

31 January 2024

ONEANSWER SINGLE-ASSET-CLASS FUNDS

NEW ZEALAND FIXED INTEREST FUND

ABOUT THIS FUND

The New Zealand Fixed Interest Fund invests mainly in New Zealand fixed interest assets. Investments may include fixed interest assets issued by New Zealand or international entities denominated in New Zealand dollars, and cash and cash equivalents

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/OA-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.

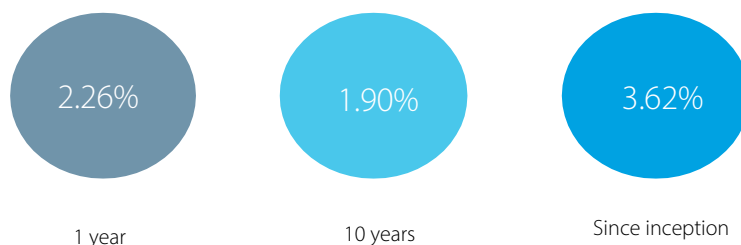
Find out more about our responsible investing approach at anz.co.nz/responsible-investing

THIS FUND AT A GLANCE

Size of the fund	\$7.6m
Number of holdings	92
Fund start date	February 1991
Suggested minimum investment timeframe	5 years
Annual fund charge	0.47%

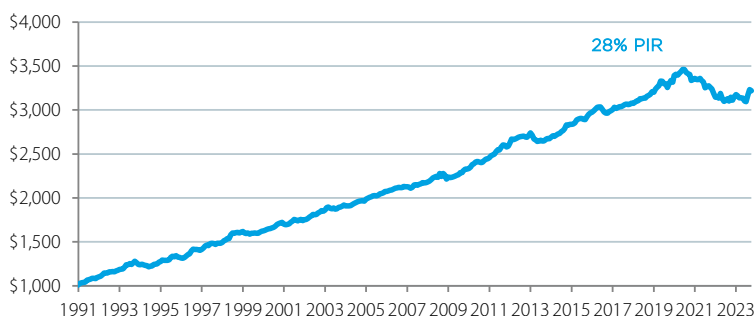
The OneAnswer Single-Asset-Class Funds guide and product disclosure statement is available at anz.co.nz/OA-investmentdocs.

HOW THIS FUND HAS PERFORMED



PIR (tax rate)	1mth	3mth	6mth	1yr	3yrs	5yrs	10 yrs
0%	-0.66%	5.58%	3.43%	3.11%	-2.59%	0.41%	2.63%
17.5%	-0.54%	4.59%	2.83%	2.58%	-2.13%	0.35%	2.17%
28%	-0.47%	3.99%	2.47%	2.26%	-1.85%	0.32%	1.90%

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

New Zealand bond prices were lower in January, with the domestic 10-year government bond yield rising to a five-week high early in the month, as it largely took its direction from offshore markets.

Although economic data showed the annual pace of inflation had slowed to 4.7%, investors remained cautious about the level on non-tradeable inflation, which rose at an annual pace of 5.9%, driven largely by housing-related items such as rents, buildings costs and rates. Non-tradeable inflation is domestically generated inflation that can be more challenging to bring down.

Bonds remained under pressure after Reserve Bank of New Zealand (RBNZ) chief economist, Paul Conway, gave a speech where he reaffirmed the central bank's commitment to bring inflation back to target levels. At a time when several central banks are starting to suggest interest cuts could be on the horizon, Conway said "we still have a way to go to get inflation back to the target midpoint".

The yield on the New Zealand 10-year government bond rose 24 basis points in January. And the weakness in government bonds saw them underperform corporate bonds.

After a strong rally to close out 2023, the fund was short bonds for the majority of January, which helped relative performance as bond prices fell across the board.

Activity in the bond market was particularly quiet in January, while across the Tasman, there was a strong start to the year in terms of issuance, especially among the financials sector.

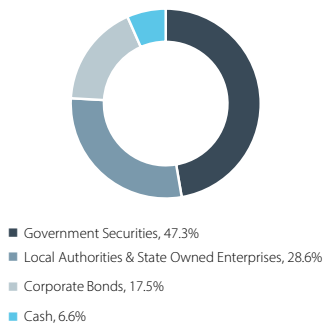
Overall, our preference is to be long bonds with the expectation that the domestic economy is slowing, and at some stage this year the RBNZ will have to cut interest rates. Nevertheless, with inflation still well above the central bank's target level, we expect periods of volatility.

FUND CHARACTERISTICS

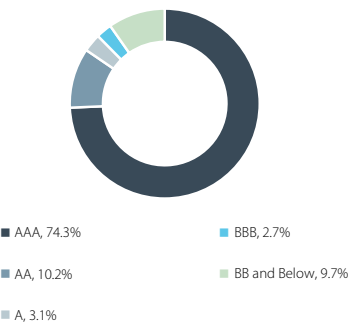
Top 10 holdings

Asset name	% of fund
1 NZ Govt 3.5% 14/04/2033	6.5%
2 NZ Govt 4.5% 15/04/2027	5.0%
3 NZ Govt 3.0% 20/04/2029	4.2%
4 NZ Govt 2.0% 15/05/2032	3.9%
5 NZ Govt 0.25% 15/05/2028	3.9%
6 NZ Govt 2.75% 15/04/2025	3.8%
7 NZ Govt 1.5% 15/05/2031	3.4%
8 NZ Govt 0.5% 15/05/2026	3.2%
9 NZ Govt 2.75% 15/04/2037	2.8%
10 NZ Local Govt Funding Agency Ltd	2.6%
Total top 10 holdings	39%

Sector allocation



Credit rating 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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