



# Harbour Australasian Equity Focus Fund

 RESEARCH IP Rating



**RIPPL Effect**

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This report is based on publicly available information and/or data sourced directly from the Fund Manager.

Any views or opinions expressed in this document are believed to be accurate at the time of publishing.

[Glossary of Terms - please explain the jargon in this report](#)

1 NOVEMBER 2022

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## Meet the Manager

Harbour Asset Management Limited (Harbour, the Manager) formed in December 2009 and commenced operations in January 2010. Harbour is principally owned by Jarden Ltd (Jarden), at 76.3% and the balance being owned by Harbour employees. Harbour states it is a well-resourced New Zealand based investment manager with extensive professional investment experience managing funds. Further information about the Manager can be found in its [online profile](#).

Harbour has a group wide [investment philosophy](#), based around consistency, processes and people. Harbour operates a [governance framework](#) that is overseen by an experienced Board which includes three independent directors. Harbour provides full transparency and independence around the investing and management of clients' money.

Harbour is a signatory to the United Nations Principles of [Responsible Investment](#) (UNPRI). They also believe that ESG (environmental, social and governance) considerations play a central role in Harbour's investment philosophy.

Harbour manages twelve retail funds, including:



- Harbour Australasian Equity Fund
- Harbour Income Fund
- Harbour Australasian Equity Income Fund
- [Harbour Australasian Equity Focus Fund](#)
- Harbour NZ Index Shares Fund
- Harbour NZ Core Fixed Interest Fund
- Harbour Corporate Bond Fund
- Harbour T. Rowe Price Global Equity Growth Fund
- Harbour Real Estate Investment Fund
- Harbour Long Short Fund
- Harbour Active Growth Fund
- Harbour Enhanced Cash Fund

Access the full range of [investment options here](#).



To deliver medium to long term capital growth through investing in quality businesses with strong growth prospects. The Fund is an actively managed fund investing in New Zealand and Australian listed equities. It is a high conviction fund where the portfolio will consist of companies our analysts have researched and have a high belief will perform over the medium to longer-term. A higher rated company will have a higher weighting in the portfolio.

### Fund Description

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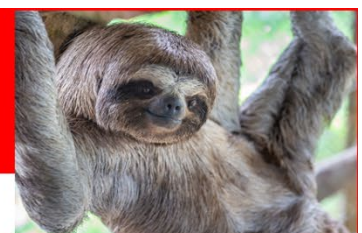
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## The Fund's Profile

The Harbour Australasian Equity Focus Fund ("the Fund") is an actively managed fund investing in New Zealand and Australian listed equities. It is a high conviction fund where the portfolio will consist of companies our analysts have researched and have a high belief will perform over the medium to longer-term. A higher rated company will have a higher weighting in the portfolio.

The investment style is active research driven investment process which principally invests in a focused selection of companies highly rated by Harbour investment analysts and largely consistent with the overweight positions in Harbour's core Australasian Equity Fund. As a result, the Fund invests in equities which portfolio managers have high conviction in.

*<Any missing data points have not yet been supplied by the manager>*

Fund Information	Harbour Australasian Equity Focus Fund
Who is ultimately accountable for the Fund performance?	Shane Solly
Shane is portfolio manager for the Harbour Equity Focus Fund and the Harbour Real Estate 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® charterholder and holds a Bachelor of Business in Finance from Massey, where he graduated as a Dean's list scholar	
When did the named individual(s) assume accountability?	
Is the Portfolio Manager invested in the Fund?	Yes
Asset manager's full name	Harbour Asset Management
ISIN Code	N/A
APIR Code	N/A
Responsible Entity / Trustee / Supervisor	Guardian Trust
Legal Domicile of the Fund	New Zealand
Legal Structure	Unit Trust
Is the Fund a registered NZ PIE structure?	Yes
Is the Fund open to new or existing investors?	Open
The asset class that the Fund primarily invests in is	Shares
Product's investment style	Growth
Geographical focus of the Fund	Australasia
Investment focus	Equity
Manager's ownership structure	Privately Owned
How many years has this Manager been managing this asset class?	31
Country Registered for Sale	New Zealand
Date of the latest PDS	29/08/2022

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## Under the Bonnet

The Fund is an actively managed, high conviction portfolio investing principally in listed Australasian equities. The focus is on delivering strong positive returns through the market cycle by investing in equity positions with no particular attention to an equity benchmark. The Fund is a research focused equity fund. It may have a higher risk profile than traditional core equity funds. The Fund can actively allocate investments between Australasian listed equities, fixed interest and cash. The Fund may also use derivatives to hedge currency and equity risk.

The benchmark asset allocation is our intended long-term allocation to each asset class in the Fund. This may also be referred to as a target investment mix in this document (and in any PDS or fund update). Actual asset allocations will vary from the benchmark asset allocations as market conditions change and if we pursue tactical investment opportunities.

Overview	Harbour Australasian Equity Focus Fund
Product's public published benchmark	50% S&P/NZX 50 and a 50% S&P/ASX 200 Index (which is 50% hedged into NZ dollars).
The product's internal targeted excess return is	
Minimum investment horizon	5+ years
Does the product charge a performance fee?	10% of overperformance
Product's performance fee	
Hurdle before a performance fee is charged	1% above the Benchmark
Is there a high water mark?	Yes
Product's current buy spread	0.00%
Product's current sell spread	0.00%
Does the manager have the ability to change the Buy/Sell spread?	Yes
Distributions per year	0
Distribution Dates	
Normal pricing frequency	Daily
Product inception date	10/04/2014
Strategy inception date	10/04/2014

Management Fees	Historic	Estimate
GST - inclusive or exclusive	inc GST	ex GST
Management Fee (MER) / Manager's basic fee	0.89%	0.90%
Other Fees and Costs	0.26%	0.19%
Performance Fee	0.54%	0.39%
<b>Total Fund Charges (i.e. TER/ICR)</b>	<b>1.69%</b>	<b>1.48%</b>
<b>Date</b>	<b>30/06/2022</b>	<b>29/08/2022</b>

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## Does Size Matter?

FUM	Harbour Australasian Equity Focus Fund	@Date
Fund currency	NZD	
Current size of the Fund (\$m) NZD	\$32	31/10/2022
Current FUM in the strategy, including mandates (\$m)	\$143	31/12/2021
Current total FUM of the Manager (\$m)	\$5,857	31/12/2021

See our view on the Research IP blog [Does Size Matter](#). The investible universe for a fund can be limited by some or all of these attributes:

- Asset class (e.g. cash, bonds, shares etc)
- Geography (e.g. Australia, New Zealand, global etc)
- Size of issue (e.g. minimum issue size of bonds, market capitalisation of shares)
- Liquidity
- or other factors like credit ratings, issuer types etc.

## The Downside

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.

Investors should note that all investments carry risk. Different investment strategies may carry different levels of risk, depending on the assets that make up the strategy. Assets with the highest long-term returns may also carry the highest level of short-term risk. See our views on [what investment risks to look out for](#) on the Research IP blog.




The **Risk Indicator** is sourced directly from the manager and is rated from 1 (low) to 7 (high). The rating reflects how much the value of the Fund's assets goes up and down (volatility). A higher risk generally means higher potential returns over time, but more ups and downs along the way. 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 latest 5 year period. If the fund does not have a 5-year return history market index returns are used to supplement the return series. The risk ranking applies to NZ PIE fund structures only, Research IP does not apply the risk ranking methodology to replicate this outcome in any other jurisdiction.

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## Is it Ticking?

 Responsible investing has become front of mind for many investors, but there is a minefield of green washing out there. We share the views of the Research IP team on sustainable investing, the 17 Sustainable Development Goals (SDGs), Environmental, Social and Governance (ESG) considerations and the United Nations Principles for Responsible Investment (UN PRI) on the [Research IP blog](#).



ESG Information	Harbour Australasian Equity Focus Fund
Which EU Sustainable Finance Disclosure Regulation (SFDR) classification best describes this product?	<no supplied response>
Is the Manager a signatory to the UNPRI?	Yes
UNPRI Rating : Strategy & Governance	A+
UNPRI Rating : Listed Equity – Incorporation	A
UNPRI Rating : Listed Equity – Active Ownership	A
Are the UN Sustainable Development Goals considered in the investment process?	yes
Does the Manager incorporate ESG factors into analysis and decisions?	<no supplied response>
Does the Manager implement negative screening?	<no supplied response>
Does the Manager implement positive, best-in-class or norms-based screening?	<no supplied response>
Does the Manager focus specifically on sustainability themed investments?	<no supplied response>
Does the Manager invest for impact? i.e. target non-financial outcomes that are intentional, measurable and additional.	<no supplied response>
Does the Manager integrate corporate engagement and proxy voting into their investment approach?	yes
Is the Fund RIAA Certified?	Yes
RIAA Primary Investment Approach	ESG Integration
RIAA Secondary Investment Approach	Engagement and voting
Link to RIAA Fund Profile	<a href="https://www.responsiblereturns.com.au/investment-options/harbour-australasian-equity-focus-fund/profile">https://www.responsiblereturns.com.au/investment-options/harbour-australasian-equity-focus-fund/profile</a>
Link to Disclose information on Sorted (NZ only)	<a href="https://smartinvestor.sorted.org.nz/kiwisaver-and-managed-funds/SCH10815/OFR10909/FND1425">https://smartinvestor.sorted.org.nz/kiwisaver-and-managed-funds/SCH10815/OFR10909/FND1425</a>
Link to Mindful Money (NZ only)	<a href="https://mindfulmoney.nz/managed/FND1425/harbour-australasian-equity-focus-fund">https://mindfulmoney.nz/managed/FND1425/harbour-australasian-equity-focus-fund</a>

You can find fund manager [Public Signatory Reports](#) on the UNPRI site.

## Check the Pulse

Philosophy & Process		Harbour Australasian Equity Focus Fund
<b>Research Philosophy</b> Fundamental with quant overlay		
<b>Guidelines for filtering the universe</b> Fundamental with quant overlay		
<b>Research Approach</b> The Fund is an actively managed, high conviction portfolio investing principally in long only listed Australasian equities. The focus is on delivering positive risk adjusted returns through the market cycle by investing in long equity positions.		
<b>Specific inputs to the research process</b> Quantitative screen including ratings from Harbour analysts		
Third party inputs used	sell side research is consumed but does not go into investment process	
Primary valuation approach	Up to analyst to determine value, and use rating scale as a signal	
Secondary valuation approach (if applicable)	<no supplied response>	
In constructing the portfolio the manager is...	Benchmark Aware	
Biases present in the product	Growth bias but there is an awareness of factor risk, hence we also include relative dividend yield and relative valuation	
Number of securities in the investment universe	300	
Number of securities fully researched	150	
Typical number of holdings in the portfolio	15-30	
Anticipated portfolio turnover	50-80%	
Typical level of cash held in the portfolio?	<no supplied response>	

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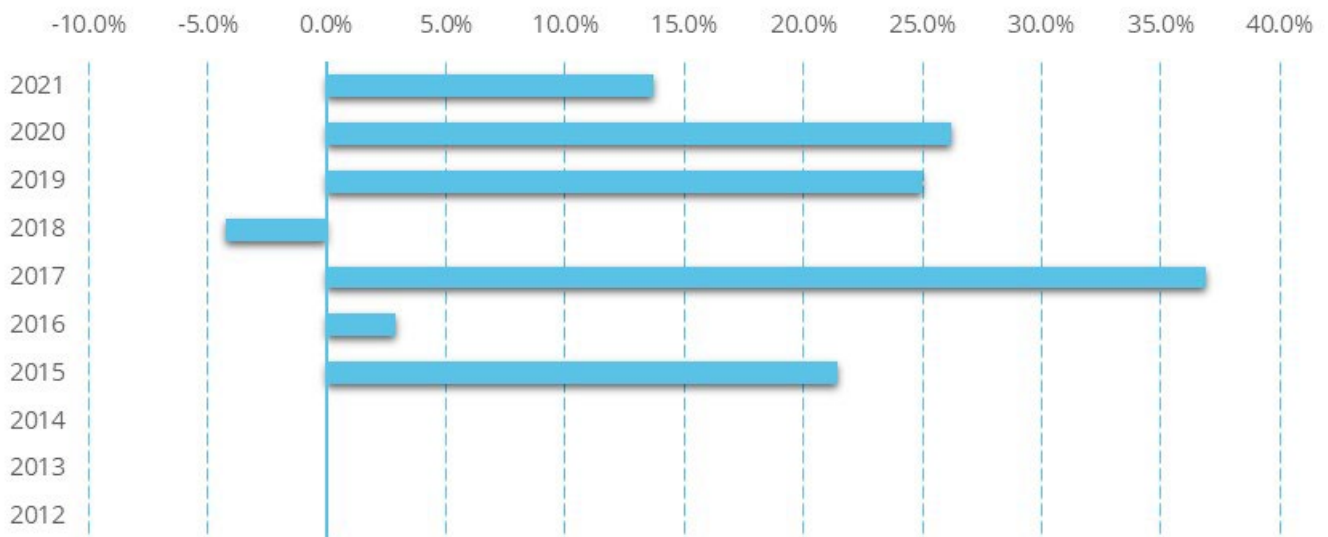
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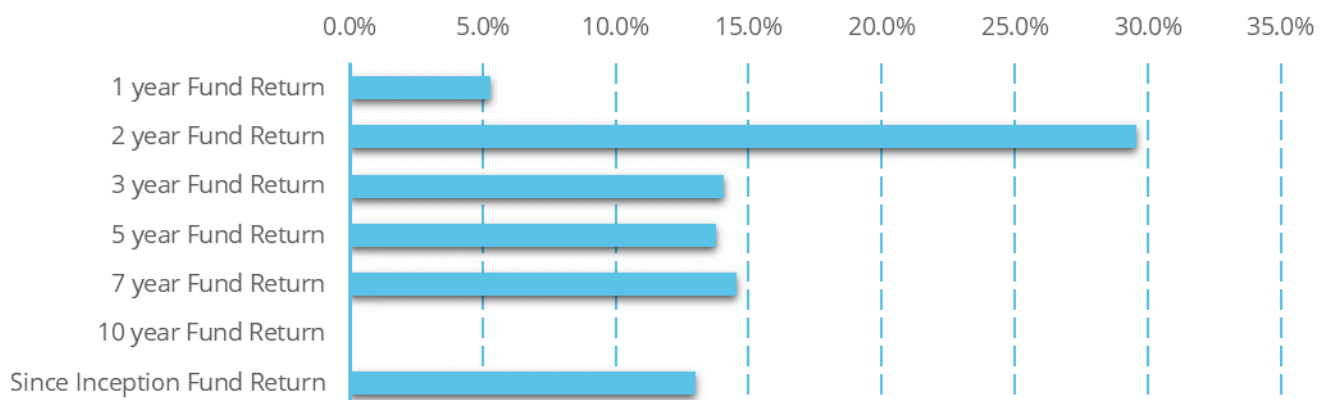
## Is it Working?

Performance	Harbour Australasian Equity Focus Fund
"Performance to" date	31/03/2022
	7 years, 11 months, 30 days
Inception date of the performance?	01/04/2014
Negative Months (3 Years)	31%
Negative Months (5 Years)	28%
Negative Months (7 Years)	32%
Negative Months (10 Years)	n/a
Max Gain Since Inception	43.3%
Max Loss Since Inception	-25.5%
Max Drawdown Since Inception	-25.5%
Volatility (3 Years)	20.4%
Beta (3 Years)	1.40
Sharpe (3 Years)	0.52

### Annual Performance



### Annualised Performance



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## The second opinion

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 [Click here to access the full qualitative research report on this fund](#)



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Our experience has been gained in well over 20 years of roles across different facets of the industry, so we understand the key drivers and challenges for people trusted with the management of investments.

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. We have strong philosophical alignment with John Hagel's work on the possibilities for "Disruption by Trusted Advisors" and John Kay's views in "Other People's Money: Masters of the Universe or Servants of the People".

Some of the consulting services we provide to financial advisers, charities, not-for-profit organisations and other investors include:

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- Platform and Financial Adviser Software reviews
- Fee negotiations for better client outcomes
- Investment committee terms of reference / charter
- Investment committee skills assessment
- Investment policy development
- Investment committee implementation review
- Chair or independent investment committee member
- Investment manager review
- Investment manager / adviser selection
- Quarterly reporting and commentary
- Sustainability and ESG policy development
- Sustainability and ESG investment selection / implementation of strategies.

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