

31 August 2017

Conservative Fund



Fund description

The Conservative Fund invests mainly in income assets (cash and cash equivalents and fixed interest), with a smaller exposure to growth assets (equities and listed property). The fund may also invest in alternative assets.

Market Review

The fund recorded a positive return for the month beating the index. International shares were comfortably the best performer for the month in nominal terms. New Zealand share assets finished the month 0.65% ahead of the index, providing the best relative performance within the fund, just ahead of the outperformance from New Zealand property assets.

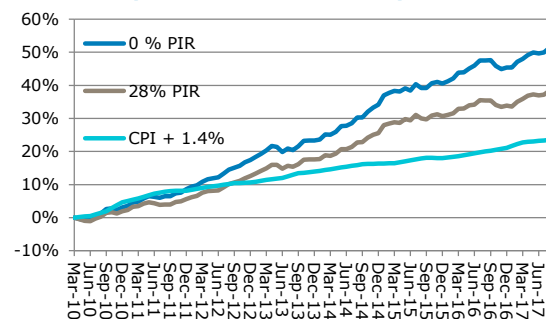
It was also a good month for fixed interest markets, with yields falling in most major markets. That saw returns in excess of 1% in international bonds and around 0.5% in the New Zealand market. Both were close to or slightly better than index. The lower yields, and therefore better August performance, were largely due to heightened geopolitical risk as North Korea carried out further missile tests. There was little to report in terms of monetary policy. Departing Reserve Bank of New Zealand Governor Graeme Wheeler's final statement was little changed from previous 2017 meetings. The likelihood of a change to the 1.75% official cash rate remains well into the future. Overall returns remain constrained for the medium term by low interest rates.

Fund performance

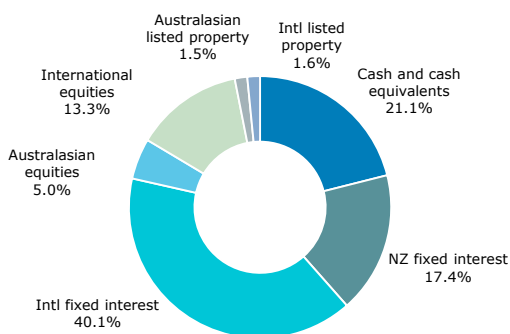
	1mth	3mth	6mth	1yr	3yrs	5yrs	Since Inception
At 0% PIR	0.9%	0.9%	2.9%	2.4%	5.1%	5.7%	5.7%
At 28% PIR	0.9%	0.8%	2.4%	2.2%	4.1%	4.7%	4.5%

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. Performance for periods longer than one year are annualised.

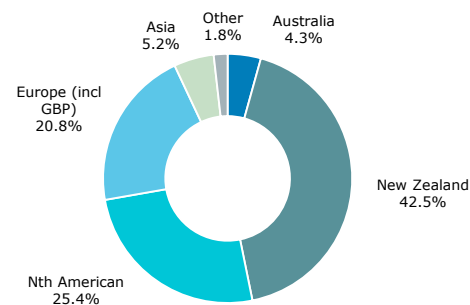
Fund performance since inception



Actual investment mix



Country allocation



Top 10 Holdings

1	NZ Govt Stock 5.0% 2019	2.6%
2	NZ Govt Stock 6.0% 2021	1.7%
3	NZ Govt Stock 5.5% 2023	1.4%
4	NZ Govt Stock 4.5% 2027	1.0%
5	NZ Govt Stock 3.0% 2020	1.0%
6	BNZ RCD 12/12/2017	0.9%
7	ASB RCD 17/11/2017	0.9%
8	ANZ RCD 20/10/2017	0.8%
9	ANZ Bank FRN 22/03/2019	0.8%
10	Rabobank RCD 19/09/2017	0.7%

Total Top 10 Holdings	11.8%
# of other holdings	1640

Asset class performance (before fund fees and tax)

	1mth	3mth	6mth	1yr	3yrs	5yrs
Cash and cash equivalents	0.2%	0.7%	1.3%	2.7%	3.2%	3.3%
NZ Fixed Interest	0.6%	0.5%	3.0%	0.8%	5.8%	4.5%
International Fixed Interest	1.2%	1.0%	2.3%	0.3%	5.2%	5.1%
Australasian listed property	1.1%	2.4%	3.8%	-1.5%	11.4%	13.9%
International listed property	0.4%	2.7%	1.3%	-0.7%	7.5%	11.0%
Australasian equities	3.3%	6.9%	8.3%	8.5%	8.1%	12.7%
International equities (unhedged)	4.7%	2.1%	12.3%	20.5%	14.5%	16.0%

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.

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Target investment mix and ranges

	Asset Class Mix	Target	Range	Aggregate Ranges
Cash and cash equivalents	20.0%		10-40%	70-90
NZ fixed interest	18.0%		8-28%	
International fixed interest	42.0%		32-52%	
Australasian listed property	1.5%		0-9%	10-30
International listed property	1.5%			
Australasian equities	5.0%		0-15%	
International equities	12.0%		2-22%	
Other (inc alternatives)	0.0%		0-8%	
Total	100.0%			

Hedging levels

	Benchmark hedging rate	Current hedging
Cash and cash equivalents	No foreign currency exposure	n/a
NZ fixed interest	No foreign currency exposure	n/a
International fixed interest	Benchmark 100% hedged	100%
Australasian listed property	Benchmark 100% hedged	100%
International listed property	Benchmark 100% hedged	98%
Australasian equities	Benchmark 50% AUD hedged (range of 0-100%)	50%
International equities	Benchmark 65% hedged (range of 0-100%)	58%

Underlying investment managers

Cash and cash equivalents	ANZ Investments
NZ fixed interest	ANZ Investments
International fixed interest	Vanguard Investments Australia Limited
Australasian listed property	ANZ Investments
International listed property	CBRE Clarion Securities
Australasian equities	ANZ Investments, Arnhem Investment Management
International equities	The Franklin Equity Group, MFS Institutional Advisors, LSV Asset Management, Vontobel
Currency	ANZ Investments

Launch date	Minimum transaction amounts	Detailed fund information
15 April 2010	Lump sum payments \$500	Guide and product disclosure statement (PDS)
Contact information	Regular payments \$50	Forms to alter your investment
	Lump sum withdrawals \$500	
	Regular withdrawals \$100	
0800 736 034	Fees	
service@anzinvestments.co.nz	Annual fund charge 1.24%	
www.anz.co.nz		

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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The Morningstar Analyst Rating for ANZ Investment Funds assigned on 30 September 2016 is Silver. See anzinvestments.co.nz/awards for our full awards history, ratings and disclaimers.