

## Investment Survey – December 2006

### 1. Investment returns

Results for the quarter (with 1 year results in brackets):

• NZ Shares	13.4%	(22.7%)
• Overseas Shares:		
• unhedged	0.4%	(16.5%)
• hedged	7.7%	(20.0%)
• Property	13.0%	(24.9%)
• NZ Fixed Interest	0.6%	(4.2%)
• Overseas Fixed Interest	1.5%	(6.0%)
• Cash	1.9%	(7.7%)

### 2. Comment on share sector results

The survey now includes the 5 index funds offered by SmartShares (SMS), providing information on NZ Mid Caps (smartMIDZ), NZ Large Caps (smartTENZ) and 2 Australian funds (smartOZZY and smartMOZY). As there is much interest in the range of options available in the Australasian share sector with the new tax environment, the information on these funds provides useful comparisons.

Paralleling this, in the overseas sector we note that the existing passive funds are often described as having the performance of Large Cap funds. In the new tax environment it can be expected that some of these passive funds will continue, but most likely with the advantage of wider mandates.

### 3. Fixed Interest Funds

#### 3.1 Introduction

Over the next few months the focus is going to be very much on the implications of the tax changes within the share sectors. So we thought it would be a welcome relief from that subject to look at the management of fixed interest.

We sent out a survey to managers and received responses from Alliance Bernstein, AMPCI, BTFM, CFS, DFA, TAM and Tyndall, primarily related to the fixed interest funds they include in the MJW Survey. Not all questions were answered.

The information we sought was:

- How much risk was the fund taking on?
- What was the optimum split for a Balanced fund between NZ and overseas fixed interest funds?
- What fees are charged?
- What use is made of derivatives?

#### 3.2 NZ funds' strategies

Sovereign debt: A fund's exposure to NZ Government stock is the starting security allocation decision. The survey range provided to us was as follows:

Manager	Allowable range		
Alliance Bernstein	50%	-	70%
AMPCI	10%	-	100%
BTFM	40%	-	100%
TAM	50%	-	100%
Tyndall	50%	-	100%

While Alliance Bernstein has a core holding of between 50% and 70%, others such as AMPCI can reduce the exposure to 10%. In most cases a maximum of 100% applies.

The rating restriction varies as shown below:

Manager	Rating restrictions
AMPCI	Min BBB-
BTFM	Min A- or short term A1
Tyndall	95% A- or higher, rest BBB or higher

AMPCI has the lowest minimum rating but this only applies to a low percentage of the total fund.

*Duration:* The duration limits are important when assessing the level of risk a fund takes on. The longer the duration the more potential volatility is associated with the results. Of course, the greater the risk the greater the potential upside.

Manager	Current duration	Restrictions of Benchmark
Alliance Bernstein	3.82yrs	Bm ±1.3
AMPCI		Bm ± 2
BTFM		(0.5 – 1.5) x Bm
TAM		Max Bm + 2yrs
Tyndall	3.20yrs	Bm ±1.5

The most restrictive manager is Alliance Bernstein at ±1.3 of Benchmark.

*Performance targets:* These will vary depending on the terms of the mandate and the level of risk taken. BT and Tyndall are at the top of the range at Benchmark plus 1%.

Manager	Value Add Target
Alliance Bernstein	0.7%pa over 3 yrs
BTFM	1.0%pa over 3 yrs
Tyndall	1.0%pa

*Allowable instruments and derivatives:* There is an extensive list of what each manager can invest in and we have not attempted to include these in a table. Similarly we have not attempted to describe the use of the derivatives as this is an expanding subject and not easily communicated. Overall, the responses varied from "no limit" to between 30% and 60% of Net Market Value.

*Leveraged credit:* The responses here again were varied. From one manager we had a clear yes, from 2 others a clear no and from another that use of leveraged credit required the agreement of individual clients.

*Fees:* The table below summarises the fees for two mandate sizes.

Manager	For \$10m	For \$25m
Alliance Bernstein	0.30%	0.26%
AMPCI	0.35%	0.30%
BTFM	0.40%	0.30%
Tyndall	0.35%	0.28%

The results are similar for the managers shown.

### 3.3 Overseas funds' strategies

*Sovereign debt:* We were interested in exposure to Sovereign debt and the ratings restriction.

Manager	Sovereign debt	Rating restrictions
Alliance Bernstein	No limit	Average quality AA
AMPCI	Currently 63.4%	Manager specific
BTFM	30% - 80%	Min 20% in AAA, max 15% below investment grade
CFS	No sector limits	Min A+
DFA		Short term at least A1 or long term at least AA
Tyndall		Average at least A-

*Duration:* The results are included in the table.

Manager	Current duration	Restrictions of benchmark
Alliance Bernstein	6.37yrs	Within 10% of Bm
AMPCI		Manager specific
BTFM		Bm $\pm$ 1.0
CFS		Max 7 years
DFA		Max 5 years
Tyndall	5.10yrs	None

Of interest is the DFA fund with its shorter duration, showing that this fund has a different stance to a standard overseas fixed fund.

*Fees:* The table shows fees for 2 mandate sizes. With one exception they do not vary greatly, but in all cases fees are greater than for NZ fixed.

Manager	For \$10m	For \$25m
Alliance Bernstein	0.45%	0.45%
AMPCI	0.50%	0.45%
BTFM	0.80%	0.55%
CFS	0.50%	0.50%
DFA	0.60%	0.60%
Tyndall	0.62%	0.55%

*Currency:* All funds are 100% hedged back to the NZ dollar, except for Tyndall who can have up to a 5% FX exposure. There is also a potential exposure to cross currency exposure between say the Yen and the US dollar.

### 3.4 Split between NZ and overseas

The question of how to structure a fund's exposure to fixed interest is topical. Some funds are considering not only reducing their NZ exposure but in some instances moving the NZ exposure to nil.

Table 6 gives the asset allocation for the Balanced Funds marketed by the managers. The average exposure to NZ fixed interest is 12.8%, and to overseas fixed is 14.5% of assets. But, as can be seen, the results are diverse and the ranges are wide.

While there is a general view among managers that more should be invested overseas, there is also the view that NZ will outperform overseas in the shorter term – this is leading certain managers to continue with a greater NZ exposure. One manager even suggests that an optimum split maybe 75% offshore while two managers only have an overseas fixed interest fund.

### Comment

Managers are generally interested in expanding the terms of their mandates in order to increase the return to their clients. The biggest changes to a mandate are through the use of derivatives, which seem more than reasonable when promoted by a manager. However, they all involve some risk and assessing the change in the risk level is difficult. Any request needs to be weighed against an assessment of the additional risk and the response to the question as to whether there are other options available for increasing returns.

### ABOUT MELVILLE JESSUP WEAVER

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### Asset consulting services -

- Establish investment objectives.
- Determine long-term investment strategies.
- Determine the optimum investment manager configuration.
- Provide quantitative and qualitative analysis of investment performance.
- Asset/Liability modelling.
- Performance monitoring; against investment objectives and competitors

**Table 1 – NZ and Australian Share Funds**

Manager	Type	3 Months		1 Year		3 Years		5 Years		3 Years					
		%	Rank	% p.a.	Rank	% p.a.	Rank	% p.a.	Rank	Excess Return % p.a.	Rank	Tracking Error % p.a.	Rank	Information Ratio % p.a.	Rank
<b>NZ</b>															
RUS	Multi	11.3	(2)	21.1	(2)	n.a		n.a		n.a		n.a		n.a	
TAM		14.4	(1)	27.5	(1)	21.5	(1)	18.5	(1)	2.2	(1)	1.3	(1)	1.7	(1)
Average		12.8		24.3		21.5		18.5		2.2		1.3		1.7	
<b>Indexed</b>															
Arcus		13.8		21.3		17.6		14.9		-1.6		1.9		-0.9	
AMPCI		13.4		22.5		18.4		16.2		-0.8		0.3		-2.7	
SMS	smartTENZ	11.9		9.8		11.2		11.5		-8.0		5.7		-1.4	
SMS	smartFONZ	12.7		32.6		n.a		n.a		n.a		n.a		n.a	
SMS	smartMIDZ	15.0		43.0		21.0		15.1		1.8		8.4		0.2	
SMS	smartMOZY	13.1		30.5		n.a		n.a		n.a		n.a		n.a	
SMS	smartOZZY	6.6		22.5		18.8		8.5		-0.4		10.8		0.0	
<b>Trans-Tasman</b>															
AB		11.8	(7)	25.3	(6)	19.7	(10)	15.9	(9)	0.4	(10)	2.6	(4)	0.2	(10)
AB	High Growth	11.4	(9)	26.7	(3)	21.8	(6)	18.6	(3)	2.6	(6)	2.9	(6)	0.9	(6)
AMPCI	Active	13.8	(1)	29.6	(2)	21.2	(7)	17.5	(5)	2.0	(7)	1.6	(1)	1.2	(4)
Arcus	Multi	11.5	(8)	23.2	(7)	n.a		n.a		n.a		n.a		n.a	
BAM		11.9	(6)	20.6	(11)	20.7	(9)	16.2	(8)	1.5	(9)	2.8	(5)	0.5	(9)
BTFM		12.6	(3)	21.4	(9)	22.6	(5)	16.8	(7)	3.4	(5)	3.2	(7)	1.0	(5)
CFS		10.3	(10)	26.4	(4)	24.1	(3)	15.5	(10)	4.8	(3)	7.4	(10)	0.6	(8)
ING		13.6	(2)	25.8	(5)	24.8	(2)	21.6	(1)	5.6	(2)	3.2	(8)	1.7	(2)
JBW		9.9	(11)	34.2	(1)	27.9	(1)	19.2	(2)	8.7	(1)	4.9	(9)	1.8	(1)
MGI		12.4	(4)	22.9	(8)	23.0	(4)	17.3	(6)	3.8	(4)	2.4	(3)	1.6	(3)
TYN		11.9	(5)	20.7	(10)	21.1	(8)	18.4	(4)	1.9	(8)	2.3	(2)	0.8	(7)
Average		11.9		25.1		22.7		17.7		3.5		3.3		1.0	
<b>Non core</b>															
AMPCI	Strategic	13.7		42.4		25.3		20.2		6.1		10.8		0.6	
FIS		13.4		63.2		37.2		25.5		18.0		12.8		1.4	
ING		11.5		33.1		n.a		n.a		n.a		n.a		n.a	
MAM		12.8		24.6		n.a		n.a		n.a		n.a		n.a	
TYN	Aggressive	13.7		59.5		38.2		n.a		19.0		12.5		1.5	
WCM		11.0		33.0		23.7		n.a		4.5		8.4		0.5	
<b>Indices</b>															
NZSX50 (incl IC's)		13.4		22.7		19.2		16.5							
ASX200		10.9		24.2		25.0		15.3							

Comment: For interest, we have included excess returns for all the index funds against the NZSX50.

**Notes:**

1. Excess return is defined as gross return less benchmark return, i.e. value added.
2. Tracking error is the standard deviation of value added.
3. Information Ratio is value added divided by tracking error, i.e. risk adjusted performance.
4. The numbers shown are in some cases gross equivalents of the net returns achieved by the manager. Accordingly, for a gross investor the returns realised may be different to those shown above.
5. Relative outperformance may be due to the nature of the fund rather than to superior performance
6. BAM NZ share fund is their 'Australasian Equities' Fund.
7. The ING property return shown is for the ING Property Securities Fund.
8. The index share funds are benchmarked against the standard share index and not against their own index.

**Table 2 – Overseas Share Funds (unhedged)**

Manager Type	3 Months		1 Year		3 Years		5 Years		3 Years						
	%	Rank	% p.a.	Rank	% p.a.	Rank	% p.a.	Rank	Excess Return % p.a.	Rank	Tracking Error % p.a.	Rank	Information Ratio % p.a.	Rank	
<b>Unbiased</b>	No of managers														
AB	1	1.9	(1)	18.5	(3)	16.2	(1)	n.a	3.7	(1)	2.6	(7)	1.4	(1)	
AMPCI	13	1.5	(4)	17.2	(4)	14.5	(4)	1.8	(3)	2.0	(3)	1.7	(3)	1.2	(2)
Arcus	5	1.7	(3)	17.2	(5)	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	
BNP	1	-0.5	(10)	21.3	(1)	15.0	(2)	2.2	(2)	2.5	(2)	2.2	(6)	1.2	(3)
BTFM	1	0.1	(7)	15.9	(7)	14.7	(3)	4.8	(1)	0.9	(5)	3.3	(9)	0.3	(7)
ING	3	1.0	(6)	19.2	(2)	13.9	(5)	0.1	(6)	1.4	(4)	1.6	(2)	0.9	(4)
MLC	7	1.7	(2)	16.2	(6)	13.3	(6)	0.5	(5)	0.8	(6)	2.1	(5)	0.4	(5)
RUS	7	0.1	(8)	15.3	(8)	12.8	(8)	-0.4	(7)	0.3	(8)	1.1	(1)	0.3	(6)
TYN	1	-0.1	(9)	13.0	(10)	11.7	(9)	-1.0	(8)	-0.2	(9)	2.1	(4)	-0.1	(9)
WEL	1	1.0	(5)	14.8	(9)	13.2	(7)	1.0	(4)	0.6	(7)	2.8	(8)	0.2	(8)
Average		0.8		16.9		13.9		1.1		1.3		2.2		0.6	
<b>Value</b>															
AB	1	2.9	(1)	25.1	(1)	18.9	(1)	5.8	(2)	6.4	(1)	2.8	(4)	2.3	(2)
CFS	1	1.4	(5)	12.9	(7)	10.0	(6)	-2.6	(6)	-2.5	(6)	4.0	(6)	-0.6	(6)
DFA	1	2.0	(4)	23.5	(2)	18.3	(2)	5.9	(1)	5.8	(2)	2.3	(3)	2.5	(1)
GMO	1	0.7	(6)	17.3	(6)	14.0	(4)	2.7	(4)	1.5	(4)	1.9	(1)	0.8	(4)
TAM	4	2.1	(3)	20.2	(4)	14.0	(5)	1.6	(5)	1.4	(5)	2.1	(2)	0.7	(5)
TEM	1	2.9	(2)	22.3	(3)	15.5	(3)	3.9	(3)	3.0	(3)	2.8	(5)	1.1	(3)
WEL	1	0.2	(7)	18.3	(5)	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Average		1.8		19.9		15.1		2.9		2.6		2.6		1.1	
<b>Growth</b>															
AB		1.0	(1)	12.3	(2)	13.5	(1)	0.7	(1)	1.0	(1)	13.3	(2)	0.1	(1)
GMO		0.2	(2)	14.3	(1)	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
WEL		-1.1	(3)	10.8	(3)	9.7	(2)	-1.4	(2)	-2.8	(2)	6.7	(1)	-0.4	(2)
Average		0.0		12.4		11.6		-0.3		-0.9		10.0		-0.2	
<b>Indexed</b>															
Arcus		-0.3		13.5		10.6		-1.9		-1.9		0.8		-2.3	
AMPCI		-0.2		13.9		10.4		-2.2		-2.1		1.0		-2.1	
<b>Other</b>															
AMPCI	Emerging	3.5		19.7		19.9		7.7		-8.4		10.3		-0.8	
LMI	Emerging	9.0		33.9		27.9		15.6		-0.4		2.9		-0.1	
NZAM	Multi	0.4		14.7		13.1		9.5		0.6		4.2		0.1	
<b>Indices</b>															
MSCI 0% hedged		0.4		16.5		12.5		-0.6							
MSCI 100% hedged		7.7		20.0		19.1		11.7							
MSCI Emerging 0% hedged		9.4		30.9		28.3		14.4							

**Table 3 – Property**

Manager	3 Months		1 Year		3 Years		5 Years		3 Years						
	%	Rank	% p.a.	Rank	% p.a.	Rank	% p.a.	Rank	Excess Return % p.a.	Rank	Tracking Error % p.a.	Rank	Information Ratio % p.a.	Rank	
<b>NZ Listed</b>															
AB		13.5	(4)	27.7	(5)	24.0	(4)	19.4	(4)	2.5	(4)	2.0	(1)	1.3	(3)
BAM	Trans-Tasman	14.2	(2)	35.3	(1)	28.2	(1)	20.6	(2)	6.7	(1)	5.0	(4)	1.4	(2)
BAM	Infrastructure	10.9	(7)	29.1	(4)	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
BTFM		14.3	(1)	32.9	(2)	25.2	(3)	19.5	(3)	3.7	(3)	3.1	(3)	1.2	(4)
ING		13.6	(3)	32.0	(3)	27.6	(2)	21.2	(1)	6.1	(2)	2.6	(2)	2.3	(1)
JBW	Trans-Tasman	11.8	(5)	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
WCM	Trans-Tasman	11.0	(6)	25.9	(6)	22.6	(5)	n.a	n.a	1.1	(5)	5.0	(5)	0.2	(5)
Average		12.8		30.5		25.5		20.2		4.0		3.5		1.3	
<b>NZ Direct</b>															
AMPCI		5.2	(1)	23.9	(2)	17.5	(2)	14.7	(2)	-2.9	(2)	4.1	(1)	-0.7	(2)
TAM		2.0	(2)	34.5	(1)	22.4	(1)	18.9	(1)	2.1	(1)	6.1	(2)	0.3	(1)
Average		3.6		29.2		19.9		16.8		-0.4		5.1		-0.2	
<b>Global</b>															
AMPCI		14.2	(1)	47.8	(1)	35.8	(1)	n.a	n.a	2.8	(1)	1.9	(1)	1.5	(1)
ING		11.2	(3)	43.9	(2)	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
RUS	Multi	12.5	(2)	42.4	(3)	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
TYN		11.0	(4)	38.3	(4)	29.2	(2)	n.a	n.a	-3.7	(2)	2.5	(2)	-1.5	(2)
Average		12.2		43.1		32.5		n.a	n.a	-0.4		2.2		0.0	
<b>Indices</b>															
NZSE Property		13.0		24.9		21.5		17.6							
UBS Global Property		12.4		41.9		33.0		n.a							

**Table 4 – Fixed Interest and Cash Funds****4.1 New Zealand Fixed Interest**

Manager Type	3 Months		1 Year		3 Years		5 Years		3 Years					
	%	Rank	% p.a.	Rank	% p.a.	Rank	% p.a.	Rank	Excess Return		Tracking Error		Information Ratio	
									% p.a.	Rank	% p.a.	Rank	% p.a.	Rank
AB	0.3	(8)	4.6	(8)	5.8	(6)	6.6	(5)	0.3	(6)	0.5	(2)	0.5	(6)
AMPCI	0.6	(7)	5.4	(5)	6.0	(4)	6.9	(3)	0.4	(4)	0.8	(6)	0.6	(4)
Arcus Multi	1.2	(1)	6.0	(3)	n.a		n.a		n.a		n.a		n.a	
BTFM	0.8	(6)	5.1	(7)	5.8	(5)	6.5	(6)	0.3	(5)	0.6	(3)	0.5	(5)
ING	0.9	(5)	6.8	(1)	7.4	(1)	7.8	(1)	1.9	(1)	0.7	(5)	2.6	(1)
RUS Multi	1.0	(3)	5.2	(6)	n.a		n.a		n.a		n.a		n.a	
TAM	0.9	(4)	5.6	(4)	6.0	(3)	6.6	(4)	0.5	(3)	0.7	(4)	0.7	(3)
TYN	1.2	(2)	6.2	(2)	6.6	(2)	7.4	(2)	1.1	(2)	0.5	(1)	2.4	(2)
Average	0.9		5.6		6.3		6.9		0.7		0.6		1.2	
<b>Index</b>														
NZ Govt Stock	0.6		4.2		5.5		6.3							

**4.2 Overseas Fixed Interest (hedged)**

Manager Type/Manager	3 Months		1 Year		3 Years		5 Years		3 Years					
	%	Rank	% p.a.	Rank	% p.a.	Rank	% p.a.	Rank	Excess Return		Tracking Error		Information Ratio	
									% p.a.	Rank	% p.a.	Rank	% p.a.	Rank
AB	1.7	(3)	6.6	(2)	8.0	(6)	7.8	(8)	0.2	(6)	0.6	(2)	0.4	(6)
AMPCI Multi	2.2	(1)	6.5	(3)	8.0	(7)	8.6	(5)	0.2	(7)	1.1	(6)	0.2	(7)
Arcus Multi	1.5	(6)	6.4	(4)	n.a		n.a		n.a		n.a		n.a	
BTFM Principle Global	1.4	(7)	5.8	(7)	8.4	(3)	8.7	(4)	0.5	(3)	1.3	(7)	0.4	(4)
CFS	1.2	(10)	5.7	(8)	7.8	(8)	8.0	(7)	-0.2	(8)	0.6	(1)	-0.4	(8)
DFA	1.7	(4)	6.7	(1)	n.a		n.a		n.a		n.a		n.a	
ING	1.3	(8)	6.1	(5)	8.5	(2)	8.5	(6)	0.7	(2)	0.9	(4)	0.8	(1)
RUS Multi	1.7	(5)	5.9	(6)	8.7	(1)	9.2	(1)	0.7	(1)	1.4	(8)	0.5	(3)
TAM PIMCO	1.2	(9)	5.7	(9)	8.2	(4)	9.1	(2)	0.4	(4)	0.6	(3)	0.6	(2)
TYN FFTW	1.8	(2)	5.4	(10)	8.2	(5)	9.0	(3)	0.4	(5)	0.9	(5)	0.4	(5)
Average	1.6		6.1		8.2		8.6		0.4		0.9		0.4	
<b>Index</b>														
Lehman	1.5		6.0		7.8		8.6							
Citigroup WGBI	1.3		5.5		8.0		8.5							

**4.3 Cash**

Manager	3 Months		1 Year		3 Years		5 Years		3 Years					
	%	Rank	% p.a.	Rank	% p.a.	Rank	% p.a.	Rank	Excess Return		Tracking Error		Information Ratio	
									% p.a.	Rank	% p.a.	Rank	% p.a.	Rank
AB	1.6	(10)	7.4	(10)	6.9	(10)	6.5	(7)	-0.1	(10)	0.1	(6)	-0.6	(10)
AMPCI	1.9	(9)	7.7	(9)	7.1	(7)	6.6	(5)	0.1	(7)	0.1	(3)	0.9	(6)
AMPCI Strategic Income	2.3	(1)	8.6	(2)	8.1	(2)	n.a		1.9	(1)	1.9	(10)	1.0	(5)
Arcus	1.9	(5)	7.8	(6)	7.1	(6)	6.6	(4)	0.1	(6)	0.1	(2)	1.6	(3)
BTFM	1.9	(6)	7.9	(5)	7.3	(3)	6.7	(3)	0.3	(3)	0.2	(7)	1.4	(4)
CFS	2.0	(4)	8.5	(3)	7.1	(5)	n.a		0.1	(5)	0.2	(8)	0.4	(7)
ING	2.1	(2)	8.7	(1)	8.4	(1)	7.4	(1)	1.4	(2)	0.5	(9)	3.1	(1)
MGI	1.9	(8)	7.8	(7)	7.0	(9)	6.5	(6)	0.0	(9)	0.1	(4)	-0.1	(9)
TAM	1.9	(7)	7.8	(8)	7.0	(8)	6.5	(8)	0.0	(8)	0.1	(1)	0.4	(8)
TYN	2.0	(3)	8.0	(4)	7.3	(4)	6.8	(2)	0.3	(4)	0.1	(5)	2.5	(2)
Average	1.9		8.0		7.3		6.7		0.4		0.3		1.1	
<b>Index</b>														
90 Day Bank Bill	1.9		7.7		7.0		6.4							

**Table 5 - Alternative Assets**

Manager	Type	FX %	3 Months	1 Year	3 Years	5 Years	3 Years
			%	% p.a.	% p.a.	% p.a.	Volatility
BTFM	Multi	100.0	4.7	12.1	n.a	n.a	n.a
FID		n.a.	3.1	20.8	18.4	n.a	4.8
RUS	Multi	0.0	3.3	12.7	11.5	12.9	1.8
MGH		0.0	-0.6	7.2	13.2	n.a	11.0
TAM	Commodity	0.0	3.6	-0.3	15.5	n.a	15.6
TYN	Multi	0.0	4.5	14.4	12.7	n.a	3.5
WEL	Commodity	100.0	-1.4	18.3	17.1	n.a	16.2
Average			2.5	12.2	14.7	12.9	8.8
<b>Index</b>							
HFR FoF Hedged NZD			5.9	12.9	11.9	11.4	

**Table 6 – Wholesale Balanced Funds****6.1 Returns**

Manager	Gross								Net							
	3 Months		1 Year		3 Years		5 Years		3 Months		1 Year		3 Years		5 Years	
	%	Rank	% p.a.	Rank	% p.a.	Rank	% p.a.	Rank	%	Rank	% p.a.	Rank	% p.a.	Rank	% p.a.	Rank
AB	3.8	(7)	14.6	(6)	13.1	(9)	7.6	(8)	3.5	(2)	11.0	(4)	9.1	(7)	5.1	(5)
AMPCI	5.0	(2)	17.1	(3)	13.8	(5)	8.8	(5)	3.2	(4)	12.2	(1)	9.6	(4)	4.9	(7)
Arcus	5.6	(1)	17.7	(1)	15.8	(1)	11.8	(1)	3.0	(5)	10.5	(5)	10.8	(3)	6.5	(3)
BTFM	3.6	(9)	13.6	(9)	13.2	(8)	8.6	(6)	2.3	(9)	10.0	(6)	13.2	(1)	8.0	(1)
CFS	4.6	(4)	13.9	(7)	13.6	(7)	7.8	(7)	3.0	(6)	8.8	(8)	8.7	(9)	5.1	(6)
ING	4.2	(6)	16.4	(4)	15.3	(2)	10.6	(2)	3.0	(7)	11.3	(3)	11.5	(2)	7.2	(2)
MGI	5.0	(3)	15.4	(5)	14.0	(3)	n.a		3.3	(3)	9.2	(7)	9.2	(6)	n.a	
TAM	3.7	(8)	17.7	(2)	13.9	(4)	10.1	(3)	4.4	(1)	12.1	(2)	9.4	(5)	6.2	(4)
TYN	4.3	(5)	13.8	(8)	13.8	(6)	9.4	(4)	2.7	(8)	8.5	(9)	8.7	(8)	n.a	
Average	4.4		15.6		14.1		9.3		3.2		10.4		10.0		6.2	

**6.2 Asset Allocation :**

(Shaded figures indicate an increased asset allocation since the previous quarter)

Manager	NZ shares		Overseas shares		Property		Alt Assets	Growth Assets	Fixed interest		Cash	Income Assets	Currency	
	Active	Passive	Active	Passive	NZ	Global			NZ	O'seas			Alloc	Outlook
AB	6.8	7.7	16.6	20.9	7.6	0.0	0.0	59.5	17.6	12.3	10.7	40.5	21.3	Negative
AMPCI	14.4	0.0	8.4	28.3	7.1	4.5	0.0	62.7	19.7	11.8	5.8	37.3	22.2	Neutral
Arcus	19.7	0.0	49.6	0.0	2.4	0.0	3.8	75.5	7.1	2.4	15.0	24.5	36.7	Negative
BTFM	20.3	0.0	34.6	0.0	5.3	0.0	5.0	65.2	14.9	9.4	10.5	34.8	34.6	Neutral
CFS	20.0	0.0	40.0	0.0	0.0	0.0	0.0	60.0	0.0	37.0	3.0	40.0	20.0	Neutral
ING	18.1	0.0	36.8	0.0	12.4	0.0	1.9	69.2	13.9	8.7	8.3	30.9	28.1	Negative
MGI	15.2	0.0	32.6	0.0	5.3	5.1	2.0	60.1	14.0	20.9	5.0	39.9	16.3	Neutral
TAM	10.7	0.0	33.7	0.0	17.5	0.0	0.0	61.9	6.0	19.6	12.5	38.1	32.5	Negative
TYN	15.5	0.0	36.8	0.0	0.0	5.2	7.6	65.1	21.7	8.5	4.6	34.9	21.7	Negative
Average	15.6	0.9	32.1	5.5	6.4	1.7	2.3	64.4	12.8	14.5	8.4	35.6	25.9	

**Table 7 – Additional information**

(Funds under management relate to the overall organization)

Manager	Acronym	Total FUM (\$m)	Manager	Acronym	Total FUM (\$m)
AllianceBernstein	AB	7,320.0	Legg Mason, Inc.	LMI	n.a
Arcus Investment Management	Arcus	5,126.0	Milford Asset Management	MAM	240.0
AMP Capital Investors	AMPCI	11,939.0	MLC	MLC	n.a
Brook Asset Management	BAM	1,409.0	MGH Asset Management Ltd	MGH	n.a
BNP Paribas Investment Management	BNP	n.a	Mercer Global Investments	MGI	1,087.6
BT Funds Management	BTFM	2,407.4	New Zealand Assets Management	NZAM	684.0
Colonial First State	CFS	5,648.8	Russell Investment Group	RUS	n.a
Dimensional Fund Advisors	DFA	n.a	SmartShares	SMS	349.2
Fidelity Life	FID	330.6	Tower Asset Management	TAM	5,005.7
Fisher Funds Management	FIS	871.0	Templeton	TEM	n.a
GMO	GMO	n.a	Tyndall Investment Management	TYN	3,606.0
ING	ING	8,182.9	Walker Capital Management	WCM	226.5
Goldman Sachs JBWere	JBW	n.a	Wellington Management Company	WEL	n.a

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