

QuayStreet Funds Annual Report

for the year ended 31 March 2017

1. DETAILS OF SCHEME

As Manager of the QuayStreet Funds (the **Funds**), QuayStreet Asset Management Limited (**QuayStreet**) presents to members the annual report for the year ended 31 March 2017.

Name of the Scheme	QuayStreet Funds
Type of scheme	Managed Fund
Manager	QuayStreet Asset Management Limited
Supervisor	The New Zealand Guardian Trust Company Limited
Product disclosure statement	The Product Disclosure Statement as at balance date (31 March 2017) was dated 09 December 2016. The latest Product Disclosure Statement is dated 02 June 2017, and is open for applications.
Latest fund update	The Quarterly Fund Updates as at 31 March 2017 for each of the QuayStreet Funds were for the quarter ended 31 March 2017 and were first made publicly available on 02 May 2017. The latest Quarterly Fund Updates were for the quarter ended 30 June 2017 and were first made publicly available on 28 July 2017. They were lodged onto the Disclose Register business.govt.nz/disclose and are available on the QuayStreet website quaystreet.com/our-funds/fund-updates .
Financial statements	The Funds' latest financial statements and the auditor's report for the period ending 31 March 2017, are dated 23 June 2017. They were lodged with the Registrar on 28 July 2017 and are available from the Disclose Register business.govt.nz/disclose (search the scheme register) or from quaystreet.com/documents .

2. INFORMATION ON CONTRIBUTIONS AND SCHEME PARTICIPANTS

QuayStreet Funds had 10 Funds on offer at opening and closing of the accounting period ended 31 March 2017.

QUAYSTREET FUND	OPENING MARKET VALUE ¹ 01 APRIL 2016	NO. OF UNITS 01 APRIL 2016	CLOSING MARKET VALUE ¹ 31 MARCH 2017	NO. OF UNITS 31 MARCH 2017
QuayStreet Fixed Interest Fund	\$123,738,898	96,437,912	\$143,880,502	110,355,225
QuayStreet Income Fund	\$53,493,515	50,766,272	\$73,975,666	67,991,072
QuayStreet Conservative Fund	\$52,512,147	34,260,114	\$61,604,424	38,287,052
QuayStreet Balanced Fund	\$127,895,812	81,766,447	\$152,074,986	90,867,271
QuayStreet Balanced SRI Fund	\$23,105,465	14,807,139	\$30,816,392	18,568,168
QuayStreet Growth Fund	\$119,224,998	75,510,007	\$140,968,769	82,373,236
QuayStreet New Zealand Equity Fund	\$43,764,558	22,181,575	\$51,180,411	23,670,568
QuayStreet Australian Equity Fund	\$26,784,201	21,261,763	\$38,375,098	26,866,530
QuayStreet International Equity Fund	\$140,653,480	89,408,444	\$179,285,031	102,705,395
QuayStreet Altum Fund	\$22,045,790	18,835,700	\$35,594,863	28,679,452

¹Market value of the Funds after fees and tax.

3. CHANGES RELATING TO THE SCHEME

GOVERNING DOCUMENT

On 01 June 2016, the Funds transitioned to the Financial Markets Conduct Act 2013 (**FMCA**).

The Funds were established pursuant to a Master Trust Deed dated 19 September 2007 (as amended) (the **Master Trust Deed**) together with separate Establishment Deeds for each Fund. The Master Trust Deed and each Establishment Deed were consolidated and amended by deeds dated 01 June 2016 to meet the requirements of the FMCA and to reflect other legislative and administrative changes affecting the Funds.

TERMS OF THE OFFER

There were no material changes to the terms of the offer of the Funds during the year ended 31 March 2017.

The FMCA changed the laws regulating the Funds' governance and offering.

As a result of the Funds' transition to the FMCA, the Funds' investment statement and prospectus were replaced by a Product Disclosure Statement (**PDS**). The Funds' are governed by the Master Trust Deed, the relevant Establishment Deed, the FMCA and the offer documents, including the PDS and the Other Material Information document (**OMI**).

Copies of the latest offer documents can be obtained on the offer register at business.govt.nz/disclose or by visiting the QuayStreet website quaystreet.com/documents.

STATEMENT OF INVESTMENT POLICY AND OBJECTIVES

A Statement of Investment Policy and Objectives (**SIPO**) was updated and lodged onto the scheme register to comply with the transition to the FMCA. A copy of the latest SIPO can be obtained on the scheme register at business.govt.nz/disclose or by visiting the QuayStreet website quaystreet.com/documents.

There were no material changes to the SIPO during the year ended 31 March 2017.

The Internal Investment Guidelines for the QuayStreet Altum Fund have been updated since 31 March 2017 to increase the number of investments from 10-20, to 10-25 securities.

RELATED PARTY CHANGES

There were no material changes to the nature or scale of the Funds' related party transactions during the year ended 31 March 2017.

All related party transactions are conducted on arm's-length terms.

A change to related parties that occurred during the year ended 31 March 2017 was that Deutsche New Zealand Limited transferred its 49.9% shareholding in Craigs Investment Partners Limited (**CIP**) (who is the holding company of QuayStreet) to Deutsche Bank AG. Sydney Branch on 28 December 2016.

Frank Aldridge (a director of QuayStreet) was appointed as a director of NZX Limited in May 2017. NZX Limited is an issuer of securities which the Funds may invest in.

FUND DESCRIPTIONS IN THE PRODUCT DISCLOSURE STATEMENT

The Fund descriptions in the PDS have been updated to include the use of derivative instruments as an Investment strategy for select funds, being the Fixed Interest Fund, Income Fund, Balanced SRI Fund and Altum Fund.

4. OTHER INFORMATION FOR PARTICULAR TYPES OF MANAGED FUNDS

QUAYSTREET FUNDS	UNIT PRICE AS AT 01 APRIL 2016	UNIT PRICE AS AT 31 MARCH 2017
QuayStreet Fixed Interest Fund	\$1.2837	\$1.3038
QuayStreet Income Fund	\$1.053	\$1.0880
QuayStreet Conservative Fund	\$1.5323	\$1.6090
QuayStreet Balanced Fund	\$1.5642	\$1.6736
QuayStreet Balanced SRI Fund	\$1.5629	\$1.6596
QuayStreet Growth Fund	\$1.5797	\$1.7113
QuayStreet New Zealand Equity Fund	\$1.9619	\$2.1609
QuayStreet Australian Equity Fund	\$1.2399	\$1.4284
QuayStreet International Equity Fund	\$1.5818	\$1.7456
QuayStreet Altum Fund	\$1.1640	\$1.2411

5. CHANGES TO PERSONS INVOLVED IN THE SCHEME

MANAGER

QUAYSTREET ASSET MANAGEMENT LIMITED

QuayStreet was issued a licence as a manager of registered schemes on 12 April 2016. There have been no changes to the manager or directors or key personnel of the manager during the year ended 31 March 2017.

The current directors of the Manager are:

- Frank Aldridge
- Kenneth Phillip
- Michael Smith (Chairman)
- Michael Caird

The current key personnel of the Manager are:

- Stephen Jonas – QuayStreet Product Manager and CIP Head of Client Services
- James Ring – QuayStreet Investment Manager International Equities
- Andrew South – QuayStreet Investment Manager Australasian Equities

SUPERVISOR

THE NEW ZEALAND GUARDIAN TRUST COMPANY LIMITED

There have been no changes to the Supervisor during the year ended 31 March 2017.

However, the Supervisor accepted the resignation of:

- Andrew Barnes as director on 04 April 2016; and
- Timothy Shaw as director on 03 August 2016.

The current directors of the Supervisor are:

- James Douglas
- Robin Flannagan

ADMINISTRATION MANAGER

CRAIGS INVESTMENT PARTNERS LIMITED

There have been no changes to the Administration Manager during the year ended 31 March 2017.

REGISTRAR

MMC LIMITED

There have been no changes to the Registrar during the year ended 31 March 2017.

CUSTODIAN AND AUDITOR

There have been no changes to the Funds' custodian or auditor during the year ended 31 March 2017.

6. HOW TO FIND FURTHER INFORMATION

Further information relating to the QuayStreet Funds is available on the offer register and the scheme register at business.govt.nz/disclose.

The Funds' Master Trust Deed, the Establishment Deeds, the SIPO and the financial statements and auditor's report are available on the scheme register at business.govt.nz/disclose.

The current PDS and OMI for the Funds are available on the offer register at business.govt.nz/disclose.

A copy of the documents relating to the Funds referred to above can be obtained, on request and free of charge, from us on 0800 782 900 or by emailing info@quaystreet.com.

Fund Updates for each Fund, the latest unit prices, the Annual Report and other information relating to the Funds is available free of charge on our website quaystreet.com or on request to us in writing or by phone 0800 782 900 or by emailing info@quaystreet.com.

You can request an updated member's statement (showing an estimate of your benefit) from our Client Services Team on 0800 782 900 or by emailing info@quaystreet.com.

7. CONTACT DETAILS AND COMPLAINTS

CORRESPONDENCE AND ENQUIRIES

MANAGER

For enquiries or to obtain a copy of the Master Trust Deed, the Establishment Deeds, the most recent financial statements, auditor's report, a copy of the most recent registered PDS, OMI, SIPO, or any queries relating to your investment or the Funds, please contact:

Manager	QuayStreet Funds QuayStreet Asset Management Limited 158 Cameron Road PO Box 13155 Tauranga 3141 Attention: Head of Client Services	Phone: 0800 782 900 Email: info@quaystreet.com
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SUPERVISOR

Correspondence intended for the Supervisor, The New Zealand Guardian Trust Company Limited, should be addressed to:

Supervisor	Corporate Trusts The New Zealand Guardian Trust Company Limited Level 6, 191 Queen Street, PO Box 274, Shortland Street, AUCKLAND 1140. Attention: Relationship Manager, Corporate Trusts	Phone: 09-909 5100 Email: ct-auckland@nzgt.co.nz
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REGISTRAR

Correspondence intended for the Registrar, MMC Limited, should be addressed to:

Registrar	MMC Limited Level 13 Citigroup Centre 23 Customs Street East Auckland City 1010 Attention: MMC Registry	Phone: 09-309 8926 Email: registry@mmcnz.co.nz
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COMPLAINTS

If you have any problems with your investment in the Funds, please contact the Head of Compliance for the Manager, using the Manager's contact details above, in the first instance and if the Manager cannot resolve your problem, then please contact the Supervisor.

Both we and the Supervisor are required to be members of an approved dispute resolution scheme, which for both of us is Financial Services Complaints Limited (FSCL). If you have a problem that neither the Manager nor the Supervisor can resolve, you can contact FSCL.

Dispute Resolution Scheme	Financial Services Complaints Limited Level 4, 101 Lambton Quay PO Box 5697 Lambton Quay Wellington 6011	Phone: 0800 347 257 Email: complaints@fscl.org.nz
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FSCL will not charge a fee to investigate or resolve a complaint.