

Harbour Income Fund

MONTHLY FUND FACT SHEET

Information as at 31 March 2021

Fund Description

The Fund is designed to give a favourable level of income. The Fund invests predominantly in New Zealand investment grade fixed interest securities and Australasian equities which pay a sustainable dividend yield. Other tools, such as active management and scope to invest in sub investment grade securities may also be used to enhance returns.

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.

Performance

	1 mth	3 mth	1 yr (% p.a)	2 yr (% p.a)	3 yr (% p.a)	5 yr (% p.a)	Since inception (annualised)
Return (reflects no deductions)	1.33%	0.55%	17.04%	7.97%	8.40%	6.80%	6.82%
Benchmark return (reflects no deductions)	1.28%	-1.05%	12.38%	6.18%	6.99%	6.70%	6.89%
Return (after deductions for charges, before tax)	1.36%	0.42%	16.27%	7.29%	7.71%	6.05%	6.07%

Inception: 28 October 2015.

Fund Objective

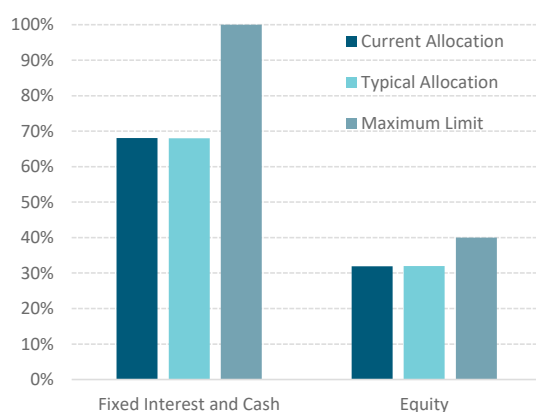
The investment objective of the Fund is to exceed the Official Cash Rate (OCR) plus 3.5% pa over rolling three year periods.

Fund Update

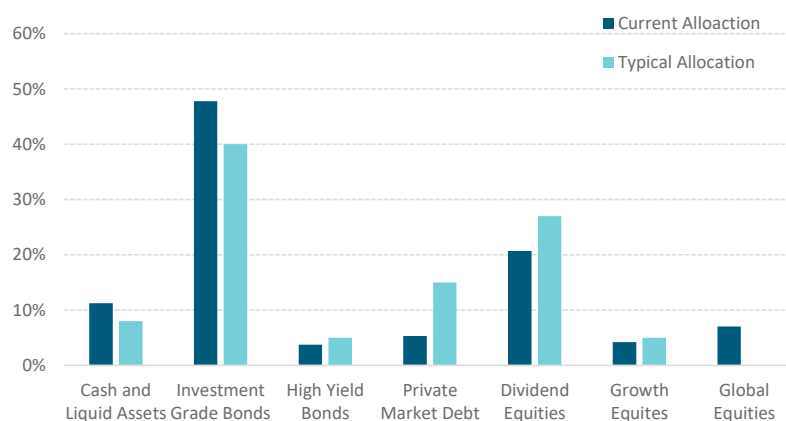
The Fund strategy has continued with its slightly underweight equities position and has hedged most of its interest rate risk. Equity exposure includes small weightings in Europe and China, where global recovery themes can play out. Conversely, we are underweight in New Zealand, where rising interest rates may become more of a challenge to equity valuations.

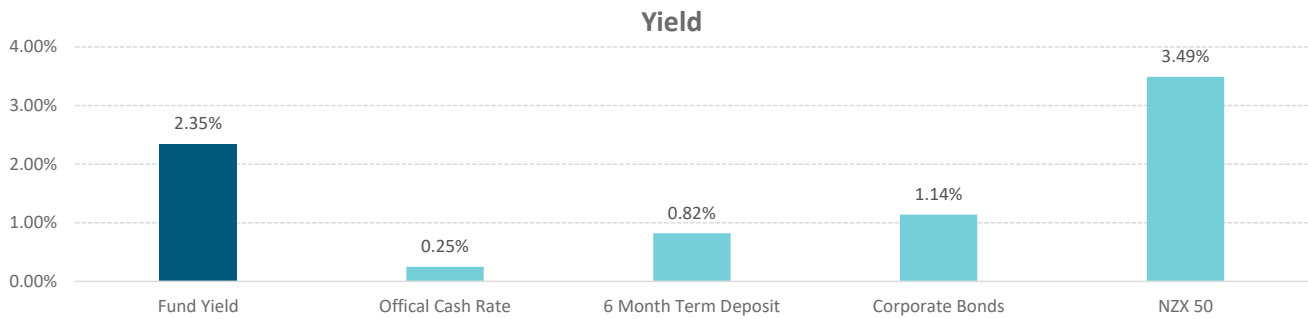
[Click here for the Harbour Market Commentary for this month.](#)

Equities & Fixed Interest Mix



Asset Allocation





Example Holdings

New Zealand Govt. Inflation Linked Bonds 8.80%

Lingering supply-chain challenges and central banks who remain reluctant to reduce stimulus even in the face of a faster than anticipated recovery, provides an attractive backdrop for purchasing inflation protection. The price for this protection remains well below the Reserve Bank's target inflation rate.

Revolution Private Debt Fund 2.90%

The Fund has outsourced some of its private debt investment to Sydney-based specialist Revolution Investment Management. Revolution have lent money to a number of private entities including two private hospital operators. Investors do not pay additional fees for this outsourcing.

National Australia Bank Shares 1.70%

National Australia Bank (NAB) is our preferred banking sector exposure. The bank took large provisions against possible bad loans at the onset of Covid-19. These provisions now look very conservative and will benefit earnings as they are released. In our view NAB has also made the most progress following the Australian Royal Commission into the banking sector's conduct.

Centuria Capital Group 0.90%

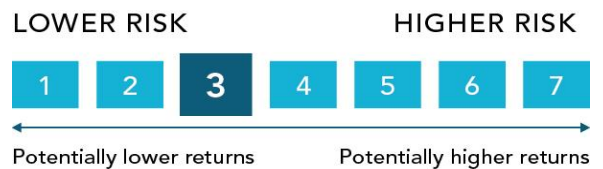
Centuria Capital Group (CNI) is an Australian-listed fund manager predominately focused on the property sector. Last year it purchased NZ-based Augusta capital, a fund manager that syndicates industrial properties to private investors. In addition to being the manager of two listed property vehicles, CNI runs a similar platform in Australia and co-invests in these property syndications. The co-investment means the debt issued by CNI is structurally subordinate, sitting behind other claims. As such the Fund holds a modest 0.4%, as is typical for high yield positions.

Key Information

Unit Price	1.0495
Unit Pricing	Daily
Fund Size (GAV)	\$156,501,726
Fund Inception Date	28 October 2015
Currency	NZD
Estimated Total Fund charge:	0.63%pa
Performance fee	None
Entry/exit fees	None
Distribution frequency	Monthly
Last distribution Cents Per Unit (CPU)	0.28

Risk Profile

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



Investment Team for this Fund

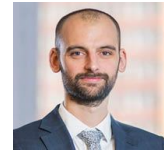
Mark Brown
Head of Fixed Income



Craig Stent
Head of Equities



Simon Pannett
Senior Credit Analyst



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