

HARBOUR INVESTMENT FUNDS

Product Disclosure Statement - Australasian Equities and Fixed Interest Funds

Issued by Harbour Asset Management Limited

9 March 2023

This document replaces the Product Disclosure Statement dated 22 November 2022

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer on www.business.govt.nz/disclose. Harbour Asset Management Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013 (FMC Act). You can also seek advice from a financial adviser to help you to make an investment decision.

Harbour | ASSET MANAGEMENT

1. Key information summary

What is this?

This is a managed investment scheme. Your money will be pooled with other investors' money and invested in various investments. Harbour Asset Management Limited (**Harbour, we, us or our**) will invest your money and charge you a fee for our services. The returns you receive are dependent on our investment decisions and the performance of the investments. The value of those investments may go up or down. The types of investments and the fees you will be charged are described in this document.

Investment into the Funds is related to the size of your investment, and whether you require personalised financial advice. See our website: www.harbourasset.co.nz/invest-with-us for more details.

The Funds are available via a Portfolio Investor Proxy (PIP) or custodial service. The PIP or custodial service invests in the Funds on your behalf and is therefore the investor to us. In some instances, references in this document to "you" are referring to the PIP or custodial service you or your financial adviser use. Different services have different requirements so throughout the document we refer to 'your service' which includes the PIP or custodial service you or your financial adviser use, if applicable. For more information please see "10. How to Apply".

For larger amounts, it may be possible for you to invest directly with Harbour if you do not require personalised financial advice. See our website: www.harbourasset.co.nz/invest-with-us for more details.

What will your money be invested in?

There are 10 funds (Funds) offered under this Product Disclosure Statement (**PDS**).

These investment options are summarised on the following page. More information about the investment target and strategy for each investment option is provided in "3. Description of your investment option(s)".

Who manages the Harbour Investment Funds?

The Manager of the Funds is Harbour Asset Management Limited. See "7. Who is involved?" for more information about us.

What are the returns?

The return on your investment comes from:

- any increase or decrease in the Fund's unit price, and
- any income distributions made from the Fund.

The Harbour NZ Core Fixed Interest Fund, Harbour NZ Corporate Bond Fund, Harbour Australasian Equity Income Fund (quarterly), Harbour Real Estate Investment Fund, Harbour NZ Index Shares Fund and Harbour Sustainable NZ Shares Fund (6 monthly) intend to pay distributions. The other Funds offered under this PDS do not distribute income; any accrued income for these Funds is reflected in each Fund's unit price. See "2. How does this investment work?" for more information.

How can you get your money out?

You can withdraw some or all of your investment at any time by completing a signed withdrawal request and providing it to your financial adviser, PIP, custodial service or directly to Harbour as applicable. We can suspend or defer withdrawals in certain circumstances. We may suspend withdrawals or delay payments from a Fund if it is in the best interests of all investors in the Fund or to protect a Fund's Portfolio Investment Entity (**PIE**) status. See "2. How does this investment work?" for more information.

Your investment in the Funds can be sold but there is no established market for trading these financial products. This means that you may not be able to find a buyer for your investment.

How will your investment be taxed?

Each Fund is a PIE.

The amount of tax you pay in respect of a PIE is based on your Prescribed Investor Rate (**PIR**). To determine your PIR, go to the IRD website www.ird.govt.nz/roles/portfolio-investment-entities/using-prescribed-investor-rates. See "6. What taxes will you pay?" for more information.

Where can you find more key information?

We are required to publish quarterly updates for each Fund. The updates show the returns and the total fees actually charged to investors, during the previous year. The latest fund updates are available at www.harbourasset.co.nz. We will also give you copies of these documents on request.

FUND NAME	DESCRIPTION	RISK INDICATOR	ANNUAL FUND CHARGES (ESTIMATE) EX. GST
Harbour Enhanced Cash Fund	The Fund principally holds cash or cash-like securities and seeks to enhance returns through active interest rate management. It may also hold NZ dollar Government Stock, investment grade bonds and bank deposits.[1]	LOWER RISK HIGHER RISK 1 **2** 3 4 5 6 7 Potentially lower returns Potentially higher returns	0.25%
Harbour NZ Core Fixed Interest Fund	The Fund is an actively managed investment grade bond fund that invests mainly in New Zealand Government bond and corporate bond fixed interest securities.[1]	LOWER RISK HIGHER RISK 1 2 **3** 4 5 6 7 Potentially lower returns Potentially higher returns	0.63%
Harbour NZ Corporate Bond Fund	The Fund provides access to favourable income yields through a diversified portfolio of primarily investment grade corporate bond fixed interest securities.[1]	LOWER RISK HIGHER RISK 1 2 **3** 4 5 6 7 Potentially lower returns Potentially higher returns	0.45%
Harbour Long Short Fund	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.[1]	LOWER RISK HIGHER RISK* 1 2 3 **4** 5 6 7 Potentially lower returns Potentially higher returns	0.99% This Fund may also charge a performance fee. See page 9 for more information
Harbour NZ Index Shares Fund**	The Fund is passively managed tracking the companies in the S&P NZX Portfolio Index.	LOWER RISK HIGHER RISK 1 2 3 4 **5** 6 7 Potentially lower returns Potentially higher returns	0.20%
Harbour Sustainable NZ Shares Fund***	The Fund is managed against companies in the S&P NZX Portfolio Index, with exclusions to companies that are identified as large carbon emitters, producers of alcohol, gambling services, munitions, pornography, nuclear armaments, firearms, tobacco and recreational cannabis, child labour and companies with human and animal right violations. There will also be positive and negative tilts to the remaining companies based on Harbour's proprietary Corporate Behaviour Score.	LOWER RISK HIGHER RISK* 1 2 3 4 **5** 6 7 Potentially lower returns Potentially higher returns	0.25%
Harbour Real Estate Investment Fund	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 benchmark.[1]	LOWER RISK HIGHER RISK* 1 2 3 4 5 **6** 7 Potentially lower returns Potentially higher returns	0.72%
Harbour Australasian Equity Income Fund	The Fund is designed to generate attractive levels of quarterly income from a diversified portfolio of New Zealand and Australian listed equities that pay sustainable and growing dividend yields as well as holding cash and fixed interest securities.[1]	LOWER RISK HIGHER RISK 1 2 3 4 **5** 6 7 Potentially lower returns Potentially higher returns	1.03%
Harbour Australasian Equity Fund	The Fund provides actively managed exposure to New Zealand and Australian listed equities. The Fund has a growth-oriented investment approach to generate alpha (return over the benchmark) for investors.[1]	LOWER RISK HIGHER RISK 1 2 3 4 5 **6** 7 Potentially lower returns Potentially higher returns	1.07%
Harbour Australasian Equity Focus Fund	The Fund is an actively managed, high conviction fund investing in New Zealand and Australian listed equities. This Fund invests in quality growth companies that the Harbour equity research team rank as their best research ideas.[1]	LOWER RISK HIGHER RISK 1 2 3 4 5 **6** 7 Potentially lower returns Potentially higher returns	1.48% Performance fee estimate included above. See page 9 for more information.

[1] These funds incorporate an environmental, social and governance (ESG) strategy including integrating Harbour's proprietary Corporate Behaviour Survey and external provider scores into investment decision making, company engagement, voting and zero tolerance exclusions. Exclusions cover tobacco, munitions, nuclear armaments, firearms, pornography and recreational cannabis. Additional information on screening thresholds and processes are outlined in the exclusions section of our ESG Policy.

See "4. What are the risks of investing?" for an explanation of the risk indicator and for information about other risks that are not included in the risk indicator.
To help you clarify your own attitude to risk, you can seek financial advice or work out your own risk profile at www.sorted.org.nz/tools/investor-kickstarter.

*NOTE 1: A combination of actual Fund returns and market index returns have been used to determine the risk indicator for the Harbour Long Short Fund (3-1-2019), Harbour Real Estate Investment Fund (1-10-2018), and Harbour Sustainable NZ Shares Fund (1-04-2021) as these Funds have not been operational for five years. The risk indicator may therefore provide a less reliable indicator of potential future volatility of these Funds.

**NOTE 2: The Harbour NZ Equity Advanced Beta Fund transitioned to the Harbour NZ Index Shares Fund on 1 April 2021.

***NOTE 3: Screening materiality thresholds are outlined in the Statement of Investment Policy & Objectives (SIPO)

Contents

Page

1. Key Information Summary 2
2. How does this investment work? 5
3. Description of your investment option(s) 6
4. What are the risks of investing? 8
5. What are the fees? 9
6. What taxes will you pay? 10
7. Who is involved? 11
8. How to complain 11
9. Where you can find more information 12
10. How to apply 12

2. How does this investment work?

This PDS is an offer to purchase units in the Harbour Investment Funds. Each Fund is constituted within a managed investment scheme that is governed by the revised Harbour Trust Deed (dated 21 September 2016).

The money you invest buys units in the Fund or Funds you choose. Your money is held on trust and pooled with the money of other investors in the Fund. We use the money to purchase assets for the Fund on behalf of all the investors. Harbour investment professionals select and manage the assets in each of the Harbour Funds. Refer to "3. Description of your investment options" for more information.

Each Fund's assets are valued independently of us by Trustees Executors Limited (the Administration Manager). The price of each unit you receive depends on the value of the Fund at the time you invest. The purchase of units does not give you legal ownership of a Fund's assets, but gives you the right to return from the assets in the Fund. The unit price is calculated by dividing the net asset value of a Fund by the number of units the Fund has on issue. The unit price is calculated each business day and is rounded to four decimal places.

The value of units in a Fund fluctuates according to the changing value of the assets in which the Fund has invested. A change in the value of a Fund's assets affects the unit price of your units.

The number of units you have (your unit holding), when multiplied by the unit price, gives you the total value of your investment in any one Fund (although the impact of tax can result in a change in the number of units you hold, up or down, as the unit price is before tax). Each day, the previous day's unit prices for the Funds can be found on our website www.harbourasset.co.nz/performance/.

No assets of a Fund will be available to be applied to meet the liabilities of any other Funds managed by us.

The key benefits of investing in the Harbour Investment Funds are:

- **Diversification** – access to a widely diversified portfolio of securities in the relevant asset class. Diversification can assist with lowering the volatility and enhancing the potential returns of your investment in that asset class.
- **Professional investment management** – your investments are managed by experienced and proven investment teams.
- **Independent governance** – oversight of the Funds by the New Zealand Guardian Trust Limited (Guardian Trust).
- **Responsible investing** – environmental, social and governance (ESG) factors are actively integrated in the analysis and construction of the funds by setting ethical exclusions and assessing investments through our proprietary survey, external research providers and engagement with company management and directors. Please refer to Statement of Investment Policy & Objectives (**SIPO**) for more information.

The return on your investment comes from:

- any increase or decrease in the unit price; and
- any income distributions made from the Fund.

Distributions

The Harbour NZ Core Fixed Interest Fund, Harbour NZ Corporate Bond Fund and Harbour Australasian Equity Income Fund intend to pay distributions quarterly in March, June, September and December. The Harbour Real Estate Investment Fund, Harbour NZ Index Shares Fund and Harbour Sustainable NZ Shares Fund intends to pay distributions 6- monthly in March and September. The other Funds do not pay distributions.

The unit price of these Funds will generally drop immediately after the end of a distribution period, reflecting the amount of distribution paid from the Fund. Distribution amounts you receive will depend on the number of units you hold at the end of the distribution period and the amount per unit to be distributed by the relevant Fund. Distribution amounts will vary between distribution periods and are not guaranteed. Some PIP or custodial services offer the option to either pay out or reinvest distributions. You will need to contact your service to see if this is available to you. If you invest directly with Harbour, the option to have distributions paid out or reinvested is available to you.

Making investments

Investment into the Funds will be dependent on the amount you have available to invest in the Funds and whether you require personalised financial advice. For many investors, this may be via a PIP or custodial service that we deal with. Investments can be made by completing the application form and providing it to your service or financial adviser.

Your service will then apply to us for units in a Fund on your behalf. Some services have a minimum initial investment amount as well as minimum regular contribution amounts. Please refer to your service for any minimum requirements that may apply to you.

If you do not require personalised financial advice, you may also invest directly with Harbour subject to certain minimum amounts – refer to our website at www.harbourasset.co.nz/invest-with-us for more details.

Please see "10. How to apply" for more information or contact us at contactus@harbourasset.co.nz.

Withdrawing your investments

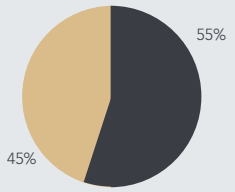
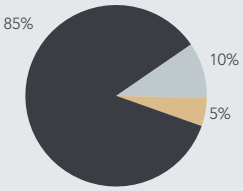
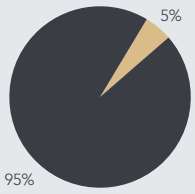
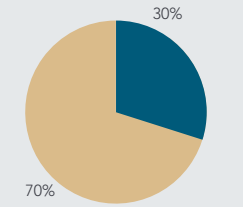
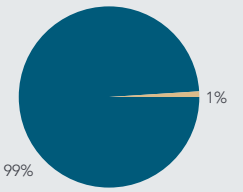
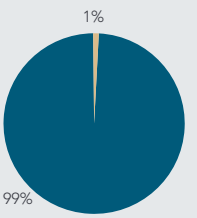
To withdraw your investment in a Fund, you will need to complete a withdrawal form and provide it to your service. Your service will then forward this to us on your behalf. The number of units redeemed will be calculated by dividing the dollar amount by the unit price. Your service will deduct from your redemption proceeds an amount equal to any applicable PIE tax on income allocated to redeemed units and pay the net proceeds as soon as possible after we have processed the request, not exceeding 10 business days. Your service may impose minimum amounts you can withdraw and may require you to withdraw all of your investment if a withdrawal would cause your investment in a Fund to fall below a particular level. We may suspend withdrawals or delay payment from a Fund if it is in the best interests of all investors in the Fund or to protect a Fund's PIE status. If this is the case, you may need to wait for a longer period of time for your withdrawal proceeds. These conditions are summarised in the "Other Material Information document" (**OMI**) on the offer register and are set out in full in the Trust Deed on the scheme register. Both registers can be found at www.business.govt.nz/disclose (**Disclose**).

How to switch between Funds

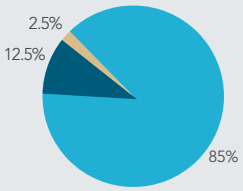
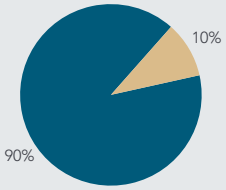
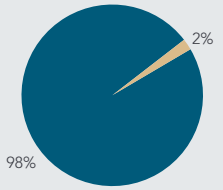
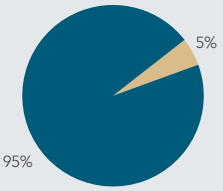
You can switch between Harbour Investment Funds as often as you like by completing the relevant form and providing it to your service. You will need to contact your service to ensure their minimum switch amount has been met or the required balance is maintained in a Fund. A switch is essentially a withdrawal from one fund and an application into another. As such, any PIE tax will be deducted from the withdrawal with the remaining proceeds applied to the new Fund. There is no charge for switching.

In some market conditions, Harbour may apply a buy-sell spread to investments, withdrawals or switches in some Funds. See section 5 for more information on buy-sell spreads.

3. Description of your investment option(s)

FUND NAME	SUMMARY OF INVESTMENT OBJECTIVES AND STRATEGY	TARGET INVESTMENT MIX	RISK CATEGORY	MINIMUM SUGGESTED INVESTMENT TIMEFRAME
Harbour Enhanced Cash Fund[1]	**Objective:** To outperform the benchmark by 85 basis points per annum over a rolling 3-year period. **Benchmark:** S&P/NZX Bank Bills 90-Day Index **Strategy:** The Fund principally holds cash or cash like securities and seeks to enhance returns through active interest rate management. It may also hold NZ dollar Government Stock, investment grade bonds and bank deposits.		2 This Fund has a low level of volatility	Short to medium term investment horizon Minimum 1 year
Harbour NZ Core Fixed Interest Fund[1]	**Objective:** To outperform the benchmark by 100 basis points per annum over a rolling 3-year period. **Benchmark:** Bloomberg NZ Bond Composite 0+Yr Index **Strategy:** The Fund is an actively managed investment grade bond fund that invests mainly in New Zealand Government and corporate fixed interest securities.		3 This Fund has a medium level of volatility	Medium to long term investment horizon Minimum 3 years
Harbour NZ Corporate Bond Fund[1]	**Objective:** To outperform the benchmark after fees on a rolling 12-month basis. **Benchmark:** S&P/NZX A Grade Corporate Bond Total Return Index. **Strategy:** The Fund provides access to favourable income yields through a diversified portfolio of primarily investment grade corporate bond fixed interest securities.		3 This Fund has a medium level of volatility	Medium to long term investment horizon Minimum 3 years
Harbour Long Short Fund[1]	**Objective:** To deliver positive returns through the market cycle by investing in long and short equity positions. **Benchmark:** 15% S&P NZX50 Index: 15% S&P/ASX 200 Index & 70% S&P/NZX Bank Bills 90-Day Index **Strategy:** 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.		4 This Fund has a medium level of volatility	Medium to long term investment horizon Minimum 5 years
Harbour NZ Index Shares Fund	**Objective:** To provide a return (before tax, fees, and other expenses) that closely tracks the S&P/NZX Portfolio Index including imputation credits. **Benchmark:** S&P/NZX50 Portfolio Index. **Strategy:** The Fund is passively managed tracking the companies in the S&P/NZX50 Portfolio Index. The Fund has the ability to implement securities lending.		5 This Fund has a higher level of volatility	Medium to long term investment horizon. Minimum 5 years
Harbour Sustainable NZ Shares Fund	**Objective:** To provide investors exposure to constituents of the S&P/NZX Portfolio Index with exclusions to companies that do not meet Harbours' criteria of Responsible investing. **Benchmark:** S&P/NZX50 Portfolio Index. **Strategy:** The Fund is passively managed tracking the companies in the S&P NZX Portfolio Index, with exclusions to companies that are identified as large carbon emitters, producers of alcohol, gambling services, munitions, pornography, nuclear armaments, firearms, tobacco, recreational cannabis, child labour and companies with human and animal right violations. There will also be positive and negative tilts to the remaining companies based on Harbour's proprietary Corporate Behaviour Score. The Fund has the ability to implement securities lending.		5 This Fund has a higher level of volatility	Medium to long term investment horizon. Minimum 5 years

Cash & cash equivalents | NZ fixed interest | Intl fixed interest | Australasian equities | Intl equities | Listed property

FUND NAME	SUMMARY OF INVESTMENT OBJECTIVES AND STRATEGY	TARGET INVESTMENT MIX	RISK CATEGORY	MINIMUM SUGGESTED INVESTMENT TIMEFRAME
Harbour Real Estate Investment Fund[1]	**Objective:** To exceed the benchmark return plus 1% per annum over the medium term. **Benchmark:** S&P/NZX All Real Estate Index. **Strategy:** 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.		6 This Fund has a higher level of volatility	Medium to long term investment horizon Minimum 5 years
Harbour Australasian Equity Income Fund[1]	**Objective:** To generate a higher yield than the New Zealand and Australian markets. **Benchmark:** 60% S&P/ASX Industrials Index (equally weighted and 90% hedged to NZD) and 40% S&P/NZX50 Portfolio Index. **Strategy:** The Fund is designed to generate quarterly income from a diversified portfolio of Australasian listed equities that pay sustainable and growing dividend yields (the amount a company pays out in dividends each year relative to its share price) as well as holding cash and fixed interest securities.		5 This Fund has a higher level of volatility	Medium to long term investment horizon Minimum 5 years
Harbour Australasian Equity Fund[1]	**Objective:** To achieve a gross return of 5.0% per annum above the benchmark over the long term. **Benchmark:** S&P/NZX 50 Index. **Strategy:** The Fund provides actively managed exposure to New Zealand and Australian listed equities. This fund has a growth-oriented active investment management approach including ESG integration to generate alpha (return over the benchmark) for investors.		6 This Fund has a higher level of volatility	Medium to long term investment horizon Minimum 5 years
Harbour Australasian Equity Focus Fund[1]	**Objective:** To deliver medium to long term capital growth through investing in quality businesses with strong growth prospects. **Benchmark:** 50% S&P/NZX 50 and a 50% S&P/ASX 200 Index (which is 50% hedged into NZ dollars). **Strategy:** 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.		6 This Fund has a higher level of volatility	Medium to long term investment horizon Minimum 5 years

[1] These funds incorporate an environmental, social and governance (ESG) strategy including integrating Harbour's proprietary Corporate Behaviour Survey and external provider scores into investment decision making, company engagement, voting and zero tolerance exclusions. Exclusions cover tobacco, munitions, nuclear, biological and chemical weapons, firearms, pornography and recreational cannabis. Additional information on screening thresholds and processes are outlined in the exclusions section of our ESG Policy.

Cash & cash equivalents | NZ fixed interest | Intl fixed interest | Australasian equities | Intl equities | Listed property

Target investment mix

Each Fund has a long term target investment mix & investment limits within various asset classes to which the portfolios are managed. The actual investment mix will vary from the target investment mix, depending on many factors. Actual and target mix will be published each quarter in the relevant Fund update. Some of the Funds seek to achieve their objective by investing directly into wholesale Funds. For further information about each Fund's structure, investment limits & permitted investments, please refer to the SIPO on Disclose.

Changes to the SIPO

We can make changes to the SIPO for each Fund in accordance with the Trust Deed and the Financial Markets Conduct Act 2013. Before making changes to the SIPO, we will consider if the changes are in your best interests and consult with the Supervisor. We will give notice of changes to unit holders of the relevant Fund prior to effecting any material changes. The most current SIPO can be found on Disclose.

Benchmark (or Market Index)

The term benchmark used in the table above, and throughout the documents, means the standard against which the performance of the Fund is measured. For each Fund, the market index or combined market indices used to measure the performance (the Fund's Benchmark) can be seen. Our use of the various market indices referred to here are subject to certain terms, conditions and disclaimers as described in the OMI, on Disclose.

Further information about the assets in the Funds can be found in the fund updates on our website www.harbourasset.co.nz.

4. What are the risks of investing?

Understanding the risk indicator

Managed funds in New Zealand must have a standard risk indicator. The risk indicator is designed to help investors understand the uncertainties both for loss and growth that may affect their investment. You can compare funds using the risk indicator.

An example risk indicator is below.



The risk indicator for each Fund can be found on pages 2 & 3 of this PDS. The risk indicator 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. To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter
Note that even the lowest category does not mean a risk-free investment, and there are other risks (see "Other specific 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 five years to 31 December 2022.

While risk indicators are usually relatively stable, they do shift from time to time. You can see the most recent risk indicator in the latest quarterly fund update for these Funds (once available).

General investment risks

Some of the things that may cause a Fund's value to move up and down, which affect the risk indicator, are:

Investment return risk – you may not receive the returns that you expect, and the capital value of your investment may end up less than originally invested (or may be lost in full), because the market value of the assets owned by the Fund(s) can move up or down.

Manager Specific risk – risk relating to us as a company and the risks around how we manage and operate our business, including the making of investment decisions. This includes our company specific risk (changes to our operations and ownership structure), key personnel & service provider risk.

Currency risk – for Funds that invest into non-NZ dollar denominated equities or bonds, currency risk may affect the value of investments due to movements in foreign exchange rates. The currency management policy (or hedging) for each Fund is detailed in the SIPO.

Performance risk – past performance is no guarantee of future performance. There is a risk that a Fund may not achieve its investment objectives or provide the same level of historical performance in the future.

Other specific risks

Concentration risk – the Harbour Australasian Equity Focus Fund has a concentrated portfolio, meaning we may have large positions in companies that our investment team rate highly. This Fund is not as diversified as our other Funds on a number of holdings basis. This introduces a higher level of risk to the Fund.

Liquidity risk - is the risk that you may not be able to fully realise your investment in a Fund when you need to.

Short selling risk - Specific to the Harbour Long Short Fund, the Fund has the ability to short sell shares. Short selling shares involves borrowing shares from a third party and then selling them in the market. The intention when short selling is to buy the shares back later at a lower price, therefore making a profit. In theory, the upper limit on a share price is unlimited, hence the potential loss from short selling, and the consequent effect on Fund returns from the short positions is also unlimited. In certain circumstances, the lender of shares who we have borrowed from to facilitate settlement, may request return of their shares which would require the Fund to buy back the shares in market at a time not of our choosing which may result in potential losses. However, in practical terms, to mitigate this risk, the short positions are balanced with long positions which are generally more as a percentage of the portfolio than the short positions. Also should there be an event such as a takeover offer, or other positive news flow, the share price movement would be limited to the magnitude of that announcement.

Stock lending risk - Specific to the Harbour Long Short Fund, to facilitate the settlement of the shares the Fund has short sold, we are required to borrow shares from a counterparty. This counterparty often requires the Fund to post collateral in the form of cash or securities. This collateral acts as a form of guarantee that the shares borrowed by the Fund will be returned. The amount of the collateral can vary from time to time. The lender has the right to sell or lend the collateral to other parties. The Fund is exposed to the creditworthiness of the lender in returning the collateral back if an adverse event occurred, and may negatively affect returns if we were unable to obtain that collateral.

Securities lending - The Harbour NZ Index Shares Fund, the Harbour Real Estate Investment Fund and the Harbour Sustainable NZ Shares Fund have the ability to implement securities lending. There is a risk that a borrower of securities fails to deliver equivalent securities on termination of a loan or that the contract relating to the lending will not be legally enforceable. Third-party borrowers may not have the same ESG approach as the Harbour Real Estate Investment Fund or the Harbour Sustainable NZ Shares Fund. While it is intended that securities can be called back to exercise voting rights if appropriate, it may not always be possible.

Exclusions risk: Exclusions consistent with Harbour's ESG strategy may give rise to performance deviations against each Fund's applicable benchmark. The investment guidelines for the Harbour Sustainable NZ Shares Fund contain additional exclusions and may give rise to even larger deviations from the S&P/NZX Portfolio Index benchmark positions (which do not include such exclusions).

More information on these and other risks we believe you should carefully consider before making your investment can be found in the OMI on Disclose.

5. What are the fees?

You will be charged fees for investing in the Funds. Fees are deducted from your investment and will reduce your returns. If we invest in other funds, those funds may also charge fees. The fees you pay will be charged in the form of regular charges – for example annual fund charges. Small differences in these fees can have a big impact on your investment over the long term.

Estimated total annual fund charges are made up of:

FUND NAME	MANAGEMENT FEE EX. GST	ESTIMATE OF OTHER FEES EX. GST	PERFORMANCE FEE	ESTIMATED TOTAL ANNUAL FUND CHARGES* EX. GST
Harbour Enhanced Cash Fund	0.17%	0.08%	N/A	0.25%
Harbour NZ Core Fixed Interest Fund	0.56%	0.07%	N/A	0.63%
Harbour NZ Corporate Bond Fund	0.38%	0.07%	N/A	0.45%
Harbour Long Short Fund**	0.81%	0.18%	0.00%	0.99%
Harbour NZ Index Shares Fund	0.13%	0.07%	N/A	0.20%
Harbour Sustainable NZ Shares Fund	0.17%	0.08%	N/A	0.25%
Harbour Real Estate Investment Fund	0.64%	0.08%	N/A	0.72%
Harbour Australasian Equity Income Fund	0.81%	0.22%	N/A	1.03%
Harbour Australasian Equity Fund	0.96%	0.11%	N/A	1.07%
Harbour Australasian Equity Focus Fund	0.90%	0.19%	0.32%***	1.41%

* Estimated Total Annual Fund Charges are a percentage of Net Asset Value of a Fund and include an estimate of applicable underlying fund charges. Actual charges for the most recent financial year are available in the latest fund updates.

** In our fund updates, we will compare the Harbour Long Short Fund's performance against a market index that we consider reflects changes in the market value of the types of asset that the Fund invests in. However, the hurdle rate of return for the performance fee payable to us is based on the S&P/NZX Bank Bills 90-Day Index plus 2% per annum over the performance period. This means you may be paying a performance fee even if the Fund's performance (after fees but before tax) does not match or beat a market index which has more comparable assets.

*** The wholesale Harbour Australasian Equity Focus Fund may charge a performance fee, which flows to investors in the Harbour Australasian Equity Focus Fund. We have taken the average of performance fees paid over the past 5 years to estimate what the performance fee maybe going forward. This may be higher or lower depending on relative performance for the reminder of the calendar year. The Fund fee, excluding performance fee estimate is 1.09%

For more information on the basis of estimation of fees, underlying fees, performance fees and expenses, see the OMI.

Management fee

We charge an annual management fee (plus GST, as applicable) to each Fund. This fee covers the investment management of the Fund. These fees are accrued daily in each Fund's unit price. We are responsible, from the proceeds of the management fee, for the payment of the other fees (such as Supervisor fees and the outsourced fund administration functions) of the Fund. For the purposes of this document, we have provided an estimate of what these administration charges are within the Other fees section.

Other fees

As alluded to in "Management fee" above, we are responsible for the other fees. These charges (plus GST, as applicable) cover the general management of a Fund e.g. Supervisor fees and the outsourced fund administration functions of unit pricing, investment accounting, registry and custody, legal, and audit fees, and costs required to comply with relevant legislation. These charges are an estimate. There are also underlying fund administration charges included in the "Estimate of Other Fees" calculation where retail funds hold units in the Harbour Wholesale Funds. More information on these charges can be found in the OMI. Actual charges for the most recent financial year are available in the latest quarterly fund update.

Buy-sell spreads

In some market conditions, it may be necessary for Harbour to apply a buy-sell spread in some Funds in order to ensure fairness between all unitholders. Buy-sell spreads are not a fee paid to the Manager, but are a cost retained by a fund to cover higher-than-usual transaction costs due to market conditions that arise from each investor's investment or withdrawal. Please refer to the OMI, and on Harbour's website at www.harbourasset.co.nz/performance/buy-sell-spreads/, for further details.

Performance-based fees

These are performance fees (plus GST, as applicable) charged in a Fund or in a related underlying fund into which a Fund invests, if the Fund's performance beats the applicable hurdle rate of return over a defined time period. They are estimates calculated on the basis of the High Water Mark (HWM) we have imposed for performance fee calculations as described in the OMI. HWM is the base unit price used to measure performance. A perpetual HWM, and applicable hurdle rate of return, is only ever reset higher when a performance fee is paid. Actual performance-based fees for the most recent financial year will be available in the latest quarterly fund update.

We may be paid a performance-based fee for the Harbour Long Short Fund & the Harbour Australasian Equity Focus Fund if outperformance is achieved and the HWM unit price is exceeded. For more information refer to the OMI on Disclose. The below tables summarise criteria that must be met for the performance fee to be paid.

Harbour Long Short Fund

The Harbour Long Short Fund charges a performance-based fee on the following basis:

Hurdle rate of return	S&P/NZX Bank Bills 90-Day Index plus 2%
Amount of fee	15% of the Fund's performance above the hurdle rate of return.
Maximum limit	There is no maximum limit.
High Water Mark (HWM)	Yes – perpetual HWM
Frequency of payment and calculation	Calculated daily and paid annually in January each year if required conditions are met.

Harbour Australasian Equity Focus Fund

The Harbour Australasian Equity Focus Fund invests into our wholesale Harbour Australasian Equity Focus Fund. That wholesale fund charges a performance-based fee on the following basis:

Hurdle rate of return	Benchmark (50% S&P NZX 50 Net Index and 50% S&P/ASX 200 Index, hedged 50% to NZD) plus 1.00%
Amount of fee	10% of the Fund's performance above the hurdle rate of return.
Maximum limit	Outperformance is capped at 10% ie there will be no performance fee chargeable for outperformance of more than 10% above the benchmark.
High Water Mark (HWM)	Yes – perpetual HWM
Frequency of payment and calculation	Calculated daily and paid annually in January each year if required conditions are met.

If applicable, performance-based fees are accrued into the Fund's unit price on a daily basis until the end of each calendar year, then paid in January.

Example of how fees apply to an investor

Joe invests $10,000 in the Harbour Australasian Equity Income Fund. He is not charged an establishment fee or contribution fee. This brings the starting value of his investment to $10,000.

He is charged a management fee and other expenses, which work out to about $103 (1.03% of $10,000). These fees might be more or less if his account balance has increased or decreased over the year.

Joe may also be charged a performance-based fee if his fund charges a performance-based fee and earned more than its target. The Harbour Australasian Equity Income Fund in which Joe invests, does not charge a performance-based fee.

Estimated total fees for the first year

Individual Action Fees	*$nil*
Fund charges	*$103*
Other charges	*$nil*

See the latest fund update for an example of the actual returns and fees investors were charged over the past year.

Note that you may incur additional fees from the PIP or custodial service you use.

This example applies only to the Harbour Australasian Equity Income Fund. If you are considering investing in other Funds, this example may not be representative of the actual fees you may be charged.

The fees can be changed

The existing fees may be changed or new fees imposed in accordance with the Trust Deed and applicable law.

We must publish a quarterly fund update for each Fund showing the fees actually charged during the most recent year. Fund updates, including past updates, are available at www.harbourasset.co.nz.

6. What taxes will you pay?

Each Fund is a portfolio investment entity (PIE). The amount of tax you pay is based on your prescribed investor rate (PIR). To determine your PIR, go to www.ird.govt.nz/roles/portfolio-investment-entities/using-prescribed-investor-rates.

If you are unsure of your PIR, we recommend you seek professional advice or contact the Inland Revenue Department. It is your responsibility to tell your service your PIR when you invest or if your PIR changes. If you do not tell your service, a default rate may be applied. If the rate applied to your PIE income is lower than your correct PIR you will be required to pay any tax shortfall as part of the income tax year-end process. If the rate applied to your PIE income is higher than your PIR any tax over-withheld will be used to reduce any income tax liability you may have for the tax year and any remaining amount will be refunded to you. For more information on taxation please refer to the OMI on Disclose.

7. Who is involved?

About Harbour

Harbour is a specialist New Zealand based fund manager with a goal to be most trusted. We aim to do this by having experienced people with proven track records working closely as a team. Our investment team has an average of 20 years' experience.

We are a very research-focused team. We use this research to drive the active management of our portfolios, following a structured and tested process, with a careful eye to risk management.

We can be contacted at:

Level 16, 171 Featherston Street
WELLINGTON 6140
Telephone: 0800 460830
E-mail: contactus@harbourasset.co.nz

Information about key personnel for each Fund can be found in the OMI on Disclose or on our website www.harbourasset.co.nz.

Who else is involved?

	NAME	ROLE
Supervisor	The New Zealand Guardian Trust Company Limited.	Supervisor of the Harbour Investment Funds under the Financial Markets Conduct Act 2013, responsible for supervising us as Manager of the Funds.
Custodian	The New Zealand Guardian Trust Company Limited (acting through its nominee company NZGT (Harbour) Nominees Limited or its appointed custodian, Trustee Executors Limited).	Holds the assets of the Funds on behalf of investors.
Administration Manager	Trustees Executors Limited	Appointed by us to provide various administration functions in respect of the Funds, including registry, unit pricing and investment accounting.
Auditor	KPMG	Auditors of the Scheme and the Funds.

8. How to complain

Any complaints about the Funds can be made to us at the contact address in"7. Who is involved?".

You can also complain to the Supervisor at:

Guardian Trust

Location: Level 14, 191 Queen Street, Auckland 1010

Write to: The New Zealand Guardian Trust Company Limited, PO Box 274, Auckland 1140

Phone: (09) 909 5100

Email: CT-Auckland@nzgt.co.nz

The Supervisor and Harbour are members of Financial Services Complaints Limited's Dispute Resolution Service which is an independent dispute resolution scheme approved originally by the Ministry of Consumer Affairs, now MBIE.

If you have made a complaint to us and it has not been resolved within 40 days or if you are dissatisfied with the proposed resolution, you can refer it to:

Financial Services Complaints Limited (FSCL)
Level 4, 101 Lambton Quay
PO Box 5967
WELLINGTON 6145

(Call Free) 0800 347257
(Wellington) (04) 472FSCL (472 3725)

FSCL will not charge a fee to any complainant to investigate or resolve a complaint. Further information about referring a complaint to FSCL can be found at www.fscl.org.nz.

9. Where you can find more information

Further information relating to the Harbour Investment Funds (for example, financial statements) is available on the offer register and the scheme register at www.business.govt.nz/disclose and a copy of information on the offer register or scheme register is available on request to the Registrar of Financial Service Providers.

Other information we will provide:

INFORMATION	HOW TO OBTAIN
Daily unit price	Each day the previous day's unit prices are available on our website www.harbourasset.co.nz/performance.
Relevant Fund information	You can inspect documents we hold that are relevant to you, and other documents that are legally required to be provided to you, at our offices during normal business hours, or request an extract of those documents, by written request to us.
Fund updates	Once available, the fund updates for the Funds will be publicly available on our website.
PIE tax statement	Your service will provide you with an annual PIE tax statement.

10. How to apply

There are several ways you can invest in the Harbour Investment Funds. Firstly, we recommend you speak to a Financial Adviser who can provide personalised financial advice. The Financial Markets Authority provides a list of registered financial advisers.

If you are interested in investing with us, please refer to the Harbour website for the option that best suits your situation, size of your investment and requirement for personalised financial advice. www.harbourasset.co.nz/invest-with-us

For many investors, to invest in the Fund, you will need to complete our application and deliver this to the PIP nominated by your financial adviser, the custodial service or to your financial adviser, together with any other documents requested and pay your initial investment amount to the PIP's or custodial services trust account. The PIP or the custodial service then makes an application for units in the Fund to us on your behalf.

If you meet certain minimum investment criteria and do not require personalised financial advice, you may invest directly through Harbour. Please refer to our website www.harbourasset.co.nz/invest-with-us for more details.

For larger investments or for more information on the Harbour Investment Funds or investing with Harbour, please e-mail contactus@harbourasset.co.nz.

Investing through a PIP or custodial service

You may invest in the Harbour Investment Funds through a PIP or custodial service we deal with. In this case you will not be a direct investor in a Fund and will not have a direct relationship with the Supervisor or ourselves. Instead, the Supervisor and Harbour have a direct relationship with the PIP or custodial service and they will be able to exercise any rights attached to units held.

We will send all reports, distribution notifications, and documentation to the PIP or custodial service, not directly to you.

We may have entered into an arrangement with the PIP or custodial service in relation to investing in the Funds. As such, you should contact your financial adviser, PIP or custodial service for more information on the minimum investment or withdrawal levels, cut off times for applications and withdrawals and any fees applicable to their service.