

July 2006

Investment Survey – June 2006

1. Investment returns in the last quarter year (with last year results in brackets)

• NZX	-2.8%	(12.0%)
• Overseas Shares:		
• unhedged	0.2%	(34.0%)
• hedged	-2.0%	(20.3%)
• Property	7.5%	(20.4%)
• NZ Fixed Interest	0.8%	(5.1%)
• Overseas Fixed	0.6%	(2.8%)
• Cash	1.9%	(7.5%)

2. Comment on the quarterly results

Australasian Shares The performance of this sector has been dominated in particular by the Telecom effect, which has benefited greatly those not holding any Telecom. Note the results from Tyndall and Fisher Funds in the "Other" section.

Overseas Shares The best results were achieved by the value managers, with the growth managers lagging. The fund options available to an investor are considerable.

NZ Fixed Interest The managers have had good performance compared to the index both over the 3 months and over the last year. This will have been helped by the increased exposure to the non-Government sector.

Overseas fixed Interest It was a better quarter for the sector, although still underperforming the local market. The range of the performance outcomes is not great.

Cash As ever the returns were very consistent, although the tax advantage of one player continues to have a material positive effect on their results.

Property Local listed funds had a strong quarter while overseas funds largely had negative returns. The direct funds continue to under perform but the extent of the underperformance cannot last indefinitely.

Alternative Assets This is a diverse sector and the returns reflect this including as it does a fund which in many respects is more an overseas share fund than a hedge fund. But the 3 year returns look good and the all important volatility numbers are low.

3. Further changes to the survey

The number of funds in the survey has continued to expand. The particular factors driving this are the increasing range of Australasian share funds on offer and the multi manager offerings available for NZ assets as well as overseas assets. The intention over time is to continue to build the fund universe to provide better information on the investment options available to trustees and to managers of trusts and funds.

4. NZ Super Fund

Introduction The NZ Super Fund will have achieved the important milestone of reaching \$10 billion in assets by the end of June 2006. How is it going? What are the current asset allocations, the asset allocation targets and its performance to date? How does it compare to a top performing standard NZ balanced fund? For comparative purposes we have selected the ING SIL Fund.

NZ Super Fund Investment objective The Fund's objective is to exceed the risk free rate by 2.5% per annum in the long term. The risk free rate being the return on long term Government stock.

Comment The objective target is completely appropriate, given that the aim of the fund is to reduce the net cost of NZ Super to the NZ taxpayer. While we expect that the individual fund managers will have targets over their sector benchmark we do not know what these are. The ING fund has performance targets for the individual asset sectors and for tactical asset allocation. Overall the current target is equivalent to some over the benchmark indices, plus 50 bps for tactical asset allocation.

The extent to which the NZ Super Fund will achieve its objective will be determined primarily by the strategic asset allocation.

Asset allocations The strategic target evolved over the first 2 years of the Fund. The major piece of work on this matter, completed in March 2005, set out an initial target for June 2007 and a target for some time after. The need for setting a longer term target is that the decision to diversify the assets among a wider range of alternative assets will take time to implement in an orderly manner. The table below compares the NZ Super Fund with the ING fund.

Strategic Asset Allocation

Sector	NZ Super Fund		ING Fund
	As at June 06	Long term	As at June 06
New Zealand Shares	8%	8%	19%
Overseas Shares	53%	43%	33%
Property	7%	10%	10%
Alternative Assets	13%	25%	0%
<i>Growth</i>	80%	85%	62%
Fixed Interest	20%	15%	33%
Cash	0%	0%	5%
<i>Income</i>	20%	15%	38%

The strategy for the ING fund is very different. We note that although ING have a nil exposure to alternative assets they have an allowable range of up to 5%.

We first reviewed the NZ Super Fund in an article in the March 2005 survey and noted the major features of the NZ Super Fund are:

- the high allocation to growth assets,
- the large allocation to alternative asset sectors ranging from commodities to infrastructure and timber,
- the ability of such a large fund to differentiate its investment offshore into different market sectors, and
- nil exposure to cash.

How has the strategy compared to the actual allocations? For interest we include again the ING fund results in the table below

Strategy vs Actual (31 May 2006)

Sector	NZ Super Fund			ING Fund		
	Strategy	Actual	Variance	Strategy	Actual	Variance
NZ Shares	7.5%	7.7%	0.2%	19.0%	15.3%	-3.7%
O's Shares	52.5%	52.9%	0.4%	33.0%	38.9%	5.9%
Property	7.0%	6.8%	-0.2%	10.0%	9.4%	-0.6%
Alt	13.0%	11.8%	-1.2%	0.0%	1.0%	1.0%
Growth	80.0%	79.2%	-0.8%	62.0%	63.6%	1.6%
Fixed Interest	20.0%	20.5%	0.5%	33.0%	22.6%	-10.4%
Cash	0.0%	0.3%	0.3%	5.0%	13.8%	8.8%
Income	20.0%	20.8%	0.8%	38.0%	36.4%	-1.6%

The table shows:

- the NZ Super Fund has already achieved its target June 2007 position,
- the NZ Super Fund manages the money close to the strategic benchmarks in each sector, being only slightly underweight growth assets;
- in contrast the ING fund takes on active asset allocation risk when managing the assets.

Performance results Inception of the fund was September 2003. The table below shows the results for the NZ Super Fund since October 2003 split into financial years. Results for the ING are also included. Performance for the month of June 2006 is not yet available.

NZ Super Fund Performance (after fees)

Period	NZ Super Fund			ING Fund
	Actual Return	Risk Free Return	Excess Return	Actual Return
9 mths to June 04	7.7%	3.9%	3.8%	12.1%
12 mths to June 05	14.1%	6.3%	7.8%	13.6%
11 mths to May 06	17.6%	6.2%	11.4%	15.8%

We would comment that:

- performance has been very good over the whole period, well up on the risk free rate,
- ING, our proxy standard balanced fund, has had a return which is not dissimilar to the NZ Super Fund. In fact it produced a higher return for the initial period illustrated, and
- the period under review is very short in terms of the time horizon of any fund, let alone the NZ Super Fund.

5. Multi manager funds and implemented consulting

Multi manager funds The survey now includes details of sector funds which combine the styles of a number of different managers. The only sector with no multi manager fund is, not surprisingly the cash sector.

The aim of such funds is that by identifying top performing managers with complementary styles the fund will achieve a higher but less volatile long term return compared to the single sector manager. Examples of these funds range from the NZ equity fund managed by Russell, combining the styles of ING NZ and Alliance Bernstein NZ, to the AMP Capital Investors overseas share fund comprising 14 managers.

The availability of such funds has expanded the options to clients and enabled new organisations to enter the field of funds management. The field includes Mercer, Arcus, MLC as well as Russell. In Australia multi-manager funds are commonplace. The need for such funds is most when investing in large diverse markets such as the overseas share market. The factor that has held back their development in NZ has been the use of passive funds for overseas shares.

If the proposed tax changes eliminate these funds, the demand for such multi-manager fund options will grow.

Implemented consulting What is implemented consulting, which often seems to go with multi-manager funds? In essence when a trustee looks for an implemented consulting solution it comes down to one provider delivering a total investment solution to the Trustees.

The implementation consultant combines the role of asset consultant with that of fund manager, so it involves working with trustees to first understand their objectives for the money they manage, constructing the required strategic asset allocation and then implementing this by selecting funds the consultant has already built. The monitoring of both the outcome against the objectives and the individual funds selected is done by the implementation consultant as well. The organisations capable of doing this in NZ include Mercer, Russell, and Arcus and, in Australia, MLC. They each have different ways they approach finding client solutions.

The extent to which the NZ market has an appetite for this is not yet tested, but based on the Australian experience it will only be a matter of time before more large funds adopt this approach. In some respects it is almost the same solution as that adopted by the smaller funds when they decide to adopt a master trust solution.

Independent advice Trustees wanting to look at this alternative of implemented consulting need to get independent advice on selecting who is to be their implementation consultant.

Similarly, trustees wanting advice on selecting a multi-manager fund should find an independent to assist them.

Table 1 – Share Funds
New Zealand and Australian Shares

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	
NZ																	
AMPCI	Active	-0.5	(4)	17.0	(5)	19.6	(7)	14.6	(6)	1.6	(7)	1.6	(2)	1.0	(5)		
AMPCI	Strategic	6.6	(2)	29.8	(2)	26.0	(2)	18.8	(1)	8.0	(2)	10.8	(7)	0.7	(7)		
AB		-1.1	(5)	16.5	(6)	20.2	(6)	14.6	(5)	2.2	(6)	2.6	(4)	0.8	(6)		
ING		-1.8	(8)	18.0	(4)	21.6	(4)	17.5	(2)	3.6	(4)	2.7	(5)	1.3	(3)		
MAM		-0.1	(3)	20.2	(3)	n.a		n.a		n.a		n.a		n.a			
RUS	Multi	-1.4	(6)	11.6	(9)	n.a		n.a		n.a		n.a		n.a			
TAM		-1.7	(7)	15.5	(7)	20.3	(5)	15.9	(4)	2.3	(5)	1.1	(1)	2.1	(1)		
TRU		-2.8	(10)	11.4	(10)	n.a		n.a		n.a		n.a		n.a			
TYN		-2.3	(9)	12.2	(8)	21.9	(3)	16.3	(3)	3.9	(3)	2.0	(3)	1.9	(2)		
WCM		9.3	(1)	29.8	(1)	28.0	(1)	n.a		10.0	(1)	7.8	(6)	1.3	(4)		
Average		0.4		18.2		22.5		16.3		4.5		4.1		1.3			
Indexed																	
Arcus		-4.5	(2)	9.6	(2)	16.0	(2)	12.0	(2)	-2.0	(2)	1.6	(2)	-1.2	(1)		
AMPCI		-2.9	(1)	11.9	(1)	17.3	(1)	13.7	(1)	-0.7	(1)	0.3	(1)	-2.5	(2)		
Trans-Tasman																	
AB	High Growth	0.5	(2)	22.4	(2)	23.6	(3)	18.4	(2)	5.6	(3)	3.1	(3)	1.8	(2)		
Arcus	Multi	-1.0	(4)	19.8	(3)	n.a		n.a		n.a		n.a		n.a			
BAM		-3.2	(6)	16.7	(5)	21.5	(5)	16.3	(3)	3.5	(5)	2.9	(1)	1.2	(4)		
BTFM		-1.9	(5)	12.4	(6)	22.1	(4)	15.6	(4)	4.1	(4)	3.1	(4)	1.3	(3)		
CFS		2.1	(1)	22.5	(1)	25.7	(2)	14.2	(5)	7.7	(2)	7.2	(5)	1.1	(5)		
ING		-0.6	(3)	19.2	(4)	25.9	(1)	20.7	(1)	7.9	(1)	2.9	(2)	2.7	(1)		
Average		-0.7		18.8		23.7		17.0		5.7		3.8		1.6			
Other																	
FIS		17.7		59.7		40.4		25.5		22.4		12.8		1.7			
TYN		21.8		46.3		49.2		n.a		31.2		13.7		2.3			
Indices																	
NZSX50 (incl IC's)		-2.8		12.0		18.0		13.7									
ASX200		-0.2		23.9		23.9		12.3									

Overseas Shares (unhedged)

		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	
Multi																	
	Number																
AMPCI	14	-1.0	(4)	37.3	(2)	17.0	(1)	n.a		1.8	(1)	2.1	(5)	0.8	(1)		
Arcus	5	-1.2	(6)	38.2	(1)	n.a		n.a		n.a		n.a		n.a			
ING	3	0.1	(1)	35.4	(6)	16.2	(5)	-2.7	(4)	0.4	(5)	1.6	(2)	0.3	(4)		
MLC	10	-1.2	(5)	36.9	(3)	16.3	(4)	-1.8	(2)	0.5	(4)	2.1	(4)	0.2	(5)		
RUS	7	-0.8	(3)	35.8	(5)	16.6	(3)	-2.1	(3)	0.8	(3)	1.2	(1)	0.7	(2)		
TAM	4	-0.6	(2)	35.8	(4)	16.7	(2)	0.1	(1)	0.9	(2)	2.1	(3)	0.4	(3)		
Average		-0.8		36.6		16.6		-1.6		0.9		1.8		0.5			
Indexed																	
Arcus		-0.6	(2)	31.6	(2)	13.9	(1)	-3.5	(1)	-1.9	(1)	0.9	(1)	-2.2	(2)		
AMPCI		-0.4	(1)	31.8	(1)	13.7	(2)	-3.8	(2)	-2.1	(2)	1.0	(2)	-2.2	(1)		
Single																	
	Type																
AB	Value	1.2	(2)	42.3	(1)	20.0	(2)	3.8	(1)	4.7	(2)	2.5	(5)	1.9	(2)		
AB	Blend	-1.2	(7)	40.5	(3)	19.2	(3)	n.a		3.9	(3)	2.6	(6)	1.5	(3)		
AB	Growth	-3.1	(11)	37.8	(5)	17.5	(7)	-0.5	(6)	2.2	(5)	14.0	(10)	0.2	(7)		
BTFM	Core Mgr	-0.7	(5)	28.5	(11)	19.1	(4)	2.8	(3)	0.5	(8)	3.3	(8)	0.2	(8)		
CFS	Value	-2.3	(10)	32.3	(10)	12.5	(10)	-3.6	(9)	-3.3	(10)	3.7	(9)	-0.9	(10)		
DFA	Value	1.8	(1)	41.0	(2)	23.2	(1)	3.7	(2)	7.4	(1)	2.3	(4)	3.3	(1)		
GMO	Growth	-1.2	(8)	32.6	(9)	n.a		n.a		n.a		n.a		n.a			
GMO	Value	-0.8	(6)	34.0	(7)	17.8	(6)	1.4	(5)	2.0	(6)	2.1	(2)	1.0	(5)		
TEM	Value	1.0	(3)	34.4	(6)	19.0	(5)	2.5	(4)	3.2	(4)	3.1	(7)	1.0	(4)		
TYN	Core Mgr	-1.4	(9)	38.4	(4)	16.2	(8)	-2.8	(8)	1.0	(7)	2.2	(3)	0.4	(6)		
WEL	Core Mgr	0.7	(4)	33.1	(8)	15.5	(9)	-1.6	(7)	-0.3	(9)	1.8	(1)	-0.2	(9)		
Average		-0.6		35.9		18.0		0.6		2.1		3.7		0.8			
Other																	
AMPCI	Emerging	-3.0		40.8		n.a		n.a		n.a		n.a		n.a			
NZAM		0.5		39.2		18.5		10.6		6.2		8.3		0.7			
Indices																	
MSCI 0% hedged		-0.2		34.0		15.8		-2.3									
MSCI 100% hedged		-2.0		20.3		20.3		7.3									

Table 2 – Fixed Interest, Cash Funds**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	0.6	(8)	5.7	(8)	5.4	(6)	7.2	(4)	0.4	(6)	0.6	(2)	0.7	(4)
AMPCI	1.3	(3)	6.1	(5)	5.5	(4)	7.2	(3)	0.6	(4)	0.7	(3)	0.8	(3)
Arcus Multi	1.4	(1)	6.2	(4)	n.a		n.a		n.a		n.a		n.a	
BTFM	0.8	(6)	6.0	(7)	5.1	(7)	6.8	(6)	0.1	(7)	0.7	(5)	0.2	(6)
ING	1.3	(2)	7.7	(1)	6.6	(1)	8.0	(1)	1.6	(1)	0.7	(4)	2.2	(1)
RUS Multi	0.7	(7)	5.6	(9)	n.a		n.a		n.a		n.a		n.a	
TAM	0.9	(5)	6.0	(6)	5.4	(5)	6.9	(5)	0.5	(5)	0.7	(6)	0.7	(5)
TRU	0.5	(9)	6.3	(2)	5.8	(3)	n.a		0.8	(3)	n.a		n.a	
TYN	1.1	(4)	6.2	(3)	5.8	(2)	7.7	(2)	0.8	(2)	0.5	(1)	1.8	(2)
Average	1.0		6.2		5.6		7.3		0.7		0.7		1.1	
Index														
NZ Govt Stock	0.8		5.1		4.9		6.7							

Overseas Fixed Interest (hedged)

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	0.4	(8)	3.6	(6)	6.8	(6)	7.4	(8)	0.3	(6)	0.8	(3)	0.3	(6)
AMPCI Multi	0.1	(10)	3.0	(9)	6.5	(8)	8.2	(6)	0.0	(8)	1.1	(6)	0.0	(8)
Arcus Multi	0.9	(3)	4.2	(2)	n.a		n.a		n.a		n.a		n.a	
BTFM	1.1	(2)	4.5	(1)	7.4	(3)	8.6	(4)	0.9	(3)	1.2	(7)	0.7	(3)
CFS	0.6	(6)	2.8	(10)	6.6	(7)	7.7	(7)	0.0	(7)	0.6	(2)	0.0	(7)
DFA	1.6	(1)	4.0	(4)	n.a		n.a		n.a		n.a		n.a	
ING	0.8	(4)	4.1	(3)	7.5	(2)	8.3	(5)	1.0	(1)	0.9	(4)	1.1	(2)
RUS Multi	0.5	(7)	3.9	(5)	7.5	(1)	9.3	(1)	0.9	(2)	1.4	(8)	0.7	(4)
TAM	0.7	(5)	3.5	(7)	7.3	(4)	9.2	(2)	0.7	(4)	0.6	(1)	1.3	(1)
TRU	-0.2	(11)	n.a		n.a		n.a		n.a		n.a		n.a	
TYN	0.3	(9)	3.3	(8)	7.2	(5)	8.8	(3)	0.6	(5)	1.0	(5)	0.6	(5)
Average	0.6		3.7		7.1		8.4		0.5		0.9		0.6	
Other														
WEL US\$ Hedged	-0.6		-1.2		2.7		4.5							
Index														
Lehman	0.6		2.8		6.6		8.5							

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	1.9	(5)	7.5	(8)	6.2	(8)	6.5	(4)	0.0	(8)	0.1	(4)	0.2	(8)
AMPCI	1.8	(8)	7.6	(7)	6.7	(5)	6.4	(5)	0.1	(5)	0.1	(3)	1.5	(4)
Arcus	1.9	(6)	7.6	(5)	6.7	(4)	6.4	(6)	0.1	(4)	0.1	(1)	2.2	(3)
BTFM	1.9	(4)	7.8	(4)	6.9	(2)	6.5	(3)	0.3	(2)	0.2	(7)	1.1	(5)
CFS	2.2	(1)	8.1	(2)	6.7	(6)	n.a		0.1	(6)	0.2	(6)	0.4	(7)
ING	2.2	(2)	9.1	(1)	8.0	(1)	7.2	(1)	1.4	(1)	0.5	(8)	2.9	(1)
TAM	1.9	(7)	7.6	(6)	6.6	(7)	6.3	(7)	0.0	(7)	0.1	(2)	0.6	(6)
TYN	2.0	(3)	7.8	(3)	6.8	(3)	6.7	(2)	0.2	(3)	0.1	(5)	2.2	(2)
Average	2.0		7.9		6.8		6.6		0.3		0.2		1.4	
Index														
90 Day Bank Bill	1.9		7.5		6.6		6.3							

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		Tracking Error		Information Ratio	
									% p.a.	Rank	% p.a.	Rank	% p.a.	Rank
NZ Listed														
AB	7.6	(4)	23.3	(4)	19.9	(4)	15.7	(4)	1.6	(4)	2.2	(1)	0.8	(4)
BAM	10.2	(1)	33.1	(1)	24.1	(2)	19.9	(2)	5.8	(2)	4.9	(4)	1.2	(2)
BTFM	8.1	(3)	26.2	(3)	21.1	(3)	18.4	(3)	2.9	(3)	2.9	(3)	1.0	(3)
ING	8.5	(2)	27.7	(2)	24.2	(1)	20.4	(1)	5.9	(1)	2.4	(2)	2.5	(1)
WCM Trans-Tasman	5.7	(5)	20.8	(5)	n.a		n.a		n.a		n.a		n.a	
Average	8.0		26.2		22.3		18.6		4.1		3.1		1.4	
NZ Direct														
AMPCI	4.7	(1)	17.3	(2)	15.9	(2)	13.2	(2)	-1.7	(2)	3.7	(2)	-0.5	(2)
TAM	1.6	(3)	20.2	(1)	18.4	(1)	16.0	(1)	-0.7	(1)	2.7	(1)	-0.3	(1)
TRU	3.4	(2)	14.1	(3)	14.2	(3)	n.a		-5.0	(3)	5.5	(3)	-0.9	(3)
Average	3.2		17.2		16.2		14.6		-2.5		4.0		-0.5	
Global														
AMPCI	-0.5	(4)	28.9	(3)	33.6	(1)	n.a		2.5	(1)	2.2	(1)	1.1	(1)
BAM Infrastructure	2.9	(1)	22.3	(4)	20.4	(2)	18.0	(1)	-10.7	(2)	11.0	(2)	-1.0	(2)
ING	-1.2	(5)	29.1	(2)	n.a		n.a		n.a		n.a		n.a	
RUS	2.2	(2)	40.7	(1)	n.a		n.a		n.a		n.a		n.a	
TYN	-0.4	(3)	18.1	(5)	n.a		n.a		n.a		n.a		n.a	
Average	0.6		27.8		27.0		18.0		-4.1		6.6		0.1	
Indices														
NZSE Property	7.0		20.4		18.2		16.7							
UBS Global Property	-0.5		25.1		31.2		n.a							

Table 4 - Balanced Funds**Balanced Fund 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	0.3	(4)	17.6	(3)	13.6	(9)	6.5	(9)	-0.5	(6)	13.0	(4)	9.3	(7)	4.3	(7)
AMPCI	0.7	(1)	17.0	(6)	13.9	(7)	6.7	(8)	0.4	(2)	13.9	(3)	10.1	(4)	3.4	(8)
Arcus	-0.3	(7)	23.2	(1)	16.7	(1)	10.4	(1)	-1.1	(9)	19.4	(1)	11.9	(3)	5.7	(3)
BTFM	0.3	(3)	15.8	(9)	14.7	(4)	7.6	(6)	-0.3	(4)	12.3	(5)	14.5	(1)	7.3	(1)
CFS	-0.4	(8)	16.4	(8)	13.9	(6)	6.8	(7)	-0.3	(5)	10.4	(9)	9.0	(9)	4.5	(5)
ING	0.6	(2)	19.0	(2)	16.2	(2)	9.3	(2)	0.5	(1)	14.7	(2)	12.3	(2)	6.3	(2)
MSIT	0.2	(6)	16.9	(7)	14.6	(5)	7.8	(4)	-0.5	(7)	12.3	(6)	9.6	(5)	4.5	(6)
TAM	0.2	(5)	17.2	(5)	13.7	(8)	8.5	(3)	-0.1	(3)	12.2	(7)	9.1	(8)	5.4	(4)
TYN	-0.8	(9)	17.5	(4)	14.8	(3)	7.8	(5)	-0.8	(8)	10.8	(8)	9.4	(6)	n.a	
Average	0.1		17.8		14.7		7.9		-0.3		13.2		10.6		5.2	

Actual Asset Allocation

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	5.9	7.1	15.0	21.3	7.2	0.0	0.0	56.4	18.4	9.3	15.8	43.6	21.1	Negative
AMPCI	13.7	0.0	7.7	30.4	7.2	4.0	0.0	62.9	19.7	11.5	5.9	37.1	22.9	Negative
Arcus	19.4	0.0	51.9	0.0	2.2	0.0	3.7	77.2	7.4	2.3	13.1	22.8	37.3	Negative
BTFM	19.6	0.0	35.5	0.0	5.1	0.0	5.3	65.5	16.8	9.4	8.4	34.6	35.5	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	15.7	0.0	39.0	0.0	9.5	0.0	1.1	65.3	13.7	8.8	12.4	34.9	30.8	Negative
MSIT	15.0	0.0	17.7	17.0	5.2	4.1	2.0	61.0	13.7	20.3	5.0	39.0	17.3	Neutral
TAM	9.8	0.0	34.5	0.0	14.4	0.0	0.0	58.6	5.9	20.1	15.4	41.4	23.0	Negative
TYN	15.4	0.0	36.2	0.0	0.0	5.3	7.0	63.8	22.4	8.6	5.1	36.2	17.0	Neutral
Average	14.9	0.8	30.8	7.6	5.6	1.5	2.1	63.4	13.1	14.1	9.3	36.6	25.0	

Note: Shaded figures indicate an increased asset allocation since the previous quarter.

Additional information

Manager	Acronym	Total FUM (\$m)	Balanced Fund
AllianceBernstein	AB	6,965.0	EFG Managed Fund
Arcus Investment Management	Arcus	4,907.0	Balanced Value Fund
AMP Capital Investors	AMPCI	11,208.0	Superannuation Balanced Unit
Brook Asset Management	BAM	1,115.0	n.a.
BT Funds Management	BTFM	2,385.7	BTNZIS Balanced Plus Fund
Colonial First State Investment Management	CFS	5,425.0	Asset Growth Fund
Dimensional Fund Advisors	DFA	n.a	n.a.
Fidelity Life	FID	312.6	n.a.
Fisher Funds Management	FIS	n.a	n.a
GMO	GMO	n.a	n.a
ING	ING	7,644.5	SIL Balanced Fund
Milford Asset Management	MAM	197.9	n.a.
MLC	MLC	n.a	n.a.
Mercer Human Resource Consulting	MSIT	922.3	Mercer Super Investment Trust
New Zealand Assets Management	NZAM	665.0	n.a
Russell Investment Group	RUS	n.a	n.a
Tower Asset Management	TAM	4,571.0	ILS Fund
Templeton	TEM	n.a	n.a
Trust Investments	TRU	n.a	n.a
Tyndall Investment Management	TYN	3,421.0	Tyndall Superannuation Fund
Walker Capital Management	WCM	227.5	n.a.
Wellington Management Company	WEL	n.a	n.a

Note: Funds under management relate to the overall organisation, not to the specific balanced fund

Table 5 - Alternative Assets

Manager	Type	FX %	3 Months %	1 Year % p.a.	3 Years % p.a.	5 Years % p.a.	3 Years Volatility
BTFM	Multi	100.0	-1.0	n.a	n.a	n.a	n.a
FID		n.a	4.8	20.4	n.a	n.a	n.a
RUS	Multi	0.0	3.0	19.0	13.8	13.9	2.6
TYN	Multi	0.0	0.5	15.7	12.1	n.a	3.4
Average			1.8	18.4	12.9	13.9	3.0
Index							
HFR FoF Hedged NZD			-0.2	14.1	12.3	10.2	

Notes:

- Excess return is defined as gross return less benchmark return, i.e. value added.
- Tracking error is the standard deviation of value added.
- 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 to those shown above.
- The NZ share funds are limited to no more than a 7.5% exposure to Australian shares.
- Relative outperformance may be due to the nature of the fund rather than to superior performance
- AMPCI NZ share fund is their 'Active' Fund and not their 'Strategic' Fund.
- BAM NZ share fund is their 'Australasian Equities' Fund.
- AB overseas share numbers are Bernstein Global Value Fund.
- The ING property return shown is for the ING Property Securities Fund.
- The index share funds are benchmarked against the standard share index and not against their own index.
- Russell's global property fund is hedged to the Australian dollar.

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