

OneAnswer Single-Asset-Class Funds

International Fixed Interest Fund

About this fund

The International Fixed Interest Fund invests mainly in international fixed interest assets.

Your investment team

ANZ Investments has appointed two fund managers to manage and adjust the mix of assets for this fund.

- Northern Trust Investments, Inc
- PIMCO Australia Pty Limited

Each of these managers manages portfolios of international fixed interest assets issued by governments, government agencies, companies, banks and global corporates.

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.

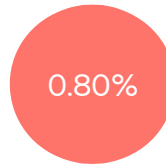
Our Responsible Investment Framework at anz.co.nz/responsibleinvesting sets out our approach to responsible investment and how we apply it to our investment activities. It also sets out how we monitor and report on our approach.

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



1 year



10 years



Since inception

PIR (tax rate)	1mth	3mth	6mth	1yr	3yrs	5yrs	10 yrs
0%	-2.51%	-1.28%	-0.84%	1.25%	2.59%	-0.94%	0.80%
17.5%	-2.07%	-1.05%	-0.69%	1.03%	2.14%	-0.76%	0.67%
28%	-1.81%	-0.92%	-0.60%	0.91%	1.88%	-0.65%	0.59%

Fund performance since launch



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	\$4.4m
Number of holdings	2625
Fund start date	September 2013
Suggested minimum investment timeframe	5 years
Annual fund charge	0.63%

Market and fund review

Global bond markets ended the quarter lower, largely driven by inflation concerns stemming from the war in the Middle East, while the surge in Japanese bond yields early in the quarter also put pressure on global bond markets. When bond yields rise, bond prices fall.

After the US-Israel strikes on Iran and key infrastructure in the Middle East, oil and other commodities shot higher, which led to concerns of a reacceleration of inflation – a scenario where bonds tend to underperform. In response to this, central banks began to echo the concerns around inflation. The US Federal Reserve (the Fed) left interest rates unchanged, highlighting the difficult trade-off between a slowing labour market, which would normally argue for rate cuts, and persistent inflation pressures, which justify tighter policy.

The Reserve Bank of Australia (RBA) raised its policy rate by 25 basis points to 4.10%, citing a “material risk” that inflation could remain above target for longer, partly reflecting rising fuel costs. Meanwhile, in Europe, both the Bank of England (BoE) and the European Central Bank (ECB) kept interest rates on hold. The ECB lifted its short-term inflation expectations, while the BoE warned that an inflation shock could push inflation to 3.5%.

Over the quarter, the yield on the US 10-year government bond rose 15 basis points to 4.32%. Meanwhile, equivalents in the UK and Australia rose to their highest levels in more than a decade.

The fund invests in three different fixed interest strategies, managed by Northern Trust and PIMCO. Using multiple managers and approaches helps spread risk and provides exposure to a wide range of bond markets around the world. Over the quarter, fixed interest markets were weak overall, and all three strategies posted negative returns, broadly in line with global bond markets.

The strongest performer was the government bond strategy, which focuses on high-quality sovereign bonds. These held up relatively better as investors became more cautious amid rising geopolitical tensions, although government bond prices still fell overall, particularly in Japan and the UK.

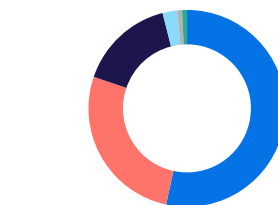
The PIMCO-managed global bond strategy was the weakest, as rising inflation concerns and market uncertainty hurt longer-dated bonds and credit markets. The international credit strategy performed in between the two, with its diversified mix of corporate bonds helping to limit losses.

Fund characteristics

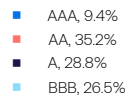
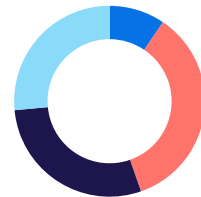
Top 10 holdings

Asset name	% of fund
1 UMBS 30yr TBA 1M Fwd Cash 5.0	4.5%
2 Cswap: JPY/USD Jun 2027	2.8%
3 GNMA2 30yr TBA 1M Fwd 6.5	1.1%
4 GNMA2 30yr TBA Cash 3.5	1.1%
5 Treasury Bond 4.5 Nov 2054	0.8%
6 UK Govt 4.375 Mar 2030	0.8%
7 UMBS 30yr TBA Cash 5.0	0.6%
8 France Govt 2.75 Feb 2029	0.5%
9 France Govt 2.75 Feb 2030	0.5%
10 Cswap: JPY/USD Sep 2031	0.5%
Total top 10 holdings	13.2%

Geographic allocation (One month delay)



Credit rating allocation (One month delay)



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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