

31 January 2024

# ONEANSWER MULTI-ASSET-CLASS FUNDS

## CONSERVATIVE BALANCED FUND

### ABOUT THIS FUND

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

### YOUR INVESTMENT TEAM

Your money is looked after by a highly experienced investment management team with a focus on long-term performance.

Find out more about our investment team at [anz.co.nz/investmentteam](https://anz.co.nz/investmentteam)

### RESPONSIBLE INVESTING

We're strong advocates of responsible investing (also known as sustainable investing). Responsible investing means when we're considering whether to invest in a company, we don't just look at their financial performance. We also look at their environmental, social and governance (ESG) performance, because we believe these factors have a big impact on long-term returns.

Find out more about our responsible investing approach at [anz.co.nz/responsible-investing](https://anz.co.nz/responsible-investing)

### THIS FUND AT A GLANCE

Size of the fund \$215.7m

Number of holdings 4,877

Fund start date April 2010

Suggested minimum investment timeframe 5 years

Annual fund charge 0.82%

Minimum contribution \$1

Minimum balance \$1

Minimum withdrawal  
- regular \$100  
- one-off \$500

The OneAnswer Multi-Asset-Class Funds guide and product disclosure statement is available at [anz.co.nz/OA-documents](https://anz.co.nz/OA-documents)

### HOW THIS FUND HAS PERFORMED

4.53%

1 year

4.10%

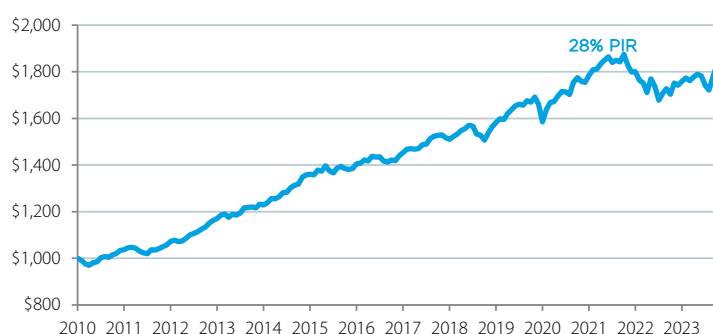
10 years

4.43%

Since inception

PIR (tax rate)	1mth	3mth	6mth	1yr	3yrs	5yrs	10 yrs
0%	0.06%	7.84%	3.18%	5.55%	1.11%	3.96%	4.88%
17.5%	0.15%	6.94%	2.66%	4.91%	1.11%	3.61%	4.40%
28%	0.21%	6.39%	2.34%	4.53%	1.11%	3.41%	4.10%

### Fund performance since inception



Performance is shown after fees and tax, at the highest prescribed investor rate (PIR) at the time of the performance, unless stated. Performance for periods longer than one year are annualised.

### AWARDS, RATINGS AND CERTIFICATIONS



CERTIFIED BY RIAA

The **OneAnswer Conservative Balanced Fund** has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See [www.responsibleinvestments.com.au](https://www.responsibleinvestments.com.au) for details.

The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

MARKET AND FUND REVIEW

Coming off a strong close to 2023, global bonds were mostly lower in January. In the US, bonds were weaker to begin the month, which saw yields rise, after comments from Fed policymakers who pushed back on the idea that rate cuts would be forthcoming early in 2024. Also weighing on bond market sentiment was strong economic data, which underscored the resilience of the US economy, and tempered expectations of significant rate cuts this year, while the pace of annual inflation also moved higher.

However, bonds clawed back some losses late in January after Fed Chair Jerome Powell reiterated that interest rates had peaked, and cuts are likely this year. After rising as much as 30 basis points, the US-10-year government bond yield ended the month three basis points higher at 3.91%. Elsewhere, European bonds were lower over the month, meaning yields rose, after the European Centra Bank (ECB) pushed back on the chances of early interest rate cuts, and UK bonds fell sharply given some surprisingly strong inflation data.

New Zealand bond prices were also lower in January, with the domestic 10-year government bond yield rising to a five-week high early in the month, largely taking its lead from offshore markets. Although economic data showed the pace of inflation had slowed, investors remained cautious about the level on non-tradeable inflation.

In equity markets, several US share markets rose to all-time highs, while down under New Zealand and Australian share markets also finished the month with gains. The one outlier was China, with the Shanghai Composite down 6.3% after a Hong Kong judge ordered the liquidation of embattled property giant Evergrande, putting more pressure on the country's property market.

Against the backdrop of weak performing bond markets, the fund delivered a broadly flat return for investors over the month. It was a particularly challenging month for our international government bond manager – whose GDP-weighted approach meant the fund was overweight to UK bonds, which were some of the weakest performers in January. Also holding back relative performance was its tactical positioning, given the fund's underweight to stronger performing international equities.

We maintain our defensive positioning, holding an underweight to international equities and an overweight to domestic and international fixed interest. Our base case is that growth continues to slow but remains positive over the short term in the US, with weaker growth in Europe and New Zealand. We expect core inflation to make slow progress towards target, with central banks holding rates in restrictive territory. The extended period of restrictive interest rates will eventually weigh on growth in 2024, consistent with a mild recession.

INVESTMENT MIX AND CURRENCY HEDGING

Asset class	Investment mix			Hedging	Underlying fund managers
	Actual	Target	Range		
Cash and cash equivalents	13.61%	15.00%	0.00% - 35.00%	n/a	ANZ Investments
New Zealand fixed interest	14.23%	12.50%	0.00% - 27.50%	n/a	ANZ Investments
International fixed interest	38.80%	37.50%	22.50% - 52.50%	99%	ANZ Investments, Northern Trust, PIMCO Australia
Income assets	66.64%	65.00%	50.00% - 80.00%		
Australasian listed property	2.26%	2.10%	0.00% - 14.50%	98%	ANZ Investments
International listed property	2.41%	2.40%		101%	Resolution Capital
Australasian equities	6.41%	6.50%	0.00% - 21.50%	37%	ANZ Investments, Tyndall AM
International equities	20.84%	22.50%	7.50% - 37.50%	63%	Franklin Equity Group, MFS Institutional Advisors, LSV Asset Management, Vontobel
Other (listed infrastructure)	1.44%	1.50%	0.00% - 6.50%	100%	Maple-Brown Abbott
Other (incl. alternatives)	0.00%	0.00%	0.00% - 10.00%	n/a	n/a
Growth assets	33.36%	35.00%	20.00% - 50.00%		

The actual and target 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.

FUND CHARACTERISTICS

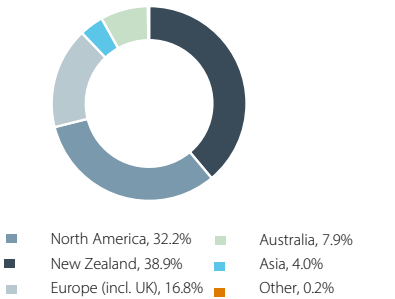
Top 10 growth holdings

Asset name	% of fund
1 Goodman Group	0.5
2 Fisher & Paykel Healthcare	0.5
3 eMini S&P 500 (CME) Mar 24	0.5
4 Auckland Int Airport Ltd.	0.4
5 Visa Inc. Class A	0.4
6 Spark NZ Ltd.	0.4
7 Equinix, Inc.	0.3
8 Infratil Ltd.	0.3
9 Nestle S.A.	0.3
10 Contact Energy Ltd.	0.3
Total top 10 growth holdings	3.9

Top 10 income holdings

Asset name	% of fund
1 Euro Bund (EUR) Mar 24	1.5
2 3M SOFR (CME) Mar 24	1.5
3 NZ Govt 3.5% 14/04/2033	1.1
4 Euribor (IFEU) Mar 25	1.0
5 Euribor (IFEU) Mar 24	1.0
6 NZ Govt 4.5% 15/04/2027	0.8
7 NZ Govt 3.0% 20/04/2029	0.7
8 NZ Govt 2.0% 15/05/2032	0.7
9 NZ Govt 0.25% 15/05/2028	0.6
10 NZ Govt 2.75% 15/04/2025	0.6
Total top 10 income holdings	9.5

Geographic allocation



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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