

28 February 2019

New Zealand Fixed Interest Fund

Fund description

Invests mainly in New Zealand fixed interest assets. Investments may include fixed interest assets issued by New Zealand or international entities denominated in New Zealand dollars, and cash and cash equivalents.

Market and fund review

The fund delivered a return of 0.5% for the month, modestly behind that of its benchmark.

During the month, and as widely expected, the RBNZ left New Zealand's Official Cash Rate (OCR) steady at 1.75%. It stuck to its recent rhetoric of stating that the next move in rates could be up or down, although its new forecast suggests that it thinks the next move is likely to be higher.

While it admitted that international risks have "heightened over recent months", it remained somewhat confident about the domestic economic outlook. In fact the tone of the RBNZ statement was not as 'dovish' as the market had been expecting, sending bond yields lower, as market participants now generally expect rates to remain lower for longer.

Against this backdrop the yield on the New Zealand 10-year government bond ended the month 10 basis points lower at 2.16%. This meant a positive return in total return terms.

The fund's short duration position relative to the benchmark held back performance on a relative basis. However, its exposure to corporate bonds helped to offset this slightly, as they outperformed government bonds given a return of investor risk appetite.

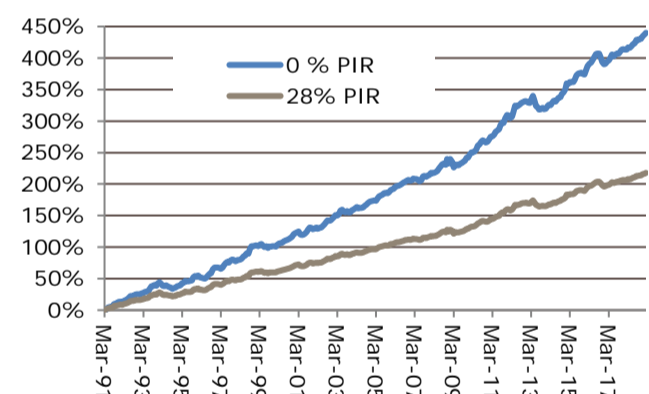
While the prospect of higher global interest rates may impact future returns from this asset class, it's important to remember that bonds play an important role in a diversified portfolio – by helping provide it with a solid foundation.

Fund performance

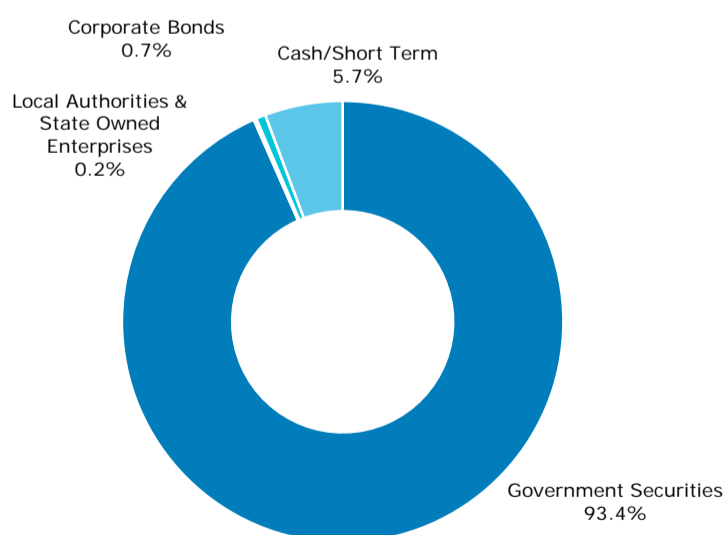
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	0.5%	1.9%	2.1%	5.1%	3.5%	4.9%	6.2%
At 28% PIR Tax	0.3%	1.3%	1.5%	3.7%	2.5%	3.5%	4.2%

Performance is after fund fees and stated PIR. The 28% PIR return series shows returns at the highest PIR at the time of the performance. The fund became a PIE fund on 1 October 2007. Performance of the 0% PIR prior to this date has been recalculated on a before tax basis. Performance of the 28% PIR prior to this date are reflective of the tax regime for that period. Performance for periods longer than one year are annualised.

Fund performance since launch



Actual investment mix



Top 10 holdings

1	NZ Govt Stock 3.00% 2020	15.6%
2	NZ Govt Stock 6.00% 2021	11.8%
3	NZ Govt Stock 5.50% 2023	7.2%
4	NZ Govt Stock 4.50% 2027	4.8%
5	NZ Govt Stock 2.75% 2037	4.6%
6	NZ Govt Stock 3.50% 2033	3.4%
7	Kommunalbanken 4.00% 2025	3.1%
8	Westpac Bank 3.78% 2022	2.3%
9	ANZ Bank 4.48% 2020	2.2%
10	ASB Bank 4.20% 2022	2.0%
Total Top 10 Holdings		57.0%
# of NZ Fixed Interest Holdings		67

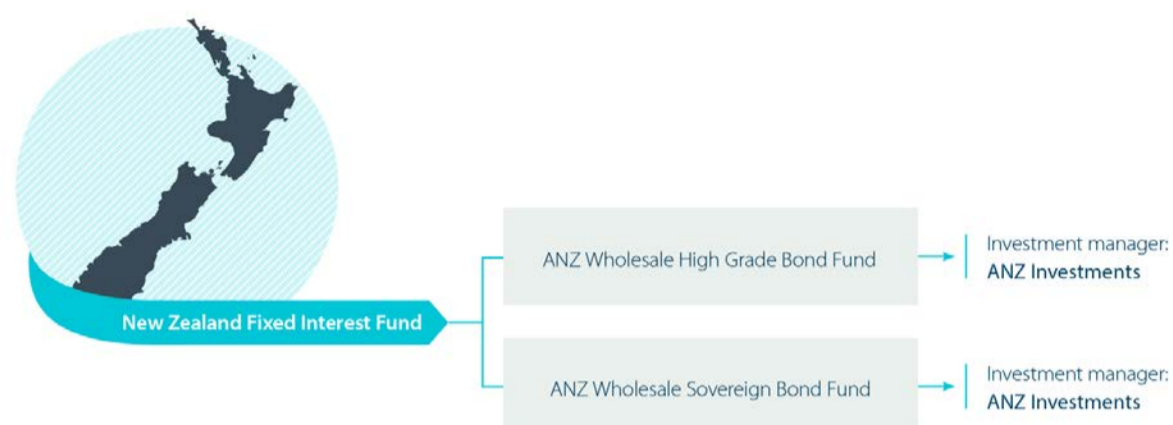
The actual investment mix of this fund is based on the assets held in the fund and the underlying funds, in which the fund invests.

New Zealand Fixed Interest Fund

Current fund structure

Launched 1 February 1991

Current Fund structure



Additional fund details

Minimum transaction amounts

Lump sum withdrawals	\$500
Regular withdrawals	\$100

Fees

Annual fund charge	0.74%
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Launch date

1 February 1991

Detailed fund information

[Guide and product disclosure statement](#)

Forms to alter your investment

[See form section of product disclosure statement](#)

Contact information

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Information is current as at the date of this document and may change on a daily basis.

Past performance does not indicate future performance. The actual performance any given investor realises will depend on many things, is not guaranteed and may be negative as well as positive.

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For a copy of the OneAnswer Single-Asset-Class Funds guide and product disclosure statement, please contact ANZ Investments on 0800 736 034.