

Investment Survey – March 2007

1. Investment returns

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

• NZ Shares	1.8%	(13.0%)
• Overseas Shares:		
• unhedged	1.2%	(-0.8%)
• hedged	3.1%	(15.2%)
• Property	8.1%	(33.5%)
• NZ Fixed Interest	1.0%	(3.8%)
• Overseas Fixed Interest	1.7%	(7.8%)
• Cash	1.9%	(7.8%)

2. Comment on sector results

NZ shares had a mixed quarter, being up almost 4% at one point. The tumble at the end of February erased most of these gains. Overseas share returns were dominated by currency effects. Being hedged added 16% for the year, due to the climb in the NZ dollar (ending March at 71.5 US cents). Property had a strong year with listed, direct and global funds all giving good results. NZ fixed interest had a poor year and overseas fixed gave a return on par with the NZ cash return.

3. Investment process

With the change in the tax regime resulting in many superannuation and other funds reviewing their investment strategy, it is a good time to consider how the total investment process works and to consider what options Trustees have.

First stage The first step of the investment process is to confirm and clarify the purpose for which the fund was established. Why is the money there and what is it to be used for? For a charitable trust there will be the question of how much money does the trust want to provide in grants each year, at what rate does the fund need to grow to match, say, the growth in population? These objectives need to be quantified. Some examples are: to earn a return of x% above inflation or to earn a return of x% above the risk free rate. Or for a defined benefit pension scheme to always have a funding ratio above, say, 85% of the value of the assets.

Second stage Once the initial objectives have been set then some model portfolios can be tested to see which one best meets the targets. New asset classes can be introduced and their impact assessed. Decisions on what approach to take on currency will need to be decided. For a superannuation fund the portfolios may be tested against an objective of the probability of a one year negative return. The objectives will need to be reset on the basis of what is achievable.

Third stage The issue then becomes how to invest the monies. If the sum is not substantial, then allocating to just one manager with attendant cost savings may be the best approach. Alternatively, for larger funds the approach will be to allocate the funds between a series of managers each of whom is assessed as being good in their own sector.

Having decided on the “fund manager configuration”, the process moves to selecting the managers. RFP’s will be called for, a shortlist decided, interviews held, a choice made and contracts agreed.

Fourth stage With the strategy and the managers in place, we move to monitoring the managers against their set targets and monitoring the overall performance of the fund.

SIPO All the above will be documented into the Statement of Investment Policy and Objectives. Our experience suggests that it is important for this to cover every aspect of the management of the monies and how the managers manage the monies, fees, targets etc. It is then all in the one place.

Who does one go to receive advice on the steps in this process? Is this the role of one particular firm or several specialists?

Traditional approach This has been to select an adviser who will complete all the stages including selecting the managers. The adviser would have no relationship with the fund managers or how the monies are managed, ie totally independent of the actual management of the monies.

Implemented consulting There is also now another approach which involves putting all the roles together, including funds management, within one organisation, i.e. the same organisation does both the advisory role and the funds management. This approach, known as implemented consulting has gained ground in the past few years. A reason for this is that some major asset consulting firms and research houses decided that they could add value for their clients by following this model. The funds they offer are on a multi manager basis with the firm using all their research to make the “best” choices for their clients.

In Australia this approach has gained significant momentum in the last few years, and some commentators talk of this being the best approach for funds of assets less than A\$2 billion. An advantage of implemented consulting is that it is a one-stop shop and trustees with no particular investment knowledge just make one decision on who to appoint. There may also be some cost savings over the traditional approach. A good example of a firm doing implemented consulting is MLC, the investment arm of NAB in Australia. A feature of their approach that has to be applauded is that they are not prepared to take on asset consulting on its own.

The NZ market is arguably in a state of flux at the moment; the greatest need for a multi manager approach is for the overseas asset classes including hedge funds. Some asset consulting firms have begun giving investment advice and selecting funds for clients. The latter includes assessment of their own investment funds. This naturally sets up potential conflict for the firms. How do trustees resolve this issue?

Options for Trustees We think there are probably only two solutions:

- The trustees decide they are going to go down the route of implemented consulting and appoint a suitable firm for this role. This could include the current adviser. To do this they need advice on the universe of firms available for the role and advice on the firm to select.
- Go back to the traditional model. Where there is an existing conflict this could mean the trustees deciding to stay with their current adviser but excluding them from performing the fund manager selection role. Another party would be appointed for this purpose. It may not be the same firm for each appointment.

The conflict may exist wherever the adviser makes a recommendation to a client where the adviser potentially has a role in the management of funds under consideration.

4. New tax regime

The first stage of the new regime came into effect on 1 April 2007 with the start of the introduction of the FDR regime. The PIE regime commences on October 2007. The table below illustrates the impact for the different asset sectors assuming a particular set of assumptions.

	Gross of Tax		Net of Tax			
	Return % p.a.	Risk % p.a.	Old Basis		New Basis	
			Return % p.a.	Risk % p.a.	Return % p.a.	Risk % p.a.
<i>Shares</i>						
NZ Active	11.0	17.0	7.4	11.4	9.1	11.4
NZ Passive	10.0	19.0	8.1	12.7	8.1	12.7
Overseas Active	11.5	12.5	7.7	8.4	9.9	12.5
Overseas Passive	10.5	15.0	9.8	10.1	8.9	15.0
<i>Property</i>						
Listed	9.0	12.0	6.0	8.0	7.0	8.0
Direct	9.0	10.0	6.0	6.7	7.0	6.7
Global	9.0	12.0	6.0	8.0	7.4	12.0
<i>Fixed</i>						
NZ	6.3	4.5	4.2	3.0	4.2	3.0
Overseas FDR	6.8	4.5	4.5	3.0	5.1	4.5
Overseas non-FDR	6.8	4.5	4.5	3.0	4.5	3.0
Cash	5.8	1.3	3.9	0.8	3.9	0.8

The points of interest at this current time are:

- The returns on the active share sectors increase but at the same time the volatility increases.
- Overseas property now becomes more attractive, being taxed under the FDR regime.
- NZ fixed and cash remain unchanged.
- Overseas fixed will be taxed either under the current regime or under FDR depending on the structure of the investment. For example a fund which invests into an Australian Unit Trust will be under the FDR regime. And, this structure currently has a tax advantage, see table above.
- The impact of the FDR regime with its 5% flat tax irrespective of the actual investment return means that changes in the currency will have a gross impact on the return. To fully hedge this will require a 150% hedging position i.e. the same approach as AMP Capital followed with its WINZ product.
- All of the above mean that major changes will probably be required to the average balanced fund. AMP Capital has made some major changes to its funds but whether other funds will go as far as those made by AMP Capital will be interesting.

Hopefully the outstanding issues will be resolved in the May tax bill.

ABOUT MELVILLE JESSUP WEAVER

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

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

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
NZ															
RUS	Multi	0.6	(2)	11.4	(2)	n.a		n.a		n.a		n.a		n.a	
TAM		1.0	(1)	15.0	(1)	19.8	(1)	18.2	(1)	2.1	(1)	1.3	(1)	1.6	(1)
Average		0.8		13.2		19.8		18.2		2.1		1.3		1.6	
Indexed															
Arcus		2.5		13.0		16.7		15.1		-1.0		1.9		-0.5	2.5
AMPCI		3.3		14.5		17.7		16.5		0.0		0.9		0.0	3.3
SMS	NZ Top 10	3.0		5.3		10.6		11.8		-7.0		5.7		-1.2	3.0
SMS	NZ Top 50	0.9		16.1		n.a		n.a		n.a		n.a		n.a	0.9
SMS	NZ Mid Cap	1.5		27.9		21.9		15.1		4.2		8.0		0.5	1.5
SMS	Aus Mid Cap	6.2		17.5		n.a		n.a		n.a		n.a		n.a	6.2
SMS	Aus Top 20	9.2		14.2		21.2		11.1		3.5		11.3		0.3	9.2
Trans-Tasman															
AB		1.8	(8)	15.1	(5)	18.9	(10)	16.3	(10)	1.2	(10)	2.5	(4)	0.5	(10)
AB	High Growth	1.9	(7)	15.4	(4)	20.9	(6)	18.6	(3)	3.2	(6)	2.8	(6)	1.1	(6)
AMPCI	Active	2.8	(3)	18.7	(2)	20.1	(7)	18.0	(5)	2.4	(7)	1.6	(1)	1.5	(4)
Arcus	Multi	2.1	(5)	12.4	(8)	n.a		n.a		n.a		n.a		n.a	
BAM		1.1	(9)	9.1	(11)	19.5	(9)	16.5	(9)	1.8	(9)	2.5	(5)	0.7	(9)
BTFM		2.8	(4)	14.6	(6)	21.5	(4)	17.7	(6)	3.8	(4)	3.0	(7)	1.3	(5)
CFS		3.7	(2)	17.4	(3)	25.0	(2)	17.2	(7)	7.3	(2)	6.8	(10)	1.1	(7)
ING		1.0	(11)	13.2	(7)	23.2	(3)	21.1	(1)	5.5	(3)	3.2	(8)	1.7	(2)
JBW		6.0	(1)	23.4	(1)	29.2	(1)	20.7	(2)	11.5	(1)	5.0	(9)	2.3	(1)
MGI		1.1	(10)	10.8	(10)	21.3	(5)	16.9	(8)	3.6	(5)	2.2	(2)	1.6	(3)
TYN		2.0	(6)	11.2	(9)	19.7	(8)	18.3	(4)	2.0	(8)	2.3	(3)	0.9	(8)
Average		2.4		14.7		21.9		18.1		4.2		3.2		1.3	
Non core															
AMPCI	Strategic	2.4		24.8		25.2		20.8		7.5		10.7		0.7	
FIS		6.0		47.9		39.3		27.1		21.6		12.1		1.8	
ING		1.5		15.6		n.a		n.a		n.a		n.a		n.a	
MAM		0.3		10.0		n.a		n.a		n.a		n.a		n.a	
TYN	Aggressive	7.5		51.9		42.0		n.a		24.3		11.5		2.1	
WCM		1.1		18.6		22.0		n.a		4.4		8.4		0.5	
Indices															
NZSX50 (incl IC's)		1.8		13.0		17.7		16.3							
ASX200		6.9		21.8		25.9		16.7							
Cash + 5% pa		3.2		12.8		12.2		11.6							

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	
Unbiased	No of managers														
AB	1	0.1	(9)	-1.8	(6)	15.2	(1)	n.a		2.8	(1)	2.7	(6)	1.0	(1)
AMPCI	13	1.1	(3)	-1.6	(4)	14.1	(3)	3.0	(3)	1.7	(3)	1.6	(2)	1.0	(2)
Arcus	5	0.0	(10)	-2.4	(7)	n.a		n.a		n.a		n.a		n.a	
BNP	1	0.7	(4)	1.9	(1)	14.4	(2)	3.2	(2)	1.9	(2)	2.3	(5)	0.8	(4)
BTFM	1	0.5	(6)	-1.7	(5)	13.7	(5)	5.1	(1)	0.2	(5)	3.3	(8)	0.1	(5)
ING	3	1.4	(2)	1.2	(2)	13.8	(4)	2.0	(4)	1.4	(4)	1.6	(1)	0.9	(3)
MLC	7	0.2	(8)	-2.5	(8)	12.6	(6)	1.5	(6)	0.1	(6)	2.2	(4)	0.0	(6)
RUS	12	0.6	(5)	-3.0	(9)	12.3	(8)	0.9	(7)	-0.1	(8)	3.6	(9)	0.0	(8)
RUS	4	1.5	(1)	-1.2	(3)	n.a		n.a		n.a		n.a		n.a	
TYN	1	0.3	(7)	-4.7	(11)	11.0	(9)	0.3	(8)	-0.9	(9)	2.1	(3)	-0.4	(9)
WEL	1	-0.3	(11)	-4.0	(10)	12.4	(7)	1.6	(5)	0.0	(7)	2.9	(7)	0.0	(7)
Average		0.6		-1.8		13.3		2.2		0.8		2.5		0.4	
Value															
AB	1	-0.4	(7)	2.2	(3)	17.8	(1)	6.1	(2)	5.3	(1)	3.0	(5)	1.8	(2)
CFS	1	1.9	(2)	-3.8	(7)	10.3	(6)	-1.9	(6)	-2.2	(6)	3.9	(6)	-0.6	(6)
DFA	1	2.3	(1)	3.7	(1)	17.5	(2)	6.3	(1)	5.0	(2)	2.3	(3)	2.2	(1)
GMO	1	0.7	(5)	-2.3	(6)	13.2	(5)	3.4	(4)	0.7	(5)	1.8	(1)	0.4	(5)
TAM	4	1.5	(4)	1.3	(4)	13.4	(4)	2.3	(5)	0.9	(4)	2.0	(2)	0.5	(4)
TEM	1	-0.3	(6)	3.1	(2)	14.8	(3)	4.3	(3)	2.3	(3)	2.7	(4)	0.8	(3)
WEL	1	1.8	(3)	0.6	(5)	n.a		n.a		n.a		n.a		n.a	
Average		1.1		0.7		14.5		3.4		2.0		2.6		0.9	
Growth															
AB		0.7	(2)	-5.6	(2)	12.9	(1)	1.8	(1)	0.4	(1)	13.7	(2)	0.0	(1)
GMO		1.1	(1)	-3.6	(1)	n.a		n.a		n.a		n.a		n.a	
WEL		-0.2	(3)	-7.8	(3)	6.8	(2)	-0.2	(2)	-5.6	(2)	6.3	(1)	-0.9	(2)
Average		0.5		-5.7		9.8		0.8		-2.6		10.0		-0.4	
Indexed															
Arcus		0.8		-2.7		10.4		-0.7		-2.0		0.8		-2.7	
AMPCI		0.7		-2.3		10.5		-0.8		-1.9		0.9		-2.2	
Other															
AMPCI	Emerging	3.7		0.0		18.8		8.0		-6.3		10.9		-0.6	
LMI	Emerging	0.2		9.8		25.1		14.3		0.0		2.8		0.0	
NZAM	Multi	2.1		-2.6		12.5		10.3		0.0		4.3		0.0	
Indices															
MSCI 0% hedged		1.2		-0.8		12.5		0.7							
MSCI 100% hedged		3.1		15.2		18.9		12.0							
MSCI Emerging 0% hedged		-0.3		5.6		25.1		13.2							

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	
NZ Listed															
AB		7.9	(3)	35.3	(4)	24.7	(4)	20.9	(4)	1.6	(4)	1.9	(1)	0.9	(4)
BAM	Trans-Tasman	10.6	(2)	42.3	(1)	31.2	(1)	22.7	(2)	8.1	(1)	4.9	(4)	1.6	(2)
BAM	Infrastructure	7.7	(5)	27.2	(6)	n.a		n.a		n.a		n.a		n.a	
BTFM		7.8	(4)	37.2	(2)	26.5	(3)	21.1	(3)	3.4	(3)	3.1	(3)	1.1	(3)
ING		7.5	(6)	35.7	(3)	28.6	(2)	22.8	(1)	5.5	(2)	2.7	(2)	2.0	(1)
JBW	Trans-Tasman	10.8	(1)	n.a		n.a		n.a		n.a		n.a		n.a	
WCM	Trans-Tasman	5.3	(7)	27.5	(5)	22.9	(5)	n.a		-0.3	(5)	5.1	(5)	0.0	(5)
Average		8.2		34.2		26.8		21.9		3.7		3.5		1.1	
NZ Direct															
AMPCI		7.8	(1)	27.5	(2)	19.4	(2)	16.0	(2)	-2.1	(2)	4.2	(1)	-0.5	(2)
TAM		5.6	(2)	29.8	(1)	22.9	(1)	19.8	(1)	1.5	(1)	6.2	(2)	0.2	(1)
Average		6.7		28.6		21.1		17.9		-0.3		5.2		-0.1	
Global															
AMPCI		5.8	(2)	33.8	(1)	33.9	(1)	n.a		3.9	(1)	1.9	(1)	2.1	(1)
ING		4.1	(3)	27.6	(2)	n.a		n.a		n.a		n.a		n.a	
RUS	Multi	6.2	(1)	n.a		n.a		n.a		n.a		n.a		n.a	
TYN		1.9	(4)	25.8	(3)	25.3	(2)	n.a		0.1	(2)	2.0	(2)	0.1	(2)
Average		4.5		29.1		29.6		n.a		2.0		1.9		1.1	
Indices															
NZSE Property		8.1		33.5		23.1		19.1							
UBS Global Property		4.7		29.7		29.9		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	
AB	0.6	(6)	3.3	(8)	5.3	(6)	6.5	(6)	0.1	(6)	0.6	(3)	0.3	(5)		
AMPCI	0.4	(8)	3.7	(7)	5.3	(5)	6.8	(3)	0.2	(5)	0.8	(6)	0.2	(6)		
Arcus Multi	0.9	(5)	5.1	(3)	n.a		n.a		n.a		n.a		n.a			
BTFM	1.0	(3)	4.3	(5)	5.6	(4)	6.7	(4)	0.4	(4)	0.5	(1)	0.9	(3)		
ING	1.2	(1)	5.6	(1)	7.0	(1)	7.9	(1)	1.9	(1)	0.7	(5)	2.6	(1)		
RUS Multi	0.6	(7)	3.9	(6)	n.a		n.a		n.a		n.a		n.a			
TAM	0.9	(4)	4.4	(4)	5.7	(3)	6.6	(5)	0.5	(3)	0.7	(4)	0.8	(4)		
TYN	1.1	(2)	5.3	(2)	6.2	(2)	7.5	(2)	1.1	(2)	0.5	(2)	2.3	(2)		
Average	0.8		4.4		5.8		7.0		0.7		0.6		1.2			
Index																
NZ Govt Stock	1.0		3.8		5.1		6.4									

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	
AB	1.7	(5)	8.0	(2)	7.6	(6)	8.0	(8)	0.3	(6)	0.6	(2)	0.5	(3)		
AMPCI Multi	1.7	(6)	8.3	(1)	7.7	(5)	8.9	(6)	0.4	(5)	1.0	(6)	0.3	(7)		
Arcus Multi	1.6	(10)	7.5	(6)	n.a		n.a		n.a		n.a		n.a			
BTFM Principle Global	1.8	1.8	(3)	7.3	(8)	7.9	(3)	9.1	(4)	0.6	(3)	1.2	(7)	0.5		
CFS	1.8	(4)	7.6	(5)	7.3	(8)	8.3	(7)	-0.2	(8)	0.6	(1)	-0.3	(8)		
DFA	1.9	(2)	7.9	(4)	6.8	(9)	n.a		-0.6	(9)	1.4	(8)	-0.5	(9)		
ING	1.7	(7)	7.9	(3)	8.2	(2)	8.9	(5)	0.9	(1)	0.8	(4)	1.1	(1)		
RUS Multi	1.6	(9)	6.8	(10)	8.2	(1)	9.4	(1)	0.7	(2)	1.4	(9)	0.5	(4)		
TAM PIMCO	1.9	(1)	7.4	(7)	7.6	(7)	9.3	(2)	0.3	(7)	0.6	(3)	0.5	(6)		
TYN FFTW	1.7	(8)	7.3	(9)	7.9	(4)	9.3	(3)	0.6	(4)	0.9	(5)	0.6	(2)		
Average	1.7		7.6		7.7		8.9		0.3		1.0		0.3			
Index																
Lehman	1.7		7.8		7.3		8.8									
Citigroup WGBI	1.6		7.5		7.5		8.7									

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	
AB	1.9	(6)	7.6	(9)	7.2	(9)	6.7	(6)	0.0	(9)	0.1	(3)	-0.5	(9)		
AMPCI	1.9	(7)	7.7	(8)	7.3	(6)	6.7	(5)	0.0	(6)	0.1	(4)	0.6	(6)		
AMPCI Strategic Income	2.1	(1)	8.7	(1)	8.2	(2)	n.a		1.0	(2)	0.4	(8)	2.6	(2)		
Arcus	1.9	(5)	7.8	(5)	7.3	(5)	6.7	(4)	0.1	(5)	0.1	(1)	1.3	(5)		
BTFM	2.0	(2)	8.0	(3)	7.5	(3)	6.8	(3)	0.3	(3)	0.2	(7)	1.4	(4)		
CFS	0.3	(10)	6.4	(10)	6.7	(10)	n.a		-0.5	(10)	0.9	(10)	-0.5	(10)		
ING	1.9	(4)	8.4	(2)	8.6	(1)	7.6	(1)	1.4	(1)	0.5	(9)	3.0	(1)		
MGI	1.9	(9)	7.7	(6)	7.2	(8)	6.7	(7)	0.0	(8)	0.1	(5)	-0.3	(8)		
TAM	1.9	(8)	7.7	(7)	7.2	(7)	6.6	(8)	0.0	(7)	0.1	(2)	0.1	(7)		
TYN	1.9	(3)	7.9	(4)	7.4	(4)	7.0	(2)	0.2	(4)	0.1	(6)	2.2	(3)		
Average	1.8		7.8		7.5		6.9		0.3		0.2		1.0			
Index																
90 Day Bank Bill	1.8		7.8		7.5		6.9									

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	0.0	4.2	11.7	n.a	n.a	n.a
FID	n.a	4.7	18.9	18.4	n.a	4.9
RUS Multi	100.0	2.8	10.6	11.4	12.5	1.8
MGH	0.0	3.4	-5.4	11.4	n.a	10.4
TAM Commodity	100.0	4.2	9.0	10.7	n.a	15.1
TYN Multi	100.0	3.9	12.2	12.7	11.4	3.5
WEL Commodity	0.0	2.5	-0.4	14.8	n.a	16.0
Average						
Index						
HFR FoF Hedged NZD		3.6	10.7	11.7	11.8	

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	n.a		n.a		n.a		n.a		1.1	(6)	5.2	(4)	8.7	(7)	5.5	(7)
AMPCI	2.3	(3)	11.0	(2)	13.7	(5)	9.5	(5)	1.4	(3)	6.5	(1)	9.4	(4)	5.6	(6)
Arcus	1.5	(8)	7.6	(6)	15.1	(1)	12.2	(1)	0.7	(9)	2.6	(9)	10.3	(3)	6.7	(3)
BTFM	1.8	(6)	6.3	(8)	12.7	(8)	9.1	(6)	1.1	(4)	3.9	(7)	12.8	(1)	8.4	(1)
CFS	2.6	(1)	8.2	(5)	13.8	(3)	8.5	(7)	1.6	(1)	5.1	(5)	8.7	(6)	5.5	(8)
ING	2.2	(4)	8.3	(4)	15.0	(2)	11.3	(2)	1.6	(2)	5.7	(3)	11.2	(2)	7.8	(2)
MGI	2.0	(5)	9.2	(3)	13.7	(4)	n.a		1.0	(7)	4.5	(6)	8.7	(8)	n.a	
TAM	2.5	(2)	11.0	(1)	13.6	(6)	10.4	(3)	1.1	(5)	6.1	(2)	9.1	(5)	6.3	(4)
TYN	1.6	(7)	7.0	(7)	13.0	(7)	10.0	(4)	0.9	(8)	3.8	(8)	7.9	(9)	6.1	(5)
Average	2.1		8.6		13.8		10.1		1.2		4.8		9.7		6.5	

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	7.8	16.4	20.7	7.9	0.0	0.0	59.6	17.4	12.3	10.7	40.4	19.6	Neutral
AMPCI	14.1	0.0	7.4	29.3	9.4	2.9	0.0	63.2	17.8	11.7	7.3	36.8	19.9	Neutral
Arcus	19.8	0.0	48.2	0.0	2.3	0.0	3.7	74.0	7.0	2.5	16.5	26.0	35.7	Negative
BTFM	20.4	0.0	34.6	0.0	5.6	0.0	5.2	65.7	14.9	9.5	9.9	34.3	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	16.9	0.0	36.5	0.0	10.3	2.2	2.2	68.1	11.5	12.5	7.9	31.9	26.0	Negative
MGI	15.0	0.0	33.0	0.0	5.2	4.8	2.1	60.1	13.9	21.0	5.0	39.9	16.5	Neutral
TAM	9.9	0.0	34.8	0.0	18.5	0.0	0.0	63.1	6.0	19.8	11.1	36.9	27.6	Negative
TYN	15.1	0.0	36.8	0.0	0.0	5.0	7.5	64.4	22.1	8.6	4.9	35.7	18.4	Neutral
Average	15.3	0.9	32.0	5.6	6.6	1.7	2.3	64.2	12.3	15.0	8.5	35.8	24.3	

Table 7 – Additional information

(Funds under management relate to the overall organization)

Manager	Acronym	Total FUM (\$m)	Manager	Acronym	Total FUM (\$m)
AllianceBernstein	AB	7,370.0	Legg Mason, Inc.	LMI	n.a
Arcus Investment Management	Arcus	5,194.0	Milford Asset Management	MAM	242.0
AMP Capital Investors	AMPCI	12,070.0	MLC	MLC	n.a
Brook Asset Management	BAM	1,382.0	MGH Asset Management Ltd	MGH	n.a
BNP Paribas Investment Management	BNP	n.a	Mercer Global Investments	MGI	1,155.2
BT Funds Management	BTFM	2,392.4	New Zealand Assets Management	NZAM	707.0
Colonial First State	CFS	5,644.7	Russell Investment Group	RUS	n.a
Dimensional Fund Advisors	DFA	n.a	SmartShares	SMS	358.1
Fidelity Life	FID	402.2	Tower Asset Management	TAM	4,991.7
Fisher Funds Management	FIS	n.a	Templeton	TEM	n.a
GMO	GMO	n.a	Tyndall Investment Management	TYN	3,545.0
ING	ING	8,265.5	Walker Capital Management	WCM	221.7
Goldman Sachs JBWere	JBW	n.a	Wellington Management Company	WEL	n.a

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