

Fund Description

The guiding philosophy of the Balanced SRI Fund is to endeavour to have a diversified portfolio of investments that are deemed to be environmentally and socially sustainable, whilst still applying our traditional portfolio investment criteria. The 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. The Balanced SRI investible universe is smaller and this may affect the Fund's returns and volatility relative to a traditional balanced portfolio. 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 2.8% outperforming its benchmark which returned 2.3%. Australasian and International equity exposure was the strongest contributor to relative performance along with an overweight unhedged exposure to the USD. In May we participated in the 5 year Westpac Climate bond issuance and added positions in Comvita and Cover-More to the Fund.

Monthly Return before fees and tax*

Balanced SRI Fund	2.84%
Benchmark	2.34%

*Longer term returns on page 2.

Balanced SRI Fund Facts

Launch Date	1-Nov-07
Management Fee	1.25%
Unit Price (31 May 16)	\$1.6072
Fund NAV (31 May 16)	\$24,546,096

Investment Ranges

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

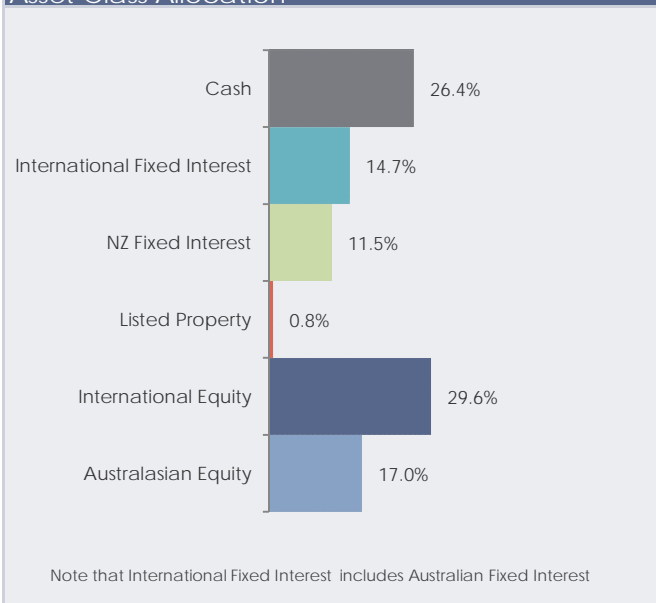
Benchmark

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%

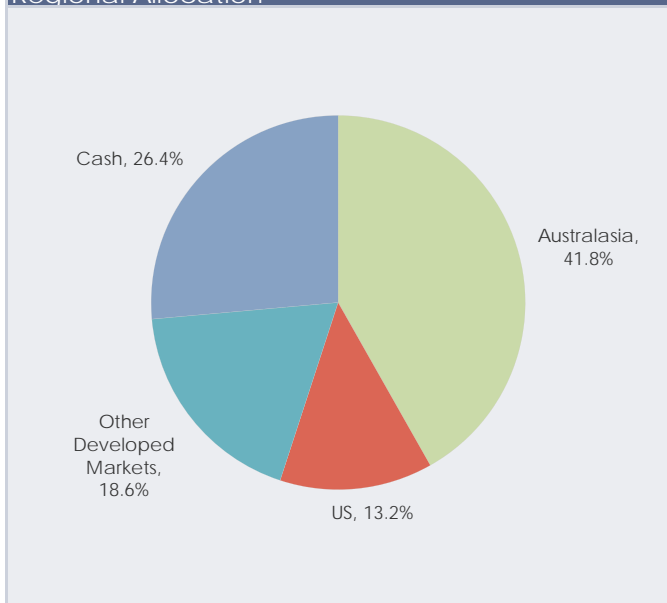
Top 5 Holdings

	Weight
MSCI World ESG TRS	16.25%
Ishares MSCI KLD 400 Social	8.48%
Telstra (Sep 2022)	2.29%
Stockland (Nov 2022)	2.25%
ANZ Green Bond (June 2020)	2.21%

Asset Class Allocation



Regional Allocation



BALANCED SRI FUND

Update as at

31 May 2016

Balanced SRI 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 SRI Fund ¹	2.84%	4.64%	2.22%	5.47%	8.70%	8.69%	7.31%
Benchmark Return ²	2.34%	5.47%	2.24%	4.53%	8.65%	8.24%	5.18%
Returns after fees and tax³							
Highest PIR tax rate (currently 28%)	2.36%	3.84%	1.37%	3.32%	6.30%	6.25%	4.72%
Medium PIR tax rate (currently 17.5%)	2.50%	4.02%	1.44%	3.62%	6.68%	6.65%	5.19%
Low PIR tax rate (currently 10.5%)	2.59%	4.13%	1.49%	3.82%	6.94%	6.92%	5.38%
Zero PIR tax rate	2.72%	4.30%	1.54%	4.10%	7.32%	7.31%	6.00%

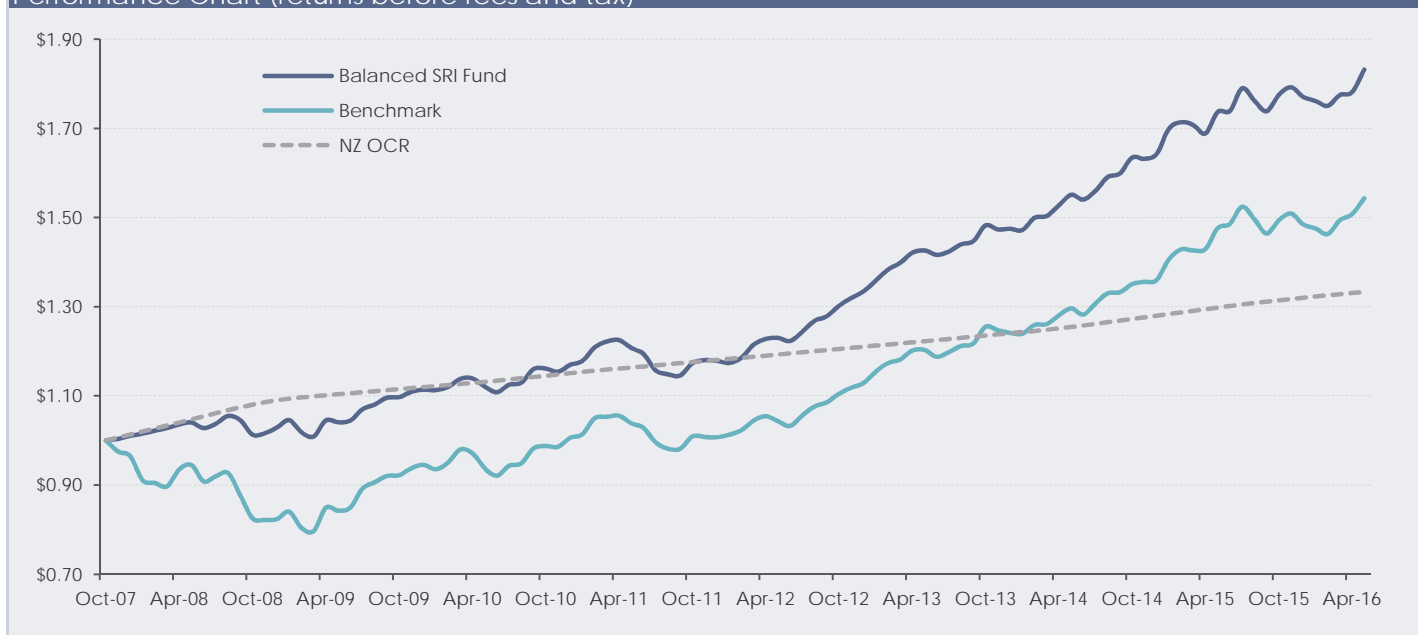
1. Includes imputation credits where applicable

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.

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