

JMI Wealth

One Off Review of Select Wealth Management Model Portfolios

Prepared by JMI Wealth Limited

18 March 2020

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1. PROCESS

JMI Wealth have been monitoring market events closely over the last few months as more becomes known about the impact of COVID-19 and its impact on the global economy.

We expect to see further uncertainty surrounding global economic conditions, and a likely continuation of the disruptions to global trade, commerce and business activity. Therefore, as Investment Manager to the Select Wealth model portfolios, we are recommending an immediate reduction in growth exposure for the more growth-oriented portfolios. We believe that volatility over the next three months will continue to be higher than historically observed, and that this volatility will provide opportunities to deploy the cash we are generating now back into growth assets.

We will achieve this reduction in growth exposure by a partial sell-down of the exposure to the Vanguard International Shares Select Exclusions Index Fund (NZD Hedged) in the Balanced, Growth and High Growth portfolios. The rationale for reducing the exposure to the Vanguard fund is the passive nature of the fund which requires it to be fully invested, as well as the observation that historically global recessions have tended to be negative for the NZD so removing a fully hedged option increases the unhedged nature of the portfolios.

2. SUMMARY OF CHANGES TO THE SELECTED PORTFOLIO

Balanced Portfolio

Strategic Asset Allocation	Balanced	March 2020	Balanced
	%		%
Cash and Cash Equivalents	10.00%	Cash and Cash Equivalents	20.00%
Australasian Equities	20.50%	Australasian Equities	13.50%
International Equities	29.50%	International Equities	26.50%
International Fixed Interest	0.00%	International Fixed Interest	5.00%
Listed Property	5.00%	Listed Property	5.00%
New Zealand Fixed Interest	35.00%	New Zealand Fixed Interest	25.00%
Other	0.00%	Other	5.00%
	100.00%		100.00%

Balanced	Current	Proposed	Changes
	%	%	%
Aegis Cash Account	5.0%	5.0%	0.00%
Nikko AM NZ Cash Fund (PIE)	11.0%	15.0%	4.00%
AMP Capital NZ Short Duration Fund (AIF Y) (PIE) - SWM	7.0%	7.0%	0.00%
AMP Capital NZ Fixed Interest Fund (AIF F) (PIE) - SWM	8.5%	8.5%	0.00%
Harbour NZ Core Fixed Interest Fund (PIE) - SWM	4.0%	4.0%	0.00%
Nikko AM NZ Bond Fund (PIE) - SWM	5.5%	5.5%	0.00%
Bentham Global Income Fund - \$NZD (W)	0.0%	0.0%	0.00%
Milford Trans-Tasman Bond Fund (PIE) - RB	5.0%	5.0%	0.00%
OneAnswer Property Securities Fund (PIE)	5.0%	5.0%	0.00%
MINT Australasian Equity Fund (PIE) - XR	5.5%	5.5%	0.00%
Devon Trans-Tasman Fund (PIE) - SWM	4.0%	4.0%	0.00%
Nikko AM Concentrated Equity Fund (PIE)	4.0%	4.0%	0.00%
Vanguard International Shares Select Exclusions Index Fund - NZD Hedged (W)	5.5%	1.5%	-4.00%
RIT Capital Partners PLC - GBP (RCP)	5.0%	5.0%	0.00%
Bankers Investment Trust Plc- GBP (BNKR)	6.0%	6.0%	0.00%
Magellan Global Fund - (Unhedged) (W)	5.0%	5.0%	0.00%
Clarity Global Shares Fund (PIE) - SWM	5.0%	5.0%	0.00%
Magellan Infrastructure Fund (Hedged)(W)	4.0%	4.0%	0.00%
Devon Alpha Fund (PIE) - SWM	5.0%	5.0%	0.00%
	100.0%	100.0%	0.0%

Changes

Reduce Vanguard International Shares Select Exclusions Index Fund, invest proceeds in Nikko AM Cash Fund.

Growth Portfolio

Strategic Asset Allocation	Growth	March 2020	Growth
	%		%
Cash and Cash Equivalents	5.00%	Cash and Cash Equivalents	14.00%
Australasian Equities	33.50%	Australasian Equities	19.00%
International Equities	45.50%	International Equities	45.00%
International Fixed Interest	8.00%	International Fixed Interest	0.00%
Listed Property	0.00%	Listed Property	0.00%
New Zealand Fixed Interest	8.00%	New Zealand Fixed Interest	14.00%
Other	0.00%	Other	8.00%
	100.00%		100.00%

Growth	Current	Proposed	Changes
	%	%	%
Aegis Cash Account	5.0%	5.0%	0.00%
Nikko AM NZ Cash Fund (PIE)	5.0%	9.0%	4.00%
AMP Capital NZ Fixed Interest Fund (AIF F) (PIE) - SWM	9.0%	9.0%	0.00%
Nikko AM NZ Bond Fund (PIE) - SWM	5.0%	5.0%	0.00%
Nikko AM Concentrated Equity Fund (PIE)	5.0%	5.0%	0.00%
MINT Australasian Equity Fund (PIE) - XR	7.5%	7.5%	0.00%
Harbour Australasian Equity Income Fund (PIE)	6.5%	6.5%	0.00%
Vanguard International Shares Select Exclusions Index Fund - NZD Hedged (W)	4.0%	0.0%	-4.00%
Baillie Gifford Japan Trust Plc - GBP (BGFD)	2.0%	2.0%	0.00%
Monks Investment Trust Plc - GBP (MNKS)	7.0%	7.0%	0.00%
Schroder Asia Pacific Fund - GBP (SDP)	3.0%	3.0%	0.00%
European Opportunities Trust Plc - GBP (JEO)	3.0%	3.0%	0.00%
Magellan Global Fund - (Unhedged) (W)	10.0%	10.0%	0.00%
Clarity Global Shares Fund (PIE) - SWM	4.0%	4.0%	0.00%
Templeton Emerging Markets Investment Trust - GBP (TEM)	2.00%	2.00%	0.00%
AMP Capital Global Companies Fund (AIF GC) (PIE) - SWM	4.00%	4.00%	0.00%
Clarity - Capital Group New Perspective Fund (PIE) - XR	5.00%	5.00%	0.00%
SPDR S&P 500 ETF Trust - USD (SPY)	5.00%	5.00%	0.00%
Devon Alpha Fund (PIE) - SWM	8.00%	8.00%	0.00%
	100.0%	100.0%	0.0%

Changes

Reduce Vanguard International Shares Select Exclusions Index Fund, invest proceeds in Nikko AM Cash Fund.

High Growth Portfolio

Strategic Asset Allocation	High Growth	March 2020	High Growth
	%		%
Cash and Cash Equivalents	5.00%	Cash and Cash Equivalents	11.50%
Australasian Equities	33.50%	Australasian Equities	16.00%
International Equities	61.50%	International Equities	65.00%
International Fixed Interest	0.00%	International Fixed Interest	0.00%
Listed Property	0.00%	Listed Property	0.00%
New Zealand Fixed Interest	0.00%	New Zealand Fixed Interest	0.00%
Other	0.00%	Other	7.50%
	100.00%		100.00%
High Growth			
	Current	Proposed	Changes
	%	%	%
Aegis Cash Account	5.0%	5.0%	0.00%
Nikko AM NZ Cash Fund (PIE)	2.5%	6.5%	4.00%
MINT Australasian Equity Fund (PIE) - XR	3.5%	3.5%	0.00%
Nikko AM Concentrated Equity Fund (PIE)	7.5%	7.5%	0.00%
Harbour Australasian Equity Fund (PIE)	5.0%	5.0%	0.00%
Vanguard International Shares Select Exclusions Index Fund - NZD Hedged (W)	6.0%	2.0%	-4.00%
Baillie Gifford Japan Trust Plc - GBP (BGFD)	5.0%	5.0%	0.00%
Monks Investment Trust Plc - GBP (MNKS)	7.5%	7.5%	0.00%
European Opportunities Trust Plc - GBP (JEO)	5.0%	5.0%	0.00%
Schroder Asia Pacific Fund - GBP (SDP)	5.0%	5.0%	0.00%
Magellan Global Fund - (Unhedged) (W)	7.5%	7.5%	0.00%
Clarity Global Shares Fund (PIE) - SWM	10.0%	10.0%	0.00%
Templeton Emerging Markets Investment Trust - GBP (TEM)	2.0%	2.0%	0.00%
AMP Capital Global Companies Fund (AIF GC) (PIE) - SWM	5.0%	5.0%	0.00%
Scottish Mortgage Investment Trust Plc - GBP (SMT)	5.0%	5.0%	0.00%
Clarity - Capital Group New Perspective Fund (PIE) - XR	6.0%	6.0%	0.00%
SPDR S&P 500 ETF Trust - USD (SPY)	5.00%	5.00%	0.00%
Devon Alpha Fund (PIE) - SWM	7.50%	7.50%	0.00%
	100.0%	100.0%	0.0%

Changes

Reduce Vanguard International Shares Select Exclusions Index Fund, invest proceeds in Nikko AM Cash Fund.

Select Wealth Management

Selected Portfolios @ 18 March 2020

Conservative	Current %	Proposed %	Changes %
Aegis Cash Account	5.0%	5.0%	0.00%
Nikko AM NZ Cash Fund (PIE)	10.0%	10.0%	0.00%
Harbour NZ Core Fixed Interest Fund (PIE) - SWM	5.5%	5.5%	0.00%
Nikko AM NZ Bond Fund (PIE) - SWM	14.0%	14.0%	0.00%
AMP Capital NZ Fixed Interest Fund (AIF F) (PIE) - SWM	13.0%	13.0%	0.00%
AMP Capital NZ Short Duration Fund (AIF Y) (PIE) - SWM	9.0%	9.0%	0.00%
AMP Capital Ethical Leaders Hedged Global Fixed Interest Fund (AIF Q)(PIE) - SWM	10.0%	10.0%	0.00%
Milford Trans-Tasman Bond Fund (PIE) - RB	7.0%	7.0%	0.00%
Smartshares NZ Property ETF - NZD (NPF)	5.0%	5.0%	0.00%
Harbour Australasian Equity Income Fund (PIE)	3.0%	3.0%	0.00%
Magellan Global Fund - (Unhedged) (W)	3.0%	3.0%	0.00%
RIT Capital Partners PLC - GBP (RCP)	3.0%	3.0%	0.00%
Clarity Global Shares Fund (PIE) - SWM	3.0%	3.0%	0.00%
Magellan Infrastructure Fund (Hedged)(W)	5.0%	5.0%	0.00%
Devon Alpha Fund (PIE) - SWM	4.5%	4.5%	0.00%
	100.00%	100.00%	0.00%

Conservative Balanced Income	Current %	Proposed %	Changes %
Aegis Cash Account	5.0%	5.0%	0.00%
Nikko AM NZ Cash Fund (PIE)	7.5%	7.5%	0.00%
Nikko AM NZ Bond Fund (PIE) - SWM	13.5%	13.5%	0.00%
IAMP Capital NZ Short Duration Fund (AIF Y) (PIE) - SWM	10.0%	10.0%	0.00%
Harbour NZ Core Fixed Interest Fund (PIE) - SWM	5.0%	5.0%	0.00%
IAMP Capital NZ Fixed Interest Fund (AIF F) (PIE) - SWM	12.0%	12.0%	0.00%
Milford Trans-Tasman Bond Fund (PIE) - RB	7.0%	7.0%	0.00%
Smartshares NZ Property ETF - NZD (NPF)	6.0%	6.0%	0.00%
Devon Trans-Tasman Fund (PIE) - SWM	3.0%	3.0%	0.00%
Harbour Australasian Equity Income Fund (PIE)	6.0%	6.0%	0.00%
Nikko AM Concentrated Equity Fund (PIE)	3.5%	3.5%	0.00%
Bankers Investment Trust Plc- GBP (BNKR)	4.0%	4.0%	0.00%
RIT Capital Partners PLC - GBP (RCP)	5.0%	5.0%	0.00%
Clarity Global Shares Fund (PIE) - SWM	3.5%	3.5%	0.00%
Magellan Infrastructure Fund (Hedged)(W)	4.0%	4.0%	0.00%
Devon Alpha Fund (PIE) - SWM	5.0%	5.0%	0.00%
	100.00%	100.00%	0.00%

Balanced	Current %	Proposed %	Changes %
Aegis Cash Account	5.0%	5.0%	0.00%
Nikko AM NZ Cash Fund (PIE)	11.0%	15.0%	4.00%
IAMP Capital NZ Short Duration Fund (AIF Y) (PIE) - SWM	7.0%	7.0%	0.00%
IAMP Capital NZ Fixed Interest Fund (AIF F) (PIE) - SWM	8.5%	8.5%	0.00%
Harbour NZ Core Fixed Interest Fund (PIE) - SWM	4.0%	4.0%	0.00%
Nikko AM NZ Bond Fund (PIE) - SWM	5.5%	5.5%	0.00%
Milford Trans-Tasman Bond Fund (PIE) - RB	5.0%	5.0%	0.00%
OneAnswer Property Securities Fund (PIE)	5.0%	5.0%	0.00%
MINT Australasian Equity Fund (PIE) - XR	5.5%	5.5%	0.00%
Devon Trans-Tasman Fund (PIE) - SWM	4.0%	4.0%	0.00%
Nikko AM Concentrated Equity Fund (PIE)	4.0%	4.0%	0.00%
Vanguard International Shares Select Exclusions Index Fund - NZD Hedged (W)	5.5%	1.5%	-4.00%
RIT Capital Partners PLC - GBP (RCP)	5.0%	5.0%	0.00%
Bankers Investment Trust Plc- GBP (BNKR)	6.0%	6.0%	0.00%
Magellan Global Fund - (Unhedged) (W)	5.0%	5.0%	0.00%
Clarity Global Shares Fund (PIE) - SWM	5.0%	5.0%	0.00%
Magellan Infrastructure Fund (Hedged)(W)	4.0%	4.0%	0.00%
Devon Alpha Fund (PIE) - SWM	5.0%	5.0%	0.00%
	100.0%	100.0%	0.0%

Growth	Current %	Proposed %	Changes %
Aegis Cash Account	5.0%	5.0%	0.00%
Nikko AM NZ Cash Fund (PIE)	5.0%	9.0%	4.00%
AMP Capital NZ Fixed Interest Fund (AIF F) (PIE) - SWM	9.0%	9.0%	0.00%
Nikko AM NZ Bond Fund (PIE) - SWM	5.0%	5.0%	0.00%
Nikko AM Concentrated Equity Fund (PIE)	5.0%	5.0%	0.00%
MINT Australasian Equity Fund (PIE) - XR	7.5%	7.5%	0.00%
Harbour Australasian Equity Income Fund (PIE)	6.5%	6.5%	0.00%
Vanguard International Shares Select Exclusions Index Fund - NZD Hedged (W)	4.0%	0.0%	-4.00%
Baillie Gifford Japan Trust Plc - GBP (BGFD)	2.0%	2.0%	0.00%
Monks Investment Trust Plc - GBP (MNKS)	7.0%	7.0%	0.00%
Schroder Asia Pacific Fund - GBP (SDP)	3.0%	3.0%	0.00%
Jupiter European Opportunities Trust Plc - GBP (JEO)	3.0%	3.0%	0.00%
Magellan Global Fund - (Unhedged) (W)	10.0%	10.0%	0.00%
Clarity Global Shares Fund (PIE) - SWM	4.0%	4.0%	0.00%
Templeton Emerging Markets Investment Trust - GBP (TEM)	2.00%	2.00%	0.00%
AMP Capital Global Companies Fund (AIF GC) (PIE) - SWM	4.00%	4.00%	0.00%
Clarity - Capital Group New Perspective Fund (PIE) - XR	5.00%	5.00%	0.00%
SPDR S&P 500 ETF Trust - USD (SPY)	5.00%	5.00%	0.00%
Devon Alpha Fund (PIE) - SWM	8.00%	8.00%	0.00%
	100.0%	100.0%	0.0%

High Growth	Current %	Proposed %	Changes %
Aegis Cash Account	5.0%	5.0%	0.00%
Nikko AM NZ Cash Fund (PIE)	2.5%	6.5%	4.00%
MINT Australasian Equity Fund (PIE) - XR	3.5%	3.5%	0.00%
Nikko AM Concentrated Equity Fund (PIE)	7.5%	7.5%	0.00%
Harbour Australasian Equity Fund (PIE)	5.0%	5.0%	0.00%
Vanguard International Shares Select Exclusions Index Fund - NZD Hedged (W)	6.0%	2.0%	-4.00%
Baillie Gifford Japan Trust Plc - GBP (BGFD)	5.0%	5.0%	0.00%
Monks Investment Trust Plc - GBP (MNKS)	7.5%	7.5%	0.00%
Jupiter European Opportunities Trust Plc - GBP (JEO)	5.0%	5.0%	0.00%
Schroder Asia Pacific Fund - GBP (SDP)	5.0%	5.0%	0.00%
Magellan Global Fund - (Unhedged) (W)	7.5%	7.5%	0.00%
Clarity Global Shares Fund (PIE) - SWM	10.0%	10.0%	0.00%
Templeton Emerging Markets Investment Trust - GBP (TEM)	2.0%	2.0%	0.00%
AMP Capital Global Companies Fund (AIF GC) (PIE) - SWM	5.0%	5.0%	0.00%
Scottish Mortgage Investment Trust Plc - GBP (SMT)	5.0%	5.0%	0.00%
Clarity - Capital Group New Perspective Fund (PIE) - XR	6.0%	6.0%	0.00%
SPDR S&P 500 ETF Trust - USD (SPY)	5.00%	5.00%	0.00%
Devon Alpha Fund (PIE) - SWM	7.50%	7.50%	0.00%
	100.0%	100.0%	0.0%

GBP Balanced Growth	Current %	Proposed %	Changes %
Aegis Cash Account	1.0%	1.0%	0.00%
GBP Cash Management Account	34.0%	34.0%	0.00%
iShares UK Property UCITS ETF - GBP (IUKP)	10.0%	10.0%	0.00%
iShares FTSE UK Dividend Plus - GBP (IUKD)	10.0%	10.0%	0.00%
Bankers Investment Trust Plc- GBP (BNKR)	10.0%	10.0%	0.00%
The City of London Investment Trust PLC - GBP (CTY)	10.0%	10.0%	0.00%
RIT Capital Partners PLC - GBP (RCP)	15.0%	15.0%	0.00%
Scottish Mortgage Investment Trust Plc - GBP (SMT)	10.0%	10.0%	0.00%
	100.0%	100.0%	0.0%