

Key information

Bought and sold from Kernel directly or via all major wrap platforms

Structure: Portfolio Investment Entity (PIE)

Fund Inception: 11 December 2023

Morningstar AU Fund code: 25868

Morningstar Code: F00001K964

Citi Code: AHWDS

Disclose Register #: FND46941

Total fund value: \$20,595,580

Distribution frequency: Quarterly

Indicative net yield¹: 4.27%

Duration²: 6.05

Management fee: 0.30% p.a.

Offer documents³

PDS: August 2025

SIPO: September 2025

ESG Policy: April 2024

Fund Update: September 2025

Benchmark fundamentals⁴

Benchmark: Bloomberg US Aggregate Bond Index Hedged NZD

Benchmark yield: 4.26%

Benchmark duration: 6.05

Risk

Fund update risk Indicator: 4

12 month volatility⁵: 4.47%

Target investment mix

| Asset | Target | Actual |
|--|--------|--------|
| Cash and cash equivalents ⁶ | | 0.24% |
| Global fixed interest ⁷ | 100% | 99.76% |

Currency hedging

Permitted hedging range: 95%-105%

Actual hedging ratio: 99.76%

Fund overview

The Kernel US Bond Fund provides exposure to the US bond market and is hedged against currency fluctuations. The fund aims to provide a similar return as an index made up of the total U.S. investment-grade bond market including government and corporate bonds hedged into NZD.

Strategy

The Kernel US Bond Fund can be used in a variety of investment strategies:

- As a core component of a portfolio to reduce its risk and volatility
- To gain exposure to the US fixed interest markets with the effects of the NZD currency movements reduced
- Low-cost investment grade bonds exposure

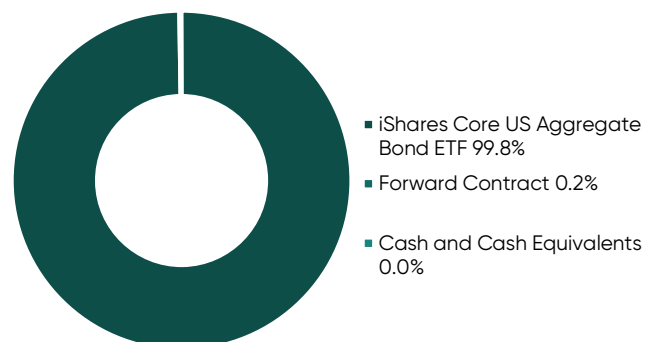
Performance

| | 1 month | 3 months | 1 year | 5 years p.a. |
|-------------------------------------|---------|----------|--------|--------------|
| Performance (after fees before tax) | 0.47% | 1.95% | 4.20% | N/A |
| Benchmark | 0.50% | 2.01% | 4.57% | -0.90% |

Note that benchmark returns do not reflect deductions for charges and taxes.

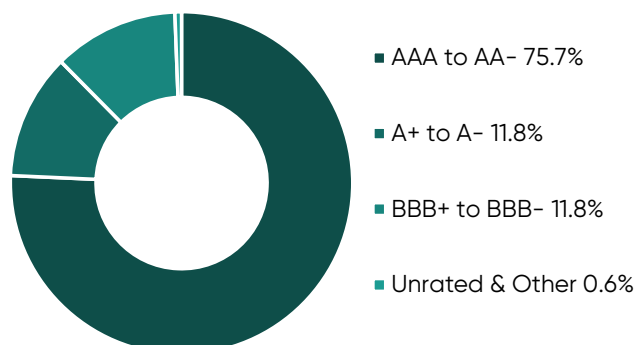
Portfolio composition

This shows the allocation of the portfolio by type of instrument:



Credit rating⁸

This shows the allocation of the fund by issuer credit rating (S&P or equivalent):



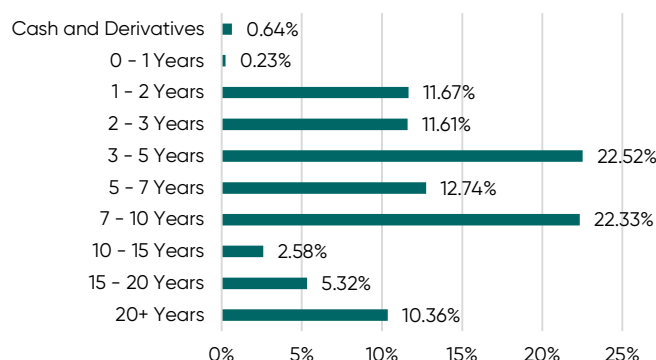
Sector composition⁸

This shows the allocation of the portfolio by sector:

| Sector | Weight |
|-------------------------|--------|
| Treasury | 45.80% |
| MBS Pass-Through | 24.02% |
| Industrial | 14.13% |
| Financial Institutions | 7.94% |
| Utility | 2.43% |
| CMBS | 1.43% |
| Sovereign | 1.06% |
| Supranational | 0.93% |
| Cash and/or Derivatives | 0.64% |
| Local Authority | 0.63% |
| Agency | 0.55% |
| ABS | 0.45% |

Maturity breakdown⁸

This shows the allocation of the portfolio by maturity:



Further information

The information is not investment advice. Kernel has taken reasonable steps to ensure that the information in this document is accurate and up-to-date. Kernel does not accept any responsibility for any error or omission or for any loss resulting from the use of this information, except to the extent required by law.

Largest holdings⁸

| | |
|-------------------------------------|-------|
| Blackrock Cash Funds: Institutional | 2.99% |
| US Treasury Note | 0.45% |
| US Treasury Note | 0.44% |
| US Treasury Note | 0.43% |
| US Treasury Note | 0.43% |

About the Portfolio Manager

Matthew Winton joined Kernel in June 2022 and actively manages Kernel's Cash Plus Fund and the fixed income component of the Kernel Balanced Fund. He has over 15 years' experience as a Fixed Income specialist. Matthew started his career as a derivatives trader at Citibank Auckland and Sydney, followed by Tokyo and London. Prior to joining Kernel, he was the Head of USD derivatives and US Treasury Trading for BNP Paribas London where he successfully led a team of swaps and bond traders. Matthew's expertise and research contributes to broader investment decision making across the Kernel Funds.

1. Annualised indicative bond yield (net of fees, but before PIE tax) of the iShares Core US Aggregate Bond ETF supplied by Bloomberg. The NZD yield may be lower after currency hedging.

2. Duration is the weighted average time to maturity of the portfolio.

3. The offer documents are available at www.kernelwealth.co.nz

4. Benchmark yield-to-worst and duration supplied by Bloomberg.

5. 12 month volatility is the standard deviation of daily returns, annualised by multiplying by square root of number of periods.

6. Cash equivalents includes securities with maturities less than 365 days and floating rate notes with interest rate resets at least annually.

7. Global Fixed Interest is defined as foreign currency denominated debt Instruments paying a fixed Interest rate .

8. Data retrieved from iShares by Blackrock: <https://www.ishares.com/us/products/239458/ishares-core-total-us-bond-market-etf>