

FUND FACTSHEET

NZ Fixed Interest Fund

30th November 2021

Investment Strategy: The Fund provides an exposure to New Zealand Government and Corporate bonds. Kōura invests directly into fixed income securities in New Zealand and aims to replicate the Bloomberg New Zealand Aggregate Index. A fixed interest allocation in a portfolio is important to preserve capital albeit at the expense of returns.

	Fund performance			
	1 mth %	6 mth %	12 mth %	24 mth (% p.a)
Koura NZ Fixed Interest Fund	0.4	(3.3)	(4.9)	(0.7)

These performance numbers are calculated by kōura Wealth and are net of fees and gross of tax.

Monthly Commentary:

The kōura Fixed Income Fund return was 0.4% in November, the first positive return for a few months. During this month, long term interest rates have not risen as we have seen in previous months, and the difference between short and long term interest rates has flattened.

The two key metrics that markets are looking at currently around interest rates are Jobs and Inflation data - both of which are the key inputs used by the US Federal Reserve as to what happens with the Fed Funds rate (the US equivalent of New Zealand's Official Cash Rate). As both of these continue to show strength in the economy, the rhetoric has changed from Inflation being transitory to more permanent, leading to expectation that the Fed Funds rate will starting to rise in mid - 2022.. The New Zealand bond market takes direction from the US so this is something to watch.

New Zealand's Central Bank was one of the first in the world to start lifting interest rates, with the Official Cash Rate increasing in October followed by a second increase in November and further increases expected over the next 12-18 months.

Top Ten Holdings:

Top Ten Securities	Issuer	
AIANZ 3.51% 10/10/2024	Auckland Airport	6.0%
WSTP 1.439% 02/24/26	Westpac Bank	6.0%
VCTNZ 3.45% 27/05/2025	Vector Limited	4.9%
AUCKCN 3.338% 27/07/2026	Auckland Council	4.6%
HSBC 1.835% 16/08/2024	HSBC Holdings	4.3%
BZLNZ 3.648% 16/11/2023	BNZ Bank	4.0%
HOUNZ 1.534% 10/09/2035	Housing New Zealand	3.6%
CHRINT 4.13% 24/05/2024	Christchurch Airport	3.3%
FCGNZ 4.15% 14/11/2025	Fonterra	3.3%
TPNZ 3.823% 06/03/2025	Transpower	3.1%

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