

31 January 2024

ONEANSWER SINGLE-ASSET-CLASS FUNDS

INTERNATIONAL FIXED INTEREST FUND

ABOUT THIS FUND

The International Fixed Interest Fund invests mainly in international fixed interest assets. Investments may include fixed interest assets issued by governments or international companies, and cash and cash equivalents.

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

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

THIS FUND AT A GLANCE

Size of the fund	\$2.4m
Number of holdings	3,164
Fund start date	September 2013
Suggested minimum investment timeframe	5 years
Annual fund charge	0.63%

The OneAnswer Single-Asset-Class Funds guide and product disclosure statement is available at anz.co.nz/OA-investmentdocs.

HOW THIS FUND HAS PERFORMED

2.06%

1 year

1.30%

10 years

1.41%

Since inception

PIR (tax rate)	1mth	3mth	6mth	1yr	3yrs	5yrs	10 yrs
0%	-0.86%	6.31%	3.19%	2.84%	-4.09%	-0.25%	1.80%
17.5%	-0.71%	5.19%	2.63%	2.35%	-3.37%	-0.19%	1.49%
28%	-0.62%	4.51%	2.30%	2.06%	-2.94%	-0.16%	1.30%

Fund performance since launch



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.

MARKET AND FUND REVIEW

It was an up-and-down start to the year for US bond markets. Bonds initially sold off, which saw yields rise, after comments from US Federal Reserve (the Fed) policymakers who pushed back on the idea that rate cuts would be forthcoming early in 2024. Fed Governor, Christopher Waller, said that the easing of monetary policy should not be “rushed” and when it begins it should be done “methodically and carefully”.

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 rallied to close out January, after Fed Chair Jerome Powell reiterated that interest rates had peaked, and cuts are likely this year. “We believe that our policy rate is likely at its peak for this tightening cycle and that if the economy evolves broadly as expected, it will likely be appropriate to begin dialling back policy restraint at some point this year”, he said.

Elsewhere, European bonds were lower over the month, meaning yields rose, after the ECB pushed back on the chances of early interest rate cuts, while in Australia, slower-than-expected inflation data saw Australian bonds outperform.

Overall, the fund’s GDP-weighted approach detracted from fund performance during the month. Although the fund is overweight to US bonds – which delivered the most resilient performance in January – the fund is also overweight to UK bonds, which were some of the worst performers. UK bonds had a particularly challenging start to the New Year as investors began to rethink the timing of Bank of England interest rates cuts following an unexpected acceleration in inflation there.

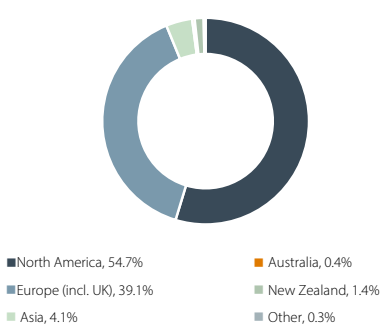
After a challenging couple of years, bonds have had a nice recovery as recent commentary from most of the major central banks confirms they are at the end of their interest rate hiking cycles. With interest rates set to decline from here, this should be supportive of the returns from bonds going forward. And with the prospect of some economies heading for recession, bonds should provide a good foundation for investment portfolios, offering cashflows, while providing capital preservation.

FUND CHARACTERISTICS

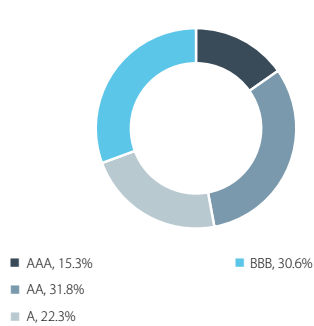
Top 10 holdings

Asset name	% of fund
1 CDI CDX.NA 1 USD1228	1.8%
2 3M SOFR (CME) Mar 24	1.5%
3 Euribor (IFEU) Mar 25	1.0%
4 Euribor (IFEU) Mar 24	0.9%
5 2Y T-Note (CBT) Mar 24	0.6%
6 Umbs Tba 30yr 4.5% March Deliver	0.4%
7 3M SOFR (CME) Sep 25	0.4%
8 3M SOFR (CME) Jun 25	0.4%
9 5Y T-Note (CBT) Mar 24	0.4%
10 Hong Kong Region 1.68% 21/01/20	0.3%
Total top 10 holdings	8%

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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