

31 March 2018

## 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 registered a negative return of 1.4 for the quarter, as global financial markets came under pressure. Growth assets, such as shares and listed property, fell on the back of concerns around inflationary pressures and rising interest rates. However defensive assets, such as fixed interest (bonds) and cash, delivered small gains.

Even though the world's share markets fell over the quarter, some strong stock selection within our international share holdings helped to limit the losses for investors in the fund, with three out of our four underlying investment managers outperforming the market.

The fund has been underweight to global bonds as we believe that rising interest rates will hold back the returns from this asset class. This detracted from performance, as bonds held their ground as share markets fell. That said, an overweight allocation to cash provided an offset to this, as cash was one of the better performers this month.

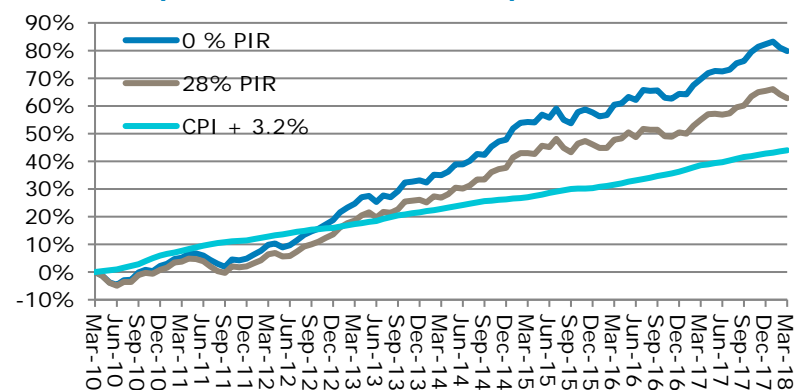
Our outlook is unchanged. International shares should be supported by strong global growth. That said, we hold a neutral allocation to the asset class, as we recognise that markets are slightly overvalued. Elsewhere we remain underweight in international bonds, as we expect them to struggle as global interest rates move higher this year.

### Fund performance

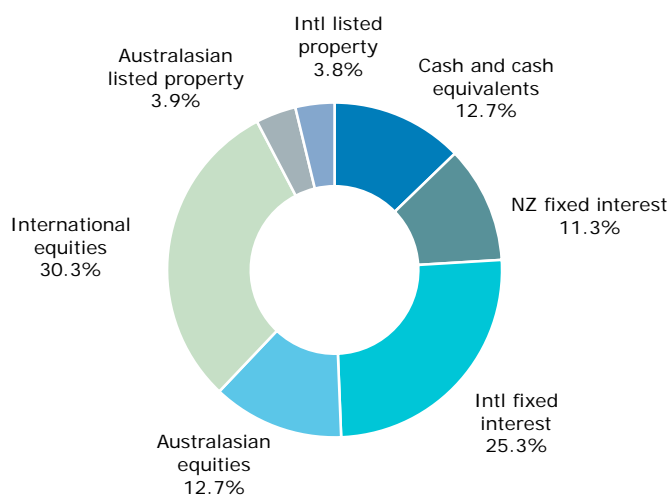
	1mth	3mth	6mth	1yr	3yrs	5yrs	Since Inception
0% PIR	-0.7%	-1.4%	2.0%	6.0%	5.2%	7.6%	7.6%
28% PIR	-0.8%	-1.6%	1.7%	5.0%	4.5%	6.5%	6.3%

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

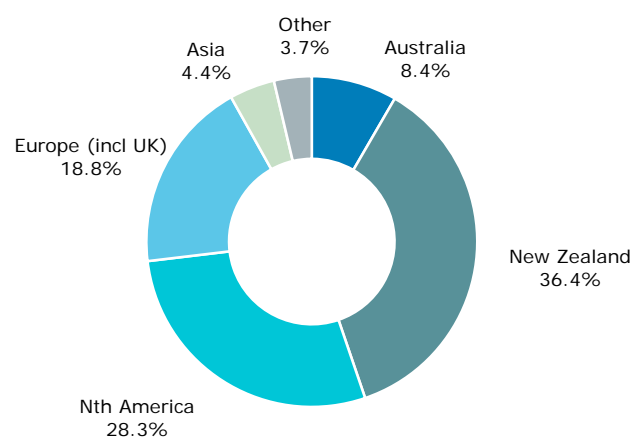


### Actual investment mix



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	NZ Govt Stock 5.0% 2019	1.2%
2	NZ Govt Stock 6.0% 2021	1.1%
3	NZ Govt Stock 5.5% 2023	0.9%
4	NZ Govt Stock 3.0% 2020	0.7%
5	A2 Corp Limited	0.7%
6	Visa Inc	0.6%
7	Precinct Property NZ Ltd	0.6%
8	BNZ RCD 02/05/2018	0.6%
9	Westpac Banking Corporation	0.6%
10	Kiwi Income Property Trust	0.6%
<b>Total Top 10 Holdings</b>		<b>7.6%</b>
<b># of other holdings</b>		<b>1624</b>

### Asset class performance (before fund fees and tax)

	1mth	3mth	6mth	1yr	3yrs	5yrs
Cash and cash equivalents	0.2%	0.6%	1.3%	2.6%	2.9%	3.2%
NZ Fixed Interest	0.7%	0.7%	2.3%	4.8%	4.6%	4.5%
International Fixed Interest	1.3%	0.2%	1.0%	2.5%	3.0%	4.6%
Australasian listed property	0.6%	-4.6%	3.3%	5.3%	8.3%	12.4%
International listed property	1.8%	-5.3%	-0.7%	2.7%	2.2%	8.1%
Australasian equities	-2.7%	-4.4%	3.4%	7.8%	7.6%	9.4%
International equities (unhedged)	-2.4%	-1.8%	5.0%	13.7%	11.8%	14.9%

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	101%
International listed property	Benchmark 100% hedged	99%
Australasian equities	Benchmark 50% AUD hedged (range of 0-100%)	40%
International equities	Benchmark 65% hedged (range of 0-100%)	60%

### 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> 15 April 2010	<b>Minimum transaction amounts</b> Lump sum payments \$500 Regular payments \$50	<b>Detailed fund information</b> <a href="#">Guide and product disclosure statement (PDS)</a>
<b>Contact information</b> 0800 736 034 <a href="mailto:service@anzinvestments.co.nz">service@anzinvestments.co.nz</a> <a href="http://www.anz.co.nz">www.anz.co.nz</a>	Lump sum withdrawals \$500 Regular withdrawals \$100	<b>Forms to alter your investment</b> <a href="#">See form section of the PDS</a>
	<b>Fees</b> Annual fund charge 1.31%	

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 16 March 2018 is Silver. See [anzinvestments.co.nz/awards](http://anzinvestments.co.nz/awards) for our full awards history, ratings and disclaimers.