

KiwiSaver Investment Survey

June 2008

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1. Introduction

1.1 Introduction

This is an abridged version of our regular KiwiSaver Investment Survey. It shows the results to June 2008.

The focus of this survey is firmly on the KiwiSaver universe and in time we will expand the information provided and the number of providers included.

1.2 KiwiSaver Universe

Five of the default providers are included in the survey. Additionally we show information from other providers. The full list follows (default providers are shown in bold).

- **AMP**
- **ASB**
- **AXA**
- Fidelity
- FirstChoice
- **ING**
- SIL (ING)
- Smartshares
- **Tower**

1.3 Notes

1. All returns are gross of tax and net of investment fees.
2. The column labelled "G" refers to the benchmark exposure to growth assets. In the KiwiSaver section, funds are shown in descending order, according to this column.
3. The diversified fund categories are defined as follows:
 - a. Growth funds have 66% - 100% in growth assets
 - b. Balanced funds have 51% - 65% in growth assets
 - c. Moderate funds have 31% - 50% in growth assets
 - d. Conservative funds have 0% - 30% in growth assets
4. Care should be taken when interpreting the results in this document as past performance is not a good guide to future results.
5. The data has been provided separately by each provider and has not been independently verified.
6. No allowance has been made for other fees (e.g. membership fees, trustee fees, in funds costs, etc).
7. Melville Jessup Weaver has taken every care in preparing this survey. However, we are not able to guarantee the accuracy of the information and strongly recommend that appropriate professional advice be obtained before any investment activity is undertaken. The contents of this investment survey may be reproduced, provided Melville Jessup Weaver is acknowledged as the source.
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2. Investment Returns

2.1 Diversified Funds

Provider	Fund Name	% G	3 months % Rank	9 months % Rank
Aggressive Funds				
Fidelity KiwiSaver	Aggressive Kiwi Fund	100.0	1.1 (4)	-7.4 (4)
AMP KiwiSaver	AMP Aggressive Fund	90.0	3.4 (1)	-8.5 (5)
AXA KiwiSaver	High Growth Fund	84.0	-1.0 (6)	-14.7 (12)
ASB KiwiSaver	Growth Fund	80.0	-1.2 (8)	-12.1 (8)
FirstChoice	Active Growth Fund	80.0	-1.1 (7)	-12.3 (9)
FirstChoice	Tracker Growth Fund	80.0	-1.3 (9)	-12.0 (7)
ING KiwiSaver	Growth Fund	80.0	-1.9 (11)	-13.4 (11)
SIL KiwiSaver	Growth Fund	78.0	-2.3 (12)	-13.1 (10)
Fidelity KiwiSaver	Growth Kiwi Fund	77.5	-0.3 (5)	-2.7 (1)
Tower KiwiPlan	Growth Fund	77.5	-1.9 (10)	-10.8 (6)
AMP KiwiSaver	AMP Growth Fund	77.0	3.2 (2)	-6.8 (3)
AMP KiwiSaver	ING Balanced Fund	67.5	1.7 (3)	-3.7 (2)
Balanced Funds				
ING KiwiSaver	Balanced Growth Fund	65.0	-1.4 (12)	-10.2 (12)
AMP KiwiSaver	AMP Balanced Fund	64.0	3.0 (3)	-4.5 (5)
AMP KiwiSaver	Balanced Fund - Other	63.0	1.5 (4)	-6.8 (6)
SIL KiwiSaver	Balanced Growth Fund	62.0	-1.6 (13)	-9.3 (10)
ASB KiwiSaver	Balanced Fund	60.0	-1.0 (10)	-8.5 (7)
FirstChoice	Active Balanced Fund	60.0	-0.7 (8)	-8.5 (8)
FirstChoice	Tracker Balanced Fund	60.0	-1.0 (11)	-8.6 (9)
SmartShares	Balanced Fund	60.0	0.2 (6)	-11.5 (13)
AXA KiwiSaver	Balanced Fund	60.0	-0.8 (9)	-10.2 (11)
AMP KiwiSaver	Tower Balanced Fund	55.0	5.4 (1)	1.4 (1)
Tower KiwiPlan	Balanced Fund	55.0	-0.1 (7)	-2.0 (3)
Fidelity KiwiSaver	Balanced Kiwi Fund	52.5	0.6 (5)	-0.5 (2)
AMP KiwiSaver	AMP Moderate Balanced Fund	51.0	3.0 (2)	-2.7 (4)
Moderate Funds				
ING KiwiSaver	Balanced Fund	50.0	-0.9 (6)	-6.4 (7)
SIL KiwiSaver	Balanced Fund	46.5	-0.9 (7)	-5.6 (6)
ASB KiwiSaver	Moderate Fund	40.0	-0.5 (4)	-4.3 (4)
FirstChoice	Tracker Moderate Fund	40.0	-0.6 (5)	-4.6 (5)
AMP KiwiSaver	AMP Moderate Fund	38.0	2.8 (1)	-0.8 (1)
ING KiwiSaver	Conservative Balanced Fund	35.0	-0.3 (2)	-2.4 (3)
SIL KiwiSaver	Conservative Balanced Fund	32.0	-0.3 (3)	-2.2 (2)
Conservative Funds				
FirstChoice	Active Conservative Fund	30.0	0.2 (11)	-3.6 (11)
Tower KiwiPlan	Conservative Fund	30.0	0.5 (7)	0.6 (7)
Fidelity KiwiSaver	Conservative Kiwi Fund	27.5	1.5 (3)	2.2 (3)
AMP KiwiSaver	AMP Conservative Fund	25.0	2.6 (1)	1.5 (5)
AMP KiwiSaver	AMP Default Fund	20.0	2.5 (2)	2.6 (2)
ASB KiwiSaver	Conservative Fund	20.0	0.6 (6)	0.5 (8)
AXA KiwiSaver	Income Plus Fund	20.0	0.5 (8)	n.a
FirstChoice	Tracker Conservative Fund	20.0	0.7 (5)	0.4 (9)
ING KiwiSaver	Conservative Fund	20.0	0.2 (9)	1.5 (4)
SmartShares	Conservative Fund	20.0	0.0 (12)	-1.7 (10)
Tower KiwiPlan	Cash Enhanced Fund	20.0	1.2 (4)	3.0 (1)
SIL KiwiSaver	Conservative Fund	18.0	0.2 (10)	1.4 (6)

2.2 MJW comment

- The performance results are poor since inception due to the ongoing credit crisis.
- Strong results from AMP's and Fidelity's funds over the 9 month period.
- The returns for the 9 months range from a positive 3.0% for the Tower KiwiPlan Cash Enhanced Fund to a negative 14.7% for the AXA KiwiSaver High Growth Fund.

2.3 Sector Funds

Provider	Fund Name	3 months		9 months	
		%	Rank	%	Rank
Share Funds					
SIL KiwiSaver	Australasian Share Fund	-7.3	(4)	-23.8	(4)
SIL KiwiSaver	International Share Fund	-0.4	(1)	-13.1	(1)
SmartShares	Growth Fund	-1.5	(2)	-22.1	(3)
Tower KiwiPlan	Equity Fund	-2.2	(3)	-17.3	(2)
Index	Australasian Shares	-7.7		-24.3	
Index	Global Shares (unhedged)	1.8		-13.0	
Property Funds					
SIL KiwiSaver	Australasian Property Fund	-1.8	(1)	-17.1	(1)
SIL KiwiSaver	International Property Fund	-8.4	(2)	-20.2	(2)
Index	Australasian Property	-1.3		-11.9	
Index	Global Property	-8.1		-20.0	
Bond Funds					
Fidelity KiwiSaver	Options Kiwi Fund	8.1	(1)	17.0	(1)
SIL KiwiSaver	NZ Fixed Interest Fund	2.2	(2)	4.6	(3)
SIL KiwiSaver	International Fixed Interest Fund	-0.7	(3)	6.9	(2)
Index	NZ Bonds	1.9		5.3	
Index	Global Bonds	-0.2		6.1	
Cash Funds					
AMP KiwiSaver	Cash Fund	2.2	(1)	6.3	(4)
ASB KiwiSaver	Cash Fund	2.1	(4)	6.4	(2)
AXA KiwiSaver	Cash Fund	2.2	(2)	5.6	(7)
FirstChoice	NZ Cash Fund	2.2	(3)	6.4	(3)
SIL KiwiSaver	Cash Plus Fund	2.1	(5)	6.1	(5)
Tower KiwiPlan	Preservation Fund	1.9	(7)	6.6	(1)
		2.0	(6)	6.1	(6)
Index	Cash				

2.4 MJW comment

- The best performing sector for the sector was again cash.
- However, the Fidelity Options Fund in the Bond Fund sector has had very good results.

3. Asset Allocation

3.1 Aggressive Funds

Provider	Fund Name	FUM \$m	Aust Shares		Global Shares		Aust Property		Global Property		Alternative Assets		Growth Assets		NZ Bonds		Global Bonds		Cash		Income Assets		
			Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	
Fidelity KiwiSaver	Aggressive Kiwi Fund	1.5	24.9	25.0	49.8	50.0	n.a	n.a	15.0		25.1	25.0	99.9	100.0	n.a	n.a	0.1	0.1	0.1	0.1	0.1	0.1	
AMP KiwiSaver	AMP Aggressive Fund	13.7	n.a	20.0	n.a	55.0	n.a	4.9	7.5			n.a	90.0	n.a	5.0	n.a	n.a	n.a	n.a	n.a	n.a	10.0	
AXA KiwiSaver	High Growth Fund	6.4	19.1	24.0	50.6	52.5	4.9	7.5					74.6	84.0	2.1	2.5	8.4	7.5	14.9	6.0	25.4	16.0	
ASB KiwiSaver	Growth Fund	17.9	24.1	25.0	44.1	45.0			10.0	10.0			78.2	80.0	6.1	6.0	11.8	12.0	3.9	2.0	21.8	20.0	
FirstChoice	Active Growth Fund	2.4	25.1	25.0	40.4	40.0			5.1	5.0	10.1	10.0	80.8	80.0	6.1	6.0	15.7	15.0	3.5	5.0	19.2	20.0	
FirstChoice	Tracker Growth Fund	1.8	24.2	25.0	44.3	45.0			10.1	10.0			78.5	80.0	6.1	6.0	11.9	12.0	3.5	2.0	21.5	20.0	
SIL KiwiSaver	Growth Fund	15.6	22.7	23.0	40.2	40.0	10.0	10.0	5.0	5.0			77.9	78.0	4.6	4.5	5.1	5.0	12.4	12.5	22.1	22.0	
Fidelity KiwiSaver	Growth Kiwi Fund	2.7	13.2	15.0	44.1	52.5		10.0					57.2	77.5	18.8	17.5	9.3	10.0	24.0	5.0	42.8	22.5	
Tower KiwiPlan	Growth Fund	4.4	16.0	20.5	55.4	52.0	9.2	5.0					80.6	77.5	5.0	5.0	10.0	10.1	10.1	7.5	19.4	22.5	
AMP KiwiSaver	AMP Growth Fund	12.2	n.a	17.2	n.a	46.8	n.a	n.a	13.0			n.a	n.a	77.0	n.a	10.0	n.a	4.0	n.a	n.a	9.0	n.a	23.0
AMP KiwiSaver	ING Balanced Fund	3.1	n.a	16.5	n.a	37.0	n.a	n.a	12.0			n.a	67.5	n.a	16.5	n.a	11.5	n.a	n.a	4.5	n.a	32.5	
Average		7.4	21.2	21.5	46.1	46.9	3.0	6.6	2.8	2.3	3.5	2.8	78.5	81.0	4.7	6.6	7.8	7.0	9.1	5.3	21.5	19.0	

3.2 MJW comment:

- While most funds have an asset allocation to growth of around 80%, one has 100% allocation. Fidelity is substantially below benchmark for growth assets.
- There are substantial variations in the asset sectors invested in with some managers selecting alternative assets.

3.3 Balanced Funds

Provider	Fund Name	FUM \$m!	Aust Shares		Global Shares		Aust Property		Global Property		Alternative Assets		Growth Assets		NZ Bonds		Global Bonds		Cash		Income Assets	
			Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm
AMP KiwiSaver	AMP Balanced Fund	12.6	n.a	14.4	n.a	38.6	n.a	11.0					n.a	64.0	n.a	15.0	8.0	n.a	n.a	13.0	n.a	36.0
AMP KiwiSaver	Balanced Fund - Other	0.5	n.a	20.0	n.a	33.0	n.a	5.0				n.a	5.0	63.0	n.a	20.0	12.0	n.a	n.a	5.0	n.a	37.0
SIL KiwiSaver	Balanced Growth Fund	19.6	17.2	17.5	32.1	32.0	8.4	8.5	4.0	4.0			61.7	62.0	8.6	10.7	10.5	19.0	19.0	19.0	38.3	38.0
ASB KiwiSaver	Balanced Fund	17.6	20.0	20.0	30.3	30.0			10.7	10.0			61.0	60.0	16.3	19.1	19.0	3.6	5.0	5.0	39.0	40.0
FirstChoice	Active Balanced Fund	2.0	20.2	20.0	30.5	30.0			5.1	5.0	5.1	5.0	61.0	60.0		30.2	30.0	8.7	10.0	10.0	39.0	40.0
FirstChoice	Tracker Balanced Fund	1.9	20.1	20.0	30.4	30.0			10.8	10.0			61.3	60.0	16.4	19.2	19.0	3.1	5.0	5.0	38.7	40.0
SmartShares	Balanced Fund	0.8	56.3	60.0									56.3	60.0				43.7	40.0	40.0	43.7	40.0
AXA KiwiSaver	Balanced Fund	8.3	13.2	16.5	33.7	36.0	4.3	7.5					51.2	60.0	4.5	5.0	32.0	12.3	5.0	5.0	48.8	40.0
AMP KiwiSaver	Tower Balanced Fund	0.6	n.a	11.0	n.a	34.0	n.a	10.0				n.a	55.0	n.a	10.0	n.a	20.0	n.a	15.0	n.a	15.0	45.0
Tower KiwiPlan	Balanced Fund	13.8	8.2	11.0	35.0	34.0	13.6	10.0					56.9	55.0	6.4	10.0	20.5	16.2	15.0	15.0	43.1	45.0
Fidelity KiwiSaver	Balanced Kiwi Fund	4.7	9.9	12.5	29.8	30.0							39.7	52.5	30.2	35.0		30.2	12.5	12.5	60.3	47.5
AMP KiwiSaver	AMP Moderate Bal. Fund	11.7	n.a	11.6	n.a	30.4	n.a	9.0					n.a	51.0	n.a	20.0	n.a	12.0	n.a	17.0	n.a	49.0
Average		7.8	20.7	19.5	27.7	29.8	3.3	5.9	2.6	2.1	0.5	0.7	56.1	58.5	10.3	13.0	16.5	15.0	17.1	13.5	43.9	41.5

3.4 MJW comment

- Most funds have a substantial bias in favour of global shares over Australasian shares.
- An exception is SmartShares focussed on Australasian shares.

3.5 Moderate Funds

Provider	Fund Name	FUM \$m	Aust Shares		Global Shares		Aust Property		Global Property		Alternative Assets		Growth Assets		NZ Bonds		Global Bonds		Cash		Income Assets	
			Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm
SIL KiwiSaver	Balanced Fund	19.6	12.3	12.5	24.0	24.0	6.9	7.0	3.0	3.0		46.1	46.5	10.6	10.5	18.7	18.5	24.5	24.5	53.9	53.5	
ASB KiwiSaver	Moderate Fund	17.7	14.2	14.0	17.5	17.0			9.7	9.0		41.4	40.0	21.0	21.0	26.8	27.0	10.8	12.0	58.6	60.0	
FirstChoice	Tracker Moderate Fund	1.5	14.3	14.0	17.6	17.0			9.8	9.0		41.8	40.0	21.2	21.0	27.0	27.0	10.1	12.0	58.2	60.0	
AMP KiwiSaver	AMP Moderate Fund	8.0	n.a	8.8	n.a	22.2	n.a	7.0			n.a	38.0	n.a	n.a	25.0	n.a	16.0	n.a	21.0	n.a	62.0	
SIL KiwiSaver	Conservative Bal. Fund	8.5	8.3	8.5	15.9	16.0	4.9	5.0	2.5	2.5		31.6	32.0	14.6	14.5	24.7	24.5	29.0	29.0	68.4	68.0	
Average		11.1	12.3	11.6	18.8	19.2	3.0	3.8	5.0	3.9		40.2	39.3	16.8	18.4	24.3	22.6	18.6	19.7	59.8	60.7	

3.6 MJW comment

- All managers are in line with benchmark asset allocations.

3.7 Conservative Funds

Provider	Fund Name	FUM \$m	Aust Shares		Global Shares		Aust Property		Global Property		Alternative Assets		Growth Assets		NZ Bonds		Global Bonds		Cash		Income Assets	
			Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm	Act	B'm
FirstChoice	Active Conservative Fund	0.5	15.1	15.0	15.6	15.0							30.7	30.0			57.7	60.0	11.5	10.0	69.3	70.0
Tower KiwiPlan	Conservative Fund	1.5	4.3	6.0	17.7	18.0	9.1	6.0					31.2	30.0	13.2	15.0	28.7	30.0	27.0	25.0	68.9	70.0
Fidelity KiwiSaver	Conservative Kiwi Fund	2.2	9.8	10.0	9.9	10.0		7.5					19.7	27.5	40.0	57.5		30.0	40.3	15.0	80.3	72.5
AMP KiwiSaver	AMP Conservative Fund	1.9	n.a	6.0	n.a	14.0	n.a	5.0				n.a	25.0	n.a	n.a	30.0	n.a	20.0	n.a	n.a	25.0	75.0
AMP KiwiSaver	AMP Default Fund	70.3	n.a	5.0	n.a	13.0	n.a	2.0				n.a	20.0	n.a	n.a	7.0	n.a	5.0	n.a	n.a	68.0	80.0
ASB KiwiSaver	Conservative Fund	104.2	9.8	9.0	11.9	11.0							21.7	20.0	25.2	25.0	29.9	30.0	23.2	25.0	78.3	80.0
AXA KiwiSaver	Income Plus Fund	62.8	3.7	5.0	11.3	12.5	0.9	2.5					16.0	20.0	14.6	15.0	36.6	35.0	32.8	30.0	84.0	80.0
FirstChoice	Tracker Conservative Fund	6.3	9.7	9.0	11.6	11.0							21.4	20.0	24.9	25.0	29.7	30.0	24.1	25.0	78.6	80.0
SmartShares	Conservative Fund	0.3	19.6	20.0									19.6	20.0					80.4	80.0	80.4	80.0
Tower KiwiPlan	Cash Enhanced Fund	61.1	2.5	4.0	12.4	12.0	5.0	4.0	1.0	1.0			19.8	20.0	3.9	7.5	14.5	15.0	61.9	57.5	80.2	80.0
SIL KiwiSaver	Conservative Fund	20.3	5.4	5.5	8.9	9.0	2.5	2.5					17.7	18.0	17.6	17.5	31.7	31.5	33.0	33.0	82.3	82.0
Average		30.1	8.9	8.6	11.1	11.4	1.9	2.7	0.1	0.1			22.0	22.8	15.5	18.1	25.4	23.3	37.1	35.8	78.0	77.2

3.8 MJW comment

- The Funds Under Management figures show that this Conservative Fund sector has been the most popular investment option.

4. Membership Information

4.1 Introduction

In addition to the information above we asked the providers to send us information as to the number of enrolments they had. Some view this as sensitive information and have declined to comment. The information we do have is shown below.

4.2 Membership Figures

Provider	Members	
		\$000
Default Providers		
AMP KiwiSaver	n.a	
ASB KiwiSaver	119.4	
AXA KiwiSaver	57.4	
ING KiwiSaver	46.1	
Tower KiwiPlan	47.3	
<i>Subtotal</i>		270.2
Other Providers		
Fidelity KiwiSaver	13.5	
FirstChoice	8.7	
SmartShares	n.a	
SIL KiwiSaver	1.4	
<i>Subtotal</i>		71.1
Total		341.3

4.3 MJW comment

- As at August 2008, the overall enrolments have surpassed 700,000.

5. About Melville Jessup Weaver

5.1 Melville Jessup Weaver

Melville Jessup Weaver is a New Zealand firm of consulting actuaries. The areas in which we provide advice include superannuation, employee benefits, life insurance, general insurance, health insurance, accident insurance, asset consulting and information technology.

The firm is an alliance partner of Towers Perrin, a global professional services firm that helps organisations around the world optimise performance through effective people, risk and financial management. Towers Perrin has offices in 25 countries and the business covers HR services, reinsurance and Tillinghast.

5.2 Asset Consulting Services

These comprise:

- Establishment of investment objectives.
- Determination of long-term investment strategies.
- Determination of the optimum investment manager configuration.
- Provision of quantitative and qualitative analysis of investment performance.
- Asset/Liability modelling.
- Performance monitoring against investment objectives and competitors.
- Manager selection exercises utilising Towers Perrin's expertise.