



NZ's
smart
money.

Fixed Interest Fund

September 2020

Wholesale investors only

Fixed Interest Fund

The Fixed Interest Fund provides investors with access to an actively managed diversified portfolio of New Zealand and global fixed interest investments.

Portfolio management



Diana Gordon
Head of Fixed Interest

(8/27)



Greg Hayton
Cash Portfolio Manager &
Senior Fixed Interest
Trader

(12/19)



Robert Murray
Credit Portfolio Manager

(4/16)



Benjamin Wilton
Fixed Income Analyst

(2/2)

Numbers in brackets are years with Kiwi Invest / years of funds management experience
See www.kiwiinvest.co.nz/who-we-are for biographies

Fund performance

Fixed Interest Fund	1 month	3 months	1 year	3 years p.a.	5 years p.a.	Since inception p.a.
Fund return*	0.58%	2.23%	6.22%	6.20%	5.52%	5.78%
Index return**	0.86%	2.63%	5.42%	6.62%	5.31%	5.92%
Excess return	-0.28%	-0.40%	0.80%	-0.42%	0.21%	-0.14%

*Gross of tax and fees
**S&P/NZX New Zealand Government Bond Index in NZ dollars

Portfolio manager's commentary

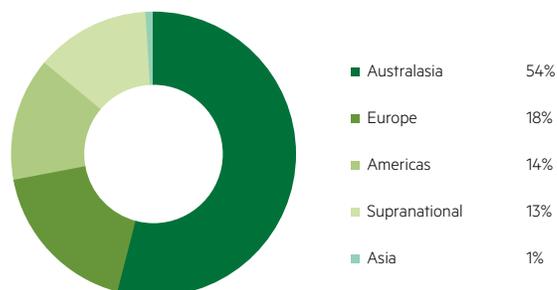
The Fixed Interest Fund returned 0.58% before fees and taxes in September underperforming its benchmark which returned 0.86%. The underperformance can mostly be attributed to trying to keep up with a relentless Reserve Bank-led crunch on interest rates. Also, corporate bonds spreads (extra yield a company pays versus a government bond) widened relative to NZ Government Bonds over the month.

We continued to focus on high quality credits over September, as we remain very selective about the types of names and companies we want to own. We added **Housing New Zealand (AA+)**, **Asian Development Bank (AAA)**, **International Bank of Reconstruction and Development (AAA)** and Norwegian State Housing Authority, **KBN (AAA)**. The New Zealand company bond market began to heat up in September and we purchased **Port of Tauranga (A-)** and **Mercury (BBB+)** new issues. Overseas we began to add a few names like **AT&T (BBB)** and **Nestle (AA-)** and we hope to add more, if high quality company credit spreads continue to widen. Given the RBNZ's tack, we've been big proponents of the New Zealand bond market for a while which has paid off. However, we did dip our toes in the Australian State market, establishing a position in New South Wales bonds which we saw as very cheap relative to New Zealand Government Bonds.

Fund exposure

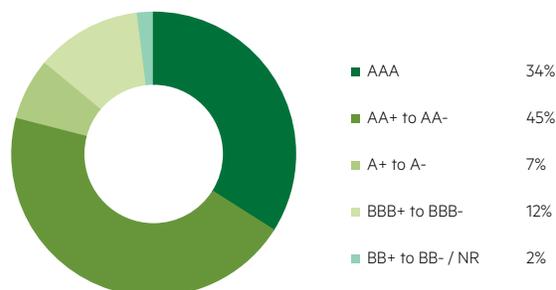
Fixed Interest Fund exposures by region

% of total investment as at 30 September 2020



Credit ratings of Fixed Interest Fund

% of total investment as at 30 September 2020



Top 10 fund holdings as at 30 September 2020

Name		Credit rating	Sector	Country	% of fund
NZ Local Govt. Funding Agency	3.5% 14/04/33	AA+	Government	New Zealand	4.9%
NZ Local Govt. Funding Agency	4.5% 15/04/27	AA+	Government	New Zealand	3.9%
Rentenbank	5.375% 23/04/24	AAA	Government	Germany	3.5%
Kommunalbanken	4% 20/08/25	AAA	Government	Norway	3.2%
Housing NZ Limited	3.42% 18/10/28	AA+	Government	New Zealand	3.2%
New Zealand Government	1.75% 15/05/41	AA+	Government	New Zealand	3.1%
Rentenbank	0.75% 09/06/25	AAA	Government	Germany	2.7%
Transpower New Zealand	1.735% 04/09/25	AA-	Utilities	New Zealand	2.3%
Int. Bank Recon. & Dev.	1.375% 19/02/25	AAA	Government	Supranational	2.1%
Housing NZ Limited	2.183% 24/04/30	AA+	Government	New Zealand	2.0%

Fund details as at 30 September 2020

Legal name	Kiwi Wealth Fixed Interest Fund
Fund size	\$510,958,495
Unit price	1.4009
Buy / Sell spread	Transaction offset levy applies
In-fund expenses	0.001% p.a. (estimate)
Distributions	This fund does not make distributions
Fund commencement date	30 September 2014
Management fees	By Negotiation. No performance fees
PIE registered	Yes
Number of securities	155
Average rating	AA
Duration	5.3 years
Minimum initial investment	\$10,000
Manager	Kiwi Investment Management Limited
Investment manager	Kiwi Wealth Investments Limited Partnership
Trustee	Public Trust

Further details can be found in the Kiwi Investment Management Wholesale Funds Information Memorandum, available on request.

Disclaimer

Cashflows on the last business day of the month are included in the Fund size to calculate the % of fund for the Top 10 fund holdings. They are not included in the Fund size in the table above, which has been calculated for unit pricing purposes. Transactional cash and derivatives are not included as a Top 10 fund holding nor in Fund exposures. This Fund Fact Sheet is for wholesale investors only and is not a fund update for the purposes of the Financial Markets Conduct Regulations. It has been prepared by the Manager ('we') therefore the Trustee takes no responsibility for this publication. The Fund Fact Sheet is general in nature and does not constitute advice (whether of a financial, investment, legal, tax, accounting or any other nature) to any person. Although we have made every effort to ensure the accuracy of the information, we disclaim liability of any loss that may result or arise from any person relying alone on the information in this Fund Fact Sheet to make any investment decisions. No person guarantees the repayment of investments in the Fixed Interest Fund or the payment of any earnings or returns on investments in the Fund. An investment in the Fund is subject to investment and other risks, which could involve delays in the repayment or loss of capital invested, or earnings or returns on your investment not meeting your expectations.

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