

SRI Portfolio Fact Sheet
30 September 2021
Overview

Consilium 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 portfolios aim to deliver these returns by allocating to world leading investment managers who share a similar philosophy, including Dimensional Fund Advisors, Vanguard, BlackRock, and Harbour Asset Management.

Portfolio construction

Consilium model portfolios adhere to a strategic asset allocation process, which is rigorously reviewed and updated every three 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.

Socially responsible investing

SRI portfolios place an emphasis on supporting higher levels of social responsibility. Specifically, they exclude investments in companies with more than an incidental proportion of revenue generated by tobacco, controversial weapons, and nuclear weapons (or components). The portfolios also seek to exclude underlying investments in alcohol, gambling, adult entertainment, child labour and in firms with high greenhouse gas emissions.

Investor suitability

A 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 pre tax return p.a. ²	7.05%
Expected portfolio volatility p.a. ³	5.71%
Likelihood of a negative year ⁴	1 in 4.4 yrs
Weighted avge fund expenses ⁵	0.26%
No. of underlying funds	8
No. of underlying securities ⁶	9,700+

² Long term expected return gross of all fees and tax

³ This is the portfolio volatility we expect over the long term.

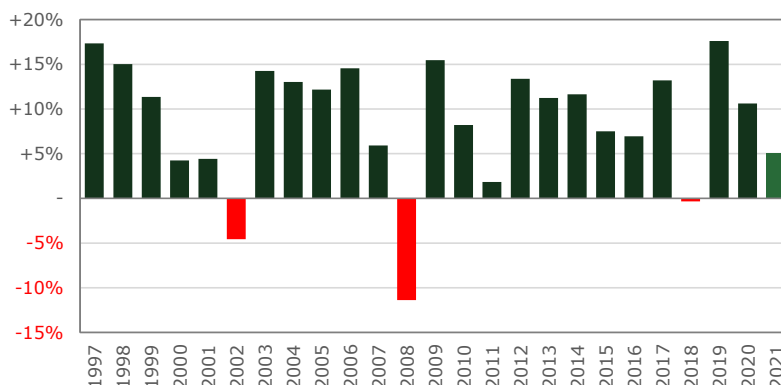
⁴ Calculated on a net of all costs basis (i.e. after deduction of maximum possible fees and projected taxes)

⁵ Includes fees charged by the underlying fund managers and other fund expenses

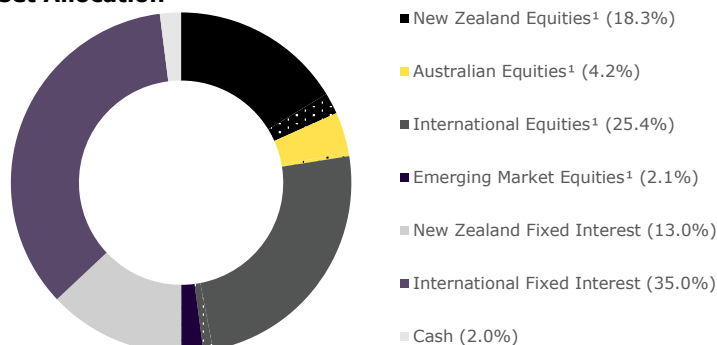
⁶ Estimated from the aggregate holdings information supplied by each of the underlying fund managers

Model portfolio performance

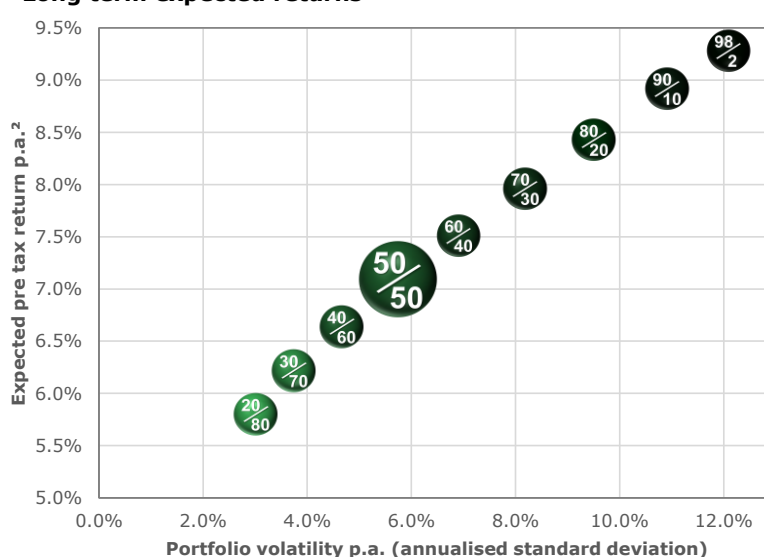
	10y	5y	3y	12m	6m	3m
Return	+9.90%	+9.05%	+9.03%	+11.92%	+4.49%	+0.83%



For more information on historical model portfolio performance, please refer to the disclaimer on page 2.

Asset Allocation


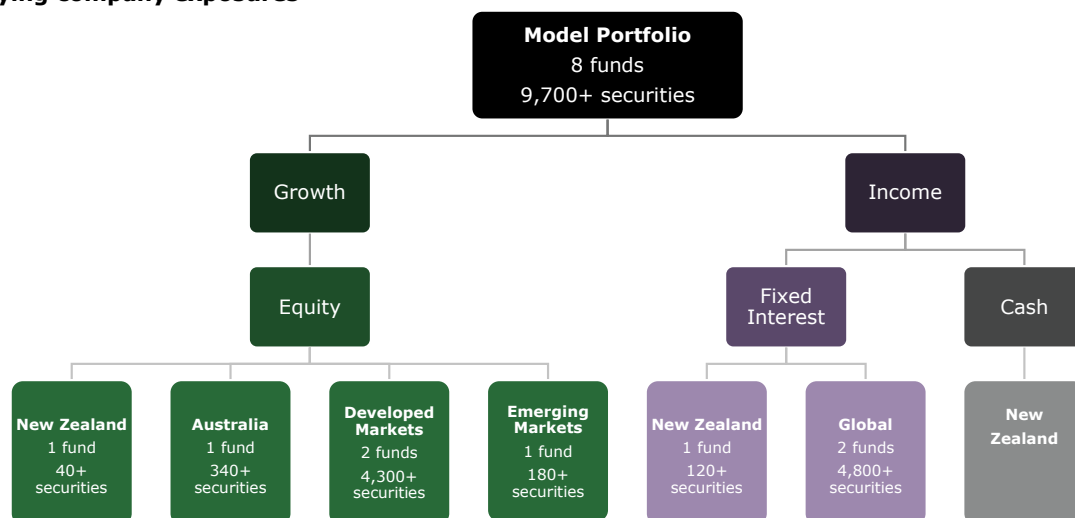
¹ The dotted areas represent the property exposure within each asset class. The overall property exposure in this portfolio is approximately 3.3%.

Long term expected returns


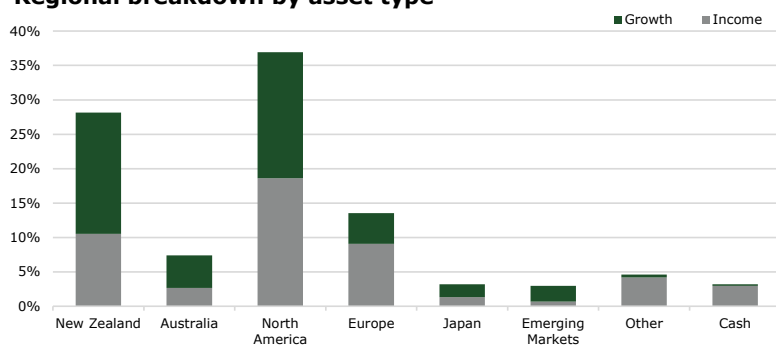
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Underlying company exposures

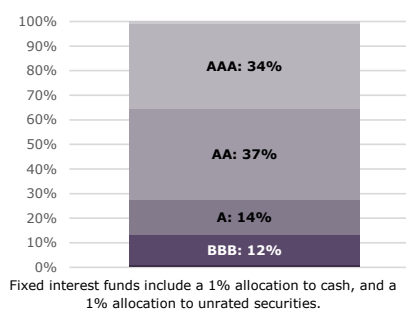


Regional breakdown by asset type



Fixed interest characteristics

Avg. Yield	1.90%
Avg. Duration	6.72 years



Risk factors and their implementation

Equity – size	Exposure to the size factor is achieved by maintaining a strategic allocation to funds that tilt towards small company shares in the international developed markets, Australia and New Zealand.
Equity – value	Exposure to the value factor is achieved by maintaining a strategic allocation to funds that tilt towards companies with low relative price to book ratios in the international developed markets, Australia and New Zealand.
Equity – profitability	Most recommended equity funds tilt towards higher profitability companies, measured by gross profitability scaled by book value.
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.

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Disclaimer: The reported historical returns are net of fund management fees, but before 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 year to date. In order to provide indicative long term performance data some historical performance figures have been backfilled. For more details go to <http://www.consiliumnz.co.nz/disclosure-statement>. 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 (ie, 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 characteristics of income assets 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.