

ANZ INVESTMENT FUNDS

BALANCED FUND

ABOUT THIS FUND

The Balanced Fund invests in similar amounts of income assets (cash and cash equivalents and fixed interest) and growth assets (equities, listed property and listed infrastructure). The fund may also invest in alternative assets.

YOUR INVESTMENT TEAM

Your money is looked after by a highly experienced investment management team with a focus on long-term performance.

Find out more about our investment team at anz.co.nz/investmentteam

RESPONSIBLE INVESTING

We're strong advocates of responsible investing (also known as sustainable investing). Responsible investing means when we're considering whether to invest in a company, we don't just look at their financial performance. We also look at their environmental, social and governance (ESG) performance, because we believe these factors have a big impact on long-term returns.

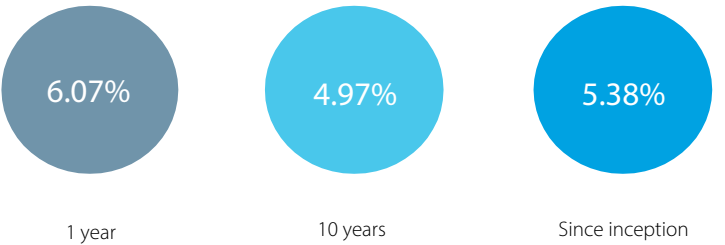
Find out more about our responsible investing approach at anz.co.nz/responsible-investing

THIS FUND AT A GLANCE

Size of the fund	\$821.5m
Number of holdings	4,824
Fund start date	April 2010
Suggested minimum investment timeframe	5 years
Annual fund charge	0.97%
Minimum contribution	\$1
Minimum balance	\$1
Minimum withdrawal	
- regular	\$100
- one-off	\$500

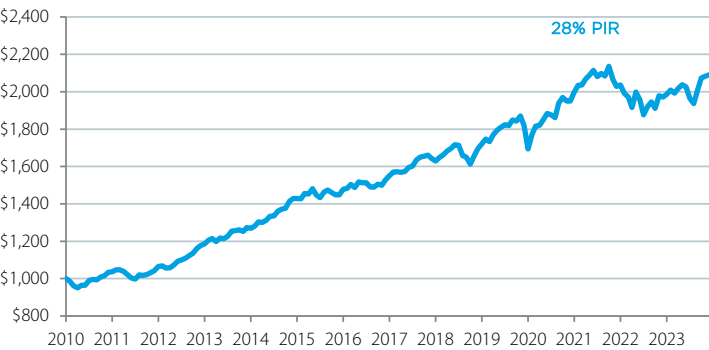
The ANZ Investment Funds guide and product disclosure statement is available at anz.co.nz/investmentdocs.

HOW THIS FUND HAS PERFORMED



PIR (tax rate)	1mth	3mth	6mth	1yr	3yrs	5yrs	10 yrs
0%	0.29%	4.37%	4.16%	7.35%	2.11%	4.66%	5.76%
17.5%	0.34%	4.15%	3.56%	6.55%	2.04%	4.29%	5.27%
28%	0.37%	4.02%	3.20%	6.07%	2.00%	4.07%	4.97%

Fund performance since inception



Performance is shown after fees and tax, at the highest prescribed investor rate (PIR) at the time of the performance, unless stated. Performance for periods longer than one year are annualised.

AWARDS, RATINGS AND CERTIFICATIONS



The **ANZ Balanced Fund** has been certified by the Responsible Investment Association Australasia according to the strict operational and disclosure practices required under the Responsible Investment Certification Program. See www.responsibleinvestments.com.au for details.

The Responsible Investment Certification Program does not constitute financial product advice. Neither the Certification Symbol nor RIAA recommends to any person that any financial product is a suitable investment or that returns are guaranteed. Appropriate professional advice should be sought prior to making an investment decision. RIAA does not hold an Australian Financial Services Licence.

MARKET AND FUND REVIEW

Global share markets had a stellar February, with several indices trading to all-time highs, driven in part by the ongoing artificial intelligence (AI) boom, which dragged broader indices higher.

In the US, the S&P 500 rose 4.8%, while the NASDAQ 100 rose 6.2% - both were all time highs. All sectors delivered positive gains, with communication services and energy towards the top, while real estate struggled against the backdrop of higher bond yields.

European share markets also delivered strong gains with the Euro Stoxx 50 rising to a two-decade high, while the FTSE 100 hit an all-time high. Although European economies appear to be slowing, equities were in favour as the prospect of lower interest rates remains, while the energy sector – notably Shell and British Petroleum (BP) – continues to bolster returns.

Despite some record-setting performance globally, Australasian markets struggled in February, with the NZX 50 and the ASX 200 underperforming their global counterparts. In New Zealand, the NZX 50 fell 1.1%, with a handful of companies reporting earnings that missed expectations, while in Australia, the ASX 200 was able to edge out a small gain, rising 0.8% over the month. The comparative underperformance was partly due to weakness in the mining sector, which struggled against the backdrop of falling iron ore prices.

Global bonds were mostly lower for the second straight month as the prospect of early interest rate cuts subsided largely on the back of stronger-than-expected US economic data, while it was a similar story in Europe, with bonds ending the month lower. Despite some softer-than-expected inflation data across the continent, policymakers there pushed back against the idea of early interest rate cuts.

In New Zealand, bond prices had a volatile month, beginning on the back foot, following global markets lower. The sell-off continued after the employment report showed the labour market remained historically tight, likely to keep upward pressures of wages. However, after the Reserve Bank of New Zealand (RBNZ) left interest rates unchanged and delivered a relatively dovish statement, bonds clawed back some losses.

We maintain our defensive position, holding an underweight to global equities and an overweight to domestic and international fixed interest. Our base case is that US Growth remains positive over the short term, with weaker growth in Europe and New Zealand. Labour market demand continues to soften bringing it more in line with labour supply. Core inflation makes slow progress towards target, with central banks holding rates in restrictive territory. Finally, an extended period of tight monetary policy eventually weighs on growth enough to tip it into negative territory, consistent with a mild recession.

INVESTMENT MIX AND CURRENCY HEDGING

Asset class	Investment mix			Hedging	Underlying fund managers
	Actual	Target	Range		
Cash and cash equivalents	9.13%	10.00%	0.00% - 30.00%	n/a	ANZ Investments
New Zealand fixed interest	12.13%	10.50%	0.00% - 25.50%	n/a	ANZ Investments
International fixed interest	30.56%	29.50%	14.50% - 44.50%	100%	ANZ Investments, Northern Trust, PIMCO Australia
Income assets	51.82%	50.00%	35.00% - 65.00%		
Australasian listed property	2.98%	2.80%	0.00% - 0.16%	98%	ANZ Investments
International listed property	3.18%	3.20%		99%	Resolution Capital
Australasian equities	9.27%	9.50%	0.00% - 24.50%	37%	ANZ Investments, Tyndall AM
International equities	30.84%	32.50%	17.50% - 47.50%	62%	Franklin Equity Group, MFS Institutional Advisors, LSV Asset Management, Vontobel
Other (listed infrastructure)	1.91%	2.00%	0.00% - 8.00%	99%	Maple-Brown Abbott
Other (incl. alternatives)	0.00%	0.00%	0.00% - 12.00%	n/a	n/a
Growth assets	48.18%	50.00%	35.00% - 65.00%		

The actual and target 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.

FUND CHARACTERISTICS

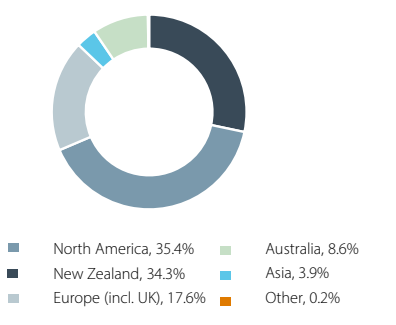
Top 10 growth holdings

Asset name	% of fund
1 Goodman Group	0.8
2 Fisher & Paykel Healthcare	0.7
3 Microsoft Corporation	0.6
4 Visa Inc. Class A	0.6
5 Auckland Int Airport Ltd.	0.5
6 Equinix, Inc.	0.5
7 Infratil Ltd.	0.5
8 Spark NZ Ltd.	0.5
9 Schneider Electric SE	0.5
10 Thermo Fisher Scientific Inc.	0.5
Total top 10 growth holdings	5.7

Top 10 income holdings

Asset name	% of fund
1 Euro Bund (EUR) Mar 24	1.6
2 3M SOFR (CME) Mar 24	1.2
3 3M SOFR (CME) Sep 25	1.0
4 NZ Govt 3.5% 14/04/2033	1.0
5 Euribor (IFEU) Mar 25	0.7
6 Euribor (IFEU) Mar 24	0.7
7 NZ Govt 4.5% 15/04/2027	0.7
8 NZ Govt 2.0% 15/05/2032	0.6
9 5Y T-Note (CBT) Jun 24	0.6
10 NZ Govt 3.0% 20/04/2029	0.6
Total top 10 income holdings	8.7

Geographic allocation



All market returns quoted in commentary are in local currency terms. 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. This document is for information purposes only and is not intended to be financial advice. It is recommended that you seek advice from a financial adviser before you acquire a financial product.

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