

Harbour NZ Core Fixed Interest Fund Fund Update

for the quarter ended 30 September 2023

Harbour Investment Funds

This fund update was first made publicly available on 30 October 2023

What is the purpose of this update?

This document tells you how the Harbour NZ Core Fixed Interest Fund has performed and what fees were charged. The document will help you compare the Fund with other funds. Harbour Asset Management Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this fund

The Fund is an actively managed investment grade bond fund that invests mainly in New Zealand Government and corporate bond fixed interest securities.

Investment Objective: The investment objective of the Fund is to outperform the benchmark by 100 basis points per annum over a rolling three year period.

Benchmark: Bloomberg NZ Bond Composite 0+Yr Index

Total value of the Fund (NZD)

\$196,697,375

The date the Fund started

24 May 2011

What are the risks of investing?

Risk indicator for the Harbour NZ Core Fixed Interest Fund

LOWER RISK

HIGHER RISK



Potentially lower returns

Potentially higher returns

The risk indicator is rated from **1 (low) to 7 (high)**. The rating reflects how much the value of the Fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way. To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz.

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the 5 years to 30 September 2023. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

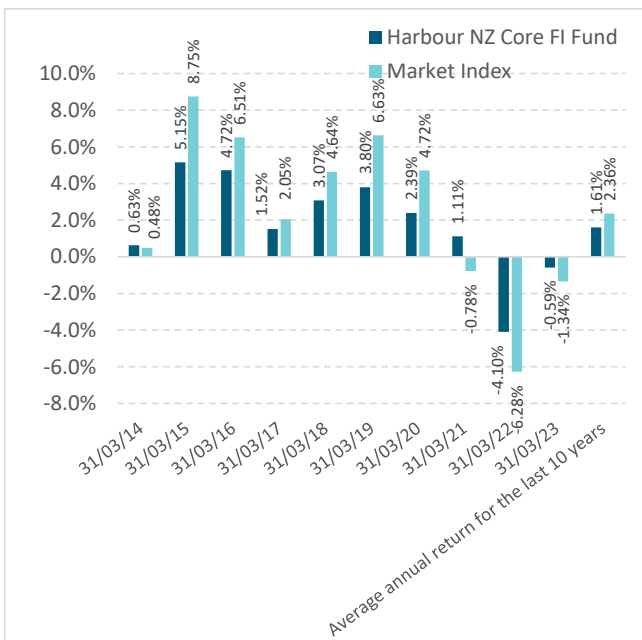
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this Fund.

How has the Fund performed?

| | Average over past 5 years | Past Year |
|--|---------------------------|--------------|
| Annual Return¹ (after deductions for charges and tax) | -0.17% | 0.42% |
| Annual Return¹ (after deductions for charges but before tax) | -0.26% | 0.55% |
| Market index annual return¹ (reflects no deduction for charges and tax) | -0.46% | 0.25% |

The market index annual return is based on the weighted average return of the market indices used to measure performance of the underlying fund. In this case the Market Index is a combination of Bloomberg NZ Bond Composite 0+Yr Index (current Index) and 50:50 weighted average of the S&P/NZX Government Bond Index and S&P/NZX A Grade Corporate Bond Total Return Index (prior index). Additional information about the market index is available on the offer register at www.business.govt.nz/disclose.

Annual Return Graph²



This graph shows the return after Fund charges and tax for each year ending 31 March for the last 10 years. The last bar shows the annualised annual return for the last 10 years, up to 30 September 2023. The Market Index returns do not include any tax, expenses or charges.

Important: This does not tell you how the Fund will perform in the future. Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

What fees are investors charged?

Investors in the Fund are charged fund charges. In the year to 30 June 2023 these were as follows:

| | % of net asset value |
|--|----------------------|
| Total fund charges (Inc. GST) | 0.65% |
| Which are made up of: | |
| Total management and administration | 0.65% |
| Including- | |
| Manager's basic fee | 0.56% |
| Other management and administration charges ³ | 0.09% |
| Total Performance-based fees | 0.00% |

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS and Other Material Information Document (OMI) for more information about fees.

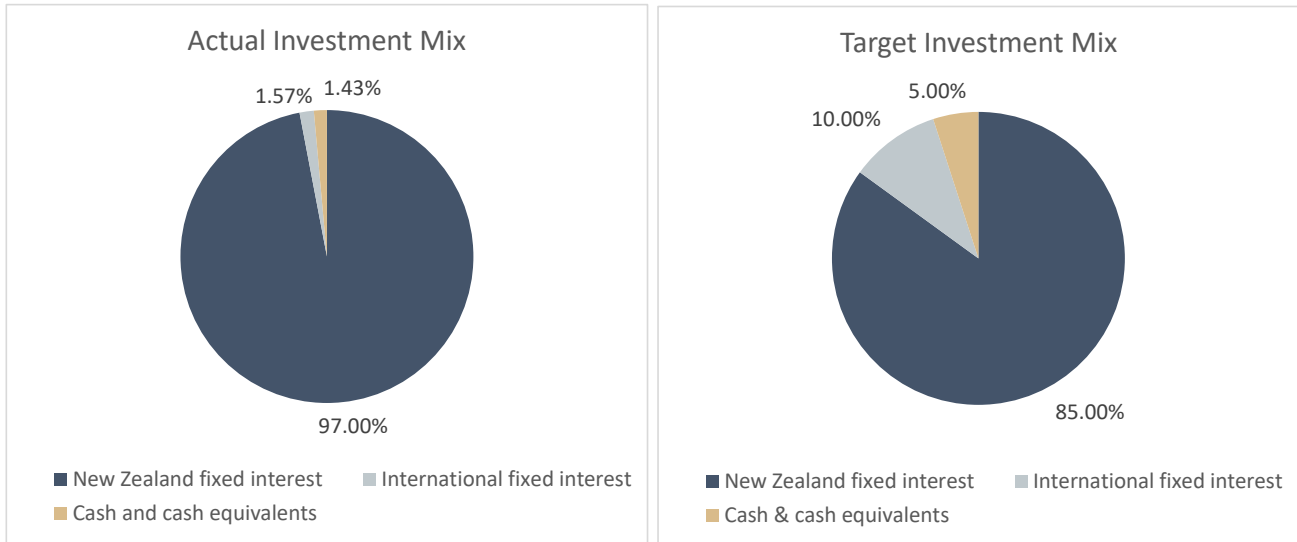
Example of how this applies to an investor

Small differences in fees and charges can have a big impact on your investment over the long term.

Jenny had \$10,000 in the Harbour NZ Core Fixed Interest Fund at the start of the year and did not make any further contributions. At the end of the year, Jenny received a return, after fund charges were deducted, of \$55 (that is 0.55% of her initial \$10,000). This gives Jenny a total return after tax of \$42 for the year.

What does the Fund invest in?

This shows the types of assets that the fund invests in.





Actual asset allocation to 30 September 2023. Actual asset allocation will vary from the target asset allocation as market conditions change and if we pursue tactical investment opportunities.

Top 10 investments

| Name | % of Fund net assets | Type | Country | Credit Rating |
|---|----------------------|----------------------------|---------|---------------|
| NZ Government Stock 15/05/2031 1.50% | 9.89% | New Zealand fixed interest | NZ | AAA |
| NZ Government Stock 15/05/2030 4.50% | 5.78% | New Zealand fixed interest | NZ | AAA |
| NZGS Index Linked Bond 20/09/2025 2.00% | 5.58% | New Zealand fixed interest | NZ | AAA |
| NZ Government Stock 15/05/2041 1.75% | 5.56% | New Zealand fixed interest | NZ | AAA |
| NZGS Index Linked Bond 20/09/2030 3.00% | 5.03% | New Zealand fixed interest | NZ | AAA |
| NZ Government Stock 20/04/2029 3.00% | 4.87% | New Zealand fixed interest | NZ | AAA |
| NZ Government Stock 15/04/2027 4.50% | 4.05% | New Zealand fixed interest | NZ | AAA |
| NZ Government Stock 15/04/2037 2.75% | 3.08% | New Zealand fixed interest | NZ | AAA |
| NZ Government Stock 15/05/2034 4.25% | 3.06% | New Zealand fixed interest | NZ | AA- |
| Bank of New Zealand 01/09/2028 5.872% | 3.04% | New Zealand fixed interest | NZ | AA- |

The top 10 investments make up **49.94%** of the net asset value of the Fund.

Key Personnel

| Name | Current Position | Time in current position | Previous position | Time in previous position |
|--|------------------------------------|--------------------------|---|---------------------------|
| Mark Brown  | Director, Head of Fixed Income | 13 years & 0 months | AXA/Alliance Bernstein, Head of Fixed Interest | 16 years & 5 months |
| Simon Pannett  | Director, Senior Credit Analyst | 10 years & 2 months | Investment Solutions, UK Investment Analyst | 2 years & 4 months |

Further information

You can also obtain this information, the PDS for the Harbour NZ Core Fixed Interest Fund, and some additional information from the offer register at www.business.govt.nz/disclose.

Notes:

1. Returns to 30 September 2023.
2. The bar chart shows fund returns after the deduction of fees and tax, however the market index returns are shown before any fees or tax is deducted.
3. Other fees: these charges cover the general management of the Fund e.g. administration, Supervisor, legal, and audit fees and costs required to comply with relevant legislation. These charges are based on the audited financial statements for the Fund to 30 June 2023 and includes any applicable GST.
More information on charges can be found in the PDS and the other material information document (OMI) on the Disclose Register.

Hyperlinks to Harbour documents:

Links to the latest PDS, SIPO & OMI for the Harbour Funds can be found on the Harbour website:

<https://www.harbourasset.co.nz/our-funds/investor-documents/>