

28 February 2019

Balanced Fund

Fund description

Invests mainly in growth assets (equities and listed property), with some exposure to income assets (cash and cash equivalents and fixed interest). The fund also has a small exposure to alternative assets.

Market and fund review

The fund delivered a return of 3.0% for the month. The world's share markets continued their strong run in February, benefiting from an improvement in investor sentiment as company earnings were on the higher side of expectations, and as recent trade tensions eased. The MSCI All Countries World Index gained 2.9% (in local currency terms).

Meanwhile, bond markets fell modestly in value, as a pick-up in investor risk appetite meant that safe-haven bonds were ditched in favour of share markets.

Our tactical positioning was again of benefit to fund performance, as we were overweight to the strong-performing international share markets. Late in the month and following their strong run, we scaled back our position, locking in their recent gains.

Some strong company selection was also beneficial, particularly among our international share holdings, where two out of four of the fund's underlying managers comfortably outperformed the market. The strong performance of our international property and Australian share holdings was also beneficial.

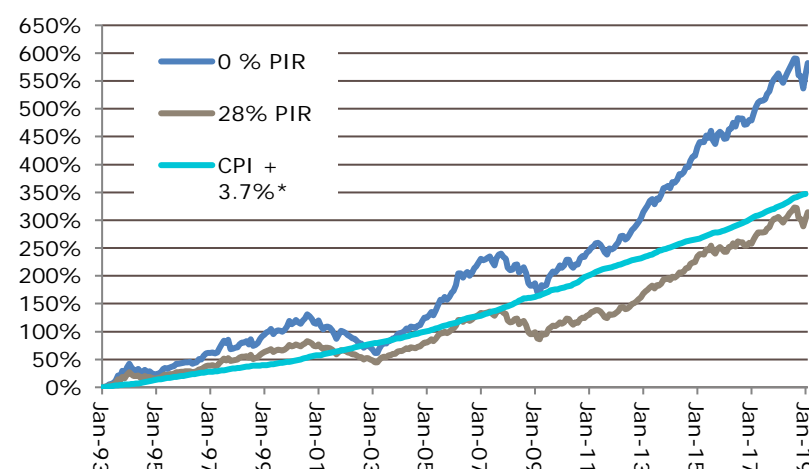
International share markets continue to present good value and fundamentals are supportive. That said, the recent rally appears to have run its course. While we maintain our overweight position, we scaled back our position slightly. While bonds may be supported in the near term, we expect interest rates to continue to rise later this year. This could limit returns from this asset class and so we maintain our underweight position.

Fund performance

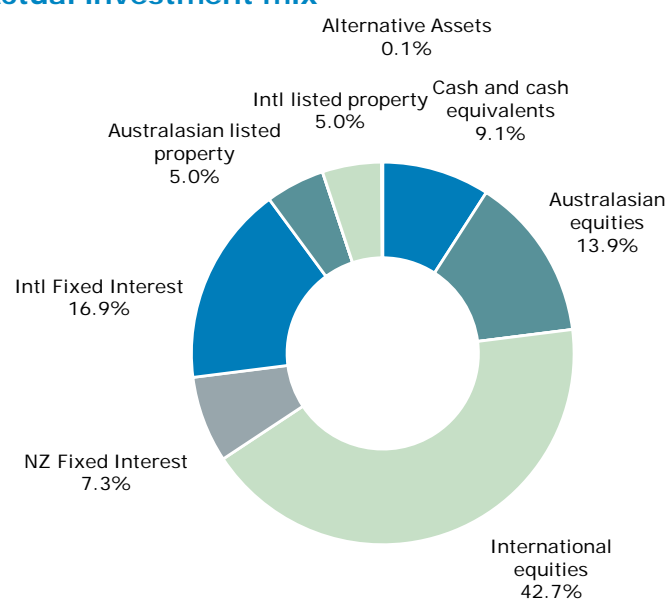
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	3.0%	3.5%	-1.2%	4.3%	7.6%	7.8%	7.7%
At 28% PIR Tax	2.9%	3.2%	-1.9%	3.5%	6.5%	6.8%	5.6%

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

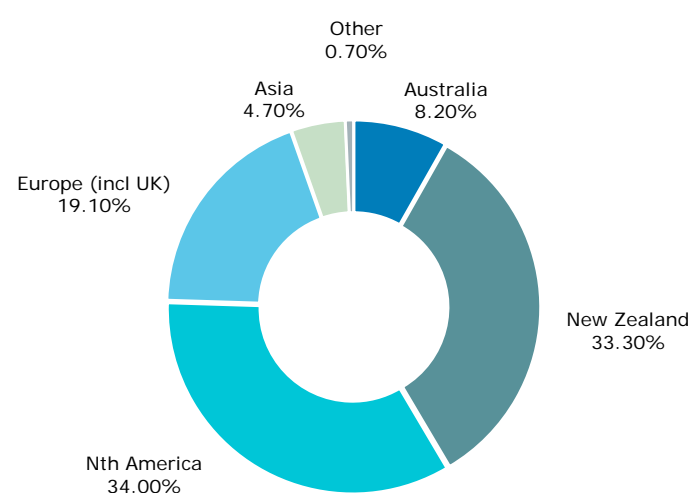


Actual investment mix



The actual investment mix of this fund is based on the cash and cash equivalents held by the fund, and the asset class of the underlying funds in which the fund invests.

Country allocation



Top 10 Holdings

1	NZ Govt Stock 3.00% 2020	1.0%
2	Visa Inc	0.9%
3	A2 Corp Ltd	0.9%
4	Precinct Property NZ Ltd	0.8%
5	NZ Govt Stock 6.00% 2021	0.8%
6	Kiwi Income Property Trust	0.7%
7	Fisher and Paykel Healthcare	0.7%
8	Medtronic PLC	0.6%
9	ASB RCD 23 Apr 2019	0.6%
10	ANZ Banking Group Ltd	0.6%

Total Top 10 Holdings	7.6%
# of holdings	1616

Asset class performance (before fund fees and tax)

	1mth	3mth	6mth	1yr	3yrs	5yrs
Cash and cash equivalents	0.2%	0.7%	1.3%	2.7%	2.7%	3.1%
NZ Fixed Interest	0.5%	2.0%	2.5%	5.9%	4.2%	5.7%
International Fixed Interest	0.2%	2.4%	2.4%	4.6%	2.6%	4.8%
Australasian listed property	1.4%	5.8%	3.8%	16.1%	10.1%	13.4%
International listed property	1.7%	5.4%	3.7%	14.8%	8.1%	9.5%
Australasian equities	5.2%	5.5%	-6.2%	3.1%	10.0%	8.5%
International equities (unhedged)	5.9%	4.7%	-4.6%	5.9%	12.6%	12.8%

Performance by asset class shows the performance of the underlying wholesale strategies in which the fund invests. Asset allocation decisions, hedging, fees and other factors will influence the return received by the fund. Performance for periods longer than one year are annualised.

*NB: From 10 August 2018 the investment objective for this fund changed from CPI + 3.90% to CPI + 3.70%

Balanced Fund

Benchmark weights

	Investment Target Mix	Allowable Ranges	Aggregate Permissible Ranges
Cash	6.0%	0-26%	20-50
NZ Fixed Interest	9.0%	0-24%	
International Fixed Interest	20.0%	5-35%	
Australasian Property	5.0%	0-20%	50-80
International Property	5.0%		
Australasian Shares	14.0%	0-29%	
International Shares	41.0%	26-56%	
Alternative Assets	0.0%	0-15%	
Total	100.0%		

Hedging levels

	Benchmark hedging rate	Current hedging
Cash	No foreign currency exposure	n/a
NZ Fixed Interest	No foreign currency exposure	n/a
International Fixed Interest	Benchmark 100% hedged	100%
Australasian Property	Benchmark 100% hedged	100%
International Property	Benchmark 100% hedged	100%
Australasian Shares	Benchmark 50% AUD hedged (range of 0-100%)	18%
International Shares	Benchmark 65% hedged (range of 0-100%)	60%

External fund managers

Cash	ANZ Investments
NZ Fixed Interest	ANZ Investments
International Fixed Interest	Vanguard Investments Australia Limited
Australasian Property	ANZ Investments
International Property	Resolution Capital Limited
Australasian Shares	ANZ Investments, Nikko AM Limited
International Shares	The Franklin Equity Group, MFS Institutional Advisors, LSV Asset Management, Vontobel
Alternative Assets	Pomona Capital
Asset Allocation & Currency	ANZ Investments

Additional fund details

Minimum transaction size		Detailed fund information
Lump sum withdrawals	\$500	Guide and product disclosure statement
Regular withdrawals	\$100	
Fees		Forms to alter your investment
Annual fund charge	1.30%	See form section of product disclosure statement
Launch date		Contact information
22 January 1993		0800 736 034
		service@anzinvestments.co.nz
		investments.anz.co.nz

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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