

31 December 2017

## New Zealand Fixed Interest Fund

### Fund description

Invests mainly in New Zealand fixed interest assets. Investments may include fixed interest assets issued by New Zealand or international entities denominated in New Zealand dollars, and cash and cash equivalents.

### Market and fund review

The fund returned 1.4% over the quarter, and 4.9% over the year as a whole.

Recent economic data suggests the New Zealand economy may have seen its best times; house prices, immigration and commodity prices are all increasing at a slower pace. This suggest that the Reserve Bank of New Zealand will be cautious about raising interest rates too quickly. Given the prospect that interest rates will stay lower for long, the yield on 10-year New Zealand government bonds fell by 25 basis points over the quarter, meaning an overall positive return in total return terms. Generally the local bond market took its direction from overseas bond markets, although it was also offered some technical support from a scarcity of bonds – as the Debt Management office deferred the issue of a new long-dated bond until 2018. Investment grade corporate bonds outperformed government bonds during the quarter, thanks to the slightly higher yield that is available from this sector.

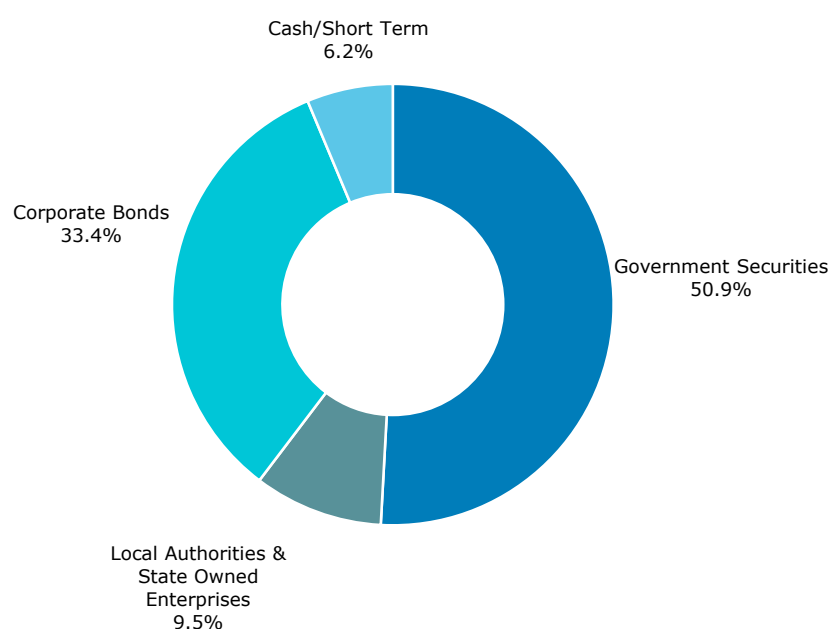
The fund retains its approximate 44% weighting to high quality corporate bonds and Local Authorities and State Owned Enterprises. We held a cautious view on New Zealand government bonds, given our belief that the world's central banks will begin to move interest rates higher. Generally, bonds do not do well in an environment of higher inflation and rising interest rates. Our view was reflected in the fund's more defensive duration position, relative to its benchmark. This held back performance slightly, as New Zealand government bond yields finished the quarter lower.

### Fund performance

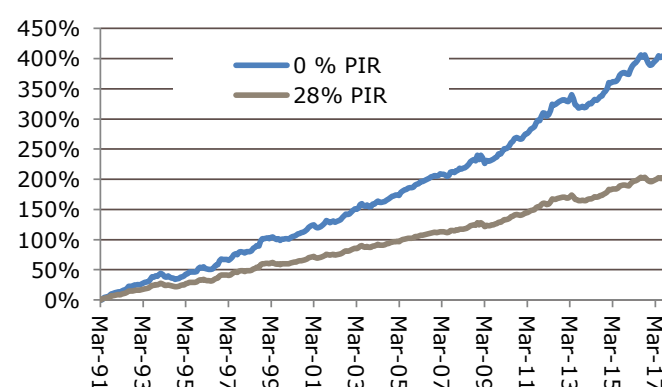
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	0.2%	1.4%	2.3%	4.9%	4.5%	3.6%	6.3%
At 28% PIR Tax	0.2%	1.0%	1.7%	3.5%	3.2%	2.6%	4.3%

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. 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



### Fund performance since launch



### Top 10 holdings

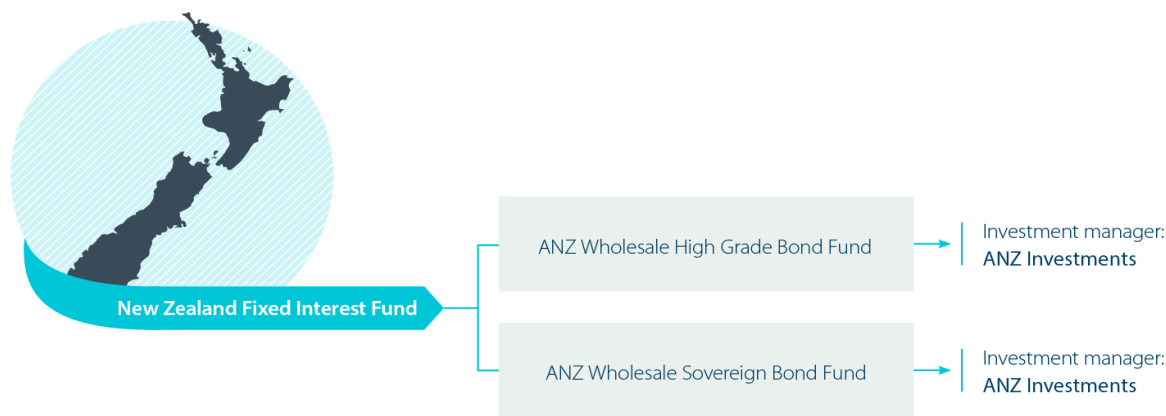
1	NZ Govt Stock 5.0% 2019	14.2%
2	NZ Govt Stock 6.0% 2021	9.9%
3	NZ Govt Stock 5.5% 2023	7.6%
4	NZ Govt Stock 3.0% 2020	6.2%
5	NZ Govt Stock 4.5% 2027	5.0%
6	NZ Govt Stock 3.5% 2033	3.8%
7	NZ Govt Stock 2.75% 2037	2.4%
8	Westpac Bank 3.775% 2022	2.3%
9	ASB Bank 4.2% 2022	2.1%
10	Toyota Finance FRN 2022	2.0%
Total Top 10 Holdings		55.5%
# of NZ Fixed Interest Holdings		90

# New Zealand Fixed Interest Fund

## Current fund structure

**Launched** 1 February 1991

### Current Fund structure



## Additional fund details

### Minimum transaction amounts

Lump sum payments	\$500
Regular payments	\$50
Lump sum withdrawals	\$500
Regular withdrawals	\$100
Withdrawal size	\$500

### Fees

Annual fund charge	0.74%
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### Launch date

1 February 1991

### Detailed fund information

[Guide and product disclosure statement](#)

### Forms to alter your investment

[See form section of product disclosure statement](#)

### Contact information

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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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For a copy of the OneAnswer Single-Asset-Class Funds guide and product disclosure, please contact ANZ Investments on 0800 736 034.