

Fund Update for the quarter ended 30 June 2020

OneAnswer KiwiSaver Scheme

International Fixed Interest Fund

This fund update was first made publicly available on: 27 July 2020

What is the purpose of this update?

This document tells you how the International Fixed Interest Fund has performed and what fees were charged. The document will help you to compare the fund with other funds. ANZ New Zealand Investments Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this fund

The International Fixed Interest Fund invests mainly in international fixed interest assets. Investments may include:

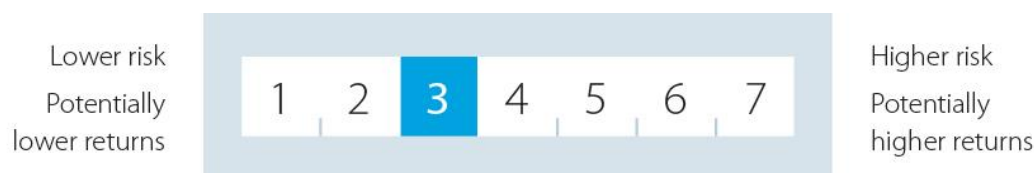
- fixed interest assets issued by governments or international companies, and
- cash and cash equivalents.

The fund aims to achieve a positive yearly return (after the fund charge and before tax) that over the long-term is in line with the relevant market index.

| | |
|---------------------------------|----------------|
| Total value of the fund (\$) | 3,477,270 |
| Number of investors in the fund | 243 |
| The date the fund started | 1 October 2007 |

What are the risks of investing?

Risk indicator for the International Fixed Interest Fund:



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at anz.co.nz/OA-riskprofiletool.

Note that even the lowest category does not mean a risk-free investment, and there may be other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five years ended 30 June 2020. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates.

See the product disclosure statement (PDS) for more information about the risks associated with investing in this fund.

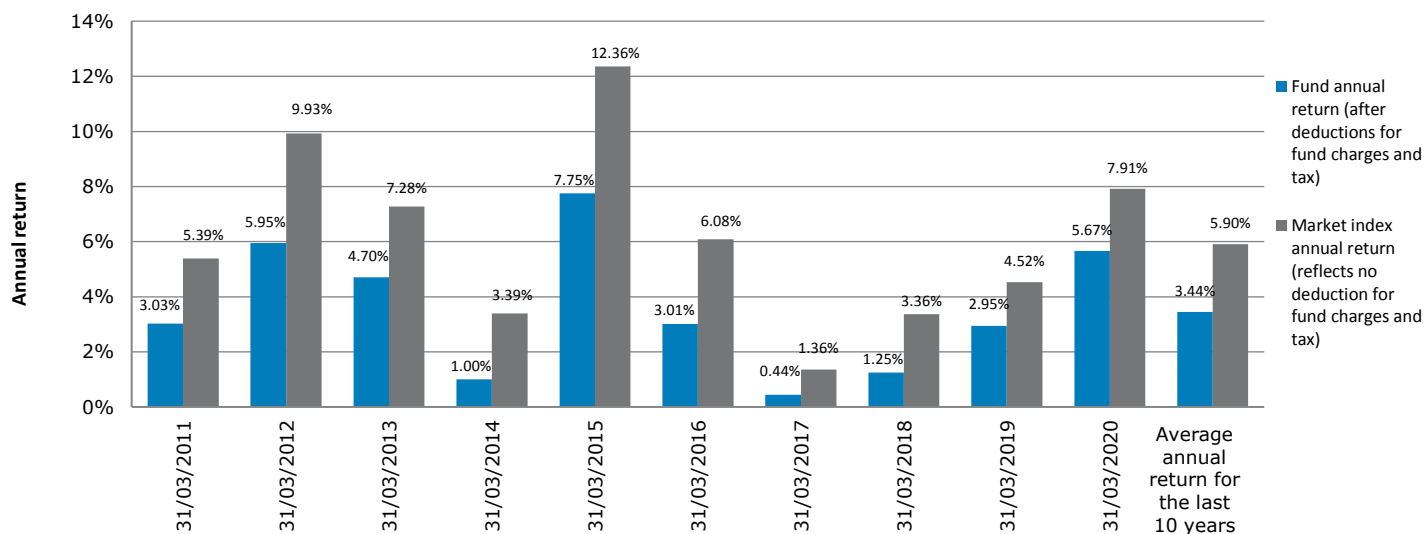
How has the fund performed?

| | Average over past five years | Past year |
|--|------------------------------|-----------|
| Annual return (after deductions for charges and tax) | 3.16% | 4.95% |
| Annual return (after deductions for charges but before tax) | 4.40% | 6.89% |
| Market index annual return (reflects no deduction for charges and tax) | 5.39% | 6.64% |

The market index annual return is calculated using the return of the Bloomberg Barclays Global Aggregate Total Return Index (100% hedged to the New Zealand dollar). Prior to 15 May 2020, the market index annual return was calculated using the return of the Bloomberg Barclays Global Treasury index (100% hedged to NZD) and the Bloomberg Barclays Global Aggregate Corporate index (100% hedged to NZD). The market index for this fund was changed on 15 May 2020, to reflect the fund’s broader more actively managed fixed interest universe.

Additional information about the market index is available in the statement of investment policy and objectives on the offer register at www.disclose-register.companiesoffice.govt.nz.

Annual return graph



This shows the return after fund charges and tax for each of the last 10 years ending 31 March. The last bar shows the average annual return for the last 10 years, up to 30 June 2020.

Important: This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

What fees are investors charged?

Investors in the International Fixed Interest Fund are charged fund charges. In the year to 31 March 2020 these were:

| | % of net asset value |
|--|----------------------|
| Total fund charges¹ | 0.78% |
| <i>Which are made up of:</i> | |
| Total management and administration charges | 0.78% |
| <i>Including:</i> | |
| Manager's basic fee | 0.75% |
| Other management and administration charges | 0.03% |
| Total performance based fees | 0.00% |

| | Dollar amount per investor |
|-----------------------------|----------------------------|
| Other charges | |
| Membership fee ² | \$18 |

Investors are not currently charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds). See the PDS for more information about Scheme fees.

Small differences in fees and charges can have a big impact on your investment over the long term.

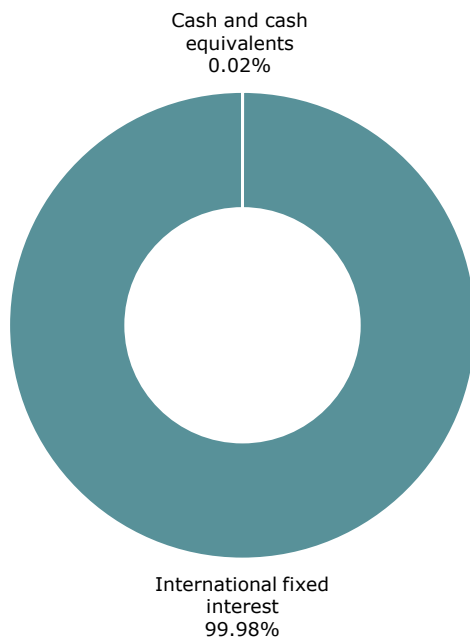
Example of how this applies to an investor

Sarah had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year, Sarah received a return after fund charges were deducted of \$495 (that is 4.95% of her initial \$10,000). Sarah also paid \$18 in other charges. This gives Sarah a total gain after tax of \$477 for the year.

What does the fund invest in?

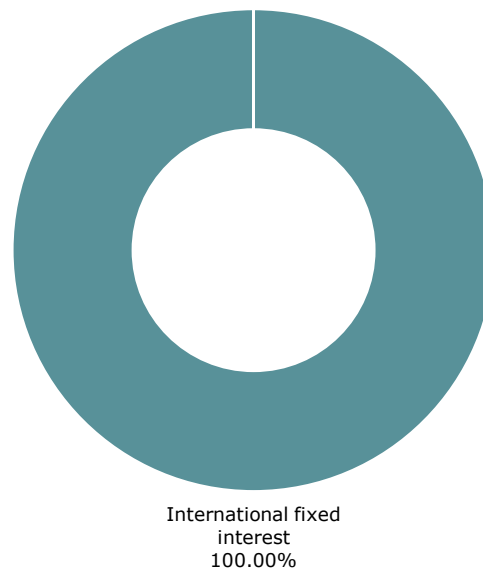
Actual investment mix³

This shows the types of assets that the fund invests in.



Target investment mix³

This shows the mix of assets that the fund generally intends to invest in.



Top 10 investments

| | Name | Percentage of fund net assets | Type | Country | Credit rating (if applicable) |
|----|--|--------------------------------------|------------------------------|----------------|--------------------------------------|
| 1 | EUR Current Account | 0.74% | Cash and cash equivalents | | |
| 2 | United States Treasury 0.125% 31 May 2022 | 0.63% | International fixed interest | United States | AA+ |
| 3 | Cash Deposit (J.P. Morgan USD) | 0.55% | Cash and cash equivalents | United States | A-1 |
| 4 | Denmark Government Bond 4.5% 15 Nov 2039 | 0.51% | International fixed interest | Denmark | AAA |
| 5 | United States Treasury 2.375% 15 Aug 2024 | 0.47% | International fixed interest | United States | AA+ |
| 6 | United States Treasury 2.25% 30 Apr 2024 | 0.43% | International fixed interest | United States | AA+ |
| 7 | United States Treasury 1.375% 31 Jan 2022 | 0.36% | International fixed interest | United States | AA+ |
| 8 | United States Treasury 2.75% 15 Feb 2028 | 0.34% | International fixed interest | United States | AA+ |
| 9 | United States Treasury 2% 31 Dec 2021 | 0.30% | International fixed interest | United States | AA+ |
| 10 | Hong Kong Government Bond 1.1% 17 Jan 2023 | 0.29% | International fixed interest | Hong Kong | AA+ |

The top 10 investments make up 4.62% of the net asset value of the fund.

Currency hedging

| | Benchmark hedging rate | Current hedging level |
|------------------------------|-------------------------------|------------------------------|
| International fixed interest | Benchmark 100% hedged | 100% |

Key personnel

This shows the directors and employees who have the most influence on investment decisions in relation to the fund.

| Name | Current position | Time in current position | Previous or other current position | Time in previous or other current position |
|----------------|--|---------------------------------|---|---|
| Paul Huxford | Chief Investment Officer, New Zealand | 2 years | Acting Chief Investment Officer, ANZ Bank New Zealand Limited | 3 months |
| Maaïke van Tol | Co-Head of Diversified Portfolio Management | 1 year and 4 months | Senior Asset Allocation Manager, ANZ Bank New Zealand Limited | 1 year and 8 months |
| Peter Jones | Senior Manager, Investment Management | 8 years and 5 months | Head of Fixed Interest, ANZ Bank New Zealand Limited | 6 years |
| Iain Cox | Australasian Head of Fixed Interest and Cash | 6 years and 4 months | Senior Fixed Interest Analyst, ANZ Bank New Zealand Limited | 2 years and 10 months |

Further information

You can also obtain this information, the PDS for the OneAnswer KiwiSaver Scheme, and some additional information from the offer register at www.disclose-register.companiesoffice.govt.nz.

Notes

- Our fund charges are inclusive of GST, where applicable.
- From 1 May 2020, the membership fee was removed for members over 65 years. If you are aged between 18 and 65 years, we will charge you a membership fee at the scheme level for looking after your KiwiSaver account. If you're invested in more than one fund, this fee will be deducted from the fund with the highest balance.
- The target and actual investment mix of this fund are based on:
 - the cash and cash equivalents held by the fund, and
 - the asset class of the underlying fund in which the fund invests.
They are not based on the cash and cash equivalents or any other assets held by the underlying fund.