

# Harbour Enhanced Cash Fund Fund Update

for the quarter ended 31 December 2023

Harbour Investment Funds

This fund update was first made publicly available on 13 February 2024

## What is the purpose of this update?

This document tells you how the Harbour Enhanced Cash 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 Harbour Enhanced Cash Fund is an actively managed portfolio that holds liquid money market securities, NZ Government Stock, corporate bonds and bank deposits, all denominated in New Zealand Dollars. The Fund is designed to earn a premium over 90 day bank bills, while aiming to avoid the volatility of traditional fixed interest funds. The maximum permitted duration of the Fund is 2 years. The Fund maintains a core holding of highly liquid securities in order to minimise transaction costs and facilitate investor cash flow requirements at short notice. The Fund also uses hedging instruments to manage interest rate risk within prescribed limits.

**Investment Objective:** To outperform the benchmark of the portfolio by 85 basis points per annum over a rolling 3-year period.

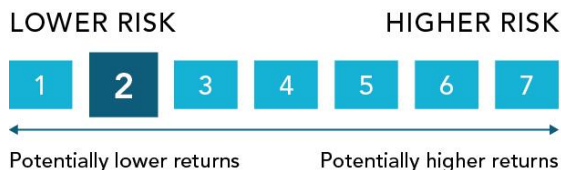
**Benchmark:** S&P/NZX Bank Bills 90-Day Index

**Total value of the Fund (NZD)** **\$356,631,279**

**The date the Fund started** **1 August 2019**

## What are the risks of investing?

### Risk indicator for the Harbour Enhanced Cash Fund



A combination of Fund returns for the Harbour NZ Short Duration Fund (to 31 July 2019) which transitioned into the Enhanced Cash Fund (on 1 August 2019) have been used to determine the risk indicator for the Harbour Enhanced Cash Fund. 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](http://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 31 December 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.

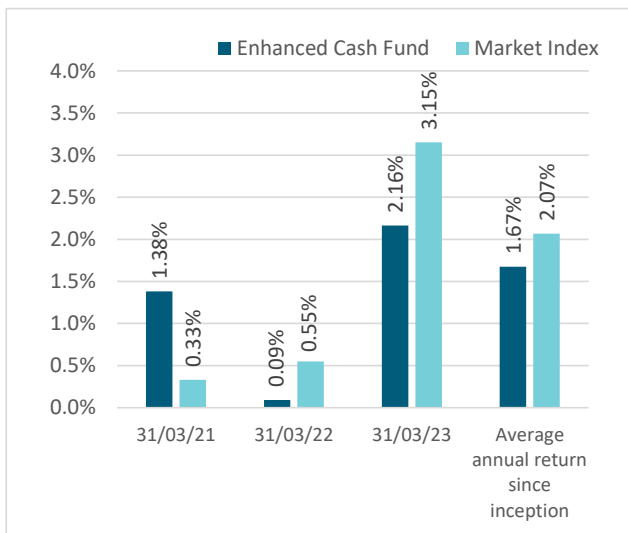
See the Product Disclosure Statement (PDS) for more information about the risks associated with investing in this Fund.

## How has the Fund performed?

	Past Year
<b>Annual Return<sup>1</sup></b> (after deductions for charges and tax)	<b>4.19%</b>
<b>Annual Return<sup>1</sup></b> (after deductions for charges but before tax)	<b>5.87%</b>
<b>Market index annual return<sup>1</sup></b> (reflects no deduction for charges and tax)	<b>5.39%</b>

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 S&P/NZX Bank Bills 90-Day Index. Additional information about the market index is available on the offer register at <https://disclose-register.companiesoffice.govt.nz/>.

### Annual Return Graph<sup>2</sup>



This graph 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 31 December 2023. 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
<b>Total fund charges (Inc. GST)</b>	<b>0.26%</b>
Which are made up of:	
<b>Total management and administration</b>	<b>0.26%</b>
Including-	
Manager's basic fee	0.17%
Other management and administration charges <sup>3</sup>	0.09%
<b>Total Performance-based fees</b>	<b>0.00%</b>

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.

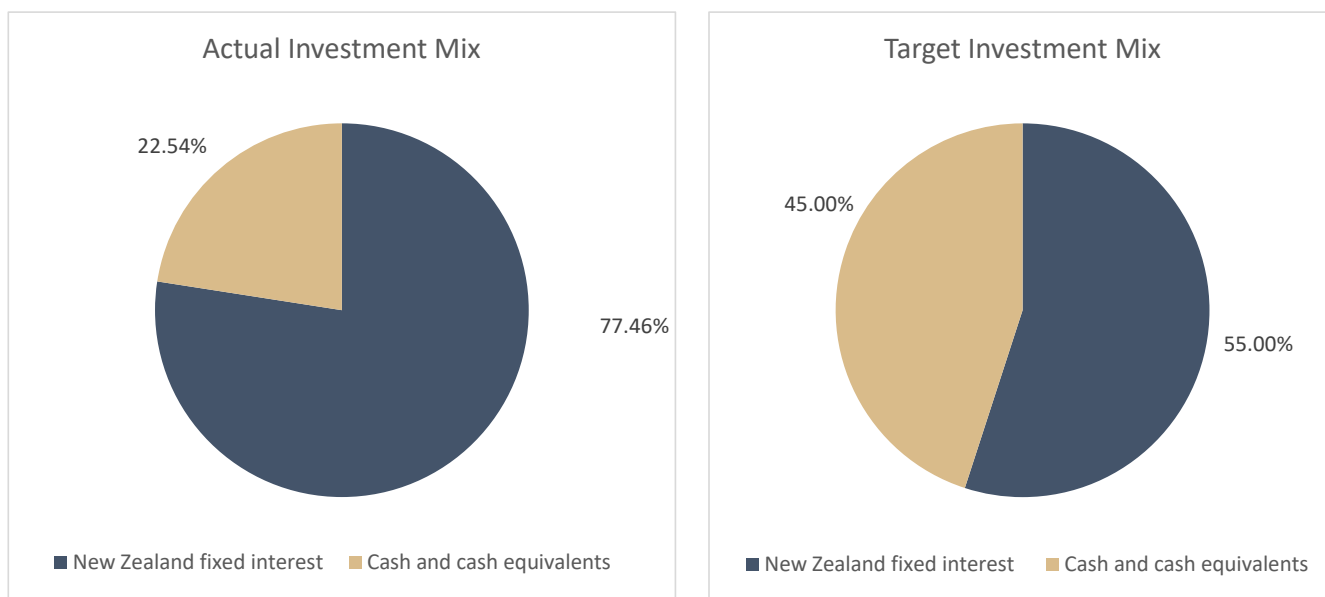
## Example of how this applies to an investor

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 Enhanced Cash 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 \$587 (that is 5.87% of her initial \$10,000. This gives Jenny a total return after tax of \$419 for the year.

## What does the Fund invest in?

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



Actual asset allocation to 31 December 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
ANZ NZD Cash	6.83%	Cash and cash equivalents	NZ	AA-
ASB Bank Limited 16/11/2026 5.928%	6.65%	New Zealand fixed interest	NZ	AA-
Westpac NZ Limited 06/07/2026 FRN	6.46%	New Zealand fixed interest	NZ	AA-
Westpac NZ Limited 29/07/2024 2.22%	5.03%	New Zealand fixed interest	NZ	AA-
Bank of New Zealand 08/06/2026 1.884%	4.26%	New Zealand fixed interest	NZ	AA-
Kiwibank Limited 20/09/2024 2.155%	4.19%	New Zealand fixed interest	NZ	A1
Bank of New Zealand 23/11/2026 FRN	3.68%	New Zealand fixed interest	NZ	AA-
Hamilton City Council RCD 05/02/2024	3.35%	Cash and cash equivalents	NZ	A-1+
NZ Local Govt Fund Agency 06/03/2024	3.19%	Cash and cash equivalents	NZ	A-1+
ASB Bank Ltd 19/08/2024 1.83%	3.15%	New Zealand fixed interest	NZ	AA-

The top 10 investments make up **46.79%** 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 Interest	13 years & 3 months	AXA/Alliance Bernstein, Head of Fixed Interest	16 years & 5 months
George Henderson 	Portfolio Manager	5 years & 6 months	Portfolio Manager, Royal London Asset Management	11 Years & 6 months

## Further information

You can also obtain this information, the PDS for the Harbour Enhanced Cash Fund, and some additional information from the offer register at <https://disclose-register.companiesoffice.govt.nz/>.

## Notes:

1. Returns to 31 December 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 these charges can be found in the PDS and the other material information document (OMI) on the Disclose Register.

## Harbour documents:

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

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