



Public Trust Investment Service.

Personalised Portfolio
Service



The service is used by Public Trust as an investment option where it is currently acting as trustee or co-trustee of an estate or trust, or as property attorney or property manager for a non-consultable customer. The service is not open to members of the public.

publictrust.co.nz



Public Trust

Introducing the Personalised Portfolio Service

The Personalised Portfolio Service is a specialist investment advice service for wholesale trusts with over \$1,000,000 to invest, featuring:

- Personal financial advice from an experienced Investment Adviser
- An investment portfolio using expert investment managers that is tailored to the specific requirements of each trust
- A choice of how much investment decision making the trustee may delegate to the Investment Adviser
- Custody services
- Comprehensive reporting.



What the Personalised Portfolio Service offers

The Personalised Portfolio Service (PPS) embodies Public Trust's nearly 140 years of trustee and investment expertise and offers:

Specialist trust investment

- The portfolio recommended by the Investment Adviser is specifically designed for trustee investment as it considers both the capital and income components of return. In particular, for charitable trusts, the strategy targets a prudent likelihood of maintaining the real value of capital while producing a sustainable level of income to ensure that the trusts objectives are met over the long-term.
- The portfolios are prudent - well diversified with high quality securities and sound investment strategies, aligning to the requirements of the Trustee Act.

Specialist trustee investment advice

- The Investment Adviser has particular experience in trustee investing. In addition to advice on portfolio construction and strategy the Investment Adviser can provide advice on both short-term and long-term income earning rates to assist in planning spending/granting levels.
- For charitable trusts the Investment Adviser can also advise on maintaining the real value of capital, reserving income and capitalising income.

Delegation of investment decision making

- The trustee can choose the degree of delegation given to the Investment Adviser for investment decisions – primarily individual security purchase and sales. The trustee therefore does not need to spend time and effort considering individual security transaction recommendations from the Investment Adviser, thereby reducing cost and risk to the trust.

No conflict of interest

- Unlike share brokers who benefit from brokerage or new security placements, Public Trust's investment advice is independent and not subject to a potential conflict of interest.

Long and strong track record

- We have over 140 years experience, more than any other provider, so you know your dedicated investment manager has a wealth of experience behind them.
- We're a Crown Entity and our independence is guaranteed under the Public Trust Act 2001.

Additional diversification through Alternative Assets

- The PPS has a greater level of diversification than standard investment portfolios with a benchmark weighting of 10% in Alternative Assets. In addition the service can give access to Alternative Assets such as private equity funds and limited partnerships which are not open to the general public.
- Together, these features help PPS portfolios reduce portfolio risk and increase potential sources of excess return.

Strong governance

- Design and operation of the PPS is overseen by the Investment Committee which is a sub-committee of Public Trust's Board. The entire PPS investment programme is reviewed every three years by an independent external adviser. Strong governance such as this is generally accepted as an important contributor to better outcomes for the customers.



What the Personalised Portfolio Service offers...

Competitive fee structure

- The annual portfolio management fee and custody/administration fee are competitive and there is a significant discount to the portfolio management fee as the amount invested increases.
- Public Trust has negotiated brokerage rates significantly below that which an individual trust may achieve. In addition, turnover within the portfolios is low, further reducing brokerage costs.

Simpler (cheaper) for the trustee to administer

- The operational aspects of the PPS are integrated into Public Trusts workflow process, greatly simplifying matters for the trustee. Consequently the cost of trustee time and attendance is likely to be lower than if the investments were held externally.

Comprehensive reporting

- Personalised portfolio reports produced by the Investment Adviser are provided to the trustee on a semi-annual or annual basis.
- The reports are tailored specifically for trusts, recording factors such as the real value of capital and the level of income.
- Comparative performance is extensive with performance against objectives, benchmark and peers provided. This assists the trustee in assessing whether the portfolio is performing satisfactorily.

Access to wholesale transactions

- While individual PPS portfolios receive personalised advice and portfolios, overall portfolio management is centralised. This allows transactions to be aggregated across individual portfolios. This in turn allows individual portfolios to own denominations of particular wholesale bonds that are below the minimum investment size that would be accepted if an individual PPS customer made an application.

How the service works

In order to ensure that the Investment Adviser gives the trustee the best possible investment advice, the trustee first completes an Investment Needs Analysis (INA), capturing the key characteristics and objectives of the trust.

The Investment Adviser then carefully considers the INA and prepares a personalised Statement of Investment Policy (SIPO) and Objectives together with an Implementation Plan. These key documents outline the plan for achieving the trusts objectives and the prudent constraints that must be observed in executing the investment strategy.

Following trustee signoff of the SIPO and Implementation Plan an Investor Agreement is completed. This formalises the discretion given to the Investment Adviser to act on behalf of the trust and the terms under which the custodian may operate.

The investment portfolio is then implemented by the Portfolio Manager. The investments are recorded in the name of the trust by the custodian and reporting agent.

The Investment Adviser will monitor the portfolio and provide semi-annual reports.

Who is involved?

Investment Adviser:	Public Trust Investments Specialist
Custodian:	Public Trust Corporate Trustee Services
Reporting agent:	NZX Wealth Technologies

Public Trust's investment beliefs and strategy

The PPS is used by Public Trust where it is acting in a fiduciary capacity. Consequently the investment programme may be characterised as prudent so as to meet obligations under the Trustee Act.

Within the overall investment programme a key investment belief is that main stream investment markets are competitive and dynamic, with active returns very difficult to find and constantly changing source. Consequently the investment strategy the PPS employs in these markets is a market capitalisation indexed strategy i.e. investing in accordance with the composition of the relevant benchmark for each asset class. The key benefits of this strategy are that it provides reliable returns relative to the performance of the underlying market, is able to be implemented at a significantly lower cost than more active strategies that attempt to outperform the market and it is simple to understand.

The PPS will take active risk where there is a high degree of confidence that it will be adequately rewarded. This is currently the case in sectors such as infrastructure and private equity. These sectors also play to the strength of perpetual charitable trusts which are able to accept the lack of liquidity, which is often a characteristic of these sectors in return for a higher potential return. Public Trust appoints specialist third parties to manage investments in these alternative asset classes.

Further information on Public Trust's investment beliefs and strategy can be found in the document "Public Trust Investment Beliefs" available at www.publictrust.co.nz.

Investment Managers:	
Asset Class	Manager
Australasian shares, bonds and cash	Public Trust ¹
Global Shares	Vanguard Investments Pty Ltd ²
Alternative Assets – NZ Infrastructure	Morrison & Co ³
Alternative Assets – NZ Private Equity	Pencarrow Capital Partners ³ Pioneer Capital ³ Southern Pastures ³ Waterman Capital III ³ Willis Bond ³ Movac Limited ³

Notes:

- Public Trust does not receive a fee for this service.
- From 30 June 2016
- Currently closed to new investors.

What are the costs?

Investment Advice Fees – Upfront	
Fees deducted from capital prior to investment.	
Initial planning fee	\$2,300

Portfolio Monitoring Fee on Capital account	
Fee is not charged on cash held with the custodian	
Default is for fees to be deducted from the Capital account monthly and refunded from the Undistributed Income Account	
Balance	Fee (p.a.)
On the first \$1,000,000	0.95%
On the next \$1,000,000 up to \$2,000,000	0.60%
On the next \$3,000,000 up to \$5,000,000	0.30%
On any amount additional above \$5,000,000	negotiable

Portfolio Monitoring Fee on all other accounts	
Fees are deducted from the applicable account monthly	
Balance	Fee (p.a.)
On all balances	0.11%

Custody & Administration Fee ² – Capital Account – Growth Assets	
Default is for fees to be deducted from the Capital account monthly and refunded from the Undistributed Income Account	
Balance	Fee (p.a.)
On the first \$1,000,000	0.18%
On the next \$4,000,000 up to \$5,000,000	0.14%
On the next \$5,000,000 up to \$10,000,000	0.10%
On any amount additional above \$10,000,000	0.06%

Custody & Administration Fee ¹ – Capital Account – Income Assets	
Fees are deducted from the Capital account monthly and refunded from the Undistributed Income Account	
Balance	Fee (p.a.)
On all balances	0.10%

Custody & Administration Fee ¹ – all other accounts	
Fees are deducted from the applicable account monthly	
Balance	Fee (p.a.)
On all balances	0.10%

Note 1: Does not include fees for third party funds in which the PPS may invest. Refer to the individual investment statements of these funds.

Note 2: The Custody and Administration Fee does not include third party expenses such as brokerage, exchange fees and sub-custodian fees. These are deducted from capital as incurred.

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