

SRI 50% GROWTH / 50% INCOME PORTFOLIO

Overview

Highgate Partners SRI model portfolios seek to outperform relevant benchmark indices by consistently allocating to parts of the market where higher long term expected returns can be found. The 50/50 portfolio aims to deliver these returns by allocating to world leading investment managers who share a similar philosophy.

Portfolio Construction

The SRI portfolios adhere to a strategic asset allocation process, which is rigorously reviewed and updated at least every four years. Portfolios are consistently tilted towards the identified sources of higher long term expected returns by allocating to low cost, highly diversified funds that follow consistent non-forecasting investment mandates. Funds with high cost structures or that favour active management and concentrated position taking are not considered suitable for investment.

Socially Responsible Investing

SRI Portfolios place an emphasis on supporting higher levels of social responsibility. Specifically, they exclude investments in companies involved in the manufacturing of tobacco, controversial weapons, and nuclear weapons (or components). The portfolios also seek to exclude companies causing environmental harm (such as high greenhouse gas emissions), companies deriving more than an incidental proportion of revenue from alcohol, gambling or adult entertainment, and companies associated with human rights or animal welfare violations.

Investor Suitability

An SRI 50/50 portfolio is considered suitable for investors with an investment time horizon of at least six years before seeking to spend large amounts of their portfolio. This portfolio is balanced in its allocation between growth and income assets and therefore targets an average amount of portfolio growth and should suit investors able to accept an average amount of volatility.

Key Portfolio Metrics

Expected gross return p.a. ¹	6.36%
Expected portfolio volatility p.a. ²	6.24%
Likelihood of a negative year ³	1 in 4.0 years
Weighted average fund expenses ⁴	0.29%
No. of underlying funds	9
No. of underlying securities ⁵	+9,100

1. The expected gross return is calculated by the Consilium Investment Committee (CIC) before the deduction of all fees and tax. It is the average annual return over a 30 year period and is based on the CIC's current capital market expectations and assumptions. The expected gross return is no guarantee of future results and actual performance will vary.

2. This is the portfolio volatility we expect over the long term.

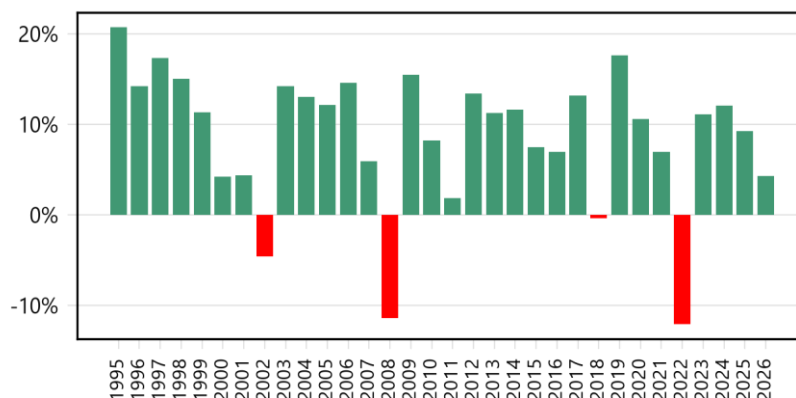
3. Calculated on a net of all costs basis (i.e. after deduction of maximum possible fees and projected taxes).

4. Includes fees charged by the underlying fund managers and other fund expenses.

5. Estimated from the aggregate holdings information supplied by each of the underlying fund managers.

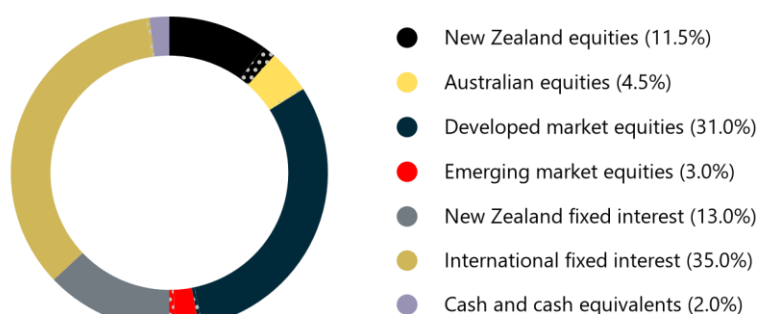
Model Portfolio Performance

	10y	5y	3y	12m	6m	3m
Return	+7.35%	+5.09%	+9.96%	+11.81%	+4.31%	+6.28%



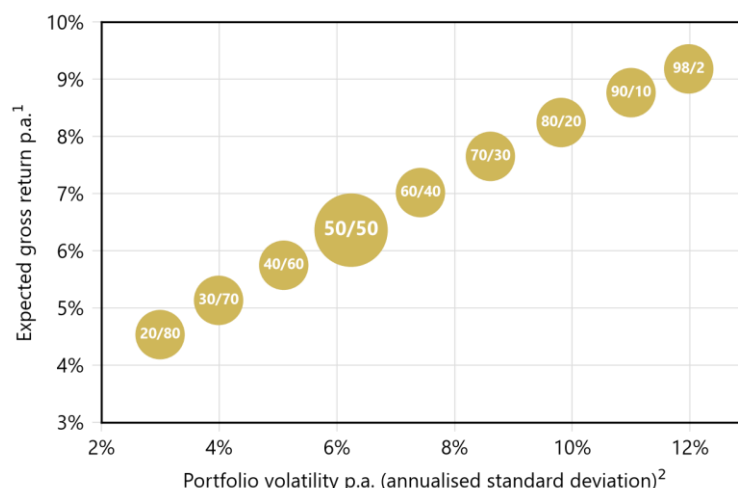
Reported returns for periods over a year are annualised. For more information on historical model portfolio performance, please refer to the disclaimer on page 2.

Asset Allocation



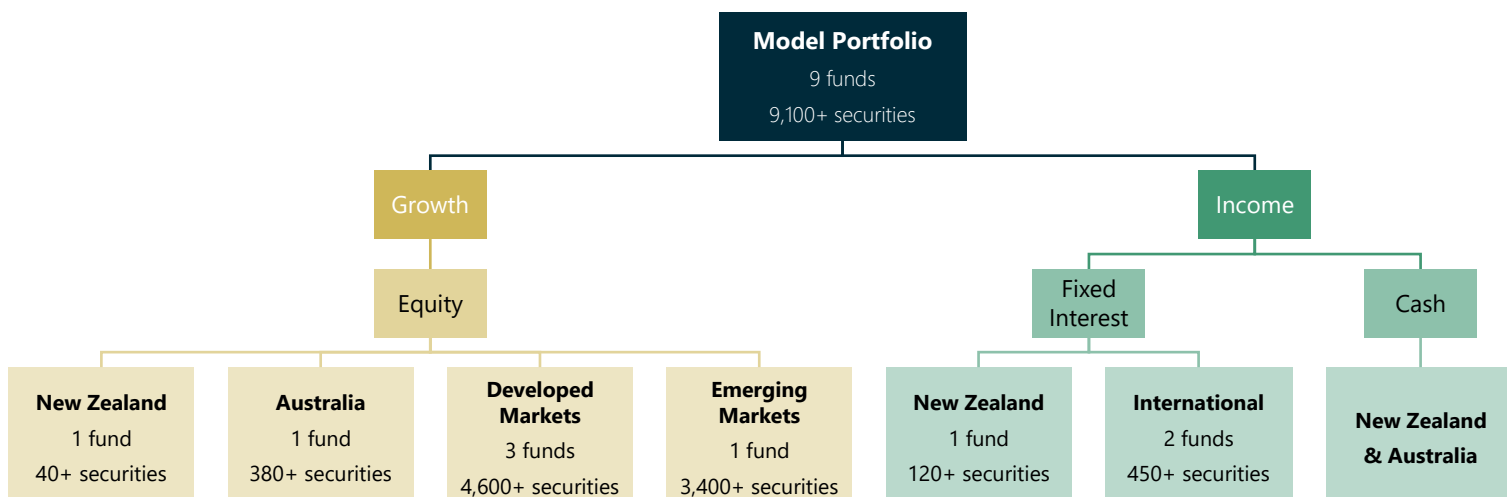
The dotted areas represent the property exposure within each asset class. The overall property exposure in this portfolio is approximately 2.96%.

Long Term Expected Returns

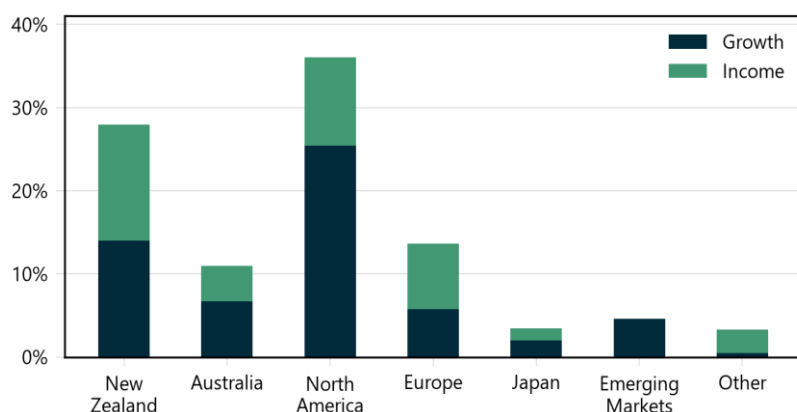


SRI 50% GROWTH / 50% INCOME PORTFOLIO

Underlying investment exposures



Regional breakdown by asset type



Fixed interest characteristics



Avg. Yield: 3.75%

Avg. Duration: 3.9 years

Targeted risk factors and their implementation

Equity – size	Exposure to the size factor is achieved by maintaining a strategic allocation to small company shares in the international developed markets, Australia and New Zealand. In aggregate, the emerging markets strategy also contains a moderate tilt to small companies.
Equity – value	Exposure to the value factor is achieved by maintaining a strategic allocation to company shares with low relative price to book ratios in the international developed markets and Australia. In aggregate, the emerging markets strategy also contains a moderate tilt towards companies with low relative price to book ratios.
Equity – profitability	Most recommended equity funds tilt towards higher profitability companies, measured by gross profitability scaled by book value. Small company funds in particular employ a low profitability exclusion, where companies that fail to meet minimum profitability ratios are omitted.
Fixed interest – credit	All fixed interest funds are diversified and are restricted to investment grade bonds. The international fixed interest strategy accesses a credit premium by tilting towards lower investment grade rated securities when credit spreads are wider than average. The New Zealand strategy similarly allocates to some lower investment grade rated issues.
Fixed interest – term	The international fixed interest strategy is 100% hedged to the New Zealand dollar and accesses term premiums by allocating to the steepest international yield curves within its investible universe. Access to term premiums in the New Zealand fixed interest strategy is limited by the relatively short duration of the underlying market index.

✉ info@highgatepartners.co.nz

🌐 www.highgatepartners.co.nz



Fraser Richardson: 021 025 77898
John Alexander: 027 477 7350



Level 5, Westpac House, 106 George St, Dunedin 9016



Disclaimer:

The reported historical returns are net of fund management fees, gross of custodial, administration, adviser fees and transaction costs, and before tax. The final bar on the model portfolio performance chart is the performance in the current calendar year to date. In order to provide indicative long term performance data some historical performance figures have been backfilled. For more details go to <https://www.consilium.co.nz/terms-of-use>. The number of unique underlying securities the portfolio contains has been estimated from the aggregate holdings information supplied by each of the underlying fund managers. To the greatest extent possible we have attempted to eliminate any double counting of investments (i.e. where the same security may be held by more than one underlying fund). This data has been supplied for information purposes only and is believed to be accurate as at the date of this document. Regional breakdown and fixed interest characteristics graphics are based on the most recent available data from the underlying managers as at the date of publication of this document. This information is intended to be of a general nature and does not take into account your financial situation or goals.