

31 December 2017

Equity Selection Fund

Fund description

Invests mainly in New Zealand and Australian equities. Investments may include equities in companies that are listed or intend to list on the New Zealand or Australian stock exchanges, and cash and cash equivalents.

Market and fund review

The fund returned 1.8% over the quarter. This was in line with its benchmark, but behind the broader share market index. Over the year as a whole, the fund has returned 7.6%.

The Equity Selection Fund is a 'best ideas' portfolio of around 15 stocks. Companies only make it into this fund where we have a high conviction they will outperform over the long term. The fund invests both in New Zealand and Australian companies.

The fund's holding in Fisher & Paykel Healthcare was of benefit during the quarter. As well as technical support from an MSCI index rebalancing, the company reported an increase in its first-half profits and lifted its forecast for the full-year earnings. It is also benefitting from a weaker New Zealand dollar, given that it generates almost half of its revenue from the US market.

The fund's position in Ryman Healthcare also helped, as the country's biggest retirement village operator and developer said it had boosted first half profit and was raising its interim dividend.

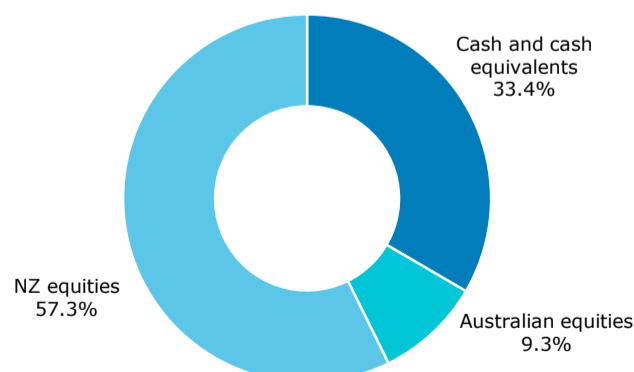
However, these were mostly offset by the fund's weaker-performing holdings. Shares in poultry producer Tegel Group fell following a disappointing first-half earnings result, while Metro Performance Glass hit a new low on the back of a weak outlook for the construction sector. Meanwhile, shares in NZX also fell following Xero's announcement it will de-list from the New Zealand stock exchange, prompting some investors to worry that other New Zealand companies might be tempted to do the same.

Fund performance

	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	0.0%	1.8%	4.6%	7.6%	6.9%	11.0%	9.2%
At 28% PIR Tax	0.0%	1.7%	4.1%	6.6%	5.8%	10.0%	6.8%

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. The fund became a PIE fund on 1 October 2007. Performance of the 0% PIR prior to this date has been recalculated on a before tax basis. Performance of the 28% PIR prior to this date are reflective of the tax regime for that period. Performance for periods longer than one year are annualised.

Actual investment mix*

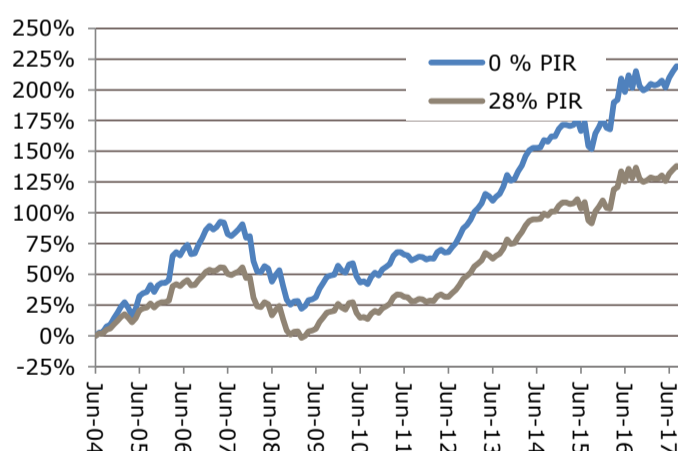


* The actual investment mix of this fund is based on:

- the cash and cash equivalents,
- Australian and New Zealand equity assets

held by both the fund itself and the underlying fund in which the fund invests.

Fund performance since launch

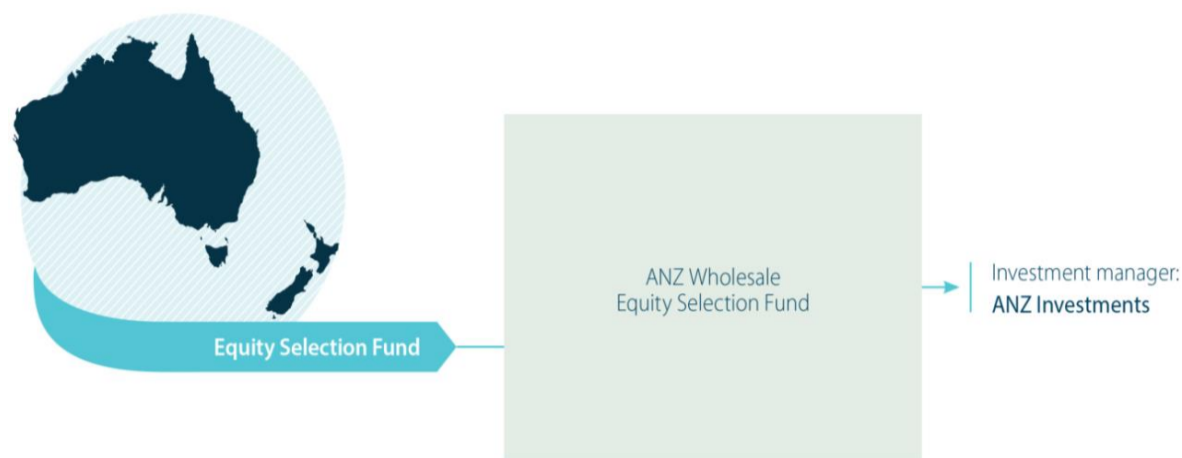


Top 5 Holdings

1	Metlifecare Ltd	10.3%
2	Tegel Group Holdings	6.1%
3	New Zealand Exchange Ltd	5.9%
4	Ryman Healthcare Ltd	5.4%
5	Z Energy Ltd	5.2%
Total Top 5 Holdings		32.9%
# of Share Holdings		14

Equity Selection Fund

Current fund structure



Additional fund details

Minimum transaction size		Detailed fund information
Lump sum payments	\$500	Guide and product disclosure statement
Regular payments	\$50	
Lump sum withdrawals	\$500	Forms to alter your investment
Regular withdrawals	\$100	See form section of product disclosure statement
Withdrawal size	\$500	
Fees		Contact information
Annual fund charge	1.29%	0800 736 034
Launch date		service@anzinvestments.co.nz
1 July 2004		investments.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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