

QUAYSTREET CONSERVATIVE FUND

Update as at 31 Jan 2017

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 newly elected US President, Donald Trump, wasted no time getting to work. In his first week, among a flurry of executive orders, he withdrew the US from the Trans-Pacific Partnership (TPP) deal and said he would look to renegotiate trade deals with individual countries including New Zealand. Major equity markets were mixed over January in local currency terms, with the US up and Japan and Europe slightly down. Locally, the S&P/NZX 50 ended January in positive territory gaining 2.5% after four consecutive months of negative returns while the Australian S&P/ASX 200 Index underperformed with a return of -0.8%.

January was a static month for local bond markets with New Zealand and Australian government bond yields finishing the month roughly where they started. Inflation data for the December quarter was released and showed that the annual change in the New Zealand CPI was 1.3% compared to Australia at 1.5%.

The Fund returned 0.2% relative to its benchmark which returned 0.1%. The top negative contributor to relative performance was the exposure to Australian equities while the top positive contributor was the exposure to fixed interest. There were no significant asset allocation changes made over the month.

Monthly Return before fees and tax*

Conservative Fund	0.23%
Benchmark	0.07%

*Longer term returns on page 2.

Conservative Fund Facts

Launch Date	25-Oct-07
Management Fee	0.75%
Unit Price (31 Jan 17)	\$1.5774
Fund NAV (31 Jan 17)	\$60,265,859

Investment Ranges

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

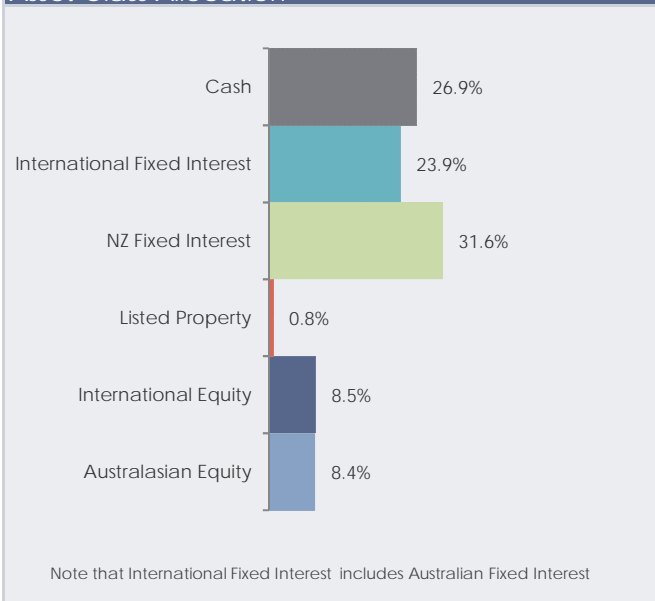
Benchmark

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%

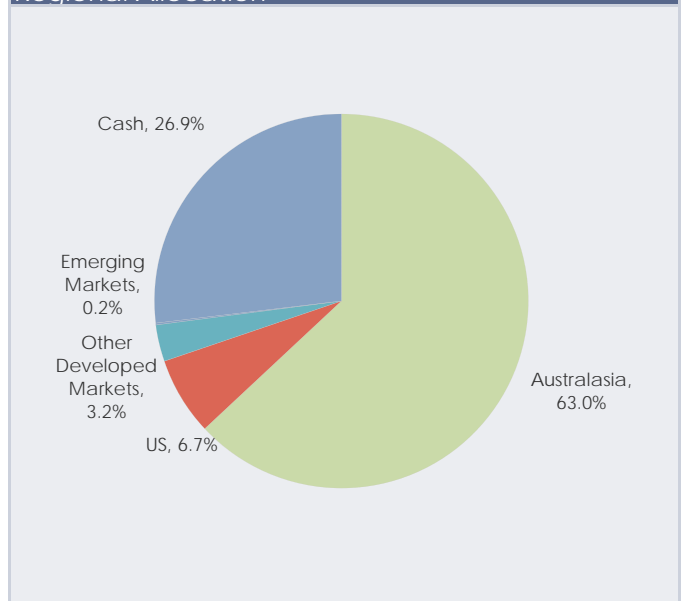
Top 5 Holdings

	Weight
Ishares Core S&P 500 ETF	4.28%
MSCI EAFE incl Canada TRS	3.05%
Sydney Airport Inflation Linked (Nov 2020)	1.66%
Apple Inc (August 2019)	1.62%
Lend Lease (Nov 2018)	1.33%

Asset Class Allocation



Regional Allocation



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Conservative Fund Performance as at 31-Jan-2017

Returns before fees and tax	1 Month	3 Months	6 Months	1 Year	3 Years*	5 Years*	Inception*
Conservative Fund ¹	0.23%	0.43%	0.58%	5.04%	6.61%	6.51%	5.92%
Benchmark Return ²	0.07%	0.44%	0.07%	4.39%	6.19%	6.35%	5.43%
Returns after fees and tax³							
Highest PIR tax rate (currently 28%)	0.09%	0.23%	0.02%	3.39%	4.65%	4.70%	3.87%
Medium PIR tax rate (currently 17.5%)	0.12%	0.24%	0.10%	3.73%	5.13%	5.13%	4.34%
Low PIR tax rate (currently 10.5%)	0.13%	0.23%	0.14%	3.97%	5.46%	5.43%	4.57%
Zero PIR tax rate	0.16%	0.25%	0.23%	4.33%	5.94%	5.86%	5.17%

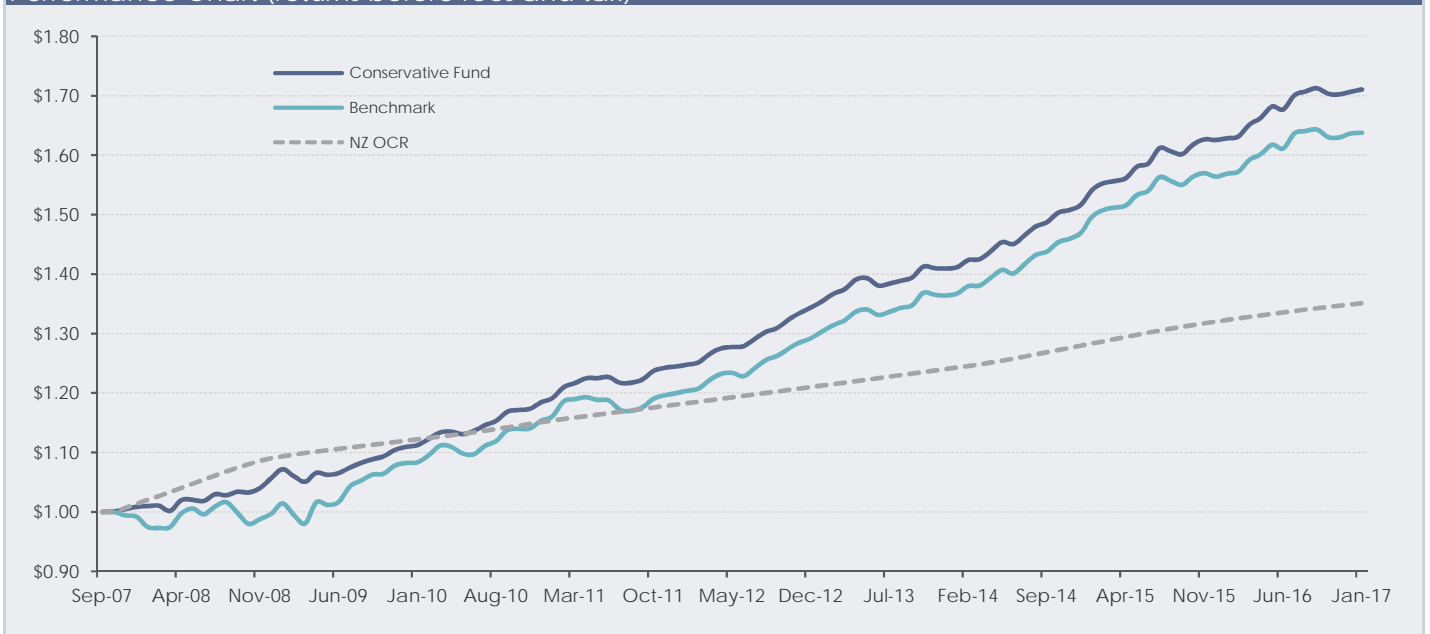
1. Includes imputation credits where applicable

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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