

QUAYSTREET FIXED INTEREST FUND

Update as at 30 Nov 2016

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

Politics dominated markets this month following the surprise victory by Donald Trump in the US election. The implication for fixed interest markets was higher interest rates, which has resulted in negative returns for most global bond markets. The US 10-year treasury yield rose by more than 0.5% to finish at 2.4% which is also over 1% higher than the all-time low of 1.4% in July.

The Fund was impacted by rising bond yields and fell by 0.4% but outperformed its benchmark which was down by 0.7%. As was the case last month the driver of the outperformance was the lower exposure to long term interest rates. This has been achieved through holdings in floating rate or cash securities and by the use of interest rate swaps. Credit spreads remained stable over the month and did not have a meaningful impact on returns.

The main change this month was the decision to increase the interest rate exposure of the Fund. Interest rates have risen significantly over the last few months which has increased the attractiveness of fixed coupon bonds and we have been selectively locking in higher yields. However, this is being done gradually and we still maintain a lower exposure to fixed rates than the benchmark.

Monthly Return before fees and tax*

Fixed Interest Fund	-0.43%
S&P/NZX Investment Grade Corporate Bond Index	-0.69%
*Longer term returns on page 2.	

Fixed Interest Fund Facts

Launch Date	31-Oct-09
Management Fee	0.75%
Unit Price (30 Nov 16)	\$1.2875
Fund NAV (30 Nov 16)	\$142,700,746
Last Distribution (25 Oct 16)	1.2cpu
Distribution Frequency	6 months
Trailing Gross Distribution Yield	2.59%
<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%

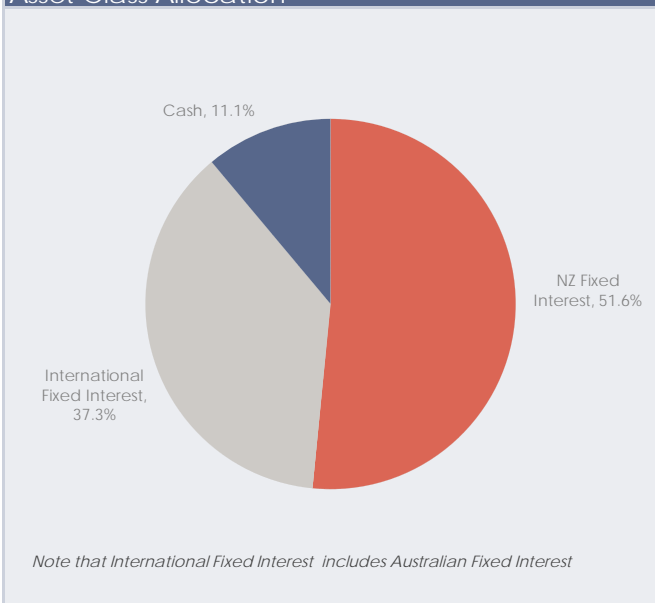
Benchmark

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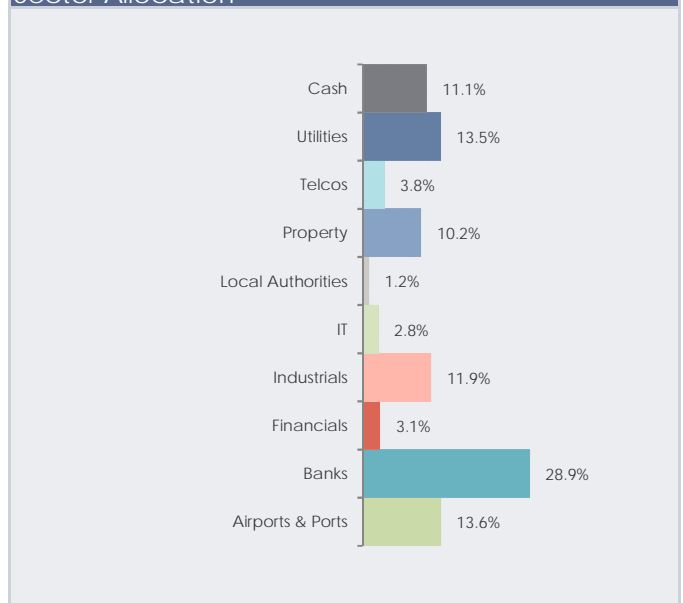
Top 5 Holdings

Top 5 Holdings	Weight
Apple Inc (August 2019)	2.77%
NAB (May 2021)	2.39%
Lend Lease (Nov 2018)	2.20%
Sydney Airport Inflation Linked (Nov 2020)	2.04%
ANZ (Aug 2023)	2.02%

Asset Class Allocation



Sector Allocation



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Fixed Interest Fund Performance as at 30-Nov-2016

Returns before fees and tax	1 Month	3 Months	6 Months	1 Year	3 Years*	5 Years*	Inception*
Fixed Interest Fund ¹	-0.43%	-0.35%	1.68%	5.21%	6.03%	5.46%	6.00%
Benchmark Return ²	-0.69%	-1.21%	0.95%	4.16%	5.88%	5.18%	6.05%
Returns after fees and tax³							
Highest PIR tax rate (currently 28%)	-0.36%	-0.39%	0.93%	3.16%	3.73%	3.35%	3.70%
Medium PIR tax rate (currently 17.5%)	-0.41%	-0.44%	1.06%	3.62%	4.29%	3.84%	4.25%
Low PIR tax rate (currently 10.5%)	-0.44%	-0.47%	1.16%	3.93%	4.66%	4.17%	4.60%
Zero PIR tax rate	-0.49%	-0.53%	1.29%	4.41%	5.22%	4.66%	5.20%

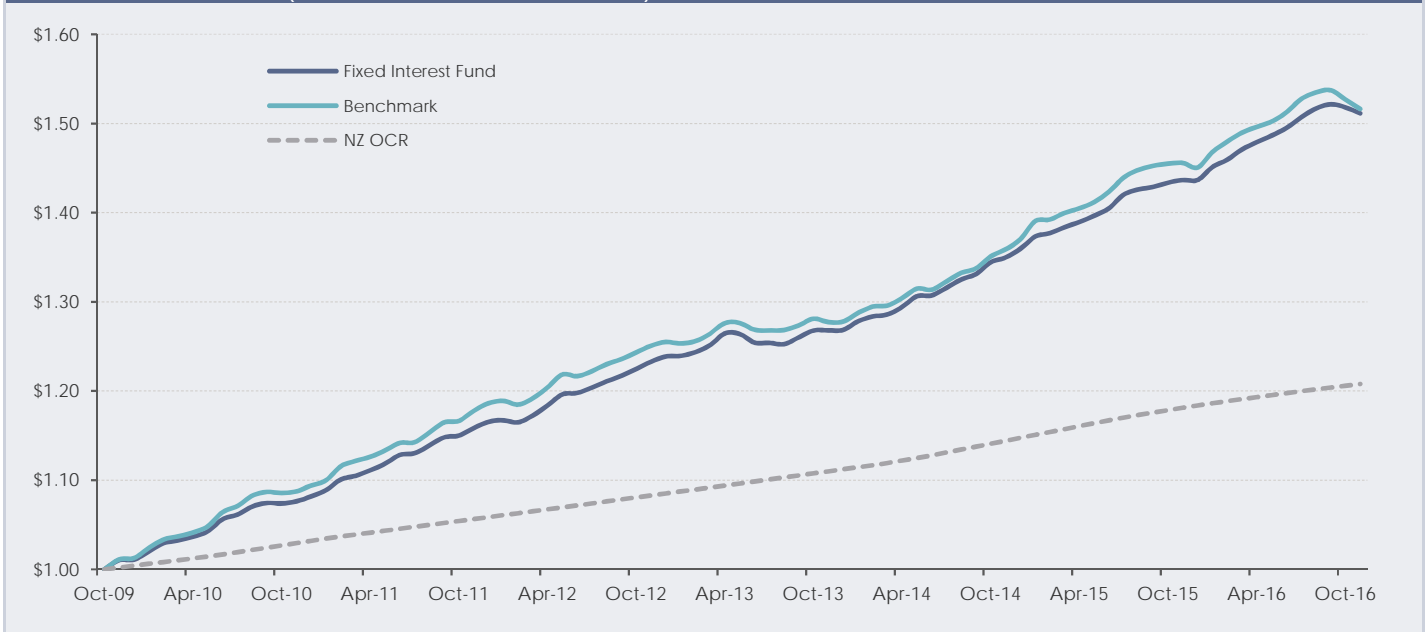
1. Includes imputation credits where applicable

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 (OSAM) 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. 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 OSAM, 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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