

31 August 2017

## Balanced Fund



### Fund description

The Balanced Fund invests in similar amounts of income assets (cash and cash equivalents and fixed interest) and growth assets (equities and listed property). The fund may also invest in alternative assets.

### Market Review

The fund reported a solid return for the month, with all asset classes contributing. International shares bounced back from a poor July to lead returns in nominal terms, although it was in New Zealand shares where we provided the best outperformance relative to the index.

New Zealand investors whose currency position was not hedged in international shares saw enhanced returns as the New Zealand dollar fell by around 4.5% on a trade-weighted index basis over the month. Market leaders in international shares were the familiar US tech-heavy NASDAQ index, Chinese and Hong Kong markets, and emerging markets – all of which had outstanding performance in local currency terms. The NASDAQ continued to set record highs, while the Chinese market has gained 10% since May and the Hang Seng over 30% for the year to date.

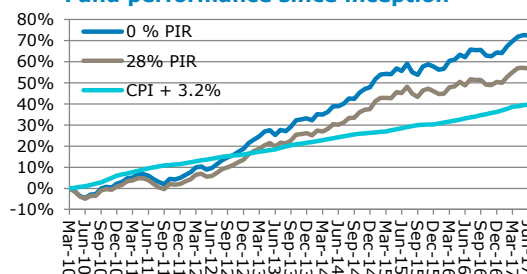
It was also a good month for fixed interest markets, with yields falling in most major markets. That saw returns in excess of 1% in international bonds and around 0.5% in the New Zealand market. Both were close to or slightly better than index. The lower yields, and therefore better August performance, were largely due to heightened geopolitical risk as North Korea carried out further missile tests. New Zealand economic data was mixed to a little weaker than expected, with soft employment figures and the Treasury's Pre-election Fiscal Update coming in a little short on the sweeteners some politicians had been hoping for. There was no change in monetary policy after Graeme Wheeler's final meeting as Governor of the Reserve Bank of New Zealand; the cash rate is expected to remain unchanged for some time to come.

### Fund performance

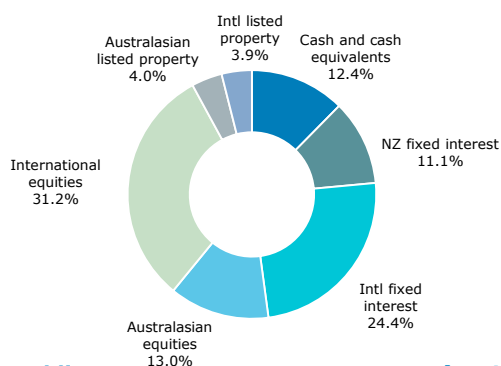
	1mth	3mth	6mth	1yr	3yrs	5yrs	Since Inception
0% PIR	1.3%	1.6%	4.7%	6.0%	7.1%	9.1%	7.9%
28% PIR	1.4%	1.5%	4.4%	5.4%	6.2%	7.9%	6.5%

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.

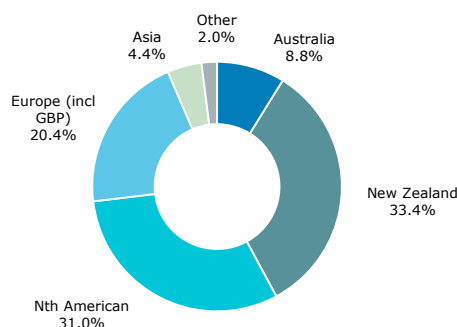
### Fund performance since inception



### Actual investment mix



### Country allocation



### Top 10 Holdings

1 NZ Govt Stock 5.0% 2019	1.7%
2 S&P 500 Future Sep 17	1.4%
3 NZ Govt Stock 6.0% 2021	1.1%
4 NZ Govt Stock 5.5% 2023	0.9%
5 Precinct Property NZ Ltd	0.7%
6 Westpac Banking Corporation	0.7%
7 NZ Govt Stock 4.5% 2027	0.7%
8 Visa Inc	0.6%
9 BNZ RCD 12/12/2017	0.6%
10 NZ Govt Stock 3.0% 2020	0.6%

Total Top 10 Holdings	9.0%
# 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.

## Balanced Fund

### Target investment mix and ranges

Asset Class	Target Mix	Range	Aggregate Ranges
Cash and cash equivalents	10.0%	0-30%	35-65
NZ fixed interest	12.0%	0-27%	
International fixed interest	28.0%	13-43%	
Australasian listed property	4.0%	0-18%	35-65
International listed property	4.0%		
Australasian equities	13.0%	0-28%	
International equities	29.0%	14-44%	
Other (inc alternatives)	0.0%	0-12%	
<b>Total</b>	<b>100.0%</b>		

### 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%)	49%
International equities	Benchmark 65% hedged (range of 0-100%)	57%

### 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

<b>Launch date</b>	<b>Minimum transaction amounts</b>	<b>Detailed fund information</b>
15 April 2010	Lump sum payments \$500	<a href="#">Guide and product disclosure statement (PDS)</a>
	Regular payments \$50	
<b>Contact information</b>	Lump sum withdrawals \$500	<b>Forms to alter your investment</b>
0800 736 034	Regular withdrawals \$100	<a href="#">See form section of the guide and PDS</a>
<a href="mailto:service@anzinvestments.co.nz">service@anzinvestments.co.nz</a>		
<a href="http://www.anz.co.nz">www.anz.co.nz</a>	<b>Fees</b>	
	Annual fund charge	1.34%

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](http://anzinvestments.co.nz/awards) for our full awards history, ratings and disclaimers.