



# QuayStreet NZ Equity Fund

**NOTE CHANGE:  
RATING REMOVED**

 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](#)

25 JANUARY 2023

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## Meet the Manager

QuayStreet is a specialist funds management firm with a team based in Auckland, New Zealand. QuayStreet offers a range of diversified and sector specific investment funds for investors with varying investment needs and timeframes. More information can be found on their [online profile](#).

QuayStreet's [investment philosophy](#) believes that an actively managed fund with a concentrated selection of investments can provide investors with better returns than market benchmarks.

QuayStreet is a signatory to the United Nations Principles of [Responsible Investment](#) (UNPRI). QuayStreet chose to become a signatory to publicly demonstrate their commitment to the Principles for Responsible Investing, an internationally agreed framework for investment decision making. This will position the Socially Responsible Investment Fund for the long-term and further strengthen QuayStreet's current approach to responsible and sustainable investment.

QuayStreet manages 10 retail funds, including:

- QuayStreet Fixed Interest Fund
- QuayStreet Income Fund
- QuayStreet Conservative Fund
- QuayStreet International Equity Fund
- QuayStreet Balanced Fund
- QuayStreet Socially Responsible Investment Fund
- QuayStreet Growth Fund
- [QuayStreet NZ Equity Fund](#)
- QuayStreet Australian Equity Fund
- QuayStreet Altum Fund



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



The QuayStreet New Zealand Equity Fund invests in a portfolio of shares from the New Zealand market, targeting returns above the long term performance of the New Zealand sharemarket.

The investment objective is to provide investors with a level of return over the long term above the Fund's benchmark. Investment returns may vary substantially from year to year and may be negative.

### Fund Description

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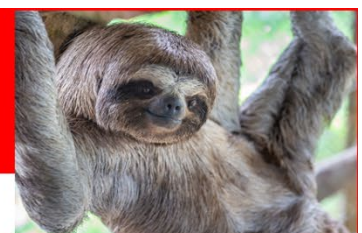


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## The Fund's Profile

The QuayStreet New Zealand Equity Fund ("the Fund") invests in a portfolio of shares from the New Zealand market, targeting returns above the long term performance of the New Zealand sharemarket. The investment objective is to provide investors with a level of return over the long term above the Fund's benchmark. Investment returns may vary substantially from year to year and may be negative.

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

Fund Information	QuayStreet NZ Equity Fund
Who is ultimately accountable for the Fund performance?	Andrew South
<p>Andrew has vast investment experience with a career spanning more than two decades. Prior to QuayStreet, Andrew was the Chief Investment Officer at Brook Asset Management with overall responsibility for portfolio construction, stock selection and asset allocation for all of Brook's funds.</p> <p>At Brook Asset Management, Andrew was also responsible for Australasian sector research for the resources, financial and healthcare sectors.</p>	
When did the named individual(s) assume accountability?	30/09/2014
Is the Portfolio Manager invested in the Fund?	No
Asset manager's full name	QuayStreet Asset Management
ISIN Code	<no supplied response>
APIR Code	QUA8937NZ
Responsible Entity / Trustee / Supervisor	The New Zealand Guardian Trust Company Limited
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	Quality/GARP
Geographical focus of the Fund	New Zealand
Investment focus	Equities
Manager's ownership structure	Privately Owned
How many years has this Manager been managing this asset class?	Since inception, 7 years
Country Registered for Sale	New Zealand;
Date of the latest PDS	23/11/2022

## Under the Bonnet

The Fund invests predominantly in companies that are in the S&P/NZX 50 Index. However, there may be an allocation to smaller companies listed on the NZX Main Board or to unlisted companies who have the intention of listing on a recognised exchange.

The Fund may also invest in cash, including when there is a lack of suitable investment options available and may use derivatives for the purposes of risk management or to obtain desired market exposures.

Overview	QuayStreet NZ Equity Fund
Product's public published benchmark	S&P/NZX 50 Gross Index
The product's internal targeted excess return is	4.00%
Minimum investment horizon	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?	No
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	Other
Distribution Dates	N/A
Normal pricing frequency	Daily
Product inception date	30/11/2010
Strategy inception date	30/11/2010

Management Fees	Historic	Estimate
GST - inclusive or exclusive	inc GST	inc GST
Management Fee (MER) / Manager's basic fee	1.15%	1.28%
Other Fees and Costs	0.12%	inc
Performance Fee	0.00%	N/A
<b>Total Fund Charges (i.e. TER/ICR)</b>	<b>1.27%</b>	<b>1.28%</b>
<b>Date</b>	<b>31/03/2022</b>	<b>23/11/2022</b>

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## Does Size Matter?

FUM	QuayStreet NZ Equity Fund	@Date
Fund currency	NZD	
Current size of the Fund (\$m) NZD	\$174	31/10/2022
Current FUM in the strategy, including mandates (\$m)	\$158	28/02/2021
Current total FUM of the Manager (\$m)	<no supplied response>	28/02/2021

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	QuayStreet NZ Equity 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	B
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	n/a
Link to Disclose information on Sorted (NZ only)	<a href="https://smartinvestor.sorted.org.nz/kiwisaver-and-managed-funds/SCH10414/OFR10416/FND326">https://smartinvestor.sorted.org.nz/kiwisaver-and-managed-funds/SCH10414/OFR10416/FND326</a>
Link to Mindful Money (NZ only)	<a href="https://mindfulmoney.nz/managed/FND326/quaystreet-new-zealand-equity-fund">https://mindfulmoney.nz/managed/FND326/quaystreet-new-zealand-equity-fund</a>

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

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



RESEARCH IP

**Qualitative Fund Research**  
QuayStreet New Zealand Equity Fund  
26 January 2023

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*The views and opinions in this document are considered valid from one year from the date published.*

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## Check the Pulse

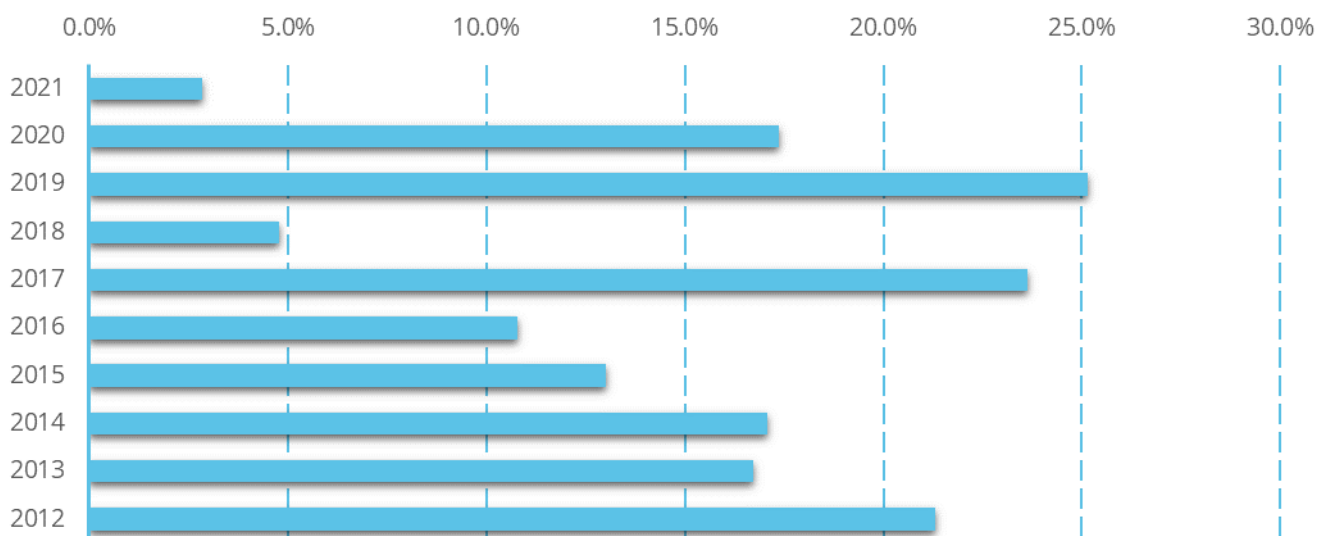
Philosophy & Process		QuayStreet NZ Equity Fund
<b>Research Philosophy</b> Fundamental Bottom Up		
<b>Guidelines for filtering the universe</b> N/A		
<b>Research Approach</b> Our research is both internally and externally generated. We make extensive use of analyst research reports as a base for developing investment rationale. Of particular interest are the analysts who are 'outliers' to consensus estimates with strong logic to their rationale. For stocks that are not well covered we do maintain our own valuation models and write research reports.		
<b>Specific inputs to the research process</b> We use two main screens in the investment process. The first is a valuation screen focussing on earnings multiples, earnings momentum, return on invested capital and earnings certainty. The second screen is a dividend sustainability screen which focuses on dividend yield, share price and earnings volatility, leverage, and earnings certainty. These screens incorporate non-benchmark securities. We have internal databases of custom Australasian sectors that we use to look at relative valuation metrics. We look at a number of different metrics e.g. historical earnings multiples relative to the sector and market, current earnings multiples vs. growth, ROE vs. price to book ratios etc. This database incorporates non-benchmark securities.		
Third party inputs used	We often make use of analyst research reports as a starting point for developing investment rationale. Of particular interest are the analysts who are 'outliers' to consensus estimates with strong logic to their rationale. We also focus on scenario analysis and test broker analysis i.e. we will ask broker analysts to run custom scenarios for us. We also subscribe to independent research services from BCA Research (global macro and asset class research), TIS Strategy, LongTail Asset Management (global stock research ideas) and MSCI ESG Research (global ESG research).	
Primary valuation approach	Porter 5 Forces framework	
Secondary valuation approach (if applicable)	DCF	
In constructing the portfolio the manager is...	Benchmark Unaware	
Biases present in the product	Quality companies	
Number of securities in the investment universe	The Fund invests predominantly in companies that are in the S&P/NZX 50 Index. However, there may be an allocation to smaller companies listed on the NZX Main Board or to unlisted companies who have the intention of listing on a recognised exchange.	
Number of securities fully researched	50	
Typical number of holdings in the portfolio	20-40	
Anticipated portfolio turnover	25%	
Typical level of cash held in the portfolio?	10%	

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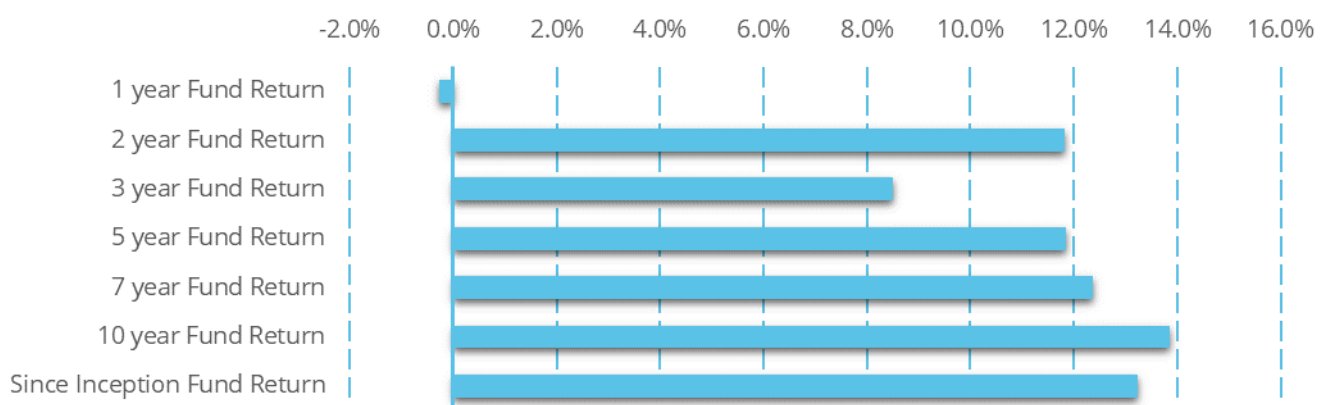
## Is it Working?

Performance	QuayStreet NZ Equity Fund
"Performance to" date	31/03/2022
	11 years, 4 months, 12 days
Inception date of the performance?	30/11/2010
Negative Months (3 Years)	28%
Negative Months (5 Years)	25%
Negative Months (7 Years)	27%
Negative Months (10 Years)	25%
Max Gain Since Inception	30.2%
Max Loss Since Inception	-10.4%
Max Drawdown Since Inception	-10.4%
Volatility (3 Years)	11.2%
Beta (3 Years)	0.80
Sharpe (3 Years)	0.45

### Annual Performance



### Annualised Performance



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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.

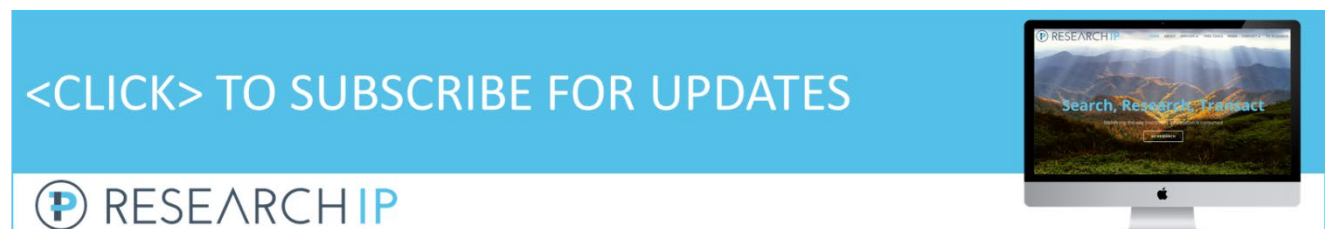
Client focused outcomes are underpinned by the belief that the role of business model innovation and accelerating technological change opens up new possibilities, to put client interests at the centre of the financial services industry focus. We have strong philosophical alignment with John Hagel's work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

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**We recommend you obtain appropriate financial, legal and taxation advice before making any financial investment decision.**

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