

GROWTH

with purpose



INVESTMENT WITH
A CONSCIENCE

 perpetual guardian

investing in good

 Conservative ESG Fund

 Balanced ESG Fund

 Growth ESG Fund

ESG INVESTING IS DEFINED AS THE CONSIDERATION OF ENVIRONMENTAL, SOCIAL AND GOVERNANCE FACTORS ALONGSIDE FINANCIAL FACTORS IN YOUR INVESTMENT DECISION-MAKING PROCESS

consider “investing with a conscience” a must have when aligning corporate, Trustee and personal values.

ESG investing has been evolving since the 1960s with investors starting to make conscious decisions to exclude tobacco production and/or involvement in the South African apartheid regime. Today we see significant growth in this approach to investing with demand for ESG considerations forming an integral part of the investment decision making process. Gone are the days when ESG factors were considered damaging for returns. Today, the

very opposite is becoming apparent, as well run companies with diverse boards and excellent governance are more likely to display fewer instances of malpractice, bribery, poor labour practices and fraudulent or irregular accounting procedures. The investing public is demanding the same levels of scrutiny, as we have witnessed here in New Zealand, with the discovery of ‘cluster’ munitions in a range of leading KiwiSaver managers portfolios.

Business to business relationships are also demanding high ethical standards and we have seen that Charitable Trusts are also driving ESG mandates where many consider “investing with a conscience” a must-have when aligning corporate, Trustee and personal values.



Conscious investment

ENVIRONMENTAL
SOCIAL
GOVERNANCE
considerations...



ENVIRONMENTAL

- Carbon emissions
 - Energy use
 - Waste
 - Environmental policies and risk management
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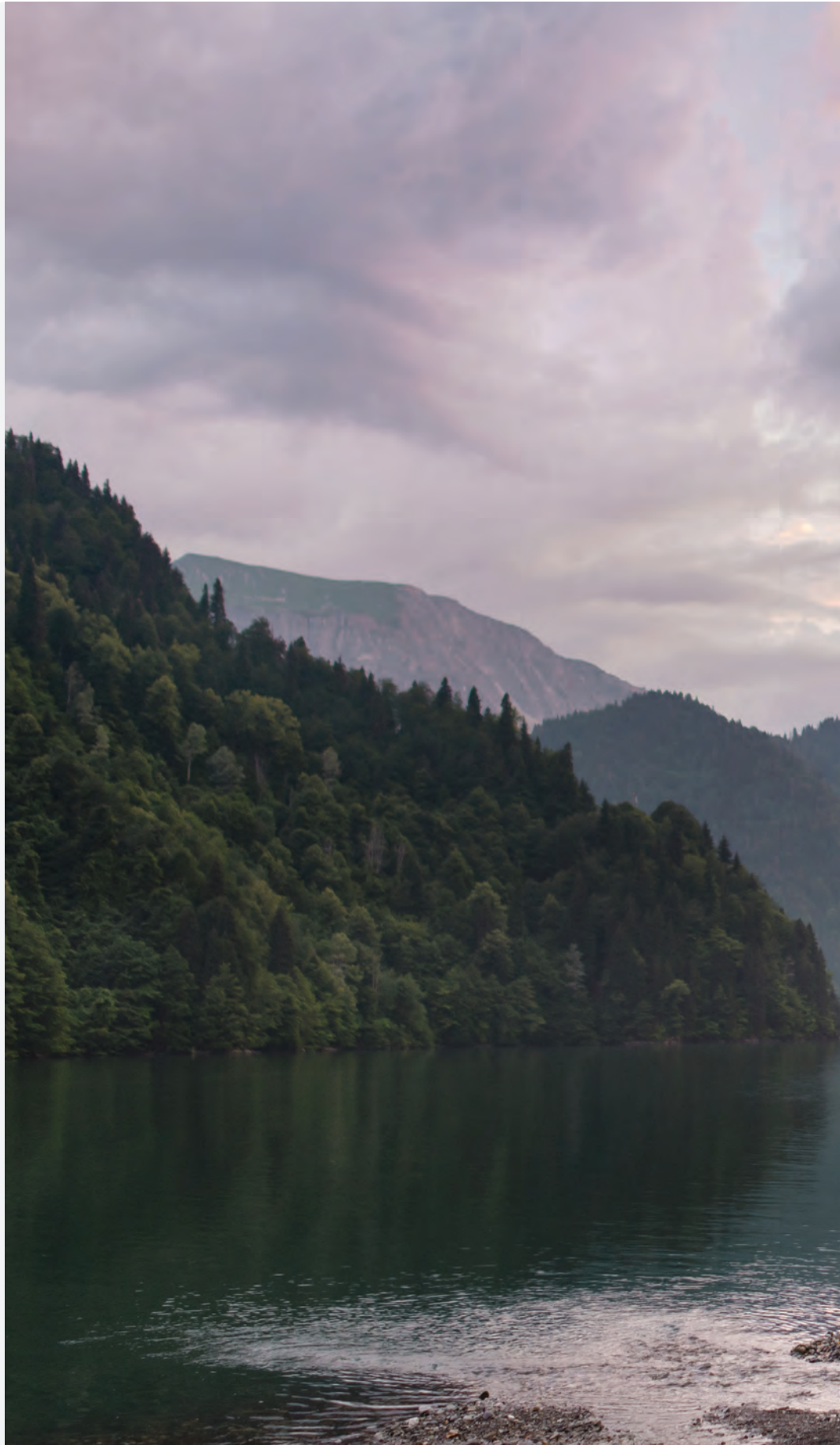
SOCIAL

- Health and safety
 - Modern slavery, positive human and animal rights
 - Stakeholder relations
 - Diversity
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GOVERNANCE

- Board composition
- Executive remuneration and incentives
- Ethics
- Anti-competitive practices
- Promotion of fair and transparent workplaces





Perpetual Guardian Approach

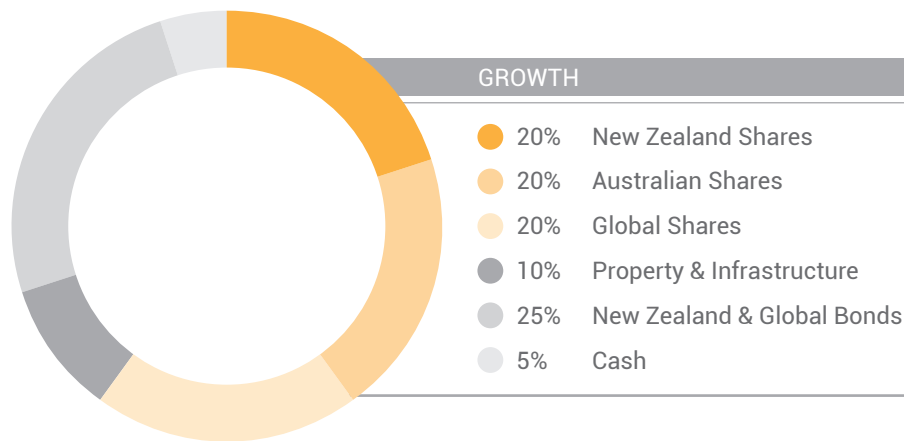
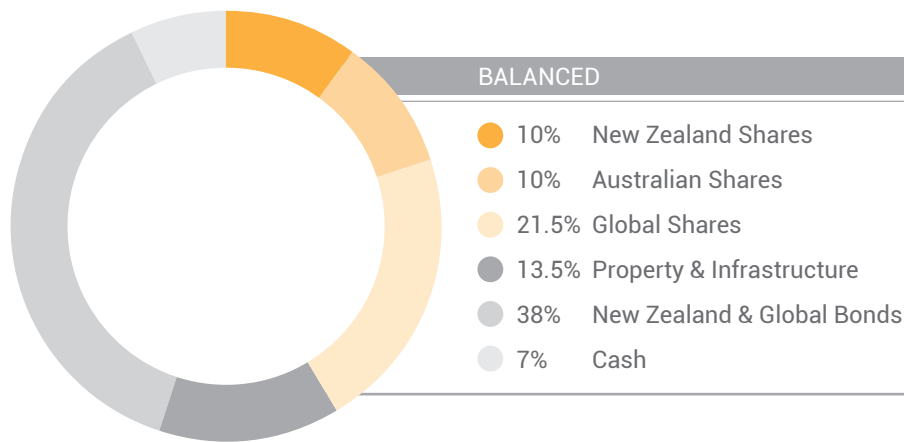
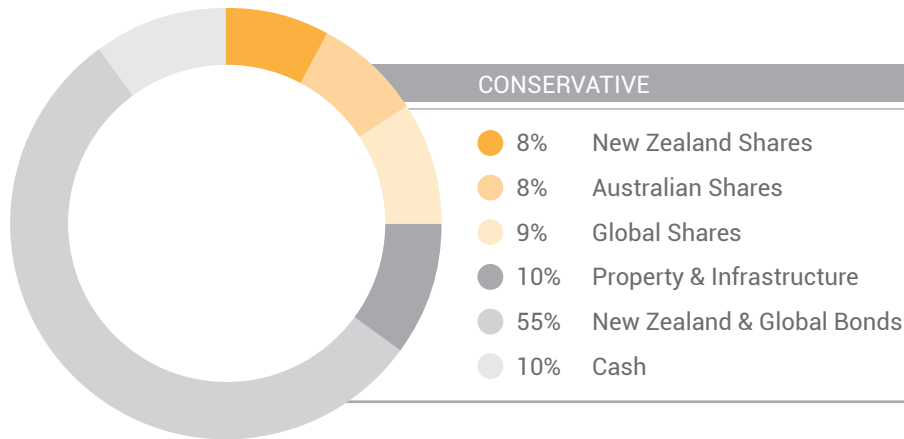
IN CREATING OUR APPROACH TO ESG, OUR FOCUS WAS TO PROVIDE EASY ACCESS TO NATIONAL AND GLOBAL INVESTMENT MARKETS. WE DO THIS BY ADOPTING A WELL-RESEARCHED APPROACH TO LOCAL SHARES SELECTION WITH GLOBAL SHARES BEING SELECTED BASED ON CREDIBLE, EVIDENCE-BASED MARKET RESEARCH. WE BELIEVE THAT LARGE GLOBAL MARKETS ARE GENERALLY FAIRLY PRICED AND EFFICIENT, WITH LITTLE ROOM FOR VALUE-ADD OPPORTUNITIES. IN THESE LARGE WELL-RESEARCHED SECTORS, THE COST OF ACTIVE MANAGEMENT IS NOT CONSISTENTLY REWARDED BY ENHANCED RETURNS.

Smaller markets, such as our own, do however offer value opportunities where scale and efficiency are not priced into markets as efficiently as they are in larger markets. Our high conviction approach to local markets is complemented by a big building block approach to global markets, where we can access global exposures through Exchange Traded Funds [ETFs] at highly competitive prices.

We do not operate a high stock or fund turn-over approach, preferring instead to adopt a long term outlook with a focus on quality. That does not mean that we are lazy managers. It does, however, mean that we can keep our trading costs down and concentrate on providing quality investments with consistent returns rather than chasing the latest trend or fashion.

Asset allocation is instrumental in portfolio construction and is the key driver in the delivery of returns. Asset allocation is designed to spread your investment risk across a range of different asset classes (shares, bonds, and property & money market securities), thereby reducing your exposure to multiple or single event risks, delivering enhanced and more consistent returns. It is the opposite of "putting all your eggs in one basket". Our ESG suite will broadly adopt the following asset allocations:

	CONSERVATIVE	BALANCED	GROWTH
NZ Shares	8%	10%	20%
AU Shares	8%	10%	20%
Global Shares	9%	21.5%	20%
Property & Infrastructure	10%	13.5%	10%
New Zealand & Global Bonds	55%	38%	25%
Cash	10%	7%	5%



Our Environmental, Social and Governance process

WE WILL ADOPT ALL REASONABLE ENDEAVOURS TO ENSURE THAT OUR FUNDS ARE ESG COMPLIANT.

Our philanthropic approach, combined with our extensive history in the fiduciary and investment markets has Perpetual Guardian perfectly positioned to construct and maintain a robust ESG suite of investment products and services.

We screen the recommended portfolio (including underlying investments for ETFs (Exchange Traded Funds) against the New Zealand Super exclusions list using unique security identifiers. The Global Industry Classification Standard (at the sub-industry level) is then used to analyse the recommended portfolio. Specific undesirable industry sectors (Tobacco, Alcohol, Casinos & Gaming) are then screened out.

Independent of this step, both the providers of the recommended portfolio exchange traded funds (BlackRock as owner of iShares, and Vanguard) specifically exclude industries not viewed as socially responsible.

Our ESG suite of products, like our Perpetual Guardian Funds, are all written under the Perpetual Trust Limited Master Trust. All funds fall under the scope of the Perpetual Guardian Investment Committee which provides a technical layer of oversight and sound governance. In addition, our fund's suite is independently audited, with an independent trustee and custodian providing fund accounting and administration services.

All enquiries should be directed to the Investment Advisory team of specialist Investment Advisers who are available across our branch network:-

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