

## Fund Description

The QuayStreet Fixed Interest Fund invests in a diversified portfolio of high quality income assets such as cash, term deposits and securities issued by corporate and government entities. The investment objective is to provide investors with a level of return consistent with the New Zealand fixed interest market. Investment returns will vary from year to year and may be negative.

## Monthly Update

It was another good month for New Zealand bond markets with yields down slightly and credit spreads continuing to contract. Corporate bonds have outperformed sovereigns and this theme has been evident across the globe. As an example the Bloomberg US Government Bond Index fell by 0.5% while the Bloomberg USD Investment Grade Corporate Bond Index rose by 0.2%.

The outperformance of corporate bonds was a positive for the Fund which returned 0.6% and was slightly ahead of its benchmark. New Zealand interest rates continued to grind lower but this was only evident in the yields on short to medium term bonds. Longer dated bonds actually saw a slight rise in yield over the month. This was despite the RBNZ cutting the OCR by 25bp to 2% and signalling further easing as being 'required' and appears to have been mostly driven by movements in international markets.

There were no significant changes to the Fund positioning but we have continued to recycle positions to take advantage of new issuance. This month the Fund participated in new deals by ANZ, Mirvac Group and Kiwi Property Group.

## Monthly Return before fees and tax\*

Fixed Interest Fund	0.64%
S&P/NZX Investment Grade Corporate Bond Index	0.49%
*Longer term returns on page 2.	

## Fixed Interest Fund Facts

Launch Date	31-Oct-09
Management Fee	0.75%
Unit Price (31 Aug 16)	\$1.3064
Fund NAV (31 Aug 16)	\$141,389,884
Last Distribution (12 Apr 16)	1.2cpu
Distribution Frequency	6 months
Trailing Gross Distribution Yield	2.55%
<i>(This is the annualised distribution yield based on the last distribution, the current unit price and gross of tax at a PIR of 28%)</i>	

## Investment Ranges

NZ Fixed Interest	0-100%
International Fixed Interest	0-100%
Cash	0-40%

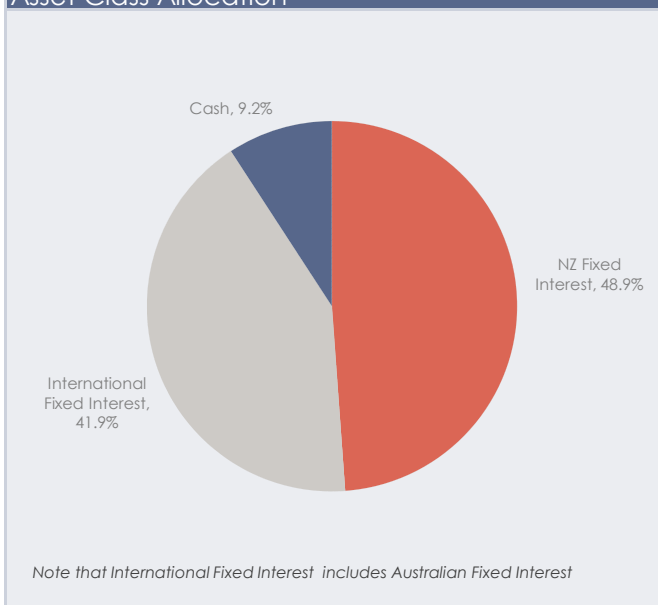
## Benchmark

S&P/NZX Investment Grade Corp Bond Index	100%
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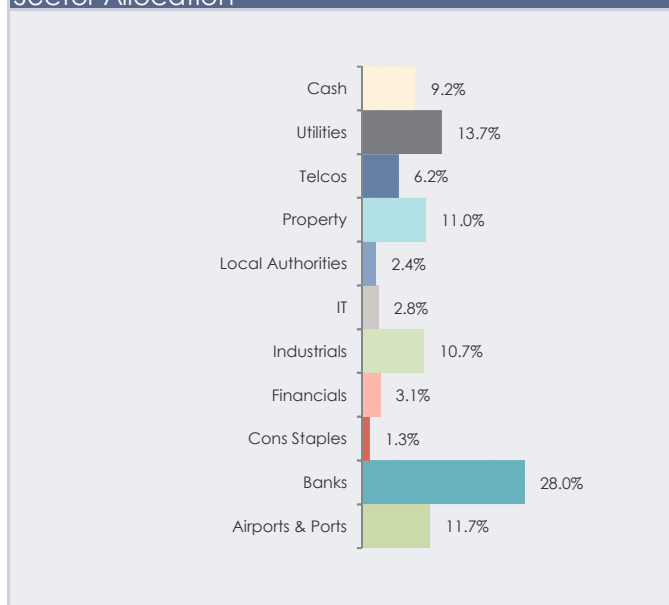
## Top 5 Holdings

Top 5 Holdings	Weight
Apple Inc (August 2019)	2.78%
NAB (May 2021)	2.45%
Lend Lease (Nov 2018)	2.25%
Chorus (May 2021)	2.16%
ANZ (Aug 2023)	2.10%

## Asset Class Allocation



## Sector Allocation



# QUAYSTREET FIXED INTEREST FUND

Update as at **31 August 2016**

## Fixed Interest Fund Performance as at 31-Aug-2016

Returns before fees and tax	1 Month	3 Months	6 Months	1 Year	3 Years*	5 Years*	Inception*
Fixed Interest Fund <sup>1</sup>	0.64%	2.03%	3.92%	6.35%	6.58%	5.89%	6.28%
Benchmark Return <sup>2</sup>	0.49%	2.18%	3.74%	6.00%	6.56%	5.88%	6.47%
<b>Returns after fees and tax<sup>3</sup></b>							
Highest PIR tax rate (currently 28%)	0.41%	1.33%	2.54%	3.97%	4.12%	3.65%	3.90%
Medium PIR tax rate (currently 17.5%)	0.47%	1.51%	2.89%	4.54%	4.74%	4.19%	4.47%
Low PIR tax rate (currently 10.5%)	0.51%	1.64%	3.14%	4.92%	5.15%	4.55%	4.84%
Zero PIR tax rate	0.57%	1.83%	3.52%	5.53%	5.78%	5.09%	5.48%

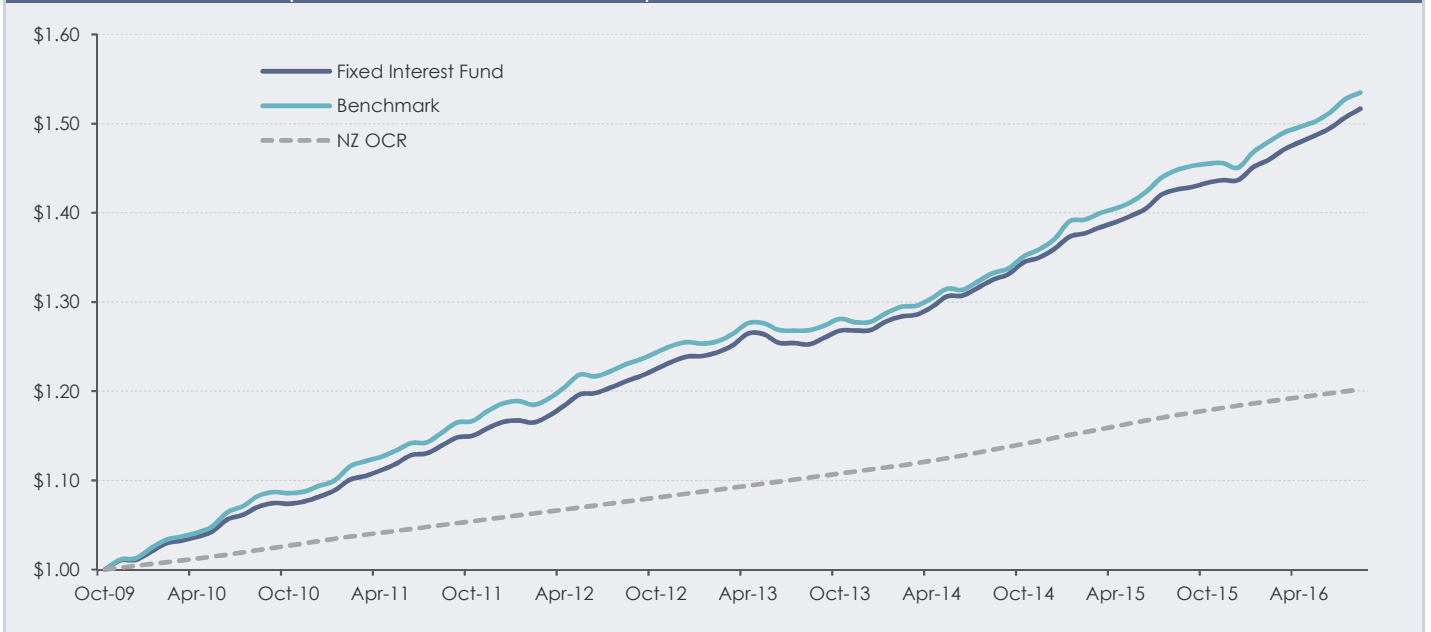
1. Includes imputation credits where applicable

2. Historic performance based on the benchmark that was effective at the time (currently the S&P/NZX Investment Grade Corporate Bond Index)

3. Includes all fees and tax deducted at the Fund level but not advisory or any other third party expenses

\* Return calculations are annualised

## Performance Chart (returns before fees and tax)



QuayStreet Asset Management Limited (QSAM) is the Manager and Issuer of the QuayStreet Funds. A Product Disclosure Statement (PDS) is available by contacting our Client Services team on 0800 782 900 or visit [www.quaystreet.com](http://www.quaystreet.com). Disclosure statements are available on request and free of charge.

This information is intended to provide a general overview of the fund and whilst the information is believed to be accurate and complete at the time of issue no guarantee or warranty is given nor responsibility accepted in this respect. Asset allocations can be changed from time to time and may be different because of factors such as market conditions and our ability to buy or sell assets at that time. Investments are subject to risks, the values can go down as well as up and investors may not get back the full amount invested.

Past performance is not a reliable guide to future performance. Returns or performance are not guaranteed by QSAM, Craigs Investment Partners Limited, The New Zealand Guardian Trust Company Limited, any related companies or any other person. This information is not a substitute for professional advice and does not take into account the investment objectives, financial situation or particular needs of any particular person. We recommend you read the PDS and seek professional assistance from an Authorised Financial Adviser.

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