

# QUAYSTREET INCOME FUND

Update as at 30 Nov 2016

## Fund Description

The QuayStreet Income Fund invests in a diversified portfolio of income producing assets including cash, term deposits, fixed interest securities, listed property, infrastructure and utility securities and equities. The investment objective is to provide investors with a high level of income relative to prevailing short term interest rates. The Fund will make quarterly distributions and aims to preserve the real value of investments relative to inflation over the medium term. 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 delivered a positive return of 0.1% which was below its benchmark return. Rising bond yields had a negative impact on fixed interest securities, particularly those with a fixed coupon and long maturity dates. However, the impact was largely mitigated through the use of interest rate swaps. The New Zealand equity market also had a negative return and the Fund was impacted by interest rate sensitive sectors such as listed property and utilities. There were no significant changes to the Fund this month.

Looking forward we remain comfortable with maintaining a low interest rate exposure but may revisit this if bond yields continue to rise and we can lock in more attractive rates. The main concern from here is the potential for increased market volatility and we are considering increasing exposure to high quality bonds and cash.

## Monthly Return before fees and tax\*

Income Fund	0.12%
NZ OCR + 2%	0.32%

\*Longer term returns on page 2.

## Income Fund Facts

Launch Date	30-Sep-14
Management Fee	0.75%
Unit Price (30 Nov 16)	\$1.0679
Fund NAV (30 Nov 16)	\$64,571,884
Last Distribution (25 Oct 16)	0.65 cpu
Distribution Frequency	3 months
Trailing Gross Distribution Yield	3.38%
<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

Australasian Equity	0-30%
New Zealand Fixed Interest	0-100%
International Fixed Interest	0-100%
Cash	0-20%

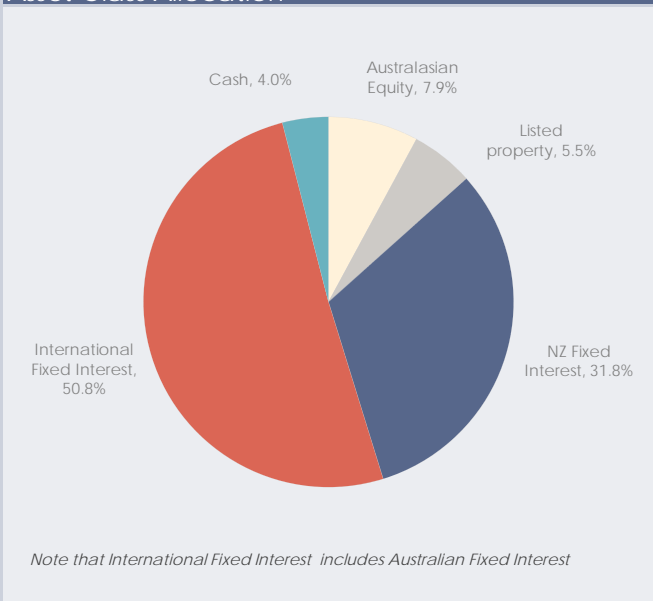
## Benchmark

NZ OCR + 2%	100%
-------------	------

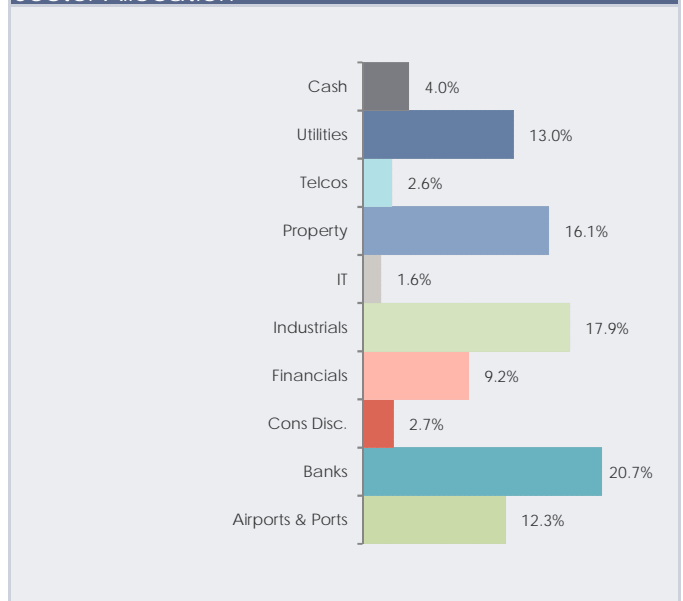
## Top 5 Holdings

Top 5 Holdings	Weight
Sydney Airport Inflation Linked (Nov 2020)	3.39%
Port of Brisbane (June 2023)	2.76%
Evolve Education Group	2.67%
ANZ Subordinated Notes (Jun 2022)	2.62%
Westpac Subordinated Notes (Aug 2022)	2.61%

## Asset Class Allocation



## Sector Allocation

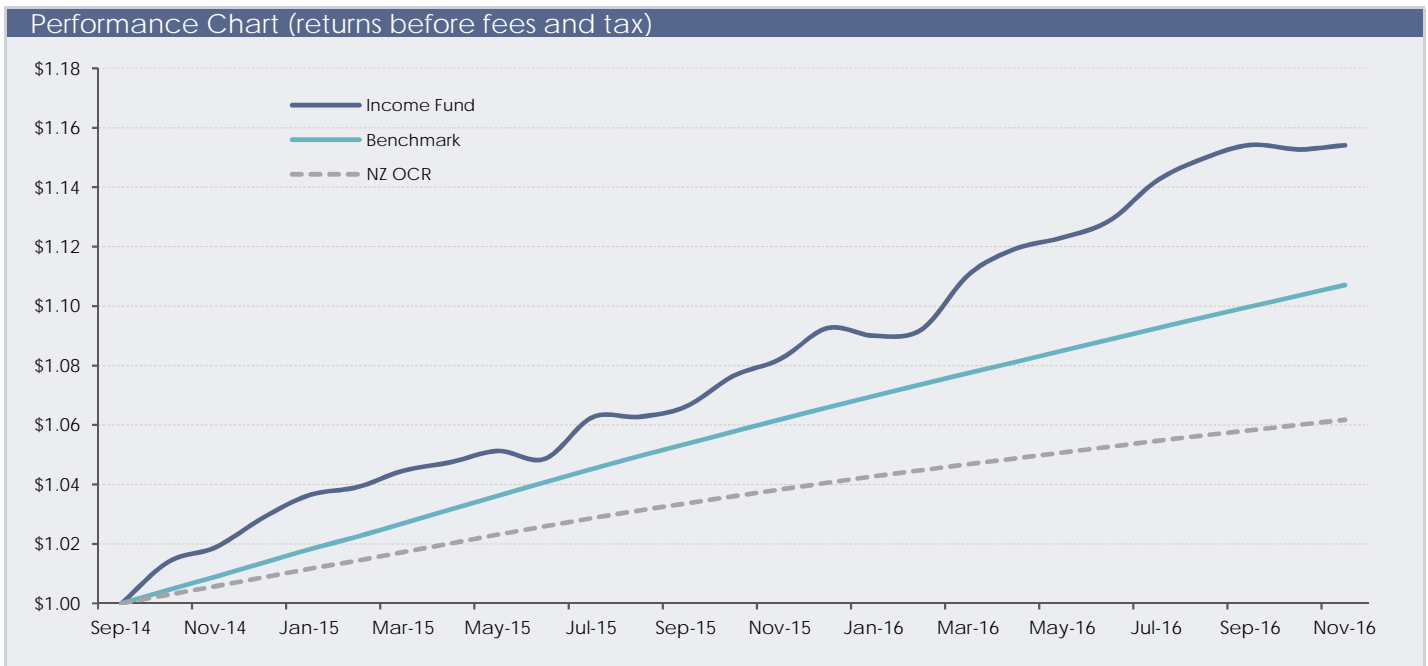


# QUAYSTREET INCOME FUND

Update as at 30 Nov 2016

Income Fund Performance as at 30-Nov-2016							
	1 Month	3 Months	6 Months	1 Year	3 Years*	5 Years*	Inception
<b>Returns before fees and tax</b>							
Income Fund <sup>1</sup>	0.12%	0.38%	2.77%	6.65%			6.84%
Benchmark Return <sup>2</sup>	0.32%	0.98%	2.03%	4.26%			4.81%
<b>Returns after fees and tax<sup>3</sup></b>							
Highest PIR tax rate (currently 28%)	0.00%	-0.03%	1.66%	4.38%			4.64%
Medium PIR tax rate (currently 17.5%)	0.02%	0.05%	1.93%	4.92%			5.15%
Low PIR tax rate (currently 10.5%)	0.04%	0.11%	2.10%	5.29%			5.50%
Zero PIR tax rate	0.06%	0.19%	2.37%	5.83%			6.02%

1. Includes imputation credits where applicable  
 2. Historic performance based on the benchmark that was effective at the time (currently the NZ OCR + 2%)  
 3. Includes all fees and tax deducted at the Fund level but not advisory or any other third party expenses  
 \* Return calculations are annualised



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.

This report refers to indices that are products of S&P Dow Jones Indices LLC and are licenced for use by QuayStreet Asset Management. A full disclaimer for the use of these products can be found at [www.quaystreet.com/Terms-and-Conditions.aspx](http://www.quaystreet.com/Terms-and-Conditions.aspx)