

31 December 2017

Growth Fund



Fund description

The Growth Fund invests mainly in growth assets (equities and listed property), with a smaller exposure to income assets (cash

Market Review

The Growth Fund holds a broad range of investments, both in New Zealand and overseas. Over the quarter, the fund returned 5.0% and remains comfortably ahead of its long term objective.

International shares, which make up around half of the fund, were particularly strong. Strong global growth, some good corporate profit results and the likelihood of US share markets getting a further boost from US tax reforms helped them to register good gains. While our underlying international share managers lagged the benchmark over the quarter, over the year as a whole they have done well and have contributed to the fund's strong long-term track record.

The fund's strategic positioning had a slight positive impact on returns over the quarter. Its underweight position in fixed interest (bond) markets helped, as international bonds delivered only modest gains. That said, its overweight allocation to cash held back performance as the returns from cash lagged behind those from all other investment markets during the quarter.

Some good stock selection by our underlying investment managers also helped during the quarter. Of particular note was the fund's domestic and international listed property holdings, as well as in Australasian shares, where our managers delivered above-benchmark returns.

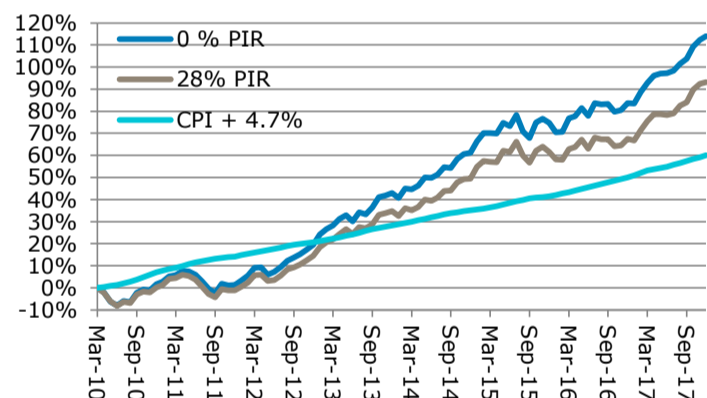
Our outlook is unchanged. We expect bond markets to struggle as global interest rates start moving higher and so we maintain our underweight position. While we believe international share markets will continue to do well, we hold a neutral position, as we recognise that markets look slightly overvalued at present.

Fund performance

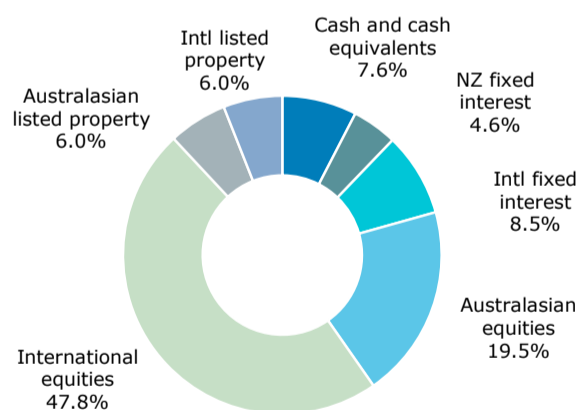
	1mth	3mth	6mth	1yr	3yrs	5yrs	Since Inception
0% PIR	0.8%	5.0%	8.5%	16.5%	9.9%	12.3%	10.4%
28% PIR	0.4%	5.0%	8.3%	15.3%	8.9%	11.0%	8.9%

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

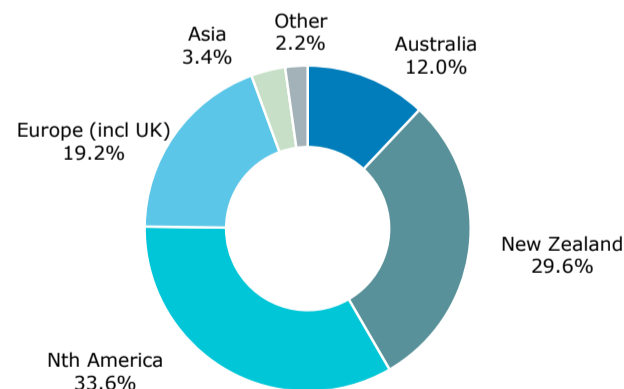


Actual investment mix



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 Visa Inc	1.0%
2 Kiwi Income Property Trust	1.0%
3 Fisher And Paykel Healthcare	0.9%
4 Precinct Property NZ Ltd	0.9%
5 Westpac Banking Corporation	0.9%
6 Reckitt Benckiser	0.9%
7 Spark New Zealand Ltd	0.8%
8 Roche Holding AG	0.7%
9 Commonwealth Bank Of Australia	0.7%
10 HDFC Bank Ltd	0.7%

Total Top 10 Holdings	8.5%
# of other holdings	1595

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%	3.1%	3.3%
NZ Fixed Interest	0.3%	1.6%	2.7%	5.7%	5.3%	4.5%
International Fixed Interest	0.1%	0.8%	1.3%	3.1%	4.0%	4.8%
Australasian listed property	3.2%	7.5%	8.7%	14.6%	11.5%	14.3%
International listed property	2.0%	4.9%	6.2%	9.2%	6.6%	10.9%
Australasian equities	1.9%	8.2%	12.7%	19.7%	11.0%	12.3%
International equities (unhedged)	-1.9%	6.9%	13.6%	25.2%	15.1%	16.7%

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.

Growth Fund

Target investment mix and ranges

Asset Class	Target Mix	Range	Aggregate Ranges
Cash and cash equivalents	4.0%	0-24%	0-40
NZ fixed interest	5.0%	0-25%	
International fixed interest	11.0%	0-31%	
Australasian listed property	6.0%	0-22%	60-100
International listed property	6.0%		
Australasian equities	20.0%	0-40%	
International equities	48.0%	28-68%	
Other (inc alternatives)	0.0%	0-15%	
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	101%
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%)	63%

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 15 April 2010	Minimum transaction amounts Lump sum payments \$500 Regular payments \$50	Detailed fund information Guide and product disclosure statement (PDS)
Contact information 0800 736 034 service@anzinvestments.co.nz www.anz.co.nz	Fees Annual fund charge 1.41%	Forms to alter your investment See form section of the PDS

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.