

Investment Survey March 2011 – Review of manager results over the last year

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Section 1 – Investment returns

Index returns for the quarter and the year to 31 March 2011 were:

Asset Class	Quarter	Year
NZ Shares	4.3%	6.6%
Australian shares in A\$	3.2%	3.4%
Global Shares:		
• Local Currency	3.7%	9.4%
• Unhedged	7.3%	5.5%
• Hedged	3.7%	9.1%
• Emerging Markets	4.5%	10.6%
Property		
• NZ Property	2.3%	8.6%
• Global Property	5.2%	21.0%
NZ Bonds		
• Govt Bonds	2.2%	6.9%
• Corporate A	2.8%	8.8%
• All Swaps	2.3%	8.3%
Global Bonds		
• World Govt Bonds	0.0%	4.4%
• Global Aggregate	0.5%	5.6%
Cash	0.8%	3.1%
NZ\$ against US\$	-2.4%	7.5%
NZ\$ against A\$	-3.2%	-4.6%

Section 2 – Comment on results

2.1 Overall results for quarter

The share market results were steady with the major performance from unhedged global shares thanks to the fall in the NZ\$ over the quarter to 76.3 US cents. Subsequently the NZ\$ has risen very strongly to now sit over the 80 US cents level.

While the previous quarter had produced similar negative results for both global and NZ bonds, the March quarter saw NZ bonds rally while global bonds struggled to produce a small positive return.

Looking at the 12 month results the standout result is for global property.

Below we have commented on the manager results for each asset sector over the last 12 month.

2.2 Information ratios

When we review the manager results below we have also commented on the information ratio achieved by the managers. This is determined by taking the value added over the relevant index and

dividing it by the tracking error. Tracking error is the standard deviation of the value added by a manager. Overall the information ratio is a measure of the risk adjusted return achieved by a manager, with the higher the ratio the better the result. The survey includes results for the 3 year period.

2.3 NZ and Australasian share sector

Australasian Funds Harbour has been the standout performer over the period with a double digit 11.2% result. The next manager back was AMPCI's Active Fund at 8.9%. The manager who really struggled was TOWER who only achieved a 3.5% return - the result putting pressure on their new equity team to perform going forward.

Non-core share funds The funds included here are either indexed against a non-equity benchmark (eg cash) or the manager has a wide discretion as to where to invest the funds including the ability to invest significantly into cash. The top manager was PIE Funds who achieved a very high result of 47%. Some way back in 2nd place was Mint and their Trans-Tasman fund. A fund which really struggled was the Brook Alpha Fund, achieving just 1.3% for the 12 months.

Australian funds The top manager here was OnePath on 9.8% followed by AMPCI and TOWER.

2.4 Global shares

The results in this sector are split by core funds where the manager is MSCI index aware, and those which have a style bias to value or growth investing. All of the 3 sub sectors on average added value compared to the benchmark over the last 12 months. This was also the case for all the longer time periods except for growth which underperformed over the 5 and 10 year periods. This outcome seems to support the view that it is value managers who will deliver higher returns over time.

The risk adjusted returns follow the actual manager return rankings for this sector.

Core funds The Ibbotsons Associates multi-manager fund was top with 9.2%. Its managers include Axiom, Altrinsic, Capital, Marathon, AQR and Dimensional. It was followed by the BNP fund which invests with MFS on 8.5%. Of note in this sector is the AMPCI FDF Core fund which had the top ranking for the 3 month period which will be well received by their existing loyal clients. TOWER's 10 year results are very credible, adding over 2% value add for the period.

Value funds TOWER's Marathon Fund has been a strong performer for some time and again for the last year was the top fund with a return of 12.8%. Close behind was the Elevation Capital Fund with 11.9%. Alliance Bernstein continued to struggle and achieved just 2.3% for the year. They continue to test the patience of their long term investors. A factor for retaining them is that on a

comparative basis with other value managers their security holdings look good value.

Growth funds The TOWER Marathon/Alliance Capital fund achieved a very credible 13.4% for the year.

Other funds The top result at 14.4% came from the emerging market fund of GMO, clearly helped by the strong performance from this sector which outperformed the developed markets by 5.1% for the year. Over the last 10 years emerging markets have achieved a 9.7% annual return compared to -2.2% for developed markets. While one would expect a risk premium for investing in these markets the 10 year result looks unsustainable and surely reflect the current differing outlooks for each market.

2.5 NZ Bonds

OnePath achieved 8.9% for the year with Tyndall a close 2nd at 8.5%. Both funds were heavily assisted by a contraction in credit spreads, which is a one-off effect. The Alliance Bernstein fund managed out of Sydney was bottom at 6.8%.

Of the other managers AMPCI had a quieter year with a 5th place ranking and TOWER had a credible 3rd place ranking.

Looking at the information ratios to get a sense of which managers achieve the best risk-adjusted result over a 3 year period we see that TOWER is top. AMPCI (while achieving the highest absolute return over the 3 year period) is just 3rd on a risk adjusted basis.

2.6 Global bonds

TOWER's PIMCO fund had a strong result earning 10.5% for the year, well above the BGA index result of 5.6%. While over the last 18 months their results have seriously recovered after the setbacks of 2008 and early 2009, they still rank just 5th over the 3 year period. Longer term they rank 2nd over 10 years behind Russell.

Looking at the risk adjusted results we see the AXAGI multi-manager fund ranking rises from 6th for the actual return to a ranking of 3rd.

2.7 Cash

Tyndall was top at 4.5% compared to an index result of 3.1%. They were closely followed by AMPCI at 4.3%. The bottom result came from TOWER at 3.6%. Looking longer term Tyndall with its tendency to invest relatively longer term, has the top results for 3 and 5 years with OnePath top for 10 years. Interestingly the risk adjusted results are significantly at variance with the actual results - for example BTFM drops from 4th to 7th position.

2.8 NZ Property

Listed Given the limited investable universe it is arguably surprising to see the divergence in the results. Clearly the managers take differing views on the 6 main listed trusts available. Top was BTFM at 13.3% and Mint was bottom at 8.4%.

Direct AMPCI's problems in this sector are all too apparent from the figures. The variance between them and TOWER, over the 10 year period, amounts to a rather large 5.3% per annum.

For all their historical performance investors in AMPCI will need to make a rational assessment of the fund going forward and look to the intrinsic value of the underlying portfolio.

For both the direct and listed funds the risk adjusted results follow the actual results.

2.9 Global Property

AMPCI were top at 22.3% with the OnePath ex Australia fund just 10 bps behind. Russell was a long way back at 14.2%.

On a risk adjusted basis and looking at the 3 year results the only manager to add value was AMPCI.

2.10 Other funds

The funds here include an array of strategies. While 3 of the funds are invested in commodity futures all have quite variable results given the different underlying basket of commodities. However all achieved double digit results. The Tyndall Options fund continued to achieve very consistent results. The survey includes the 3 year volatility results for these funds which clearly show those which are growth orientated and those with a more income style based approach.

Section 3 – Comment on KiwiSaver results

Below we review the 12 month results for the KiwiSaver funds.

3.1 Aggressive funds

The top fund was Westpac at 8.6% with the SIL and ASB funds both with 8% plus results.

3.2 Balanced funds

Top again was the Westpac fund at 8.3% assisted by its higher relative exposure to growth assets.

3.3 Moderate funds

We again see the SIL fund top for similar reasons. The ASB fund had a very similar result and for all of the 4 sectors the ASB funds were very near the top.

3.4 Conservative funds

In this sector the AXAGI fund was top at 6.7% significantly ahead of the other managers.

Section 4 - Changes to the wholesale market

The success of KiwiSaver with in excess of \$8 billion is starting to impact on the fund offerings available from managers. First we see some of the mainstream equity managers are experiencing capacity issues - 2 managers are closed to new business. This is of course creating opportunities for the more boutique style managers such as Devon. It also sees these managers looking to include more exposure to Australian equities in their funds to enable them to increase their capacity. Secondly we see a trend developing for global share managers to move more to an enhanced passive basis to enable them to reduce their costs while increasing their own margin.

Finally these trends could see managers look to increase their wholesale fees as they look to focus more on the KiwiSaver market.

Section 5 – Wholesale Sector Funds

Table 5.1 – NZ and Australian Share Funds

Manager	Size (\$m)	3 months		1 year		3 years		5 years		10 years		3 years		
		%	Rank	%	Rank	% pa	Rank	% pa	Rank	% pa	Rank	Tr Error	Info Ratio	Rank
Australasian														
AMPCI	Active	306.8	4.5 (10)	8.9 (3)	3.9 (10)	3.1 (8)	9.9 (5)	2.9	1.0	(7)				
AMPCI	Strategic	536.9	3.5 (12)	6.2 (10)	4.5 (9)	4.2 (5)	12.4 (2)	5.6	0.6	(12)				
AXAGI	Multi-manager	609.3	4.8 (6)	6.7 (8)	5.1 (6)	3.3 (7)	n.a	4.3	0.9	(8)				
BAM	Australasian Equities	55.2	4.6 (9)	5.2 (11)	4.6 (8)	2.9 (9)	11.0 (4)	3.2	1.1	(6)				
BTFM	NZ Share Plus	209.0	5.6 (5)	8.3 (7)	4.8 (7)	3.5 (6)	n.a	3.1	1.2	(5)				
BTFM	Dividend Share	48.5	4.7 (7)	9.6 (2)	7.0 (4)	5.3 (3)	n.a	2.5	2.4	(1)				
DEV	NZ Shares	80.2	6.4 (3)	8.8 (4)	9.5 (2)	6.6	(1)	5.5	1.5	(4)				
DEV	Trans-Tasman	98.7	6.5 (2)	5.1 (12)	6.2 (5)	6.0 (2)	13.0	7.5	0.7	(10)				
HAM	Australasian Eq	233.0	5.9 (4)	11.2	(1)	n.a	n.a	n.a	n.a					
MAM	NZ Shares	125.0	3.3 (13)	6.6 (9)	8.7 (3)	4.5 (4)	n.a	4.1	1.9	(3)				
MAM	Peak Fund	34.0	4.2 (11)	8.6 (5)	13.5	(1)	n.a	6.4	1.9	(2)				
ONEPATH	Australasian Share	572.5	6.7	(1)	8.4 (6)	3.5 (11)	1.8 (10)	3.0	0.8	(9)				
TOWER	NZ Shares	194.9	2.6 (14)	3.5 (14)	2.8 (13)	1.5 (11)	9.4 (6)	3.0	0.6	(13)				
TYN	Core Share	52.9	4.7 (8)	4.2 (13)	3.2 (12)	1.3 (12)	9.3 (7)	3.1	0.7	(11)				
Median			4.7	7.5	4.8	3.4	11.0	3.2	1.0					
Non core														
BAM	Alpha	40.5	2.0	1.3	12.2	12.0	18.2	8.9	1.2					
BAM	Tasman Wholesale	1.7	2.8	2.2	10.5	7.7	14.0	7.4	1.3					
BAM	Mid Cap	31.9	2.0	5.3	6.5	8.5	n.a	8.2	0.7					
BTFM	Focus Share	48.7	5.3	8.8	12.1	n.a	n.a	6.4	1.7					
DEV	Alpha	38.8	2.3	n.a	n.a	n.a	n.a	n.a	n.a					
FIS	NZ Growth	n.a	4.9	11.0	3.5	3.2	11.6	9.2	0.3					
MNT	Trans-Tasman	6.8	4.8	12.5	9.5	n.a	n.a	6.5	1.3					
ONEPATH	ESF	123.0	7.6	5.9	4.9	2.0	n.a	6.1	0.6					
PIE	Australasian Growth	20.1	12.6	47.0	33.5	n.a	n.a	16.1	2.0					
TYN	Aggressive	161.3	4.6	2.9	9.3	13.0	n.a	7.6	1.1					
TYN	Small Companies	22.1	1.2	9.9	9.6	7.4	n.a	13.6	0.6					
Indexed														
SMS	NZ Top 10	68.9	0.5	6.5	-0.3	-2.8	3.9	5.9	-0.2					
SMS	NZ Top 50	83.1	2.6	6.2	3.0	-0.1	n.a	7.9	0.2					
SMS	NZ Mid Cap	36.2	0.5	2.3	-4.4	-1.5	5.3	12.1	-0.4					
SMS	Aus Mid Cap	58.0	1.8	6.8	0.2	1.0	n.a	17.0	-0.1					
SMS	Aus Top 20	111.1	3.7	3.8	10.8	8.3	9.0	16.2	0.6					
Australian														
AMPCI	Australian	38.5	6.5 (2)	7.2 (2)	8.2 (2)	7.1	(1)	10.2	(1)					
DEV	Australian	22.4	6.4 (3)	n.a	n.a	n.a	n.a	n.a	n.a					
ONEPATH	Australian	107.6	4.8 (4)	9.8	(1)	11.5	(1)	14.2	0.7	(1)				
TOWER	Australian	71.6	7.4	(1)	5.5 (3)	n.a	n.a	n.a	n.a					
Indexes														
NZX 50 incl IC's			4.3	6.6	1.1	0.1	7.5							
NZX 50 Portfolio			3.7	5.4	2.0	1.1	9.1							
ASX200			3.2	3.4	1.1	3.2	8.8							
90 day BB + 5% pa			2.1	8.4	9.9	11.4	11.5							

Table 5.2 – Property Funds

Manager	Size (\$m)	3 months		1 year		3 years		5 years		10 years		3 years		
		%	Rank	%	Rank	% pa	Rank	% pa	Rank	% pa	Rank	Tr Error	Info Ratio	Rank
NZ Listed														
AMPCI	NZ Listed	9.2	3.6	(1)	11.2 (2)	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
AXAGI	Australasian	73.6	3.0 (3)	8.7 (5)	-0.6 (4)	n.a	n.a	3.4	-0.3	(4)				
BTFM	NZ Listed	131.0	3.0 (4)	13.3	(1)	2.2	(1)	3.5	(1)					
MNT	Australasian	34.9	3.5 (2)	8.4 (6)	0.8 (3)	n.a	n.a	3.3	0.1	(3)				
ONEPATH	Prop Securities	183.0	2.2 (6)	10.0 (4)	1.0 (2)	2.9 (2)	10.8	2.4	0.3	(2)				
TYN	Property Securities	10.7	2.4 (5)	10.3 (3)	n.a	n.a	n.a	n.a	n.a					
Median			3.0	10.2	0.9	3.2	10.8	2.9	0.2					
NZ Direct														
AMPCI	AIF P	251.6	-3.6 (2)	-1.2 (2)	-14.9 (2)	0.1 (2)	6.5 (2)	12.5	-0.6	(2)				
TOWER		292.4	0.8	(1)	6.9	(1)	0.8	5.9	1.5	(1)				
Median			-1.4	2.8	-7.1	3.9	9.2	9.2	0.5					
Global														
AMPCI	GPSF	151.4	4.5 (3)	22.3	(1)	-1.2	(1)	1.5	(1)					
AXAGI	Global Prop	118.1	4.6 (2)	19.9 (3)	-3.0 (4)	n.a	n.a	12.8	-0.1	(2)				
IBB	Int'l Prop	88.1	4.3 (4)	18.1 (4)	-2.5 (2)	n.a	n.a	3.2	-0.2	(4)				
ONEPATH	Ex Australia	182.7	4.9	(1)	22.2 (2)	-3.0 (3)	-1.2 (3)	5.3	-0.2	(3)				
RUS	Global RE	n.a	2.6 (5)	14.2 (5)	-3.7 (5)	-1.2 (2)	n.a	7.1	-0.3	(5)				
Median			4.5	19.9	-3.0	-1.2	n.a	6.9	-0.2					
Indexes														
NZX Property			2.3	8.6	0.3	2.1	8.5							
UBS Global Property			5.2	21.0	-1.8	-0.1	n.a							

Table 5.3 – Global Share Funds (unhedged)

Manager		3 months % Rank	1 year % Rank	3 years % pa Rank	5 years % pa Rank	10 years % pa Rank	3 years		
							Tr Error	Info Ratio	Rank
Core									
AB	Style Blend	6.9 (7)	2.7 (14)	-4.6 (13)	-6.1 (13)	n.a	4.5	-1.2	(13)
AMPCI	FDF Core Int'l Share	8.0 (1)	6.2 (8)	-0.6 (11)	-3.1 (11)	n.a	3.5	-0.4	(11)
AXAGI	Multi-manager	3.6 (14)	4.6 (13)	1.0 (9)	-1.5 (6)	n.a	5.9	0.0	(9)
BNP	Global Eq	6.2 (12)	6.0 (9)	4.3 (2)	1.6 (1)	1.6 (1)	3.7	1.0	(3)
IBB	Int'l Shares	7.4 (4)	9.2 (1)	2.6 (5)	-2.0 (9)	-1.8 (6)	2.8	0.6	(6)
JANA	Core Global	7.6 (3)	6.0 (10)	-2.2 (12)	-4.2 (12)	n.a	4.2	-0.7	(12)
MLC	NCIT	6.4 (10)	6.5 (5)	1.1 (8)	-1.9 (7)	-1.2 (4)	3.7	0.1	(8)
ONEPATH	Int'l Eq	7.2 (5)	6.4 (6)	3.5 (3)	0.3 (3)	-1.1 (3)	2.7	1.0	(2)
RUS	ISF	7.8 (2)	6.7 (4)	0.6 (10)	-2.7 (10)	n.a	2.1	-0.1	(10)
RUS	GOF	6.9 (6)	7.8 (3)	3.4 (4)	-0.2 (4)	n.a	2.9	0.9	(4)
TOWER	International	6.8 (8)	5.6 (11)	2.4 (6)	-0.6 (5)	0.3 (2)	2.5	0.7	(5)
TYN	Capital Int'l	5.6 (13)	5.3 (12)	1.2 (7)	-2.0 (8)	-1.3 (5)	2.9	0.1	(7)
TYN	Multi-Manager	6.3 (11)	6.3 (7)	n.a	n.a	n.a	n.a	n.a	
WEL	Opportunities	6.5 (9)	8.0 (2)	4.9 (1)	1.5 (2)	n.a	3.8	1.1	(1)
Median		6.8	6.2	1.2	-1.9	-1.1	3.5	0.1	
Value									
AB	Value	7.3 (2)	2.3 (6)	-4.5 (5)	-5.7 (5)	-0.3 (4)	5.7	-0.9	(5)
DFA	Value	9.8 (1)	8.0 (4)	0.9 (3)	-2.2 (3)	1.1 (2)	7.7	0.0	(3)
ELE	Value	5.3 (6)	11.9 (2)	n.a	n.a	n.a	n.a	n.a	
GMO	Equity Trust	7.2 (4)	5.8 (5)	0.5 (4)	-2.8 (4)	-0.1 (3)	2.1	-0.1	(4)
TOWER	Marathon	7.1 (5)	12.8 (1)	7.3 (1)	2.6 (1)	4.1 (1)	5.0	1.3	(1)
WEL	Value	7.2 (3)	8.6 (3)	4.7 (2)	1.5 (2)	n.a	3.2	1.3	(2)
Median		7.2	8.3	0.9	-2.2	0.5	5.0	0.0	
Growth									
AB	Research	6.2 (3)	3.9 (4)	-4.8 (4)	-6.6 (4)	-2.7 (3)	5.6	-1.0	(4)
BNP	Growth	4.5 (4)	4.6 (3)	4.3 (2)	0.5 (2)	n.a	3.6	1.0	(2)
TOWER	Marathon/Alliance Capital	7.3 (1)	13.4 (1)	8.2 (1)	3.1 (1)	4.3 (1)	5.0	1.5	(1)
WEL	Growth	7.1 (2)	8.8 (2)	-1.7 (3)	-3.2 (3)	-1.9 (2)	7.6	-0.3	(3)
Median		6.6	6.7	1.3	-1.3	-1.9	5.3	0.3	
Indexed									
AMPCI	WiNZ	7.3	6.5	2.4	-1.6	-2.3	1.9	0.9	
VAN		7.4	5.8	0.9	-2.3	-2.1	0.5	0.2	
Other									
AMPCI	Extended	6.9	12.8	5.7	0.9	n.a	14.1	0.0	
AMPCI	Socially Responsible	6.6	7.8	4.4	n.a	n.a	3.9	0.9	
GMO	Emerging	7.3	14.4	4.8	5.2	n.a	9.6	-0.1	
JANA	High Alpha	7.1	6.0	1.1	-2.5	n.a	6.7	0.1	
LMI	Emerging	3.0	9.9	4.4	6.6	10.8	4.2	-0.3	
TYN	SRI	3.4	4.3	n.a	n.a	n.a	n.a	n.a	
Indexes									
	MSCI 0% hedged	7.3	5.5	0.8	-2.3	-2.2			
	MSCI 100% hedged	3.7	9.1	0.7	1.2	3.6			
	MSCI Emerging 0% hedged	4.5	10.6	5.8	6.4	9.7			

Note: The results above 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.

Table 5.4 – Other Funds

Manager	Size (\$m)	Hedge %	3 months %	1 year % pa	3 years % pa	5 years % pa	3 years Volatility
AAML	89.0	n.a	1.1	16.7	18.5	14.5	11.4
CIP	n.a	n.a	5.4	7.6	n.a	n.a	n.a
ELE	15.7	n.a	1.6	11.2	-0.3	n.a	12.8
MAM	158.0	n.a	2.5	6.7	13.6	n.a	6.3
MGH	21.0	n.a	4.7	8.3	5.2	0.2	13.4
PFAM	27.3	100.0	12.5	17.4	n.a	n.a	n.a
TCO	n.a	70.0	7.1	31.7	-2.5	5.6	23.3
TYN	6.9	n.a	4.4	11.8	11.5	n.a	4.0
TYN	13.5	100.0	5.4	14.5	5.2	8.2	6.9
TYN	145.4	n.a	9.2	11.1	14.6	14.5	15.3
WEL	8,806.3	n.a	9.0	21.6	5.6	n.a	16.4
Index							
HFR FoF Hedged NZD			1.5	7.9	2.5	4.9	7.0

Table 5.5 – New Zealand Bonds

Manager	Size (\$m)	3 months		1 year		3 years		5 years		10 years		3 years		
		%	Rank	%	Rank	% pa	Rank	% pa	Rank	% pa	Rank	Tr Error	Info Ratio	Rank
NZ Bonds														
AB	Fixed Income	287.2	2.3 (5)	6.8 (7)		10.0 (2)		7.5 (3)		n.a		1.3	1.7	(2)
AMPCI	AIF F	893.6	2.3 (6)	7.0 (5)		10.4 (1)		8.1 (1)		7.3 (1)		1.7	1.6	(3)
AXAGI		276.7	2.5 (4)	7.7 (4)		9.1 (4)		7.2 (4)		n.a		3.2	0.4	(6)
BTFM	Bond Fund	274.9	2.2 (7)	6.9 (6)		8.6 (6)		7.0 (5)		6.7 (5)		1.1	0.8	(4)
ONEPATH	NZ Fixed Plus	681.5	2.7 (2)	8.9 (1)		7.3 (7)		6.4 (7)		6.9 (4)		3.1	-0.1	(7)
TOWER		551.4	2.7 (3)	7.9 (3)		9.5 (3)		7.7 (2)		7.1 (2)		0.9	2.0 (1)	
TYN		218.5	2.8 (1)	8.5 (2)		8.6 (5)		6.9 (6)		7.0 (3)		1.3	0.6	(5)
Median			2.5	7.7		9.1		7.2		7.0		1.3	0.8	
Other														
BTFM	Corporate Bonds	118.2	2.1	7.4		n.a		n.a		n.a		n.a	n.a	
ONEPATH	Sovereign	300.3	2.2	6.6		8.0		7.4		n.a		0.6	0.4	
ONEPATH	High Grade	328.3	2.9	10.3		6.0		5.1		n.a		6.2	-0.3	
ONEPATH	High Yield	53.0	4.0	11.0		10.7		8.5		n.a		3.4	0.9	
TYN	Corporate	35.4	2.8	9.3		n.a		n.a		n.a		n.a	n.a	
Indexes														
NZ Govt Stock			2.2	6.9		7.8		6.6		6.4				
NZ All Swaps			2.3	8.3		10.2		8.1		n.a				

Table 5.6 – Global Bonds (hedged)

Manager		3 months		1 year		3 years		5 years		10 years		3 years		
		%	Rank	%	Rank	% pa	Rank	% pa	Rank	% pa	Rank	Tr Error	Info Ratio	Rank
AB	Global Plus (simulated)	1.1	(6)	8.1 (4)		8.7 (4)		8.7 (3)		n.a		5.3	0.1	(6)
AMPCI	AIF Q	1.2	(4)	7.3 (6)		9.2 (3)		7.8 (8)		7.9 (5)		6.1	0.2	(4)
AMPCI	AIF HQ	0.3	(12)	6.0 (11)		n.a		n.a		n.a		n.a	n.a	
AXAGI	Multi-manager	1.0	(7)	7.3 (5)		8.1 (6)		8.2 (6)		n.a		3.6	0.3	(3)
BLK	Global Diversified	0.8	(10)	6.1 (10)		7.8 (8)		n.a		n.a		1.0	-0.1	(8)
DFA	5 year	0.8	(9)	6.4 (9)		7.2 (10)		7.7 (9)		n.a		2.0	-0.3	(10)
ONEPATH	Int'l Fixed Interest	0.5	(11)	5.5 (12)		7.6 (9)		8.5 (4)		8.3 (4)		1.9	-0.2	(9)
PIMCO		1.8 (1)		9.7 (2)		10.1 (2)		9.7 (1)		n.a		5.7	0.4	(2)
RUS	Global Bond	1.5	(2)	8.7 (3)		10.5 (1)		9.1 (2)		9.2 (1)		3.5	0.7 (1)	
TOWER	PIMCO	1.3	(3)	10.5 (1)		8.7 (5)		8.3 (5)		8.7 (2)		4.8	0.2	(5)
TOWER	Wellington	1.1	(5)	7.1 (8)		n.a		n.a		n.a		n.a	n.a	
TYN	FFTW	0.9	(8)	7.3 (7)		8.0 (7)		8.1 (7)		8.4 (3)		2.2	0.0	(7)
Median		1.0		7.3		8.7		8.4		8.5		3.6	0.2	
A\$ Hedged														
IBB		1.8		9.2		7.7		n.a		n.a				
WEL		1.2		8.5		9.0		8.0		7.9				
Indexes														
Barclays Global Agg		0.5		5.6		7.9		8.3		8.4				
Citigroup WGBI		0.0		4.4		6.9		7.9		8.1				

Table 5.7 – Cash

Manager	Size (\$m)	3 months		1 year		3 years		5 years		10 years		3 years		
		%	Rank	%	Rank	% pa	Rank	% pa	Rank	% pa	Rank	Tr Error	Info Ratio	Rank
AB	NZ Cash	445.7	0.9 (6)	3.7 (6)		5.2 (6)		6.3 (5)		n.a		0.3	2.3	(5)
AMPCI	AIF Cash	1,615.9	1.1 (2)	4.3 (2)		5.6 (2)		6.7 (3)		6.4 (3)		0.1	8.6 (1)	
AXAGI	Cash	516.3	1.0 (5)	3.9 (5)		5.3 (3)		6.3 (6)		n.a		0.5	1.4	(6)
BTFM		197.3	1.1 (1)	4.1 (3)		5.2 (4)		6.0 (7)		6.2 (5)		1.8	0.4	(7)
ONEPATH	Cash	896.3	1.1 (3)	3.9 (4)		5.2 (5)		6.7 (2)		6.8 (1)		0.3	2.5	(4)
TOWER		794.9	0.9 (7)	3.6 (7)		5.1 (7)		6.3 (4)		6.3 (4)		0.1	5.3	(2)
TYN		247.3	1.0 (4)	4.5 (1)		5.8 (1)		6.9 (1)		6.8 (2)		0.4	3.5	(3)
Median			1.0	3.9		5.2		6.3		6.4		0.3	2.5	
Index														
90 day Bank Bill			0.8	3.1		4.5		6.0		6.1				

Notes:

- Tracking error is the standard deviation of value added. The index applied may not in all cases be the benchmark adopted by the manager for the fund.
- Information Ratio is value added divided by tracking error, i.e. risk adjusted performance.
- 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.
- Relative out performance may be due to the nature of the fund rather than to superior performance.
- The index share funds are benchmarked against the standard share index and not against their own index.
- AB simulated returns were constructed by combining the actual returns with a simulated monthly hedge rate based on the index.

Section 6 – Wholesale Diversified Funds

Table 6.1 – Diversified Funds

Manager	3 months		1 year		3 years		5 years		10 years		Asset Alloc		Currency	
	%	Rank	%	Rank	%	Rank	%	Rank	%	Rank	Growth	Income	%	
Balanced														
AMPCI	AIF B	2.8	(6)	8.2	(2)	4.4	(5)	4.5	(2)	5.9	(5)	62.6	37.4	20.0
ASB		3.8	(3)	8.1	(3)	4.2	(6)	n.a		n.a		59.3	40.7	n.a
AXAGI		3.2	(5)	7.6	(5)	4.7	(4)	3.8	(5)	7.6	(1)	68.8	31.3	20.4
ONEPATH		4.1	(2)	9.7	(1)	6.1	(1)	4.3	(4)	6.8	(3)	64.3	35.7	17.2
TOWER		3.2	(4)	7.4	(6)	5.3	(3)	5.3	(1)	7.2	(2)	57.0	43.0	21.8
TYN		4.4	(1)	7.7	(4)	5.3	(2)	4.4	(3)	6.3	(4)	55.7	44.3	19.2
Median		3.5		7.9		5.0		4.4		6.8		61.0	39.0	20.0
SRI Balanced														
AMPCI	SRI Fund	3.0		8.3		n.a		n.a		n.a		61.9	38.1	
TYN		4.6		9.0		n.a		n.a		n.a		n.a	n.a	
Median		3.8		8.6		n.a		n.a		n.a		61.9	38.1	
Conservative														
AMPCI		2.1	(3)	6.8	(3)	7.2	(1)	6.7	(1)	6.8	(1)	26.6	73.4	
ASB		2.9	(1)	7.3	(1)	5.2	(3)	n.a		n.a		39.5	60.5	
AXAGI		2.7	(2)	7.0	(2)	5.4	(2)	4.5	(2)	6.2	(2)	49.4	50.6	
Median		2.7		7.0		5.4		5.6		6.5		39.5	60.5	
Growth														
AMPCI		3.6	(2)	9.5	(1)	1.1	(3)	2.0	(2)	4.3	(2)	89.1	10.9	
ASB		4.6	(1)	8.5	(2)	3.0	(2)	n.a		n.a		79.3	20.7	
AXAGI		3.5	(3)	7.8	(3)	4.8	(1)	3.0	(1)	5.6	(1)	85.7	14.3	
Median		3.6		8.5		3.0		2.5		4.9		85.7	14.3	

Section 7 – Additional information

(Funds under management relate to the total organisation)

Acronym	Manager	FUM (\$m)	Acronym	Manager	FUM (\$m)
AAML	Aspiring Asset Management Ltd	n.a	Jana	Jana	n.a
AB	Alliance Bernstein	n.a	LMI	Legg Mason Inc	n.a
AMPCI	AMP Capital Investors	n.a	MAM	Milford Asset Management	n.a
ASB	ASB Group Investments	n.a	MGH	MGH Asset Management Ltd	n.a
AXAGI	AXA Global Investors	n.a	MLC	MLC	n.a
BAM	Brook Asset Management	n.a	MNT	Mint Asset Management	n.a
BLK	BlackRock Investment Management	n.a	ONEPATH	OnePath	7,845
BNP	BNP Paribas Investment Management	n.a	PFAM	Pathfinder Funds	n.a
BTFM	BT Funds Management	n.a	PIE	Pie Funds	n.a
CIP	Craigs	n.a	RUS	Russell Investment Group	n.a
DEV	Devon Funds Management Ltd	521	SMS	SmartShares	357
DFA	Dimensional Fund Advisors	n.a	TCO	Tower Commodities	n.a
ELE	Elevation Capital	n.a	TOWER	TOWER Asset Management	n.a
FIS	Fisher Funds Management	n.a	TYN	Tyndall Investment Management	3,591
GMO	GMO	n.a	VAN	Vanguard Investments Australia	n.a
HAM	Harbour Asset Management	n.a	WEL	Wellington Management Company	869,411
IBB	Ibbotson Associates	n.a			

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Asset consulting services:

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- 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 selection exercises utilising Towers Watson's expertise.

Section 7 – KiwiSaver Diversified Funds

Table 8.1 – KiwiSaver Diversified Funds Investment Results

Provider	Fund Name	FUM (\$m)	Grwth BM%	3 months % Rank	1 year % Rank	2 years % pa Rank	3 years % pa Rank	Risk %pa
Aggressive Funds								
AMP	Aggressive	94.0	90.0	1.3 (7)	7.4 (5)	13.9 (6)	0.1 (7)	14.5
AMP	Growth	108.0	77.0	1.4 (6)	7.2 (6)	12.5 (7)	1.2 (6)	12.1
ASB	Growth	160.6	80.0	4.6 (1)	8.3 (3)	18.7 (2)	2.8 (4)	13.2
AXA	Growth	62.3	85.0	3.6 (4)	7.7 (4)	20.5 (1)	3.1 (3)	14.3
SIL	Growth	89.1	80.0	4.3 (2)	8.5 (2)	18.4 (3)	3.7 (2)	11.9
Tower	Growth	46.9	77.5	2.3 (5)	5.8 (7)	17.7 (4)	2.0 (5)	12.9
Westpac	Growth	118.8	77.5	3.8 (3)	8.6 (1)	14.8 (5)	4.4 (1)	9.3
Median				3.6	7.7	17.7	2.5	12.6
Balanced Funds								
AMP	Balanced	122.3	60.0	1.4 (7)	6.7 (6)	10.6 (7)	3.6 (8)	8.6
AMP	Moderate Balanced	115.2	51.0	1.4 (7)	6.6 (7)	9.7 (8)	3.9 (5)	7.1
AMP	Tyndall Balanced	5.7	55.0	3.2 (4)	7.1 (5)	13.4 (5)	3.7 (7)	9.1
ASB	Balanced	165.5	60.0	3.8 (1)	7.9 (3)	15.7 (3)	3.9 (4)	10.1
AXA	Balanced	78.9	60.0	3.0 (5)	7.4 (4)	17.0 (1)	4.6 (2)	10.3
SIL	Balanced Growth	120.6	65.0	3.7 (2)	7.9 (2)	15.9 (2)	4.4 (3)	9.6
Tower	Balanced	153.6	55.0	2.2 (6)	6.0 (8)	13.8 (4)	3.9 (6)	8.4
Westpac	Balanced	185.6	63.0	3.6 (3)	8.3 (1)	13.3 (6)	5.1 (1)	7.8
Median			60.0	3.2	7.4	13.8	4.2	8.9
Moderate Funds								
AMP	Moderate	79.6	38.0	1.5 (4)	6.3 (4)	8.3 (4)	4.9 (4)	4.8
ASB	Moderate	205.0	40.0	2.8 (2)	7.1 (2)	12.4 (2)	4.9 (2)	6.9
SIL	Balanced	126.6	50.0	3.0 (1)	7.2 (1)	13.4 (1)	4.9 (3)	7.2
SIL	Cons Balanced	48.8	35.0	2.4 (3)	6.7 (3)	11.0 (3)	5.3 (1)	5.0
Median			39.0	2.6	6.9	11.7	5.0	6.0
Conservative Funds								
AMP	Conservative	36.5	25.0	1.5 (7)	6.0 (3)	6.9 (8)	6.7 (1)	2.9
AMP	Default	344.0	20.0	1.2 (9)	5.1 (8)	6.3 (9)	4.8 (7)	2.9
ASB	Conservative	874.3	20.0	1.9 (3)	5.5 (7)	7.7 (6)	5.6 (3)	3.2
AXA	Conservative	13.6	25.0	2.2 (2)	6.7 (1)	11.1 (1)	n.a	n.a
AXA	Income Plus	438.1	20.0	1.8 (4)	5.7 (5)	9.8 (3)	5.6 (2)	4.2
SIL	Conservative	146.2	20.0	1.8 (5)	5.8 (4)	8.1 (5)	5.5 (4)	2.9
Tower	Conservative	26.7	30.0	1.6 (6)	5.5 (6)	10.8 (2)	4.9 (6)	5.2
Tower	Default	322.9	20.0	1.3 (8)	4.6 (9)	7.4 (7)	4.7 (8)	3.0
Westpac	Conservative	404.1	25.0	2.3 (1)	6.3 (2)	8.4 (4)	5.2 (5)	3.3
Median			20.0	1.8	5.7	8.1	5.4	3.4

Note: Returns shown are gross of tax and net of investment fees.

Table 8.2 – KiwiSaver Diversified Funds Asset Allocation

Provider	Fund Name	NZ/Aus Shares	Global Shares	NZ/Aus Property	Global Prop	Alt Assets	Grwth Assets	NZ Bonds	Global Bonds	Cash	Income Assets
Aggressive Funds											
AMP	Aggressive	19.6	57.7	7.3	4.5		89.2	3.0		7.9	10.9
AMP	Growth	16.8	49.5	6.3	3.9		76.6	8.3	3.5	11.5	23.4
ASB	Growth	25.0	44.4		9.9		79.3	6.0	11.9	2.8	20.7
AXA	Growth	22.3	50.7	1.5	6.0	9.7	90.1	2.5	2.5	4.9	9.9
SIL	Growth	23.4	42.5	6.3	6.2		78.3	6.1	10.3	5.3	21.7
Tower	Growth	20.4	51.0	6.5			77.9	6.5	9.5	6.1	22.1
Westpac	Growth	28.2	40.5	10.0		0.1	78.8	10.9	6.4	3.9	21.2
Average		22.2	48.0	5.4	4.4	1.4	81.5	6.2	6.3	6.1	18.5
Balanced Funds											
AMP	Balanced	14.8	38.4	6.7	2.6		62.6	19.7	12.5	5.3	37.4
AMP	Moderate Balanced	11.4	33.2	4.4	2.7		51.6	19.0	10.5	18.8	48.4
AMP	Tyndall Balanced	19.8	25.6			20.6	65.9	17.1	17.0		34.1
ASB	Balanced	19.9	29.5		9.9		59.3	15.9	18.8	5.9	40.7
AXA	Balanced	15.8	37.4	1.5	3.5	7.1	65.4	6.0	23.7	4.9	34.6
SIL	Balanced Growth	18.6	34.9	5.2	5.2		63.9	11.3	18.5	6.3	36.1
Tower	Balanced	12.6	32.1	12.3			57.0	11.8	20.4	10.7	43.0
Westpac	Balanced	24.5	37.3	5.0		0.1	66.9	19.8	11.9	1.4	33.1
Average		17.2	33.5	4.4	3.0	3.5	61.6	15.1	16.7	6.7	38.4
Moderate Funds											
AMP	Moderate	8.6	25.0	3.4	2.1		39.1	24.4	14.0	22.5	60.9
ASB	Moderate	13.9	16.7		8.9		39.5	20.9	26.6	13.0	60.5
SIL	Balanced	14.0	26.6	4.1	4.2		48.9	14.3	26.5	10.3	51.1
SIL	Cons Balanced	9.7	18.0	3.0	3.1		33.8	18.1	32.2	15.9	66.2
Average		12.5	20.4	2.4	5.4		40.7	17.8	28.4	13.1	59.3
Conservative Funds											
AMP	Conservative	5.9	16.9	2.4	1.4		26.6	29.8	17.5	26.1	73.4
AMP	Default	5.0	13.1	2.3	0.9		21.3	6.7	4.2	67.8	78.7
ASB	Conservative	8.9	10.8				19.7	24.8	29.5	26.0	80.3
AXA	Conservative	6.1	16.1	0.5	2.5	5.1	30.3	18.0	31.8	19.8	69.7
AXA	Income Plus	6.2	14.1		2.0		22.2	15.0	29.9	32.8	77.8
SIL	Conservative	6.2	10.0	1.5	1.6		19.2	21.0	39.0	20.8	80.8
Tower	Conservative	5.6	17.6	9.4			32.6	18.3	26.9	22.2	67.5
Tower	Default	3.9	12.8	6.6			23.3	28.1	15.1	33.5	76.7
Westpac	Conservative	12.0	11.9	5.0		0.1	29.1	29.8	14.9	26.2	70.9
Average		6.6	13.7	3.1	0.9	0.6	24.9	21.3	23.2	30.6	75.1

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