

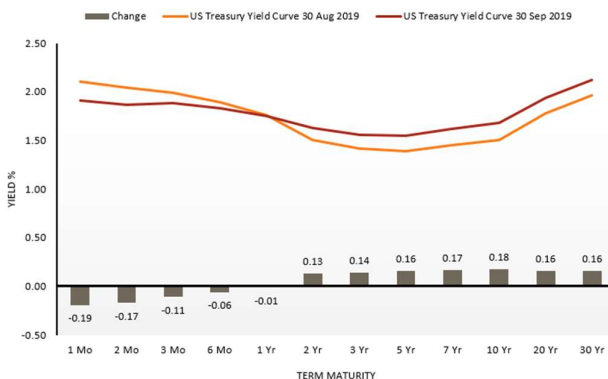
ECONOMIC COMMENTARY

The ECB and US Federal Reserve both cut rates in September. The ECB also announced a return to its quantitative easing programme from 1 November onwards.

A 0.10% cut was made to the ECB deposit rate, from -0.4% down to -0.5%. The QE programme will resume at a rate of €20 billion per month. The Governing Council of the ECB expects this programme “...to run for as long as necessary to reinforce the accommodative impact of its policy rates, and to end shortly before it starts raising the key ECB interest rates”. In other words, a long time.

The US Fed cut the Fed Funds target range by 0.25% which was expected. They cut again in October. The target range is now set at 1.5-1.75%. Figure 1 below illustrates just how flat the curve was at the end of September (the red line), with the reduction in the Fed Funds rate pulling short-term yields lower.

Figure 1: US Treasury Yield Curve, 30 August vs 30 September



An uncommon move made in September regarding short-term funding was the injection of up to \$75 billion into the overnight repo market on consecutive days by the New York Fed. This was the first time in a decade that this has occurred. On September 16th banks required cash to buy T-bills and lend for corporate tax payments, so their need for cash increased significantly, thus requiring overnight funding via the repo market.

A shortage of cash means borrowers (banks in this case) are more likely to pay a higher rate for the cash (in exchange for collateral, usually Treasuries) and lenders

are able to demand a higher rate. The repo rate spiked in mid-September, over twice what the Federal Funds rate was. The significance of this is that the link between the repo rate and Federal Funds rate is what enables monetary policy to influence the economy. In other words, by changing the Fed Funds rate the US Fed can influence how much banks borrow and lend to businesses and consumers. The break down between this link is a serious concern, though the New York Fed effectively applied a band-aid and avoided any damage from occurring. They are now expanding their balance sheet by buying up to \$60 billion of Treasury bills each month.

Following the latest US payroll figures (released October 4), the US reported reasonable job growth and a low unemployment rate of 3.5%. This lifted stock markets. In our view the risk of a recession in the US has reduced. Provided the trade wars don't escalate and China continues to manage its liquidity and slowing economy, then Australia and New Zealand are well-placed to avoid a recession too over the next one or two years. This bodes reasonably well for equity markets during this historically volatile quarter and beyond.

However, with the geopolitical risks of President Trump's possible impeachment, trade wars and BREXIT expect markets to go down as well as up.

INVESTMENT RETURNS

NZ inflation fell to 1.5% for the year to 30 September, compared with 1.8% and 1.5% annualised for the three- and ten-year time horizons respectively.

Total Master Trust FUM rose by \$250 million over the quarter mainly due to member contributions and aggressive single sector fund returns. After the correction to share markets in October to December 2018 markets have been kind to investors.

The one year weighted average return for all Master Trust Growth funds fell to 6.1%; Balanced funds stayed at 6.1%; and Conservative funds increased to a return of 5.6% because of the big reduction in interest rates across the globe. Single Sector Aggressive funds returned 8.8% over the past year on a weighted average basis and Single Sector Defensive funds returned 4% on average over the past year.

ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 SEPTEMBER 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	287.5	6.1	9.1	9.9	9.8	7.6	9.0	7.5
AMP	Growth	247.3	6.0	8.4	9.0	8.9	7.1	8.3	6.9
AMP	ANZ Growth	9.5	6.4	8.7					
AMP	ASB Growth	11.7	6.6	8.6					
AMP	Nikko AM Growth	13.4	4.0	8.2					
Aon	ANZ Growth	15.1	7.5	8.5	8.2	8.1	7.9	9.5	9.0
Aon	Milford Active Growth	15.1	7.3	11.0	9.6	10.7	10.3	12.1	11.5
Aon	Nikko AM Growth	2.6	3.1	8.4	9.2	8.8	9.8	10.5	8.6
Aon	Russell LifePoints Growth	4.4	6.1	8.1	9.4	9.6	9.0	10.5	9.2
Aon	Russell LifePoints Target Date 2045	1.5	6.0	7.9	9.3	9.5	9.0	10.7	9.3
ASB	Growth	415.3	7.6	9.4	9.8	10.0	9.2	10.4	8.6
Fisher Funds	LifeSaver Growth	88.3	8.1	9.7	9.3	9.4	8.5	9.3	8.0
Mercer	Growth	132.7	4.8	6.9	8.1	8.2	7.6	8.6	7.1
Mercer	High Growth	27.6	4.8	7.9	9.4	9.5	8.7	10.1	
SuperLife	Growth	61.7	5.7	7.4	8.3	8.9	8.1		
SuperLife	High Growth	500.8	5.4	8.1	9.3	9.6	8.7		
Total Growth Funds		1,834.7	6.2	8.6	9.3	9.5	8.3	9.4	7.8

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	569.5	6.0	8.8	9.5	9.4	7.4	8.7	7.2	
Aon	38.7	6.9	9.4	9.0	9.4	9.1	10.8	10.0	
ASB	415.3	7.6	9.4	9.8	10.0	9.2	10.4	8.6	
Fisher Funds	88.3	8.1	9.7	9.3	9.4	8.5	9.3	8.0	
Mercer	160.4	4.8	7.0	8.3	8.4	7.8	8.9	7.1	
SuperLife	562.5	5.4	8.0	9.2	9.5	8.6			
Total Growth Funds		1,834.7	6.2	8.6	9.3	9.5	8.3	9.4	7.8

The material presented here has been compiled from publicly available sources and information from the respective Master Trust providers. EriksensGlobal accepts no liability for any errors herein, or any legal or investment decisions made as a consequence of the information shown. Investment decisions or comparisons should not be based on past performances in isolation from other factors.

ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 SEPTEMBER 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	309.4	5.7	6.4	6.3	6.4	5.4	6.1	5.5
AMP	Balanced	900.9	5.7	7.0	7.2	7.3	6.0	6.9	6.1
AMP	Koru Balanced	153.6	3.0	5.4					
AMP	RIL Balanced	4.5	5.8	7.0					
AMP	Global Multi-Asset	3.9	0.7	1.7					
AMP	ANZ Balanced Plus	298.3	6.5	7.9	7.9	7.7	7.6	8.8	8.2
AMP	ASB Balanced	94.1	6.7	7.5	7.5	7.9	7.3	8.0	7.1
AMP	Mercer Balanced	157.1	4.7	6.6	6.4	7.1	6.7	7.2	6.5
AMP	Nikko AM Balanced	176.2	4.7	7.4	7.2	7.5	7.8	8.5	7.3
Aon	ANZ Balanced	92.5	6.8	7.0	6.6	6.7	6.7	7.8	7.5
Aon	Nikko AM Balanced	8.7	4.9	7.6	7.3	7.6	7.7	8.4	7.2
Aon	Russell LifePoints Balanced	7.3	6.2	7.2	8.1	8.4	8.0	9.1	8.4
Aon	Russell LifePoints Target Date 2035	1.9	5.9	6.8	7.8	8.2	7.9	9.3	8.4
ASB	Balanced	840.1	7.2	8.0	8.0	8.3	7.8	8.6	7.4
Fisher Funds	Lifesaver Balanced	299.6	7.5	8.1	7.7	7.8	7.2	7.6	6.8
Mercer	Balanced	214.7	5.0	5.9	6.4	6.7	6.4	7.4	6.4
SuperLife	Balanced	393.3	6.2	6.7	7.0	7.9	7.2	7.6	7.2
SuperLife	Ethica	62.0	7.4	7.1	6.0	7.1	7.8	7.9	6.8
Total Balanced Funds		4,018.0	6.1	7.2	7.3	7.5	6.9	7.6	6.8

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	2,097.9	5.5	6.9	7.1	7.3	6.4	7.3	6.5
Aon	110.4	6.6	7.1	6.8	6.9	6.8	7.9	7.6
ASB	840.1	7.2	8.0	8.0	8.3	7.8	8.6	7.4
Fisher Funds	299.6	7.5	8.1	7.7	7.8	7.2	7.6	6.8
Mercer	214.7	5.0	5.9	6.4	6.7	6.4	7.4	6.4
SuperLife	455.3	6.3	6.7	6.8	7.8	7.3	7.6	7.1
Total Balanced Funds		4,018.0	6.1	7.2	7.3	7.5	6.9	6.8

The material presented here has been compiled from publicly available sources and information from the respective Master Trust providers. EriksensGlobal accepts no liability for any errors herein, or any legal or investment decisions made as a consequence of the information shown. Investment decisions or comparisons should not be based on past performances in isolation from other factors.

ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 SEPTEMBER 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	112.6	4.3	4.7	4.9	5.2	5.3	4.9	4.2	
AMP	Conservative	327.7	5.3	4.8	4.3	4.4	4.0	4.3	4.3	
AMP	Moderate	168.8	5.5	5.6	5.4	5.5	4.8	5.3	4.9	
AMP	Income Generator	2.5	10.2	7.7						
AMP	ANZ Conservative	9.5	5.4	4.5						
AMP	ASB Moderate	13.5	5.9	5.9						
AMP	Nikko AM Conservative	12.9	5.6	5.7						
Aon	ANZ Capital Stable	2.0	4.3	3.1	2.4	2.7	2.9	2.7	3.5	
Aon	ANZ Conservative	18.6	5.4	4.4	3.6	3.9	4.2	4.4	5.1	
Aon	Nikko AM Conservative	1.1	5.0	4.4	3.0	3.6	3.8	3.7	3.8	
Aon	Russell LifePoints Conservative	2.8	6.0	4.7	4.5	5.0	5.2	5.5	6.1	
Aon	Russell LifePoints Moderate	3.3	6.2	6.1	6.3	6.8	6.7	7.4	7.3	
Aon	Russell LifePoints Target Date 2025	2.6	5.8	5.6	6.0	6.5	6.4	7.5	7.3	
ASB	Moderate	225.1	6.6	6.5	6.0	6.5	6.3	6.6	6.0	
Fisher Funds	LifeSaver Conservative	39.6	6.2	5.4	4.7	5.1	5.0	5.2	5.1	
Mercer	Conservative	36.0	4.7	4.2	3.9	4.2	4.2	4.6	4.5	
Mercer	Moderate	52.5	4.6	4.7	4.7	5.1	5.1	6.1		
SuperLife	Conservative	65.7	6.7	5.6	5.2	6.0	5.6	5.5		
Total Conservative Funds		1,096.9	5.6	5.3	4.8	5.1	4.8	5.1	4.7	

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	647.5	5.2	5.0	4.4	4.6	4.2	4.4	4.2	
Aon	30.4	5.5	4.6	4.1	4.5	4.6	5.0	5.5	
ASB	225.1	6.6	6.5	6.0	6.5	6.3	6.6	6.0	
Fisher Funds	39.6	6.2	5.4	4.7	5.1	5.0	5.2	5.1	
Mercer	88.5	4.6	4.5	4.4	4.7	4.8	5.5	4.5	
SuperLife	65.7	6.7	5.6	5.2	6.0	5.6	5.5		
Total Conservative Funds		1,096.9	5.6	5.3	4.8	5.1	4.8	5.1	4.7

The material presented here has been compiled from publicly available sources and information from the respective Master Trust providers. EriksensGlobal accepts no liability for any errors herein, or any legal or investment decisions made as a consequence of the information shown. Investment decisions or comparisons should not be based on past performances in isolation from other factors.

ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 SEPTEMBER 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	92.5	1.2	1.2	1.2	1.3	1.5	1.7	1.9	
ASB	NZ Cash	50.8	1.4	1.5	1.5	1.6	1.8	2.0	1.9	
Mercer	Cash	24.3	1.2	1.2	1.2	1.2	1.4	1.5	1.7	
SuperLife	NZ Cash	184.9	1.9	1.8	1.9	2.0	2.2	2.3	2.5	
SuperLife	NZ Cash ETF	2.1	1.7	1.8	1.8					
SuperLife	UK Cash	10.0	(1.1)	1.6	2.0	(3.7)	(0.6)	(0.1)		
Sub-Total: Cash		364.5	1.5	1.6	1.6	1.5	1.8	2.0	2.2	
AMP	NZ Fixed Interest	10.3	5.9	4.5	3.1	3.4	3.9			
AMP	Int'l Fixed Interest	1.5	6.2	2.9	2.0	2.5	2.7			
ASB	NZ Fixed Interest	5.5	6.0	4.5	3.3	3.5	3.9	3.3	3.9	
ASB	World Fixed Interest	2.6	5.3	2.7	2.1	2.8	2.9	2.8	3.3	
Fisher Funds	LifeSaver NZ Fixed Income	12.7	7.3	5.5	3.8	4.0	4.4	3.6	4.1	
Fisher Funds	LifeSaver Preservation	38.2	1.7	1.7	1.8	1.8	2.0	2.1	2.1	
SuperLife	Income	201.8	6.0	3.8	3.0	3.8	3.8			
SuperLife	NZ Bonds	148.4	5.6	4.5	3.6	3.9	4.3	4.1	4.7	
SuperLife	Overseas Bonds	62.8	5.9	3.4	2.9	3.7	3.7	3.2	4.1	
SuperLife	Overseas Non-Govt Bonds	59.1	7.3	3.4	2.4	3.6	3.2	3.2	4.1	
AMP	NZ Fixed Interest	10.3	5.9	4.5	3.1	3.4	3.9			
AMP	Int'l Fixed Interest	1.5	6.2	2.9	2.0	2.5	2.7			
Sub-Total: Bonds		542.8	5.8	3.8	3.0	3.6	3.7	3.5	4.1	
Total Single Sector Defensive		907.3	4.0	2.9	2.5	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	104.3	1.7	1.6	1.4	1.5	1.8	1.7	1.9	
Aon									
ASB	58.9	2.0	1.8	1.7	1.8	2.1	2.1	2.2	
Fisher Funds	50.8	3.1	2.7	2.3	2.3	2.6	2.5	2.6	
Mercer	24.3	1.2	1.2	1.2	1.2	1.4	1.5	1.7	
SuperLife	669.1	4.8	3.3	2.7	3.2	3.3	3.1	3.6	
Total Single Sector Defensive		907.3	4.0	2.9	2.5	2.8	3.0	2.7	3.1

The material presented here has been compiled from publicly available sources and information from the respective Master Trust providers. EriksensGlobal accepts no liability for any errors herein, or any legal or investment decisions made as a consequence of the information shown. Investment decisions or comparisons should not be based on past performances in isolation from other factors.

ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 SEPTEMBER 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	11.8	11.6	13.1	11.6	13.3	10.0		
ASB	Australasian Shares	6.6	13.5	14.4	12.2	14.9	12.1	12.4	9.7
Fisher Funds	LifeSaver Trans-Tasman Equity	23.8	13.4	17.3	12.9	16.1	13.8	13.6	11.8
SuperLife	NZ Shares	115.9	14.8	13.0	10.1	15.3	12.3	13.1	12.6
SuperLife	Australian Shares	54.0	7.8	8.5	9.5	8.9	9.2	6.2	4.7
SuperLife	NZ Dividend	10.6	22.3	14.7	11.0	14.8			
SuperLife	NZ Mid Cap	11.2	15.7	15.4	16.2				
SuperLife	NZ Top 10	6.0	15.1	17.0	10.8				
SuperLife	NZ 50 Portfolio	70.5	16.5	16.9	14.3				
SuperLife	Australian Dividend	1.5	7.1	5.3	6.4				
SuperLife	Australian Financials	1.1	8.2	3.5	6.9				
SuperLife	Australian Mid Cap	25.5	0.6	8.7	9.3				
SuperLife	Australian Resources	8.0	7.2	17.3	18.0				
SuperLife	Australian Top 20	4.1	9.6	10.0	10.0				
SuperLife	Asia Pacific	5.1	(2.0)	6.3	8.3	6.3			
Sub-Total: Australasian Shares		355.9	12.6	13.2	11.4	13.5	11.5	11.3	10.3
AMP	Int'l Shares	9.7	1.0	8.1	11.1	9.8	8.8		
AMP	Passive Int'l Shares	7.7	2.8	9.6	12.0	10.1	8.7		
ASB	World Shares	7.2	2.6	8.2	11.4	10.0	9.4	11.9	9.4
Fisher Funds	LifeSaver Equity	53.9	8.4	12.0	11.9	11.7	10.1	11.2	8.5
Mercer	Shares	29.5	4.4	8.9	11.0	10.9	9.9	12.3	9.1
SuperLife	Overseas Shares Hedged	132.3	(0.4)	5.0	9.0	9.8	7.4	10.2	9.5
SuperLife	Overseas Shares	121.4	3.3	10.6	12.6	8.9	9.9	11.9	8.7
SuperLife	Emerging Markets	32.9	3.4	3.4	7.6	5.9	4.9	4.7	
SuperLife	Europe	6.6	0.6	4.7	9.5	4.7			
SuperLife	Total World	11.6	3.6	10.7	12.5	8.7			
SuperLife	US 500	27.5	7.3	16.5	16.5	12.1			
SuperLife	US Large Growth	10.1	6.4	18.7	18.2	12.5			
SuperLife	US Large Value	3.1	5.8	13.7	14.3	11.2			
SuperLife	US Mid Cap	2.6	6.0	13.9	13.6	9.9			
SuperLife	US Small	3.9	(1.2)	11.4	12.6	9.3			
AMP	Int'l Shares	9.7	1.0	8.1	11.1	9.8	8.8		
AMP	Passive Int'l Shares	7.7	2.8	9.6	12.0	10.1	8.7		
Sub-Total: Global Shares		460.1	3.1	8.9	11.3	9.7	8.6	10.6	9.0
AMP	Property	14.2	20.5	14.8	9.1	9.9	9.7		
ASB	Global Property Shares	2.7	14.5	10.7	6.9	7.2	9.8	10.0	9.9
SuperLife	NZ Property	19.5	34.1	24.1	14.9				
SuperLife	Australian Property	4.0	17.8	14.7	10.7				
SuperLife	Global Property	55.8	19.9	14.5	9.7	10.9	11.2	10.9	10.8
Sub-Total: Property		96.2	22.6	16.4	10.7	10.5	10.8	10.9	10.7
Total Single Sector Aggressive		912.1	8.8	11.4	11.3	10.9	9.8	10.8	9.6

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	43.3	10.6	11.9	10.8	10.8				
Aon	-								
ASB	16.5	8.9	11.1	11.0	11.5	10.5	11.8	9.6	
Fisher Funds	77.7	9.9	13.6	12.2	13.1	11.2	11.9	9.5	
Mercer	29.5	4.4	8.9	11.0	10.9	9.9	12.3	9.1	
SuperLife	745.1	8.8	11.2	11.2	10.6	9.5	10.6	9.7	
Total Single Sector Aggressive		912.1	8.8	11.4	11.3	10.9	9.2	10.8	9.6

The material presented here has been compiled from publicly available sources and information from the respective Master Trust providers. EriksensGlobal accepts no liability for any errors herein, or any legal or investment decisions made as a consequence of the information shown. Investment decisions or comparisons should not be based on past performances in isolation from other factors.

ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 SEPTEMBER 2019

TOTAL FUNDS

Manager Name	FUM \$ million		Annualised Returns (Net of Tax & Expenses) %						
	Q2 2019	Q3 2019	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	3,409.1	3,462.6							
Aon	175.4	179.5							
ASB	1,505.1	1,555.8							
Fisher Funds	543.2	556.0							
Mercer	507.2	517.4							
SuperLife	2,378.3	2,497.7							
Total Funds	8,518.3	8,769.0	6.1	7.2	7.3	7.5	6.8	7.5	6.7
Cash Benchmark (Net)			1.1	1.2	1.2	1.3	1.5	1.6	1.7
CPI			1.5	1.7	1.8	1.4	1.2	1.2	1.5

The material presented here has been compiled from publicly available sources and information from the respective Master Trust providers. EriksensGlobal accepts no liability for any errors herein, or any legal or investment decisions made as a consequence of the information shown. Investment decisions or comparisons should not be based on past performances in isolation from other factors.