

# Harbour Australasian Equity Income Fund

## Fund Update

for the quarter ended 30 September 2018

Harbour Investment Funds

This fund update was first made publicly available on 30 October 2018

### What is the purpose of this update?

This document tells you how the Harbour Australasian Equity Income Fund has performed and what fees were charged. The document will help you compare the Fund with other funds. Harbour Asset Management 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 Fund is designed to generate quarterly income from a diversified portfolio of Australasian listed equities that pay sustainable and growing dividend yields (the amount a company pays out in dividends each year relative to its share price) as well as holding cash and fixed interest securities.

**Investment Objective:** The performance objective of the Fund is to generate a higher yield than the New Zealand and Australian markets.

**Benchmark:** 60% S&P/ASX Industrials Index and 40% S&P/NZX Portfolio Index.

Total value of the Fund (NZD)

\$ 37,010,963

The date the Fund started

1 November 2011

### What are the risks of investing?

LOWER RISK

HIGHER RISK



Potentially lower returns

Potentially higher returns

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](http://www.sorted.org.nz).

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.

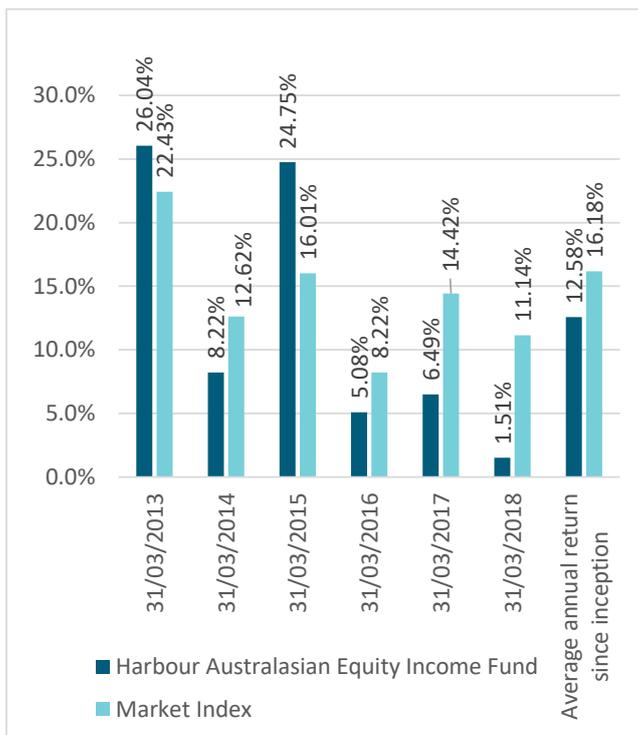
This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the 5 years to 30 September 2018. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates. See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in the Fund.

## How has the Fund performed?

	Average over past 5 years	Past Year
<b>Annual Return<sup>1</sup></b> (after deductions for charges and tax)	<b>10.41%</b>	<b>8.89%</b>
<b>Annual Return<sup>1</sup></b> (after deductions for charges but before tax)	<b>11.78%</b>	<b>10.01%</b>
<b>Market index annual return<sup>1</sup></b> (reflects no deduction for charges and tax)	<b>13.67%</b>	<b>18.40%</b>

The market index annual return is based on the weighted average return of the market indices used to measure performance of the underlying fund. In this case the Market Index is 60% S&P/ASX industrials Index and 40% S&P/NZX portfolio Index. Additional information about the market index is available on the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Annual Return Graph<sup>2</sup>



This shows the return after Fund charges and tax for each year ending 31 March since the Fund started. The last bar shows the annualised annual return since the fund started, up to 30 September 18. Market Index Returns do not include any tax, expenses or charges.

**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 Fund are charged fund charges. In the year to 30 June 2018 these were as follows:

	% of net asset value
<b>Total fund charges (Inc. GST)</b>	<b>1.13%</b>
Which are made up of:	
<b>Total management and administration</b>	<b>1.13%</b>
Including-	
Manager's basic fee	0.83%
Other management and administration charges <sup>3</sup>	0.30%
<b>Total Performance-based fees</b>	<b>0.00%</b>

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS and Other Material Information Document (OMI) for more information about fees.

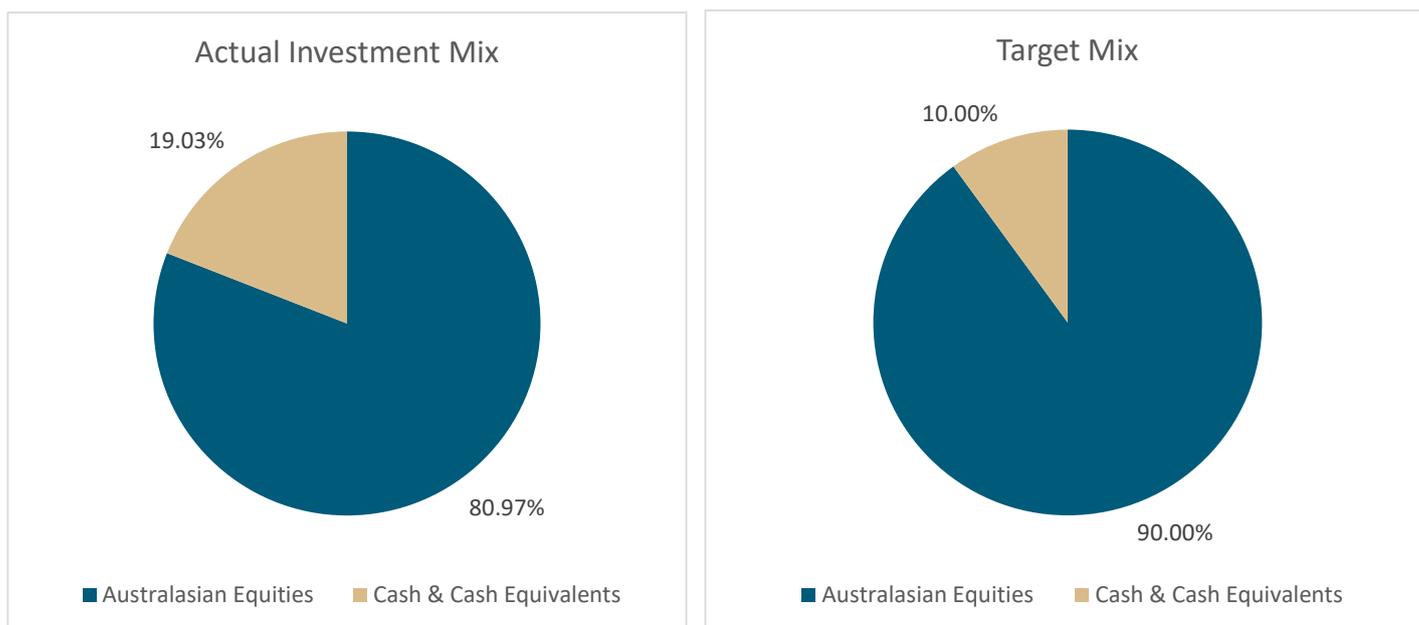
## Example of how this applies to an investor

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

Jenny had \$10,000 in the Harbour Australasian Equity Income Fund at the start of the year and did not make any further contributions. At the end of the year, Jenny received a return, after fund charges were deducted, of \$1001 (that is 10.01% of her initial \$10,000). This gives Jenny a total return after tax of \$889 for the year.

## What does the Fund invest in?

This shows the types of assets that the fund invests in.



Actual asset allocation to 30 September 2018. Actual asset allocation will vary from the target asset allocation as market conditions change and if we pursue tactical investment opportunities.

## Top 10 investments

Name	% of Fund net assets	Type	Country
Meridian Energy	4.46%	Australasian equities	NZ
Contact Energy	4.06%	Australasian equities	NZ
Mainfreight	3.99%	Australasian equities	NZ
Spark New Zealand	3.98%	Australasian equities	NZ
Kathmandu Holdings	3.90%	Australasian equities	NZ
Vital Healthcare Property	3.00%	Australasian equities	NZ
Precinct Properties NZ	2.95%	Australasian equities	NZ
Macquarie Group	2.85%	Australasian equities	AU
Goodman Property Trust	2.78%	Australasian equities	NZ
Mirvac Group	2.66%	Australasian equities	AU

The top 10 investments make up **34.6%** of the net asset value of the Fund.

## Key Personnel

Name	Current Position	Time in current position	Previous position	Time in previous position
Craig Stent 	Executive Director & Portfolio Manager	8 years and 9 months	Research Analyst, Alliance Bernstein	7 years & 3 months
Shane Solly 	Director, Portfolio Manager and Research Analyst	4 years and 6 months	Head of Equities, Mint Asset Management	7 years & 2 months
Andrew Bascand 	Managing Director & Portfolio Manager	8 years and 9 months	Senior Vice President & Portfolio Manager, Alliance Bernstein	10 years

## Further information

You can also obtain this information, the PDS for the Harbour Australasian Equity Income Fund, and some additional information from the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Notes:

- Returns to 30 September 2018.
- The bar chart shows fund returns after the deduction of fees and tax, however the market index returns are shown before any fees or tax is deducted.
- Other fees: these charges cover the general management of the Fund e.g. administration, Supervisor, legal, and audit fees and costs required to comply with relevant legislation. These charges are based on the audited financial statements for the Fund to 30 June 2018 and includes any applicable GST. These also include underlying fund charges for retail funds holding units in other Harbour Funds. More information on these charges can be found in the PDS and the other material information document (OMI) on the Disclose Register.
- The Fund currently has 35.28% of assets invested in Australian equities. Of this exposure, we have a 80.93% hedge on these Australian dollar denominated assets.

## Hyperlinks to Harbour documents:

Product Disclosure statement (PDS)

Other material information (OMI)

Statement of Investment policy & objectives (SIPO)

# Harbour Australasian Equity Focus Fund Fund Update

for the quarter ended 30 September 2018

Harbour Investment Funds

This fund update was first made publicly available on 30 October 2018

## What is the purpose of this update?

This document tells you how the Harbour Australasian Equity Focus Fund has performed and what fees were charged. The document will help you compare the Fund with other funds. Harbour Asset Management 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 Fund is an actively managed fund investing in New Zealand and Australian listed equities. It is a high conviction fund where the portfolio will consist of companies our analysts have researched and have a high belief will perform over the medium to longer-term. A higher rated company will have a higher weighting in the portfolio.

**Investment Objective:** To deliver medium to long term capital growth through investing in quality businesses with strong growth prospects.

**Benchmark:** 50% S&P/NZX 50 and a 50% S&P/ASX 200 Index (which is 50% hedged into NZ dollars).

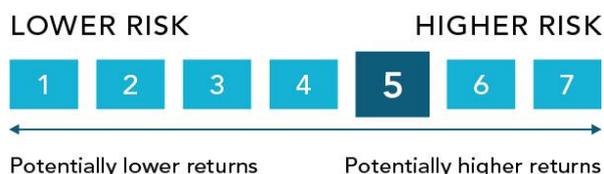
**Total value of the Fund (NZD)**

\$ 21,880,166

**The date the Fund started**

10 April 2014

## What are the risks of investing?



A combination of actual Fund returns and market index returns have been used to determine the risk indicator for the Harbour Australasian Equity Focus Fund (inception 10 April 2014), as the Fund has not been operational for the required 5 years. The risk indicator may therefore provide a less reliable indicator of potential future volatility of this Fund.

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](http://www.sorted.org.nz).

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.

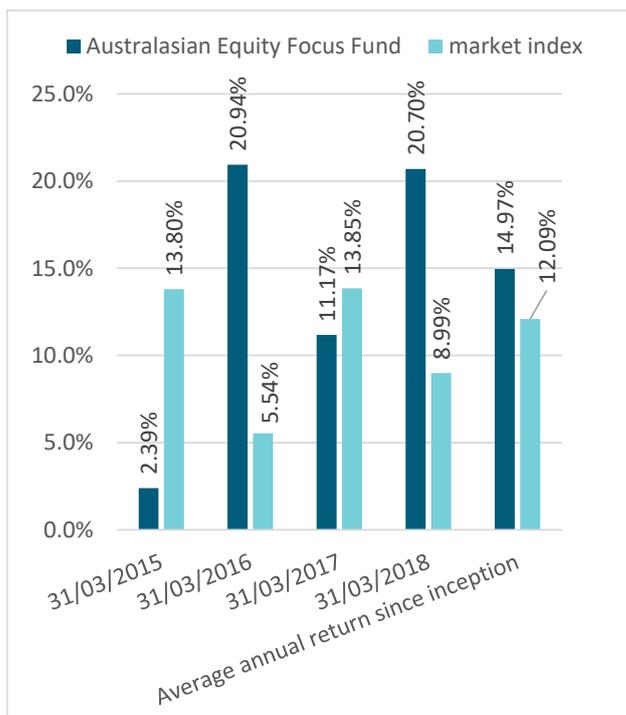
This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the 5 years to 30 September 2018. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates. See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this Fund.

## How has the Fund performed?

	Past Year
<b>Annual Return<sup>1</sup></b> (after deductions for charges and tax)	<b>20.23%</b>
<b>Annual Return<sup>1</sup></b> (after deductions for charges but before tax)	<b>20.55%</b>
<b>Market index annual return<sup>1</sup></b> (reflects no deduction for charges and tax)	<b>16.80%</b>

The market index annual return is based on the weighted average return of the market indices used to measure performance of the underlying fund. In this case the Market Index is 50% S&P/NZX50 and a 50% S&P/ASX 200 Index (which is hedged into NZD). Additional information about the market index is available on the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Annual Return Graph<sup>2</sup>



This shows the return after Fund charges and tax for each year ending 31 March since the Fund started. The last bar shows the annualised annual return since the fund started, up to 30 September 18. Market Index Returns do not include any tax, expenses or charges.

**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 Fund are charged fund charges. In the year to 30 June 2018 these were as follows:

	% of net asset value
<b>Total fund charges (Inc. GST)*</b>	<b>2.13%</b>
Which are made up of:	
<b>Total management and administration</b>	<b>1.26%</b>
Including-	
Manager's basic fee	0.93%
Other management and administration charges <sup>3</sup>	0.33%
<b>Total Performance-based fees</b>	<b>0.87%</b>

\* The performance fee includes an amount accrued up to 31 December 2017 and subsequently paid in January 2018 and an expense accrual from 1 January 2018 to 30 June 2018. The accrual is subject to change (down or up) depending on relative performance for the remainder of the calendar year for 2018. Please refer to the latest PDS which details these estimated fees and charges to provide you with an indication for the year to 30 June 2019.

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS and Other Material Information Document (OMI) for more information about fees. Also see the product disclosure statement for more information about the basis on which performance fees are charged.

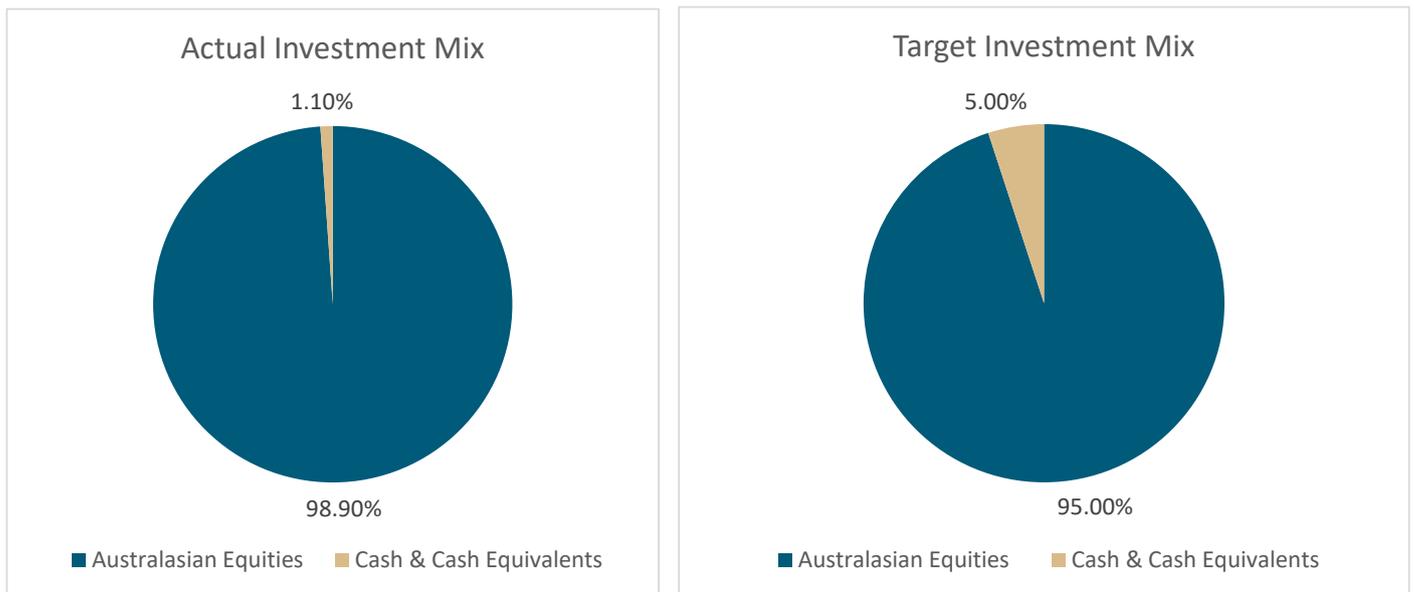
## Example of how this applies to an investor

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

Jenny had \$10,000 in the Harbour Australasian Equity Focus Fund at the start of the year and did not make any further contributions. At the end of the year, Jenny received a return, after fund charges were deducted, of \$2,055 (that is 20.55% of her initial \$10,000). This gives Jenny a total return after tax of \$2,023 for the year.

## What does the Fund invest in?

This shows the types of assets that the fund invests in.



Actual asset allocation to 30 September 2018. Actual asset allocation will vary from the target asset allocation as market conditions and if we pursue tactical investment opportunities.

## Top 10 investments

Name	% of Fund net assets	Type	Country
A2 Milk	12.96%	Australasian equities	NZ
CSL	9.55%	Australasian equities	AU
Mainfreight	8.10%	Australasian equities	NZ
Summerset Group Holdings	6.42%	Australasian equities	NZ
Macquarie Group	6.31%	Australasian equities	AU
Challenger	5.62%	Australasian equities	AU
Vista Group International	4.91%	Australasian equities	NZ
Scales Corp	4.44%	Australasian equities	NZ
Kathmandu Holdings	4.15%	Australasian equities	NZ
Gentrack Group	3.49%	Australasian equities	NZ

The top 10 investments make up **66.0%** of the net asset value of the Fund.

## Key Personnel

Name	Current Position	Time in current position	Previous position	Time in previous position
Andrew Bascand 	Managing Director	8 years and 9 months	Senior Vice President & Portfolio Manager, Alliance Bernstein	10 Years
Shane Solly 	Director, Portfolio Manager	4 years and 6 months	Head of Equities, Mint Asset Management	7 years & 2 months
Craig Stent 	Executive Director, Head of Equities	8 years and 9 months	Research Analyst, Alliance Bernstein	7 years & 3 months

## Further information

You can also obtain this information, the PDS for the Harbour Australasian Equity Focus Fund, and some additional information from the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Notes:

- Returns to 30 September 2018.
- The bar chart shows fund returns after the deduction of fees and tax, however the market index returns are shown before any fees or tax is deducted.
- Other fees: these charges cover the general management of the Fund e.g. administration, Supervisor, legal, and audit fees and costs required to comply with relevant legislation. These charges are based on the audited financial statements for the Fund to 30 June 2018 and includes any applicable GST. These also include underlying fund charges for retail funds holding units in other Harbour Funds. More information on these charges can be found in the PDS and the other material information document (OMI) on the Disclose Register.
- The Fund currently has 42.03% of assets invested in Australian equities. Of this exposure, we have a 19.98% hedge on these Australian dollar denominated assets.

## Hyperlinks to Harbour documents:

Product Disclosure statement (PDS)

Other material information (OMI)

Statement of Investment policy & objectives (SIPO)

# Harbour Australasian Equity Fund

## Fund Update

for the quarter ended 30 September 2018

Harbour Investment Funds

This fund update was first made publicly available on 30 October 2018

### What is the purpose of this update?

This document tells you how the Harbour Australasian Equity Fund has performed and what fees were charged. The document will help you compare the Fund with other funds. Harbour Asset Management 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 Fund provides actively managed exposure to New Zealand and Australian listed equities. This Fund has a growth-oriented investment management approach to generate alpha (return over the benchmark) for investors.

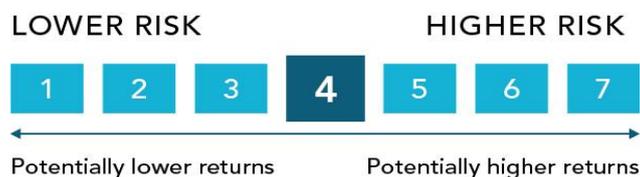
**Investment Objective:** To achieve a gross return of 5.0% per annum above the benchmark over the long term.

**Benchmark:** S&P/NZX 50 Index

<b>Total value of the Fund (NZD)</b>	<b>\$262,759,132</b>
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<b>The date the Fund started</b>	<b>11 April 2010</b>
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### What are the risks of investing?



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](http://www.sorted.org.nz).

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 for the 5 years to 30 September 2018. 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.

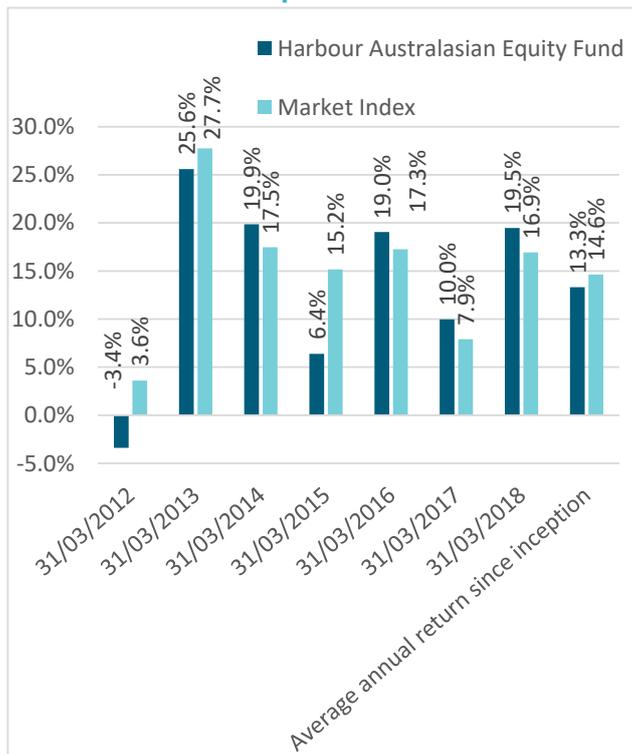
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this Fund.

## How has the Fund performed?

	Average over past 5 years	Past Year
<b>Annual Return<sup>1</sup></b> (after deductions for charges and tax)	<b>15.50%</b>	<b>17.90%</b>
<b>Annual Return<sup>1</sup></b> (after deductions for charges but before tax)	<b>16.52%</b>	<b>18.63%</b>
<b>Market index annual return<sup>1</sup></b> (reflects no deduction for charges and tax)	<b>15.99%</b>	<b>19.15%</b>

The market index annual return is based on the weighted average return of the market indices used to measure performance of the underlying fund. In this case the Market Index is the S&P/NZX50 Index. Additional information about the market index is available on the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

### Annual Return Graph<sup>2</sup>



This shows the return after fund charges and tax for each year ending 31 March since the Fund started. The last bar shows the annualised annual return since the Fund started, up to 30 September 18. The Market Index Returns do not include any tax, expenses or charges.

**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 Fund are charged fund charges. In the year to 30 June 2018 these were as follows:

	% of net asset value
<b>Total fund charges (Inc. GST)</b>	<b>1.11%</b>
Which are made up of:	
<b>Total management and administration</b>	<b>1.11%</b>
Including-	
Manager's basic fee	0.92%
Other management and administration charges <sup>3</sup>	0.19%
<b>Total Performance-based fees</b>	<b>0.00%</b>

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS and Other Material Information Document OMI for more information about fees. Also see the product disclosure statement for more information about the basis on which performance fees are charged.

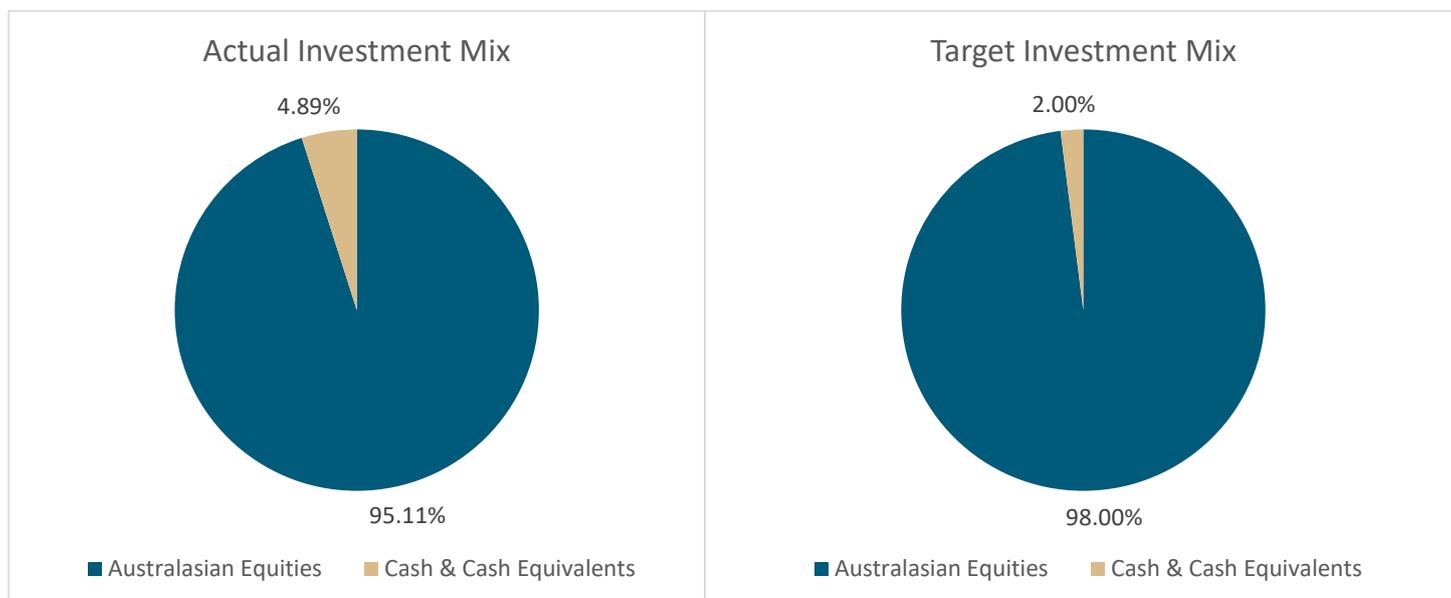
## Example of how this applies to an investor

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

Jenny had \$10,000 in the Harbour Australasian Equity Fund at the start of the year and did not make any further contributions. At the end of the year, Jenny received a return, after fund charges were deducted, of \$1,863 (that is 18.63% of her initial \$10,000). This gives Jenny a total return after tax of \$1,790 for the year.

## What does the Fund invest in?

This shows the types of assets that the fund invests in.



Actual asset allocation to 30 September 2018. Actual asset allocation will vary from the target asset allocation as market conditions change and if we pursue tactical investment opportunities.

## Top 10 investments

Name	% of Fund net assets	Type	Country
A2 Milk	13.05%	Australasian equities	NZ
Mainfreight	6.98%	Australasian equities	NZ
Spark New Zealand	6.51%	Australasian equities	NZ
Contact Energy	4.60%	Australasian equities	NZ
Summerset Group Holdings	4.56%	Australasian equities	NZ
Auckland Intl Airport	4.53%	Australasian equities	NZ
Fisher & Paykel Healthcare	4.22%	Australasian equities	NZ
Fletcher Building	4.03%	Australasian equities	NZ
Meridian Energy	3.64%	Australasian equities	NZ
CSL	3.39%	Australasian equities	AU

The top 10 investments make up **55.5%** of the net asset value of the Fund.

## Key Personnel

Name	Current Position	Time in current position	Previous position	Time in previous position
Andrew Bascand 	Managing Director	8 years and 9 months	Senior Vice President & Portfolio Manager, Alliance Bernstein	10 Years
Shane Solly 	Director, Portfolio Manager	4 years and 6 months	Head of Equities, Mint Asset Management	7 years & 2 months
Craig Stent 	Executive Director, Head of Equities	8 years and 9 months	Research Analyst, Alliance Bernstein	7 years & 3 months

## Further information

You can also obtain this information, the PDS for the Harbour Australasian Equity Fund, and some additional information from the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Notes:

1. Returns to 30 September 2018.
2. The bar chart shows fund returns after the deduction of fees and tax, however the market index returns are shown before any fees or tax is deducted.
3. Other fees: these charges cover the general management of the Fund e.g. administration, Supervisor, legal, and audit fees and costs required to comply with relevant legislation. These charges are based on the audited financial statements for the Fund to 30 June 2018 and includes any applicable GST. These also include underlying fund charges for retail funds holding units in other Harbour Funds. More information on these charges can be found in the PDS and the other material information document (OMI) on the Disclose Register.
4. The Fund currently has 21.10% of assets invested in Australian equities. Of this exposure, we have a 20.49% hedge on these Australian dollar denominated assets.

## Hyperlinks to Harbour documents:

Product Disclosure statement (PDS)

Other material information (OMI)

Statement of Investment policy & objectives (SIPO)

# Harbour Income Fund Fund Update

for the quarter ended 30 September 2018

Harbour Investment Funds

This fund update was first made publicly available on 30 October 2018

## What is the purpose of this update?

This document tells you how the Harbour Income Fund has performed and what fees were charged. The document will help you compare the Fund with other funds. Harbour Asset Management 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 Fund is designed to give a favourable level of income. The Fund invests predominantly in New Zealand investment grade fixed interest securities and Australasian equities which pay a sustainable dividend yield. Other tools, such as active management and scope to invest in sub investment grade securities may also be used to enhance returns.

**Investment Objective:** The investment objective of the Fund is to exceed the Official Cash Rate (OCR) plus 3.5% pa over rolling three year periods.

**Benchmark:** 68% S&P/NZX A Grade Corporate Bond Total Return Index; 16% S&P/ASX200 Industrials Index (100% hedged to NZ dollars); and 16% S&P/NZX Portfolio Index.

**Total value of the Fund (NZD)**

**\$80,496,753**

**The date the Fund started**

**28 October 2015**

## What are the risks of investing?

LOWER RISK

HIGHER RISK



Potentially lower returns

Potentially higher returns

A combination of actual Fund returns and market index returns have been used to determine the risk indicator for the Harbour Income Fund (inception 28 October 2015), as the Fund has not been operational for the required 5 years. The risk indicator may therefore provide a less reliable indicator of potential future volatility of this Fund.

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](http://www.sorted.org.nz).

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 for the 5 years to 30 September 2018. 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.

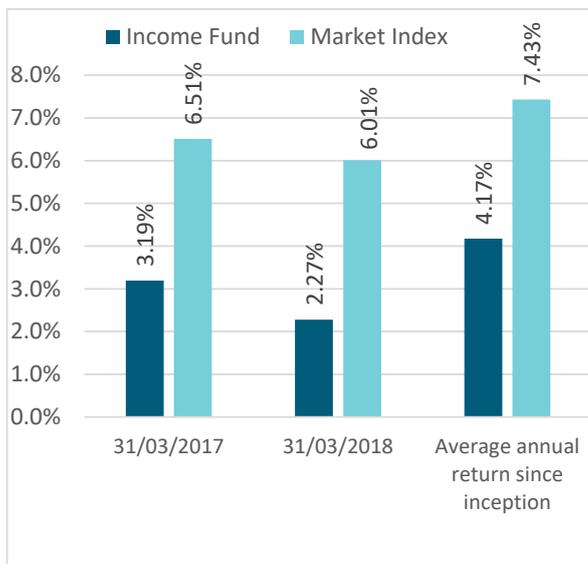
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this Fund.

## How has the Fund performed?

	Past Year
<b>Annual Return<sup>1</sup></b> (after deductions for charges and tax)	<b>4.78%</b>
<b>Annual Return<sup>1</sup></b> (after deductions for charges but before tax)	<b>5.90%</b>
<b>Market index annual return<sup>1</sup></b> (reflects no deduction for charges and tax)	<b>7.87%</b>

The market index annual return is based on the weighted average return of the market indices used to measure performance of the underlying fund. In this case the Market Index is 68% S&P/NZX A Grade Corporate Bond Total Return Index; 16% S&P/ASX200 Industrials Index (100% hedged to NZ dollars); and 16% S&P/NZX Portfolio Index. Additional information about the market index is available on the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Annual Return Graph<sup>2</sup>



This shows the return after Fund charges and tax for each year ending 31 March since the Fund started.

The last bar shows the annualised annual return since the fund started, up to 30 September 18. Market Index Returns do not include any tax, expenses or charges.

**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 Fund are charged fund charges. In the year to 30 June 2018 these were as follows:

	% of net asset value
<b>Total fund charges (Inc. GST)</b>	<b>0.63%</b>
Which are made up of:	
<b>Total management and administration</b>	<b>0.63%</b>
Including-	
Manager's basic fee	0.44%
Other management and administration charges <sup>3</sup>	0.19%
<b>Total Performance-based fees</b>	<b>0.00%</b>

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS and Other Material Information

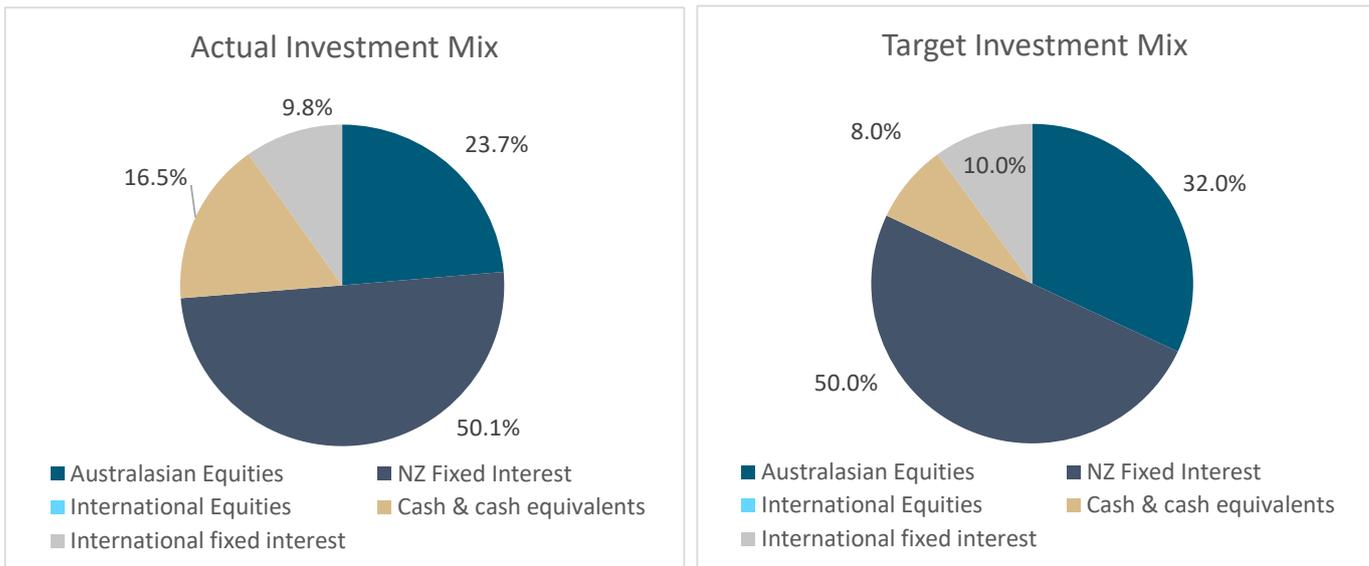
## Example of how this applies to an investor

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

Jenny had \$10,000 in the Harbour Income Fund at the start of the year and did not make any further contributions. At the end of the year, Jenny received a return, after fund charges were deducted, of \$590 (that is 5.90% of her initial \$10,000). This gives Jenny a total return after tax of \$478 for the year.

## What does the Fund invest in?

This shows the types of assets that the fund invests in.



Actual asset allocation to 30 September 2018. Actual asset allocation will vary from the target asset allocation as market conditions change and if we pursue tactical investment opportunities.

## Top 10 investments

Name	% of Fund net assets	Type	Country	Credit Rating
NZGS Index Linked Bond 20/09/2025 2.00%	4.24%	New Zealand fixed interest	NZ	AA+
NAB Trust Services Limited 19/06/28 FRN	4.11%	International fixed interest	AUD	BBB
Government Index Link Bd 20/09/35 2.50%	2.92%	New Zealand fixed interest	NZ	AA+
Realm Capital Series Fund	2.76%	International fixed interest	AUD	NR
Westpac NZ Limited 23/03/2023 3.72%	2.54%	New Zealand fixed interest	NZ	AA-
ANZ 11/05/2020 4.48%	1.43%	New Zealand fixed interest	NZ	AA-
Government Index Link Bd 20/09/40 2.50%	1.43%	New Zealand fixed interest	NZ	AA+
Contact Energy Limited 27/05/2020 5.277	1.31%	New Zealand fixed interest	NZ	BBB
Genesis Power Limited 01/11/2019 5.205%	1.30%	New Zealand fixed interest	NZ	BBB+
Kiwibank 29/05/2020 4.6475%	1.30%	New Zealand fixed interest	NZ	Aa3

The top 10 investments make up **23.3%** of the net asset value of the Fund.

## Key Personnel

Name	Current Position	Time in current position	Previous position	Time in previous position
 Mark Brown	Director, Fixed Income Portfolio Manager	8 years and 0 months	AXA/Alliance Bernstein, Head of Fixed Interest	16 years & 5 months
 Craig Stent	Executive Director, Head of Equities	8 years and 9 months	Alliance Bernstein, Research Analyst	7 years & 3 months
 Simon Pannett	Director, Research Analyst	5 years and 2 months	Investment Solutions, UK Investment Analyst	2 years & 4 months

## Further information

You can also obtain this information, the PDS for the Harbour Income Fund, and some additional information from the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Notes:

- Returns to 30 September 2018.
- The bar chart shows fund returns after the deduction of fees and tax, however the market index returns are shown before any fees or tax is deducted.
- Other fees: these charges cover the general management of the Fund e.g. administration, Supervisor, legal, and audit fees and costs required to comply with relevant legislation. These charges are based on audited financial statements to 30 June 2018 and includes any applicable GST. More information on these charges can be found in the PDS and the other material information document (OMI) on the Disclose Register. "

## Hyperlinks to Harbour documents:

Product Disclosure statement (PDS)

Other material information (OMI)

Statement of Investment policy & objectives (SIPO)

# Harbour NZ Core Fixed Interest Fund Fund Update

for the quarter ended 30 September 2018

Harbour Investment Funds

This fund update was first made publicly available on 30 October 2018

## What is the purpose of this update?

This document tells you how the Harbour NZ Core Fixed Interest Fund has performed and what fees were charged. The document will help you compare the Fund with other funds. Harbour Asset Management 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 Fund is an actively managed investment grade bond fund that invests mainly in New Zealand Government and corporate bond fixed interest securities.

**Investment Objective:** The investment objective of the Fund is to outperform the benchmark by 100 basis points per annum over a rolling three year period.

**Benchmark:** 50:50 weighted average of the S&P/NZX Government Bond Index and S&P/NZX A Grade Corporate Bond Total Return Index.

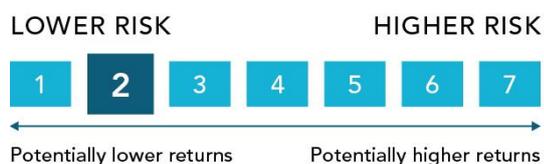
Total value of the Fund (NZD)

\$156,342,202

The date the Fund started

24 May 2011

## What are the risks of investing?



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](http://www.sorted.org.nz).

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 for the 5 years to 30 September 2018. 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.

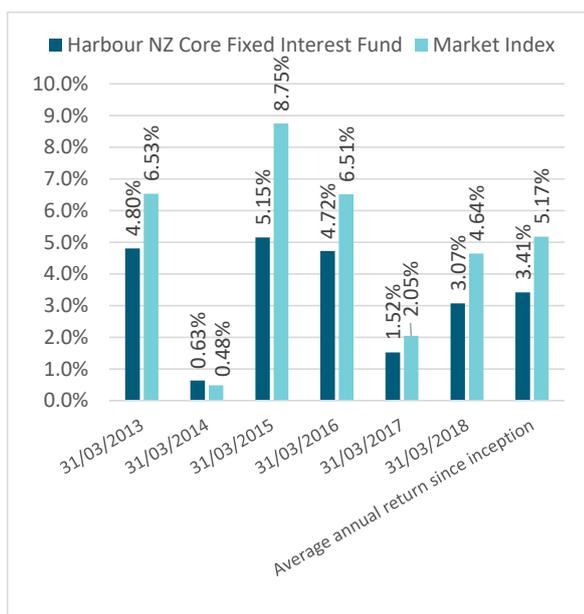
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this Fund.

## How has the Fund performed?

	Average over past 5 years	Past Year
<b>Annual Return<sup>1</sup></b> (after deductions for charges and tax)	<b>3.43%</b>	<b>2.92%</b>
<b>Annual Return<sup>1</sup></b> (after deductions for charges but before tax)	<b>4.79%</b>	<b>4.08%</b>
<b>Market index annual return<sup>1</sup></b> (reflects no deduction for charges and tax)	<b>5.26%</b>	<b>4.75%</b>

The market index annual return is based on the weighted average return of the market indices used to measure performance of the underlying fund. In this case the Market Index is 50:50 weighted average of the S&P/NZX Government Bond Index and S&P/NZX A Grade Corporate Bond Total Return Index. Additional information about the market index is available on the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Annual Return Graph<sup>2</sup>



This shows the return after Fund charges and tax for each year ending 31 March since the Fund started. The last bar shows the annualised annual return since the fund started, up to 30 September 18. Market Index Returns do not include any tax, expenses or charges.

**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 Fund are charged fund charges. In the year to 30 June 2018 these were as follows:

	% of net asset value
<b>Total fund charges (Inc. GST)</b>	<b>0.64%</b>
Which are made up of:	
<b>Total management and administration</b>	<b>0.64%</b>
Including-	
Manager's basic fee	0.54%
Other management and administration charges <sup>3</sup>	0.10%
<b>Total Performance-based fees</b>	<b>0.00%</b>

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS and Other Material Information Document (OMI) for more information about fees.

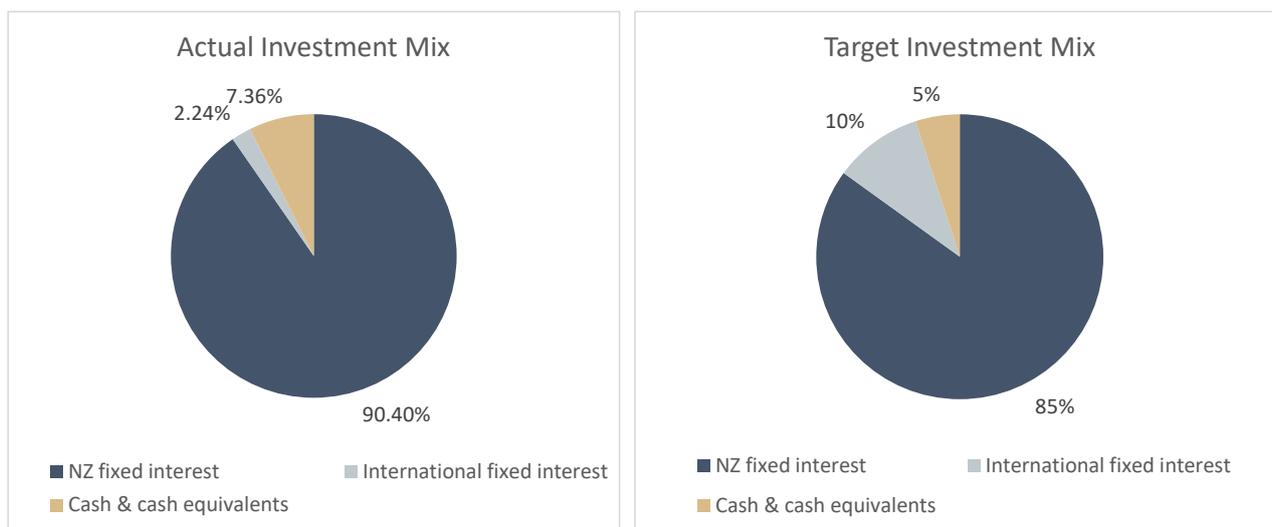
## Example of how this applies to an investor

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

Jenny had \$10,000 in the Harbour NZ Core Fixed Interest Fund at the start of the year and did not make any further contributions. At the end of the year, Jenny received a return, after fund charges were deducted, of \$408 (that is 4.08% of her initial \$10,000). This gives Jenny a total return after tax of \$292 for the year.

## What does the Fund invest in?

This shows the types of assets that the fund invests in.



Actual asset allocation to 30 September 2018. Actual asset allocation will vary from the target asset allocation as market conditions and if we pursue tactical investment opportunities.

## Top 10 investments

Name	% of Fund net assets	Type	Country	Credit Rating
NZGS Index Linked Bond 20/09/2025 2.00%	11.15%	New Zealand fixed interest	NZ	AA+
NZ Government Stock 15/03/2019 5.00%	7.27%	New Zealand fixed interest	NZ	AA+
NZ Government Stock 15/04/2020 3.00%	6.95%	New Zealand fixed interest	NZ	AA+
NZ Government Stock 15/05/2021 6.00%	6.07%	New Zealand fixed interest	NZ	AA+
NZ Local Govt Fund Agency 04/25 2.75%	2.78%	New Zealand fixed interest	NZ	AA+
NZ Government Stock 15/04/2023 5.50%	2.58%	New Zealand fixed interest	NZ	AA+
Nordic Investment Bank 18/03/21 3.125%	2.04%	New Zealand fixed interest	NZ	AAA
NZ Government Stock 20/04/2029 3.00%	1.89%	New Zealand fixed interest	NZ	AA+
Fonterra Cooperative Grp 20/10/21 4.33%	1.35%	New Zealand fixed interest	NZ	A-
NZ Local Gov Fund Agency 14/04/33 3.50%	1.34%	New Zealand fixed interest	NZ	AA+

The top 10 investments make up **43.4%** of the net asset value of the Fund.

## Key Personnel

Name	Current Position	Time in current position	Previous position	Time in previous position
Mark Brown 	Director, Fixed Income Portfolio Manager	7 years and 12 months	AXA/Alliance Bernstein, Head of Fixed Interest	16 years & 5 months
Christian Hawkesby 	Executive Head of Fixed Income & Economics	7 years and 12 months	Bank of England	9 years & 1 month
Simon Pannett 	Director, Research Analyst	5 years and 2 months	Investment Solutions, UK Investment Analyst	2 years & 4 months
George Henderson 	Investment Analyst	0 years and 3 months	Portfolio Manager, Royal London Asset Management	11 years & 6 months

## Further information

You can also obtain this information, the PDS for the Harbour NZ Core Fixed Interest Fund, and some additional information from the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Notes:

1. Returns to 30 September 2018.
2. The bar chart shows fund returns after the deduction of fees and tax, however the market index returns are shown before any fees or tax is deducted.
3. Other fees: these charges cover the general management of the Fund e.g. administration, Supervisor, legal, and audit fees and costs required to comply with relevant legislation. These charges are based on the audited financial statements for the Fund to 30 June 2018 and includes any applicable GST. These also include underlying fund charges for retail funds holding units in other Harbour Funds. More information on these charges can be found in the PDS and the other material information document (OMI) on the Disclose Register.

## Hyperlinks to Harbour documents:

Product Disclosure statement (PDS)

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Statement of Investment policy & objectives (SIPO)

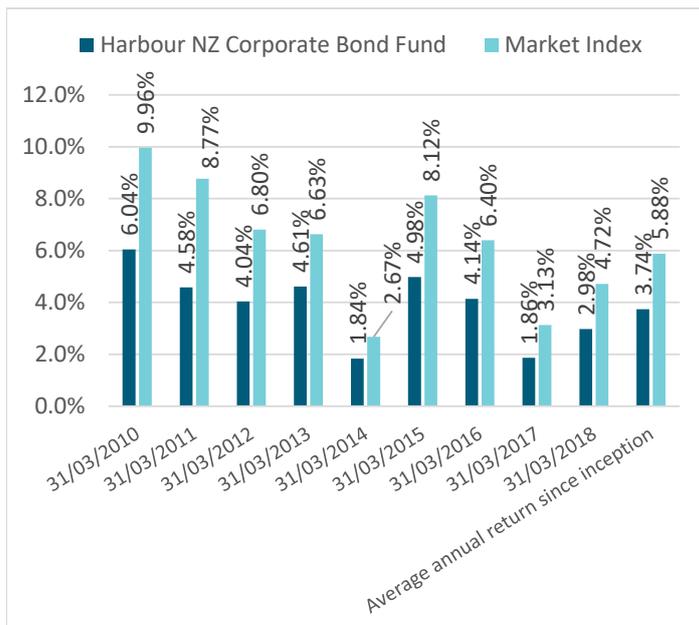


## How has the Fund performed?

	Average over past 5 years	Past Year
<b>Annual Return<sup>1</sup></b> (after deductions for charges and tax)	<b>3.35%</b>	<b>2.85%</b>
<b>Annual Return<sup>1</sup></b> (after deductions for charges but before tax)	<b>4.68%</b>	<b>3.99%</b>
<b>Market index annual return<sup>1</sup></b> (reflects no deduction for charges and tax)	<b>5.37%</b>	<b>4.62%</b>

The market index annual return is based on the weighted average return of the market indices used to measure performance of the underlying fund. In this case the Market Index is the S&P/NZX A Grade Corporate Bond Total Return Index. Additional information about the market index is available on the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose)

### Annual Return Graph<sup>2</sup>



This shows the return after fund charges and tax for each year ending 31 March since the Fund started. The last bar shows the annualised annual return since the Fund started, up to 30 Sep 2018. The Market Index Returns do not include any tax, expenses or charges.

**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 Fund are charged fund charges. In the year to 30 June 2018 these were as follows:

	% of net asset value
<b>Total fund charges (Inc. GST)</b>	<b>0.64%</b>
Which are made up of:	
<b>Total management and administration charges</b>	<b>0.64%</b>
Including-	
Manager's basic fee	0.53%
Other management and administration charges <sup>3</sup>	0.11%
<b>Total Performance-based fees</b>	<b>0.00%</b>

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS and Other Material Information Document (OMI) for more

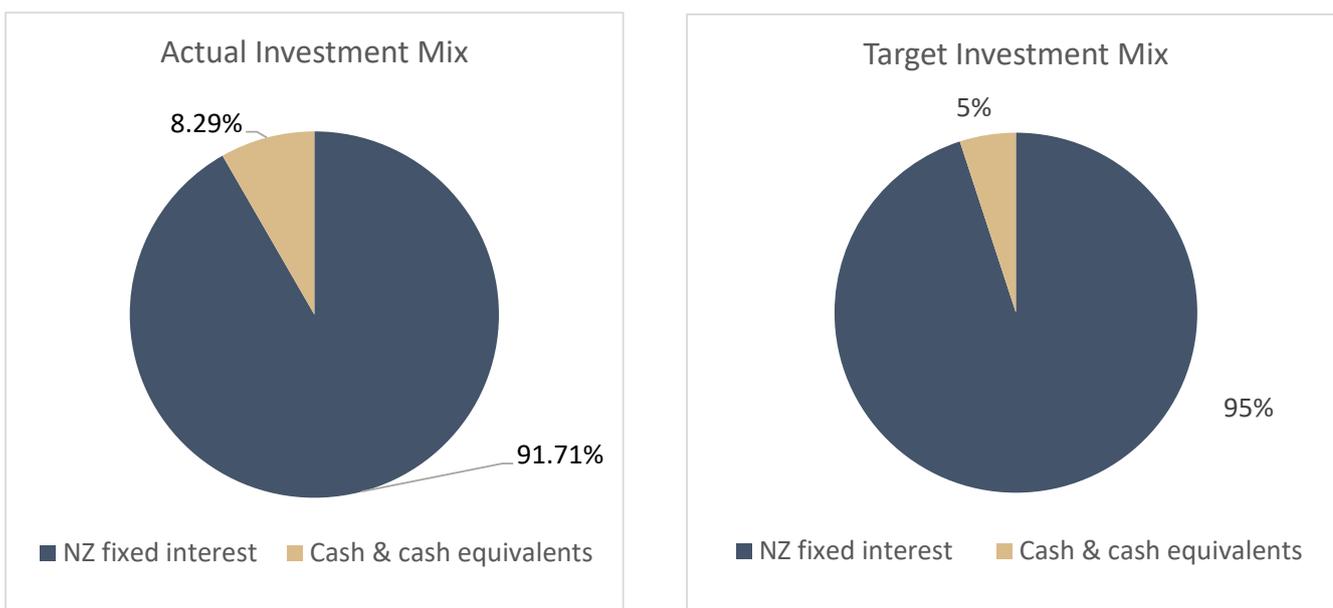
## Example of how this applies to an investor

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

Jenny had \$10,000 in the Harbour NZ Corporate Bond Fund at the start of the year and did not make any further contributions. At the end of the year, Jenny received a return after fund charges were deducted of \$399 (that is 3.99% of her initial \$10,000). This gives Jenny a total return after tax of \$285.

## What does the Fund invest in?

This shows the types of assets that the fund invests in.



Actual asset allocation to 30 Sep 2018. Actual asset allocation will vary from the target asset allocation as market conditions change and if we pursue tactical investment opportunities.

### Top 10 investments

Name	% of Fund net assets	Type	Country	Credit rating
NZ Local Govt Fund Agency 04/25 2.75%	8.61%	New Zealand fixed interest	NZ	AA+
ASB Bank Limited 26/05/2021 4.245%	3.69%	New Zealand fixed interest	NZ	AA-
BNZ 25/06/2019 5.57%	2.89%	New Zealand fixed interest	NZ	AA-
Dunedin City Treasury 17/07/2025 3.61%	2.80%	New Zealand fixed interest	NZ	A-1+
Fonterra Cooperative Grp 20/10/21 4.33%	2.62%	New Zealand fixed interest	NZ	A-
Kommunalbanken AS 28/03/2019 5.00%	2.42%	New Zealand fixed interest	NZ	AAA
Auckland Council 24/03/2025 4.176%	2.31%	New Zealand fixed interest	NZ	AA
JPMorgan Chase & Co 02/11/2018 4.25%	2.06%	New Zealand fixed interest	NZ	A-
NZ Local Gov Fund Agency 14/04/33 3.50%	1.88%	New Zealand fixed interest	NZ	AA+
ANZ 11/05/2020 4.48%	1.83%	New Zealand fixed interest	NZ	AA-

The top 10 investments make up **31.10%** of the net asset value of the Fund.

## Key Personnel

Name	Current Position	Time in current position	Previous position	Time in previous position
 Mark Brown	Director, Fixed Income Portfolio Manager	7 years and 12 months	AXA/Alliance Bernstein, Head of Fixed Interest	16 years and 5 months
 Christian Hawkesby	Executive Director, Head of Fixed Income & Economics	7 years and 12 months	Bank of England	9 years and 1 months
 Simon Pannett	Director, Research Analyst	5 years and 2 months	Investment Solutions, UK Investment Analyst	2 years and 4 months
 George Henderson	Investment Analyst	0 years and 3 months	Portfolio Manager, Royal London Asset Management	11 years and 6 months

You can also obtain this information, the PDS for the Harbour NZ Corporate Bond Fund, and some additional information from the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

### Notes:

- Returns to 30 Sep 2018.
- The bar chart shows fund returns after the deduction of fees and tax, however the market index returns are shown before any fees or tax is deducted.
- Other fees: these charges cover the general management of the Fund e.g. administration, Supervisor, legal, and audit fees and costs required to comply with relevant legislation. These charges are based on the audited financial statements for the Fund to 30 June 2018 and includes any applicable GST. More information on these charges can be found in the PDS and the other material information document (OMI) on the Disclose Register.

[www.business.govt.nz/disclose](http://www.business.govt.nz/disclose)

### Hyperlinks to Harbour documents:

Product Disclosure statement (PDS)

Other material information (OMI)

Statement of Investment policy & objectives (SIPO)



## How has the Fund performed?

	Past Year
<b>Annual Return<sup>1</sup></b> (after deductions for charges and tax)	<b>16.97%</b>
<b>Annual Return<sup>1</sup></b> (after deductions for charges but before tax)	<b>18.41%</b>
<b>Market index annual return<sup>1</sup></b> (reflects no deduction for charges and tax)	<b>19.22%</b>

The market index annual return is based on the weighted average return of the market indices used to measure performance of the underlying fund. In this case the Market Index is the S&P/NZX Portfolio Index. Additional information about the market index is available on the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Annual Return Graph<sup>2</sup>



This shows the return after fund charges and tax for each year ending 31 March since the Fund started. The last bar shows the annualised annual return since the Fund started, up to 30 September 18. The Market Index Returns do not include any tax, expenses or charges.

**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 Fund are charged fund charges. In the year to 30 June 2018 these were as follows:

	% of net asset value
<b>Total fund charges (Inc. GST)</b>	<b>0.55%</b>
Which are made up of:	
<b>Total management and administration</b>	<b>0.55%</b>
Including-	
Manager's basic fee	0.42%
Other management and administration charges <sup>3</sup>	0.13%
<b>Total Performance-based fees</b>	<b>0.00%</b>

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS and Other Material Information Document OMI for more information about fees. Also see the product disclosure statement for more information about the basis on which performance fees are charged.

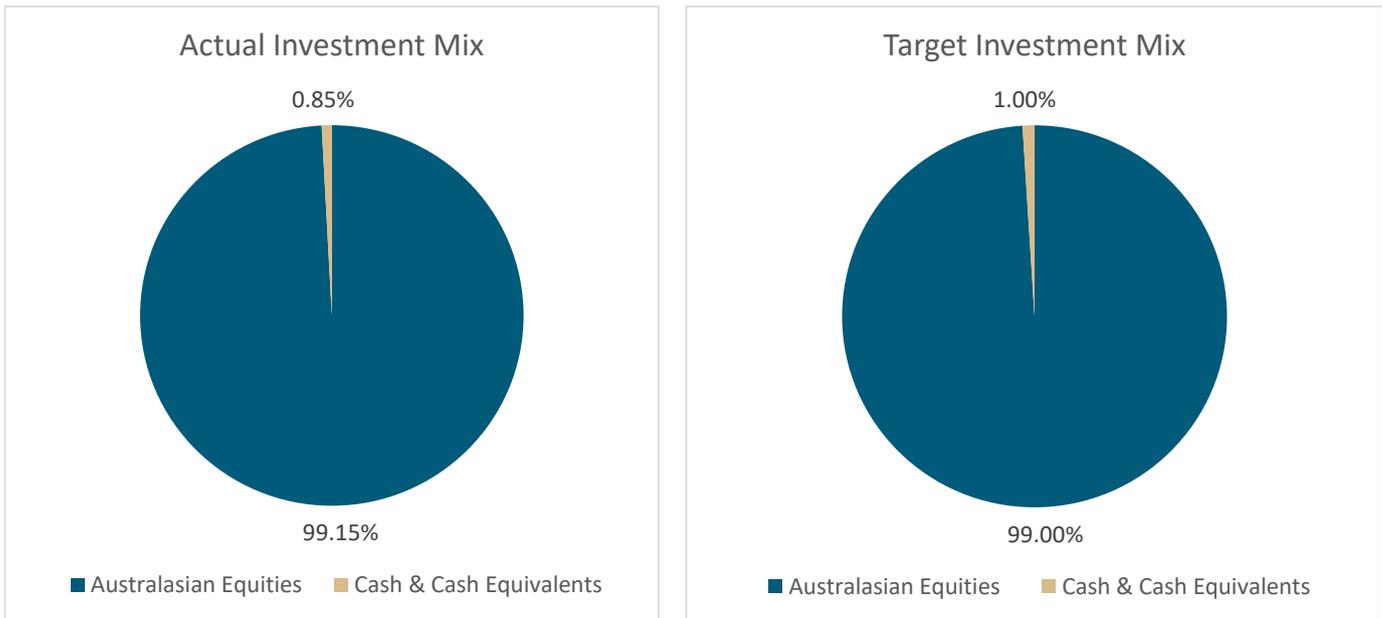
## Example of how this applies to an investor

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

Jenny had \$10,000 in the Harbour NZ Equity Advanced Beta Fund at the start of the year and did not make any further contributions. At the end of the year, Jenny received a return, after fund charges were deducted, of \$1841 (that is 18.41% of her initial \$10,000). This gives Jenny a total return after tax of \$1697 for the year.

## What does the Fund invest in?

This shows the types of assets that the fund invests in.



Actual asset allocation to 30 September 2018. Actual asset allocation will vary from the target asset allocation as market conditions change and if we pursue tactical investment opportunities.

## Top 10 investments

Name	% of Fund net assets	Type	Country
Spark New Zealand	4.70%	Australasian equities	NZ
A2 Milk	4.57%	Australasian equities	NZ
Contact Energy	4.00%	Australasian equities	NZ
Meridian Energy	3.96%	Australasian equities	NZ
Z Energy	3.93%	Australasian equities	NZ
Summerset Group Holdings	3.91%	Australasian equities	NZ
Ryman Healthcare	3.88%	Australasian equities	NZ
Fletcher Building	3.66%	Australasian equities	NZ
Mainfreight	3.56%	Australasian equities	NZ
Auckland Intl Airport	3.56%	Australasian equities	NZ

The top 10 investments make up **39.7%** of the net asset value of the Fund.

## Key Personnel

Name	Current Position	Time in current position	Previous position	Time in previous position
Susanna Lee 	Director, Portfolio Manager	6 years and 5 months	Quantitative Investment Analyst. AXA Global Investors/AMP Capital	4 years & 2 months
Andrew Bascand 	Managing Director	8 years and 9 months	Senior Vice President & Portfolio Manager, Alliance Bernstein	10 years
Craig Stent 	Executive Director, Head of Equities	8 years and 9 months	Research Analyst, Alliance Bernstein	7 years & 3 months

## Further information

You can also obtain this information, the PDS for the Harbour NZ Equity Advanced Beta Fund, and some additional information from the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

### Notes:

- Returns to 30 September 2018.
- The bar chart shows fund returns after the deduction of fees and tax, however the market index returns are shown before any fees or tax is deducted.
- Other fees: these charges cover the general management of the Fund e.g. administration, Supervisor, legal, and audit fees and costs required to comply with relevant legislation. These charges are based on the audited financial statements for the Fund to 30 June 2018 and includes any applicable GST. More information on these charges can be found in the PDS and the other material information document (OMI) on the Disclose Register.

### Hyperlinks to Harbour documents:

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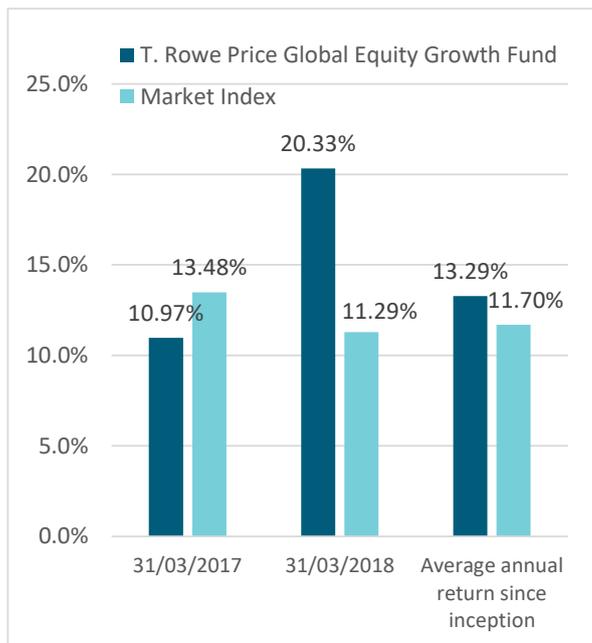


## How has the Fund performed?

	Past Year
<b>Annual Return<sup>1</sup></b> (after deductions for charges and tax)	<b>22.03%</b>
<b>Annual Return<sup>1</sup></b> (after deductions for charges but before tax)	<b>23.34%</b>
<b>Market index annual return<sup>1</sup></b> (reflects no deduction for charges and tax)	<b>19.70%</b>

The market index annual return is based on the weighted average return of the market indices used to measure performance of the underlying fund. In this case the Market Index is MSCI All Country World Index (unhedged). Additional information about the market index is available on the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Annual Return Graph<sup>2</sup>



This shows the return after Fund charges and tax for each year ending 31 March since the Fund started.

The last bar shows the annualised annual return since the Fund started, up to 30 September 18. Market index returns do not include any tax, expenses or charges.

**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 Fund are charged fund charges. In the year to 30 June 2018 these were as follows:

	% of net asset value
<b>Total fund charges (Inc. GST)</b>	<b>1.21%</b>
Which are made up of:	
<b>Total management and administration</b>	<b>1.21%</b>
Including-	
Manager's basic fee	1.04%
Other management and administration charges <sup>3</sup>	0.17%
<b>Total Performance-based fees</b>	<b>0.00%</b>

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS and Other Material Information Document OMI for more information about fees.

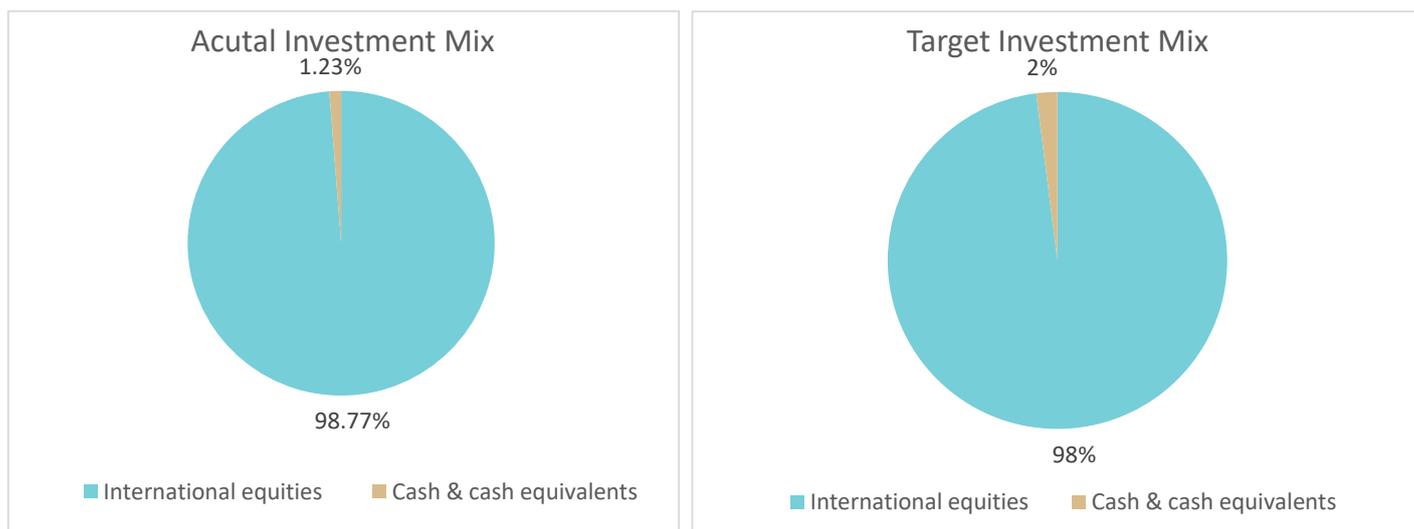
## Example of how this applies to an investor

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

Jenny had \$10,000 in the T. Rowe Price Global Equity Growth Fund at the start of the year and did not make any further contributions. At the end of the year, Jenny received a return, after fund charges were deducted, of \$2,334 (that is 23.34% of her initial \$10,000). This gives Jenny a total return after tax of \$2,203 for the year.

## What does the Fund invest in?

This shows the types of assets that the fund invests in.



Actual asset allocation to 30 September 2018. Actual asset allocation will vary from the target asset allocation as market conditions and if we pursue tactical investment opportunities.

## Top 10 investments

Name	% of Fund net assets	Type	Country
Amazon.com	3.64%	International equities	US
Alphabet	2.81%	International equities	US
Tesla	2.54%	International equities	US
Alibaba Group Holding	2.34%	International equities	CN
Facebook	1.81%	International equities	US
Tencent Holdings	1.70%	International equities	CN
Altaba	1.45%	International equities	US
J.P. Morgan Chase & Co.	1.36%	International equities	US
Sempra Energy	1.33%	International equities	US
SM Investments Corp	1.25%	International equities	PH

The top 10 investments make up **20.2%** of the net asset value of the Fund.

## Key Personnel

Name	Current Position	Time in current position	Previous position	Time in previous position
Andrew Bascand 	Managing Director & Portfolio Manager	8 years and 9 months	Senior Vice President & Portfolio Manager, Alliance Bernstein	10 Years

## Further information

You can also obtain this information, the PDS for the T. Rowe Price Global Equity Growth Fund, and some additional information from the offer register at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

## Notes:

1. Returns to 30 September 2018.
2. The bar chart shows fund returns after the deduction of fees and tax, however the market index returns are shown before any fees or tax is deducted.
3. Other fees: these charges cover the general management of the Fund e.g. administration, Supervisor, legal, and audit fees and costs required to comply with relevant legislation. These charges are based on the audited financial statements for the Fund to 30 June 2018 and includes any applicable GST.  
More information on these charges can be found in the PDS and the other material information document (OMI) on the Disclose Register.

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