

Harbour Long Short Fund Fund Update

for the quarter ended 30 June 2021

Harbour Investment Funds

This fund update was first made publicly available on 27th July 2021

What is the purpose of this update?

This document tells you how the Harbour Long Short 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, high conviction portfolio investing principally in 'long' and 'short' listed Australasian equities.

The focus is on delivering positive returns through the market cycle by investing in long and short-sold equity positions with no particular attention to an equity benchmark.

The fund is expected to have lower volatility than equity benchmarks.

We can actively allocate investments between Australasian listed equities, fixed interest and cash. The Fund may also use derivatives to hedge currency and equity risk.

Investment Objective: To deliver positive absolute returns through the economic cycle with low volatility and low correlation of returns with equity markets.

Benchmark: 15% S&P NZX50 Index; 15% S&P/ASX 200 Index & 70% S&P/NZX Bank Bills 90-Day Index.

Total value of the Fund (NZD)

\$6,981,763

The date the Fund started

3 January 2019

What are the risks of investing?

LOWER RISK

HIGHER RISK



Potentially lower returns

Potentially higher returns

A combination of actual Fund returns and market index returns have been used to determine the risk indicator for the Harbour Long Short Fund (inception 3 January 2019), as the Fund has not been operational for the required 5 years. The risk indicator may therefore provide a less reliable indicator of potential future volatility of this Fund.

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 June 2021. 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.

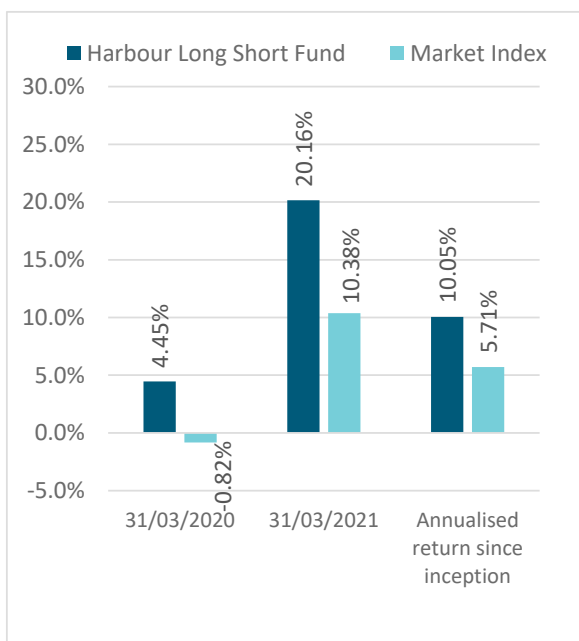
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this Fund.

How has the Fund performed?

	Past Year
Annual Return¹ (after deductions for charges and tax)	14.40%
Annual Return¹ (after deductions for charges but before tax)	13.38%
Market index annual return¹ (reflects no deduction for charges and tax)	5.90%

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 the 15% S&P NZX50 Index: 15% S&P/ASX 200 Index & 70% S&P/NZX Bank Bills 90-Day Index. Additional information about the market index is available on the offer register at www.business.govt.nz/disclose.

Annual Return Graph²



This shows the return after Fund charges and tax for each year ending 31 March since the Fund started.

The last bar shows the annualised annual return since the Fund started, up to 30 June 21.

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 2020 these were as follows:

	% of net asset value
Total fund charges (Inc. GST)	3.28%
Which are made up of:	
Total management and administration	3.28%
Including-	
Manager's basic fee	1.12%
Other management and administration charges ³	1.40%
Total Performance-based fees	0.76%

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.

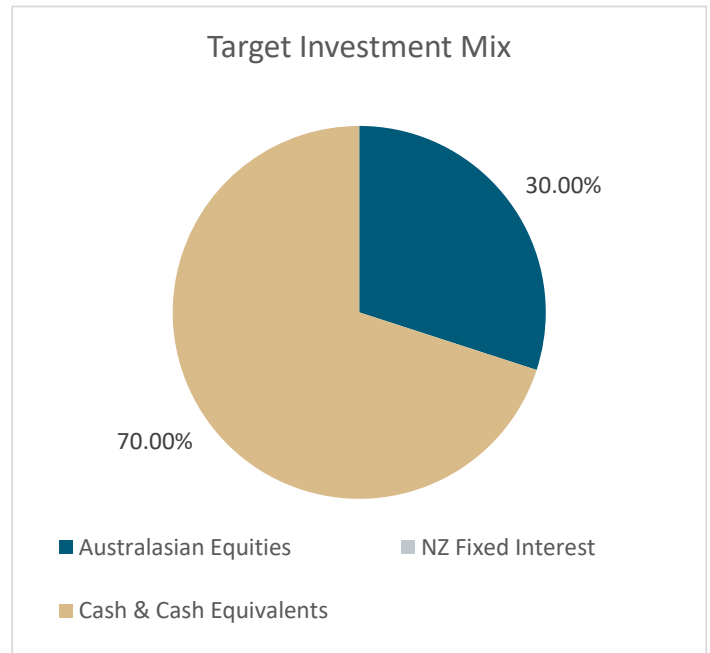
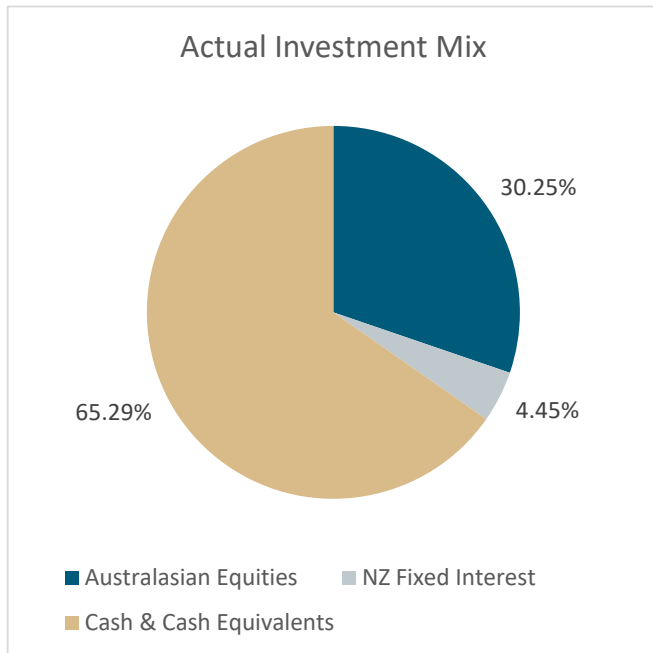
Example of how this applies to an investor

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 Long Short 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 \$1,338 (that is 13.38% of her initial \$10,000). This gives Jenny a total return after tax of \$1,440 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 June 2021. 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
ANZ NZD Cash	36.28%	Cash and cash equivalents	NZ
Macquarie Margin AUD Cash	17.63%	Cash and cash equivalents	AU
JP Morgan AUD Cash	11.32%	Cash and cash equivalents	AU
Mainfreight Limited	3.29%	Australasian equities	NZ
Meridian Energy Limited	2.96%	Australasian equities	NZ
Pacific Edge Limited	2.85%	Australasian equities	NZ
Contact Energy Limited	2.82%	Australasian equities	NZ
CSL Limited	2.68%	Australasian equities	AU
Summerset Group Ltd	2.06%	Australasian equities	NZ
Spark New Zealand Limited	2.03%	Australasian equities	NZ

The top 10 investments make up **83.9%** of the net asset value of the Fund.

Key Personnel

Name	Current Position	Time in current position	Previous position	Time in previous position
Craig Stent 	Executive Director, Head of Equities	11 years & 6 months	Research Analyst, Alliance Bernstein	7 years & 3 months
Oyvinn Rimer 	Director, Senior Research Analyst	11 years & 6 months	Research Analyst, Alliance Bernstein	2 years & 3 months

Further information

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

Notes:

1. Returns to 30 June 2021.
2. 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 2020 and includes any applicable GST.
More information on these charges can be found in the PDS and the other material information document (OMI) on the Disclose Register.
3. The Fund currently has 13.56% of assets invested in Australian equities. Of this exposure, we have a 64.68% hedge on these Australian dollar denominated assets.

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/>