

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

Global bond markets had negative returns this month as bond yields rose sharply. While there were no explicit changes to monetary policy settings, there has been a rise in inflation expectations and increasingly more "hawkish" comments from central banks. Rising bond yields also translated to negative returns for equity markets and particularly so for New Zealand given its relatively high concentration of interest rate sensitive securities.

The Fund was impacted by rising bond yields and fell by 0.1% which was below its benchmark for the month. While it is never pleasing to deliver negative returns this was a good result in the context of the asset classes the Fund invests in. Despite rising bond yields the fixed interest portion of the Fund delivered positive returns, this was possible due to the low exposure to interest rate risk. The main negative contribution was from equity securities, particularly New Zealand and Australian listed property.

The Fund participated in new bond deals from Bay Energy (new Trustpower), Z Energy and Auckland International Airport as well as the IPO of Charter Hall Long WALE REIT. The equity weighting of the Fund has been increased to 13.5% and the average bond maturity profile of the Fund went up slightly.

Monthly Return before fees and tax*

Income Fund	-0.13%
NZ OCR + 2%	0.33%

*Longer term returns on page 2.

Income Fund Facts

Launch Date	30-Sep-14
Management Fee	0.75%
Unit Price (31 Oct 16)	\$1.0673
Fund NAV (31 Oct 16)	\$64,875,334
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%

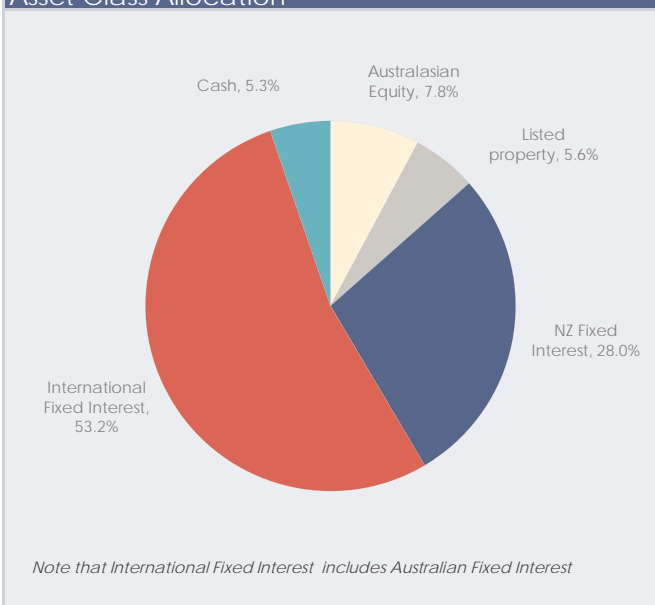
Benchmark

NZ OCR + 2%	100%
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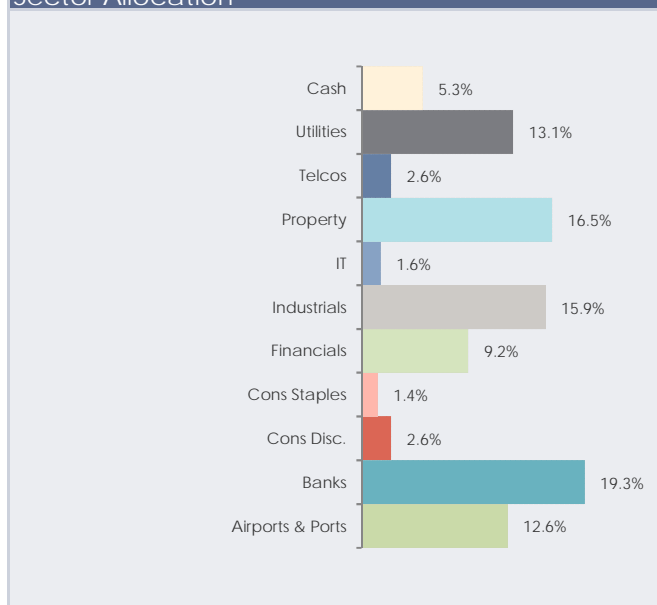
Top 5 Holdings

Top 5 Holdings	Weight
Sydney Airport Inflation Linked (Nov 2020)	3.48%
Port of Brisbane (June 2023)	2.91%
Westpac Subordinated Notes (Aug 2022)	2.67%
ANZ Subordinated Notes (Jun 2022)	2.66%
NAB Subordinated Notes (Jun 2022)	2.64%

Asset Class Allocation



Sector Allocation



Income Fund Performance as at 31-Oct-2016

Returns before fees and tax	1 Month	3 Months	6 Months	1 Year	3 Years*	5 Years*	Inception
Income Fund ¹	-0.13%	0.93%	2.99%	7.08%			7.06%
Benchmark Return ²	0.33%	1.00%	2.07%	4.32%			4.84%
Returns after fees and tax³							
Highest PIR tax rate (currently 28%)	-0.21%	0.40%	1.80%	4.86%			4.84%
Medium PIR tax rate (currently 17.5%)	-0.20%	0.52%	2.10%	5.38%			5.36%
Low PIR tax rate (currently 10.5%)	-0.20%	0.60%	2.29%	5.73%			5.71%
Zero PIR tax rate	-0.19%	0.72%	2.58%	6.26%			6.23%

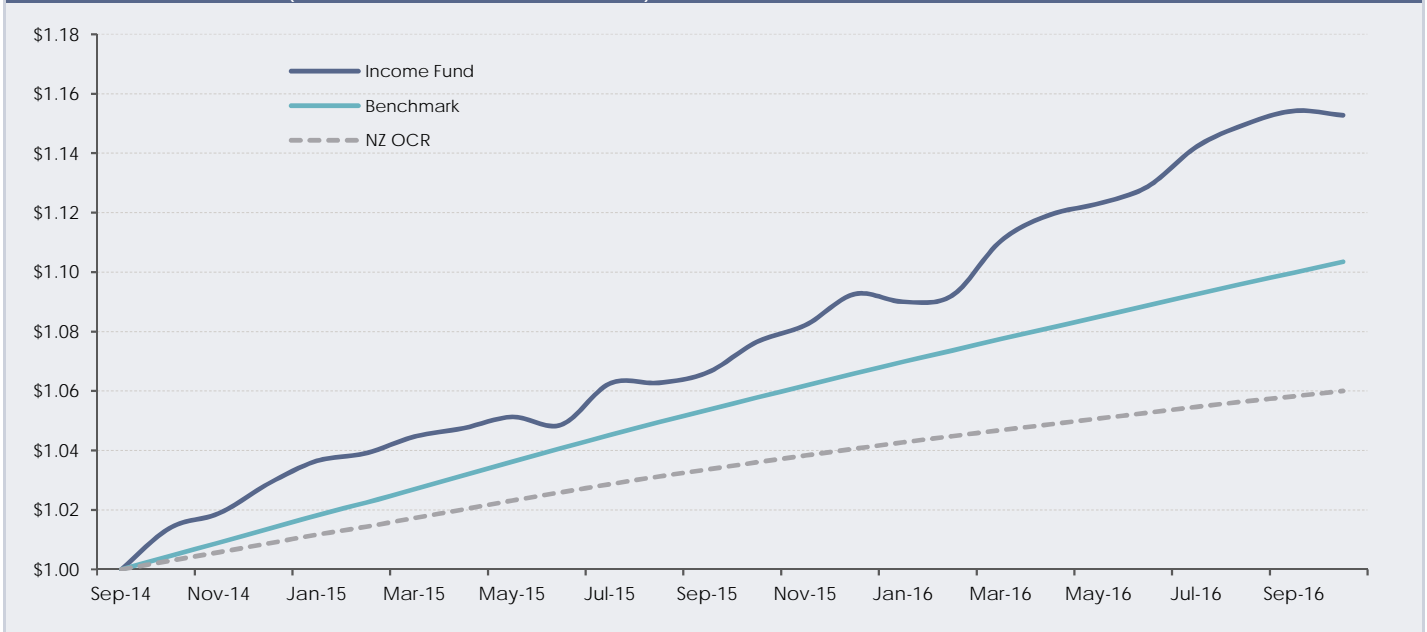
1. Includes imputation credits where applicable

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

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. 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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