Kernel Funds

Kernel NZ 20 Fund

Fund update for the quarter ended 31 March 2021
This fund update was first made publicly available on 30 April 2021

What is the purpose of this update?

This document tells you how the Kernel NZ 20 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 NZ 20 Fund invests in financial products listed on the NZX and is designed to track the S&P/NZX 20 Index.

Total value of the fund:	$13,494,086.10
The date the fund started:	28 August 2019

What are the risks of investing?

Risk indicator for the Kernel NZ 20 Fund:

Potentially Lower Returns — Potentially Higher Returns

| 1 | 2 | 3 | 4 | **5** | 6 | 7 |

Low Risk — High Risk

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.
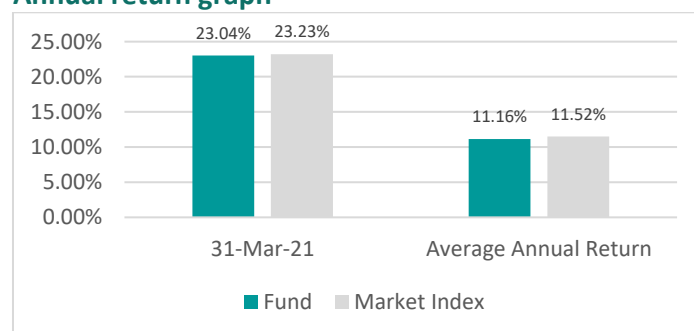
This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data[1] for 5 years to 31 March 2021. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates. 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 (after deductions for charges and tax)	23.04%
Annual return (after deductions for charges but before tax)	23.73%
Market index annual return (reflects no deduction for charges and tax)	23.23%

The market index annual return is based on the annual return of the S&P/NZX 20 Index. 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

Annual return graph

This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started. **Important:** This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

What fees are investors charged?

Investors in the Kernel NZ 20 Fund are charged fund charges. In the year to 31 March 2021 these were:

	% 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.

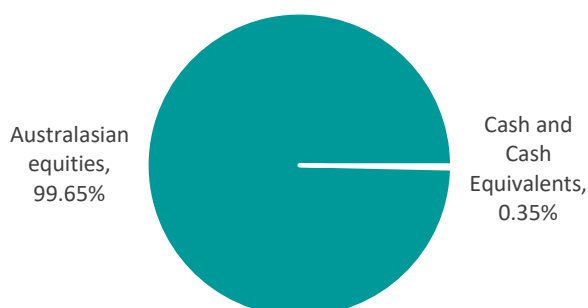Small differences in fees and charges can have a big impact on your investment over the long term.

Example of how this applies to an investor

Emma had $10,000 in the fund on 1 April 2020 and did not make any further contributions. On 31 March 2021, Emma received a return after fund charges were deducted of $2,373 (that is 23.73% of her initial $10,000). This gives Emma a total return after tax of $2,304 for the period.

What does the fund invest in?

Actual investment mix
This shows the types of assets that the fund invests in.

Australasian equities, 99.65%

Cash and Cash Equivalents, 0.35%

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	100.00%
International equities	
Listed property	
Unlisted property	-
Commodities	-
Other	-

Top 10 investments

Name	% of fund's net asset value	Type	Country	Credit rating (if applicable)
Fisher & Paykel Healthcare	16.16%	Australasian equities	New Zealand	
Auckland International Airport	9.17%	Australasian equities	New Zealand	
Spark New Zealand	8.04%	Australasian equities	New Zealand	
Meridian Energy	6.56%	Australasian equities	New Zealand	
The a2 Milk Company	6.20%	Australasian equities	New Zealand	
Ryman Healthcare	6.15%	Australasian equities	New Zealand	
Mainfreight	5.69%	Australasian equities	New Zealand	
Fletcher Building	5.65%	Australasian equities	New Zealand	
Contact Energy	5.20%	Australasian equities	New Zealand	
Infratil	4.99%	Australasian equities	New Zealand	

The top 10 investments make up 73.81% of the fund's net asset value.

Currency hedging - As the fund invests only in NZ dollar investments, currency hedging is not required.

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	6	Smartshares Product Manager, NZX	4	4
Stephen Upton	Chief Operating Officer	1	9	Smartshares Chief Operating Officer - NZX	3	6
Kerry McIntosh	Director	1	9	Operating Partner, Zino Ventures (current)	3	1
Paul Hocking	Director	1	9	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 (as well as actual 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 3 years and 5 months of market index returns.