



Harbour Income Fund

 RESEARCHIP 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](#).



This Fund is designed for investors who want both capital growth and a steady and sustainable income. It aims to exceed the official cash rate plus 3.5% per annum (over rolling 3 year periods).

Fund Description

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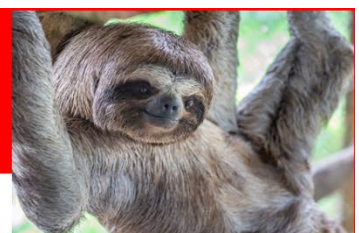


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Helping you
navigate Fund
Managers



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The Fund's Profile

The Harbour Income Fund ("the Fund") is a diversified fund designed for investors who want to generate a steady and sustainable income across all market cycles, without sacrificing capital growth. The Fund is designed to give a favourable level of income. The Fund invests predominantly in New Zealand investment grade fixed interest securities and Australasian equities which pay a sustainable dividend yield. Other tools, such as active management and scope to invest in sub investment grade securities may also be used to enhance returns.

The Income Fund is diversified, with holdings across different asset classes. There is flexibility for the team to change the allocation of assets to proactively mitigate risks and take advantage of opportunities across market cycles.

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

Fund Information	Harbour Income Fund
Who is ultimately accountable for the Fund performance?	Mark Brown
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 an MBA from the University of Rochester, NY.	
When did the named individual(s) assume accountability?	19/06/2017
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	Multi Asset
Product's investment style	Downside aware
Geographical focus of the Fund	Global
Investment focus	Income
Manager's ownership structure	Privately Owned
How many years has this Manager been managing this asset class?	30
Country Registered for Sale	New Zealand
Date of the latest PDS	29/08/2022

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Under the Bonnet

The Manager aims to deliver returns through a mix of beta and alpha. There are a number of alpha sources targeted including asset allocation, FX, security selection, duration, inflation-indexed bonds, as well as looking to add value in credit sectors.

The benchmark asset allocation is Harbour's 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 Harbour pursue tactical investment opportunities.

Overview	Harbour Income Fund
Product's public published benchmark?	68% S&P/NZX A Grade Corporate Bond Total Return Index; 16% S&P/ASX200 Industrials Index (100% hedged to NZ dollars); and 16% S&P/NZX Portfolio Index.
The product's internal targeted excess return is	OCR + 3.5%
Minimum investment horizon?	3-5 years
Does the product charge a performance fee?	No
Product's performance fee?	n/a
Hurdle before a performance fee is charged?	n/a
Is there a high water mark?	n/a
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?	12
Distribution Dates?	20th of each month
Normal pricing frequency?	Daily
Product inception date	28/10/2015
Strategy inception date	28/10/2015

Management Fees	Historic	Estimate
GST - inclusive or exclusive	inc GST	ex GST
Management Fee (MER) / Manager's basic fee	0.54%	0.54%
Other Fees and Costs	0.12%	0.09%
Performance Fee	0.00%	0.00%
Total Fund Charges (i.e. TER/ICR)	0.66%	0.63%
Date	30/06/2022	29/08/2022

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Does Size Matter?

FUM	Harbour Income Fund	@Date
Fund currency	NZD	
Current size of the Fund (\$m) NZD	\$251	31/10/2022
Current FUM in the strategy, including mandates (\$m)	\$163	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 Income 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?	Yes
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?	No
RIAA Primary Investment Approach	n/a
RIAA Secondary Investment Approach	n/a
Link to RIAA Fund Profile	n/a
Link to Disclose information on Sorted (NZ only)	https://smartinvestor.sorted.org.nz/kiwisaver-and-managed-funds/SCH10815/OFR10909/FND1422
Link to Mindful Money (NZ only)	https://mindfulmoney.nz/managed/FND1422/harbour-income-fund


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

Check the Pulse

Philosophy & Process		Harbour Income Fund
Research Philosophy Fundamental. Top-down security selection, bottom-up asset allocation		
Guidelines for filtering the universe Australasian income equities are filtered for dividend stability.		
Research Approach Our approach utilises Harbour's fundamental research, combined with the skills of global managers for global asset classes.		
Specific inputs to the research process Harbour Asset Allocation Committee, External independent research partner views		
Third party inputs used	Third party independent research partners asset allocation and macro views help inform our decision making	
Primary valuation approach	Various valuation models for different asset classes (eg country relative value models for the NZ bond market, sustainability of yield for income equities)	
Secondary valuation approach (if applicable)	<no supplied response>	
In constructing the portfolio the manager is...	Benchmark Unaware	
Biases present in the product	Income focused dividends	
Number of securities in the investment universe	1000s as a multi-asset fund	
Number of securities fully researched	c.1200	
Typical number of holdings in the portfolio	300+	
Anticipated portfolio turnover	<no supplied response>	
Typical level of cash held in the portfolio?	8%	

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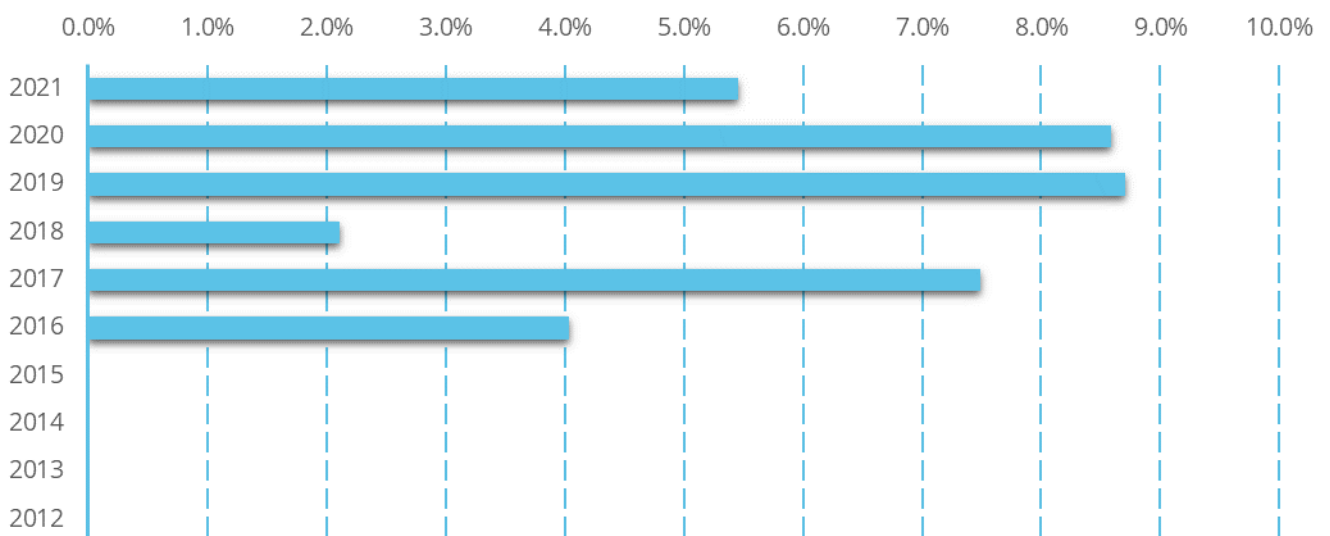


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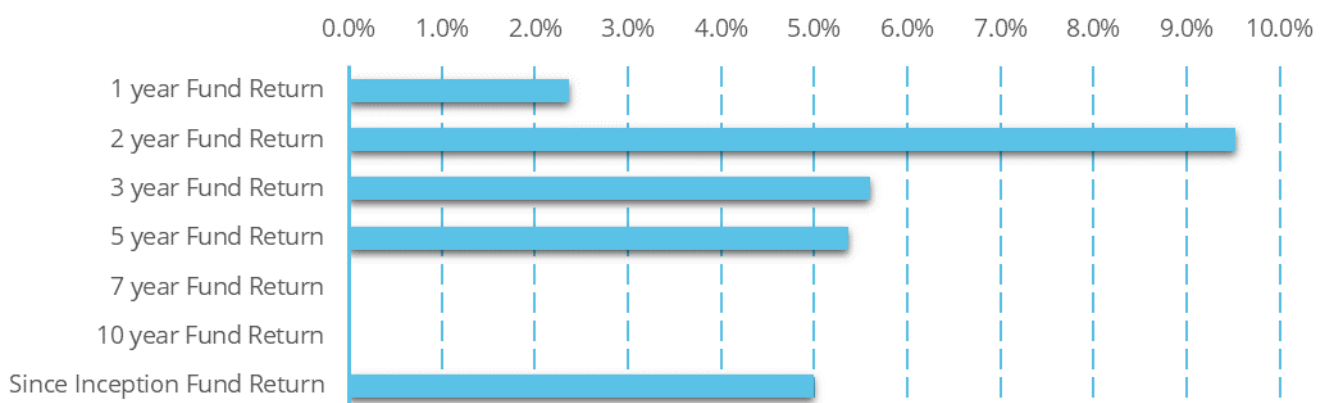
Is it Working?

Performance	Harbour Income Fund
"Performance to" date	31/03/2022
	6 years, 5 months, 3 days
Inception date of the performance?	28/10/2015
Negative Months (3 Years)	19%
Negative Months (5 Years)	18%
Negative Months (7 Years)	n/a
Negative Months (10 Years)	n/a
Max Gain Since Inception	16.8%
Max Loss Since Inception	-8.4%
Max Drawdown Since Inception	-8.4%
Volatility (3 Years)	6.2%
Beta (3 Years)	1.25
Sharpe (3 Years)	0.34

Annual Performance



Annualised Performance



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The second opinion

 [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.

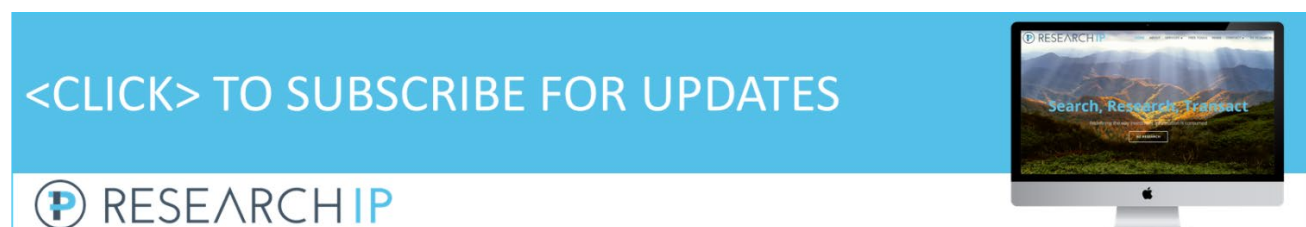
Client focused outcomes are underpinned by the belief that the role of business model innovation and accelerating technological change opens up new possibilities, to put client interests at the centre of the financial services industry focus. We have strong philosophical alignment with John Hagel's work 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:

- AFSL reviews
- 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.

If you would like to discuss one or a number of these consulting services, please contact info@research-ip.com.

Our [privacy policy](#) and [ESG](#) can be viewed on our [website](#).



Contact:

www.Research-IP.com

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