

Fund Description

The Balanced Fund invests in a diversified portfolio of defensive and growth assets. The investment objective is to provide a level of return consistent with the target asset allocation and risk profile of the Fund. Investment returns will vary considerably from year to year and may be negative.

Monthly Update

Global share markets began the month in negative return territory but this reversed sharply following an improvement in the Federal Reserve's domestic economic outlook. This raised the likelihood for a June rate hike igniting a USD rally and putting gold under pressure. Australasian share markets had a strong month with the S&P ASX 200 returning 3.1% and the S&P/ NZX 50 returning 3.2%.

The RBA announced a 25bp rate cut to a new historical low of 1.75% citing that the low inflationary environment as well as changes to housing supply and demand dynamics warranted the move. There was no RBNZ OCR meeting in May but the bank did release its Financial Stability Report which highlighted increasing risks in New Zealand. As was the case with the last report, the two domestic areas of concern are house price inflation and the impact of lower commodity prices on New Zealand's exports. Local interest rates finished the month essentially flat.

The Fund returned 2.3% in line with its benchmark. Australasian equity and fixed interest exposure contributed positively where International equity contribution was negative. During the month the Fund increased its investment in Australasian and International equities and fixed interest.

Monthly Return before fees and tax*

Balanced Fund	2.31%
Benchmark	2.34%

*Longer term returns on page 2.

Balanced Fund Facts

Launch Date	25-Oct-07
Management Fee	1.00%
Unit Price (31 May 16)	\$1.6113
Fund NAV (31 May 16)	\$134,616,150

Investment Ranges

Growth Assets	40-80%
Defensive Assets	20-60%

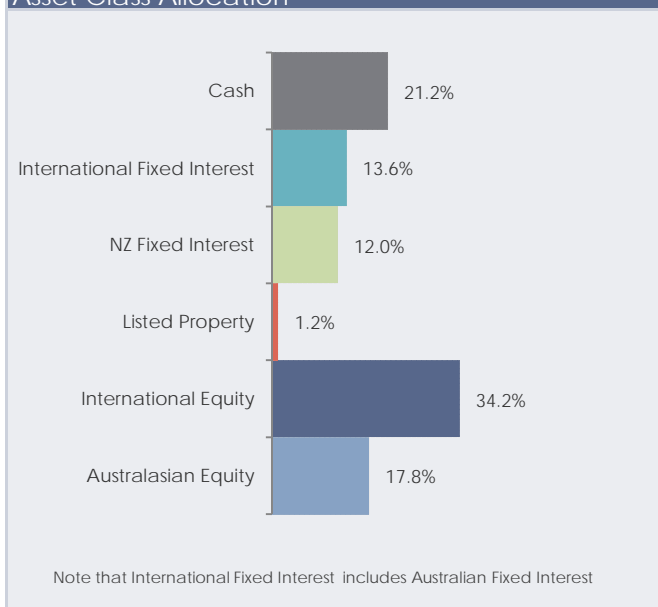
Benchmark

MSCI World Index (NZD)	40.0%
S&P/NZX 50 Index	10.0%
S&P/ASX 200 Index	10.0%
S&P/NZX Investment Grade Corp Bond Index	30.0%
NZX 90 day Bank Bill Index	10.0%

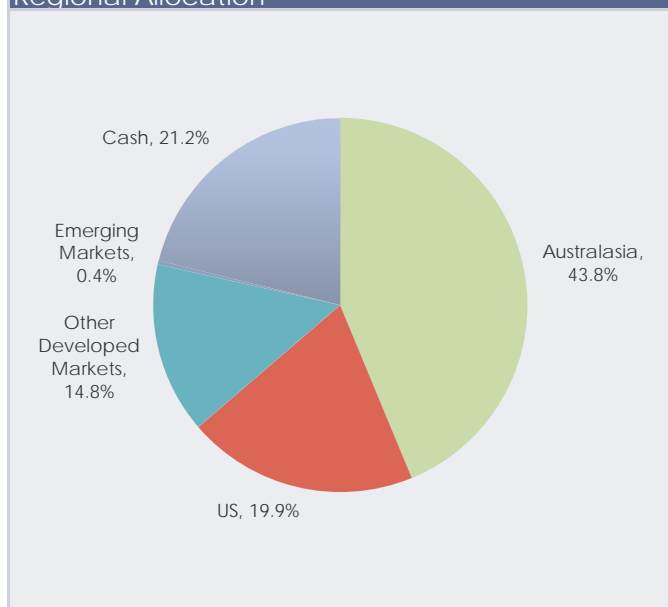
Top 5 Holdings

	Weight
Ishares Core S&P 500 ETF	16.73%
MSCI EAFE incl Canada TRS	13.28%
Contact Energy	1.13%
Commonwealth Bank of Australia	1.01%
Apple Inc (August 2019)	0.88%

Asset Class Allocation



Regional Allocation



BALANCED FUND

Update as at

31 May 2016

Balanced Fund Performance as at 31-May-2016

Returns before fees and tax	1 Month	3 Months	6 Months	1 Year	3 Years*	5 Years*	Inception*
Balanced Fund ¹	2.31%	4.83%	2.24%	5.72%	8.59%	8.32%	6.88%
Benchmark Return ²	2.34%	5.47%	2.24%	4.53%	8.65%	8.24%	5.13%
Returns after fees and tax³							
Highest PIR tax rate (currently 28%)	2.08%	4.22%	1.65%	4.26%	6.63%	6.33%	4.67%
Medium PIR tax rate (currently 17.5%)	2.13%	4.37%	1.71%	4.47%	7.07%	6.77%	5.15%
Low PIR tax rate (currently 10.5%)	2.17%	4.46%	1.75%	4.62%	7.38%	7.08%	5.37%
Zero PIR tax rate	2.22%	4.60%	1.78%	4.80%	7.80%	7.51%	6.00%

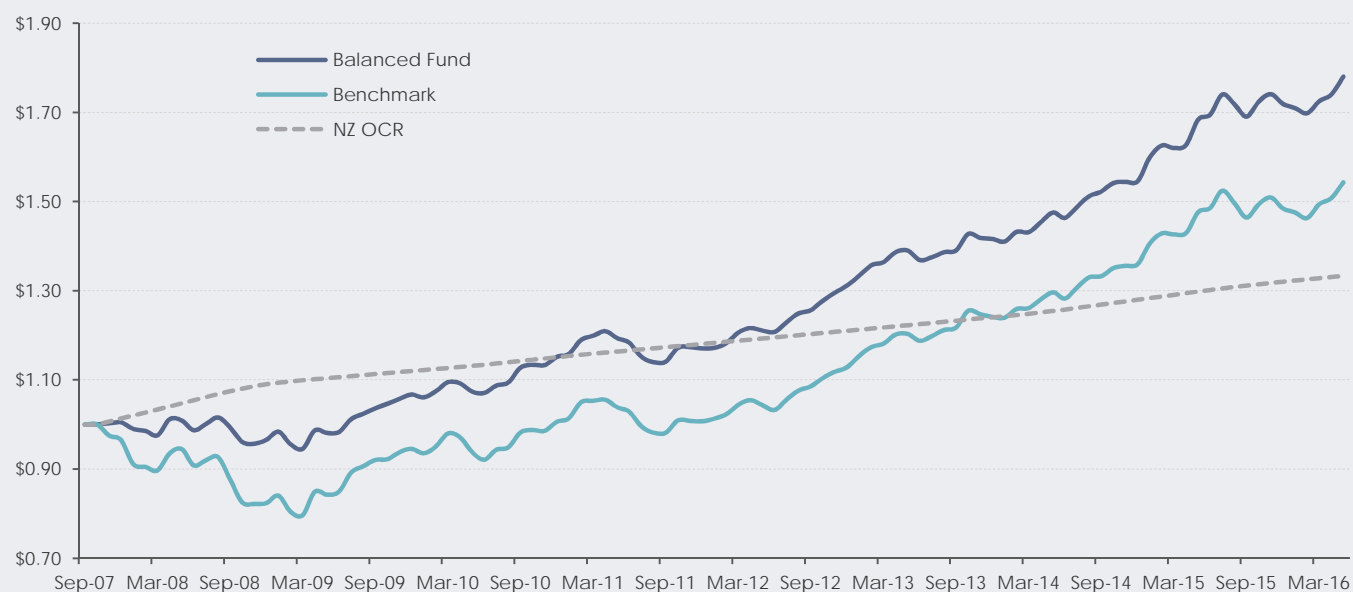
1. Includes imputation credits where applicable

2. Historic performance based on the benchmark that was effective at the time

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)



For further information or an investment statement please contact our Client Services team on 0800 782 900 or visit 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 QuayStreet Asset Management Limited, 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 Investment Statement and seek professional assistance from an Authorised Financial Adviser.

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