the Scheme;
- financial products that are included or to be included in the market indices listed in the table above;
- individual New Zealand Fixed Interest instruments with investment grade credit ratings
- derivatives, including futures, options or other instruments in any currency, whether listed on an exchange or 'over-the-counter'
- cash and cash equivalents; and
- exchange traded funds that Kernel considers to be a reasonable proxy for the market indices listed in the table above.

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments. It may include managed investment products that primarily invest in cash and cash equivalents.



## Schedule 19 – Kernel Cash Plus Fund

### Description of the Fund

The Kernel Cash Plus Fund is designed to invest in short-term New Zealand interest-bearing assets and other cash and cash equivalent investments. It may be suitable for investors who want to minimise potential for investment loss but achieve a better return than a saving account.

### Investment objective

The Kernel Cash Plus Fund aims to achieve returns comparable to the Bloomberg NZ Bond Bank Bill Index by investing in cash, selected cash equivalents, and selected New Zealand fixed interest-bearing assets. These kinds of investments will typically be stable in value but may have short periods of negative performance.

### Investment strategy

The fund is actively managed and invests mostly in short-term New Zealand fixed interest-bearing assets and other cash and cash equivalent investments.

### Benchmark asset allocation and ranges

Asset class	Benchmark asset allocation	Range
Cash and cash equivalents	100%	0% to 100%
New Zealand fixed interest	0%	0% to 20%

### Authorised investments

The Kernel Cash Plus Fund may invest in the following authorised investments:

- Cash, deposits and debt securities issued or guaranteed by:
  - The New Zealand Government or Government Departments;
  - Any New Zealand Registered Bank;
  - Any New Zealand State Owned Enterprise;
  - Any New Zealand Local Authority or Local Government Funding Agency (LGFA);
  - Any Unit trusts or corporations incorporated, constituted or registered in either New Zealand or overseas that meet the minimum credit rating criteria;
- New Zealand dollar debt securities issued or guaranteed by foreign Governments or Supranational (i.e., debt securities issued by entities formed by two or more central governments to promote economic development).
- Derivatives products (specifically, interest rate swaps (swaps), bank bill futures and forward rate agreements (FRAs) as an alternative to investing in a physical asset) and financing contracts (specifically, repurchase agreements (repos)). Derivative instruments are limited to contracts related to permitted investments.
- Direct loans to tax poolers that are assessed to offer a similar risk profile as investment grade credit risk by the Investment Committee
- Cash balances held by the Fund's custodian or agents.
- Any other investment that is consistent with the objectives of the Fund and is agreed to by the Investment Committee.

Further information about the Bloomberg NZ Bond Bank Bill Index, referred to in this document and fund updates, is available at [www.bloomberg.com/quote/BNZBIL:IND](http://www.bloomberg.com/quote/BNZBIL:IND).