

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.

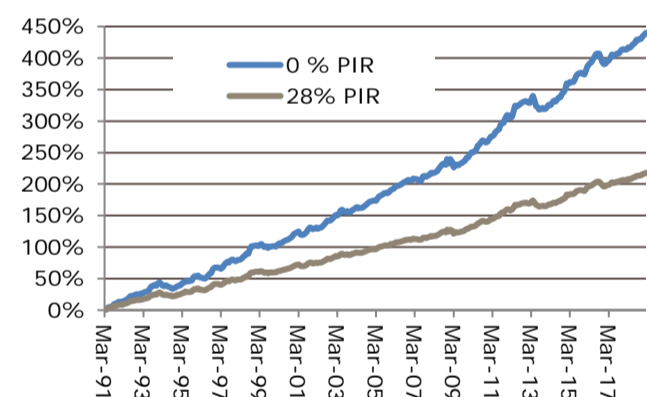
While the prospect of higher global interest rates may impact future returns from this asset class, it's important to remember that bonds play an important role in a diversified portfolio – by helping provide it with a solid foundation.

### Fund performance

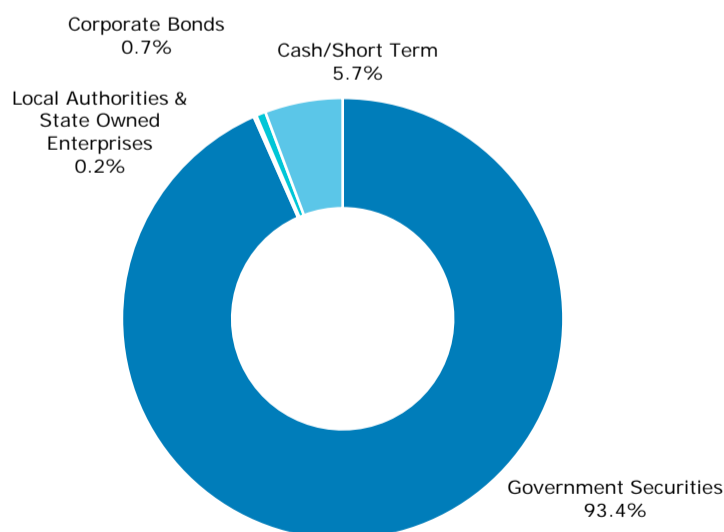
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	0.5%	1.9%	2.1%	5.1%	3.5%	4.9%	6.2%
At 28% PIR Tax	0.3%	1.3%	1.5%	3.7%	2.5%	3.5%	4.2%

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

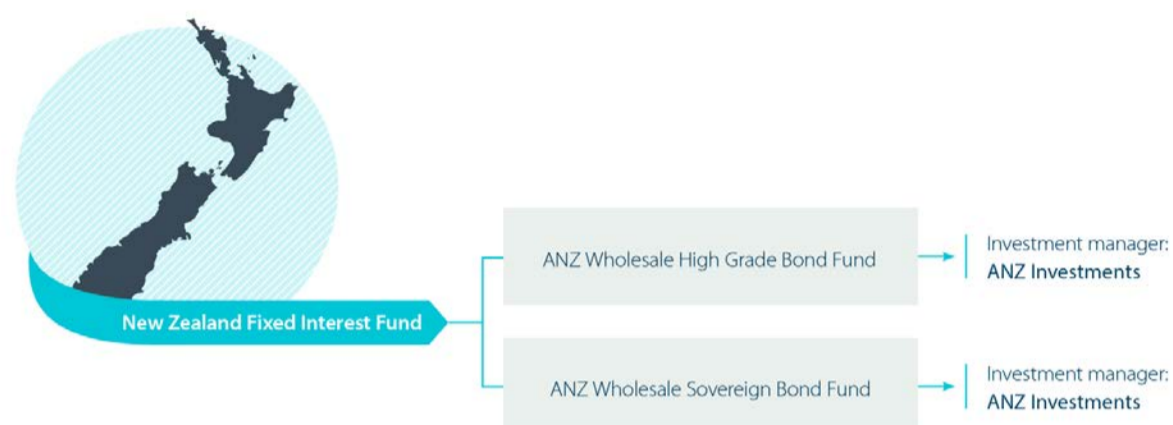
The actual investment mix of this fund is based on the assets held in the fund and the underlying funds, in which the fund invests.

## 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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28 February 2019

# International Fixed Interest Fund

## Fund description

Invests mainly in international fixed interest assets. Investments may include fixed interest assets issued by governments or international companies, and cash and cash equivalents.

## Market and fund review

The fund returned 0.15% over the month.

During the month, Jerome Powell, said that while the US economy looks strong, there are worrying signs on the horizon when it came to economic conditions. Essentially he said that the US Fed would be taking a more data-dependent path to interest rate settings going forward. There was also talk that the US Fed would keep a much larger balance sheet than previously planned.

Meanwhile, in Europe, the European Central Bank (ECB) left interest rates at current record lows. However, its long-standing guidance of suggesting that interest rates will move higher later this year seems out of sync with market expectations – as economic growth within the region has slowed.

The yield on the US government 10-year bond drifted lower for the best part of the month. However, yields rose sharply on the last day of the month as share markets rallied strongly, underscoring the demand for assets perceived as risky, and away from safe havens such as government bonds.

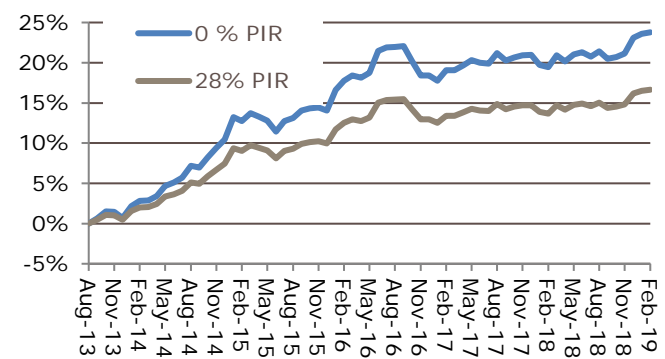
The fund's GDP-weighted approach to investing detracted slightly from relative performance during the month. The fund was overweight to weaker performing US bonds and underweight to stronger performing Japanese bonds.

## Fund performance

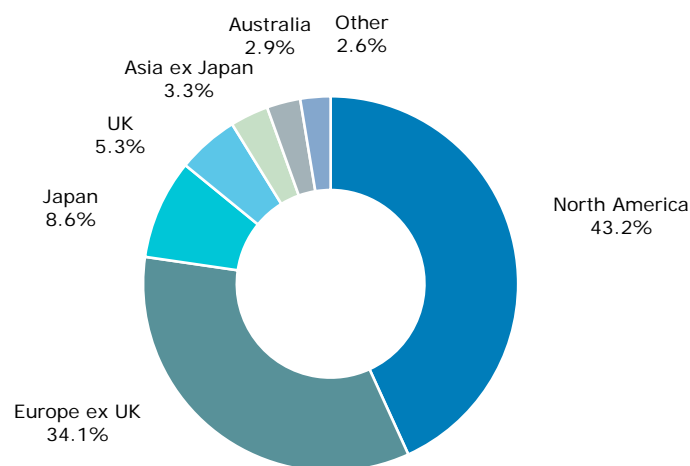
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	0.2%	2.2%	2.0%	3.6%	1.7%	3.8%	4.0%
At 28% PIR Tax	0.1%	1.6%	1.4%	2.6%	1.2%	2.7%	2.9%

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.

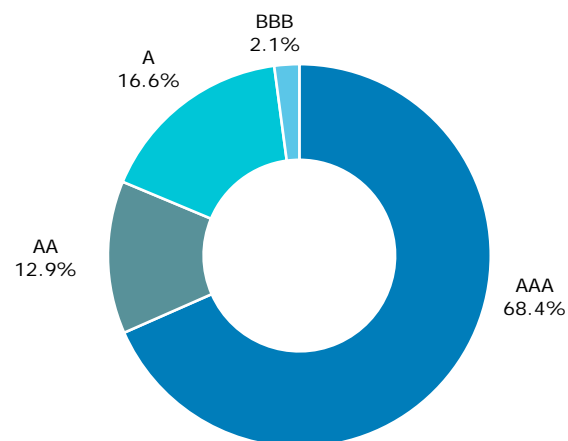
## Fund performance since launch



## Country allocation (one month delay)



## Credit allocation (one month delay)



## Top 10 Holdings

1	United States Treasury 2.87%	31 Oct 2020	1.5%
2	Germany Govt Bond 11 Sep 2020		1.1%
3	United States Treasury 2.25%	31 Dec 2024	0.9%
4	United States Treasury 2.37%	31 Jan 2023	0.9%
5	United States Treasury 1.50%	31 Jan 2022	0.9%
6	Hong Kong Govt Bond 0.91%	05 Nov 2020	0.7%
7	Norway Govt Bond 3.75%	25 May 2021	0.7%
8	United States Treasury 2.62%	28 Feb 2023	0.7%
9	United States Treasury 1.62%	15 Oct 2020	0.7%
10	United States Treasury 1.50%	15 Jun 2020	0.7%
Total Top 10 Holdings			8.8%
# International Fixed Interest Holdings			806

## International Fixed Interest Fund

### Current fund structure



### External fund manager

#### Vanguard Investments Australia

Vanguard Investments Australia Limited (Vanguard) manages a portfolio of international fixed interest assets issued by governments. Vanguard also manages a portfolio of international credit securities.

### Additional fund details

#### Minimum transaction amounts

Lump sum withdrawals	\$500
Regular withdrawals	\$100

#### Fees

Annual fund charge	0.94%
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#### Launch date

20 September 2013

#### 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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28 February 2019



## International Property Fund

### Fund description

Invests mainly in international listed property assets. Investments may include listed companies, funds or trusts that invest in property, and cash and cash equivalents.

### Market and fund review

The fund returned 1.6% over the month, comfortably ahead of its benchmark.

There were mixed performances from global listed property markets this month, but generally they underperformed broader share markets. The US market delivered a flat return, and while European listed property fell, the UK market was one of the better-performing markets globally.

Some of the fund's highest conviction holdings were among the better performers this month. This included the likes of Kilroy Realty Corporation, which specialises in offices on the West coast of the US, and Alexandria Real Estate, which operates a portfolio of office and laboratory spaces across the US.

Another of the fund's long-standing holdings, in Australian office and industrial real estate company Dexus, was also a strong performer. Its shares rose following the release of strong earnings, which were boosted by buoyant market conditions, despite signs of some weakness in the broader Australian property market.

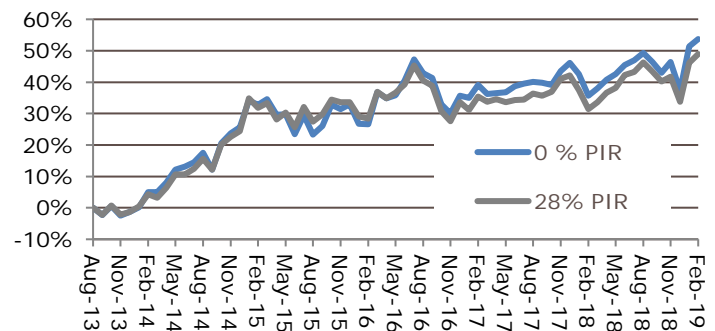
There were some weaker performers, but none which held back the performance of the fund by too much. One of those was Deutsche Wohnen, whose shares fell by 5% as a takeover bid for the Berlin-based property company by a close competitor fell through.

### Fund performance

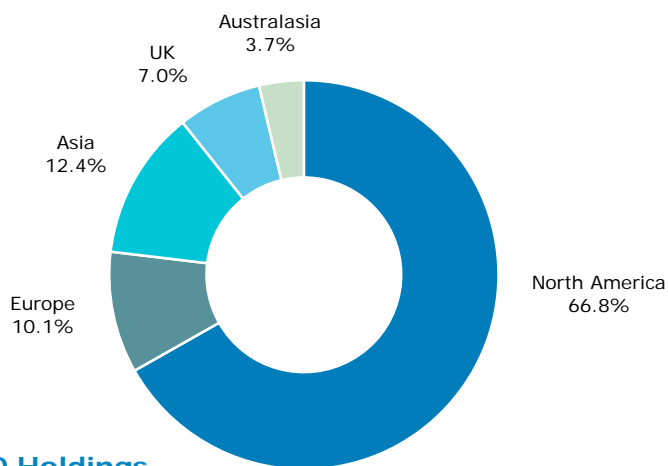
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch
At 0% PIR Tax	1.6%	5.0%	3.0%	13.3%	6.7%	7.9%	8.2%
At 28% PIR Tax	1.9%	5.1%	1.8%	13.3%	5.1%	7.4%	7.6%

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.

### Fund performance since launch



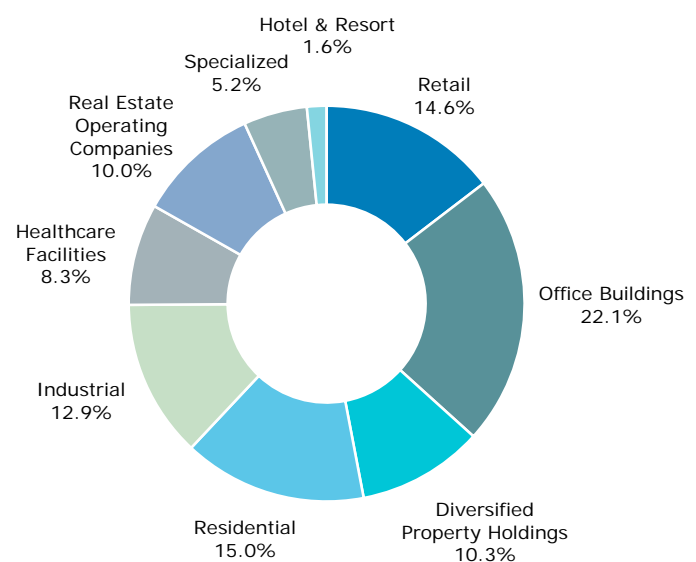
### Regional Allocation



### Top 10 Holdings

1	Prologis Inc	7.8%
2	Equity Residential Inc	6.3%
3	Simon Property Group Inc	5.9%
4	Deutsche Wohnen SE	4.4%
5	Boston Properties Inc	4.2%
6	Alexandria Real Estate	4.0%
7	HCP Inc	3.8%
8	Link REIT	3.6%
9	Dexus Property Group	3.4%
10	Kilroy Realty Group	3.3%
Total Top 10 Holdings		46.7%
# of Property Holdings		41

### Sector Allocation



The sector allocation of this fund is based on the GICS sub-industry classification of the listed property assets.

## International Property Fund

### Current fund structure



### External fund manager

#### Resolution Capital

Resolution Capital Limited (Resolution Capital) manages a select and diverse group of global listed property assets that are capable of generating superior risk adjusted returns for investors.

### Additional fund details

#### Minimum transaction amounts

Lump sum withdrawals	\$500
Regular withdrawals	\$100

#### Fees

Annual fund charge	1.34%
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#### Launch date

20 September 2013

#### 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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The Morningstar Analyst Rating for OneAnswer International Property Fund assigned on 6 June 2018 is Gold. See [investments.anz.co.nz/awards](http://investments.anz.co.nz/awards) (Morningstar) for full disclaimer. For more awards information, including the full Morningstar awards disclaimer, visit [investments.anz.co.nz/awards](http://investments.anz.co.nz/awards).

28 February 2019



## Property Securities Fund

### Fund description

Invests mainly in New Zealand and Australian listed property assets. Investments may include listed companies, funds or trusts that invest in property, and cash and cash equivalents.

### Market and fund review

The fund returned 1.7% over the month, broadly in line with its benchmark.

The New Zealand listed property sector gained 1.6% in February, underperforming the broader New Zealand share market, which rose 3.8%.

The fund's overweight position to Aveo Group, Australia's largest listed retirement village operator, had the biggest positive impact on relative performance this month. While it delivered a disappointing half year result, it subsequently received a number of non-binding takeover offers, which saw its share price jump up by over 30%. We see further upside to its share price as further details about a possible takeover come to light.

Detracting slightly from performance this month was the fund's overweight position in Metlifecare. While the company delivered a relatively strong result, the retirement village operator saw its shares fall against the backdrop of a slowing residential New Zealand housing market, which has seen new unit sales and resales slightly weaker than expected.

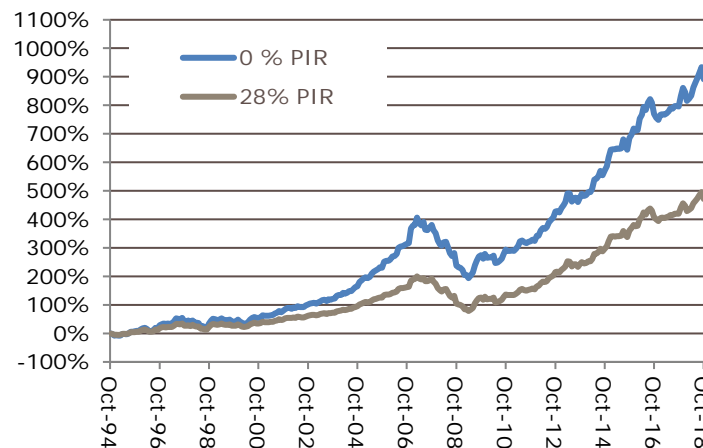
The fund's underweight position in Goodman Property Trust was also a detractor, as it was among one of the better performers this month, but on no material announcements.

### Fund performance

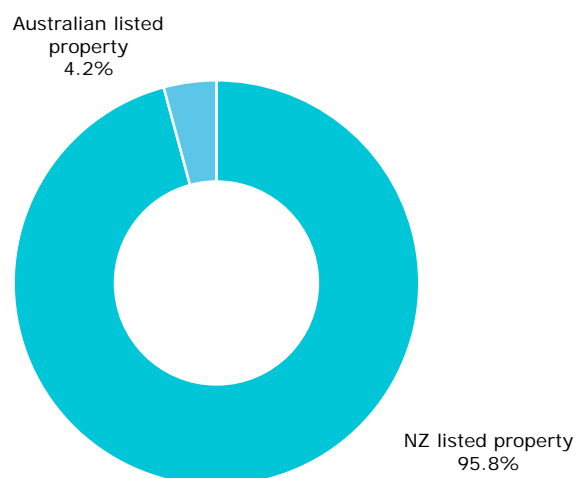
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	1.7%	4.6%	5.2%	16.6%	9.5%	12.3%	10.2%
At 28% PIR Tax	1.7%	4.4%	4.8%	15.8%	8.7%	11.6%	7.8%

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



### Sector Allocation



### Top 5 Holdings

1	Kiwi Income Property Trust	21.2%
2	Precinct Property NZ Ltd	19.5%
3	Stride Stapled Group	10.3%
4	Goodman Property Trust	9.3%
5	Property for Industry Ltd	8.4%
Total Top 5 Holdings		68.7%
# of Property Holdings		22

## Property Securities Fund

### Current fund structure



### Additional fund details

#### Minimum transaction size

Lump sum withdrawals	\$500
Regular withdrawals	\$100

#### Fees

Annual fund charge	1.19%
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#### Launch date

25 October 1994

#### Detailed fund information

[Guide and product disclosure statement](#)

#### Forms to alter your investment

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#### Contact information

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The Morningstar Analyst Rating for OneAnswer Property Securities Fund assigned on 15 January 2019 is Bronze. See [investments.anz.co.nz/awards](http://investments.anz.co.nz/awards) (Morningstar) for full disclaimer. For more awards information, including the full Morningstar awards disclaimer, visit [investments.anz.co.nz/awards](http://investments.anz.co.nz/awards).



28 February 2019

## New Zealand Share Fund

### Fund description

Invests mainly in New Zealand equities. Investments may include equities in companies that are listed or intend to list on the New Zealand stock exchange, and cash and cash equivalents.

### Market and fund review

The fund returned 3.8% in February, broadly in line with the return of its benchmark.

New Zealand shares took their direction from overseas share markets, but outperformed, with the NZX 50 Index up 3.8% in February. The market's strong run this year means that the domestic market has recovered pretty much all of its losses from the fourth quarter of last year, and got very close to its previous historical high (which it hit in September 2018).

Benefiting performance this month were some of the fund's long-standing underweight positions, such as those in Fonterra Shareholders Fund, New Zealand Refining, Gentrack Group and Sky Network TV. These were the four worst-performing companies on the NZX 50 index, and so our underweight positions were helpful.

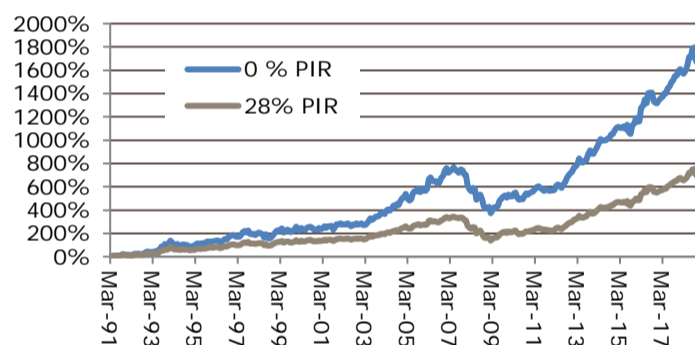
Detracting from returns was our 3% weighting in cash, during a time when share markets rallied strongly. Overweight positions in Metlifecare and Comvita also held back returns slightly. While Metlifecare delivered a good result, the sector has been adversely affected by a slowing in the residential property market. Comvita meanwhile saw its shares fall sharply after it announced a first half profit loss.

### Fund performance

	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	3.8%	5.2%	-0.8%	11.0%	14.0%	12.5%	11.0%
At 28% PIR Tax	3.8%	5.2%	-1.2%	9.9%	12.7%	11.2%	7.9%

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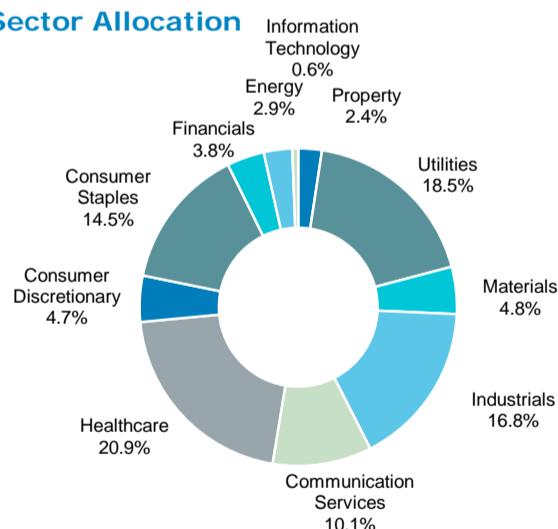
### Fund performance since launch



### Top 10 Holdings

1	A2 Corp Ltd	10.9%
2	Fisher and Paykel Healthcare	8.5%
3	Spark New Zealand Ltd	8.0%
4	Auckland International Airport	6.5%
5	Ryman Healthcare Ltd	6.0%
6	Contact Energy Ltd	5.9%
7	Meridian Energy Ltd	5.4%
8	Fletcher Building Ltd	5.1%
9	Mainfreight Ltd	4.2%
10	Infratil Ltd	3.3%
Total Top 10 Holdings		63.8%
# of Share Holdings		44

### Sector Allocation



The sector allocation of this fund is based on the GICS sector of the stocks held in the underlying fund, in which the fund invests.

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## New Zealand Share Fund

### Additional fund details

#### Minimum transaction size

Lump sum withdrawals	\$500
Regular withdrawals	\$100

#### Fees

Annual fund charge	1.19%
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#### Launch date

1 February 1991

#### Detailed fund information

[Guide and product disclosure statement](#)

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28 February 2019

## Equity Selection Fund

### Fund description

Invests mainly in New Zealand and Australian equities. Investments may include equities in companies that are listed or intend to list on the New Zealand or Australian stock exchanges, and cash and cash equivalents.

### Market and fund review

The fund returned 1.2% in February.

The fund is a concentrated portfolio of around 15 stocks. Companies typically make it into this fund where we have a higher conviction that they will outperform over the long term. The fund invests in both New Zealand and Australian companies.

New Zealand shares took their direction from overseas share markets, but outperformed, with the NZX 50 Index up 3.8% in February. The market's strong run this year means that the domestic market has recovered pretty much all of its losses from the fourth quarter of last year. Australian shares also had a good run, with the ASX 200 Index up 5.2%, as it benefited from hopes that the US and China were close to agreeing on a trade deal.

The fund has a significant weighting to the energy sector through its holdings in Contact Energy, Genesis Energy and Meridian Energy. All three companies did well, following some strong profit results and as the outlook for dividends from these companies remains in place.

The fund's significant weighting to cash was a drag on returns, during a time when share prices were sharply higher. We continue to look for opportunities to invest this cash, but currently company valuations remain elevated.

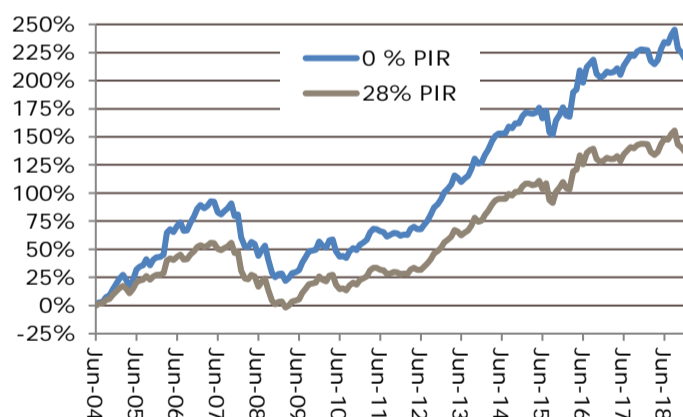
There were mixed performances from the fund's exposure to the retirement sector. Its holding in Ryman Healthcare was a positive, although its holding in Metlifecare was a drag on returns. While company results have generally been on the positive side, there is some negative sentiment hanging over the sector from declining residential house prices.

### Fund performance

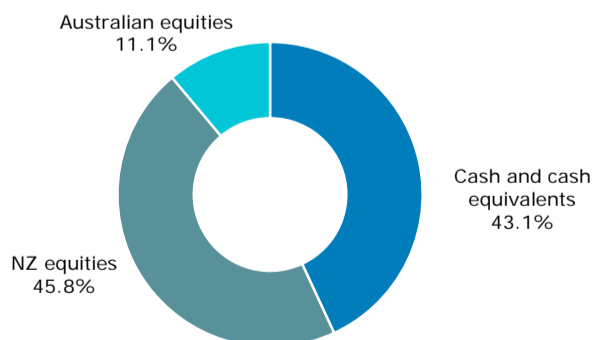
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At 0% PIR Tax	1.2%	0.3%	-4.3%	2.6%	6.7%	6.4%	8.4%
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### Fund performance since launch



### Actual investment mix\*



\* The actual investment mix of this fund is based on:

- the cash and cash equivalents,
- Australian and New Zealand equity assets

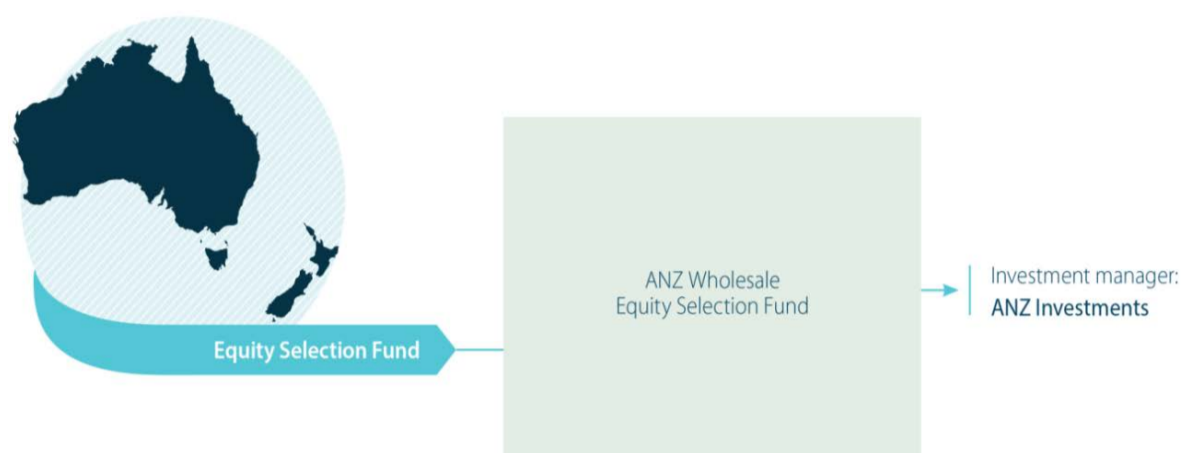
held by both the fund itself and the underlying fund in which the fund invests.

### Top 5 Holdings

1	Metlifecare Ltd	8.2%
2	Ryman Healthcare Ltd	5.8%
3	Mainfreight Ltd	5.7%
4	Meridian Energy Ltd	5.7%
5	Contact Energy Ltd	5.4%
Total Top 5 Holdings		30.8%
# of Share Holdings		13

## Equity Selection Fund

### Current fund structure



### Additional fund details

#### Minimum transaction size

Lump sum withdrawals	\$500
Regular withdrawals	\$100

#### Fees

Annual fund charge	1.29%
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#### Launch date

1 July 2004

#### Detailed fund information

[Guide and product disclosure statement](#)

#### Forms to alter your investment

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

#### Contact information

0800 736 034

[service@anzinvestments.co.nz](mailto:service@anzinvestments.co.nz)

[investments.anz.co.nz](http://investments.anz.co.nz)

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28 February 2019



# Australian Share Fund

## Fund description

Invests mainly in Australian equities. Investments may include equities in companies that are listed or in the process of listing on the Australian stock exchange, and cash and cash equivalents.

## Market and fund review

The fund gained 6.3% over the month, well ahead of the return of its benchmark.

Australian shares were sharply higher as the ASX 200 Index gained 5.2%, making it one of the better performing major markets. Its market benefited from hopes that the US and China will reach a trade agreement – given Australia’s reliance on China as a key trading partner. The market managed to post strong gains despite a disappointing earnings season for Australian companies.

The fund’s holding in financial services company IOOF had the biggest positive contribution to relative performance. Its shares skyrocketed by 35% after it posted a solid interim result. A number of the fund’s other holdings within this sector were also beneficial, including those in QBE Insurance and Australian & New Zealand Banking Group, which rose 14% and 11% respectively.

The fund’s holding in Viva Energy Group was another positive, as its shares rose over 30%. This was on the back of news that it had agreed to strengthen the terms of its Fuel & Convenience Alliance with Coles Group, the Australian supermarket chain. The new alliance should deliver a more competitive customer offer and an opportunity to expand the network.

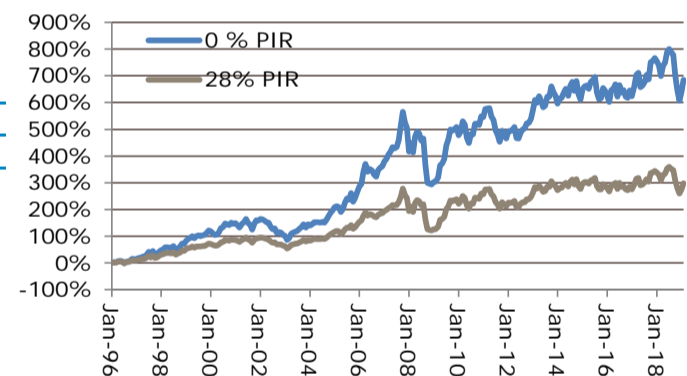
Interestingly, one of the fund’s weaker holdings was Coles Group, despite the strengthening of its alliance with Viva Energy Group. This was because the news was accompanied by a weak trading update for its Convenience division, which has been impacted by higher oil prices and a weaker Australian dollar.

## Fund performance

	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	6.3%	5.4%	-11.5%	-6.4%	3.8%	1.9%	9.4%
At 28% PIR Tax	6.0%	5.0%	-11.9%	-7.4%	2.7%	0.9%	6.2%

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.

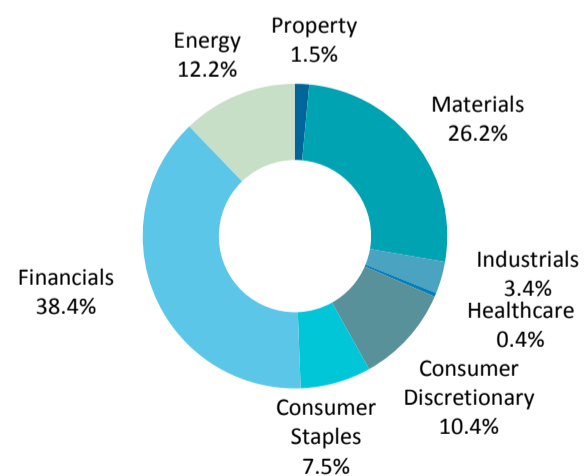
## Fund performance since launch



## Top 10 holdings

1	ANZ Banking Group Ltd	9.2%
2	National Australia Bank Ltd	6.0%
3	Westpac Banking Corporation	5.5%
4	Iluka Resources Ltd	5.1%
5	Aristocrat Leisure	5.0%
6	Woodside Petroleum Ltd	4.8%
7	Coles Group Ltd	4.3%
8	QBE Insurance Group	4.2%
9	Oil Search Ltd	4.1%
10	Bluescope Steel Ltd	3.6%
Total Top 10 Holdings		51.8%
# of Share Holdings		33

## Sector allocation



The sector allocation of this fund is based on the GICS sector of the stocks held in the underlying fund, in which the fund invests.

## Australian Share Fund

### Hedging levels

Benchmark hedging rate	Current Hedging
0%	0%

### Current fund structure



### External fund manager

#### Nikko AM Limited

Nikko AM Limited (Nikko AM) is a Sydney based manager who manages a portfolio of Australian equities. Nikko uses an investment style that seeks to identify good value stocks that offer the best compromise between risk and expected return.

### Additional fund information

<p><b>Minimum transaction size</b></p> <p>Lump sum withdrawals \$500</p> <p>Regular withdrawals \$100</p> <p><b>Fees</b></p> <p>Annual fund charge 1.29%</p> <p><b>Launch date</b></p> <p>26 January 1996</p>	<p><b>Detailed fund information</b></p> <p><a href="#">Guide and product disclosure statement</a></p> <p><b>Forms to alter your investment</b></p> <p><a href="#">See form section of product disclosure statement</a></p> <p><b>Contact information</b></p> <p>0800 736 034</p> <p><a href="mailto:service@anzinvestments.co.nz">service@anzinvestments.co.nz</a></p>
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The Morningstar Analyst Rating for OneAnswer Australian Share Fund assigned on 8 October 2018 is Silver. See [investments.anz.co.nz/awards](http://investments.anz.co.nz/awards) (Morningstar) for full disclaimer. For more awards information, including the full Morningstar awards disclaimer, visit [investments.anz.co.nz/awards](http://investments.anz.co.nz/awards).

28 February 2019

## International Share Fund



### Fund description

Invests mainly in international equities. Investments may include equities in companies that are listed on a recognised stock exchange, and cash and cash equivalents.

### Market and fund review

The fund returned 5.80% in February, which together with its strong performance in January, means it has recovered most of its losses from late last year. Over one year the fund is up 5.0%.

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 trade tensions eased. Two out of the fund's four underlying managers comfortably outperformed the market during the month, which helped the fund to deliver strong relative performance.

Growth manager Franklin was the best performer, as growth-style stocks have found themselves back in favour. Strong company selection within the Consumer Discretionary sector was of particular benefit, with solid performances from the likes of MercadoLibre (an online retailer in South America), TAL Education (an after-school tutoring company in China) and Just Eats (a UK company similar to Uber Eats).

The other strong performer was core manager MFS. Its overweight to the healthcare sector, and in particular, its long-standing holding in medical devices company Zimmer Biomet, was of particular benefit as its shares jumped by over 15% following a positive earnings announcement. Its holdings in cosmetics company Coty Inc and information technology company Visa were also strong relative performers.

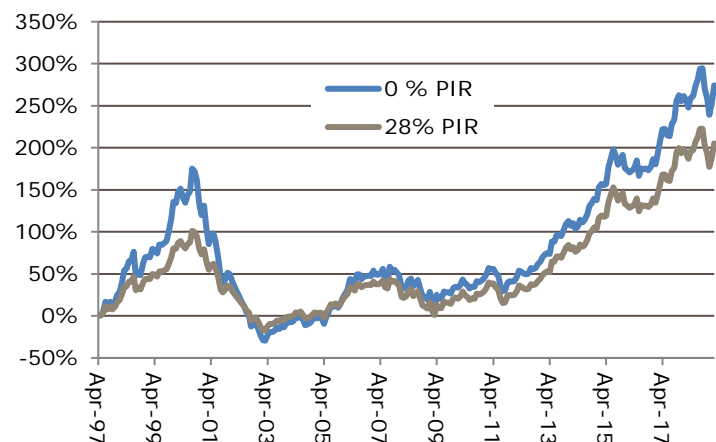
Holding back performance this month was core manager Vontobel. Even though the manager delivered a strong absolute gain, its return was behind that of the market. Some weak company selection within the healthcare sector proved to be the main drag on return.

### Fund performance

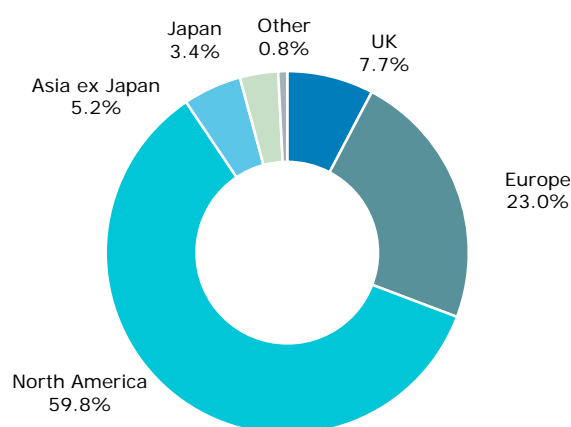
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	5.8%	4.4%	-4.9%	5.0%	11.5%	12.2%	6.2%
At 28% PIR Tax	5.6%	4.1%	-5.4%	3.7%	10.1%	10.9%	5.2%

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.

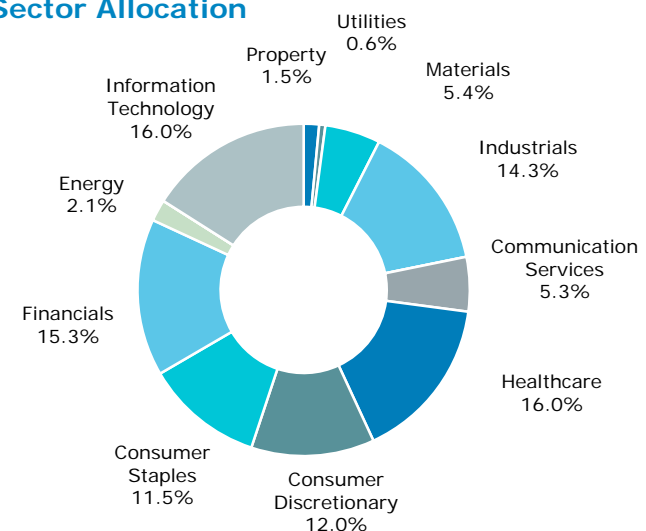
### Fund performance since launch



### Country Allocation



### Sector Allocation



### Top 10 Holdings

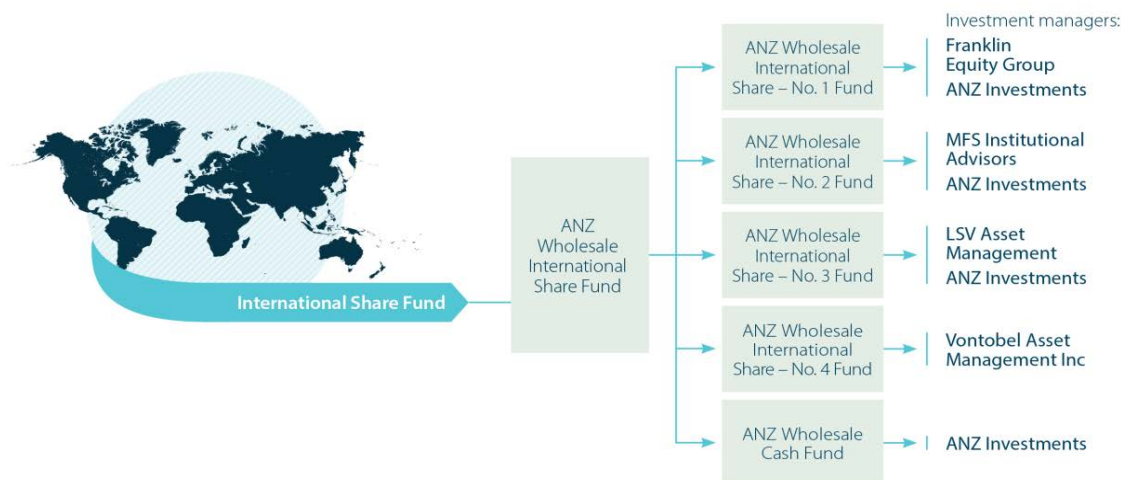
1	Visa Inc	2.4%
2	Medtronic PLC	1.6%
3	HDFC Bank Ltd	1.5%
4	Nestle SA	1.4%
5	Thermo Fisher Scientific Inc	1.3%
6	Comcast Corp	1.3%
7	Reckitt Benckiser	1.2%
8	Walt Disney Corporation	1.1%
9	Accenture PLC	1.0%
10	LVMH Moet Hennessy	1.0%
Total Top 10 Holdings		13.8%
# of Share Holdings		461

### Hedging Levels

Benchmark hedging rate	Current Hedging
0%	0%

## International Share Fund

### Current fund structure



### External fund managers

#### The Franklin Equity Group

The Franklin Equity Group (Franklin), a part of Franklin Templeton Investments, manages a portfolio of international equities. Franklin aims to invest in quality companies with the potential to produce sustainable earnings and cash flow growth.

#### MFS Institutional Advisors

MFS Institutional Advisors Inc. (MFSI) manages a portfolio of international equities. MFSI aims to invest in quality companies with sustainable, above-average growth and returns.

#### LSV Asset Management

LSV Asset Management (LSV) manages a portfolio of international equities. LSV aims to invest in out-of-favour or undervalued stocks that have the potential for near-term appreciation.

#### Vontobel

Vontobel Asset Management Inc (Vontobel) manages a portfolio of international equities. Vontobel aims to invest in sensibly priced, high-quality companies that can grow earnings faster than the market on a sustainable basis.

### Additional fund information

#### Minimum transaction size

Lump sum withdrawals	\$500
Regular withdrawals	\$100

#### Fees

Annual fund charge	1.29%
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#### Launch date

8 April 1997

#### Detailed fund information

[Guide and product disclosure statement](#)

#### Forms to alter your investment

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

#### Contact information

0800 736 034

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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.

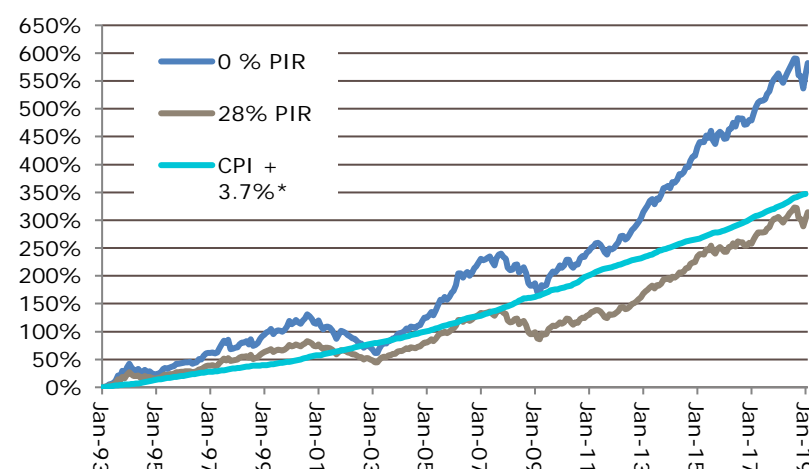
International share markets continue to present good value and fundamentals are supportive. That said, the recent rally appears to have run its course. While we maintain our overweight position, we scaled back our position slightly. While bonds may be supported in the near term, we expect interest rates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

### Fund performance

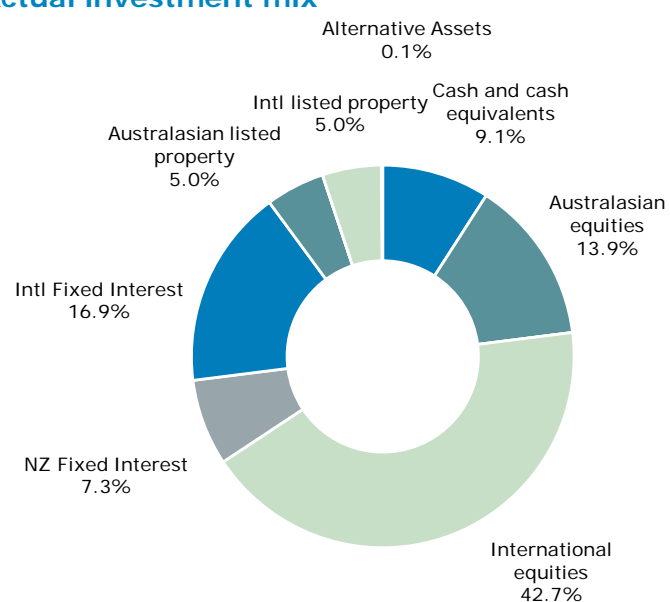
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	3.0%	3.5%	-1.2%	4.3%	7.6%	7.8%	7.7%
At 28% PIR Tax	2.9%	3.2%	-1.9%	3.5%	6.5%	6.8%	5.6%

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

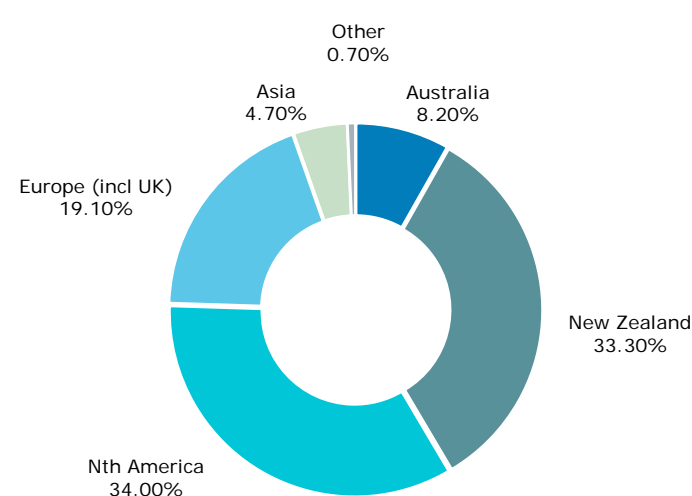


### Actual investment mix



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%
<b>Total Top 10 Holdings</b>		<b>7.6%</b>
<b># of holdings</b>		<b>1616</b>

### 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

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

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