

ECONOMIC COMMENTARY

Most assets are at extremely high, if not bubble-like prices because of the amount of monetary stimulus (quantitative easing) by central banks and fiscal stimulus by Governments trying to ease COVID disruptions on their citizens.

FINANCIAL MARKETS

Our view is that asset prices continue to be supported by a low interest rate environment. There has been murmur of the NZ OCR not going to further lows because local economic activity has been remarkably better than forecasts back in March. However, the generally low environment may remain for the foreseeable future which will support continued equity market rallies and general asset inflation.

There is potential for a shift from growth to value because of the overpriced growth stocks that have led to potentially under-priced value stocks. Growth investing has dominated the last decade due to low inflation, economic growth, and interest rates, coupled with significant performance of technology growth stocks. However, the shift will not be at the expense of growth, as passive and retail investors tend not to invest in value and they are a growing segment of the market.

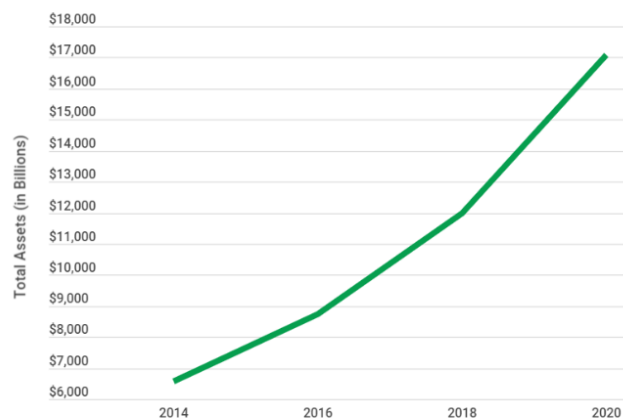
Alternatively, value or dividend paying stocks could substitute low yielding high risk bonds as a safer investment for institutions. Normally, bonds are less risky and pay less than equities. However, our view is that bonds now are riskier than equities whilst continuing to pay less. With the combination of the US dollar weakening, probable inflation increasing in the next one to two years, the distortion of returns above the 'risk-free' rate will continue, resulting in asset prices continuing to be disproportionately higher than we expect. Until the bubble bursts perhaps?

The importance of Environmental, Social and Governance investing has gained pace over the last few years and will be a key element for Eriksens and our clients this year. This theme is confirmed with the Biden administration aiming to improve regulations for sustainable investing. The United States Forum for Sustainable and Responsible Investment reported that total US-domiciled assets under management employing ESG investing strategies have increased to 33% of all US assets under professional management.

How we look to advise our clients' investment strategies is inextricably linked to their values and how we can reflect that in their portfolio. It is pleasing to see support for ESG on the

biggest political stage, but not surprising given the increasing assets devoted to sustainable investing over the last six years.

Assets Devoted To Sustainable Investing



Source: Forbes.com

GEOPOLITICAL

Geopolitical risks are high; however, US-China tensions are continuing with a recent ban of three Chinese telecom companies from trading on the NYSE. China and Australia relations are still strained with continuing tariffs imposed on Australian wines and low buying volumes for cotton, meat and coal.

The transition from Trump to Biden will continue to open the cracks and deep divisions among American people. The Republican party has become splintered and the long-term impacts of the Trump administration on democratic integrity will be felt for years to come. Compared to the Chinese who exude stability over time, albeit with authoritarian means, finding a competitive advantage in the global marketplace.

INVESTMENT RETURNS

Total Master Trust FUM rose by \$666 million over the quarter due to positive fund returns and the transfer of circa \$250 million to Mercer's Master Trust from the BNZOPA Scheme. All fund categories saw a positive average return over the one-year period. The one-year weighted average return for all Growth funds was 6.4%; Balanced funds gained 6.3%; and Conservative funds saw a return of 3.9%.

Inflation for the year was 1.4%. Deflation is less likely in the short time. Inflation annualised for the three and ten year time horizons respectively has been 1.7% and 1.3%.

ERIKSENS MASTER TRUST SURVEY: RESULTS TO 31 DECEMBER 2020

GROWTH FUNDS

Manager Name	Fund Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses)						
			%						
			1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	Aggressive	313.7	4.7	12.7	6.6	8.9	8.5	7.8	7.3
AMP	Growth	266.0	5.3	12.0	6.4	8.4	8.0	7.3	6.8
AMP	ANZ Growth	17.8	7.0	14.3	7.4	9.3			
AMP	ASB Growth	19.4	5.7	12.5	6.9	8.8			
AMP	Nikko AM Growth	23.8	13.7	16.8	9.6	11.4			
Aon	ANZ Growth	18.5	7.3	13.6	7.4	8.9	7.9	8.2	8.6
Aon	Milford Active Growth Wholesale	17.7	9.8	14.5	9.5	10.7	9.6	10.5	11.9
Aon	Nikko Growth	3.7	15.2	17.8	9.4	12.1	10.1	10.7	9.5
Aon	Russell LifePoints Growth	5.4	8.1	13.6	7.5	9.7	8.9	9.0	9.0
Aon	Russell LifePoints Target Date 2045	1.7	8.3	13.2	7.4	9.5	8.8	9.0	9.0
ASB	Growth	482.9	6.2	13.0	7.5	9.5	9.0	9.0	8.6
Fisher Funds	LifeSaver Growth	108.9	12.2	16.5	10.0	10.6	9.7	9.3	8.6
Mercer	Growth	171.7	6.5	10.8	6.2	7.9	7.8	7.8	7.3
Mercer	High Growth	30.4	7.2	12.6	7.0	9.2	8.9	9.0	8.3
SuperLife	Growth	35.8	5.9	12.6	6.5	8.6	8.7	8.7	
SuperLife	High Growth	107.0	5.9	13.9	6.7	9.4	9.3	9.2	
Total Growth Funds		1,624.4	6.4	12.9	7.1	9.1	8.7	8.4	7.9

Manager Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses)						
		%						
		1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	640.7	5.4	12.6	6.7	8.8	8.3	7.6	7.1
Aon	47.0	9.0	14.2	8.4	10.0	8.9	9.4	9.9
ASB	482.9	6.2	13.0	7.5	9.5	9.0	9.0	8.6
Fisher Funds	108.9	12.2	16.5	10.0	10.6	9.7	9.3	8.6
Mercer	202.1	6.6	11.1	6.3	8.1	7.9	8.0	7.5
SuperLife	142.8	5.9	13.6	6.6	9.2	9.2	9.1	
Total Growth Funds	1,624.4	6.4	12.9	7.1	9.1	8.7	8.4	7.9

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ERIKSENS MASTER TRUST SURVEY: RESULTS TO 31 DECEMBER 2020

BALANCED FUNDS

Manager Name	Fund Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses)						
			%						
			1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	Moderate Balanced	300.2	3.9	8.3	4.8	6.0	5.7	5.5	5.3
AMP	Balanced	885.8	4.5	9.6	5.4	6.8	6.5	6.1	5.9
AMP	Koru Balanced	127.4	7.1	11.0	5.7	7.9			
AMP	Ethical Balanced	6.5	4.1	9.5	5.2	6.6			
AMP	Global Multi-Asset	3.7	2.1	4.6	1.3	2.5			
AMP	ANZ Balanced Plus	299.3	7.2	12.8	6.9	8.4	7.3	7.8	8.1
AMP	ASB Balanced	98.7	5.8	10.9	6.4	7.7	7.2	7.4	7.0
AMP	Mercer Balanced	152.8	5.7	8.9	5.8	6.7	6.4	6.8	6.4
AMP	Nikko AM Balanced	192.0	10.7	12.9	7.8	9.5	8.1	8.5	7.9
Aon	ANZ Balanced	92.3	7.2	11.3	6.5	7.4	6.7	6.9	7.2
Aon	Nikko Balanced	6.7	11.3	13.1	8.0	9.5	8.1	8.4	7.8
Aon	Russell LifePoints Balanced	7.1	8.1	12.1	7.0	8.6	8.0	8.1	8.1
Aon	Russell LifePoints Target Date 2035	1.9	7.8	11.3	6.5	8.2	7.7	7.9	8.0
ASB	Balanced	915.4	6.5	11.1	6.8	8.2	7.7	7.8	7.5
Fisher Funds	Lifesaver Balanced	324.3	9.2	12.0	7.9	8.3	7.7	7.6	7.0
Mercer	Balanced	301.2	5.6	8.7	5.3	6.5	6.4	6.6	6.4
SuperLife	Balanced	339.5	6.6	11.5	6.4	7.9	8.0	8.0	8.2
SuperLife	Castle Point 5 Oceans	0.8							
SuperLife	Ethica	21.6	11.0	15.4	8.7	9.3	8.5	9.5	8.9
Total Balanced Funds		4,077.0	6.3	10.6	6.3	7.6	7.1	7.1	6.9

Manager Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses)						
		%						
		1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	2,066.3	5.7	10.3	5.8	7.3	6.7	6.6	6.4
Aon	108.1	7.6	11.5	6.6	7.6	6.9	7.1	7.3
ASB	915.4	6.5	11.1	6.8	8.2	7.7	7.8	7.5
Fisher Funds	324.3	9.2	12.0	7.9	8.3	7.7	7.6	7.0
Mercer	301.2	5.6	8.7	5.3	6.5	6.4	6.6	6.4
SuperLife	361.8	6.9	11.7	6.6	8.0	8.0	8.1	8.2
Total Balanced Funds	4,077.0	6.3	10.6	6.3	7.6	7.1	7.1	6.9

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CONSERVATIVE FUNDS

Manager Name	Fund Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses)							
			%							
			1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year	
AMP	Capital Assured	114.2	2.8	3.4	3.9	4.3	4.5	4.9	4.2	
AMP	Conservative	335.5	2.8	5.5	3.6	4.1	4.0	4.0	4.0	
AMP	Moderate	185.1	3.5	7.1	4.3	5.2	5.0	4.8	4.7	
AMP	Income Generator	3.1	3.9	9.6	6.0	6.4				
AMP	ANZ Conservative	18.8	5.3	6.4	4.2	4.5				
AMP	ASB Moderate	18.7	4.1	7.4	4.6	5.5				
AMP	Nikko AM Conservative	18.2	6.6	7.7	5.5	6.0				
Aon	ANZ Capital Stable	2.1	3.2	3.1	2.7	2.6	2.6	3.1	3.0	
Aon	ANZ Conservative	19.9	5.7	6.3	4.3	4.4	4.1	4.5	4.7	
Aon	Nikko Conservative	1.1	2.4	3.6	3.3	3.4	3.1	3.7	3.5	
Aon	Russell LifePoints Conservative	3.0	6.1	7.1	4.7	5.2	5.0	5.3	5.7	
Aon	Russell LifePoints Moderate	3.6	7.0	9.6	5.9	6.9	6.6	6.7	7.0	
Aon	Russell LifePoints Target Date 2025	2.9	6.9	8.7	5.4	6.5	6.2	6.5	6.8	
ASB	Moderate	258.7	4.9	7.9	5.2	6.1	5.9	6.1	5.9	
Fisher Funds	LifeSaver Conservative	45.9	5.0	6.5	4.8	5.0	4.8	5.1	4.9	
Mercer	Conservative	79.7	3.5	5.1	3.5	3.9	3.9	4.3	4.2	
Mercer	Moderate	124.2	4.8	6.5	4.2	4.9	4.9	5.4	5.4	
SuperLife	Conservative	46.7	5.6	8.7	5.7	6.4	6.5	6.7		
Total Conservative Funds		1,281.3	3.9	6.4	4.3	4.9	4.8	5.0	4.8	

Manager Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses)							
		%							
			1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	693.6		3.2	5.7	3.9	4.5	4.4	4.4	4.3
Aon	32.5		5.7	6.7	4.4	4.8	4.5	4.9	5.1
ASB	258.7		4.9	7.9	5.2	6.1	5.9	6.1	5.9
Fisher Funds	45.9		5.0	6.5	4.8	5.0	4.8	5.1	4.9
Mercer	204.0		4.3	6.0	4.0	4.5	4.5	5.0	4.9
SuperLife	46.7		5.6	8.7	5.7	6.4	6.5	6.7	
Total Conservative Funds	1,281.3		3.9	6.4	4.3	4.9	4.8	5.0	4.8

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ERIKSENS MASTER TRUST SURVEY: RESULTS TO 31 DECEMBER 2020

DEFENSIVE FUNDS (SINGLE SECTOR)

Manager Name	Fund Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses)						
			%						
			1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	Cash	94.3	0.2	0.6	0.8	0.9	1.0	1.4	1.6
ASB	NZ Cash	61.0	0.5	0.9	1.1	1.2	1.3	1.7	1.8
Mercer	Cash	43.3	0.1	0.5	0.7	0.8	0.9	1.3	1.5
SuperLife	NZ Cash	129.2	1.2	1.9	2.1	2.2	2.4	2.8	3.1
SuperLife	UK Cash	1.2	(3.5)	(0.5)	(0.7)	1.3	(3.2)	(1.1)	
Sub-Total: Cash		329.0	0.6	1.2	1.4	1.5	1.6	2.0	2.2
AMP	NZ Fixed Interest	10.2	3.3	3.3	3.1	3.3	3.2	3.5	
AMP	International Fixed Interest	2.2	4.6	4.8	3.3	2.9	2.8	2.8	
ASB	NZ Fixed Interest	6.3	3.4	3.4	3.2	3.3	3.1	3.5	3.5
ASB	World Fixed Interest	2.9	3.2	3.8	2.8	2.5	2.8	3.1	3.2
Fisher Funds	LifeSaver NZ Fixed Income	11.7	3.9	4.2	4.1	4.1	3.7	3.9	3.8
Fisher Funds	LifeSaver Preservation	39.5	0.7	1.1	1.3	1.5	1.5	1.8	2.0
SuperLife	S&P/NZX NZ Government Bond	0.0							
SuperLife	Income	65.6	5.3	6.4	4.9	4.9	4.9	5.3	
SuperLife	NZ Bonds	93.1	5.1	5.4	5.1	5.4	5.1	5.6	5.9
SuperLife	Overseas Bonds	49.8	5.8	6.9	4.9	4.8	5.1	5.4	5.5
SuperLife	Overseas Non-Government Bonds	36.5	5.7	7.6	4.9	4.5	4.7	5.2	5.9
SuperLife	Global Aggregate Bond	0.0							
Sub-Total: Bonds		318.0	4.6	5.4	4.3	4.4	4.4	4.8	5.0
Total Single Sector Defensive		646.9	2.6	3.2	2.8	2.9	2.9	3.3	3.4

Manager Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses)							
		%							
			1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	106.7	0.6	1.0	1.1	1.2	1.3	1.6	1.6	
Aon	-								
ASB	70.3	0.9	1.2	1.4	1.5	1.6	1.9	2.0	
Fisher Funds	51.2	1.4	1.8	2.0	2.1	2.0	2.3	2.4	
Mercer	43.3	0.1	0.5	0.7	0.8	0.9	1.3	1.5	
SuperLife	375.4	3.9	4.8	4.0	4.0	4.0	4.5	4.7	
Total Single Sector Defensive		646.9	2.6	3.2	2.8	2.9	2.9	3.3	3.4

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ERIKSENS MASTER TRUST SURVEY: RESULTS TO 31 DECEMBER 2020

AGGRESSIVE FUNDS (SINGLE SECTOR)

Manager Name	Fund Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses) %						
			1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	Australasian Shares	17.5	8.6	16.5	10.4	11.9	11.2	9.1	
ASB	Australasian Shares	8.1	8.4	16.9	11.0	12.9	12.1	11.2	10.2
Fisher Funds	LifeSaver Trans Tasman Equity	33.9	23.4	29.2	19.4	19.1	16.9	15.8	14.5
SuperLife	S&P/NZX 50	2.1							
SuperLife	S&P/ASX 200	1.7							
SuperLife	NZ Shares	82.6	11.8	17.8	12.9	13.0	13.6	12.1	14.0
SuperLife	Australian Shares	31.1	5.5	12.4	5.0	8.1	8.8	8.5	5.1
SuperLife	NZ Dividend	3.3	8.7	14.7	11.8	12.0	12.5		
SuperLife	NZ Mid Cap	1.7	8.8	16.6	12.9	18.0	15.5		
SuperLife	NZ Top 10	6.7	18.0	25.8	18.3	17.4	17.4		
SuperLife	NZ Top 50	12.6	14.9	21.9	16.3	18.4	16.7		
SuperLife	Australian Dividend	1.0	2.1	13.5	2.7	5.3	5.1		
SuperLife	Australian Financials	1.4	(0.1)	5.6	(1.5)	1.1	2.3		
SuperLife	Australian Mid Cap	1.7	19.4	19.8	8.0	12.5	13.5		
SuperLife	Australian Resources	2.9	11.8	17.9	11.1	15.9	20.0		
SuperLife	Australian Top 20	0.8	4.6	11.4	5.3	6.9	7.4		
SuperLife	Asia Pacific	1.1	8.1	12.0	4.0	8.5	7.1		
Sub-Total: Australasian Shares		210.0	12.6	19.0	12.6	13.5	13.3	11.8	12.1
AMP	International Shares	9.8	6.5	14.7	6.4	9.5	9.0	8.5	
AMP	Passive International Shares	12.4	8.0	16.0	8.0	10.4	9.5	9.2	
ASB	World Shares	7.9	5.6	14.9	7.1	10.0	9.7	9.5	9.5
Fisher Funds	LifeSaver Equity	62.6	16.0	21.6	12.6	13.8	12.2	11.3	9.3
Mercer	Shares	33.2	8.9	15.5	8.3	11.0	10.5	10.4	10.0
SuperLife	Overseas Shares (Currency Hedged)	109.8	4.1	13.2	4.5	7.9	8.6	8.4	9.6
SuperLife	Overseas Shares	87.5	5.4	15.1	7.4	10.1	8.8	10.0	9.2
SuperLife	Emerging Markets	15.1	6.7	12.3	4.0	9.6	8.5	7.0	2.7
SuperLife	Europe	1.3	(1.0)	10.4	2.6	7.4	5.1		
SuperLife	Total World	3.6	7.9	16.7	8.3	10.8	9.6		
SuperLife	Total World (NZD Hedged)	1.3							
SuperLife	US 500	3.3	9.2	19.9	12.0	13.0	12.2		
SuperLife	US Large Growth	6.2	29.1	34.2	21.1	21.2	17.4		
SuperLife	US Large Value	0.3	(5.8)	8.7	4.6	6.3	7.7		

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SuperLife	US Mid Cap	0.9	9.6	20.0	10.1	10.8	10.3		
SuperLife	US Small Cap	0.8	10.6	18.9	9.6	9.8	10.7		
Sub-Total: Global Shares		356.0	7.9	16.0	7.6	10.3	9.7	9.5	9.2
AMP	Property	11.4	(4.0)	9.5	6.1	6.9	5.6	6.9	
ASB	Global Property Shares	2.4	(14.7)	1.3	(0.1)	1.4	2.1	6.3	6.2
SuperLife	NZ Property	8.4	6.7	18.4	15.9	15.7	12.7		
SuperLife	Australian Property	1.2	(4.3)	6.1	4.1	7.0	7.1		
SuperLife	Global Property	25.3	(6.6)	7.0	5.2	7.6	6.9	9.5	9.9
Sub-Total: Property		48.7	(4.0)	9.3	7.0	8.5	7.4	8.6	9.6
Total Single Sector Aggressive		614.7	8.5	16.5	9.2	11.3	10.7	10.2	10.1

Manager Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses)							
		%							
		1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year	
AMP	51.1	5.2	14.5	8.1	10.0	9.1			
Aon	-								
ASB	18.3	4.2	14.0	7.9	10.2	9.8	9.8	9.4	
Fisher Funds	96.5	18.6	24.2	15.0	15.6	13.8	12.9	11.1	
Mercer	33.2	8.9	15.5	8.3	11.0	10.5	10.4	10.0	
SuperLife	415.6	6.7	15.1	8.2	10.5	10.3	9.7	9.9	
Total Single Sector Aggressive		614.7	8.5	16.5	9.2	11.3	10.7	9.4	10.1

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TOTAL FUNDS

Manager Name	FUM \$ million		Annualised Returns (Net of Tax & Expenses) %						
	Q3 2020	Q4 2020	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	3,426.6	3,558.4							
Aon	170.0	187.6							
ASB	1,634.6	1,745.6							
Fisher Funds	592.9	626.8							
Mercer	512.6	783.7							
SuperLife	1,241.5	1,342.3							
Total Funds	7,578.2	8,244.3	5.8	10.3	6.1	7.4	7.0	7.0	6.7
Cash Benchmark (Net)			0.3	0.6	0.8	0.9	1.1	1.4	1.5
CPI			1.4	1.6	1.7	1.7	2.6	1.3	1.3

Fund Style	FUM \$ million		Annualised Returns (Net of Tax & Expenses) %						
	Q3 2020	Q4 2020	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
Growth	1,434.7	1,624.4	6.4	12.9	7.1	9.1	8.7	8.4	7.9
Balanced	3,795.8	4,077.0	6.3	10.6	6.3	7.6	7.1	7.1	6.9
Conservative	1,137.7	1,281.3	3.9	6.4	4.3	4.9	4.8	5.0	4.8
Defensive	669.5	646.9	2.6	3.2	2.8	2.9	2.9	3.3	3.4
Aggressive	540.4	614.7	8.5	16.5	9.2	11.3	10.7	9.4	10.1
Total Funds	7,578.2	8,244.3	5.8	10.3	6.1	7.4	7.0	7.0	6.7

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