

# Harbour Income Fund

## MONTHLY FUND FACT SHEET

Information as at 31 October 2021

### Fund Description

The Fund is designed to give a favourable level of income with scope for some capital growth.

### Fund Benchmark

68% S&P/NZX A Grade Corporate Bond Total Return Index; 16% S&P/ASX200 Industrials Index (100% hedged to NZ dollars); and 16% S&P/NZX Portfolio Index.

### Fund Objective

The investment objective of the Fund is to exceed the Official Cash Rate (OCR) plus 3.5% pa over rolling three year periods.

### Performance

	1 mth	3 mth	1 yr (% p.a)	2 yr (% p.a)	3 yr (% p.a)	5 yr (% p.a)	Since inception (annualised)
<b>Return</b> (reflects no deductions)	<b>-0.96%</b>	<b>0.73%</b>	<b>8.85%</b>	<b>6.72%</b>	<b>8.13%</b>	<b>7.13%</b>	<b>6.78%</b>
<b>Benchmark return</b> (reflects no deductions)	-1.72%	-0.90%	2.37%	3.43%	6.09%	6.18%	6.34%
<b>Return</b> (after deductions for charges, before tax)	-1.07%	0.52%	8.12%	6.13%	7.44%	6.38%	6.04%

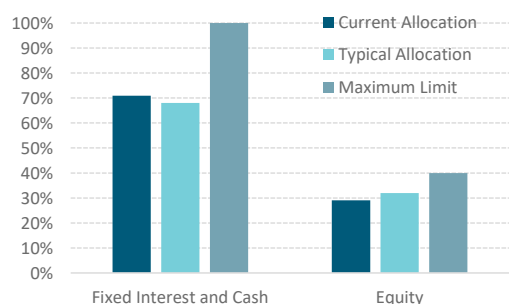
Inception: 28 October 2015.

### Fund Update

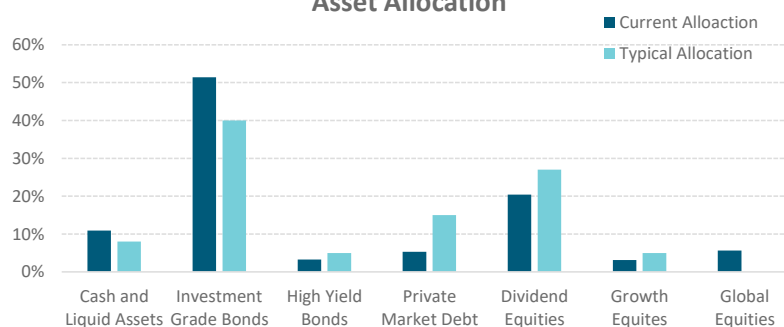
In September we had moved the Funds' asset allocation into a more cautious position, reducing equity exposure to 29%, as we were wary of rising inflation and extended equity valuations. We held that underweight exposure through October. We have also been steadily raising portfolio duration. We have been prepared to invest in the 2- to 3-year part of the New Zealand yield curve as market pricing looks too aggressive with regards to the number of hikes that we expect the RBNZ to deliver over the next 2 years. In early November, we lifted the duration of fixed income securities to 4.2 years. At the start of the year, it was just 1.1 years.

[Click here for the Harbour Market Commentary for this month.](#)

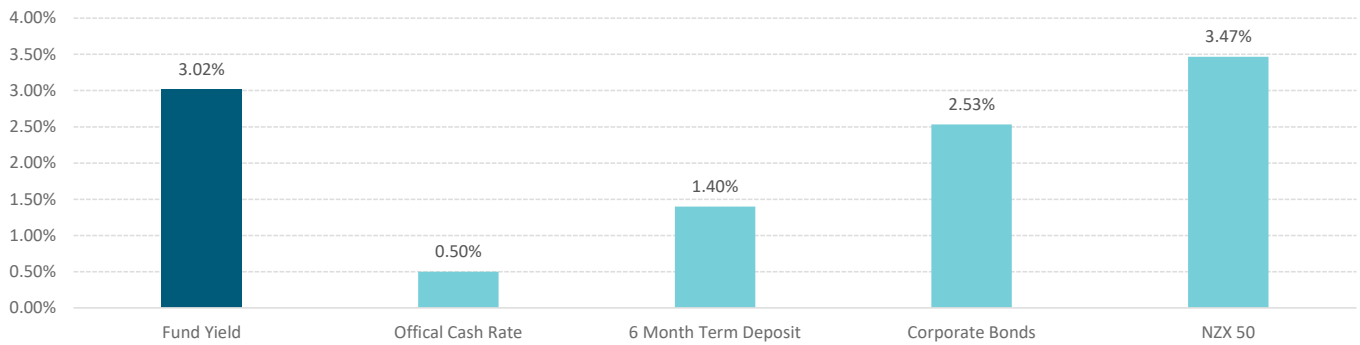
### Equities & Fixed Interest Mix



### Asset Allocation



## Yield



## Example Holdings

### Macquarie Group Shares 1.22%

Investment Bank Macquarie has established a world leading position as an infrastructure fund manager and is earning fees from a large pipeline of green energy development projects.

### NZ Government Inflation Linked Bonds 11.53%

Globally, a reopening demand surge is colliding with supply chain blockages resulting in a spike in inflation. It remains to be seen whether this initial spike can feed into wage negotiations and create persistence in higher inflation, but we believe the price of inflation protection offered by these bonds continues to provide attractive cover for the risk of continued higher inflation.

### SBS Bank Bonds 0.41%

At 0.4%, the Fund's holding in SBS' subordinate debt is its largest individual holding in sub-investment grade debt. We gain comfort in the loyalty of SBS' customer base, franchise value and the degree of retained earnings within the business.

### Asian Development Bank Bonds 2.42%

Asian Development Bank funds its lending in multiple currencies including issuing New Zealand Dollar Bonds. One of those bonds, held in the portfolio, exclusively funds projects that support gender equality and empowerment of women. For example a loan the bond supports funded the expansion of a production facility in Bangladesh and was conditional on female employment metrics.

## Risk Profile

This Fund has a risk rating of 3, based on returns data from the 5 years to 31 October 2021. For more information on the risks associated with this Fund, please see our Product Disclosure Statement (PDS).

LOWER RISK

HIGHER RISK



Potentially lower returns

Potentially higher returns

## Investment Team for this Fund

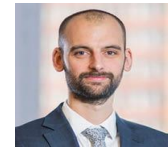
**Mark Brown**  
Head of Fixed Income



**Craig Stent**  
Head of Equities



**Simon Pannett**  
Senior Credit Analyst



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