

Eriksen's Master Trust Survey Results To 30 June 1997

Welcome to the second edition of Eriksen's Master Trust Survey. Master Trusts give smaller employers a cost-effective way of making superannuation available to their employees. Their management costs are less than half that of personal products which are the predominant vehicle available to the public. It also gives large employers an opportunity for their employees to make additional voluntary contributions to a cash accumulation scheme if their employer operates a defined benefit scheme.

The Armstrong Jones SIL Fund has joined our survey. National Mutual has declined to participate. The total funds surveyed is just under one billion dollars. After adjusting for the SIL Fund the increase in funds under management for the quarter was 18%.

With the New Zealand stock market and most global stock markets performing extremely well during the quarter the investment returns of most managers were spectacular. The fall in the value of the New Zealand dollar enhanced the returns on international equities. Interest rates fell which provided capital gains on fixed interest investments in New Zealand and around the world. Property returns were strong because of the high value of listed property shares which enjoyed the rise in the stock market. Many managers achieved a full year's expected performance in one quarter! The annual average return net of taxes and expenses was 10.8%.

What goes up can come down. The gains on New Zealand and international equities were unrealised. If the US Dow Jones Index falls significantly due to a reduction in confidence of US investors then some or all of those gains could evaporate. However with inflation at only 1.1% for the last twelve months the investment returns are providing a 9% real net rate of return over inflation. Over four years the average net real rate of return was 4.5%. It certainly pays to save.

If the compulsory superannuation referendum receives a "Yes" vote then Master Trusts are an ideal vehicle to provide the RSS (Retirement Savings Scheme) to assist us all save for our own retirement.

Eriksen & Associates is holding a seminar on the compulsory superannuation referendum on the afternoon of Monday, 25th August. An invitation to this seminar is attached to this Master Trust Survey.

Contact us at:

<i>Auckland</i>	<i>auckland@eriksensglobal.com</i>	<i>Ph 64 9 486 3144</i>
<i>Wellington</i>	<i>wellington@eriksensglobal.com</i>	<i>Ph 64 4 470 6144</i>
<i>Sydney</i>	<i>sydney@eriksensglobal.com</i>	<i>Ph 61 2 9223 3747</i>

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Fund Name	Fund Size 30/06/97 \$ million	Averaged Annual Returns (Net of Tax and Expenses)			
		1 Year	2 Year	3 Year	4 Year
AMP					
AMP Balanced	72.90	12.6	10.3	8.1	8.4
AMP Capital Assured Fund	14.15	5.3	4.6	4.2	4.2
AMP Capital Stable Fund	10.42	9.4	8.0	6.9	6.3
AMP High Equity	16.22	15.8	12.7	8.8	9.7
AMP Low Equity	3.95	12.2	9.6	8.0	7.8
ANZ Funds Mgmt Balanced	23.59	13.6	11.5	9.0	10.2
BZW Balanced	2.68	12.1	9.9	7.3	6.9
Southpac Balanced	7.18	10.7	8.1	6.7	6.1
Armstrong Jones					
SIL Balanced	212.94	13.71	10.58	8.41	8.67
Jacques Martin Hewitt					
Balanced Fund	37.00	11.4	8.8	7.3	-
Capital Stable Fund	28.50	8.6	6.6	5.6	6.1
Cash Management Fund	4.70	5.5	5.2	-	-
Cornerstone Fund	2.60	6.7	5.4	-	-
Growth Fund	10.10	13.8	11.7	8.2	-
Pathfinder Fund	10.60	9.0	7.2	-	-
Vanguard Fund	2.40	10.0	7.3	-	-
Norwich Union					
Deposit Fund	56.00	5.5	5.7	5.6	5.3
Managed Fund	100.70	12.7	9.4	-	-
Prudential					
Balanced Growth Portfolio	15.24	14.7	11.2	10.1	8.8
Conservative Portfolio	0.37	5.2	5.0	-	-
International Bond Portfolio	0.14	9.8	8.3	-	-
International Equities Portfolio	1.02	14.5	14.6	-	-
NZ Equity Management Portfolio	0.11	18.4	12.2	-	-
NZ Fixed Interest Portfolio	0.01	13.1	7.1	-	-
Special Values Portfolio	3.65	16.1	13.1	10.4	10.1
Tower					
Endurance Fund	1.31	9.4	7.2	-	-
Explorer Fund	0.55	16.0	13.0	-	-
Opportunity Fund	1.96	12.6	9.6	-	-
Pioneer Fund	2.91	14.2	11.1	-	-
Westpac					
Accumulation Fund	53.48	5.7	5.0	5.1	4.6
Balanced Fund	165.77	8.3	6.0	5.0	4.7
Dynamic Fund	99.91	10.1	6.9	5.4	5.3
All Funds	963.05	10.8	8.4	6.7	6.7
Cash Benchmark (net)		6.1	6.1	5.9	5.4
CPI Index		1.1	1.5	2.5	2.2

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