

Harbour Investment Funds

Other Material Information Document

Issued by Harbour Asset Management Limited

11th February 2021

This document replaces the Other Material Information Document dated 1 July 2020

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1. General

This Other Material Information Document (Document) has been prepared to meet the requirements of section 57(1)(b)(ii) of the Financial Markets Conduct Act 2013 (FMC Act) and clause 52 of Schedule 4 of the Financial Markets Conduct Regulations 2014 (FMC Regulations). You should read this in conjunction with the Product Disclosure Statement (PDS) and Statement of Investment Policy and Objectives (SIPO) for the Harbour Investment Funds. If you are a 'retail investor' under the FMC Act you must be given a copy of the relevant PDS before we can accept your application for units.

All legislation referred to in this Document can be viewed at www.legislation.govt.nz.

In this Document, "you" or "your" refers to a person or entity that invests in the Harbour Investment Funds, whether directly or through a Portfolio Investor Proxy (PIP) platform or similar administration and custodial service. If you hold units through a platform or similar administration and custodial service, please note section 10 "Investing through platforms" on page 16. "We", "us", "our", "Harbour" or "the Manager" refers to Harbour Asset Management Limited. Words defined in the Product Disclosure Statement have the same meaning when used in this Document, unless they are otherwise defined in this Document.

Management of the Harbour NZ Corporate Bond Fund was transferred from the former manager, First NZ Capital Investment Management Limited, to Harbour on 31st December 2010. The name of the Fund was changed from the First NZ Capital Abacus NZ Bond Fund to the Harbour NZ Corporate Bond Fund on that date.

2. Funds

This Document relates to the offer of units in the following Harbour Investment Funds (note the dates the Funds started relates to the date the conditions of establishment supplemental to the Trust Deed were established).

<u>Fund</u>	<u>Date the Fund started</u>
Enhanced Cash Fund	1 August 2019
NZ Core Fixed Interest Fund	24 May 2011
NZ Corporate Bond Fund	16 February 2009
Income Fund	28 October 2015
Long Short Fund	3 January 2019
NZ Equity Advanced Beta Fund	3 December 2014
Real Estate Investment Fund	1 October 2018
Australasian Equity Income Fund	1 November 2011
Active Growth Fund	1 November 2019
Australasian Equity Fund	11 April 2010
Australasian Equity Focus Fund	10 April 2014
T. Rowe Price Global Equity Growth Fund	21 October 2015

The Funds are constituted within a registered scheme called the "Harbour Investment Funds", registered scheme number SCH10815 (Scheme). The Scheme is governed by the revised Trust Deed dated 21 September 2016 and the Funds are invested in accordance with their SIPO dated 11th February 2021. You can get an electronic copy of the Trust Deed and SIPO from the scheme register on Disclose (www.business.govt.nz/disclose).

3. Manager

The manager of the Funds is Harbour Asset Management Limited. We were incorporated in New Zealand under the Companies Act 1993 on 11 April 2006 as FNZC Nominees Limited and we changed our name to Harbour Asset Management Limited on 1 December 2009. Our ultimate holding company is Jarden Group Limited (“Jarden”), formerly known as First NZ Capital Holdings Limited. We are responsible for the investment management and administration of the Funds.

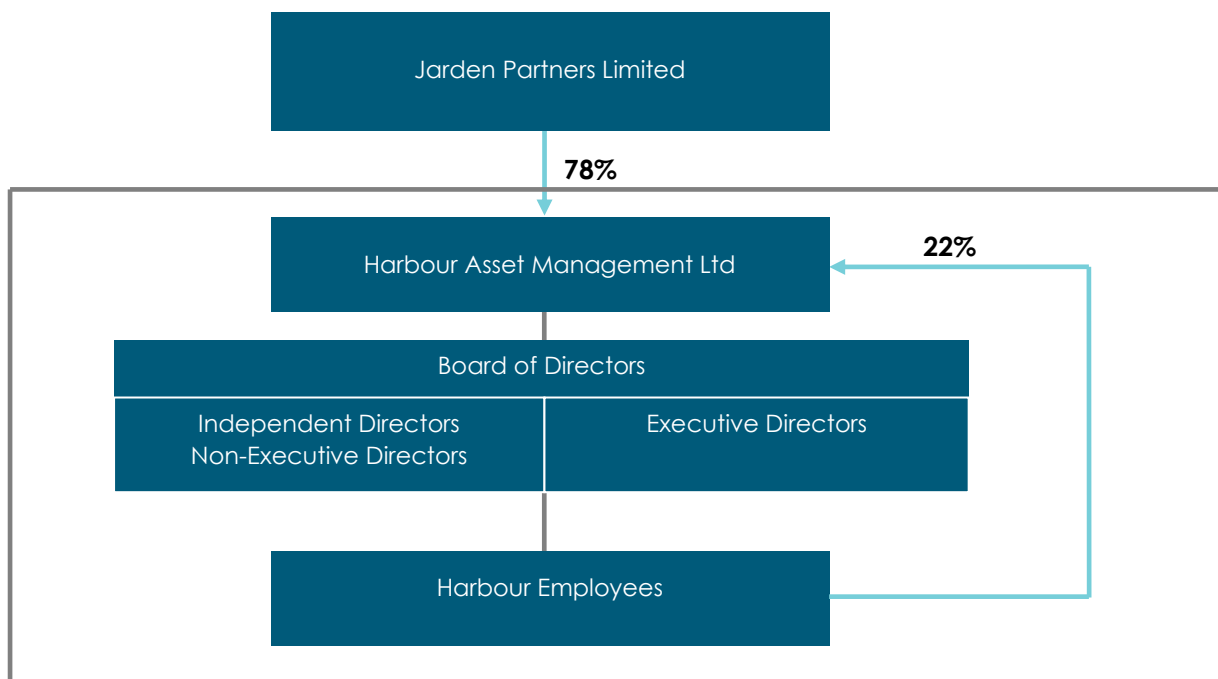
We are the manager of the 12 retail investment Funds set out on page 3. We are also the manager of a number of wholesale investment funds and several individually managed accounts (“IMAs”).

After a comprehensive due diligence process, Harbour selected T. Rowe Price to undertake portfolio management of the T. Rowe Price Global Equity Growth Fund based on Harbour’s assessment of T. Rowe Price’s thorough process, extensive research capabilities and skilled and collaborative team. As the Fund’s issuer, Harbour periodically reviews T. Rowe Price’s suitability.

We were granted a licence to act as the manager of a registered scheme under the FMC Act by the Financial Markets Authority (FMA) on 30 January 2015. Harbour need to maintain the same or better standards of capability, governance and compliance as was the case when the FMA assessed our licence application. The licence is subject to the normal conditions imposed under the FMC Act and the FMC Regulations, and the standard conditions imposed by the FMA.

Parent Company

As at the date of this Document, Harbour is currently 78.23% owned by its parent, Jarden Partners Limited (formerly known as First NZ Capital Group Limited), and 21.77% owned by Harbour employees and independent directors. A long-term incentive scheme sees annual awards of further equity ownership and also provides vesting arrangements for investment in Harbour Funds to sit alongside clients. Harbour staff do not have any pecuniary interest or involvement in Jarden.



The ultimate parent, Jarden Group Limited, is 100% privately owned by directors, management and employees of that business. There are 189 shareholders in Jarden Group Limited, with the largest shareholder owning more than 10% of the business.

Our Board of Directors

At the date of this Document our directors are:

Graeme Wong - Independent Chairman

Wellington, New Zealand

Graeme has a background in stock broking, capital markets and investment. Graeme founded and became Executive Chairman of Southern Capital Limited which listed on the NZX and evolved into Hirequip New Zealand Limited. The business was sold to private equity interests in 2006. Previous directorships include New Zealand Farming Systems Uruguay Limited, Sealord Group Limited, Tasman Agriculture Limited, Magnum Corporation Limited, At Work Insurance, Tourism Holdings Limited and alternate director of Air New Zealand Limited. Graeme is currently director of Areograph Limited, Precinct Properties New Zealand Limited and shareholder and director of Southern Capital Partners (NZ) Limited as well as a member of the Trust Board of Samuel Marsden Collegiate School.

Graeme has an indirect shareholding in Harbour and is also a beneficial owner of units held in the Australasian Equity Focus Fund.

Bill Trotter - Director

Wellington, New Zealand

Bill is a director of Harbour. Bill is also Executive Chairman of Jarden, formerly First NZ Capital. He was previously Chief Executive of First NZ Capital and a Managing Director of Credit Suisse First Boston. Bill has a wide range of experience in capital markets and corporate transactions.

Bill has a shareholding in Harbour's ultimate holding company, Jarden Group Limited.

Richard Young - Director

Auckland, New Zealand

Richard joined First NZ Capital, now Jarden, in 1994 (the firm was then known as CS First Boston, then changed to First NZ Capital now Jarden) and has over 25 years' experience in the New Zealand and overseas banking and securities industry. Richard is responsible coordinating and driving group strategy of Jarden, and oversees the securities, treasury and credit risks the firm may be exposed to. Richard is a member of both the Executive Management Committee and the Investment Risk Committee. He is also a member of the New Zealand Institute of Chartered Accountants.

Richard has a shareholding in Harbour's ultimate holding company, Jarden Group Limited.

Linda Jenkinson – Independent Director

Wellington, New Zealand

Linda, the first New Zealand woman to list a company on the NASDAQ stock exchange, co-founded DMSC, a \$250 million on-demand courier company which disrupted the courier on-demand business segment. She also co-founded John Paul (formerly LesConcierges), a global customer and employee experience platform which she sold to Accor Hotel Group and WOW for Africa, an organisation that provides investment and business advisory services to support and promote female entrepreneurship in Senegal.

Linda currently serves on the boards of directors of Air New Zealand, the Guild Group and the Massey Foundation and is also a Director of ASX listed, Eclix Group. She was named EY Master Entrepreneur of the Year NZ in 2013, World Class New Zealander in 2016, and has been recognised at the Women of Influence awards.

Linda was previously a Partner with A.T. Kearney, specialising in financial institutions and strategic sourcing. She holds an MBA in Finance from The Wharton School, University of Pennsylvania and a B.B.S in Accounting & Finance and Data Processing from Massey University.

Murray Brown - Independent Director and Chair of Audit Committee

Auckland, New Zealand

Murray Brown became an independent director of the Harbour Board in February 2020, and Chair of Harbour's Audit and Risk Committee on 1 April 2020. Murray has over 30 years of experience in investment markets, both as a research analyst and a portfolio manager. He was a Senior Portfolio Manager at Fisher Funds until 2016 looking after Kingfish, property & infrastructure, and local equities. Previous to Fisher Funds, Murray was Research Director at First NZ Capital.

Murray is a Board member of the Government Superannuation Fund Authority and Yachting New Zealand. He holds a Bachelor of Commerce & Administration from Victoria University of Wellington. He is also a Chartered Accountant (CA) and is a Chartered Member of the Institute of Directors (CMIInstD).

Andrew Bascand - Managing Director and Portfolio Manager

Wellington, New Zealand

Andrew has responsibility for the Harbour Australasian Equity Fund. Prior to joining Harbour, Andrew spent 10 years with AllianceBernstein (NZ) as Senior Vice President and Portfolio Manager responsible for portfolio construction of all Australasian mandates. In that role Andrew and his team were consistently recognised by the industry for excellence in funds management. Andrew has more than 33 years' investment management experience in roles with the Reserve Bank of New Zealand, Bank of England, AMP and with Merrill Lynch Global Asset Management (UK) as Managing Director of Global Equity Products. With Merrill Lynch, Andrew managed global Equity accounts for pension funds in Japan, Sweden, Spain, Chile, England, the United States, Germany and South Africa.

Andrew has an indirect shareholding in Harbour and also holds units in the Harbour Australasian Equity Focus Fund, Harbour Long Short Fund and the T. Rowe Price Global Equity Growth Fund and indirectly holds units also in the Harbour Income Fund, the Harbour Australasian Equity Income Fund, the Harbour Australasian Equity Fund, Harbour Long Short Fund and the Harbour Active Growth Fund.

We and our directors can be contacted at:

Harbour Asset Management Limited

Level 16, 171 Featherston Street

PO Box 3363, WELLINGTON 6140

Telephone: 0800 460 830 E-mail: contactus@harbourasset.co.nz

Key personnel

At the date of this Document, key investment personnel for the Funds are:

Andrew Bascand, Managing Director and Portfolio Manager

(Details included in the 'Our Board of Directors' section above).

Craig Stent, Head of Equities

Craig is portfolio manager for the Harbour Equity Income Fund and Harbour Long Short Fund. Furthermore, Craig provides equity research and ratings on the utility sector. Prior to joining Harbour Asset Management, Craig was employed by AllianceBernstein New Zealand for seven years, originally as a Client Relations Associate before moving to Assistant Research Analyst in July 2004. Furthermore, Craig has previously worked for the Bank of

New Zealand, Chase Global Investor Services (London) and the Bank of Ireland in roles responsible for monitoring and controlling daily cash activity and the management of support staff for Foreign Exchange Trading Desks. Craig is a Chartered Financial Analyst (CFA) charter holder, AFA, and has attended the Harvard Business School Investment Management Workshop.

Craig has a shareholding in Harbour and also holds units in the Harbour Long Short Fund, Harbour Australasian Equity Focus Fund and the T. Rowe Price Global Equity Growth Fund.

Shane Solly, Portfolio Manager & Research Analyst

Shane is portfolio manager for the Harbour Equity Focus Fund and the Harbour Real Estate Investment Fund and supports the management of Harbour's other equity mandates. He is responsible for equity research and ratings on the aged care and retirement, airline and leisure, infrastructure and real estate sectors across the New Zealand and Australian equity markets. He is also a member of Harbours Dynamic Asset Allocation committee. Shane has more than 25 years of managing portfolios for investors at ANZ, Citibank, Goldman Sachs, ING and Mint, and has previously managed funds that have won numerous industry awards. Shane is a CFA charter holder and holds a Bachelor of Business in Finance from Massey, where he graduated as a Dean's list scholar.

Shane has a shareholding in Harbour and holds units in the Harbour Australasian Equity Focus Fund, Harbour Real Estate Investment Fund & T. Rowe Price Global Equity Growth Fund.

Susanna Lee, Portfolio Manager

Susanna is the portfolio manager for the Harbour New Zealand Equity Advanced Beta Fund. She has primary responsibility for the equity team's quantitative research program and Harbour's currency research and strategy. Susanna was previously employed by AMP Capital where she provided recommendations, analytics and modelling for portfolios, asset classes and dynamic asset allocation decision making across; equities, fixed interest, property and infrastructure, commodities and foreign exchange. Susanna began her career in 2008 at AXA Global Investors where she was responsible for authorising Unit Pricing across all AXA New Zealand domestic and international portfolios, portfolio and market analysis and some foreign exchange research and execution. She holds a Dean's List Award for her Bachelor of Business Studies with Honours in Finance.

Susanna has a shareholding in Harbour and holds units in the Harbour NZ Equity Advanced Beta Fund, Harbour NZ Core Fixed Interest Fund, Harbour Australasian Equity Focus Fund and T. Rowe Price Global Equity Growth Fund.

Mark Brown, Head of Fixed Income

Mark's primary responsibilities lie with the fixed income management process, incorporating credit research, portfolio construction and risk management. Mark has an established history providing care for clients and their fixed income portfolios. For 16 years Mark led the fixed income portfolio management team in a continuous capacity at the business that evolved as National Mutual Funds Management, AXA and then Alliance Bernstein. He produced consistently sound and competitive investment performance throughout, notably including the 2007-2009 global financial crisis. Mark has expertise across the breadth of fixed income disciplines, including risk management, economics, credit and quantitative analysis. Mark began his portfolio management career in 1992 at Credit Suisse Asset Management, London, having previously worked for DFC New Zealand and the Bank of New Zealand. He holds a MBA from the University of Rochester, NY.

Mark has a shareholding in Harbour and also holds units in the Harbour NZ Core Fixed Interest Fund, Harbour Australasian Equity Focus Fund, Harbour Long Short Fund, Harbour Income Fund & T. Rowe Price Global Equity Growth Fund.

Oyvinn Rimer, Senior Research Analyst

Oyvinn is responsible for equity research and ratings on the agriculture, resources, food & beverages, retail, and oil & gas sectors. Oyvinn also provides macroeconomic input to the wider Harbour team on the Chinese economy, which he covers through regular research trips to China. He helps run the Harbour Long Short Fund. Prior to joining Harbour Asset Management, Oyvinn was employed by AllianceBernstein New Zealand for 2 years as Assistant Research Analyst. Oyvinn holds his Master of Commerce from the University of Canterbury with first class Honours in Finance and is an AFA.

Oyvinn has a shareholding in Harbour and holds units in the Harbour Australasian Equity Focus Fund, Harbour Long Short Fund, Harbour Real Estate Investment Fund, Harbour Active Growth Fund, & T. Rowe Price Global Equity Growth Fund.

George Henderson, Portfolio Manager

George is the portfolio manager of the Enhanced Cash Fund and cash portfolios. He also supports the management of Harbour's other fixed interest portfolios. Prior to joining Harbour, George spent 11 years at Royal London Asset Management (RLAM) in London, progressing from trainee to Global Bond Fund Manager where he successfully led the firm's offering in developed bond markets. Responsible for a variety of institutional and retail products, he also launched the RLAM International Bond Fund and RLAM Global Inflation Linked Fund. George began his career in Sydney with Ibbotson Consultants (now Morningstar) supporting senior consultants in advising institutional pension funds. George holds a Master of Business Studies (Finance) from the University of Otago and the Chartered Financial Analyst designation.

George has a shareholding in Harbour and holds units in the Harbour Australasian Equity Income Fund, Harbour Long Short Fund, and Harbour Real Estate Investment Fund.

Chris Di Leva, Multi Asset Specialist

Chris is the portfolio manager of the Active Growth Fund and responsible for managing multi-asset solutions, utilising Harbour's own strategies as well as external strategies from around the world. He is also Chair of Harbour's Asset Allocation Committee which drives the positioning of Harbour's multi-asset clients and Active Growth Fund. Prior to joining Harbour, Chris was a Portfolio Manager at Mercer, where he was responsible for growth assets within Mercer's fund suite in New Zealand. Chris has a strong track record in investment manager research, tactical asset allocation and structuring investment portfolios for some of New Zealand's largest institutional investors. Chris is a CFA charter holder and holds a Bachelor of Commerce and Administration from Victoria University of Wellington.

Chris has a shareholding in Harbour and holds units in the Harbour Active Growth Fund.

4. Supervisor

The New Zealand Guardian Trust Company Limited (Guardian Trust) is the Supervisor for the Funds (Supervisor).

A current list of the directors of the Supervisor is available online at www.business.govt.nz/companies. The directors of the Supervisor may change from time to time without notice to you.

5. Market index information & risk indicator calculations

Each Fund's returns are measured against various market indices as set out in the SIPO. These are below. Where the Funds have not been running for 5 years, the below indices have been used to calculate the risk indicator.

Harbour Enhanced Cash Fund

Inception date of fund: 1 August 2019 (transitioned to a retail unit trust on this date, Fund previously running as a wholesale unit trust since 27 April 2012).

Benchmark: S&P/NZX Bank Bills 90-Day Index (*Fund has been running (as a wholesale Fund) for more than 5 years so no index return data has been used to calculate the risk indicator.*)

Harbour NZ Core Fixed Interest Fund

Inception date of fund: 24 May 2011

Benchmark: Bloomberg NZ Bond Composite 0+Yr Index (*Fund has been running for more than 5 years so no index return data used to calculate the risk indicator.*). Prior to 3 January 2019 the benchmark for this Fund was: 50:50 weighted average of the S&P/NZX Government Bond Index and S&P/NZX A Grade Corporate Bond Total Return Index.

Harbour NZ Corporate Bond Fund

Inception date of fund: 28 February 2009

Benchmark: S&P/NZX A Grade Corporate Bond Total Return Index (*Fund has been running for more than 5 years so no index return data used to calculate the risk indicator.*)

Harbour Income Fund

Inception date of fund: 28 October 2015

Benchmark: 68% S&P/NZX A Grade Corporate Bond Total Return Index; 16% S&P/ASX 200 Industrials Index (100% hedged to NZ Dollars); and 16% S&P/NZX Portfolio Index. Risk indicator calculations use this benchmark data. Prior to the 19th June 2017, the benchmark for this fund was 70% S&P/NZX A Grade Corporate Bond Total Return Index; 18% S&P/ASX 200 Index (90% hedged); and 12% S&P/NZX Portfolio Index.

Harbour NZ Equity Advanced Beta Fund

Inception date of fund: 3 December 2014

Benchmark: S&P/ NZX 50 Portfolio Index including imputation credits.

Harbour Australasian Equity Income Fund

Inception date of fund: 1 November 2011

Benchmark: 60% S&P/ASX Industrials Index (equally weighted and 90% hedged NZD) and 40% S&P/NZX 50 Portfolio Index. (*Fund has been running for more than 5 years so no index return data used to calculate the risk indicator.*)

Harbour Active Growth Fund

Inception date of fund: 1 November 2019

Benchmark & market indices used to calculate risk indicator prior to inception date: 5% S&P/NZX Bank Bills 90-day Index, 25% Bloomberg Composite 0+ Yr Index, 10% S&P/NZX All Real Estate Index, 22.5% S&P/NZX 50 Index, 7.5% S&P/ASX 200 Index (50% hedged to NZD), 30% MSCI All Country World Index (unhedged).

Harbour Australasian Equity Fund

Inception date of fund: 11 April 2010

Benchmark: S&P/NZX 50 Index. *(Fund has been running for more than 5 years so no index return data used to calculate the risk indicator).*

Harbour Australasian Equity Focus Fund

Inception date of fund: 10 April 2014

Benchmark: 50% S&P/NZX50 and a 50% S&P/ASX200 (which is 50% hedged into NZ dollars). *(Fund has been running for more than 5 years so no index return data used to calculate the risk indicator).*

T. Rowe Price Global Equity Growth Fund

Inception date of fund: 21 October 2015

Benchmark : MSCI All Country World Index (unhedged) in NZ Dollars.

Harbour Real Estate Investment Fund

Inception date of fund: 1 October 2018

Benchmark & market indices used to calculate risk indicator prior to inception date: S&P/NZX All Real Estate Index

Harbour Long Short Fund

Inception date of fund: 3 January 2019

Benchmark & market indices used to calculate risk indicator prior to inception date: 15% S&P NZX50 Index; 15% S&P/ASX 200 Index & 70% S&P/NZX Bank Bills 90-Day Index.

For more information on the indices see below links:

S&P/NZX Indices: <http://us.spindices.com/regional-exposure/asia-pacific/new-zealand>

S&P/ASX Indices: <http://www.asx.com.au/products/indices.htm>

MSCI Indices: <https://www.msci.com/indexes>

Bloomberg Indices: <https://www.bloomberg.com/professional/product/indices/>

Disclaimers: Our use of some market indices is subject to terms and conditions of licence agreements entered into with the index provider. These require us to provide certain disclaimers in relation to our use of those market indices. We set out these disclaimers in the Schedule at the end of this Document.

6. Distributions

We reserve the right to amend the distribution policy. As soon as practicable after the end of every distribution period, we must determine the amount of income available for distribution for that distribution period, for those Funds where income will be distributed. We can elect to capitalise some income. Your total income entitlements for a distribution period are calculated by taking the income we determine is available for distribution, dividing that figure by the number of units on issue at the end of the last day of that distribution period, and multiplying

that number by the number of units you held at the end of the last day of the distribution period. The Fund may elect to deduct from your distribution an amount equal to the PIE tax (if any) paid by the Fund in respect of your holding. In such a case, unit holders may receive differing net distributions.

Currently, however, the Funds intend to reflect PIE tax by adjusting your units held and not by making deductions from distributions.

No amount of return is promised.

Depending on which service the investor is using, it may be possible for investors to have the option to have all of the distribution income paid to a nominated bank account or reinvested in further units. Please check with your service provider regarding this.

7. Estimates for fund charges reported in the PDS

The following is in addition to the fee information provided in the PDS. The Harbour NZ Core Fixed Interest Fund, Harbour Australasian Equity Income Fund, the Harbour Australasian Equity Fund and Harbour Australasian Equity Focus Fund currently invest directly into wholesale funds managed by us (Harbour Wholesale Funds).

These Harbour Wholesale Funds also charge management fees, fund administration, supervisor and legal and audit expenses separately within each wholesale fund. The investment management fees charged by these underlying Harbour Wholesale Funds are fully rebated back to each Fund to ensure that you are only charged once for investment management fees. Currently, where the “Other fees” for the Wholesale Funds are not rebated back, these are included in the table below as “Other fees - wholesale fund”. The fund administration fee for the Equity, Equity Income and Equity Focus Fund is dependent upon the total size of the Fund so will reduce if the Fund grows or increase if the Fund decreases.

The Harbour Income Fund may invest in assets directly, invest into funds managed by Harbour or invest in externally managed Funds approved by us. Any underlying Fund charges will be fully rebated to the Fund.

The Harbour Active Growth Fund may invest in assets directly, invest into funds managed by Harbour or invest in externally managed Funds approved by us. Any underlying Fund charges will be fully rebated to the Fund, however, if a performance fee is charged, this will flow through to the investor and is not rebated.

	Management fee (ex GST)	Other fees- retail fund (ex GST)	Other fees – wholesale fund (ex GST)	Estimated performance-based fees (explained below)	Total annual fund charges
Harbour Enhanced Cash Fund	0.16%	0.09%	N/A	N/A	0.25%
Harbour NZ Core Fixed Interest Fund	0.56%	0.07%	0.00%	N/A	0.63%
Harbour NZ Corporate Bond Fund	0.38%	0.07%	N/A	N/A	0.45%
Harbour Income Fund	0.52%	0.11%	N/A	N/A	0.63%
Harbour Long Short Fund	0.81%	0.18%	N/A	0%	0.99%
Harbour NZ Equity Advanced Beta Fund	0.38%	0.07%	N/A	N/A	0.45%
Harbour Real Estate Investment Fund	0.55%	0.17%	N/A	N/A	0.72%

	Management fee (ex GST)	Other fees- retail fund (ex GST)	Other fees – wholesale fund (ex GST)	Estimated performance-based fees (explained below)	Total annual fund charges
Harbour Australasian Equity Income Fund	0.80%	0.13%	0.10%	N/A	1.03%
Harbour Active Growth Fund	0.77%	0.18%	N/A	0.00%	0.95%
Harbour Australasian Equity Fund	0.96%	0.07%	0.04%	N/A	1.07%
Harbour Australasian Equity Focus Fund	0.83%	0.19%	0.07%	0.35%*	1.44%
T. Rowe Price Global Equity Growth Fund	1.08%	0.09%	N/A	N/A	1.17%

*The wholesale Australasian Equity Focus Fund may charge a performance fee, which flows to investors in the Australasian Equity Focus Fund. A performance fee (0.50%) was paid on 31 December 2020, the HWM and benchmark were reset on 1 January 2021. We have taken the average of performance fees paid over the past 5 years to estimate what the performance fee maybe going forward. This may be higher or lower depending on relative performance for the remainder of the calendar year. The Fund fee, excluding performance fee estimate is 1.09%

Buy-Sell spread

In some market conditions, it may be in the best interests of existing unit holders in Harbour Funds that we apply a buy-sell spread to investments coming into a Fund or withdrawals from a Fund. This is because both an investment and withdrawal incur transaction costs as cash invested is used to purchase securities or securities are sold to provide cash for withdrawal. In normal market conditions, transaction costs are considered to be minimal taken across the Fund. However, when markets are more volatile than usual, transaction costs can escalate. To make sure these costs are equitably borne by the investor who is transacting and not passed onto other unitholders in the Fund, a spread may be applied to the price of your investment or redemption. The buy or sell spread is retained by the applicable fund in association with estimated transaction costs. Harbour does not receive any benefit from applying buy and sell spreads.

Harbour will seek approval from the Harbour Board to apply buy-sell spreads.

As at the date of this document we may apply buy sell spreads for the:

- Harbour NZ Core Fixed Interest Fund
- Harbour NZ Corporate Bond Fund
- Harbour Income Fund

We will also seek to promptly update our OMI to reflect the proposal to introduce buy-sell spreads to any other Harbour Funds.

Please refer to the Harbour website for further information including the buy-sell spreads which may be implemented in respect of Harbour’s Funds from time to time.

<https://www.harbourasset.co.nz/performance/buy-sell-spreads/>

Performance based fees

Harbour Australasian Equity Focus Fund – performance-based fee

As stated in the PDS, the Harbour Australasian Equity Focus Fund currently invests into the Wholesale Fund to gain exposure to Australasian equities. We may be paid a performance fee in respect of the Wholesale Fund

subject to the following criteria being met. A performance fee will only be paid in the Wholesale Fund if outperformance is achieved and the HWM unit price is exceeded.

At the time of writing this document, we have estimated the performance fee for the next 12 months to be 0.35%. We have taken the average of performance fees paid over the past 5 years to estimate what the performance fee may be for the year ended December 2021. The actual performance fee may be higher or lower than this estimate depending on relative performance of the fund for the remainder of the calendar year.

Below is more information on how the performance-based fee is calculated. If a performance fee is payable to us by the Wholesale Fund, this will be reflected in the unit price of the Harbour Australasian Equity Focus Fund. This will affect your returns for this Fund.

Outperformance is achieved if the Wholesale Fund's unit price return (with any performance fee accrual added back) is greater than the return of the Wholesale Fund's performance fee benchmark, plus an additional hurdle of 1% pa (calculated and accrued within the daily unit price). Allowance is made for cashflows in and from the Wholesale Fund when determining both the Wholesale Fund's return and the benchmark return.

The Wholesale Fund's performance fee benchmark is a composite index of 50% of the NZX 50 Net Index (does not include imputation credits) and 50% of the ASX 200 Index (which is 50% hedged into NZ dollars).

The HWM unit price is exceeded if the Wholesale Fund's unit price, on 31 December of any year, is greater than the Wholesale Fund's current HWM unit price.

The latest month end unit price for the Wholesale Fund can be found on www.harbourasset.co.nz/performance/industry-professionals-dashboard/. The first HWM was the unit price on the 10 April 2014 (when the fund first launched). Subsequently, the HWM is perpetual and will only ever be reset to a higher unit price if a performance fee is payable to us, in which case the new HWM will be the Wholesale Fund's unit price on the day the performance fee is calculated as being payable to us. The HWM was reset on 1 January 2016, 1 January 2018 and again on 1 January 2021. The benchmark was also reset at these times.

The performance fee comprises 10% of the outperformance. The performance fee is capped at 10% of the outperformance. That is, the maximum performance fee that we can be paid is 0.90% ((10% outperformance cap less 1% benchmark hurdle) x 10% performance fee = 0.90%).

In the event and to the extent that the Harbour Australasian Equity Focus Fund does not invest into the Wholesale Fund, we retain the ability to charge a performance fee in respect of the Harbour Australasian Equity Focus Fund on the same basis as set out above for the Wholesale Fund.

The performance fee is accrued and adjusted on a daily basis and paid in arrears, at the end of each calendar year. Please note that as the performance fee is a daily accrual within the unit price, investment performance will differ depending on the date of your investment and the unit price invested on.

We may with the Supervisor's prior approval (not to be unreasonably withheld), alter the basis for charging our management fees for the Funds and performance fee in respect of the Harbour Australasian Equity Focus Wholesale Fund in accordance with the Trust Deed.

Harbour Long Short Fund – performance-based fee

As stated in the PDS, we may be entitled to a performance fee within the Long Short Fund, which would be paid annually, following 31 December, subject to outperforming the S&P/NZX Bank Bills 90-Day Index (the Hurdle Rate) plus 2% and the HWM. The performance fee is 15% of the Fund's return above the Hurdle Rate (plus GST).

A Performance fee was paid (1.95%) for the year ending 31 December 2020 and the HWM & benchmark was reset on 1 January 2021. The performance fee is dependent on future performance and is undeterminable, but for the purposes of this document, at the time of writing, we estimate a performance fee of 0% will be payable

for the year ending 31 December 2021. This is subject to change (up or down) depending on relative performance for the remainder of calendar year for 2021.

The performance fee is payable to Harbour only if there is a positive difference between the net asset value of the Fund at the end of the year (31 December), adjusted by adding back any accrual for performance fees during the relevant period.

The HWM, which is the base unit price used to measure performance, is a perpetual HWM and is only ever reset when a performance fee is paid.

The performance fee calculation resets upon payment, starting with the unit price as at 31 December as the new HWM for the future period.

8. Information on other relevant policies

Further to the policies outlined in the SIPO (which can be found on the scheme register on Disclose), we regard the following policy as relevant to investors in the Harbour Investment Funds:

Conflicts of interest policy

Harbour's relationship with Jarden provides a potential conflict of interest. Harbour management and Board have put in place processes to manage and monitor this conflict.

The key aspect of corporate governance policies to address potential conflicts is the appointment of independent directors, one of whom will be the Chairman. In addition, the audit committee comprises a majority of independent directors. We believe that Harbour has followed best practice in setting in place appropriate corporate governance for a New Zealand based asset manager.

All transactions undertaken by Harbour with Jarden staff and affiliates as a connected person are subject to daily compliance monitoring.

All proposed IPO or secondary offering allocations to Harbour must be pre-approved by the Head of Compliance in all situations where Jarden or an affiliate of Jarden - currently Credit Suisse - has a management or lead syndicate role in a transaction. No allocation can be made without this approval.

The Managing Director of Harbour or their delegate must inform the Head of Compliance in advance the level of any potential interest that Harbour may have in such transactions. This requirement must be followed to address conflicts of interest and integrity of allocations.

Harbour also has a separate IT network, systems and premises to Jarden. Our independence has been audited by third party consultants and subject to the annual GS007 audit. We have a related party certificate signed by the Supervisor.

9. Taxation

This section briefly summarises the income tax regime as it applies to the Funds as at the date this Document was prepared. It is intended as a general guide only and you should seek your own tax advice prior to investing. Tax law changes frequently and you should not assume that this treatment will continue to apply throughout the time that you may hold units in the Funds.

In this Taxation section, references to 'resident' or 'residency' mean to 'tax resident' or 'tax residency' (and non-resident means not tax resident).

Portfolio Investment Entities

Returns to unit holders will be affected by tax laws. The Funds are multi-rate PIEs (a form of Portfolio Investment Entities referred to as PIEs) as defined in the Income Tax Act 2007. If the Funds fail to keep the multi-rate PIE status, the tax treatment will differ from that set out below (and the result may be adverse to a unit holder). The Funds have not elected to be foreign investment PIEs.

The tax regime applicable to a multi-rate PIE provides that all taxable income, losses and tax credits related to a Fund's investments must be attributed to you in proportion to your daily unit holdings in a Fund, with tax payable at your prescribed investor rate (PIR) on your proportionate share.

You must provide your IRD number, your applicable PIR and other details to us (care of your service provider) on your application form. You will be asked each year to confirm your PIR. If you do not provide a valid IRD number and/or a PIR, your attributed income will be taxed at the default rate of 28%. To determine your PIR, go to www.ird.govt.nz/toii/pir/workout/.

The tax payable by a Fund on the net income attributed to you for any given period will depend on the net income attributed to you for that period and your PIR. A Fund will cancel units (or may adjust a distribution) to account for a tax liability paid in relation to a unit holder and may issue additional units to account for any tax credit the Fund receives from Inland Revenue in relation to a unit holder.

Taxable income is attributed annually to 31 March or at any time you make a withdrawal from a Fund. Tax is paid to the Inland Revenue by our administration manager, Trustees Executors Limited (TEL).

If you make a full withdrawal or transfer from a Fund, any tax liability on the Fund's net income attributable to your investment will be deducted from the balance withdrawn or transferred. If you withdraw a portion of your investment during the year, this results in tax being attributed to you in proportion to the amount you have withdrawn. For individuals who have provided us with the correct PIR and IRD number, the tax paid on income attributed to you by the Fund will be a final tax and you will not need to include the income attributed to you in a tax return. You must notify us if your PIR changes or if you cease to be a New Zealand resident.

The IRD can instruct us to apply a different PIR to the one notified by you. If the IRD notifies us of your corrected PIR, we must begin to use that rate as soon as practicable. IRD will also advise you that they have given us the correct PIR (and therefore your PIR has changed).

If the rate applied to your PIE income is lower than your correct PIR you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you.

A trust investor with a 0%, 10.5% or 17.5% PIR must include the attributed income in its own tax return. If a trust has a 28% PIR, the Funds will pay tax at the 28% rate and that is a final tax; the income does not need to be included in the trust's tax return. Other non-individual unit holders (e.g. a company or managed investment scheme) with a PIR of 0% must account for tax on their attributed income in their own tax return.

You should note that both we and the Supervisor have broad powers to act at our discretion to ensure that the Funds remain eligible to be multi-rate PIEs. This includes, for example, the ability to refuse investment or to compulsorily withdraw all or part of your unit holding where continued investment may prejudice a Fund's multi-rate PIE eligibility.

If you are a retail investor investing through a PIP or custodial service, the PIP or custodial service will hold your units in the Fund. Taxable income attributed to the PIP or custodial service generally has tax deducted at 0% and the PIP or custodial service is responsible for attributing tax to investors.

Distributions and withdrawals from the Funds are not separately taxable, even where you receive an amount in excess of the original cost of the units (however, a withdrawal potentially triggers an attribution of taxable income for the current year).

Taxation legislation and rates of tax change. You should always seek independent professional tax advice that is specific to your own personal circumstances.

Taxation of share investments

Provided that the Funds are PIEs, any capital gains made by the Funds in respect to shares in New Zealand resident companies and certain Australian resident listed companies will be excluded from the calculation of taxable income. Dividends received in relation to these shares are taxable.

Shares in Australian resident listed companies that are not taxed on the dividends basis described above and most other shares in foreign companies will be taxed pursuant to the fair dividend rate (FDR) calculation method. Under FDR, the Funds will be deemed to have derived taxable income equal to 5% of the opening daily market value of the relevant shares for a tax year. Any dividends, distributions or disposal gains flowing from those shares will not be separately taxed in New Zealand under FDR.

Any losses in respect of those overseas shares to which FDR applies will not give rise to a deduction, for income tax purposes, for the Funds.

Foreign shares offering guaranteed or fixed rate returns generally will be taxed under the comparative value method (i.e. the actual gain or loss for the year). Any losses arising are deductible for tax purposes.

Taxation on income derived by the Funds

Other income of the Funds will be subject to the relevant normal tax rules.

Interest earned by the Funds, foreign exchange gains from non-New Zealand dollar denominated debt instruments and income derived from hedging contracts are taxable. The Funds are entitled to a deduction for expenses incurred in earning their income, and for any foreign exchange and hedging contract losses from non-New Zealand dollar denominated debt investments.

Foreign tax

Tax may be imposed in overseas jurisdictions in relation to overseas investments (although this may give rise to a tax credit in New Zealand).

For more information on PIEs including for non-resident investors, please visit the Inland Revenue website:
<http://www.ird.govt.nz/toii/pie/>

10. Investing through service including platforms

The Harbour Investment Funds are offered either directly with Harbour on a non-advised basis or through several services. These include investing with a custodial service or PIP which is a consolidated custodial account (for example Aegis, OneAnswer and InvestNow). When you invest through a platform, you do not hold units in the Funds directly. Instead, your units are held in the name of a custodial entity for the platform on your behalf. This means many of the legal rights attaching to those units are held by that custodial entity rather than by you, and so your ability to exercise those rights is subject to the terms and conditions agreed between you and the provider of the service. You are encouraged to familiarise yourself with those terms and conditions as set out in service provider's marketing and legal documentation.

11. Risks

Key risks have been disclosed in the PDS; these are included below as well as risks supplemental to the PDS. You should carefully consider the following risk factors which may adversely affect investment returns and your ability to recover money invested in a Fund.

The main risks that you face are that you may not receive the returns that you expect, that the capital value of your investment may end up less than originally invested (or may be lost in full), or that you may be unable to get your money back or fully realise your investment in the Fund when you need it. We believe that the circumstances which produce these risks can be classified into three main areas:

1 Manager-specific risks

2 Fund-specific risks

3 General risks

We outline these in further detail below:

1 Manager-specific risks

Manager-specific risk relates to us as a company and the risks around how we manage and operate our business, including the making of investment decisions. These risks which are outlined below will differ from other fund managers.

Company-specific risk: Your investment in a Fund may be affected by unexpected changes in our operations, ownership structure, business environment or if we become insolvent.

Key personnel: The performance of investments will depend to some extent on the quality of management of a Fund and its assets. Our ability to provide investment management services for a Fund is linked to key professionals whose departure could negatively impact on the performance of the Fund.

Service provider risk: You could be adversely affected if any of the parties involved in the operation of a Fund, including the Supervisor, us, or the underlying administration managers and/or auditors fail to perform their obligations.

2 Fund-specific risks

Fund-specific risk relates to each Fund's investment style (i.e. how we manage each Fund) and the risks the Funds face due to the underlying securities that each Fund invests in. As a result, each Fund has a different risk profile.

Investment manager risk: How we choose to allocate each Fund's investments between investment sectors and individual investments from time to time (and the investment decisions made by T. Rowe Price) will affect that Fund's returns, along with the performance of the businesses underlying the investments. In particular, our investment style may result in our returns differing from any share market index and from competing investments.

Interest rate risk: The market value of the securities in the Harbour NZ Core Fixed Interest Fund, the Harbour NZ Corporate Bond Fund, the Harbour Active Growth Fund and the Harbour Income Fund can change due to changes in interest rates. The market value of fixed interest securities can fluctuate with relatively small changes in interest rates. This sensitivity depends on the starting level of interest rates, the maturity date of the security and the level of coupon or dividend paid.

Currency risk: As a portion of the underlying investments of the Harbour Australasian Equity Fund, the Harbour Australasian Equity Income Fund, the Harbour Australasian Equity Focus Fund, Harbour Income Fund, Harbour NZ Corporate Bond Fund and the Harbour NZ Core Fixed Interest Fund may be invested in Australia, their returns may be affected by changes in the rate of exchange between the Australian and New Zealand dollar. As a portion of the Income Fund, Harbour NZ Corporate Bond Fund and the Harbour NZ Core Fixed Interest Fund may be invested in other foreign currencies, their returns may be affected by changes in the value of the New Zealand dollar.

The T. Rowe Price Global Equity Growth Fund invests in securities denominated in currencies other than New Zealand dollars. If these currencies change in value relative to the New Zealand dollar, the value of the investment can change. The Fund will not typically hedge currency risk to New Zealand dollars.

The Harbour Active Growth Fund can invest in foreign currency denominated equities, these equities will be currency hedged to the New Zealand dollar within a tactical range of 0 – 100%. All other currency exposure (such as International Fixed Interest) is 100% hedged to the New Zealand dollar.

Concentration risk: For the Australasian Equity Focus Fund, this Fund has a concentrated portfolio, meaning we will have large positions in companies that our investment team rate highly. This Fund is not as diversified as our other Funds on a number of holdings basis. This introduces a higher level of risk to the Fund.

Derivative risk: Because we may use currency hedging arrangements and other derivative instruments to manage the Harbour Australasian Equity Fund, the Harbour Australasian Equity Income Fund, the Harbour Australasian Equity Focus Fund, Harbour NZ Corporate Bond Fund, Harbour Income Fund, Harbour Active Growth Fund and the Harbour NZ Core Fixed Interest Fund, the investment movements may be more volatile than if that Fund invested solely in domestic securities. As the Harbour NZ Core Fixed Interest Fund may make marginal allocations in the United States and Australian rate markets, investment movements may be more volatile than if that Fund invested solely in domestic fixed interest. As we may use interest rate and credit derivative instruments to manage the Harbour NZ Corporate Bond Fund and the Harbour NZ Core Fixed Interest Fund, the investment movements may be more volatile than if either Fund invested solely in fixed interest securities.

Counterparty and default risk: A counterparty to a contract may fail to meet their obligations under it, causing loss to any of the Funds. This potentially arises with various securities including derivatives and fixed interest.

Liquidity risk: Some investments may not be readily realisable and converted into cash with little or no loss of capital and minimum delay, because of either inadequate market depth for the trading of the investment in the secondary market or disruptions in the market place for the investment. Securities of small market capitalisation companies in particular may from time to time, and especially in falling markets, become less liquid and the investment may not be able to be realised. For the Income Fund and Active Growth Fund some sectors of eligible investment are in loans and securities that exhibit poor liquidity particularly in adverse market environments. These include investments in parts of the corporate bond market, notably sub-investment grade bonds and loans. The Harbour NZ Corporate Bond Fund and Harbour NZ Core Fixed Interest Fund also have the ability to hold unrated bonds of investment grade quality. There may be times when we may not easily change exposure levels if the Fund size changes and in extreme circumstances may constrain the ability of investors to exit their full holdings of units.

PIE Status risk: If PIE status is lost, a Fund would be taxed as a company rather than under the multi-rate PIE regime (and you would be taxed on any distributions or redemptions accordingly).

Inflation risk: Inflation risk may impact on real returns. Inflation is the term used to describe a rise of average prices throughout the economy. Put simply, inflation refers to the increased cost of living. There is a risk that if you receive returns from your investment in the Funds that are less than the rate of inflation, you may not be able to buy as many goods and services with your money as when you invested in the Funds.

Risk of not meeting investment objectives: There is no guarantee that any of the Funds will execute or achieve their investment objectives, and such objectives should not be interpreted as a guarantee or assurance of returns. A failure to meet investment objectives would affect each Fund.

Securities lending risks: There are a number of possible risks associated with securities lending due to the ability of the NZ Equity Advanced Beta Fund to implement a securities lending programme. These are outlined below:

- **Borrower credit risk and settlement risk:** There is a risk that a borrower of securities fails to deliver equivalent securities on termination of a loan. For example, it may become insolvent and therefore unable to acquire the relevant securities for delivery. A delay in, or failure in respect of, redelivery of securities may cause the Fund to incur a loss of revenue and/or securities as a result. In any stock lending arrangement, the borrower of stock would be required to provide collateral of a high quality and liquidity. The collateral would be used to purchase replacement securities, should the borrower fail to deliver securities on the termination of the loan.
- **Legal risk:** There is a risk that the contract relating to the lending will not be legally enforceable or documented correctly, resulting (for example) in an inability to enforce an obligation to retransfer securities. This risk can be mitigated by the use of a standard form contract based on industry standards. In order to limit a Fund's exposure to the risk that may arise as a result of securities lending, we have agreed with the Supervisor that at the time and immediately after lending any securities in a Fund no more than 20% of the value of a Fund or 20% of the aggregate value of any class of security within a Fund may be lent. Securities may not be lent if, as a result, either of those limits is breached.

The Harbour Active Growth Fund may invest into the NZ Equity Advanced Beta Fund.

Operational risk: The risk of errors in record keeping, accounting, unit pricing or custodial errors by the external registry and custodial service provider.

Market risk: Investment returns will be affected by the performance of the investments chosen for that Fund, which may be affected by the performance of the investment markets generally (market risk). Market risk includes movements in the general price level, demand and supply in the market in which the relevant investments are made, the sector(s) in which the investments are made, and economic and regulatory conditions, including market sentiment, inflation, interest rates, foreign exchange rates, employment, political events, environmental and technological issues, and consumer demand internationally and in New Zealand and Australia.

Limited performance track record: The Harbour NZ Corporate Bond Fund was established on 22 January 2009, the Harbour Australasian Equity Fund was established on 25 March 2010, the Harbour NZ Core Fixed Interest Fund was established on 3 May 2011, the Harbour Australasian Equity Income Fund was established on 13 September 2011, the Harbour Australasian Equity Focus Fund was established on 5 March 2014, the Harbour NZ Equity Advanced Beta Fund was established on 3 December 2014, the Harbour Income Fund was established on 14 September 2015, the T. Rowe Price Global Equity Growth Fund was amended 14 September 2015, the Harbour Real Estate Investment Fund was established on 1 October 2018, the Harbour Long short Fund was established on 3 January 2019, the Harbour Enhanced Cash Fund was amended on 1 August 2019 and the Harbour Active Growth Fund was established on 1 November 2019.. Accordingly, there is limited historical performance information available for these 12 Funds.

Distribution risk: The NZ Core Fixed Interest Fund, NZ Corporate Bond Fund, Australasian Equity Income Fund, Income Fund, Active Growth Fund and Real Estate Investment Fund intend to pay distributions. A change in market conditions or distribution policy could result in a change in the actual distribution amount. No amount is promised or guaranteed.

Short-selling risk: Specific to the Long Short fund, the Fund will have the ability to short-sell shares. Shorting shares involves borrowing the shares from a third party in order to be able to deliver on settlement date and then selling the security in the market. The intention when short-selling is that when the share price falls, the Fund would buy them back at a lower price, therefore making a profit. In theory, the upper limit on a share price is unlimited, hence the potential loss from short-selling, and the consequent effect on Fund returns is also unlimited. In certain circumstances, the lender of shares who we have borrowed from to facilitate settlement, may request return of their shares which would require the Fund to buy back the shares in market at a time not of our choosing which may result in potential losses.

The Active Growth Fund may invest into the Long Short fund.

Stock lending risk: Specific to the Long Short Fund, to facilitate the settlement of the shares the Fund has short sold, we are required to borrow shares from a counterparty. This counterparty often requires the Fund to post collateral in the form of cash or securities. This collateral acts as a form of guarantee that the shares borrowed by the Fund will be returned. The amount of the collateral can vary from time to time. The lender has the right to sell or lend the collateral to other parties. The Fund is exposed to the creditworthiness of the lender in returning the collateral back if an adverse event occurred and may negatively affect returns if we were unable to obtain that collateral.

The Active Growth Fund may invest into the Long Short fund.

External manager risk: Some Harbour Funds (the Harbour Income Fund and the Harbour Active Growth Fund) may allocate to external managers. There is a risk that these external managers could underperform or fail to achieve the objectives specified in their fund guidelines or policies. The T. Rowe Price Global Equity Growth Fund is wholly managed by T. Rowe Price as external manager.

The risks that apply to the Funds are not exhaustive.

Because of the risks set out, it is reasonably foreseeable that you may receive back less than you invested into a Fund. In any event, you will not be required to pay more money than the amount you invest into a Fund.

How we manage (mitigate) risks

The risks you face as an investor into managed funds will vary from Fund to Fund, depending on the investment objective and underlying investments of each Fund. Generally, to earn a higher return in the long term, an investor is required to accept a higher degree of risk to generate that desired return.

You and your financial adviser can determine the most appropriate Fund or mix of Funds to help achieve your investment objectives, with respect to the risk factors mentioned in the previous section.

In managing your investment, we are aware of these risks and believe the following factors can help manage some of these potential risks you face as a unit holder in a Fund.

A well-resourced and experienced team

We offer a team of experienced and proven investment professionals that have extensive experience in managing money in global and Australasian markets. The senior members of the equity team worked together for over 10 years at a global investment management firm prior to establishing Harbour. Our portfolio managers, who invest and manage the money, have an average of over 20 year's investment experience each. This individual and collective experience has navigated client portfolios through changing economic and market conditions. This enables us to focus on client outcomes and provide you with competitive long-term returns.

Sound investment philosophy

Our investment philosophy is focused on consistency – in combining fundamental analysis with the skill of experienced people.

Consistent investment process

The years of experience and lessons learned over many market cycles has helped us craft a robust and disciplined investment process for equities. Our combination of quantitative macro-economic and fundamental analysis across both equity and fixed interest markets is dedicated to producing superior investment results for you. We manage the investment strategy within clearly defined investment parameters to provide you with transparency of how your investment portfolio is managed.

Careful process when selecting external managers

Harbour chooses to utilise external investment managers to expose our investors to areas of the market where we believe it is beneficial to have an allocation, but where we do not have the expertise to manage the funds directly.

In selecting a suitable external investment manager, Harbour utilises both quantitative and qualitative inputs to assess a manager's capability. Once their capability is assessed we then determine whether they are suitable for inclusion within the Fund in question. By way of example, after a comprehensive due diligence process, Harbour selected T. Rowe Price to undertake portfolio management of the T. Rowe Price Global Equity Growth Fund based on Harbour's assessment of T. Rowe Price's thorough process, extensive research capabilities and skilled and collaborative team.

Governance & controls

The Harbour business operates within a framework of strong governance that is overseen by an experienced Board which includes two independent directors. This oversight, along with what we believe is a world leading back office administration and compliance system, helps mitigate company specific risks and investment operation risks.

Further information on our corporate governance and controls can be found on our website at www.harbourasset.co.nz.

12. Financial statements and auditor's report

Financial statements for the Funds are available on the scheme register on the Disclose website www.business.govt.nz/disclose.

The Funds all have 30 June balance dates. The Funds' financial statements for the most recent accounting period will be uploaded to the scheme register by 31 December that year.

The Funds' financial statements until 30 June 2020 were audited by KPMG, a qualified auditor. The auditor's report on the financial statements will accompany the financial statements uploaded to the scheme register each year.

13. No Guarantee

No person, including Harbour, Jarden, or Guardian Trust guarantees the repayment of units in the Harbour Investment Funds or the payment of any earnings or returns on any unit in the Funds.

14. Material contracts

Below is a summary of the contracts we believe are relevant in relation to the Harbour Investment Funds.

Outsourced Fund Administration Agreement

Harbour has employed the services of Trustees Executors Limited (TEL) to provide specialist account administration for third party mandates, and custody and administration services for the Harbour Wholesale Funds, and the Harbour Investment Funds.

The services that TEL provides to Harbour include:

- An independent accounting system where trades, positions and corporate actions are recorded. Harbour uses the portfolio valuations as a basis for managing the portfolios.
- Liaising with custodians to ensure the settlement of trades and where there are problems ensuring they are resolved.
- Daily and monthly reconciliation of third-party custodian records to the TEL accounting records.

- Act as a central point for the advice and processing of corporate actions.
- Monthly reporting of performance and portfolio valuations and other required reports.
- Registry, unit pricing and custody of assets for the range of Harbour Investment Funds and Harbour Wholesale Funds.

TEL provides a six-monthly Internal Controls Report, which includes an Independent Assurance Report in accordance with International Standard on Assurance Engagements (New Zealand) 3402.

Trust Deed

The Funds are constituted within a registered scheme called the “Harbour Investment Funds” which is governed by the Harbour Asset Management Limited Trust Deed restated on 21 September 2016.

The Trust Deed governs the Funds. The Trust Deed, together with the supplemental conditions of establishment, are available on the Disclose Register.

15. Deferral and suspension of withdrawals

If a withdrawal request, or a series of withdrawal requests, in respect of the Funds are received within a period of three months that relate to more in total than 2.5% of the number of units on issue at the time of the request or the last request, and we consider it is in the general interests of all unit holders in the Funds to defer immediate withdrawal of the total units requested in accordance with the Trust Deed, we may defer immediate withdrawal of the total units requested, and withdraw those units by instalments over a period determined by us or in total at the expiration of a period determined by us. There is no limit to the period we may determine.

Where such requests, within a three-month period, relate to more than 10% of the number of units on issue in the Funds at the time of request or last request, we may, on notifying the Supervisor, suspend the right of unit holders in the Funds to make withdrawal requests.

We may also suspend withdrawal requests where we determine the withdrawal is not practicable, would or may be prejudicial to the general interests of unit holders in the Funds, or is not desirable for the protection of the Funds (for example, if it would threaten the Funds' status as a PIE). There is no limit to the suspension period the Supervisor may agree to.

Disclaimers

MSCI indices

For the MSCI indices (including the MSCI World Index) the relevant licence agreement requires the use of the following disclaimer:

Source: MSCI. The MSCI data is comprised of a custom index calculated by MSCI for, and as requested by, Harbour Asset Management Limited. The MSCI data is for internal use only and may not be redistributed or used in connection with creation or offering any securities, financial products or indices. Neither MSCI nor any other third party involved in or related to compiling, computing or creating the data (The MSCI Parties) makes any express or implied warranties or representations with respect to such data (or the results to be obtained by the use thereof), and the MSCI Parties hereby expressly disclaim all warranties or originality, accuracy, completeness or fitness for a particular purpose with respect to such data. Without limiting any of the foregoing, in no event shall any of the MSCI Parties have any liabilities for any direct, indirect, special, punitive, consequential or other damages (including lost profits) even if notified of the possibility of such damages.

S&P Dow Jones Indices LLC disclaimer

The S&P/ NZX Portfolio Index, S&P/ NZX 50 Index, S&P/NZX A-Grade Corporate Bond Index, S&P/NZX NZ Government Bond Index, S&P/NZX Real Estate Index and NZX New Zealand Gross Returns 90 Day Bank Bills index(es) (“Index”) is a product of S&P Dow Jones Indices LLC and/or its affiliates and has been licensed for use by Harbour Asset Management. Copyright © 2015 S&P Dow Jones Indices LLC, a subsidiary of McGraw Hill Financial Inc., and/or its affiliates. All rights reserved.

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