

Kernel Funds

Kernel Global Green Property Fund

Fund update for the quarter ended 30 June 2021

This fund update was first made publicly available on 26 July 2021

What is the purpose of this update?

This document tells you how the Kernel Global Green Property Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. Kernel Wealth Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

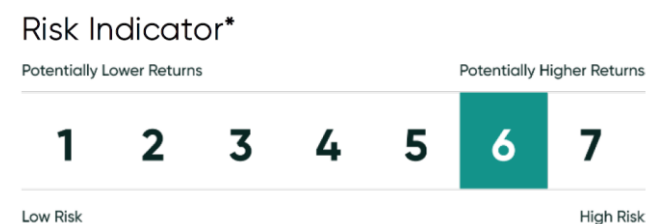
Description of this fund

The Kernel Global Green Property Fund invests 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. It is designed to track the Dow Jones Global Select Green RESI NZD Hedged.

| | |
|----------------------------|----------------|
| Total value of the fund: | \$1,803,250.16 |
| The date the fund started: | 16 June 2021 |

What are the risks of investing?

Risk indicator for the Kernel Global Green Property Fund:



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data¹ for 5 years to 30 June 2021. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates. See the Product

Disclosure Statement for the Kernel Funds for more information about the risks associated with investing in this fund.

How has the fund performed?

| | Past year |
|---|----------------|
| Annual return <small>(after deductions for charges and tax)</small> | Not applicable |
| Annual return <small>(after deductions for charges but before tax)</small> | Not applicable |
| Market index annual return <small>(reflects no deduction for charges and tax)</small> | 32.67% |

The market index annual return is based on the annual return of the Dow Jones Global Select Green RESI NZD Hedged. Additional information about the market index is available in the 'Statement of Investment Policy and Objectives' document on the offer register at www.disclose-register.companiesoffice.govt.nz.

What fees are investors charged?

Investors in the Kernel Global Green Property Fund are charged fund charges. In the period to 31 March 2022 these are expected to be:

| | % per annum of fund's net asset value |
|--|---------------------------------------|
| Total fund charges | 0.39% |
| Which are made up of: | |
| Total management and administration charges | 0.39% |
| Including - | |
| Manager's basic fee | 0.39% |
| Other management and administration charges | 0.00% |

Investors are not charged individual action fees for specific actions or decisions (for example, for withdrawing from funds). All fees are inclusive of GST.

Small differences in fees and charges can have a big impact on your investment over the long term.

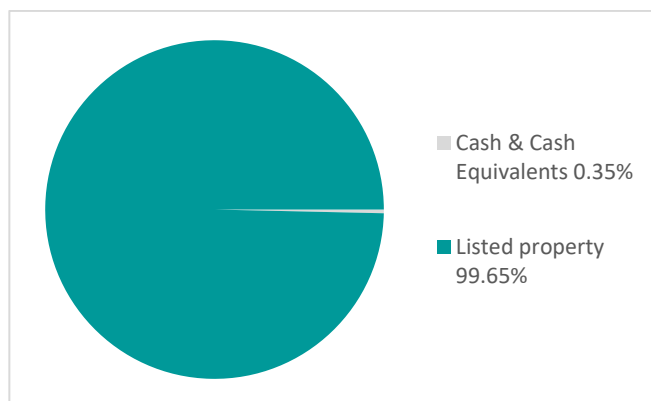
Example of how this applies to an investor

Emma had \$10,000 in the fund on 16 June 2021 and did not make any further contributions. On 30 June, Emma received a loss after fund charges were deducted of \$621.59 (that is -6.22% of her initial \$10,000). This gives Emma a total loss after tax of \$612.22 for the period.

What does the fund invest in?

Actual investment mix

This shows the types of assets that the fund invests in.



Target investment mix

This shows the mix of assets that the fund generally intends to invest in.

| Asset Category | Target asset mix |
|------------------------------|------------------|
| Cash and cash equivalents | - |
| New Zealand fixed interest | - |
| International fixed interest | - |
| Australasian equities | - |
| International equities | - |
| Listed property | 100.00% |
| Unlisted property | - |
| Commodities | - |
| Other | - |

Top 10 investments

| Name | % of fund's net asset value | Type | Country | Credit rating (if applicable) |
|------------------------|-----------------------------|-----------------|---------------|-------------------------------|
| ProLogis | 7.81% | Listed property | United States | |
| Digital Realty Trust | 4.08% | Listed property | United States | |
| Simon Property Group | 3.06% | Listed property | United States | |
| AvalonBay Communities | 2.95% | Listed property | United States | |
| Equity Residential | 2.61% | Listed property | United States | |
| Public Storage | 2.48% | Listed property | United States | |
| Ventas | 2.06% | Listed property | United States | |
| Welltower | 1.96% | Listed property | United States | |
| Alexandria Real Estate | 1.75% | Listed property | United States | |
| Healthpeak Properties | 1.67% | Listed property | United States | |

The top 10 investments make up 30.44% of the fund's net asset value.

Currency hedging – The fund is hedged back to New Zealand dollars. As at 30 June 2021, the hedging ratio was 97.9%

Key personnel

This shows the directors and employees who have the most influence on the investment decisions of the fund:

| Name | Current position | Years | Months | Previous position | Years | Months |
|----------------|-------------------------|-------|--------|--|-------|--------|
| Dean Anderson | Chief Executive | 2 | 9 | Smartshares Product Manager, NZX | 4 | 4 |
| Stephen Upton | Chief Operating Officer | 2 | 0 | Smartshares Chief Operating Officer - NZX | 3 | 6 |
| Kerry McIntosh | Director | 2 | 0 | Operating Partner, Zino Ventures (current) | 3 | 4 |
| Paul Hocking | Director | 2 | 0 | Director, Trustees Executors Limited | 10 | 9 |

Further information

You can also obtain this information, the Product Disclosure Statement for the Kernel Funds, and some additional information from the offer register at www.disclose-register.companiesoffice.govt.nz.

Notes

1 Market index returns have been used to complete the risk indicator, as the fund has not been in existence for 5 years. As a result, the risk indicator may provide a less reliable indicator of the potential future volatility of the fund. The risk indicator for the fund uses 5 years of market index returns.