

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.

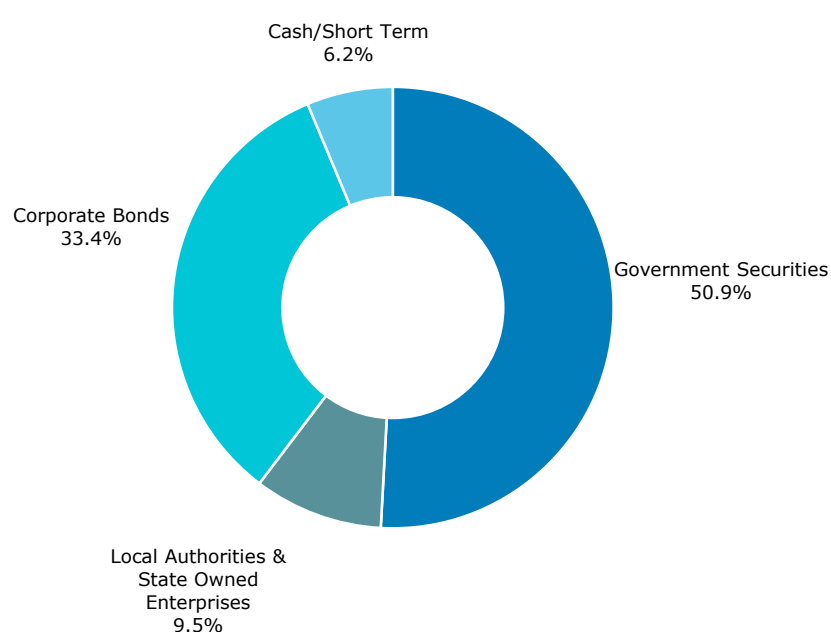
The fund retains its approximate 44% weighting to high quality corporate bonds and Local Authorities and State Owned Enterprises. We held a cautious view on New Zealand government bonds, given our belief that the world's central banks will begin to move interest rates higher. Generally, bonds do not 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

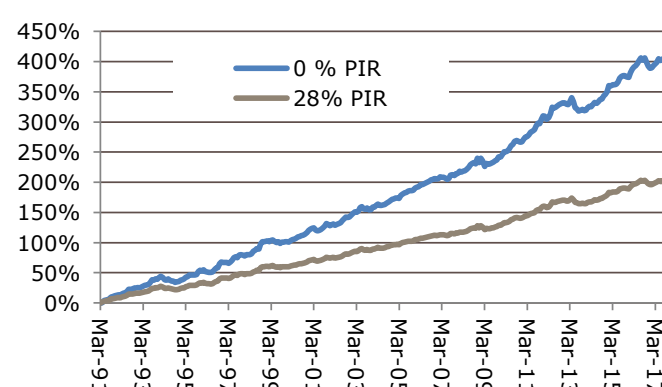
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	0.2%	1.4%	2.3%	4.9%	4.5%	3.6%	6.3%
At 28% PIR Tax	0.2%	1.0%	1.7%	3.5%	3.2%	2.6%	4.3%

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

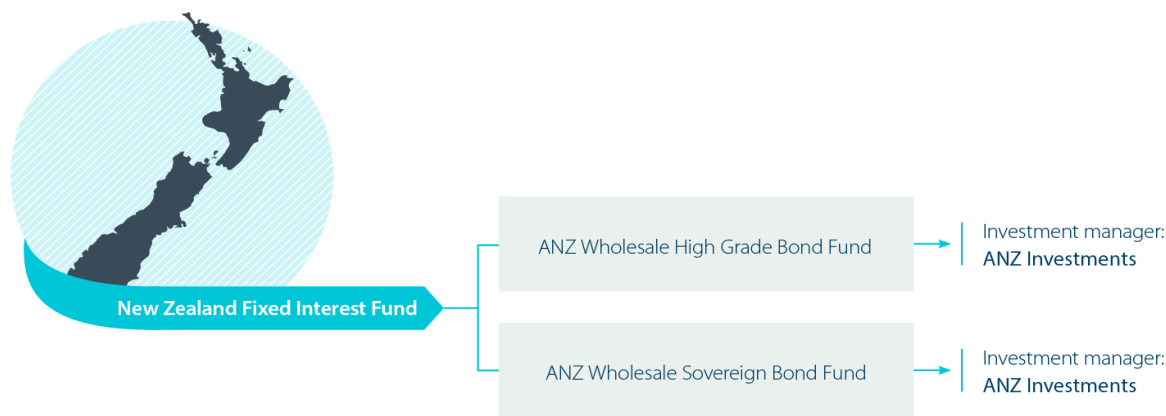
1	NZ Govt Stock 5.0% 2019	14.2%
2	NZ Govt Stock 6.0% 2021	9.9%
3	NZ Govt Stock 5.5% 2023	7.6%
4	NZ Govt Stock 3.0% 2020	6.2%
5	NZ Govt Stock 4.5% 2027	5.0%
6	NZ Govt Stock 3.5% 2033	3.8%
7	NZ Govt Stock 2.75% 2037	2.4%
8	Westpac Bank 3.775% 2022	2.3%
9	ASB Bank 4.2% 2022	2.1%
10	Toyota Finance FRN 2022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

0800 736 034
service@anzinvestments.co.nz
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31 December 2017

International Fixed Interest Fund

Fund description

Invests mainly in international fixed interest assets. Investments may include fixed interest assets issued by governments or international companies, and cash and cash equivalents.

Market and fund review

The fund returned 0.6% over the quarter, and 2.2% over the year as a whole.

It was a busy end of year for the world's major central banks, and naturally, this was a key focus for bond investors. In the US, the Federal Reserve (Fed) raised official US interest rates by a quarter percent to a target range of 1.25–1.50%. The only other major central banks to lift interest rates were the Bank of England and the Bank of Canada. There was some divergence in the performance of global bond markets during the quarter, with most trending higher in price terms. That said, late in the quarter, bond markets did sell off a little. This was on the back of the European Central Bank upping its growth and inflation expectations for Europe, and news that President Trump's tax bill would likely be passed into law. The latter raises the prospect of stronger growth going forward, which suggests interest rates may need to rise at a faster pace.

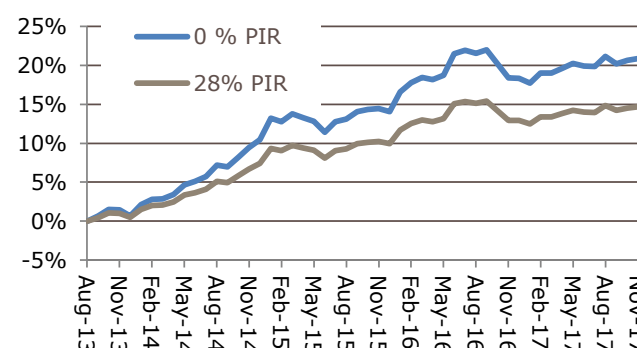
Against this backdrop, the yield on US 10-year government bonds finished the quarter seven basis points higher, but still managed a small increase in total return terms. Elsewhere, the yields on 10-year government bonds were slightly lower, meaning modest gains from many of the other key bond markets in total return terms. While the prospect of higher global interest rates may affect future returns from this asset class, it's important to remember that bonds play an important role in any diversified portfolio – helping to provide a solid foundation to your portfolio during times of uncertainty and market volatility.

Fund performance

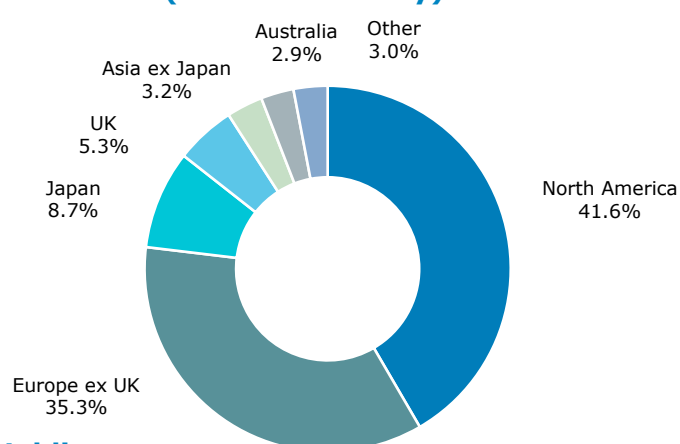
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	0.0%	0.6%	0.8%	2.2%	3.1%	n/a	4.5%
At 28% PIR Tax	0.0%	0.4%	0.6%	1.6%	2.2%	n/a	3.3%

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.

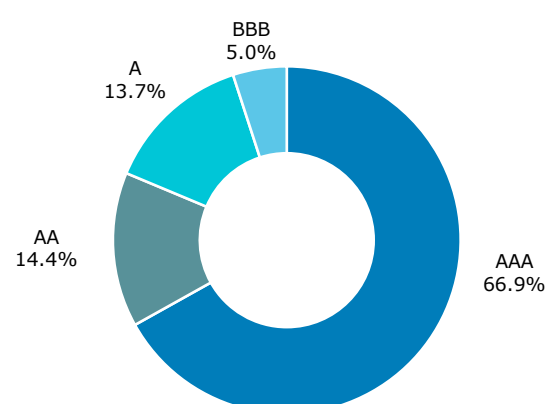
Fund performance since launch



Country allocation (one month delay)



Credit allocation (one month delay)

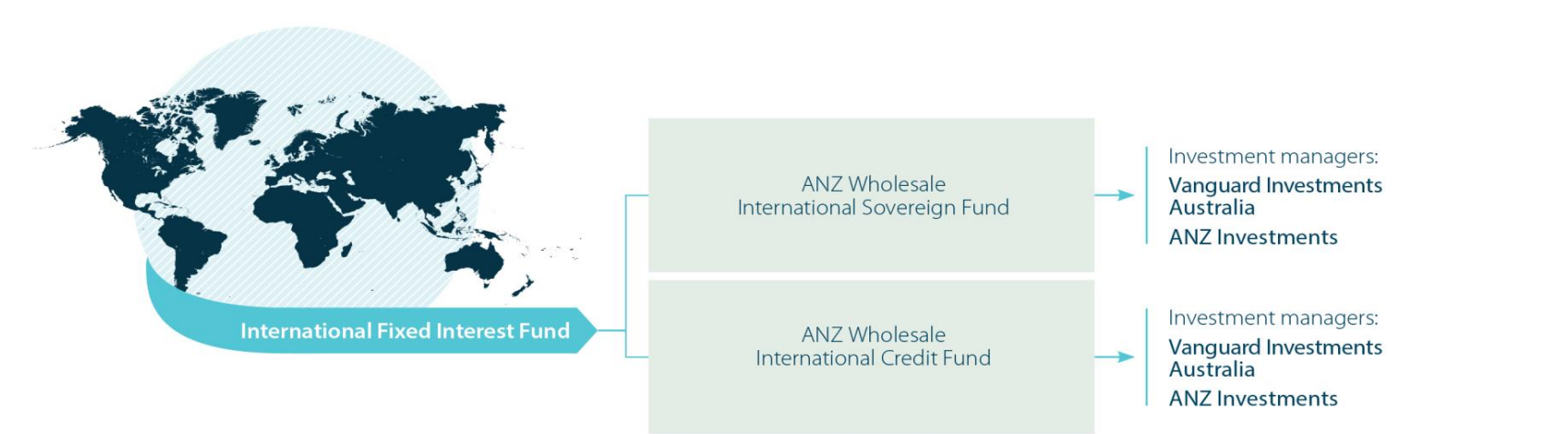


Top 10 Holdings

1	United States Treasury 1.50% 31 Oct 2019	1.1%
2	United States Treasury 2.00% 31 Dec 2021	1.1%
3	United States Treasury 1.50% 31 Jan 2022	1.0%
4	United States 10yr Future Feb 2018	0.9%
5	United States Treasury 1.00% 15 Nov 2019	0.9%
6	United States Treasury 1.62% 15 Oct 2020	0.9%
7	United States Treasury 1.50% 15 Jun 2020	0.9%
8	United States Treasury 1.37% 30 Apr 2020	0.8%
9	United States Treasury 1.87% 31 Oct 2022	0.8%
10	United States Treasury 2.37% 15 Aug 2024	0.8%
Total Top 10 Holdings		9.2%
# International Fixed Interest Holdings		768

International Fixed Interest Fund

Current fund structure



External fund manager

Vanguard Investments Australia
Vanguard Investments Australia Limited (Vanguard) manages a portfolio of international fixed interest assets issued by governments. Vanguard also manages a portfolio of international credit securities.

Additional fund details

Minimum transaction amounts		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	0.94%	0800 736 034
		service@anzinvestments.co.nz
		investments.anz.co.nz
Launch date		
20 September 2013		

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31 December 2017



International Property Fund

Fund description

Invests mainly in international listed property assets. Investments may include listed companies, funds or trusts that invest in property, and cash and cash equivalents.

Market and fund review

The fund returned 4.5% over the month. Over the year as a whole it has returned 7.7%.

International listed property markets delivered solid gains over the quarter (in local currency terms). While surging global equity markets got most of the attention, the performance of global Real Estate Investment Trusts (REITs) continues to be underpinned by improving fundamentals, the broad-based economic recovery and attractive market valuations. European property fared best, as economic growth in this region has improved the most.

During the quarter, fund performance was driven by a combination of favourable stock selection and sector allocation. One of the best performers was Link REIT, an operator of small local supermarkets in Hong Kong. In Europe, some of the better performances came from holdings in residential companies Buwog and LEG Immobilien. Austrian-based Buwog was the target of a takeover from German company Vonovia. Elsewhere, Paris office company Gecina did well following its bid to take over a major competitor, as did French retail landlord Klepierre.

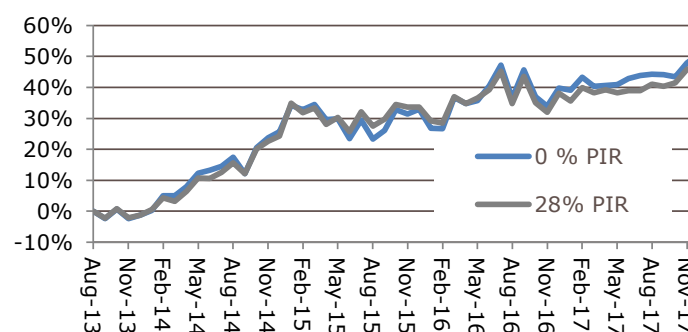
The fund's overweight to the US malls sector was also helpful. One of the better performances came from General Growth Properties (GGP), which was subject to a takeover bid from a unit of Brookfield Property Partners. GGP is real estate portfolio consisting mainly of class A shopping malls, which tend to draw the most sales.

Fund performance

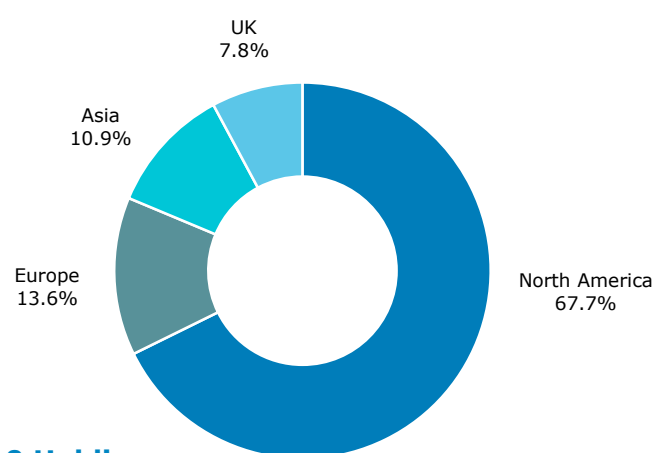
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch
At 0% PIR Tax	1.9%	4.5%	5.4%	7.7%	5.2%	n/a	9.3%
At 28% PIR Tax	0.8%	4.8%	5.9%	6.5%	4.6%	n/a	8.6%

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.

Fund performance since launch



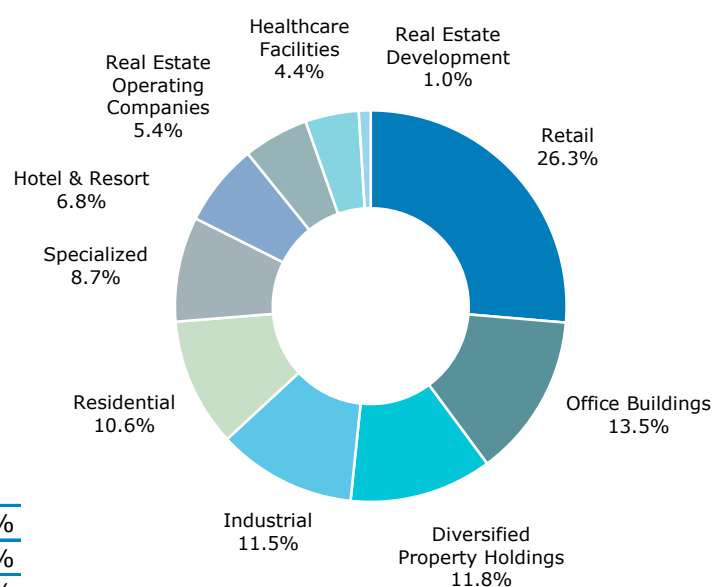
Regional Allocation



Top 10 Holdings

1	Simon Property Group Inc	5.2%
2	Prologis Inc	4.7%
3	Avalonbay Communities Inc	3.1%
4	Link REIT	3.1%
5	Alexandria Real Estate Equities Inc	3.0%
6	GGP Inc	2.6%
7	Regency Centers Corp	2.5%
8	Extra Space Storage Inc	2.4%
9	Equinix Inc	2.3%
10	Invitation Homes Inc	2.0%
Total Top 10 Holdings		30.9%
# of Property Holdings		82

Sector Allocation



International Property Fund

Current fund structure



External fund manager

CBRE Clarion
CBRE Clarion Securities LLC (CBRE Clarion) manages a portfolio of international listed property assets. CBRE Clarion seeks to construct a well-diversified portfolio of listed property assets.

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	1.34%
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Launch date

20 September 2013

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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The Morningstar Analyst Rating for OneAnswer International Property Fund assigned on 16 August 2017 is Silver. See investments.anz.co.nz/awards (Morningstar) for full disclaimer. For more awards information, including the full Morningstar awards disclaimer, visit investments.anz.co.nz/awards.

31 December 2017



Property Securities Fund

Fund description

Invests mainly in New Zealand and Australian listed property assets. Investments may include listed companies, funds or trusts that invest in property, and cash and cash equivalents.

Market and fund review

The fund returned 7.1% over the quarter. Over the year as a whole it has returned 13.3%.

The New Zealand listed property sector delivered an impressive 6.8% gain over the quarter, modestly ahead of the broader NZX 50 Index, which returned 6.1% over the same period. The performance of listed property vehicles was driven largely by stock-specific news, with the best performers doing well on the back of strong results, or positive news flow regarding that company.

The fund's underweight positions in Vital Healthcare and Property for Industry were the biggest contributors to the fund's relative performance, as both companies' share prices lagged over the quarter. While there was no notable news in relation to Vital Healthcare, shares in Property for Industry continued to be weak following news of a discounted rights issue.

The fund's overweight position in Investore also contributed to the fund's strong relative performance this quarter, as it was the best performing listed property stock over the period.

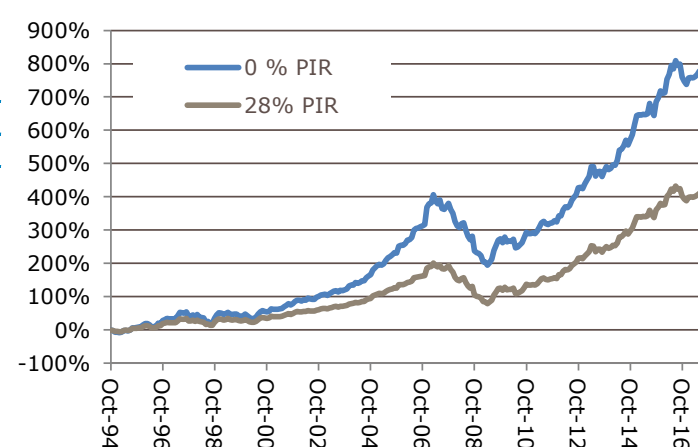
Detracting from returns slightly was the fund's underweight position in Goodman Property Trust, which did well following its announcement of further non-core asset sales in Auckland and Christchurch. The fund's modest cash weighting also held back returns slightly, during a time when the listed property sector performed well.

Fund performance

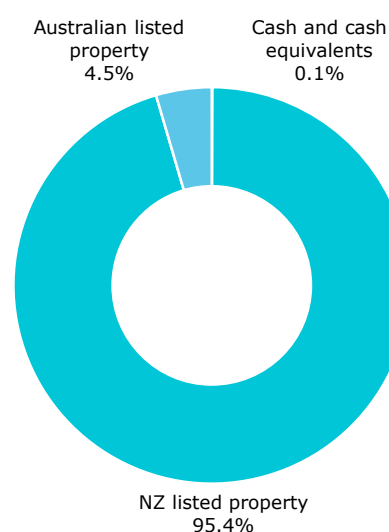
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	3.1%	7.1%	8.1%	13.3%	10.3%	12.9%	10.3%
At 28% PIR Tax	2.9%	6.9%	7.8%	12.6%	9.5%	12.1%	7.7%

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.

Fund performance since launch



Sector Allocation

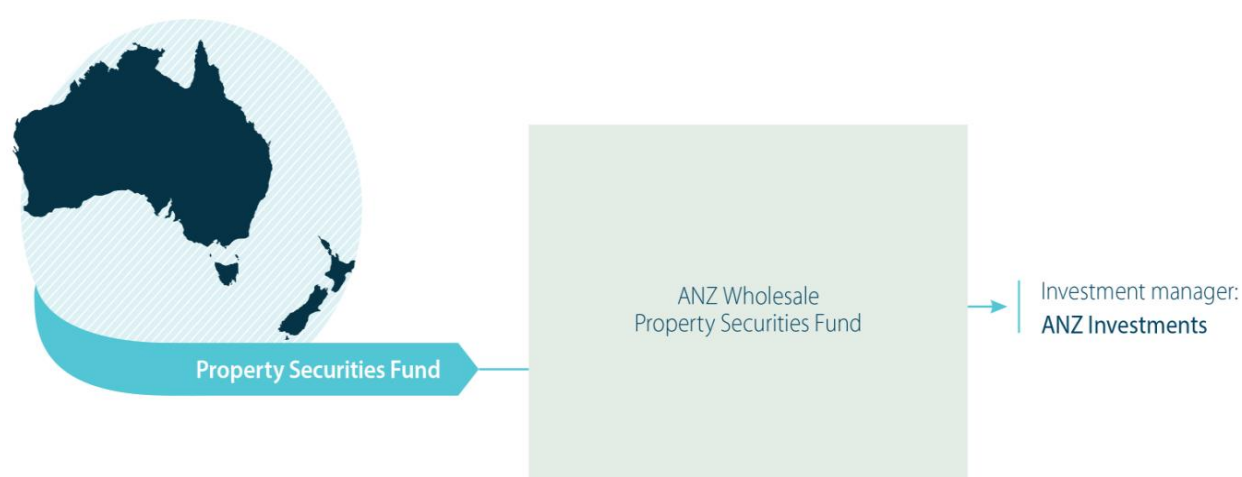


Top 5 Holdings

1	Kiwi Income Property Trust	22.9%
2	Precinct Property NZ Ltd	18.8%
3	Stride Stapled Group	10.0%
4	Goodman Property Trust	9.3%
5	Argosy Property Ltd	6.9%
Total Top 5 Holdings		67.9%
# of Property Holdings		24

Property Securities Fund

Current fund structure



Additional fund details

Minimum transaction size

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

Fees

Annual fund charge	1.19%
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Launch date

25 October 1994

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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The Morningstar Analyst Rating for OneAnswer Property Securities Fund assigned on 26 September 2017 is Bronze. See investments.anz.co.nz/awards (Morningstar) for full disclaimer. For more awards information, including the full Morningstar awards disclaimer, visit investments.anz.co.nz/awards.

31 December 2017

New Zealand Share Fund

Fund description

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

Market and fund review

The fund returned 5.1% over the quarter, extending its return over the year to 19.6%.

New Zealand shares delivered good gains, helped by strong economic growth, ongoing strength in international share markets and positive company news flow from many New Zealand businesses.

Benefiting the fund was an underweight position in online accounting software company Xero. Its shares lagged behind the broader market on news that it will de-list from the New Zealand stock exchange and pursue a sole listing on the Australian stock exchange.

Overweight positions in New Zealand King Salmon and Ryman Healthcare were also of benefit during the quarter. New Zealand King Salmon's rose by almost 30% on the back of a positive earnings upgrade. Meanwhile the country's biggest retirement village operator and developer said it had boosted first half profit and was raising its interim dividend. Its shares rose to a record high.

Holding back performance was the fund's higher-than-usual cash weighting, reflecting our view that market valuations are expensive. Our investment philosophy is to buy the right companies at the right price, however, the high cash weighting held back performance during a time when the share market performed well.

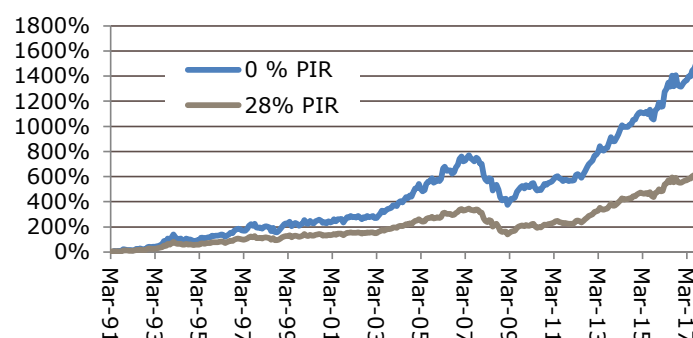
Also detracting from returns was the fund's overweight position in Tegel Group. Shares in the poultry producer fell sharply following a disappointing first-half earnings result. An underweight in Tourism Holdings also hurt, as it did well on the back of a weaker New Zealand dollar and as it looks set to benefit from recent tax reforms in the US, which should help it to boost its annual profit.

Fund performance

	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	2.3%	5.1%	9.8%	19.6%	12.7%	15.4%	11.1%
At 28% PIR Tax	2.3%	5.0%	9.1%	18.2%	11.3%	14.0%	7.9%

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. 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.

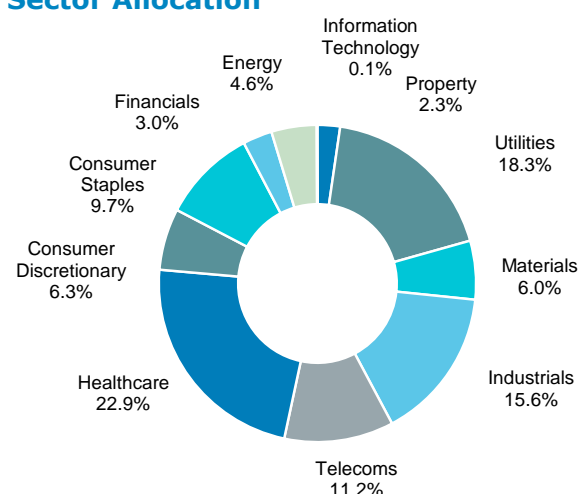
Fund performance since launch



Top 10 Share Holdings

1	Fisher and Paykel Healthcare	9.6%
2	Spark New Zealand Ltd	8.4%
3	Ryman Healthcare Ltd	6.4%
4	A2 Corp Limited	6.3%
5	Fletcher Building Ltd	5.6%
6	Contact Energy Ltd	5.4%
7	Auckland International Airport	5.2%
8	Meridian Energy Ltd	4.8%
9	Z Energy Ltd	4.3%
10	Mainfreight Ltd	3.3%
Total Top 10 Holdings		59.3%
# of Share Holdings		41

Sector Allocation



New Zealand Share Fund

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	1.19%	0800 736 034
		service@anzinvestments.co.nz
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Launch date		
1 February 1991		

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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.

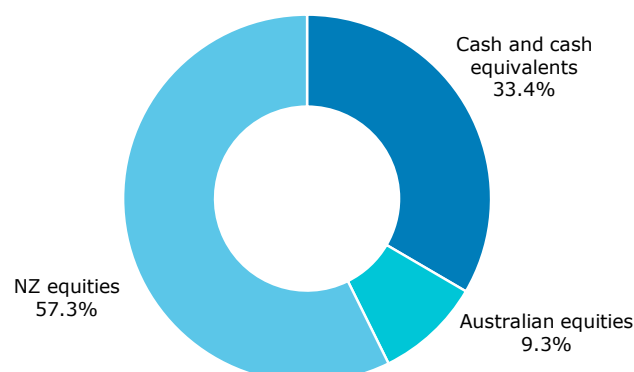
However, these were mostly offset by the fund's weaker-performing holdings. Shares in poultry producer Tegel Group fell following a disappointing first-half earnings result, while Metro Performance Glass hit a new low on the back of a weak outlook for the construction sector. Meanwhile, shares in NZX 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%

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Actual investment mix*

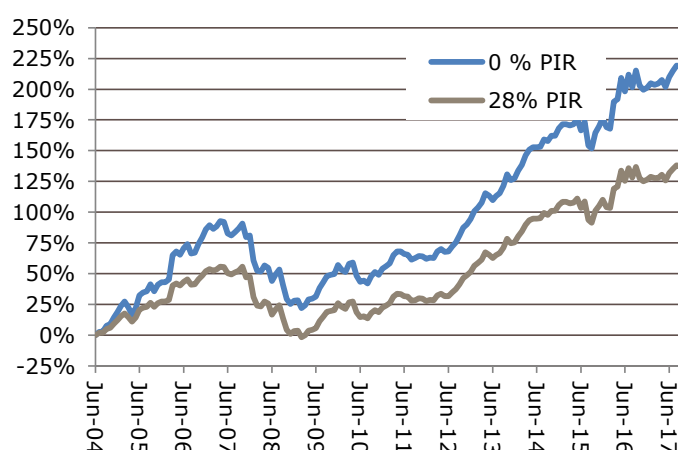


* The actual investment mix of this fund is based on:

- 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

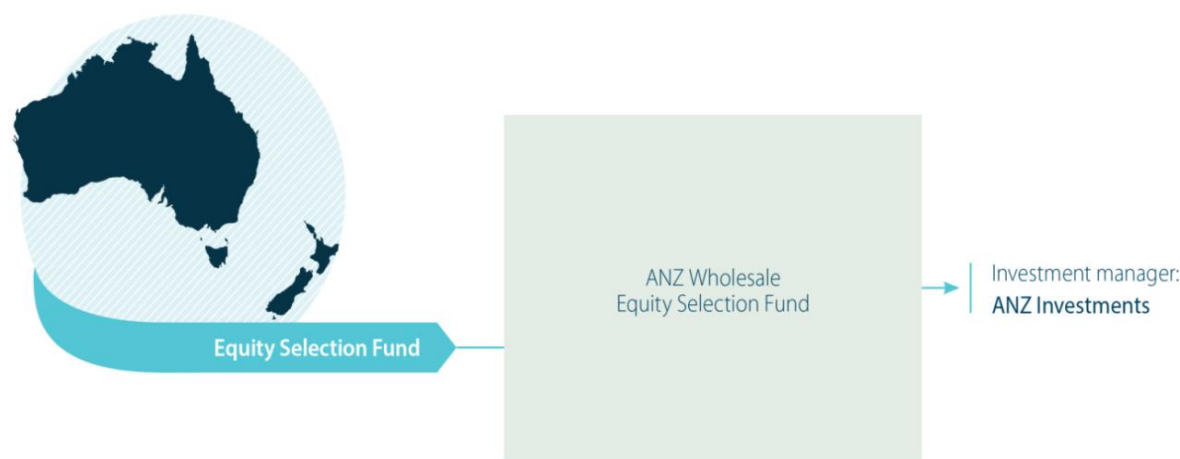


Top 5 Holdings

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.

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31 December 2017

Australian Share Fund

Fund description

Invests mainly in Australian equities. Investments may include equities in companies that are listed or in the process of listing on the Australian stock exchange, and cash and cash equivalents.

Market and fund review

The fund returned 10.2% over the quarter, extending its return over the year to 16.2%.

The Australian share market was one of the better-performing markets this quarter, helped by improving business conditions and a recovery in retail sales. In addition, materials and energy stocks – which make up a large proportion of its market – did well on the back of firmer commodity prices.

The fund's holding in Nextdc Limited, Australia's largest data centre operator and one of the fund's biggest overweights, had the biggest impact on performance during the quarter. Its shares hit an all-time high following a positive trading update. The demand for cloud-based storage looks set to outstrip supply and Nextdc appears to be best placed to take advantage of this.

Vocus Group continued its strong run. It announced that it would sell its New Zealand assets and rumours of local interest in the company sent its share price higher. Meanwhile, building material supplier James Hardie also did well following a first-half update that came ahead of expectations, helping to send its shares to a new high for the year.

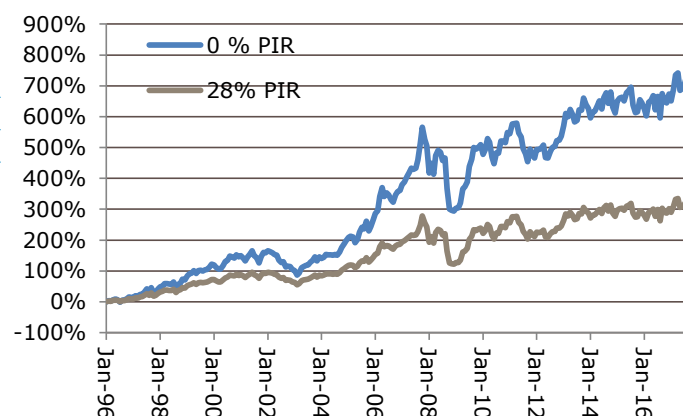
Financial planning software company IRESS was one of the weaker performers. Its share price fell on the back of a weak trading update. That said, the manager believes the fundamental backdrop for the company is strong as it continues to make inroads in key international markets. National Australia Bank was also a slight detractor. While it delivered a solid result, banking stocks were generally weaker as news of a senate enquiry into the banking sector came to light.

Fund performance

	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	1.3%	10.2%	13.6%	16.2%	6.8%	6.3%	10.4%
At 28% PIR Tax	1.3%	9.8%	12.8%	14.9%	5.6%	5.2%	7.1%

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.

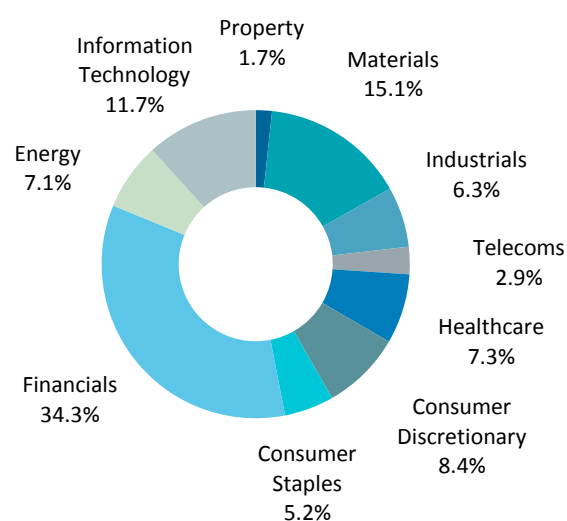
Fund performance since launch



Top 10 holdings

1	Westpac Banking Corporation	8.1%
2	Commonwealth Bank of Australia	7.2%
3	BHP Billiton Ltd	6.3%
4	National Australia Bank Ltd	5.7%
5	Wesfarmers Limited	4.7%
6	Macquarie Group Ltd	3.6%
7	NextDC Ltd	3.0%
8	Trade Me Ltd	2.9%
9	Origin Energy Ltd	2.9%
10	Rio Tinto Ltd	2.8%
Total Top 10 Holdings		47.2%
# of Share Holdings		34

Sector allocation



Australian Share Fund

Hedging levels

Benchmark hedging rate	Current Hedging
0%	0%

External fund manager

Arnhem Investment Management

Arnhem Investment Management Pty Limited (Arnhem), a delegate of BNP Paribas Investment Partners (Australia) Limited, manages a portfolio of Australian equities. Arnhem aims to invest in companies with above-average, sustainable earnings growth.

Additional fund information

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
		service@anzinvestments.co.nz
		investments.anz.co.nz
Launch date		
26 January 1996		

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31 December 2017



International Share Fund

Fund description

Invests mainly in international equities. Investments may include equities in companies that are listed on a recognised stock exchange, and cash and cash equivalents.

Market and fund review

The fund returned 6.6% over the quarter, extending its return over one year to 24.0%. The fund adopts a multi-manager approach by investing with four underlying managers. This provides investors with access to contrasting investment styles, each of which should perform differently over the course of an investment cycle.

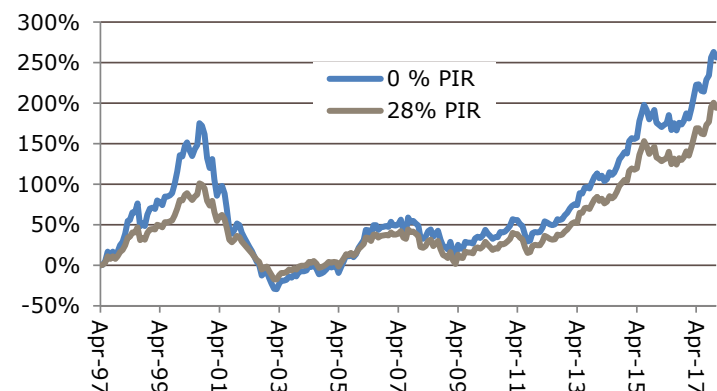
Global share markets had a strong quarter. Markets were buoyed by signs of synchronised global growth, upbeat company earnings announcement and as President Trump's tax bill was passed by the US Senate – meaning tax cuts are on their way for corporate America. The New Zealand dollar fell by 2.5% over the period on a trade-weighted basis, boosting the returns for unhedged investors, the fund is currently unhedged. Two out of the four managers outperformed over the quarter. Growth manager Franklin continued its strong run, meaning that over the year as a whole this manager has returned almost 35% for its investors. Standout performances during the quarter came from its holdings in US sealant, adhesive and coating company Nordson Corporation, and Argentinian e-commerce company MercadoLibre. 'Core' manager Vontobel was also ahead of its benchmark. Notable performances came from its holdings in consumer stocks, such as sportswear company Nike, and Couche-Tarde, one of the world's largest convenience store operators. The fund's other 'core' manager MFS was behind its benchmark however. Its overweight to health care stocks was a particular drag on performance as this sector underperformed the broader market.

Fund performance

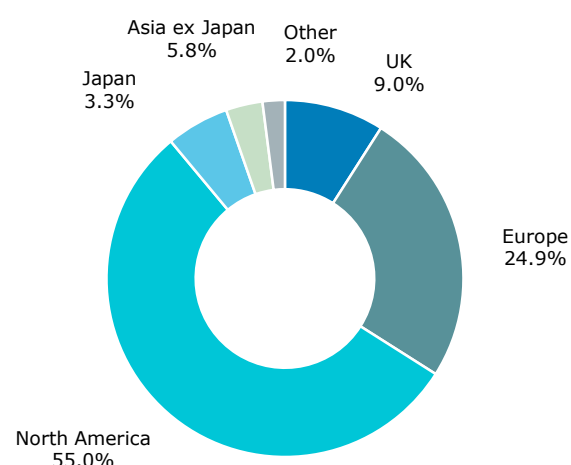
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	-2.0%	6.6%	12.9%	24.0%	14.4%	16.6%	6.3%
At 28% PIR Tax	-2.0%	6.2%	12.1%	22.4%	13.0%	15.3%	5.4%

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.

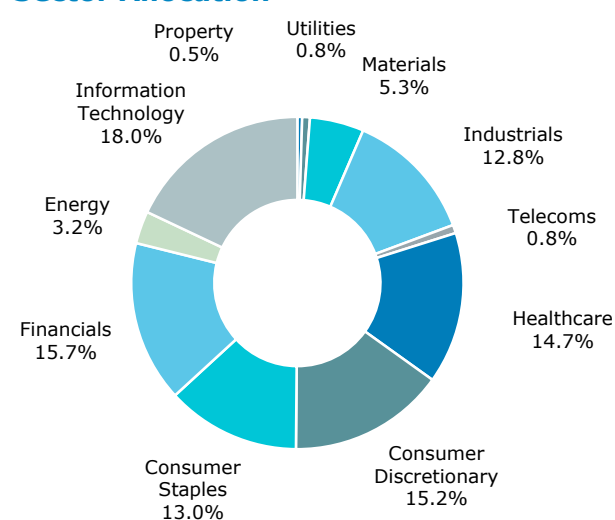
Fund performance since launch



Country Allocation



Sector Allocation



Top 10 Holdings

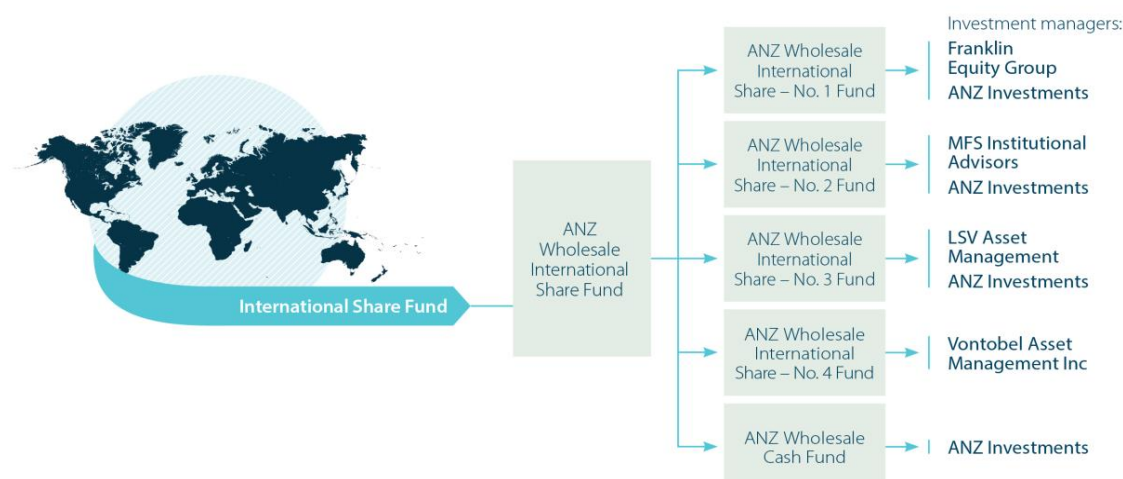
1	Visa Inc	2.1%
2	Reckitt Benckiser	1.9%
3	Roche Holding AG	1.5%
4	HDFC Bank Ltd	1.5%
5	Medtronic PLC	1.4%
6	Nestle SA	1.4%
7	Thermo Fisher Scientific Inc	1.2%
8	Bayer AG	1.1%
9	Walt Disney Corporation	1.1%
10	Accenture PLC	1.1%
Total Top 10 Holdings		14.3%
# of Share Holdings		450

Hedging Levels

Benchmark hedging rate	Current Hedging
0%	0%

International Share Fund

Current fund structure



External fund managers

The Franklin Equity Group

The Franklin Equity Group (Franklin), a part of Franklin Templeton Investments, manages a portfolio of international equities. Franklin aims to invest in quality companies with the potential to produce sustainable earnings and cash flow growth.

MFS Institutional Advisors

MFS Institutional Advisors Inc. (MFSI) manages a portfolio of international equities. MFSI aims to invest in quality companies with sustainable, above-average growth and returns.

LSV Asset Management

LSV Asset Management (LSV) manages a portfolio of international equities. LSV aims to invest in out-of-favour or undervalued stocks that have the potential for near-term appreciation.

Vontobel

Vontobel Asset Management Inc (Vontobel) manages a portfolio of international equities. Vontobel aims to invest in sensibly priced, high-quality companies that can grow earnings faster than the market on a sustainable basis.

Additional fund information

Minimum transaction size

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

Fees

Annual fund charge	1.29%
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Launch date

8 April 1997

Detailed fund information

[Guide and product disclosure statement](#)

Forms to alter your investment

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

Contact information

0800 736 034

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31 December 2017

Balanced Fund

Fund description

Invests mainly in growth assets (equities and listed property), with some exposure to income assets (cash and cash equivalents and fixed interest). The fund also has a small exposure to alternative assets.

Market and fund review

The Balanced Growth Fund holds a broad range of investments, both in New Zealand and overseas. Over the quarter, the fund returned 4.2% and remains comfortable ahead of its long term objective.

International shares, which make up around 40% 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 Australian shares, where our managers delivered above-benchmark returns.

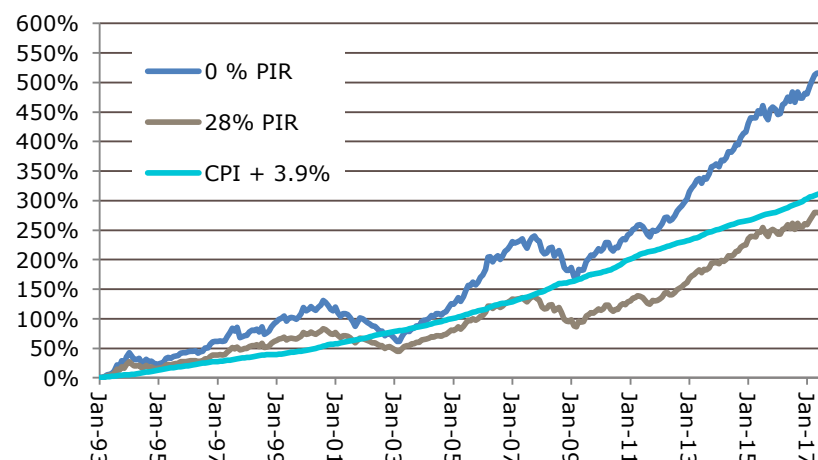
Our outlook is unchanged. We expect bond markets to struggle as global interest rates start moving higher and so we maintain our underweight position. While we believe international share markets will continue to do well, we hold a neutral position, as we recognise that markets look slightly overvalued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

Fund performance

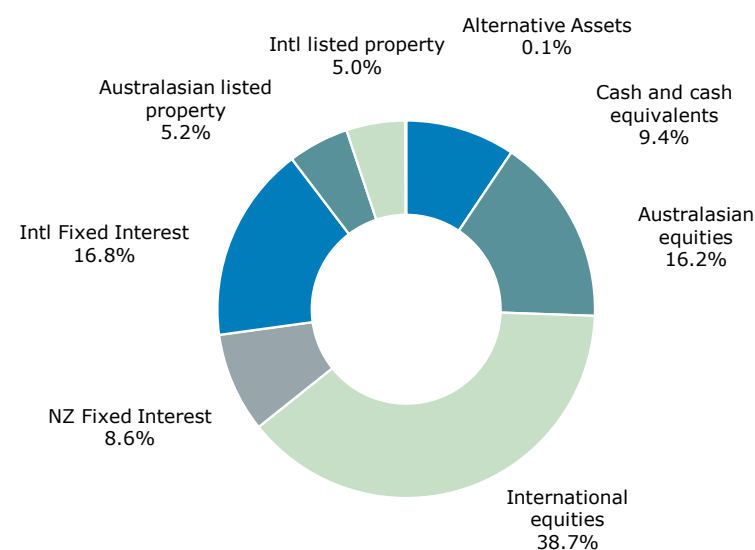
	1mth	3mth	6mth	1yr	3yrs (ann)	5yrs (ann)	Since Launch (ann)
At 0% PIR Tax	0.7%	4.2%	7.1%	13.5%	8.4%	10.3%	7.9%
At 28% PIR Tax	0.3%	4.2%	6.9%	12.4%	7.5%	9.1%	5.8%

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.

Fund performance since launch

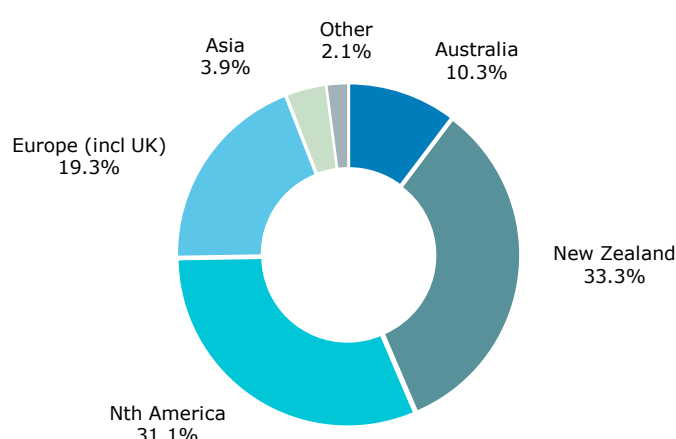


Actual investment mix



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	0.9%
3	Kiwi Income Property Trust	0.8%
4	Visa Inc	0.8%
5	Precinct Property NZ Ltd	0.8%
6	Fisher and Paykel Healthcare	0.8%
7	Westpac Banking Corporation	0.7%
8	Reckitt Benckiser	0.7%
9	Spark New Zealand Ltd	0.7%
10	NZ Govt Stock 5.5% 2023	0.7%

Total Top 10 Holdings	8.1%
# of holdings	1596

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.

Balanced Fund

Benchmark weights

	Investment Target Mix	Allowable Ranges	Aggregate Permissible Ranges	
Cash	6.0%	0-26%	20-50	
NZ Fixed Interest	9.0%	0-24%		
International Fixed Interest	20.0%	5-35%		
Australasian Property	5.0%	0-20%	50-80	
International Property	5.0%			
Australasian Shares	16.0%	1-31%		
International Shares	39.0%	24-54%		
Alternative Assets	0.0%	0-15%		
Total	100.0%			

Hedging levels

	Benchmark hedging rate	Current hedging
Cash	No foreign currency exposure	n/a
NZ Fixed Interest	No foreign currency exposure	n/a
International Fixed Interest	Benchmark 100% hedged	100%
Australasian Property	Benchmark 100% hedged	101%
International Property	Benchmark 100% hedged	98%
Australasian Shares	Benchmark 50% AUD hedged (range of 0-100%)	50%
International Shares	Benchmark 65% hedged (range of 0-100%)	63%

External fund managers

Cash	ANZ Investments
NZ Fixed Interest	ANZ Investments
International Fixed Interest	Vanguard Investments Australia Limited
Australasian Property	ANZ Investments
International Property	CBRE Clarion Securities
Australasian Shares	ANZ Investments, Arnhem Investment Management
International Shares	The Franklin Equity Group, MFS Institutional Advisors, LSV Asset Management, Vontobel
Alternative Assets	Pomona Capital
Asset Allocation & Currency	ANZ Investments

Additional fund details

Minimum transaction size

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

Fees

Annual fund charge	1.30%
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Launch date

22 January 1993

Detailed fund information

[Guide and product disclosure statement](#)

Forms to alter your investment

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

Contact information

0800 736 034
service@anzinvestments.co.nz
investments.anz.co.nz

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