

Fund Description

The QuayStreet Conservative Fund invests in a diversified portfolio of predominantly defensive assets such as cash, term deposits and fixed interest securities but will include a smaller allocation to growth assets such as listed property, infrastructure and utility securities and equities. 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 from year to year and may be negative.

Monthly Update

The slight weakness in the NZD against some of the major currencies helped the MSCI World (NZD) Index post a small positive return of 0.3% for the month. Most developed economy sharemarkets were slightly down, while emerging markets overall outperformed. OPEC, for the first time in 8 years, announced it would begin trimming down oil production which caused oil to finish up 7.9%. The S&P/ASX 200 returned 0.5% outperforming the S&P/NZX 50 which fell 0.5%.

It was an interesting month for fixed interest markets. Initially there was a sell off of government bonds following the European Central Bank (ECB) monetary policy meeting. Key ECB interest rates were left unchanged and the size of its asset purchasing program was also unchanged at €80 billion per month, however the commentary surrounding these decisions was slightly more constructive on Euro area growth and inflation. This saw longer term bond yields rise sharply across the globe. However this move was mostly reversed in the later half of the month following mixed economic data from the US and the Federal Funds rate remaining unchanged.

The Fund returned 0.3% slightly outperforming its benchmark return of 0.2%. Australasian equities were the top contributor to relative performance while international equities were the worst.

Monthly Return before fees and tax*

Conservative Fund	0.31%
Benchmark	0.16%

*Longer term returns on page 2.

Conservative Fund Facts

Launch Date	25-Oct-07
Management Fee	0.75%
Unit Price (30 Sep 16)	\$1.5834
Fund NAV (30 Sep 16)	\$57,916,875

Investment Ranges

Growth Assets	0-40%
Defensive Assets	60-100%

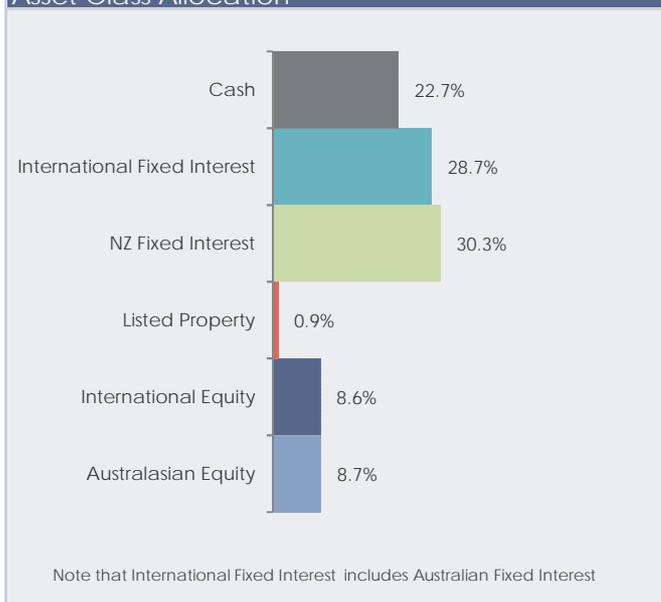
Benchmark

MSCI World Index (NZD)	10.0%
S&P/NZX 50 Index	5.0%
S&P/ASX 200 Index	5.0%
S&P/NZX Investment Grade Corp Bond Index	60.0%
NZX 90 day Bank Bill Index	20.0%

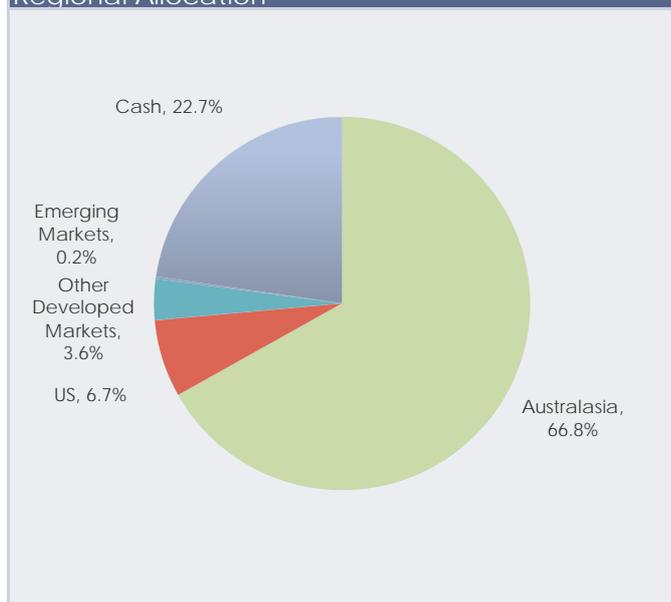
Top 5 Holdings

	Weight
Ishares Core S&P 500 ETF	4.15%
MSCI EAFE incl Canada TRS	3.29%
Apple Inc (August 2019)	1.81%
Sydney Airport Inflation Linked (Nov 2020)	1.49%
Lend Lease (Nov 2018)	1.46%

Asset Class Allocation



Regional Allocation



Conservative Fund Performance as at 30-Sep-2016

Returns before fees and tax	1 Month	3 Months	6 Months	1 Year	3 Years*	5 Years*	Inception*
Conservative Fund ¹	0.31%	2.13%	3.70%	6.93%	7.10%	6.97%	6.16%
Benchmark Return ²	0.16%	1.98%	3.20%	6.01%	6.83%	6.92%	5.67%
Returns after fees and tax³							
Highest PIR tax rate (currently 28%)	0.18%	1.55%	2.65%	4.98%	5.07%	5.06%	4.06%
Medium PIR tax rate (currently 17.5%)	0.22%	1.71%	2.91%	5.44%	5.59%	5.52%	4.55%
Low PIR tax rate (currently 10.5%)	0.25%	1.82%	3.10%	5.76%	5.95%	5.84%	4.78%
Zero PIR tax rate	0.28%	1.97%	3.36%	6.21%	6.46%	6.30%	5.41%

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)



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.

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