



Qualitative Fund Research

Harbour – T. Rowe Price Global Equity Growth Fund

December 2018



International Equity Sector - Winner

About the Manager

Harbour Asset Management Limited (Harbour) formed in December 2009 and commenced operations on January 2010. Harbour is principally owned by First NZ Capital Group Ltd (FNZ Capital), at 76.3%, and the balance being owned by Harbour employees, further details are available [here](#). Harbour outsources its global equities investment to T.Rowe Price (the Manager). T.Rowe Price believes in strategic investing. This has guided how T.Rowe Price has done business for more than 80 years. T.Rowe Price's independent thinking and rigorous research approach can be viewed [here](#). T. Rowe Price believes investment decisions are better informed when Environment, Social, and Governance (ESG) factors alongside more traditional financial, industry-related, macroeconomic and other qualitative indicators are used, this can be viewed [here](#).

Both Harbour and T.Rowe Price provide full transparency and independence around the investing and management of clients' money.

Understanding clients is at the heart of any business and is critical to the longevity of an investment manager.

Using this Fund

This is General Advice only and should be read in conjunction with the Disclaimers, Disclosures and Warnings at the end of this document.

The Harbour T.Rowe Price Global Equity Growth Fund ("the Fund") is a 'long only' global equity product that is expected to be fully invested. The Fund will generally sit within the growth component of a balanced portfolio.

The Fund holds a relatively large number of securities at ~130 stocks and endeavours to remain unconstrained by allowing a series of broad ranges across sector positioning. FundSource believes the Fund is suited as a core portfolio holding. The Fund provides a broad diversified exposure to the global share market.

The Fund is subject to equity market risk and movements (both positive and negative) in the

Harbour manages nine retail funds, including:

- Harbour Australasian Equity Fund
- Harbour Income Fund
- Harbour Australasian Equity Income Fund
- Harbour Australasian Equity Focus Fund
- Harbour New Zealand Equity Advanced Beta Fund
- Harbour NZ Core Fixed Interest Fund
- Harbour Corporate Bond Fund
- [Harbour T.Rowe Price Global Equity Fund](#)
- Harbour Real Estate Investment Fund

The funds above are managed by a team of 12 in total, of which eight manage the equity funds. The T.Rowe Price team dedicated to this fund consists of five people. The team of five leverages a team of over 150 analysts. Harbour's operations team consists of three people, and in some cases, shares resources with majority shareholder FNZ Capital. Individual bios on the team at Harbour can be found [here](#).

share prices of the underlying securities in the portfolio. Accordingly, investors should therefore be aware that the Fund may experience periods of negative returns and that there is a risk of potential capital loss being incurred on their investment. The Fund is suited to investors with a minimum investment time frame of five years.

The Fund is actively-managed, while being benchmark unaware. The Fund may exhibit material departures from the sector weights compared to the performance reporting benchmark. The Fund's asset allocation decisions can have a material impact on performance, as well as security selection.

The Fund is a Portfolio Investment Entity (PIE). The Fund does not intend to pay any dividends, with income generated in the fund reflected in the unit price.

Question	What the Manager says	What FundSource thinks																				
<p>What are the Manager's assets under management - in total and in this Fund?</p>	<p>Harbour Asset Management currently manages over \$4.3 billion in equities and fixed interest on behalf of institutional and retail clients.</p> <p>T. Rowe Price is one of the largest managers of client funds in the world, with over \$NZ 1.5 trillion under management. The T. Rowe Global Equity Growth Fund, a NZD-domiciled PIE Fund has over \$52m in NZ client money.</p> <p><i>As at 30 November 2018:</i></p> <table border="0"> <tr> <td>Australasian Equity Fund:</td> <td>\$ 40.8m</td> </tr> <tr> <td>Income Fund:</td> <td>\$ 77.0m</td> </tr> <tr> <td>Australasian Equity Income:</td> <td>\$ 35.6m</td> </tr> <tr> <td>Australasian Equity Focus Fund:</td> <td>\$ 19.9m</td> </tr> <tr> <td>NZ Equity Advanced Beta Fund:</td> <td>\$ 57.4m</td> </tr> <tr> <td>Core Fixed Interest Fund</td> <td>\$159.6m</td> </tr> <tr> <td>Corporate Bond Fund</td> <td>\$375.3m</td> </tr> <tr> <td>T.Rowe Price Global Equity Growth Fund:</td> <td>\$ 52.4m</td> </tr> <tr> <td>Real Estate Investment Fund</td> <td>\$ 4.2m</td> </tr> <tr> <td>Manager Total Retail FUM:</td> <td>\$1,122.2m</td> </tr> </table>	Australasian Equity Fund:	\$ 40.8m	Income Fund:	\$ 77.0m	Australasian Equity Income:	\$ 35.6m	Australasian Equity Focus Fund:	\$ 19.9m	NZ Equity Advanced Beta Fund:	\$ 57.4m	Core Fixed Interest Fund	\$159.6m	Corporate Bond Fund	\$375.3m	T.Rowe Price Global Equity Growth Fund:	\$ 52.4m	Real Estate Investment Fund	\$ 4.2m	Manager Total Retail FUM:	\$1,122.2m	<p>Harbour has significant funds under management across its fund suite which spans across equities and fixed interest asset classes. FundSource notes that Harbour fully outsources the security selection process for its global equities Fund. Harbour provide the Portfolio Investment Entity (PIE) structure and manage the on ground third party relationships required to operate a fund in the New Zealand market place.</p> <p>The Harbour T. Rowe Price Global Equity Growth Fund has been available since 21 October 2015. The Fund currently has retail funds under management (FUM) of \$45.0m, as at 30 November 2018. Importantly the overall strategy, has FUM of \$52.4m. The Manager doesn't have a fixed capacity limit, at which the Manager will soft close the Fund. FundSource notes that capacity is currently not an issue for the PIE Fund or the parent strategy it invests into.</p>
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<p>Who is accountable for managing the Fund, and how long has the investment team worked together?</p>	<p>Scott Berg is responsible for managing the portfolio and has been at the helm for 10 years. After graduating first in his class from Macquarie University in Sydney, Scott went on to work for McKinsey & Company. After two years of management consultancy, one of his clients, a large US consumer business hired him recognising his analytical mind. After a three-year stint he enrolled in Stanford University's prestigious MBA programme where he topped his class. T. Rowe Price hired Scott from Stanford in 2002 and he took over the reins of the portfolio in 2008. Scott is assisted by Hari Balkrishna, with 10 years investment experience and an MBA with distinction from Harvard.</p> <p>Both Hari and Scott draw on T. Rowe Price's platform of over 150 company analysts.</p>	<p>The Portfolio Manager (PM) Berg has 16 years industry experience, and has only worked at T.Rowe Price. Berg started in an analyst role, was a mentored by Robert Gensler, who spent 20 years at T.Rowe Price running global investment strategies. With 10 years at the helm, Berg has had to navigate the global financial crisis, and an extended period of global growth. FundSource highlights Berg is very actively engaged in the process, and spends considerable time travelling to meet with company management and better understand local economies and consumers.</p> <p>While Berg is ultimately accountable for the Fund, there is a team of five fully dedicated to this Fund. FundSource notes the analyst and portfolio management teams have a push pull relationship, where analysts can champion ideas to the Portfolio Managers (PM). Or the PMs can engage with the analyst to extract ideas for consideration. Importantly, the PMs and conduct company analysis, there for all investment personal have analyst responsibilities, in conjunction with their management roles.</p> <p>Since commencing operations in 2009, Harbour Asset Management has specialised in Australasian securities. This is Harbour's first foray into global securities. Harbour acknowledges its skill set is better suited to identifying an underlying manager and fund for global securities, rather than try and manage a global portfolio inhouse.</p>																				
<p>What objective is the Manager trying to achieve?</p>	<p>The Fund seeks to outperform the MSCI All Country World Index (in NZD) by 3% per annum.</p>	<p>The Fund aims to increase the value of its units, over the long term, through growth in the value of its investments. The Fund does not pay distributions. The Fund invests mainly in a diversified portfolio of</p>																				

		<p>stocks of companies that have the potential for above-average and sustainable rates of earnings growth. The companies may be anywhere in the world, including emerging markets.</p> <p>Despite having the objective to outperform the MSCI All Country World Index (in NZD), the Fund is relatively unconstrained and remains diverse by typically holding 130 companies.</p> <p>The Fund has a little over a three-year track record in its PIE structure, accordingly the Fund's performance history is relatively short. Compared to the average of 154 peer funds in the FE Analytics NZMI Equity Global sector, the Fund has had above average performance over one- and three-year periods.</p>
<p>What does the Manager invest your money into?</p>	<p>The Fund invests mainly in a diversified portfolio of stocks of companies from around the world, including emerging markets, that have the potential for above-average and sustainable rates of earnings growth.</p>	<p>The Fund invests in global equities and looks to benefit from a relatively diverse and broad range of quality companies the Manager believes will sustainably grow at a faster rate than the market of sector peers.</p> <p>The Manager perceives this Fund is high conviction, which in essence it is. The performance reference benchmark consists of >1400 companies, compared to the Fund's typical holding of 130 companies. FundSource notes most global equity funds tagged as being 'concentrated' have between 20-50 companies. The Fund applies a truly global, and growth-oriented approach to security selection. The Manager believes that valuation always matters in generating alpha and in controlling absolute and relative risks.</p> <p>The portfolio's sector allocations are driven primarily by individual stock considerations but are also influenced, to a lesser degree, by an assessment of macroeconomic and geopolitical considerations.</p> <p>The Fund may be suitable for investors seeking the potential for moderate capital appreciation over time and greater diversification for their equity investments and can accept the volatility associated with investing in equities as well as the special risks that accompany global investing.</p>
<p>What are the inherent risks imbedded in the Fund?</p>	<p>As a diversified global equity fund, holding around 130 companies, the Fund would best be classified as 'higher risk' and is suitable for investors with a long-term investment horizon of at least 5 years. The Fund can invest up to the benchmark weight plus 15% in emerging markets.</p>	<p>The Manager is aware of the broad range of risks, as identified in the Product Disclosure Statement (PDS), and is mindful of them when constructing and managing the portfolio.</p> <p>Compared to several very concentrated global equity funds, holding between 20-60 stocks, this is significantly more diversified. But compared to the number of stocks represented in the Fund's reference index, it is concentrated. Unlike highly concentrated funds, this Fund will remain relatively diversified and stock positions will not be significant.</p>

<p>Why does the Manager believe the future prices of the Fund's investments will vary?</p>	<p>The value of the Fund's investments is determined by the portfolio companies' growth prospects which vary according to a number of factors, including: economic growth, consumer trends, competitive pressures, regulatory environment and execution of strategy. These factors change through time.</p>	<p>FundSource observes the Managers fundamental process is methodical, and the processes are well structured and consistently implemented. The Manager's process is underpinned by the bottom-up proprietary research conducted by the 150+ strong analyst team. The Manager process seeks to find companies with sustainable long-term competitive advantage.</p> <p>As market dynamics and company strength fluctuates the Manager is aware that its internal ratings can fluctuate. Inputs such as industry analysis, secular analysis, and cyclical analysis influence the proprietary research. This may lead to a loss of conviction in a company or sector. This reflects the long-term sustainability of a company's cashflows, which ultimately drives long term valuations. FundSource notes the turnover of the fund can be high, at ~100%, but notes this materially reduces when taking account of the adding and trimming to existing portfolio holdings.</p> <p>FundSource notes that despite being a growth manager, the portfolio positions are typically longer-term holdings, at 3 years or more. This aligns with the Managers positioning for long sustainability of a company's revenue.</p>
<p>Why does the Manager believe you should give them your money rather than to someone else or to an inexpensive index fund?</p>	<p>T. Rowe Price's strong track-record demonstrates its ability to harness the insights of its 163 stock analysts. To date, Portfolio Manager Scott Berg has delivered this, as demonstrated by the consistency of his stock picks across all global sectors and within geographic regions. T. Rowe Price's competitive advantage lies not in its extensive, highly qualified and skilled platform of investment analysts, but in how it effectively communicates and collaboratively filters their research to distil the best ideas into the portfolio.</p>	<p>The Fund's performance reporting is available on the Manager's website, FundSource website, and the Disclose website. The Fund has a relatively short performance when compared to the Fund's hybrid market index, being the MSCI All Country World Index (unhedged, in NZ Dollars). The benchmark highlights the Fund's annual outperformance and underperformance.</p> <p>FundSource believes the Funds' performance reflects security selection of Berg, and the impact of the Managers' growth style bias, while leveraging the input of the large analyst team and dedicated support from Balkrishna. The Manager highlights that it is a truly global portfolio with broad exposure to less efficient developing countries, and a long track record of generating performance as key differentiators to its approach.</p> <p>Both Harbour and the Manager outline its case as to why Harbour, and T.Rowe Price should be considered by an investor. Harbour and T.Rowe Price believes these factors differentiate them from peers, across their product suite. FundSource believes that, in conjunction with a disciplined approach to investing, the Manager presents a clear rationale as to why a potential investor should consider investing in this Fund.</p>
<p>How does the Manager decide to buy or sell investments?</p>	<p>T. Rowe Price looks for companies with strong, sustainable earnings growth potential that will benefit from growing end</p>	<p>The Manager's fundamental bottom up process starts with a focused approach to proprietary fundamental research,</p>

	<p>markets and that are less likely to be disrupted. They also ensure the management team has compelling operational and strategic vision as well as an attractive stock price valuation relative to its growth prospects. The portfolio manager decides to sell a company if an analyst covering the stock downgrades their assessment of the company's prospects because of a new information or insights that alter the outlook or there has been an unanticipated deterioration of investment fundamentals; the stock price increases such that it now trades at an unattractive valuation; or, better ideas exist within T. Rowe Price's network of analysts.</p>	<p>quantitative filtering and analysis. . Each analyst follows 30-50 companies, with company visits and face-to-face meetings considered to be the core of the research process. Analysts will use a broad array of valuation metrics, with the Manager holding the view that no one valuation methodology is superior.</p> <p>Macroeconomic inputs assist in framing industry and company analysis, which can impact a view on a company, leading to adding or trimming the portfolio position, or buying and selling a company. Berg is ultimately responsible for portfolio decisions. Berg aims to understand three main drivers of valuation changes, size and scope of a company's revenue or asset growth, a company's ability to convert growth to free cash flow, and potential for valuation changes.</p> <p>FundSource highlights Berg's judgement is a significant factor in constructing the portfolio. Accordingly, Berg represents significant key person risk, despite the size of the analyst team, and portfolio managers directly related to this Fund.</p> <p>This distils down to the three key factors that are company specific, rather than macro focused. This starts the company ranking process. FundSource notes that Harbour have included Responsible-Investing/ factors in their process. Notably Environment ("E") and Social ("S") factors are treated differently to the Governance ("G"), and governance is well established, the relationships between companies the environment, and social aspects are less defined. The T.Rowe Price ESG integration process doesn't produce blanket exclusions or prohibitions based solely on any specific environmental or social factor. It a part of the overall evaluation process.</p>
<p>Has the CIO/ Portfolio Manager personally invested in the Fund? If so, paying the same fees as other investors?</p>	<p>Yes, all of Scott Berg's personal wealth (excluding his home) is invested in the pooled vehicle paying fees.</p>	<p>FundSource believes that the interests of investment personnel are better aligned to those of the investors, when investment personnel are significantly invested, and at the same fees.</p>
<p>How much latitude does the Manager have to deviate from the weightings of the Benchmark portfolio?</p>	<p>The portfolio is constructed from the bottom-up, i.e. it is comprised of the companies the portfolio manager considers to have the best prospects. In an increasingly interconnected world, the manager is unconcerned which geography these companies are domiciled in. The manager, however, does not wish to introduce significant risk into the portfolio by having large deviations in sector weights and seeks to keep the portfolio broadly sector neutral through time.</p> <p>Tracking Error: 3% to 7% Cash Allocation: 0% to 10% Single Stock Limit: 0.3% to 5%* Sector Limits: ±10% of benchmark Number of stocks: 90 – 145</p>	<p>The risk of any one company highly impacting the portfolio overall is reduced by managing the number of stocks in the portfolio, and maximum position size in the portfolio.</p> <p>The Portfolio Manager has absolute discretion to invest across countries, regions and sectors within reasonably wide ranges. The Fund has size restrictions which includes limits to individual stocks, with the sector and country weights restricted around the benchmark. The Portfolio Manager leverages the analyst team to identify conviction in companies that might be suitable for the portfolio.</p>

	<p>Regional Limits: USA: $\pm 20\%$ of benchmark Other Countries: $\pm 10\%$ of benchmark Emerging Markets: $\pm 15\%$ of benchmark Currency Hedging 0% to 100% (typically unhedged)</p>	<p>The methodical approach to risk management is reflective of the Manager's complete process to investing client money.</p> <p>The Fund is expected to be fully invested, with cash a result of cash flow management for the fund, rather than a conscious asset allocation decision.</p> <p>The Fund is expected to be unhedged, however, it may actively hedge a portion of the Fund's currency exposure.</p>
<p>On what basis does the Manager believe the fees they charge are justified?</p>	<p>In order to unearth growth opportunities T. Rowe Price undertakes in-depth research meeting companies, suppliers and customers throughout the world. The company conducts over 5,000 such meetings annually.</p>	<p>The Funds' basic fee is in line with the FE Analytics NZMI Equity Global sector peer average. While the number of company visits across the large analyst team is significant compared to domestic fund managers who also offer global equity funds, this is in line with global equity managers with significant funds under management.</p> <p>The Fund does not charge performance fees.</p>
<p>How would you describe the quality of your organisational and investment governance processes?</p>	<p>T. Rowe Price solely manages third-party client funds (i.e. it does not have a conflict of interest inherent investment banking models, nor does it manage captive insurance money). The Equity Steering Committee is responsible for oversight of the portfolio manager and ensuring the team is functioning well and following process. Additionally, as the issuer of the NZ PIE Fund, Harbour Asset Management periodically reviews T. Rowe Price's suitability as the appointed investment manager.</p> <p>Harbour Asset Management is recognised by a wide range of investment gatekeepers as having "best in class" organisational and investment governance processes. Harbour's organisational and investment governance processes are audited annually by external auditors. Harbour has a number of large government and financial services clients that regularly review its organisational and investment governance processes. Harbour has a strong commitment to improving the governance, environmental and social policies and practices of New Zealand companies, and embraces those practices within its own business.</p> <p>The Board of Harbour will confirm the appointment of a third independent director in the near future. One of the current independent directors is Graeme Wong who chairs the Board and the other is Wayne Stechman who chairs the Audit Committee. The entire Board is included in approving remuneration. The Head of Compliance, Debbie Bourne, reports directly to the Board and Audit Committee. The other Board members are Bill Trotter and Richard Young representing FNZC and Andrew Bascand, Managing Director of Harbour.</p>	<p>T. Rowe Price have a strong governance structure to ensure the portfolio managers remain true to a fund's investment objective. FundSource notes that Harbour retains the ability to appoint another investment manager, should T. Rowe Price no longer remain suitable. FundSource believes Harbour intends there be long term relationships for global equities, and is therefore not likely to replace T. Rowe Price without significant justification.</p> <p>Harbour's governance frameworks start with the composition of the Board and leadership of key Board Committees. In addition to the out-sourced functions, there are sufficient internal personnel in operational roles, to ensure that the investment team members can concentrate on managing the portfolios. The use of external directors for the Harbour Board is considered to be in line with industry best practice. FundSource notes the use of independent members should extend to Board delegated committees and investment committees. In Harbour's case there is no formal investment committee. The use of external directors is strong, this excludes those representing the major shareholder, First NZ Capital. FundSource believes the investment committee process formalises a process and can provide oversight to the investment decisions.</p> <p>Both T. Rowe Price and Harbour integrate environment, social and governance (ESG) considerations in the research process. For Harbour this has been the case since inception and this is viewed positively. Investors should be aware that ESG and the United Nations Principles of Responsible Investing (UNPRI) are relatively loose and is not seen as a negative screen for filtering companies.</p>

	<p>Other than the Managing Director, the Board has no involvement in investment decisions relating to the Harbour Funds and there is no Investment sub-Committee of the Board. Equity portfolio managers meet at least monthly (and more often as required) to discuss the quantitative ratings of all stocks in our investable universe and to review the qualitative assessments by each sector analyst.</p>	<p>Both T.Rowe Price and Harbour are signatories to the UNPRI.</p>
<p>Is there alignment of interests through; ownership of the Manager, and remuneration of the investment team?</p>	<p>All senior investment professionals at T.Rowe Price participate in a long-term incentive plan which offers restricted stock. These shares are vested over a five-year period if the staff continue to meet performance hurdles. Portfolio managers receive a significant amount of variable compensation derived from their long-term relative, risk-adjusted performance. Analysts are remunerated based on the degree to which portfolio managers adopt their recommendations and the value added by those holdings.</p>	<p>FundSource notes that when seeking to appoint an underlying manager for global equities, Harbour specifically looked to identify a fund manager that held similar corporate structures and investment beliefs to their own. They have achieved this objective with T Rowe Price..</p> <p>By being partially owned by its employees and directors, there is strong buy-in from the team to work hard for the firm's long-term success - this is good news for investors. Both T.Rowe Price and Harbour staff are eligible to participate long term equity incentive plans. the Manager's continual development of and commitment to its staff is viewed as market leading.</p> <p>There is alignment between the bonus component of staff remuneration and the performance of the funds/portfolios. FundSource believes that Scott Berg's significant personal investment in the Fund as a strong alignment to investor experience.</p> <p>FundSource highlights that Harbour's vesting of short-term incentives (cash bonuses) in the Manager's suite of funds is market leading from a New Zealand perspective. This brings enhanced staff tenure and alignment to the interests of investors.</p>

Conclusion and Rating

The Fund is managed by an external fund manager, T.Rowe Price. Harbour retains the right to change underlying fund manager, however, FundSource does not believe this will occur any time soon. Harbour has undertaken a significant due diligence process to identify an underlying manager that best reflects their own investment philosophies, principles, governance frameworks, and bias to a growth investment style. FundSource believes there are a small number of potential underlying fund managers that can fill this remit.

The Fund provides an investor with exposure to a global equity portfolio that reflects the best investment ideas across a portfolio of ~130 stocks. T.Rowe Price use a company's market capitalisation and sector to assist in managing portfolio risk, mostly by determining the size a single security can represent in the portfolio. The Fund is biased to long term and sustainable growth; therefore, investors should expect this Fund's portfolio positioning to be different to that of the Fund's reference benchmark.

T.Rowe Price is cognisant of the capacity that can be managed while retaining strong liquidity, allowing the Manager the ability to express conviction in the Fund's portfolio holdings.

FundSource highlights while this PIE Fund does not have a capacity issue, it invests in to a strategy that has significantly larger Funds Under Management (FUM).

FundSource's conviction in Harbour and T.Rowe Price is underpinned by its commitment to strong governance principles. For Harbour there has been continued growth of non-executive directors, the strength of its investment team and retention of key staff over time. FundSource notes there has been a low level of staff turnover since 2010. Both Harbour and T.Rowe Price have highly methodical and repeatable process.

The Manager's basic fee is in line with the peer average in the FE Analytics NZMI Equity Global sector.

FundSource recommends that investors carefully consider that the Managers growth approach to managing global equities, meets their investment needs and objectives.

FundSource Rating: **AA**

Fund ratings are current as at the date of publication of this report. FundSource reserve the right to review and update fund ratings from time to time.

Research Factor Weighting

Research Process Category	Model Factor Weight	Analyst Average Score
Corporate & Investment Governance	15%	4.25 / 5
Investment Philosophy & Process	20%	4.20 / 5
People	25%	4.67 / 5
Portfolio Construction & Implementation	15%	3.83 / 5
Risk Management	15%	4.00 / 5
Investment Fees	10%	3.29 / 5
Overall Average Score:		4.15 / 5

FundSource Rating Guide

The qualitative rating of a fund is a function of the FundSource Research Factor Weighting process, which is built around the six core qualitative research process categories. The weighted scores result in an overall score, out of five, which is then matched to the following rating:



AAA: Highly Recommended

Funds that have superior average scores in all six underlying qualitative factors. This recognises aspects about the Manager and Fund in question that includes, but is not limited to, significantly experienced and stable senior personnel, a sound track record over a full market cycle, a clearly defined investment philosophy and process, and a portfolio consistent with that philosophy and process. The management company will also have established effective controls to maintain that philosophy.

AA: Recommended

Funds that have strong average scores in all six underlying qualitative factors. This recognises aspects about the Manager and Fund in question that includes, but is not limited to, experienced and stable personnel, a sound track record over a full market cycle, a clearly defined investment philosophy and process, and a portfolio consistent with that philosophy and process. The management philosophy must be coherent and consistent with existing portfolios and processes.

A: Investment Grade

Funds that have good average scores in all six underlying qualitative factors. This recognises aspects about the Manager and Fund in question that includes, but is not limited to, experienced personnel, a sound track record a defined investment philosophy and process, and a portfolio consistent with that philosophy and process.

FW: Fund Watch

There has been a material change with either the manager, this may include, but is not limited to, departures, new hires, process changes, changes to the investment philosophy. This is considered to be an interim measure, to enable further investigation, re-evaluation and an appropriate course of action to be determined.

S: Sell

This category covers previously recommended funds that are no longer recommended because of some material change. Removal from recommended status might be for a variety of reasons such as a fundamental change in the fund management company or in the manager's investment strategy, or because a fund did not meet its original expectations. The implications for ongoing service are that the fund should be reviewed on an individual client basis to ensure it still matches their original investment objective.

NR: Not Rated – Screened/ Not Rated

Funds in the Not Rated – Screened category have provided information and/or FundSource has conducted an initial analysis of the fund, but has chosen not to provide a recommendation at this stage. FOR Not Rated funds the manager may have provided information, but no review meeting has been conducted

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By leveraging the skills of specialists, Research IP is able to provide innovative and tailored financial services solutions to the market place. Client focused outcomes are underpinned by the belief that the role of business model innovation and accelerating technological change opens up new possibilities, to put client interests at the centre of the financial services industry focus, based on John Hagel's work on the possibilities for "Disruption by Trusted Advisors" and John Kay's "Other People's Money: Masters of the Universe or Servants of the People".



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