

MELVILLE JESSUP WEAVER

Investment Survey December 2012

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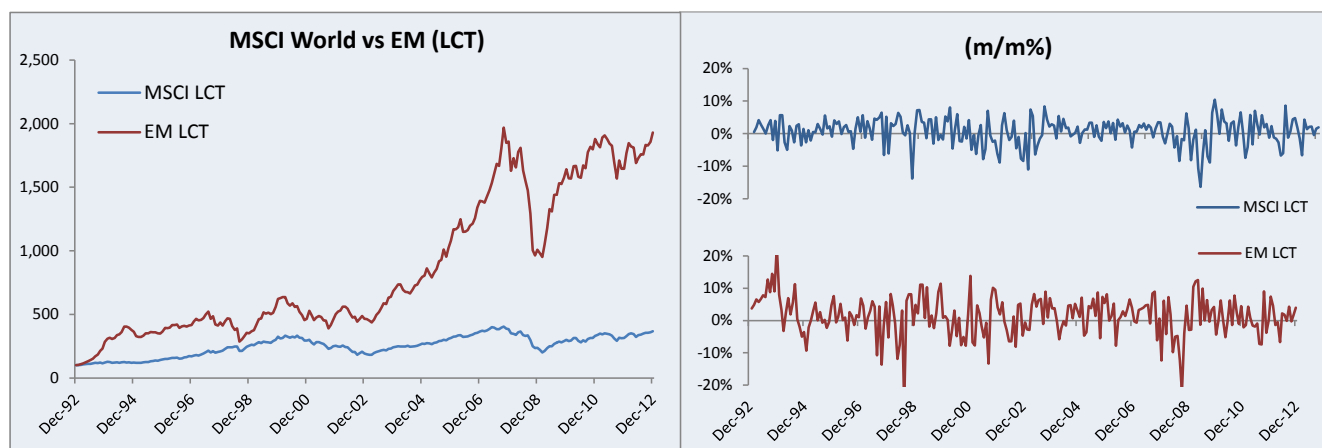
Market Returns	Quarter (%)	Year (%)		Quarter (%)	Year (%)
NZX 50 (including imputation credits)	6.3	25.9	NZX NZ Government Bond	0.4	4.8
S&P/ASX 200 (NZD)	7.5	15.2	NZX Corporate A Grade	1.7	6.3
MSCI World – Local Currency	2.9	15.7	NZ All Swaps	0.8	4.5
MSCI World – Hedged	3.5	17.7	Barclays Global Aggregate	1.5	8.4
MSCI World – Unhedged	3.0	9.5	Citigroup WGBI	1.4	7.2
MSCI Emerging Markets – Unhedged	6.1	11.8	90 Day Bank Bill	0.7	2.7
NZX Property	3.5	20.5	NZ \$ / US \$	-0.5	5.8
UBS Global Property	5.5	26.2	NZ \$ / A \$	-0.5	4.4

Market Commentary

The December quarter saw strong results from the growth asset sectors, particularly the NZ share market, up 6.3%, and the Australian and emerging markets. While NZ bonds were more subdued, global bonds rose 1.5% over the quarter. Corporate A grade NZ bonds outperformed Government bonds. The NZ\$ fell against the US\$ and A\$ over the quarter. Over the year there were similarly impressive share market results, although unhedged global shares suffered from the rise in the NZ\$. Global bonds outperformed NZ bonds this year. The year produced solid returns for both NZ and global property, each up 20% plus.

Review of selected investment statistics for last 20 years

It is useful to see where markets have been over relatively longer term periods and we have taken the opportunity to look at some key investment statistics for the last 20 year period. The statistics are in respect of the NZ, Australian, global developed share markets and emerging markets, listed property, 10 year bond yields, the NZ\$, short term interest rates and the CPI. A full set of results and comments is included later in this survey. Below we have illustrated the results for emerging markets compared to developed share markets. The difference in the performance is substantial.



Commenting on the results:

- The outperformance difference is significant although much of the gains relate to the 2002 to 2007 period
- The major fall in emerging markets in 2008 and 2009 is apparent as is the subsequent recovery
- Up to 2009 the greater volatility of emerging markets was apparent. Since then both markets have experience similar levels of volatility
- Any manager with a small overweighting to emerging markets compared to the MSCI developed markets index would have consistently added value over most of the 20 year period.

Wholesale Fund Returns

NZ & Australian Shares		FUM \$m	3 months % Rank	1 year % Rank	3 years % pa Rank	5 years % pa Rank	10 years % pa Rank	3 years		
								Tr Err	IR	Rank
Australasian										
AMPCI	Active	424.7	5.4 (10)	26.9 (6)	10.7 (5)	3.6 (9)	10.8 (5)	2.5	0.5	(3)
AMPCI	Strategic	561.4	5.3 (11)	28.1 (3)	9.5 (7)	3.6 (7)	11.7 (1)	4.1	0.0	(7)
BAM	Premium Share	2.4	7.7 (2)	25.4 (9)	9.3 (10)	4.0 (5)	11.6 (3)	2.6	-0.1	(9)
BTAM	NZ Share Plus	281.0	7.2 (6)	23.4 (12)	9.3 (9)	3.6 (8)	n.a	2.4	-0.1	(10)
BTAM	Dividend Share	80.7	6.7 (8)	24.0 (11)	10.7 (4)	5.1 (3)	n.a	2.0	0.6	(2)
CIP	NZ Equities	34.9	5.1 (12)	19.5 (14)	9.3 (8)	4.1 (4)	n.a	3.4	0.0	(8)
DEV	NZ Core	80.0	4.7 (14)	20.6 (13)	n.a	n.a	n.a	n.a	n.a	
HAM	Australasian Eq	405.7	9.3 (1)	26.7 (7)	n.a	n.a	n.a	n.a	n.a	
HAM	Equity Income	18.5	6.6 (9)	27.4 (5)	n.a	n.a	n.a	n.a	n.a	
MAM	NZ Equities	322.0	7.2 (7)	30.7 (2)	12.4 (1)	7.4 (1)	n.a	3.0	1.0	(1)
MNT	Trans-Tasman	18.2	7.4 (5)	27.9 (4)	11.6 (2)	6.7 (2)	n.a	6.1	0.3	(6)
ONEPATH	Australasian Share	573.4	7.4 (4)	25.4 (10)	10.3 (6)	3.2 (10)	11.7 (2)	1.8	0.4	(5)
TOWER	Trans-Tasman	389.5	5.0 (13)	30.8 (1)	11.1 (3)	4.0 (6)	10.9 (4)	3.9	0.4	(4)
TYN	Core Share	71.7	7.5 (3)	25.5 (8)	8.8 (11)	2.7 (11)	10.5 (6)	2.5	-0.3	(11)
Median			7.0	26.1	10.3	4.0	11.3	2.6	0.3	
Non core										
BAM	Alpha	15.3	6.6	10.5	0.0	6.0	15.9	6.9	-1.4	
BAM	Tasman	11.4	6.6	20.3	5.1	6.0	13.8	5.0	-0.9	
BTAM	Focus Share	53.2	7.6	24.4	10.1	8.5	n.a	4.6	0.1	
DEV	Alpha	38.5	4.5	22.1	n.a	n.a	n.a	n.a	n.a	
DEV	Trans-Tasman	63.7	5.8	18.7	4.9	1.6	12.4	6.7	-0.7	
FIS	NZ Growth	94.9	7.6	30.3	13.1	2.5	13.3	5.9	0.6	
MAM	Trans-Tasman	74.9	6.7	30.9	12.5	11.0	n.a	5.5	0.6	
ONEPATH	ESF	88.9	7.9	21.9	9.0	3.4	n.a	4.5	-0.1	
PIE	Australasian Growth	39.4	6.6	47.5	25.6	20.8	n.a	13.3	1.2	
TYN	Aggressive	130.8	8.4	24.8	7.3	5.8	22.1	5.3	-0.4	
TYN	Small Companies	19.7	10.7	32.0	7.7	3.7	14.4	12.5	-0.1	
Median			6.7	24.4	8.3	5.9	14.1	5.7	-0.1	
Indexed										
SMS	NZ Top 10	51.6	7.1	21.7	8.4	0.0	5.7	4.5	-0.2	
SMS	NZ Top 50	93.6	10.3	33.2	8.9	1.8	n.a	5.6	-0.1	
SMS	NZ Mid Cap	39.5	6.8	33.5	5.4	-1.8	6.2	6.8	-0.6	
SMS	Aus Mid Cap	45.7	11.3	11.6	0.9	-4.6	n.a	16.1	-0.5	
SMS	Aus Top 20	89.1	8.8	12.2	1.8	1.4	10.1	11.9	-0.6	
Australian										
AMPCI	Australian	43.8	7.6 (2)	16.2 (3)	4.1 (2)	1.5 (4)	11.6 (1)	1.5	0.3	(1)
CIP	Australian	32.7	7.4 (4)	16.0 (4)	4.8 (1)	2.9 (2)	n.a	4.3	0.3	(2)
DEV	Australian	38.1	7.6 (3)	16.6 (2)	n.a	n.a	n.a	n.a	n.a	
FRK	Australian	44.1	8.7 (1)	16.8 (1)	3.9 (3)	2.4 (3)	n.a	13.6	-0.4	(4)
ONEPATH	Australian	264.9	5.9 (5)	14.5 (5)	3.6 (4)	3.4 (1)	n.a	4.2	0.0	(3)
Indexes										
NZX 50 incl IC's			6.3	25.9	9.5	1.6	8.9			
NZX 50 Portfolio			6.5	27.3	9.2	2.0	10.0			
ASX200 (NZD)			7.5	15.2	3.6	0.3	10.8			
90 day BB + 5% pa			1.9	8.0	8.1	9.4	10.9			

Other		FUM Hedge		3 months	1 year	3 years	5 years	3 years
		\$m	%	%	% pa	% pa	% pa	Volatility
AAM		141.8	n.a	3.8	24.4	15.5	13.4	9.5
AMPCI	Global Infrastructure	22.6	100.0	4.2	n.a	n.a	n.a	n.a
CFS	Global Infrastructure	443.2	0.0	3.5	11.5	13.6	6.4	11.9
CIP	Equity	90.2	n.a	5.8	14.2	4.7	n.a	8.0
MAM	Income	291.2	n.a	5.1	21.0	n.a	n.a	n.a
MAM	Active Growth	366.3	n.a	6.3	30.9	13.6	13.7	5.9
MGH		14.1	0.0	1.2	1.0	1.7	0.3	7.8
PFAM	Commodities	38.3	100.0	-4.5	-2.7	-2.0	n.a	15.1
SIT	Absolute Return	32.5	100.0	2.0	5.5	3.6	n.a	4.3
TYN	Income Fund	4.2	n.a	3.0	10.1	9.7	9.7	5.7
TYN	JPMAM	45.0	100.0	2.4	10.1	9.1	5.6	3.7
TYN	Option	141.8	n.a	4.8	16.5	8.2	10.8	19.7
WEL	Commodity	n.a	0.0	-4.8	-2.8	2.2	2.0	10.4

Global Shares		3 months % Rank		1 year % Rank		3 years % pa Rank		5 years % pa Rank		10 years % pa Rank		3 years		
												Tr Err	IR	Rank
Core														
AB	Style Blend	4.4	(7)	8.6	(12)	-1.2	(13)	-7.7	(12)	n.a		2.9	-1.3	(13)
AMPCI	Core Global	3.3	(13)	10.0	(10)	2.2	(11)	-3.5	(10)	n.a		1.4	-0.2	(11)
IBB	Int'l Shares	4.5	(6)	12.4	(4)	4.4	(4)	-1.7	(6)	2.7	(7)	1.8	1.0	(2)
JANA	Core Global	4.2	(9)	10.5	(8)	2.7	(9)	-4.7	(11)	n.a		2.1	0.1	(9)
MFS	Global Eq	6.7	(1)	17.4	(1)	6.2	(1)	2.4	(1)	6.0	(1)	2.8	1.3	(1)
MLC	NCIT	4.3	(8)	12.1	(5)	4.2	(6)	-1.8	(7)	3.9	(3)	1.9	0.8	(5)
ONEPATH	Int'l Eq	5.9	(2)	15.5	(2)	5.2	(2)	0.8	(2)	4.9	(2)	2.7	1.0	(3)
RUS	ISF	4.1	(10)	11.5	(7)	2.8	(8)	-3.0	(9)	2.9	(6)	2.1	0.1	(8)
RUS	GOF	4.9	(5)	9.6	(11)	2.3	(10)	-1.5	(4)	n.a		2.9	-0.1	(10)
TOWER	International	3.7	(12)	6.6	(13)	1.4	(12)	-2.4	(8)	3.6	(5)	2.5	-0.4	(12)
TYN	Capital Int'l	5.0	(4)	11.9	(6)	3.1	(7)	-1.5	(5)	3.6	(4)	2.9	0.2	(7)
TYN	Multi-Manager	4.0	(11)	10.3	(9)	4.2	(5)	n.a		n.a		2.9	0.6	(6)
WEL	Opportunities	5.1	(3)	14.9	(3)	5.0	(3)	-0.4	(3)	n.a		2.6	1.0	(4)
Median		4.4		11.5		3.1		-1.7		3.6		2.6	0.2	
Value														
AB	Value	6.7	(2)	8.6	(4)	-2.6	(6)	-7.9	(5)	1.5	(4)	4.6	-1.1	(6)
DFA	Value	5.5	(3)	12.1	(2)	2.5	(4)	-3.0	(4)	4.4	(2)	4.1	0.0	(4)
ELE	Value	3.5	(5)	4.4	(6)	4.1	(1)	n.a		n.a		6.4	0.2	(2)
FRK	Taxable	7.2	(1)	15.5	(1)	2.7	(3)	-2.5	(3)	4.1	(3)	4.4	0.0	(3)
GMO	Equity	3.7	(4)	9.0	(3)	3.5	(2)	-0.3	(1)	4.6	(1)	3.3	0.3	(1)
WEL	Value	2.7	(6)	6.6	(5)	2.4	(5)	-0.8	(2)	n.a		2.1	-0.1	(5)
Median		4.6		8.8		2.6		-2.5		4.2		4.2	0.0	
Growth														
AB	Research	2.0	(4)	8.2	(4)	-0.2	(4)	-7.9	(4)	0.9	(3)	3.6	-0.8	(4)
FRK	Equity	4.8	(3)	16.6	(2)	4.4	(1)	-0.5	(2)	4.9	(1)	4.9	0.4	(2)
MFS	Growth	5.1	(2)	13.7	(3)	4.2	(2)	0.9	(1)	n.a		3.5	0.5	(1)
WEL	Growth	6.0	(1)	20.5	(1)	4.0	(3)	-4.8	(3)	2.7	(2)	5.8	0.3	(3)
Median		5.0		15.2		4.1		-2.7		2.7		4.2	0.3	
Indexed														
AMPCI	NWIN	3.2		9.4		2.7		-1.6		n.a		2.2	0.1	
VAN		3.1		9.6		2.8		-2.3		2.9		3.4	0.1	
Other														
AMPCI	Emerging	7.4		14.9		4.5		0.3		n.a		5.1	0.8	
AMPCI	Socially Responsible	4.1		11.1		2.8		-1.4		3.4		2.2	0.1	
GMO	Emerging	6.6		10.7		1.6		-2.9		12.5		4.8	0.2	
JANA	High Alpha	4.3		14.7		4.1		-2.2		n.a		2.9	0.5	
LMI	Emerging	4.6		10.5		-3.9		-4.4		10.1		7.5	-0.6	
TYN	SRI	2.7		10.2		1.8		n.a		n.a		5.0	-0.1	
Indexes														
MSCI 0% hedged		3.0		9.5		2.6		-2.5		2.7				
MSCI 100% hedged		3.5		17.7		7.6		-1.4		7.1				
MSCI Emerging 0% hedged		6.1		11.8		0.4		-2.3		11.3				

Cash		FUM \$m	3 months % Rank		1 year % Rank		3 years % pa Rank		5 years % pa Rank		10 years % pa Rank		3 years		
													Tr Err	IR	Rank
AMPCI	AIF Cash	2,924.7	0.9	(3)	3.6	(3)	3.9	(2)	5.0	(2)	6.0	(3)	0.1	14.1	(1)
BTAM		585.1	0.9	(4)	3.4	(5)	3.7	(3)	4.4	(5)	5.7	(5)	0.2	5.5	(4)
ONEPATH	Cash	1,349.2	0.9	(5)	3.5	(4)	3.6	(5)	4.8	(3)	6.4	(1)	0.1	9.2	(2)
TOWER		721.7	1.4	(1)	4.5	(1)	3.7	(4)	4.8	(4)	5.9	(4)	0.4	1.9	(5)
TYN		272.1	1.0	(2)	4.2	(2)	4.2	(1)	5.4	(1)	6.3	(2)	0.2	8.2	(3)
Median			0.9		3.6		3.7		4.8		6.0		0.2	8.2	
Index															
90 day Bank Bill			0.7		2.7		2.9		4.1		5.6				

Property		FUM \$m	3 months % Rank	1 year % Rank	3 years % pa Rank	5 years % pa Rank	10 years % pa Rank	3 years		
								Tr Err	IR	Rank
NZ Listed										
AMPCI	NZ Listed	20.0	4.5 (1)	27.4 (1)	14.5 (2)	n.a	n.a	2.7	1.1	(2)
BTAM	NZ Listed	205.9	4.4 (2)	24.4 (4)	14.7 (1)	5.4 (1)	n.a	1.3	2.5	(1)
MNT	Australasian	54.4	4.2 (3)	24.4 (3)	11.9 (4)	4.4 (3)	n.a	2.7	0.1	(4)
ONEPATH	Prop Securities	88.2	4.0 (4)	25.8 (2)	13.2 (3)	5.0 (2)	11.4 (1)	1.8	1.0	(3)
TYN	Property Securities	29.5	3.7 (5)	21.8 (5)	n.a	n.a	n.a	n.a	n.a	
Median			4.2	24.4	13.9	5.0	11.4	2.2	1.1	
NZ Direct										
AMPCI	AIF P	222.6	2.9 (1)	10.3 (1)	-0.3 (2)	-4.8 (2)	6.2 (2)	6.2	n.a	
TOWER	Property Fund	266.7	1.8 (2)	6.1 (2)	6.8 (1)	3.0 (1)	10.9 (1)	4.0	0.7	(1)
Median			2.4	8.2	3.3	-0.9	8.5	5.1	0.7	
Global										
IBB	Int'l Prop	38.7	6.8 (2)	22.1 (3)	12.7 (2)	1.3 (2)	n.a	2.9	-1.1	(3)
ONEPATH	Ex Aus	218.3	5.7 (3)	25.1 (2)	16.6 (1)	1.9 (1)	n.a	3.1	0.3	(1)
RUS	Global RE	n.a	7.7 (1)	29.6 (1)	12.2 (3)	-0.1 (3)	n.a	3.6	-1.0	(2)
Median			6.8	25.1	12.7	1.3	n.a	3.1	-1.0	
Global 139% Hedged										
AMPCI	GPSF	159.9	5.4	29.4	16.6	2.9	n.a	5.3	0.2	
Indexes										
NZX Property			3.5	20.5	11.5	4.2	9.1			
UBS Global Property			5.5	26.2	15.8	2.3	n.a			

NZ Bonds		FUM \$m	3 months % Rank	1 year % Rank	3 years % pa Rank	5 years % pa Rank	10 years % pa Rank	3 years		
								Tr Err	IR	Rank
NZ Bonds										
AMPCI	AIF F	1,614.0	1.2 (3)	6.3 (4)	9.1 (3)	10.3 (1)	7.9 (1)	0.6	1.3	(2)
BTAM	Bond Fund	319.8	1.0 (6)	5.4 (6)	8.2 (5)	8.5 (4)	7.1 (5)	1.1	0.0	(5)
HAM	Core Fixed	62.9	1.8 (2)	6.7 (3)	n.a	n.a	n.a	n.a	n.a	
ONEPATH	NZ Fixed Plus	965.3	1.1 (4)	7.0 (2)	9.8 (1)	8.1 (5)	7.4 (4)	0.9	1.7	(1)
TOWER		945.6	1.0 (5)	5.9 (5)	8.4 (4)	9.1 (2)	7.5 (3)	1.5	0.1	(4)
TYN		166.6	2.0 (1)	7.9 (1)	9.6 (2)	8.7 (3)	7.5 (2)	1.1	1.1	(3)
Median			1.2	6.5	9.1	8.7	7.5	1.1	1.1	
Other										
BTAM	Corporate Bonds	248.2	2.3	8.3	8.4	n.a	n.a	2.6	0.0	
HAM	Corporate Bonds	100.3	2.1	7.2	7.1	n.a	n.a	2.7	-0.4	
HAM	Short Duration	5.7	1.1	n.a	n.a	n.a	n.a	n.a	n.a	
ONEPATH	Sovereign	477.1	0.4	5.3	8.7	8.8	n.a	0.4	0.9	
ONEPATH	High Grade	435.8	1.6	8.0	10.5	7.1	n.a	1.6	1.3	
ONEPATH	High Yield	52.4	1.3	8.4	10.6	10.1	8.9	1.6	1.4	
TYN	Corporate	74.2	2.5	8.7	9.5	n.a	n.a	2.1	0.6	
Indexes										
NZ Govt Stock			0.4	4.8	8.3	8.4	6.9			
NZX Corporate A Grade			1.7	6.3	8.1	9.0	n.a			
NZ All Swaps			0.8	4.5	7.9	9.3	n.a			

Global Bonds		3 months		1 year		3 years		5 years		10 years		3 years			
		% Rank		% Rank		% pa Rank		% pa Rank		% pa Rank		Tr	Err	IR	Rank
AB	Global Plus	1.8	(5)	9.6	(4)	9.8	(4)	9.1	(4)	9.2	(3)	0.8	2.1		(3)
AMPCI	AIF Q	1.9	(4)	9.3	(5)	8.3	(7)	8.1	(7)	7.8	(6)	2.0	0.1		(7)
AMPCI	AIF HQ	1.1	(9)	5.6	(10)	7.8	(8)	n.a		n.a		1.3	-0.2		(8)
DFA	5 year	1.1	(10)	7.6	(8)	7.5	(10)	7.6	(8)	n.a		1.2	-0.4		(9)
ONEPATH	Int'l Fixed Interest	1.3	(8)	7.3	(9)	7.6	(9)	8.5	(5)	8.4	(4)	0.9	-0.5		(10)
PIMCO		2.2	(2)	14.4	(1)	12.8	(1)	11.6	(1)	n.a		2.0	2.4		(2)
RUS	Global Bond	2.6	(1)	14.2	(3)	11.5	(3)	11.0	(2)	9.6	(1)	1.7	2.0		(4)
TOWER	PIMCO	2.2	(3)	14.3	(2)	12.5	(2)	10.6	(3)	9.4	(2)	1.8	2.5		(1)
TOWER	Wellington	1.7	(6)	9.2	(6)	8.9	(5)	n.a		n.a		0.6	1.4		(5)
TYN	GSAM	1.6	(7)	8.5	(7)	8.5	(6)	8.4	(6)	8.3	(5)	0.7	0.7		(6)
Median		1.7		9.2		8.7		8.8		8.8		1.3	1.1		
A\$ Hedged															
IBB		2.7		14.1		12.1		9.4		n.a					
WEL		2.2		11.1		11.0		10.4		8.6					
Indexes															
Barclays Global Agg		1.5		8.4		8.0		8.6		8.2					
Citigroup WGBI		1.4		7.2		7.3		8.0		7.9					

Diversified Funds		3 months % Rank	1 year % Rank	3 years % pa Rank	5 years % pa Rank	10 years % pa Rank	Asset Allocation		Currency
							Growth	Income	%
Balanced									
AMPCI	AIF B	3.3 (4)	13.5 (4)	7.3 (4)	4.1 (4)	8.2 (4)	66.4	33.6	20.0
ASB		3.2 (5)	11.8 (6)	7.0 (5)	3.1 (5)	n.a	60.2	39.8	n.a
MAM		4.6 (1)	18.6 (1)	n.a	n.a	n.a	51.2	48.8	15.0
ONEPATH		4.6 (2)	16.8 (2)	9.7 (1)	5.6 (1)	9.1 (1)	71.3	28.7	18.8
TOWER		2.7 (6)	13.1 (5)	7.7 (3)	4.6 (2)	8.4 (3)	54.6	45.4	0.8
TYN		4.0 (3)	14.0 (3)	7.8 (2)	4.5 (3)	8.5 (2)	71.1	28.9	23.0
Median		3.7	13.7	7.7	4.5	8.5	63.3	36.7	18.8

Acronym References

AAM	Aspiring Asset Management	ELE	Elevation Capital	MNT	Mint Asset Management
AB	Alliance Bernstein	FIS	Fisher Funds Management	ONEPATH	OnePath
AMPCI	AMP Capital Investors	GMO	GMO	PFAM	Pathfinder Funds
ASB	ASB Group Investments	HAM	Harbour Asset Management	PIE	Pie Funds
AXAGI	AXA Global Investors	IBB	Ibbotson Associates	RUS	Russell Investment Group
BAM	Brook Asset Management	Jana	Jana	SIT	Savings and Investments
BTAM	BT Asset Management	LMI	Legg Mason Inc	SMS	SmartShares
CFS	Colonial First State	MAM	Milford Asset Management	TOWER	TOWER Asset Management
CIP	Craigs Investment Partners	MFS	MFS Investment Management	TYN	Tyndall Investment Management
DEV	Devon Funds Management	MGH	MGH Asset Management	VAN	Vanguard Investments Australia
DFA	Dimensional Fund Advisors	MLC	MLC	WEL	Wellington Management Company

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Notes:

- Tracking error is the standard deviation of value added.
- Information Ratio (IR) is value added divided by tracking error, i.e. risk adjusted performance.
- The Alliance Bernstein global bond fund is a US-denominated fund. Simulated hedged returns have been provided although in practice the fund is not hedged to the NZ dollar.
- The index applied may not in all cases be the benchmark adopted by the manager for the fund.
- Relative outperformance may be due to the different nature of the fund rather than to superior performance skills. Past performance is no guarantee of future performance.
- KiwiSaver fund returns are shown gross of tax and net of investment fees. All other fund returns are shown gross of tax and investment fees.
- 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 from those shown above.
- The index share funds are benchmarked against the standard share index and not against their own index.
- AB global bond simulated returns were constructed by combining the actual returns with a simulated monthly hedge rate based on the index.
- Global share results are on an unhedged basis. In some instances hedging the currency is integral to the management of the fund and the client will not experience the results shown above.

About 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, asset consulting, accident insurance and information technology. The firm, established in 1992, has offices in Auckland and Wellington.

The firm is an alliance partner of Towers Watson, a leading global professional services company that helps organisations improve performance through effective people, risk and financial management. The company offers solutions in the areas of employee benefits, talent management, rewards, and risk and capital management. Towers Watson has 14,000 associates around the world and is located on the web at towerswatson.com

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.
- Manager research and selection.

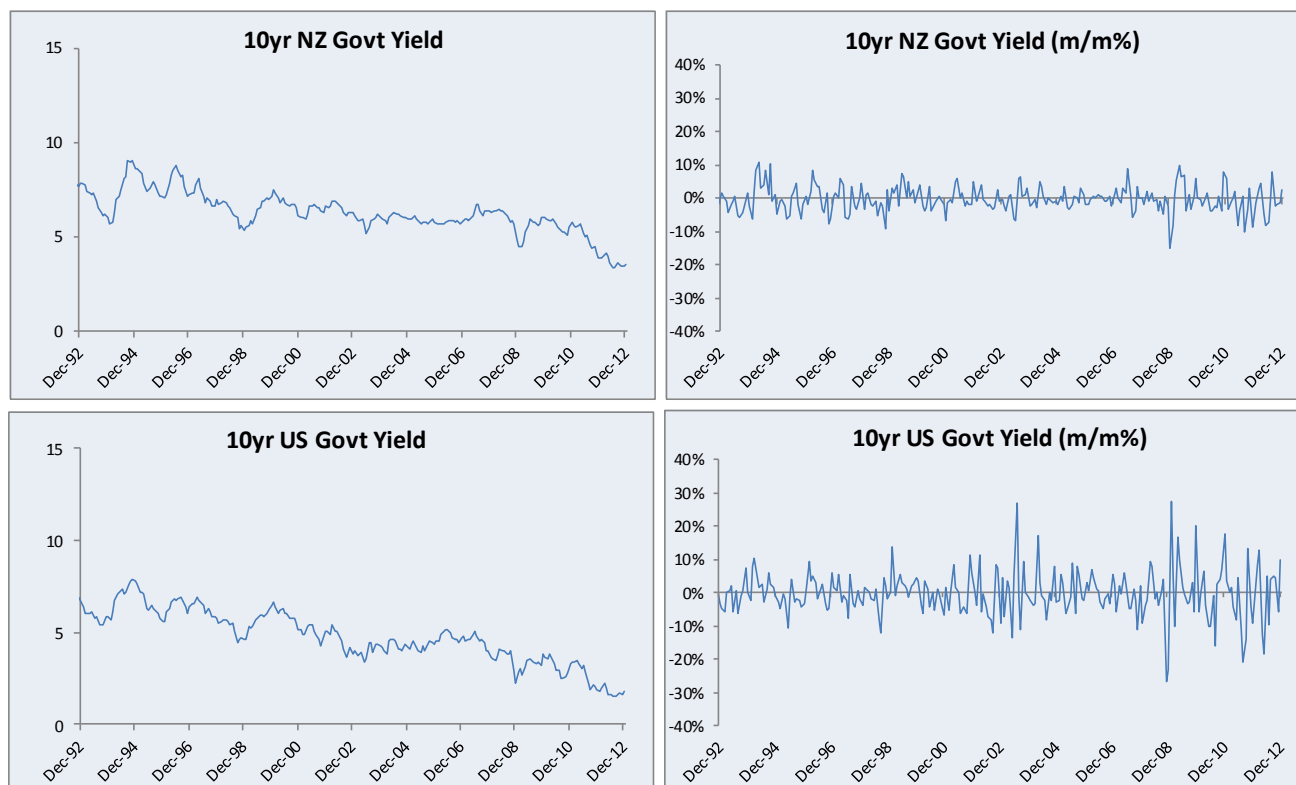
KiwiSaver Results

Note we do not necessarily include all of a provider's funds.

Returns and Risk		FUM (\$m)	Growth BM%	3 months %	Rank	1 year %	Rank	3 years % pa	Rank	5 years % pa	Rank	Risk %pa	3 Yr	5 Yr
Aggressive Funds														
AMP	Aggressive	125.4	90.0	3.5	(9)	15.7	(3)	5.5	(8)	-0.2	(12)	10.7	13.4	
AMP	Growth	162.4	77.0	3.2	(12)	14.1	(7)	5.7	(7)	1.0	(10)	8.9	11.2	
AON	Russell Growth	10.5	74.0	4.1	(5)	16.5	(2)	7.5	(2)	2.0	(6)	10.6	14.4	
ASB	Growth	256.4	80.0	3.6	(8)	12.8	(12)	6.2	(5)	1.4	(8)	7.7	11.3	
AXA	Growth	92.7	85.0	3.2	(11)	13.2	(10)	4.9	(10)	0.7	(11)	9.4	12.7	
Fidelity	Aggressive	14.7	100.0	4.8	(3)	15.4	(5)	4.6	(11)	2.8	(5)	10.0	12.1	
Fidelity	Growth	39.5	77.5	4.1	(4)	13.8	(9)	4.5	(12)	2.9	(3)	6.9	9.6	
Fisher	Growth	488.7	70.0	5.3	(1)	15.5	(4)	5.1	(9)	4.2	(1)	8.0	13.4	
Grosvenor	Balanced Growth	28.5	75.0	3.1	(13)	10.4	(14)	n.a		n.a		n.a	n.a	
Grosvenor	High Growth	59.5	99.0	3.8	(7)	11.8	(13)	2.2	(13)	-1.0	(13)	8.3	12.4	
OnePath	Growth	10.7	80.0	3.4	(10)	14.8	(6)	7.0	(3)	1.7	(7)	7.1	9.9	
SIL	Growth	126.5	80.0	5.2	(2)	18.3	(1)	8.5	(1)	3.2	(2)	7.7	10.7	
TOWER	Growth	77.9	80.0	2.7	(14)	13.8	(8)	6.0	(6)	1.0	(9)	7.8	11.3	
Westpac	Growth	228.1	80.0	3.9	(6)	13.1	(11)	6.8	(4)	2.8	(4)	6.2	8.4	
Median			80.0	3.7		14.0		5.7		1.7		8.0	11.3	
Balanced Funds														
AMP	Balanced	202.3	60.0	2.8	(9)	12.4	(7)	6.2	(10)	3.1	(10)	6.4	7.9	
AMP	Moderate Balanced	193.5	51.0	2.5	(12)	10.9	(13)	6.0	(12)	3.4	(6)	5.5	6.7	
AMP	Tyndall Balanced	9.1	61.0	2.9	(8)	12.6	(6)	6.4	(8)	2.7	(14)	5.5	8.0	
AON	Russell Balanced	32.4	60.0	3.8	(2)	15.5	(2)	7.9	(2)	3.4	(8)	8.7	12.0	
ASB	Balanced	279.2	60.0	3.0	(6)	11.2	(12)	6.6	(7)	3.0	(11)	5.6	8.5	
AXA	Balanced	121.4	60.0	2.8	(10)	11.3	(10)	6.0	(11)	2.9	(12)	6.5	9.1	
Fidelity	Balanced	90.0	50.0	3.3	(5)	12.7	(5)	5.1	(13)	4.5	(2)	5.2	6.6	
Grosvenor	Balanced	87.9	50.0	2.3	(14)	8.3	(14)	4.8	(14)	3.4	(7)	4.0	6.9	
OnePath	Balanced	9.5	50.0	2.5	(11)	11.6	(8)	7.1	(4)	3.9	(4)	4.1	6.0	
OnePath	Balanced Growth	11.3	65.0	2.9	(7)	13.2	(4)	7.1	(5)	2.8	(13)	5.5	7.9	
SIL	Balanced	194.9	50.0	3.7	(3)	13.6	(3)	7.8	(3)	4.8	(1)	4.5	6.3	
SIL	Balanced Growth	179.6	65.0	4.4	(1)	16.0	(1)	8.2	(1)	4.1	(3)	6.1	8.5	
TOWER	Balanced	258.9	55.0	2.3	(13)	11.2	(11)	6.3	(9)	3.3	(9)	5.0	7.3	
Westpac	Balanced	381.3	60.0	3.4	(4)	11.6	(9)	6.6	(6)	3.6	(5)	5.1	7.0	
Median			60.0	2.9		12.0		6.5		3.4		5.5	7.6	
Moderate Funds														
AMP	Moderate	136.3	38.0	2.1	(4)	9.3	(4)	6.1	(5)	4.5	(4)	3.9	4.6	
AON	Russell Moderate	7.7	40.0	3.4	(1)	14.2	(1)	8.6	(1)	5.5	(1)	5.8	8.5	
ASB	Moderate	384.3	40.0	2.4	(3)	9.2	(5)	6.5	(4)	4.4	(5)	3.5	5.7	
OnePath	Cons Balanced	3.6	35.0	2.1	(5)	9.9	(3)	7.0	(3)	5.0	(3)	2.7	4.1	
SIL	Cons Balanced	73.1	35.0	2.9	(2)	11.1	(2)	7.4	(2)	5.4	(2)	2.9	4.4	
Median			38.0	2.4		9.9		7.0		5.0		3.5	4.6	
Conservative Funds														
AMP	Conservative	95.0	25.0	1.8	(7)	7.8	(9)	6.2	(9)	6.0	(2)	2.2	2.7	
AMP	Default	464.4	20.0	1.5	(14)	6.4	(15)	4.6	(14)	4.3	(12)	2.2	2.6	
AON	Russell Conservative	45.7	20.0	3.1	(1)	13.1	(1)	9.3	(1)	7.3	(1)	3.3	5.3	
ASB	Conservative	1,513.2	20.0	1.6	(10)	6.6	(13)	5.7	(12)	5.1	(7)	1.6	2.6	
AXA	Conservative	35.4	25.0	1.9	(6)	8.0	(8)	6.6	(4)	n.a		2.6	n.a	
AXA	Income Plus	645.1	20.0	1.6	(11)	7.2	(11)	5.8	(10)	4.9	(9)	2.2	3.6	
Fidelity	Capital Guaranteed	32.3	15.0	1.6	(13)	6.5	(14)	4.6	(15)	n.a		1.3	n.a	
Fidelity	Conservative	40.5	25.0	2.5	(3)	10.8	(2)	6.3	(8)	5.4	(5)	3.0	3.8	
Fisher	Conservative	174.4	10.0	2.6	(2)	8.5	(5)	5.3	(13)	n.a		1.7	n.a	
Grosvenor	Conservative	30.8	25.0	1.5	(15)	6.9	(12)	6.5	(6)	5.2	(6)	2.3	4.5	
OnePath	Conservative	618.9	20.0	1.7	(9)	8.1	(7)	6.8	(2)	5.8	(4)	1.5	2.4	
SIL	Conservative	225.7	20.0	2.1	(5)	8.5	(6)	6.7	(3)	5.8	(3)	1.6	2.4	
TOWER	Conservative	53.5	30.0	1.8	(8)	8.7	(4)	6.6	(5)	4.9	(10)	2.2	4.3	
TOWER	Default	461.0	20.0	1.6	(12)	7.6	(10)	5.7	(11)	4.9	(8)	1.4	2.5	
Westpac	Conservative	863.5	25.0	2.3	(4)	8.8	(3)	6.4	(7)	4.9	(11)	2.0	2.9	
Median			20.0	1.8		8.0		6.3		5.2		2.2	2.8	

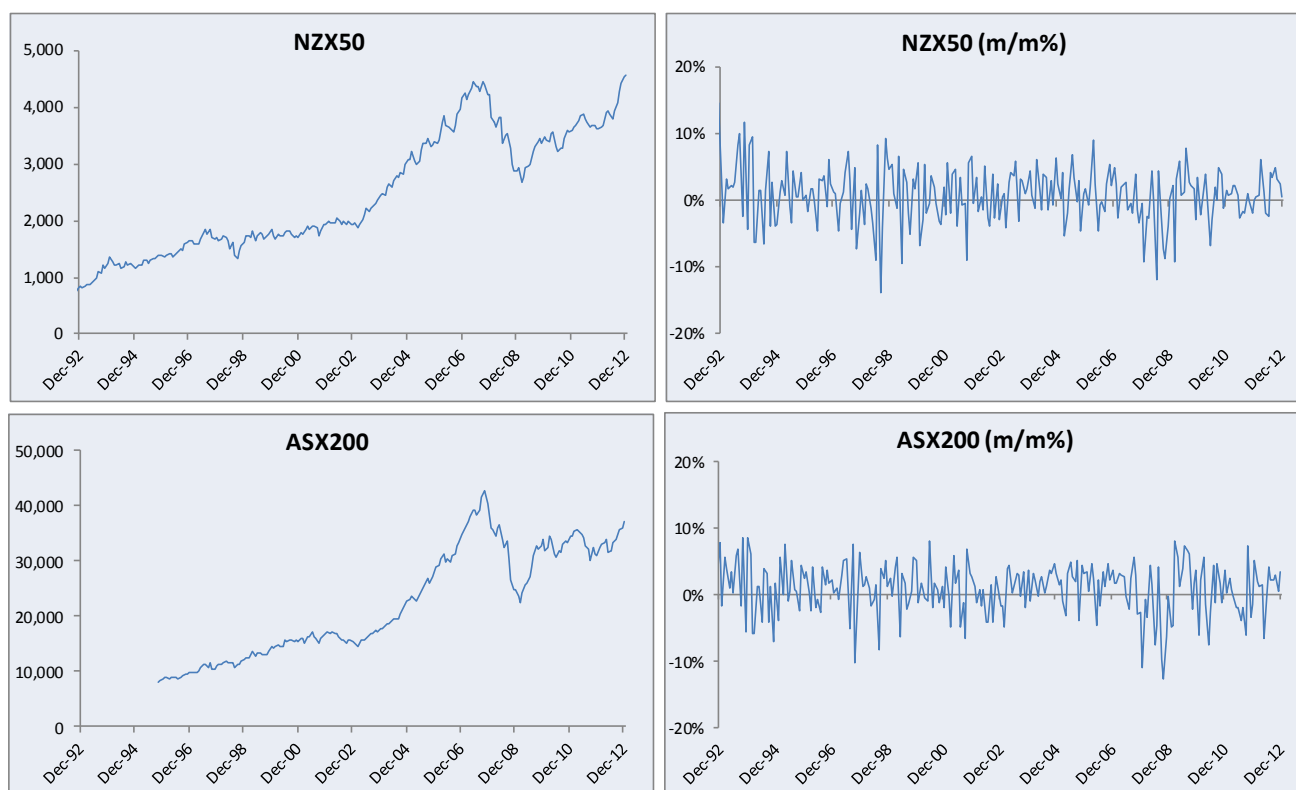
Asset Allocation		NZ/Aus Shares	Global Shares	NZ/Aus Prop	Global Prop	Alt Assets	Growth Assets	NZ Bonds	Global Bonds	Alt Assets	Cash	Income Assets
Aggressive Funds												
AMP	Aggressive	21.6	60.1	7.3	4.1		93.0	2.4			4.6	7.0
AMP	Growth	18.7	51.9	6.2	3.4		80.2	7.6	3.4		8.7	19.8
AON	Russell Growth	14.8	50.0		9.3		74.0	5.2	20.8			26.0
ASB	Growth	24.9	44.8		10.0		79.8	5.8	11.8		2.6	20.2
AXA	Growth	21.6	49.9	4.9	4.0	9.8	90.3	2.9	2.0		4.9	9.7
Fidelity	Aggressive	30.2	40.1	5.0		24.4	99.8				0.2	0.2
Fidelity	Growth	30.7	38.5	8.8			78.0	13.3	8.5		0.3	22.0
Fisher	Growth	48.0	34.5	0.7	1.1		84.4	0.5	1.2		13.9	15.6
Grosvenor	Balanced Growth	23.0	38.2				61.2	32.9			5.8	38.8
Grosvenor	High Growth	26.1	55.8				81.9	13.7			4.5	18.1
OnePath	Growth	20.0	47.5	11.8			79.4	4.8	10.6		5.3	20.6
SIL	Growth	23.8	50.0	7.6	6.1		87.5	5.0	4.1		3.4	12.5
TOWER	Growth	30.9	36.5	12.5			79.9	5.9	8.9		5.3	20.1
Westpac	Growth	26.3	38.5	10.0		10.0	84.8	4.7	5.8		4.7	15.2
Average		25.8	45.4	5.3	2.7	3.2	82.4	7.5	5.5		4.6	17.6
Balanced Funds												
AMP	Balanced	17.1	40.2	7.1	2.0		66.4	17.6	11.8		4.3	33.6
AMP	Moderate Balanced	13.0	35.5	4.0	2.2		54.7	18.0	10.3		17.0	45.3
AMP	Tyndall Balanced	17.3	30.7	5.3		9.1	62.5	16.3	12.6	8.6		37.5
AON	Russell Balanced	12.0	40.5		7.5		60.0	8.0	32.0			40.0
ASB	Balanced	20.0	30.0		10.1		60.2	15.5	18.8		5.5	39.8
AXA	Balanced	16.7	35.0	4.0	3.0	6.9	65.6	12.7	11.8		9.8	34.4
Fidelity	Balanced	23.6	29.7	5.6			58.9	21.9	19.0		0.2	41.1
Grosvenor	Balanced	15.0	27.9				42.9	48.3			8.8	57.1
OnePath	Balanced	13.0	28.8	7.9			49.6	11.8	27.4		11.2	50.4
OnePath	Balanced Growth	16.0	38.9	9.8			64.7	8.8	19.5		6.9	35.3
SIL	Balanced	16.8	30.9	5.0	4.0		56.7	11.5	18.0		13.8	43.3
SIL	Balanced Growth	20.2	40.7	6.2	5.0		72.1	8.6	10.2		9.1	27.9
TOWER	Balanced	19.5	23.0	12.0			54.5	14.9	22.5		8.1	45.5
Westpac	Balanced	21.0	30.3	5.0		7.5	63.8	15.2	16.1		4.9	36.2
Average		17.2	33.0	5.1	2.4	1.7	59.5	16.4	16.4	0.6	7.1	40.5
Moderate Funds												
AMP	Moderate	10.1	27.3	2.9	1.6		41.9	23.2	13.8		21.1	58.1
AON	Russell Moderate	8.0	27.0		5.0		40.0	12.0	48.0			60.0
ASB	Moderate	14.1	17.1		9.1		40.3	20.5	26.9		12.3	59.7
OnePath	Cons Balanced	8.9	20.6	6.0			35.5	14.9	34.9		14.7	64.5
SIL	Cons Balanced	12.1	21.8	3.9	3.0		40.9	14.6	24.8		19.8	59.1
Average		10.6	22.8	2.6	3.7		39.7	17.0	29.7		13.6	60.3
Conservative Funds												
AMP	Conservative	7.2	19.1	1.8	1.0		29.2	28.4	17.2		25.2	70.8
AMP	Default	5.8	13.7	2.4	0.7		22.6	6.0	4.0		67.4	77.4
AON	Russell Conservative	4.0	13.0		3.0		20.0	16.0	64.0			80.0
ASB	Conservative	9.1	11.2				20.3	24.5	30.1		25.0	79.7
AXA	Conservative	6.7	14.9	2.5	1.5	5.0	30.5	22.8	21.9		24.8	69.5
AXA	Income Plus	8.2	14.8				23.0	16.9	14.5		45.6	77.0
Fidelity	Capital Guaranteed	8.4	5.7				14.1	17.6	17.0		51.4	85.9
Fidelity	Conservative	14.4	11.2	4.5			30.0	36.2	28.1		5.7	70.0
Fisher	Conservative	5.8	8.2	2.2	2.5		18.8	31.0	29.5		20.8	81.2
Grosvenor	Conservative	8.0	13.1				21.1	77.3			1.6	78.9
OnePath	Conservative	5.2	12.3	3.0			20.6	17.6	41.1		20.8	79.4
SIL	Conservative	6.7	13.8	2.0	1.5		23.9	17.4	32.2		26.4	76.1
TOWER	Conservative	8.8	10.0	10.6			29.4	24.0	27.4		19.1	70.6
TOWER	Default	6.0	7.2	7.0			20.2	28.3	25.7		25.8	79.8
Westpac	Conservative	10.6	10.1	5.0		2.5	28.2	23.1	25.1		23.6	71.8
Average		7.7	11.9	2.7	0.7	0.5	23.5	25.8	25.2		25.5	76.5

Selected Investment Statistics since 1992



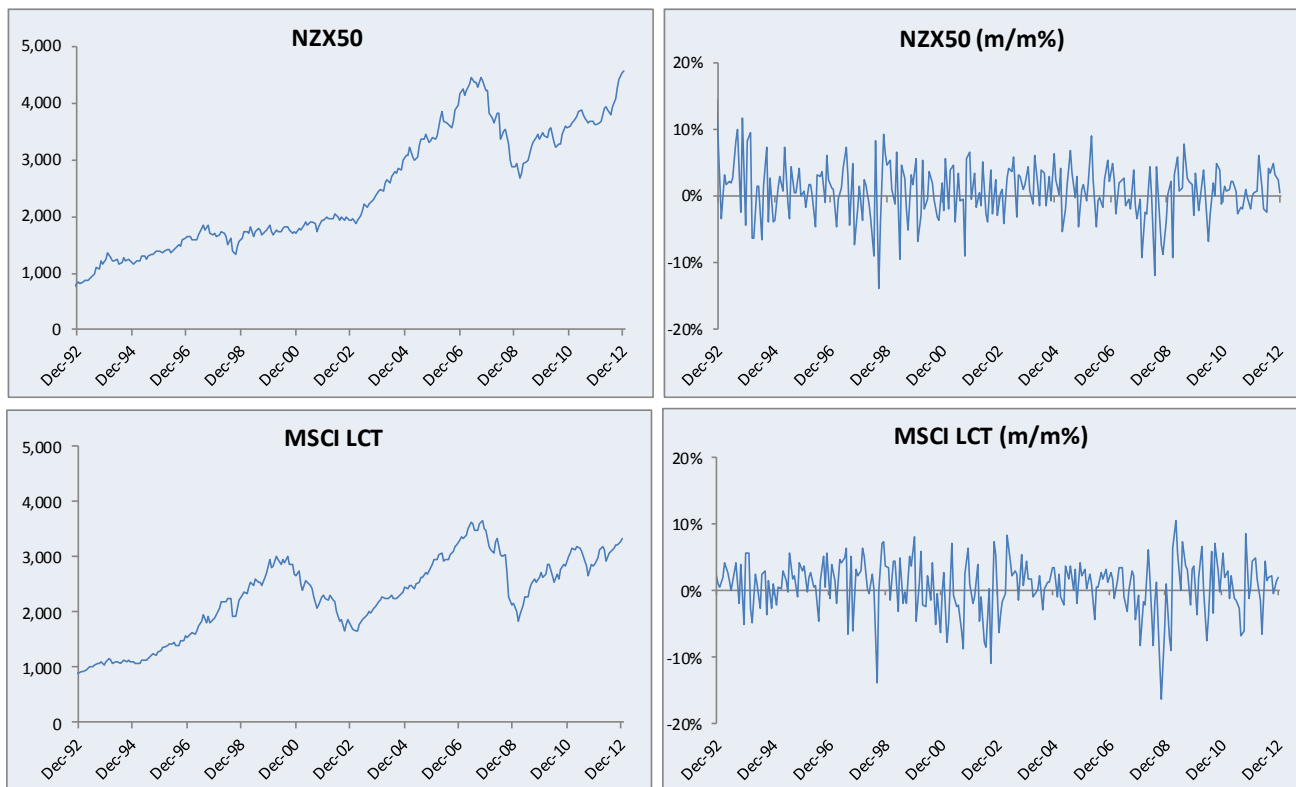
The charts show how the yields in NZ and the US have decreased gradually over the last 20 years. The major fall after the GFC and the subsequent rise in rates before again falling is apparent.

While overall the 10 year NZ bond is less volatile than the 10 year US bond both have been subject to more volatility over the more recent period. This is explained for the 10 year US bond as they are considered safe in periods of stress, meaning their value is affected most by the impact of major one off event.



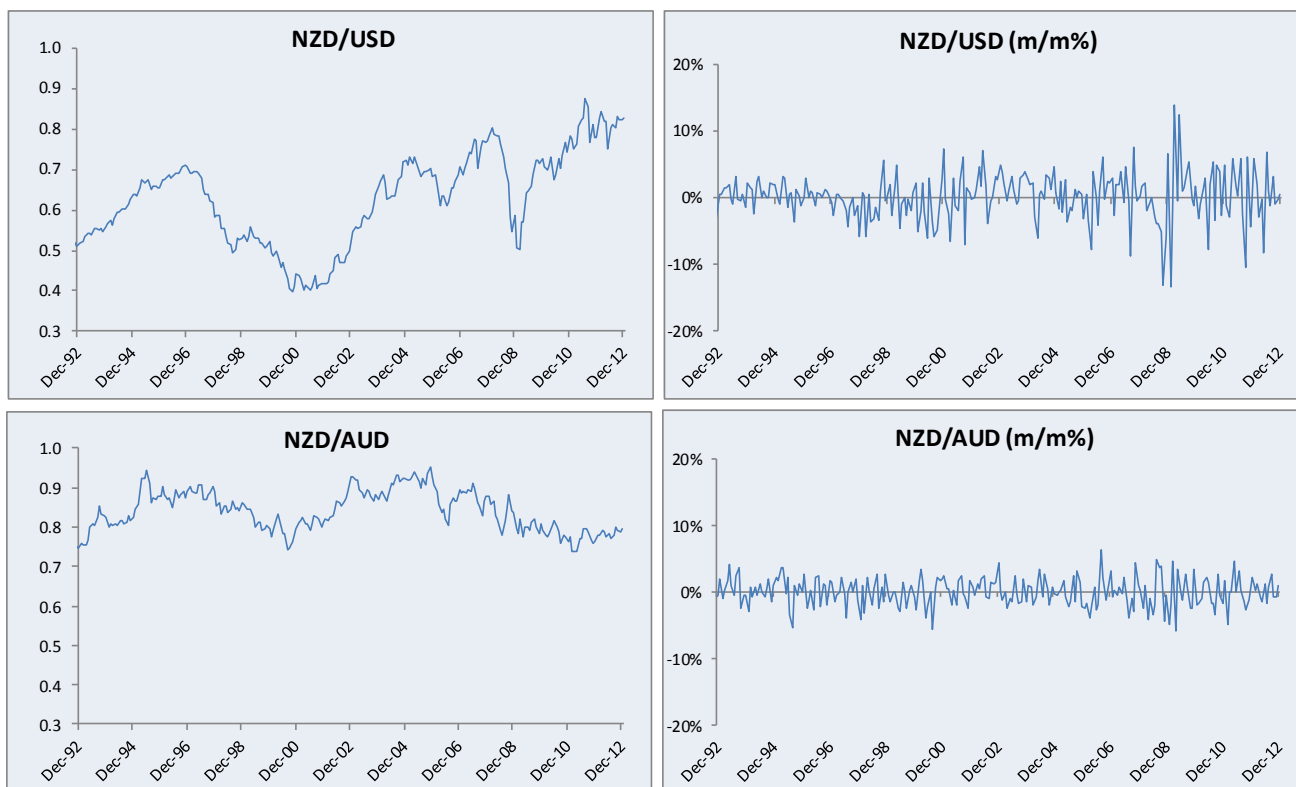
The NZX and ASX show similar shapes over the periods shown. The stronger recent performance from the NZX is apparent.

The volatility of the NZX was greater up until 2007 but more recently it has seen less volatility.



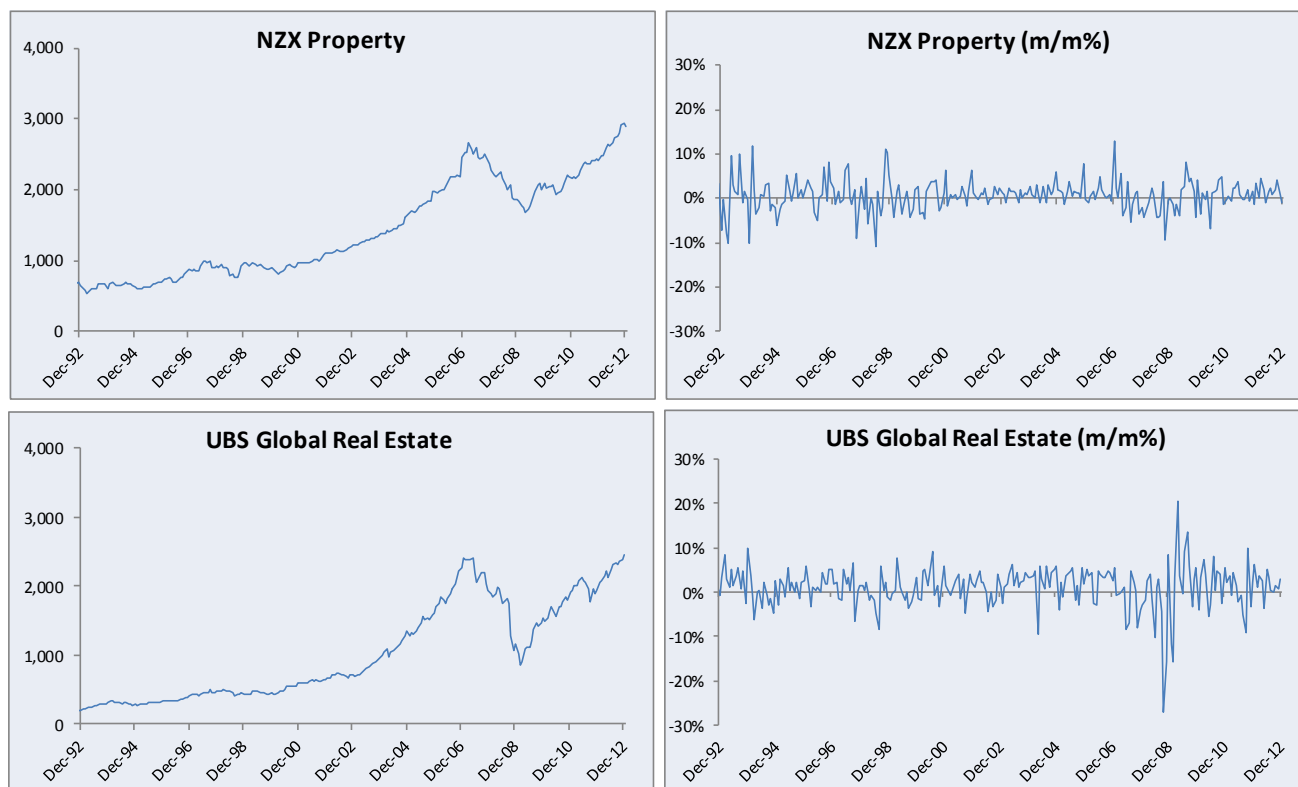
The major variance in the 2 charts is the strong rise in the MSCI up to 2000 followed by the weak performance over the period 2000 to 2003. If this was put to one side the results are broadly similar.

The volatility of the 2 indices while similar also shows that over the period the NZX has relatively become less volatile than the MSCI.



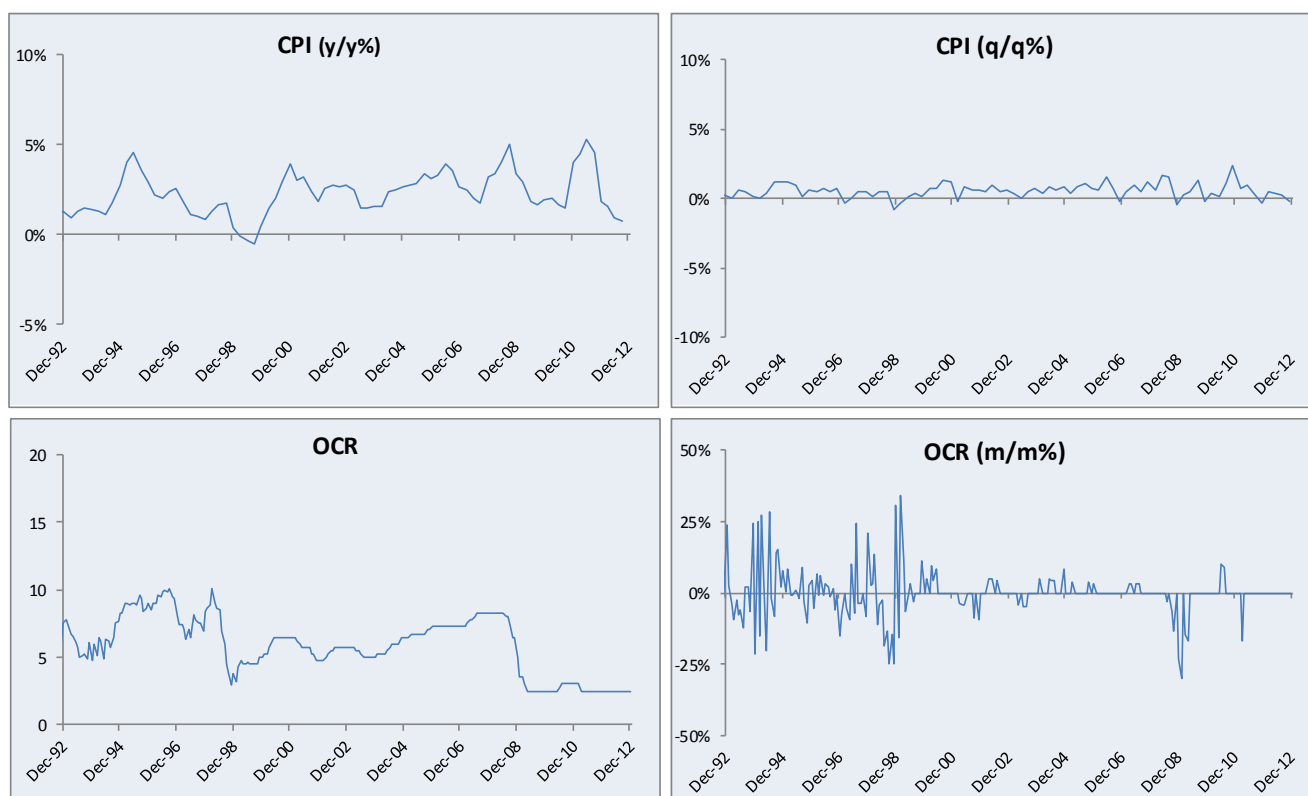
For the 20 year period the NZ\$ has appreciated against the US\$ by a reasonable level. In the early 2000's the NZ\$ hit a low of around US40 cents. The sharp fall during the GFC is apparent as is the strong subsequent recovery. Since then the NZ\$ has continued at its high relative level. The NZ\$ has been much more stable against the AUD with a corresponding lower volatility.

The volatility of the exchange rate against the US\$ has significantly increased since the GFC, due to the important role the US\$ currently plays as the world's reserve currency. The volatility against the AUD has changed little post the GFC.



Over the 20 year period the global index outperforms the NZ index, 13.10% versus 7.85%. Both indices show the major downturn courtesy of the GFC.

Similar to the NZX share index the volatility of the NZ index compared to the global index has reduced more recently.



While the CPI rose during the mid-90's it has subsequently risen and fallen with increasing regularity. The high levels of the OCR in the early 1990's now seem a long time ago, although the increase pre GFC did start to test these older levels.

The chart showing the quarterly change in the CPI shows how the CPI has become more volatile over the period. Since 2000 the changes in the OCR have been less as seen by the lower volatility.