



Harbour Real Estate Investment 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](#).



To exceed the S&P/NZX All Real Estate Index return plus 1% per annum over the medium term. The Fund will predominantly be invested in sustainable dividend generating companies, which derive their economic value from owning traditional real estate assets with appropriate financial and governance structures in place. In addition, the Fund may invest in shares of companies that derive their economic value from the control of real estate assets, but don't meet the strict definition of listed property securities or REITS.

Fund Description

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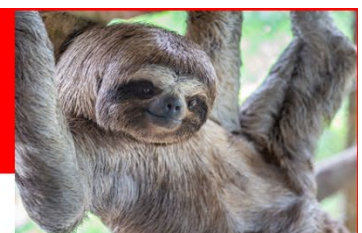


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The Fund's Profile

The Harbour Real Estate Investment Fund ("the Fund") will predominantly be invested in sustainable dividend generating companies, which derive their economic value from owning traditional real estate assets with appropriate financial and governance structures in place. In addition, the Fund may invest in shares of companies that derive their economic value from the control of real estate assets, but don't meet the strict definition of listed property securities or REITS.

The Fund aims to capture the income yield and medium-term capital growth characteristics of investing principally in listed real estate assets and enhance diversification and return potential against the S&P/NZX All Real Estate Index.

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

Fund Information	Harbour Real Estate Investment 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?	01/10/2018
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	PIE
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	Property & Infrastructure
Product's investment style	Active, growth at a reasonable price
Geographical focus of the Fund	Australasia
Investment focus	Income plus growth
Manager's ownership structure	Privately Owned
How many years has this Manager been managing this asset class?	Harbour 7 years; Portfolio Manager 27 years
Country Registered for Sale	New Zealand
Date of the latest PDS	29/08/2022

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Under the Bonnet

The Fund's returns are predominantly derived from investing in a diversified portfolio of New Zealand and Australian real estate securities which can sustain income yield and grow capital over time. The Fund's investment process blends a combination of active company research and use of a quantitative overlay. To diversify risk and enhance medium term returns, the Fund may invest in New Zealand and Australian listed securities that derive their economic value from the control of real estate assets that are not included in listed property benchmark indices, international listed real estate securities, unlisted New Zealand and Australian property securities and debt and convertible securities, where such investments represent attractive risk adjusted investments for the fund.

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 Real Estate Investment Fund
Product's public published benchmark	S&P/NZX All Real Estate Index
The product's internal targeted excess return is	Exceed benchmark return + 1% p.a. over medium term
Minimum investment horizon	3 years plus
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	N/A
Product's current sell spread	N/A
Does the manager have the ability to change the Buy/Sell spread?	Yes
Distributions per year	2
Distribution Dates	March, September
Normal pricing frequency	Daily
Product inception date	01/10/2018
Strategy inception date	01/01/2014

Management Fees	Historic	Estimate
GST - inclusive or exclusive	inc GST	ex GST
Management Fee (MER) / Manager's basic fee	0.60%	0.64%
Other Fees and Costs	0.18%	0.08%
Performance Fee	0.00%	N/A
Total Fund Charges (i.e. TER/ICR)	0.78%	0.72%
Date	30/06/2022	29/08/2022

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Does Size Matter?

FUM	Harbour Real Estate Investment Fund	@Date
Fund currency	NZD	
Current size of the Fund (\$m) NZD	\$101	31/10/2022
Current FUM in the strategy, including mandates (\$m)	\$35	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 Real Estate Investment 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?	Yes
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	No
Link to Disclose information on Sorted (NZ only)	https://smartinvestor.sorted.org.nz/kiwisaver-and-managed-funds/SCH10815/OFR10909/FND11581
Link to Mindful Money (NZ only)	https://mindfulmoney.nz/managed/FND11581/harbour-real-estate-investment-fund

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

Check the Pulse

Philosophy & Process	Harbour Real Estate Investment Fund
Research Philosophy Active . The Fund's investment process blends a combination of active, bottom up company research and use of a quantitative overlay which collects data from a wide range of market sources.	
Guidelines for filtering the universe The combination of active, bottom up company research and use of a quantitative overlay identifies real estate securities that grow earnings and dividends for longer or to a greater extent than the market expects. A key focus is on stocks that have operational and financial resilience that support real estate securities to protect capital and deliver higher growth in returns for longer than the market expects.	
Research Approach We look for companies that have a proven track record, or have the right components, to sustainably grow total investor returns supported by structural real estate tailwinds, appropriate financial structures and governance that is aligned with minority investors interests. We look for a blend of investments that deliver consistent income, longer term growth and risk diversification (including investments with idiosyncratic return drivers).	
Specific inputs to the research process We use proprietary filters and models that have a proven track record of identifying investments that grow returns for a longer time period or to a greater extent than the market expects. The factors in these filters have been back tested over time and show positive efficacy in improving investment outcomes.	
Third party inputs used	Data from bespoke research from global economic, strategy & real estate groups. Broker consensus data. Broker models where value adding.
Primary valuation approach	Dividend Discount, NAV
Secondary valuation approach (if applicable)	NTA, DCF
In constructing the portfolio the manager is...	Benchmark aware
Biases present in the product	Stocks that exhibit above market growth supported by structural tailwinds (including ESG) and strong financial structures.
Number of securities in the investment universe	75
Number of securities fully researched	65
Typical number of holdings in the portfolio	35
Anticipated portfolio turnover	35%
Typical level of cash held in the portfolio?	2.5%; Fully invested through the cycle - cash is an outcome of stock conviction.

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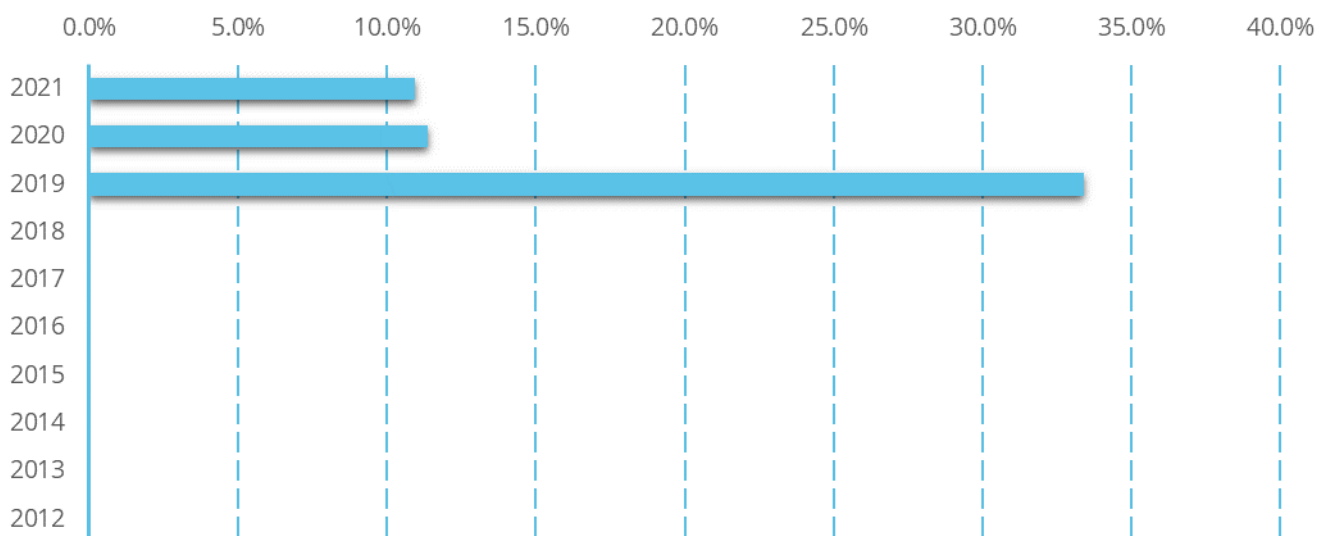



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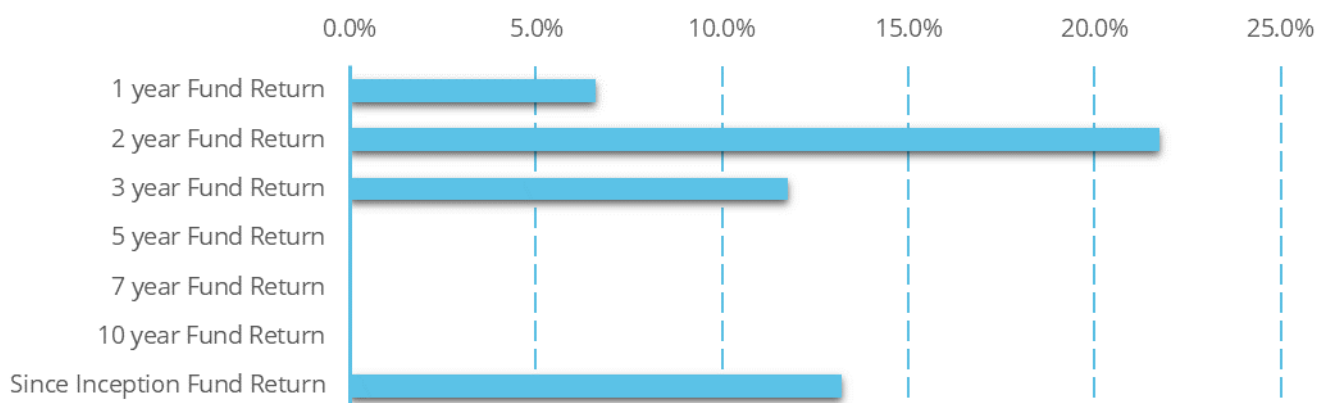
Is it Working?

Performance	Harbour Real Estate Investment Fund
"Performance to" date	31/03/2022
	3 years, 5 months, 30 days
Inception date of the performance?	01/10/2018
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	44.4%
Max Loss Since Inception	-25.5%
Max Drawdown Since Inception	-25.5%
Volatility (3 Years)	18.5%
Beta (3 Years)	1.25
Sharpe (3 Years)	0.45

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.

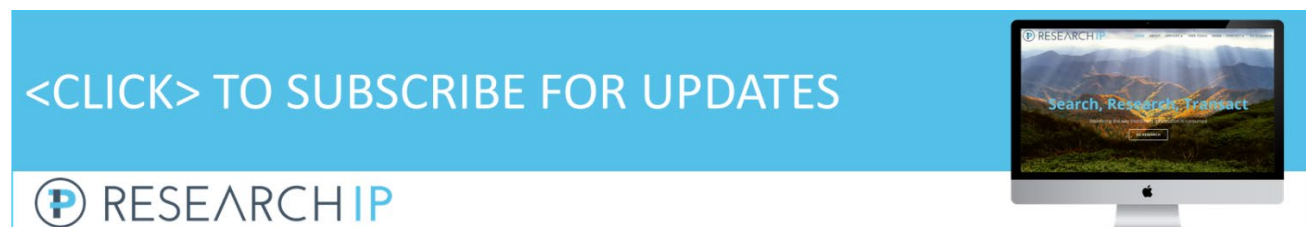
Client focused outcomes are underpinned by the belief that the role of business model innovation and accelerating technological change opens up new possibilities, to put client interests at the centre of the financial services industry focus. We have strong philosophical alignment with John Hagel's work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

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- Platform and Financial Adviser Software reviews
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- 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.

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Contact:

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