

31 October 2021

Balanced Growth Fund



FUND MANAGER OF THE YEAR - WINNER -



Fund description

The Balanced Growth Fund invests mainly in growth assets (equities, listed property and listed infrastructure), with some exposure to income assets (cash and cash equivalents and fixed interest). The fund may also invest in alternative assets.

Market Review

Global equity markets had a strong month, with several equity markets in the US reaching all-time highs as strong third-quarter company earnings boosted optimism. However, New Zealand equities didn't fare so well, as rising bond yields weighed negatively on the more defensive and interest-rate-sensitive NZX 50 Index.

Meanwhile, it was a challenging month for bond markets as inflation in most major markets continues to run at above-target rates. Against this backdrop the world's major central banks began to prepare investors for a tightening of monetary conditions ahead. Typically, when interest rates rise (or are anticipated to rise), the prices of bonds go down.

Our tactical positioning was beneficial to performance, as we were overweight to strong performing equity markets and underweight to weak performing bond markets. In particular, we were underweight to both New Zealand and Australian bonds, as these markets struggled to make headway against the backdrop of rising interest rates in the former, and a notable jump higher in inflation for the latter.

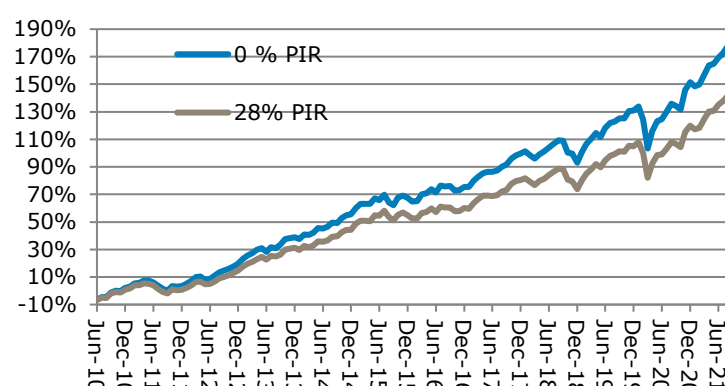
While inflation continues to run at decade-high levels in some countries, we believe growth will continue to recover as we head into 2022, supported by the vaccination rollout and a gradual reopening of economies. We expect central banks to gradually remove accommodative monetary policy, leading to higher bond yields. In light of this, we maintain our overweight position to international and Australian equities, listed property and listed infrastructure, while holding an underweight to domestic and international fixed interest.

Fund performance

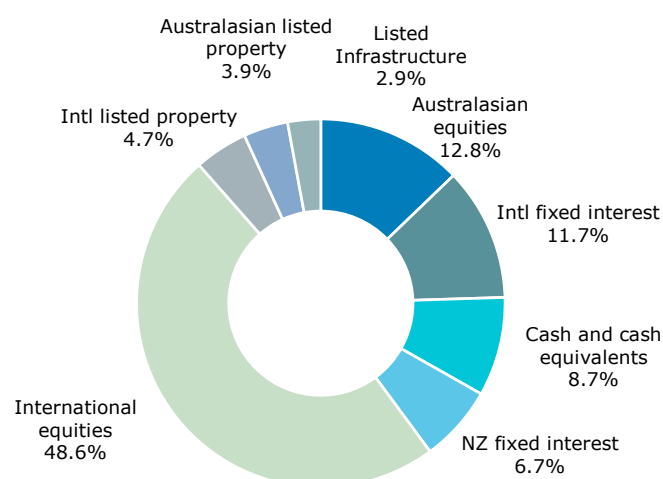
	1mth	3mth	6mth	1yr	3yrs	5yrs	Since Inception
0% PIR	1.6%	1.2%	4.7%	19.2%	11.3%	9.8%	9.2%
28% PIR	1.2%	0.8%	4.2%	17.3%	9.9%	8.7%	7.9%

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. Performance for periods longer than one year are annualised.

Fund performance since inception

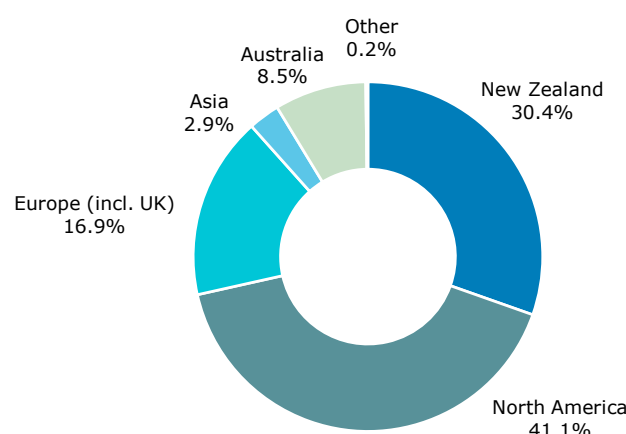


Actual investment mix



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 eMini S&P 500 (CME) Dec 21	3.9%
2 Euro STOXX 50 (EUR) Dec 21	1.5%
3 Fisher & Paykel Healthcare Ltd.	1.0%
4 Visa Inc. Class A	0.9%
5 MSCI Emrg Markets Mini (IFUS) Dec 21	0.8%
6 Nestle S.A.	0.8%
7 Thermo Fisher Scientific Inc.	0.7%
8 Goldman Group	0.7%
9 HDFC Bank Ltd. Sponsored ADR	0.6%
10 Mainfreight Ltd.	0.6%
Total Top 10 Holdings	11.5%
# of other holdings	4615

Asset class performance (before fund fees and tax)

	1mth	3mth	6mth	1yr	3yrs	5yrs
Cash and cash equivalents	0.1%	0.2%	0.3%	0.7%	1.6%	2.0%
NZ fixed interest	-2.7%	-4.3%	-4.2%	-7.8%	2.3%	2.9%
International fixed interest	-0.2%	-1.4%	0.9%	-1.4%	4.9%	3.4%
Australasian listed property	-0.3%	2.6%	9.7%	20.2%	15.8%	12.5%
International listed property	5.7%	3.1%	12.3%	35.9%	11.6%	9.0%
Australasian equities	-1.1%	3.6%	4.6%	21.2%	12.3%	11.4%
International equities (unhedged)	0.9%	0.0%	7.1%	27.7%	16.3%	16.8%
Listed infrastructure	3.0%	1.8%	3.5%	20.3%		

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 Growth Fund

Target investment mix and ranges

Asset Class	Target Mix	Range	Aggregate Ranges
Cash and cash equivalents	6.0%	0-26%	15-55
NZ fixed interest	7.5%	0-27.5%	
International fixed interest	21.5%	1.5-41.5%	
Australasian listed property	3.5%	0-17.5%	45-85
International listed property	4.0%		
Australasian equities	12.0%	0-32%	
International equities	43.0%	23-63%	
Other (listed infrastructure)	2.5%	0-10%	
Other (inc alternatives)	0.0%	0-15%	
Total	100.0%		

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	102%
Australasian equities	Benchmark 50% AUD hedged (range of 0-100%)	34%
International equities	Benchmark 65% hedged (range of 0-100%)	64%
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

Launch date 15 April 2010	Minimum transaction amounts Lump sum withdrawals \$500 Regular withdrawals \$100	Detailed fund information Guide and product disclosure statement (PDS)
Contact information 0800 736 034 service@anzinvestments.co.nz www.anz.co.nz/investmentfunds	Fees Annual fund charge 1.08%	Forms to alter your investment See form section of the PDS

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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