

31 July 2020

Balanced Growth Fund*

Fund description

Invests mainly in growth assets (equities, listed property and listed infrastructure), with some exposure to income assets (cash and cash equivalents and fixed interest). The fund also has a small exposure to alternative assets.

Market and fund review

International equity markets finished July higher, with some major indices we track recording their fourth-consecutive winning month as the post-COVID-19 rally showed no signs of slowing. The rally was helped in part by promising signs in the hunt for a vaccine to treat the virus.

In the US, technology shares continued their stellar run, with the NASDAQ 100 surging to a new record high, rising 7.4% over the month. There were strong gains in large-cap tech stocks including Apple, Google, Microsoft and Facebook. Elsewhere, the broader S&P 500 gained 5.5% over the month. New Zealand markets also posted gains, but slightly underperformed US markets with the NZX 50 ending July up 2.4%.

Meanwhile, global bond markets had a relatively quiet month, with central banks offering little change to their accommodative policy stance. In the US, the Federal Reserve left interest rates unchanged, continuing to say it's ready to do what is needed to support the economy amid the pandemic. "We are committed to using our full range of tools to support our economy in this challenging environment," said Fed Chairman, Jerome Powell.

In New Zealand, bond markets recorded small gains as interest rates continued to grind lower – a scenario in which bonds tend to perform well. The yield on the New Zealand 10-year government bond fell 19 basis points in July, closing at 0.74%, its lowest level since May.

In July, we maintained our small overweight to international equities believing the level of fiscal stimulus will support the economy through this period of uncertainty. Furthermore, we are starting to see some good progress on the vaccine front. Additionally, we added a small overweight to Australian equities.



New Zealand Fund Manager of the Year
For more information, see anz.co.nz/OA-Investmentsawards

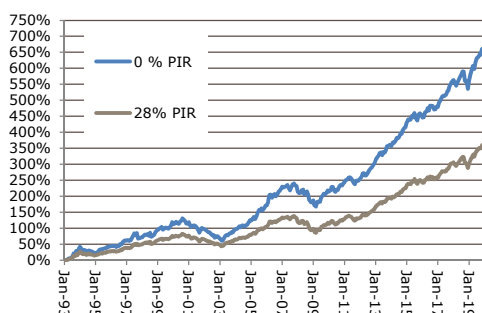


Fund performance

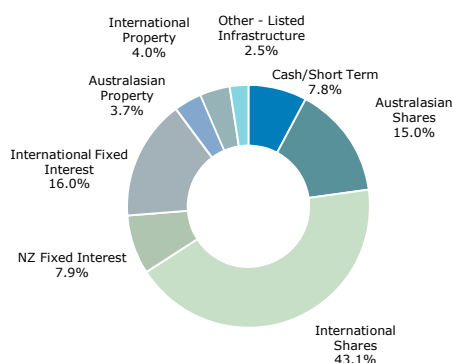
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	2.3%	6.4%	-1.7%	3.6%	7.1%	6.2%	7.7%
At 28% PIR Tax	2.0%	5.5%	-2.4%	2.6%	6.3%	5.1%	5.7%

Performance is after fund fees and stated PIR. The 28% PIR return series shows returns at the highest PIR at the time of the performance. The fund became a PIE fund on 1 October 2007. Performance of the 0% PIR prior to this date has been recalculated on a before tax basis. Performance of the 28% PIR prior to this date are reflective of the tax regime for that period. Performance for periods longer than one year are annualised.

Fund performance since launch

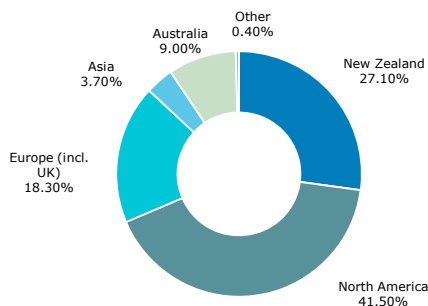


Actual investment mix



The actual 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.

Country allocation



Top 10 Holdings

1	eMini S&P 500 (CME) Sep 20	2.5%
2	ASX SPI 200 (SFE) Sep 20	2.0%
3	Fisher & Paykel Healthcare Ltd.	1.4%
4	a2 Milk Company Ltd.	1.1%
5	NZ Govt 2.75% 15/04/2037	1.0%
6	Visa Inc. Class A	1.0%
7	Euro STOXX 50 (EUR) Sep 20	1.0%
8	ASB RCD 27/10/20	0.8%
9	ASB RCD 25/09/2020	0.8%
10	Nestle S.A.	0.7%

Total Top 10 Holdings	12.3%
# of holdings	6212

Asset class performance (before fund fees and tax)

	1mth	3mth	6mth	1yr	3yrs	5yrs
Cash and cash equivalents	0.1%	0.2%	0.8%	1.8%	2.3%	2.6%
NZ fixed interest	1.0%	1.2%	5.2%	6.7%	6.5%	5.5%
International fixed interest	1.7%	2.6%	6.2%	9.3%	6.2%	5.4%
Australasian listed property	5.0%	12.8%	-14.8%	-6.0%	9.7%	8.9%
International listed property	4.1%	7.1%	-13.6%	-5.6%	3.8%	4.4%
Australasian equities	0.8%	8.6%	-6.7%	0.0%	8.6%	7.8%
International equities (unhe	2.2%	5.8%	-1.7%	7.6%	13.2%	9.3%
Listed infrastructure	2.9%	3.2%	-13.2%	-6.2%		

Performance by asset class shows the performance of the underlying wholesale strategies in which the fund invests. Asset allocation decisions, hedging, fees and other factors will influence the return received by the fund. Performance for periods longer than one year are annualised.

* On 15 May 2020, the name of the "Balanced Fund" was changed to the "Balanced Growth Fund". This is a name change only. The target investment mix has not changed and it retains the same growth / income split.

Balanced Growth Fund

Benchmark weights

	Investment Mix	Target	Allowable Ranges	Aggregate Permissible Ranges
Cash	6.0%		0-26%	20-50
NZ Fixed Interest	9.0%		0-24%	
International Fixed Interest	20.0%		5-35%	
Australasian Property	3.5%		0-	50-80
International Property	4.0%		17.5%	
Australasian Shares	14.0%		0-29%	
International Shares	41.0%		26-56%	
International Listed Infrastructu	2.5%		0-10%	
Alternative Assets	0.0%		0-15%	
Total	100.0%			

Hedging levels

	Benchmark hedging rate	Current hedging
Cash	No foreign currency exposure	n/a
NZ Fixed Interest	No foreign currency exposure	n/a
International Fixed Interest	Benchmark 100% hedged	99%
Australasian Property	Benchmark 100% hedged	101%
International Property	Benchmark 100% hedged	100%
Australasian Shares	Benchmark 50% AUD hedged (range of 0-100%)	47%
International Shares	Benchmark 65% hedged (range of 0-100%)	61%
Listed infrastructure	Benchmark 100% hedged	101%

External fund managers

Cash	ANZ Investments
NZ Fixed Interest	ANZ Investments
International Fixed Interest	Vanguard Investments Australia Limited, PIMCO Australia Pty Ltd*
Australasian Property	ANZ Investments
International Property	Resolution Capital Limited
Australasian Shares	ANZ Investments, Nikko AM Limited
International Shares	The Franklin Equity Group, MFS Institutional Advisors, LSV Asset Management, Vontobel
Alternative Assets	Pomona Capital
Listed infrastructure	Maple-Brown Abbott Limited
Asset Allocation & Currency	ANZ Investments

*On 15th May 2020, we added PIMCO Australia Pty Limited as an additional investment manager to our international fixed interest asset class. PIMCO invest in similar assets to our existing investment manager Vanguard Investments Australia, and like Vanguard, are restricted to investment grade securities. PIMCO provide a broad active management approach to international fixed interest and we believe will help to improve the expected return of this asset class.

Additional fund details

Minimum transaction size

Lump sum withdrawals	\$500
Regular withdrawals	\$100

Fees

Annual fund charge	1.07%
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Launch date

22 January 1993

Detailed fund information

[Guide and product disclosure statement](#)

Forms to alter your investment

[See form section of product disclosure statement](#)

Contact information

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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.

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For a copy of the OneAnswer Single-Asset-Class Funds guide and product disclosure statement, please contact ANZ Investments on 0800 736 034.

All market returns quoted in commentary are in local currency terms.