

# QUAYSTREET FIXED INTEREST FUND

Update as at 31 Jan 2017

## 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

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%. This was an increase for both countries from September (as expected) but inflation still remains low and the change was probably not enough to change market expectations. Current market pricing implies a period of stability for official interest rates in both New Zealand and Australia for the next six months.

The Fund returned 0.5% for the month and was slightly ahead of its benchmark that returned 0.4%. As mentioned there were no significant changes in government bond yields so this was not a driver of returns. However corporate bond spreads continued to tighten which resulted in outperformance of corporate bonds versus government bonds. This is a trend that has been in place since around February last year and has been a key driver of the strong relative returns for the Fund to its benchmark. It was a quiet month for bond issuance and no significant changes were made to the Fund in January.

## Monthly Return before fees and tax\*

Fixed Interest Fund	0.46%
S&P/NZX Investment Grade Corporate Bond Index	0.36%
*Longer term returns on page 2.	

## Fixed Interest Fund Facts

Launch Date	31-Oct-09
Management Fee	0.75%
Unit Price (31 Jan 17)	\$1.2874
Fund NAV (31 Jan 17)	\$144,111,525
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%

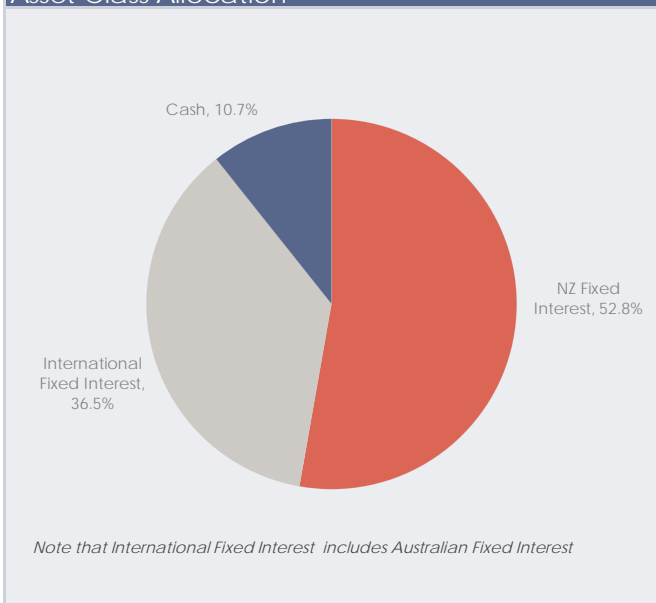
## Benchmark

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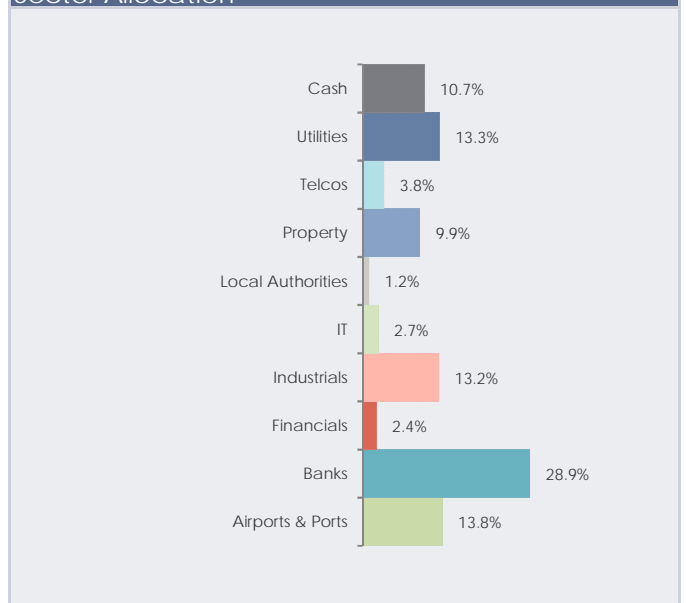
## Top 5 Holdings

Top 5 Holdings	Weight
Apple Inc (August 2019)	2.74%
Sydney Airport Inflation Linked (Nov 2020)	2.54%
NAB (May 2021)	2.36%
Lend Lease (Nov 2018)	2.17%
Crown (Nov 2019)	2.00%

## Asset Class Allocation



## Sector Allocation



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## Fixed Interest Fund Performance as at 31-Jan-2017

	1 Month	3 Months	6 Months	1 Year	3 Years*	5 Years*	Inception*
<b>Returns before fees and tax</b>							
Fixed Interest Fund <sup>1</sup>	0.46%	-0.31%	0.42%	4.27%	5.79%	5.33%	5.88%
Benchmark Return <sup>2</sup>	0.36%	-0.74%	-0.77%	3.24%	5.59%	4.97%	5.90%
<b>Returns after fees and tax<sup>3</sup></b>							
Highest PIR tax rate (currently 28%)	0.28%	-0.36%	0.02%	2.50%	3.57%	3.26%	3.62%
Medium PIR tax rate (currently 17.5%)	0.32%	-0.42%	0.02%	2.85%	4.09%	3.73%	4.15%
Low PIR tax rate (currently 10.5%)	0.35%	-0.44%	0.04%	3.11%	4.46%	4.05%	4.49%
Zero PIR tax rate	0.39%	-0.50%	0.02%	3.47%	4.99%	4.53%	5.08%

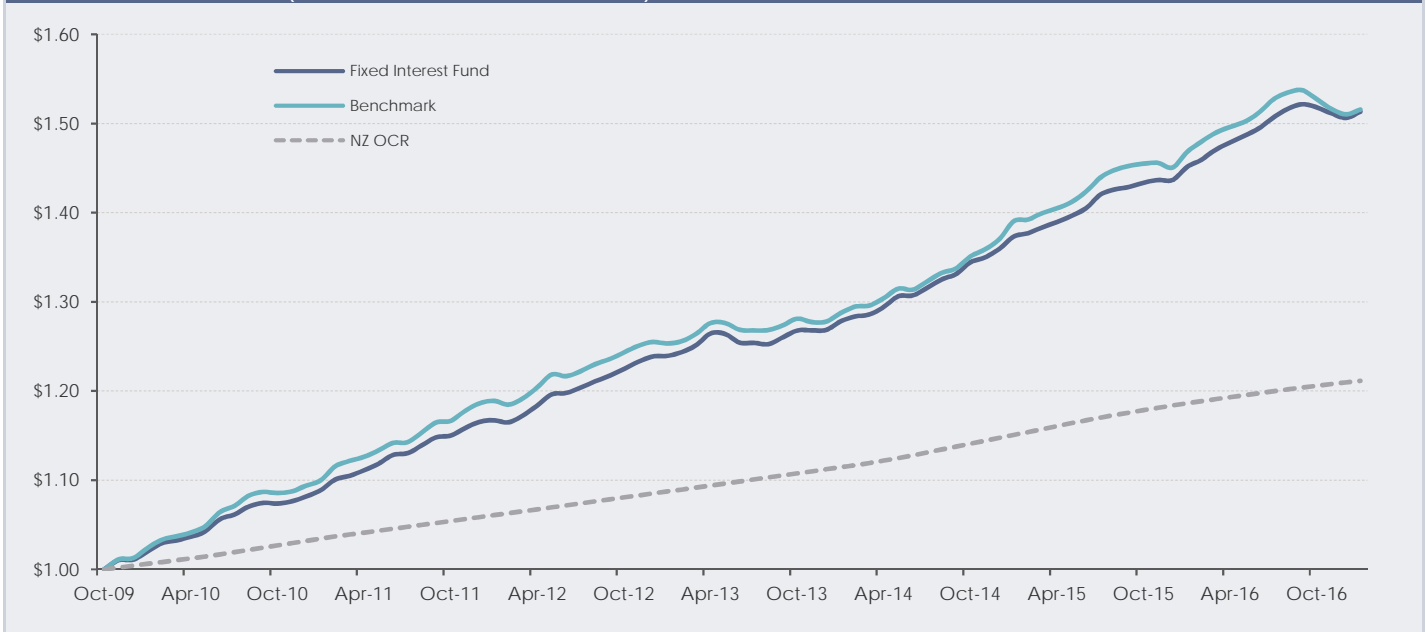
1. Includes imputation credits where applicable

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](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 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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