



Harbour Long Short 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.

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 positive returns through the market cycle by investing in long and short equity positions. The Fund is an actively managed, high conviction portfolio investing principally in long and short listed New Zealand and Australian equities. The focus is on delivering positive returns through the market cycle by investing in long and short-sold equity positions with no particular attention to an equity benchmark. The fund is expected to have lower volatility than equity benchmarks. Given the unique features of this Fund, it may not be appropriate for all investors.

Fund Description

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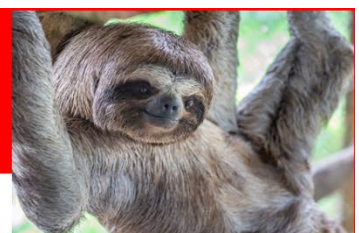


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Helping you
navigate Fund
Managers



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The Fund's Profile

The Harbour Long Short Fund ("the Fund") is an actively managed, high conviction portfolio investing principally in 'long' and 'short' listed Australasian equities. The focus is on delivering positive returns through the market cycle by investing in long and short-sold equity positions with no particular attention to an equity benchmark. The fund is expected to have lower volatility than equity benchmarks. Given the unique features of this Fund, it may not be appropriate for all investors.

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.

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

Fund Information	Harbour Long Short Fund
Who is ultimately accountable for the Fund performance?	Craig Stent
Craig Stent is PM, with Oyvinn Rimer in charge of risk monitoring and assisting in the managing of the fund. Craig is Head of Equities and 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. 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.	
When did the named individual(s) assume accountability?	01/01/2019
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	Alternatives
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?	21
Country Registered for Sale	New Zealand
Date of the latest PDS	29/08/2022

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Under the Bonnet

The investment style is an 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. The Fund will hold 'long' equity positions across the NZ and Australian share markets reflecting conviction in companies which can provide medium to long term capital growth. The Fund will also be able to 'short-sell' securities. These will typically be companies which rank poorly on fundamental and quantitative signals. The Fund will also hold cash and utilise currency management to generate returns.

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 to pursue tactical investment opportunities.

Overview	Harbour Long Short Fund
Product's public published benchmark?	S&P NZX Bank bills 90 day index plus 2%
The product's internal targeted excess return is	S&P NZX Bank bills 90 day index plus 2%
Minimum investment horizon?	5+ years
Does the product charge a performance fee?	Yes
Product's performance fee?	15.00%
Hurdle before a performance fee is charged?	S&P NZX Bank bills 90 day index plus 2%
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	03/01/2019
Strategy inception date	03/01/2019

Management Fees	Historic	Estimate
GST - inclusive or exclusive	inc GST	ex GST
Management Fee (MER) / Manager's basic fee	0.67%	0.81%
Other Fees and Costs	0.54%	0.18%
Performance Fee	1.09%	0.00%
Total Fund Charges (i.e. TER/ICR)	2.30%	0.99%
Date	30/06/2022	29/08/2022

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Does Size Matter?

FUM	Harbour Long Short Fund	@Date
Fund currency	NZD	
Current size of the Fund (\$m) NZD	\$18	31/10/2022
Current FUM in the strategy, including mandates (\$m)	\$6	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 Long Short 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
Does the Manager implement positive, best-in-class or norms-based screening?	No
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	No
Link to Disclose information on Sorted (NZ only)	https://smartinvestor.sorted.org.nz/kiwisaver-and-managed-funds/SCH10815/OFR10909/FND12572
Link to Mindful Money (NZ only)	https://mindfulmoney.nz/managed/FND12572/harbour-long-short-fund


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

Check the Pulse

Philosophy & Process		Harbour Long Short Fund
Research Philosophy Fundamental with quant overlay		
Guidelines for filtering the universe Fundamental with quant overlay		
Research Approach The Fund is an actively managed, high conviction portfolio investing principally in 'long' and 'short' listed Australasian equities. The focus is on delivering positive returns through the market cycle by investing in long and short-sold equity positions with No particular attention to an equity benchmark. T		
Specific inputs to the research process 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 unaware	
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	20-40	
Anticipated portfolio turnover	40-60%	
Typical level of cash held in the portfolio?	70%	

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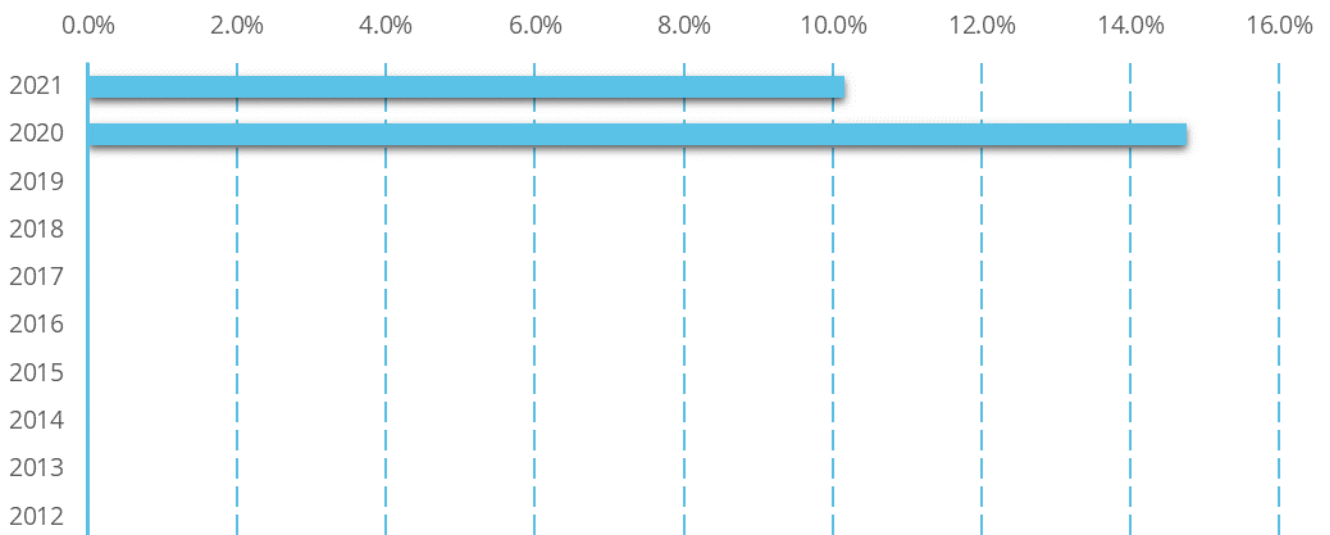


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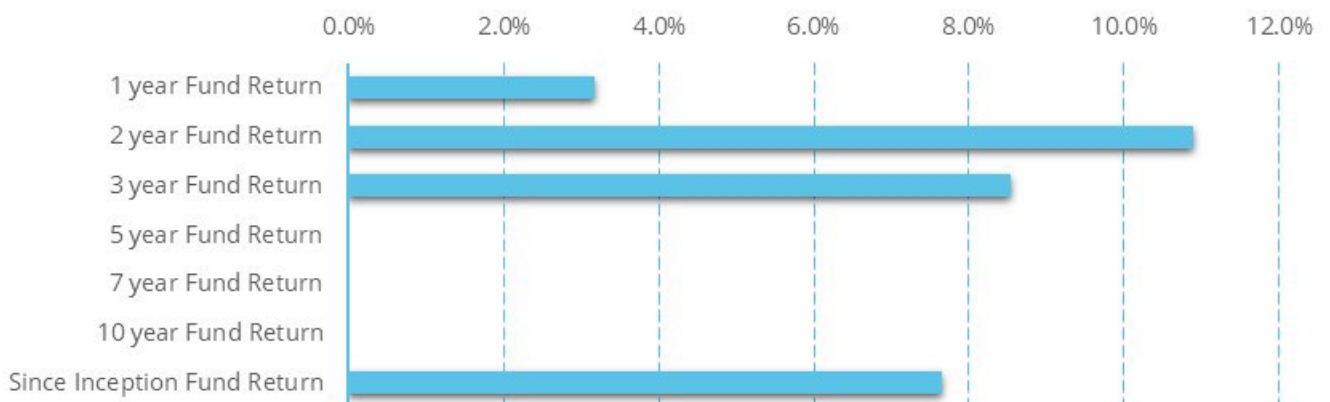
Is it Working?

Performance	Harbour Long Short Fund
"Performance to" date	31/03/2022
	3 years, 2 months, 28 days
Inception date of the performance?	03/01/2019
Negative Months (3 Years)	28%
Negative Months (5 Years)	n/a
Negative Months (7 Years)	n/a
Negative Months (10 Years)	n/a
Max Gain Since Inception	14.6%
Max Loss Since Inception	-6.5%
Max Drawdown Since Inception	-6.5%
Volatility (3 Years)	5.9%
Beta (3 Years)	0.53
Sharpe (3 Years)	0.86

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.

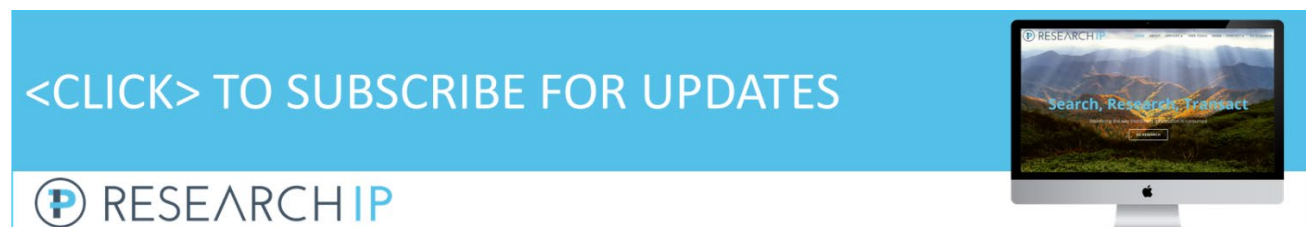
Client focused outcomes are underpinned by the belief that the role of business model innovation and accelerating technological change opens up new possibilities, to put client interests at the centre of the financial services industry focus. We have strong philosophical alignment with John Hagel's work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

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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.

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:

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