

OneAnswer Multi-Asset-Class Funds

Conservative Balanced Fund

About this fund

The Conservative Balanced Fund invests mainly in income assets, with some exposure to growth 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

Responsible investing

Our approach to responsible investment is a core component in the way we research, select and manage investments.

Our Responsible Investment Framework at anz.co.nz/responsibleinvesting sets out our approach to responsible investment and how we apply it to our investment activities. It also sets out how we monitor and report on our approach.

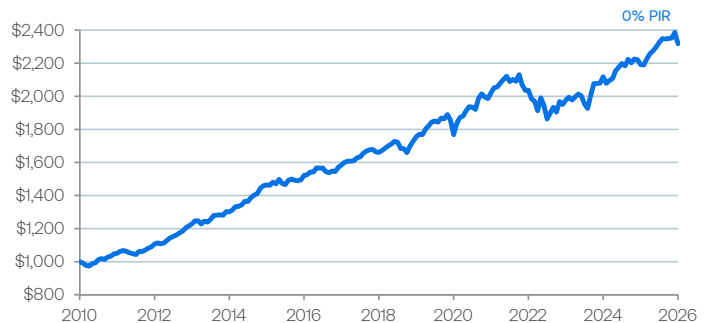
We believe investment decisions must consider environmental, social and governance (ESG) factors, so we can add value for our investors over the long term.

How has this fund performed



PIR (tax rate)	1mth	3mth	6mth	1yr	3yrs	5yrs	10 yrs
0%	-2.90%	-1.38%	-0.40%	5.71%	5.43%	2.64%	4.22%
17.5%	-2.57%	-1.27%	-0.37%	5.16%	4.86%	2.39%	3.81%
28%	-2.37%	-1.21%	-0.36%	4.83%	4.52%	2.24%	3.56%

Fund performance since inception



Performance is shown after fees and before tax, unless stated. Performance for periods longer than one year are annualised.

This fund at a glance

Size of the fund	\$197.3m
Number of holdings	4,876
Fund start date	April 2010
Suggested minimum investment timeframe	5 years
Annual fund charge	0.80%

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 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

The fund holds a large allocation to bonds, both in New Zealand and overseas, which make up a significant portion of its investments. Bond markets had a difficult quarter and did not provide their usual stability. Rising global tensions, including conflict involving the US, Israel and Iran, pushed oil prices higher and revived concerns that inflation could increase again. This led investors to reassess the outlook for interest rates, causing bond prices to fall.

New Zealand bonds generally followed offshore markets. While economic growth locally remains weak, inflation has stayed higher than expected. This led the Reserve Bank of New Zealand to signal greater concern about inflation, increasing market expectations that interest rates may need to rise. As a result, local bond returns were weaker over the quarter.

The fund also has an allocation to shares. Share markets were volatile, with early optimism giving way to weaker conditions as uncertainty increased. Several overseas markets, which had earlier reached record highs, declined later in the quarter. New Zealand shares also fell, largely reflecting developments offshore, while company earnings results were mixed.

Following a strong start to the year, the decline in both bond and share markets resulted in negative returns for the quarter. One factor holding back performance was weaker returns from one of our international bond fund managers, due to exposure to UK bonds, which underperformed. This was partly offset by good company selection within our international shares, property and infrastructure investments.

Looking ahead, markets are likely to remain unsettled while global uncertainty persists. However, periods like this can also create opportunities. We currently favour US shares over European shares, as the US economy and company earnings appear more resilient, while European markets face greater exposure to energy-related pressures. We also see improving value in high-quality US government bonds following their recent sell-off.

Overall, we remain focused on maintaining a well-diversified portfolio that is appropriate for conservative balanced investors. While short-term fluctuations can be uncomfortable, the fund is designed to help manage risk while providing some exposure to growth over time.

Investment mix and currency hedging

Asset class	Investment mix		Hedging	Underlying fund managers
	Actual	Target		
Cash and cash equivalents	13.56%	19.00%	n/a	ANZ Investments
New Zealand fixed interest	15.12%	19.00%	n/a	ANZ Investments
International fixed interest	36.46%	29.00%	100%	ANZ Investments, Northern Trust, PIMCO Australia
Income assets	65.14%	67.00%		
Australasian listed property	1.32%	0.00%	101%	ANZ Investments
International listed property	1.11%	0.00%	96%	Resolution Capital
Australasian equities	7.64%	10.00%	67%	ANZ Investments, Pandal
International equities	23.33%	23.00%	58%	Northern Trust, BlackRock Investment Management, LSV Asset Management, PIMCO Australia
Emerging markets	0.00%	0.00%	n/a	RBC BlueBay, Lazard Asset Management
Other (listed infrastructure)	1.46%	0.00%	96%	Maple-Brown Abbott
Other (incl. alternatives)	0.00%	0.00%	n/a	n/a
Growth assets	34.86%	33.00%	n/a	

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 equity holdings

Asset name	% of fund
1 NVIDIA	0.9
2 Fisher & Paykel Healthcare	0.9
3 Apple	0.8
4 Microsoft	0.5
5 Infratil	0.5
6 Auckland Int Airport	0.5
7 Contact Energy	0.5
8 Amazon	0.4
9 Goodman Group	0.3
10 Mainfreight	0.3
Total top 10 equity holdings	5.6

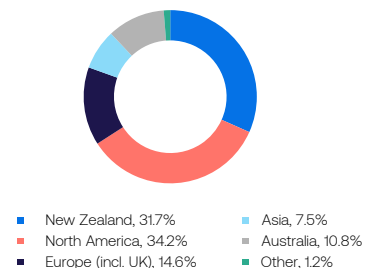
*excludes international equity holdings managed by PIMCO

Top 10 fixed interest holdings

Asset name	% of fund
1 UMBS 30yr TBA 1M Cash 5.0	1.6
2 NZ Govt 4.5 May 2035	0.9
3 Westpac NZ 3.255 Jul 2026	0.9
4 NZ Govt 4.25 May 2036	0.8
5 NZ Govt 3.5 Apr 2033	0.8
6 NZ Govt 4.25 May 2034	0.7
7 Cooperative Rabobank 3.325 Apr 2027	0.7
8 NZ Govt 2.0 May 2032	0.6
9 National Australia Group NZ Nov 27	0.6
10 ASB Bank 3.19 Oct 2027	0.6
Total top 10 fixed interest holdings	8.2

*excludes international fixed interest holdings managed by PIMCO

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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