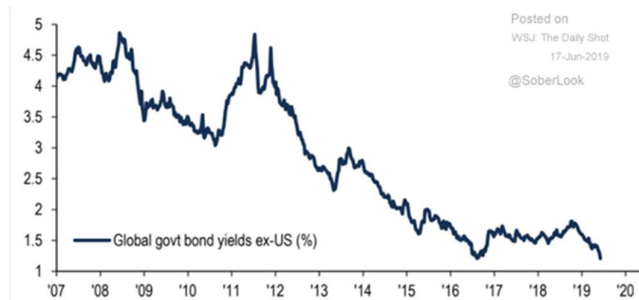


ECONOMIC COMMENTARY

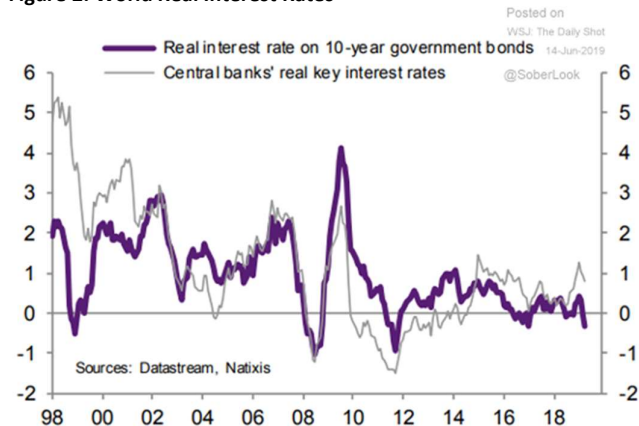
The following figures illustrate the low return environment around the world. Inflation remains low, central banks are dovish (keeping interest rates low) and government bond yields reflect this. Equity markets continue to rise as a 'side effect'. Equity market valuations are questionable...

Figure 1: Global Government Bond Yields ex-US



Source: BofA Merrill Lynch Global Investment Strategy, Haver. Note chart shows equal weighted bond yields for Japan, China, UK, France, Italy, Germany, Canada, Spain, Australia, Belgium, Netherlands, Austria, Poland, Portugal, Israel, Russia, Malaysia, Sweden, Ireland
Source: Wall Street Journal, The Daily Shot

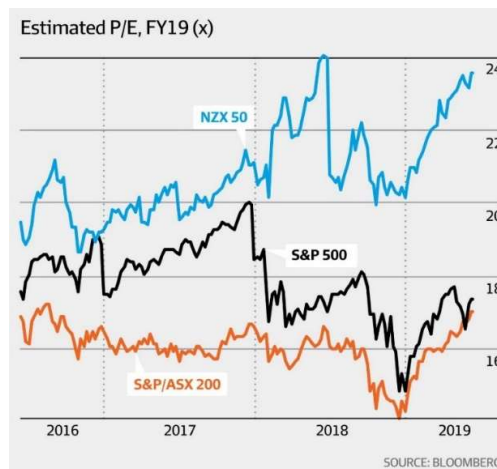
Figure 2: World Real Interest Rates



Sources: Datastream, Natixis
Source: Wall Street Journal, The Daily Shot

The RBNZ left the OCR unchanged at the record low of 1.5% at the end of June and suggested further cuts could be necessary "given the weaker global economic outlook and the risk of ongoing subdued domestic growth". The International Monetary Fund issued a statement in line with the RBNZ's views on New Zealand's slowing growth prospects. Lower interest rates mean the hunt for yield continues. The New Zealand equity market is one of the most expensive in the world (see figure 3).

Figure 3: Valuation of US, Australian and NZ equity market



Source: www.afr.com/markets/market-data/world-markets/the-world-s-most-expensive-sharemarket-is-in-new-zealand-20190617-p51yi1

The world's central banks are concerned at the rapidly slowing global growth. Hence the recent round of cash rate cutting in Australia and New Zealand. The US, UK and Europe are talking of interest rate cuts which is causing rates to fall. Whilst these support equity markets at record highs; slowing growth puts doubt on future earnings. The question is: how long can equity markets keep defying gravity?

INVESTMENT RETURNS

NZ inflation rose to 1.7% for the year to 30 June and remained at 1.6% annualised for both the three- and ten-year time horizons.

Total Master Trust FUM rose by \$294 million over the quarter due to positive asset returns and member contributions. Those funds with a higher proportion of growth style assets (eg shares and property) had the highest investment returns.

The one year weighted average return for all Master Trust Growth funds was 6.9%; Balanced funds 6.1%; and Conservative funds 5.1%. Single Sector Aggressive funds returned 9.1% over the past year on a weighted average basis and Single Sector Defensive funds returned 3.4% on average over the past year.

CHANGES TO KIWISAVER

A number of recent changes to the rules for KiwiSaver mean greater flexibility for many members. These include:

- New members over the age of 65 are now eligible to join
- New members will no longer be locked into the scheme for 5 years if they reach their 65th birthday within that time
- New contribution rates of 6% and 10% (in addition to 3%, 4% and 8%)
- New withdrawal category for life threatening congenital conditions

ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 JUNE 2019

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	280.9	6.7	9.2	10.2	7.0	7.7	9.7	7.8
AMP	Growth	240.6	6.5	8.5	9.2	6.5	7.1	8.8	7.2
AMP	ANZ Growth	8.9	6.1	8.1					
AMP	ASB Growth	9.9	6.7	8.5					
AMP	Nikko AM Growth	12.5	4.4	9.3					
Aon	ANZ Growth	14.3	6.1	7.8	7.9	6.3	7.7	9.8	9.9
Aon	Milford Active Growth	14.6	6.6	11.0	10.4	10.0	10.3	13.0	12.0
Aon	Nikko AM Growth	2.6	3.8	10.5	10.0	8.4	10.7	11.5	9.5
Aon	Russell LifePoints Growth	4.3	6.3	8.8	9.8	7.7	9.2	11.3	10.1
Aon	Russell LifePoints Target Date 2045	1.7	6.1	8.5	9.7	7.7	9.1	11.7	10.3
ASB	Growth	401.6	7.8	9.7	10.1	8.2	9.6	10.6	9.4
Fisher Funds	LifeSaver Growth	84.4	7.6	9.2	9.3	7.7	8.1	9.9	8.6
Mercer	Growth	128.4	5.2	7.2	8.4	6.5	7.8	9.0	7.9
Mercer	High Growth	26.6	5.6	8.5	9.9	7.5	9.0	10.5	
SuperLife	Growth	56.4	6.6	7.2	9.3	7.3	8.3		
SuperLife	High Growth	474.8	6.9	8.1	10.6	7.6	9.0		
Total Growth Funds		1,762.6	6.9	8.7	9.9	7.4	8.5	9.8	8.4

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	552.8	6.5	8.8	9.7	6.8	7.4	9.3	7.5
Aon	37.5	6.2	9.4	9.3	8.1	9.2	11.5	10.7
ASB	401.6	7.8	9.7	10.1	8.2	9.6	10.6	9.4
Fisher Funds	84.4	7.6	9.2	9.3	7.7	8.1	9.9	8.6
Mercer	155.0	5.3	7.4	8.7	6.7	8.0	9.2	7.9
SuperLife	531.2	6.9	8.0	10.5	7.6	8.9		
Total Growth Funds	1,762.6	6.9	8.7	9.9	7.4	8.5	9.8	8.4

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ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 JUNE 2019

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	304.4	5.6	6.2	6.4	4.9	5.4	6.5	5.7	
AMP	Balanced	895.8	5.8	6.9	7.3	5.5	6.0	7.3	6.3	
AMP	Koru Balanced	156.6	4.4	5.8						
AMP	RIL Balanced	4.1	5.7	6.6						
AMP	Global Multi-Asset	3.5	0.3	1.9						
AMP	ANZ Balanced Plus	294.6	5.9	7.3	7.8	6.2	7.6	9.3	8.6	
AMP	ASB Balanced	92.2	6.6	7.4	7.9	6.6	7.6	8.4	7.7	
AMP	Mercer Balanced	158.3	4.5	6.3	6.8	6.0	6.5	7.7	7.0	
AMP	Nikko AM Balanced	175.8	5.1	8.2	7.9	7.0	8.3	9.0	8.0	
Aon	ANZ Balanced	91.7	5.3	6.3	6.3	5.3	6.5	8.0	8.3	
Aon	Nikko AM Balanced	8.8	5.4	8.6	7.8	7.1	8.3	8.9	7.8	
Aon	Russell LifePoints Balanced	6.9	6.0	7.7	8.3	6.9	8.0	9.8	9.2	
Aon	Russell LifePoints Target Date 2035	1.9	5.7	7.3	8.1	6.7	8.0	10.1	9.3	
ASB	Balanced	816.0	7.2	8.2	8.2	7.0	8.1	8.7	8.1	
Fisher Funds	Lifesaver Balanced	293.8	7.0	7.7	7.6	6.7	6.9	8.0	7.2	
Mercer	Balanced	211.0	4.9	6.0	6.6	5.5	6.5	7.6	7.1	
SuperLife	Balanced	382.6	6.5	6.3	7.8	6.7	7.2	8.1	7.7	
SuperLife	Ethica	55.4	7.2	6.1	6.0	6.2	8.0	8.0	7.1	
Total Balanced Funds		3,953.7	6.1	7.1	7.5	6.2	7.0	8.0	7.3	

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	2,085.6	5.5	6.9	7.3	5.7	6.5	7.7	6.8	
Aon	109.3	5.3	6.6	6.6	5.6	6.7	8.2	8.3	
ASB	816.0	7.2	8.2	8.2	7.0	8.1	8.7	8.1	
Fisher Funds	293.8	7.0	7.7	7.6	6.7	6.9	8.0	7.2	
Mercer	211.0	4.9	6.0	6.6	5.5	6.5	7.6	7.1	
SuperLife	438.0	6.5	6.3	7.5	6.6	7.3	8.1	7.6	
Total Balanced Funds		3,953.7	6.1	7.1	7.5	6.2	7.0	8.0	7.3

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ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 JUNE 2019

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	113.9	4.5	4.8	5.1	5.3	5.4	4.8	4.2
AMP	Conservative	320.6	4.8	4.5	4.1	3.6	4.0	4.4	4.3
AMP	Moderate	160.1	5.2	5.4	5.4	4.3	4.8	5.5	5.0
AMP	Income Generator	1.8	8.3	6.6					
AMP	ANZ Conservative	8.0	4.3	3.8					
AMP	ASB Moderate	10.9	5.5	5.6					
AMP	Nikko AM Conservative	10.6	5.4	5.5					
Aon	ANZ Capital Stable	2.0	3.4	2.7	2.2	2.6	2.8	2.8	3.7
Aon	ANZ Conservative	18.7	4.1	3.8	3.3	3.4	4.0	4.5	5.6
Aon	Nikko AM Conservative	0.8	4.9	4.0	2.9	3.6	3.8	3.7	3.9
Aon	Russell LifePoints Conservative	2.2	4.8	4.6	4.4	4.4	5.0	5.9	6.6
Aon	Russell LifePoints Moderate	3.0	5.5	6.2	6.4	5.7	6.6	7.9	8.0
Aon	Russell LifePoints Target Date 2025	1.9	5.1	5.7	6.1	5.4	6.4	8.1	8.1
ASB	Moderate	213.5	6.1	6.4	6.1	5.6	6.4	6.7	6.5
Fisher Funds	LifeSaver Conservative	38.3	5.6	5.1	4.8	4.7	4.9	5.4	5.4
Mercer	Conservative	35.2	4.1	3.8	3.7	3.7	4.3	4.7	4.9
Mercer	Moderate	52.7	4.2	4.5	4.7	4.4	5.4	6.3	
SuperLife	Conservative	58.9	6.0	5.0	5.5	5.4	5.6	5.8	
Total Conservative Funds		1,053.0	5.1	5.1	4.9	4.5	5.0	5.4	5.1

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	625.7	4.9	4.8	4.6	4.1	4.5	4.8	4.5	
Aon	28.6	4.3	4.1	3.8	3.8	4.4	5.1	5.9	
ASB	213.5	6.1	6.4	6.1	5.6	6.4	6.7	6.5	
Fisher Funds	38.3	5.6	5.1	4.8	4.7	4.9	5.4	5.4	
Mercer	87.9	4.1	4.2	4.3	4.1	4.9	5.6	4.9	
SuperLife	58.9	6.0	5.0	5.5	5.4	5.6	5.8		
Total Conservative Funds		1,053.0	5.1	5.1	4.9	4.5	5.0	5.4	5.1

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ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 JUNE 2019

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	92.4	1.2	1.2	1.3	1.4	1.6	1.7	1.9
ASB	NZ Cash	50.0	1.5	1.5	1.6	1.7	1.9	2.0	2.0
Mercer	Cash	24.0	1.2	1.1	1.2	1.3	1.5	1.6	1.8
SuperLife	NZ Cash	182.4	1.8	1.9	1.9	2.0	2.2	2.3	2.5
SuperLife	NZ Cash ETF	1.9	1.8	1.8	1.9				
SuperLife	UK Cash	11.7	(1.7)	2.3	(0.1)	(3.5)	(0.4)	(0.6)	
Sub-Total: Cash		362.4	1.5	1.6	1.6	1.6	1.9	2.0	2.2
AMP	NZ Fixed Interest	10.0	5.1	3.9	2.8	3.3	3.9		
AMP	Int'l Fixed Interest	1.6	4.4	2.3	1.6	2.4	2.6		
ASB	NZ Fixed Interest	5.3	5.1	3.9	3.0	3.4	3.8	3.2	3.9
ASB	World Fixed Interest	2.5	4.2	2.4	2.0	2.7	2.8	2.8	3.3
Fisher Funds	LifeSaver NZ Fixed Income	12.5	6.5	4.9	3.4	3.9	4.3	3.4	4.1
Fisher Funds	LifeSaver Preservation	39.8	1.8	1.8	1.8	1.8	2.0	2.2	2.2
SuperLife	Income	184.3	5.0	3.3	3.0	3.8	3.7		
SuperLife	NZ Bonds	145.9	4.9	4.2	3.5	3.9	4.3	4.0	4.8
SuperLife	Overseas Bonds	61.3	4.8	3.2	3.1	4.0	3.9	3.2	4.1
SuperLife	Overseas Non-Govt Bonds	57.9	5.7	2.3	2.1	3.6	3.1	3.4	4.1
SuperLife	NZ Fixed Interest	10.0	5.1	3.9	2.8	3.3	3.9		
SuperLife	Int'l Fixed Interest	1.6	4.4	2.3	1.6	2.4	2.6		
Sub-Total: Bonds		521.3	4.8	3.4	2.9	3.6	3.7	3.5	4.2
Total Single Sector Defensive		883.6	3.4	2.7	2.4	2.8	3.0	2.7	3.1

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	104.0	1.7	1.5	1.4	1.6	1.8	1.7	1.9	
Aon	-								
ASB	57.8	2.0	1.8	1.7	1.9	2.1	2.1	2.2	
Fisher Funds	52.4	2.9	2.5	2.2	2.3	2.6	2.5	2.6	
Mercer	24.0	1.2	1.1	1.2	1.3	1.5	1.6	1.8	
SuperLife	645.4	4.0	3.0	2.7	3.2	3.3	3.0	3.7	
Total Single Sector Defensive		883.6	3.4	2.7	2.4	2.8	3.0	2.7	3.1

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ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 JUNE 2019

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	11.1	11.4	13.0	12.9	10.5	9.9		
ASB	Australasian Shares	6.3	12.8	14.4	13.2	12.2	11.7	13.4	10.9
Fisher Funds	LifeSaver Trans-Tasman Equity	22.3	13.8	16.9	13.7	14.6	13.3	15.7	13.1
SuperLife	NZ Shares	114.5	17.1	11.4	11.8	14.3	12.4	15.7	14.3
SuperLife	Australian Shares	53.8	6.8	9.1	12.2	7.7	9.2	6.9	5.8
SuperLife	NZ Dividend	7.3	23.0	12.2	12.5				
SuperLife	NZ Mid Cap	9.6	17.9	17.1	17.4				
SuperLife	NZ Top 10	4.7	15.3	14.8	12.4				
SuperLife	NZ 50 Portfolio	65.2	16.9	16.4	15.2	15.7			
SuperLife	Australian Dividend	1.4	1.8	3.9	7.9				
SuperLife	Australian Financials	1.1	2.3	2.2	8.0				
SuperLife	Australian Mid Cap	24.3	(1.7)	6.3	10.8	10.0			
SuperLife	Australian Resources	8.4	9.5	25.1	24.8				
SuperLife	Australian Top 20	3.8	7.4	9.7	11.7				
SuperLife	Asia Pacific	4.9	(3.8)	5.3	9.0				
Sub-Total: Australasian Shares		338.6	13.0	12.5	13.1	12.9	11.5	13.2	11.7
AMP	Int'l Shares	10.7	3.3	8.4	11.2	6.9	9.1		
AMP	Passive Int'l Shares	7.2	5.2	9.7	12.0	7.1	9.0		
ASB	World Shares	7.3	5.4	9.2	11.9	7.7	10.5	12.0	10.0
Fisher Funds	LifeSaver Equity	52.0	8.0	11.7	11.8	9.1	9.4	11.4	8.9
Mercer	Shares	29.2	5.8	9.8	11.7	8.4	10.6	12.9	9.9
SuperLife	Overseas Shares Hedged	133.3	3.7	5.8	11.4	7.0	7.7	11.2	10.7
SuperLife	Overseas Shares	115.9	3.8	9.5	12.3	6.6	10.6	11.7	8.5
SuperLife	Emerging Markets	32.2	4.2	6.2	9.9	3.2	6.3	5.4	
SuperLife	Europe	6.6	0.7	4.9	10.2				
SuperLife	Total World	10.5	3.8	9.9	12.3				
SuperLife	US 500	23.7	8.9	14.5	15.0				
SuperLife	US Large Growth	9.2	8.5	16.5	17.1				
SuperLife	US Large Value	2.8	8.1	12.1	12.8				
SuperLife	US Mid Cap	2.4	5.7	11.6	13.0				
SuperLife	US Small	3.8	(0.1)	11.0	13.2				
SuperLife	Int'l Shares	10.7	3.3	8.4	11.2	6.9	9.1		
SuperLife	Passive Int'l Shares	7.2	5.2	9.7	12.0	7.1	9.0		
Sub-Total: Global Shares		446.7	4.8	8.8	12.0	6.9	9.0	11.0	9.6
AMP	Property	12.0	16.4	11.8	7.3	8.5	8.8		
ASB	Global Property Shares	2.5	7.4	7.6	4.3	6.5	9.1	9.1	11.3
SuperLife	NZ Property	10.6	30.7	18.9	12.8				
SuperLife	Australian Property	2.3	12.5	13.1	8.2				
SuperLife	Global Property	52.7	14.4	12.1	8.1	8.8	10.5	10.7	11.8
Sub-Total: Property		80.1	16.6	12.8	8.5	8.6	10.2	10.6	11.7
Total Single Sector Aggressive		865.4	9.1	10.6	12.1	9.5	9.9	11.7	10.5

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	41.0	9.6	10.9	10.6	8.4				
Aon	-								
ASB	16.2	8.6	11.0	11.2	9.3	10.7	12.1	10.6	
Fisher Funds	74.3	9.7	13.3	12.4	10.7	10.5	12.7	10.1	
Mercer	29.2	5.8	9.8	11.7	8.4	10.6	12.9	9.9	
SuperLife	704.8	9.1	10.3	12.2	9.4	9.8	11.4	10.6	
Total Single Sector Aggressive		865.4	9.1	10.6	12.1	9.5	9.3	11.7	10.5

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ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 JUNE 2019

TOTAL FUNDS

Manager Name	FUM \$ million		Annualised Returns (Net of Tax & Expenses) %						
	Q1 2019	21 2019	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	3,334.4	3,409.1							
Aon	169.7	175.4							
ASB	1,438.0	1,505.1							
Fisher Funds	529.7	543.2							
Mercer	503.4	507.2							
SuperLife	2,249.2	2,378.3							
Total Funds	8,224.4	8,518.3	6.1	7.1	7.6	6.2	6.9	7.9	7.1
Cash Benchmark (Net)			1.2	1.2	1.3	1.4	1.6	1.7	1.8
CPI			1.7	1.6	1.6	1.3	1.1	1.1	1.6

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