

31 May 2022

## Balanced Fund



### Fund description

The Balanced Fund invests in similar amounts of income assets (cash and cash equivalents and fixed interest) and growth assets (equities, listed property and listed infrastructure). The fund may also invest in alternative assets.

### Market and fund review

The Balanced Fund fell 1.0% in May. Equity markets recovered from sharp early falls to finish only modestly lower, while bond markets were broadly unchanged. The fund's one-year return remains in negative territory, but its long term track record is intact.

International equity markets initially fell sharply given the prospect of slower global growth and as the world's central banks continued to raise interest rates. However, they staged an impressive turnaround late in the month to finish only slightly down. Meanwhile, bond markets delivered mixed performances in May against a backdrop of rising interest rates and concerns around global growth.

Our overweight to cash was beneficial to relative performance during a time when markets were volatile. However, overall, the fund underperformed. Detracting from returns was our overweight to international property – which fell as global interest rate increases weighed negatively on this sector during the month.

We continue to favour growth assets through modest overweight positions in international equities, international property and international listed infrastructure. Meanwhile we scaled back our underweight to international bonds and maintained a small overweight to New Zealand bonds. While there's the potential for further volatility in financial markets, we believe central banks should be able to achieve a 'soft landing' for the global economy.

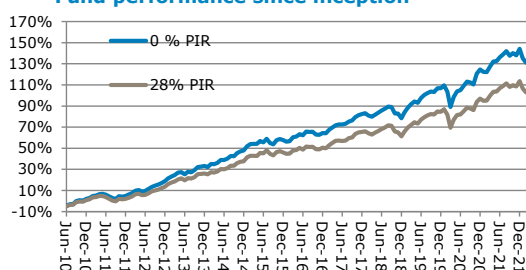
As hard as it is, market falls are part and parcel of investing. However, we would reiterate the importance of taking a long-term view on investing.

### Fund performance

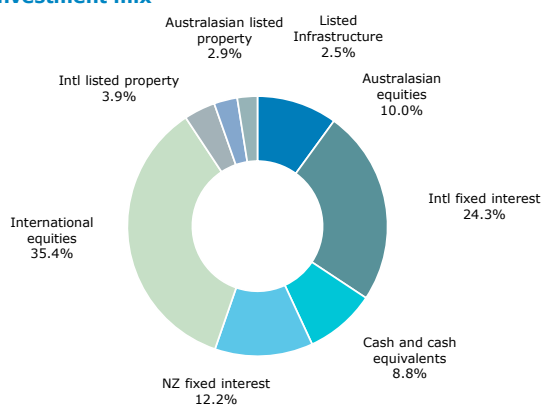
	1mth	3mth	6mth	1yr	3yrs	5yrs	Since Inception
0% PIR	-1.0%	-3.3%	-6.1%	-4.0%	5.0%	5.3%	6.8%
28% PIR	-1.0%	-2.8%	-5.4%	-3.2%	4.4%	4.6%	5.8%

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. Performance for periods longer than one year are annualised.

### Fund performance since inception

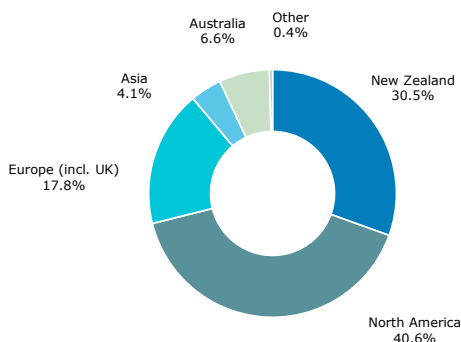


### Actual investment mix



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	10Y T-Note (CBT) Sep 22	1.1%
2	eMini S&P 500 (CME) Jun 22	1.0%
3	CDI USD 1.0% June	1.0%
4	NZ Govt 0.5% 15/05/2024	1.0%
5	Visa Inc. Class A	0.9%
6	Fisher & Paykel Healthcare Ltd.	0.6%
7	Nestle S.A.	0.6%
8	NZ Govt 3.0% 20/04/2029	0.6%
9	NZ Govt 2.75% 15/04/2025	0.6%
10	NZ Govt 4.5% 15/04/2027	0.5%

Total Top 10 Holdings	7.9%
# of other holdings	4705

### Asset class performance (before fund fees and tax)

	1mth	3mth	6mth	1yr	3yrs	5yrs
Cash and cash equivalents	0.1%	0.3%	0.6%	0.9%	1.3%	1.8%
NZ fixed interest	0.2%	-3.7%	-4.8%	-7.7%	-0.8%	1.7%
International fixed interest	-0.1%	-5.1%	-9.1%	-8.3%	-0.4%	1.3%
Australasian listed property	-8.4%	-8.3%	-11.4%	-3.2%	6.1%	9.2%
International listed property	-6.2%	-3.1%	-4.9%	5.4%	6.1%	7.1%
Australasian equities	-3.4%	-1.2%	-3.5%	-0.9%	6.8%	8.9%
International equities (unhedged)	-0.5%	-2.6%	-6.8%	0.9%	12.1%	11.6%
Listed infrastructure	1.7%	7.2%	14.4%	15.5%		

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.

## Balanced Fund

### Target investment mix and ranges

Asset Class	Target Mix	Range	Aggregate Ranges
Cash and cash equivalents	10.0%	0-30%	35-65
NZ fixed interest	10.5%	0-25.5%	
International fixed interest	29.5%	14.5-44.5%	
Australasian listed property	2.8%	0-16%	35-65
International listed property	3.2%		
Australasian equities	9.5%	0-24.5%	
International equities	32.5%	17.5-47.5%	
Other (listed infrastructure)	2.0%	0-8%	
Other (inc alternatives)	0.0%	0-12%	
<b>Total</b>	<b>100.0%</b>		

### Hedging levels

	Benchmark hedging rate	Current hedging
Cash and cash equivalents	No foreign currency exposure	n/a
NZ fixed interest	No foreign currency exposure	n/a
International fixed interest	Benchmark 100% hedged	100%
Australasian listed property	Benchmark 100% hedged	100%
International listed property	Benchmark 100% hedged	101%
Australasian equities	Benchmark 50% AUD hedged (range of 0-100%)	46%
International equities	Benchmark 65% hedged (range of 0-100%)	68%
Listed infrastructure	Benchmark 100% hedged	101%

### Underlying investment managers

Cash and cash equivalents	ANZ Investments
NZ fixed interest	ANZ Investments
International fixed interest	Northern Trust Investments, Inc., PIMCO Australia Pty Limited, ANZ Investments
Australasian listed property	ANZ Investments
International listed property	Resolution Capital Limited
Australasian equities	ANZ Investments, Tyndall Asset Management
International equities	The Franklin Equity Group, MFS Institutional Advisors, LSV Asset Management, Vontobel
Listed infrastructure	Maple-Brown Abbott Limited
Currency	ANZ Investments

<b>Launch date</b> 15 April 2010	<b>Minimum transaction amounts</b> Lump sum withdrawals \$500 Regular withdrawals \$100	<b>Detailed fund information</b> <a href="#">Guide and product disclosure statement (PDS)</a>
<b>Contact information</b> 0800 736 034 <a href="mailto:service@anzinvestments.co.nz">service@anzinvestments.co.nz</a> <a href="http://www.anz.co.nz/investmentfunds">www.anz.co.nz/investmentfunds</a>	<b>Fees</b> Annual fund charge 1.02%	<b>Forms to alter your investment</b> <a href="#">See form section of the PDS</a>

All market returns quoted in commentary are in local currency terms. 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. This document is for information purposes only and is not intended to be financial advice. It is recommended that you seek advice from a financial adviser before you acquire a financial product.

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