

Eriksen's Master Trust Survey Results To 30 September 1997

Welcome to the third edition of Eriksen's Master Trust Survey. The compulsory superannuation referendum result means employers can relax and consider if they want to provide retirement savings vehicles for staff. The referendum campaign gave people a chance to think about the issue and learn more about the need to save. The high turnout was encouraging. The result was a resounding no to the Coalition Government and its proposals, but..... the problems of health and long-term care will not go away.

National Mutual has now joined our Survey. The total funds surveyed is now \$1.2 billion. The increase in funds under management for the quarter, excluding National Mutual, was 6.1%. The providers of Master Trusts are steadily improving their products. AMP has replaced New Zealand Guardian Trust with BT, an active manager, in their New Zealand Retirement Trust. Jacques Martin are reviewing the investment managers of their Super Trust. National Mutual has re-priced. More developments to come.

Over the last four years the average net real rate of return was 4.0%. We have asked managers for the number of employers participating. Not all managers have provided the information but the total notified is 1782.

Investment returns last quarter were good. International shares and international bonds both performed well. The New Zealand share market continued to gain ground. All asset classes returns were positive. The international equity investment returns were

spectacular despite the falls in the Asian Tiger economies and Japan but..... most economists believe that stock markets are over valued. The question is how long can they remain so? One US manager points out that the US stock market has been over valued since 1991. Market sentiment is a global phenomenon: markets tend to react in parallel. Will this latest slump, started in Hong Kong, be another 1987? Will property values be affected? Only time will tell.

The Government is reviewing the submissions on TOLIS (tax on life insurance and superannuation). A lower flat rate of tax (25% instead of 33%) is the answer but will they be able to work it out if we don't tell them?

We are pleased to announce that a UK trained actuary, Mr David Carr, has joined the firm. This brings the full team to four.

Employer sponsored schemes which are not part of a Master Trust may want help preparing investment statements and a prospectus. Eriksen & Associates provides draft investment statements for a fee of between \$1,000 and \$2,000 depending on complexity of the scheme. We would be pleased to quote for the preparation of your investment statement or prospectus.

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Fund Name	Fund Size \$ million	Averaged Annual Returns (Net of Tax & Expenses)			
		1 Year	2 Year	3 Year	4 Year
Armstrong Jones					
SIL Balanced	211.5	14.1	10.8	9.2	7.9
AMP					
AMP Balanced	83.7	13.8	9.9	8.9	7.7
AMP Capital Assured Fund	15.2	5.4	4.8	4.3	4.3
AMP Capital Stable Fund	11.3	9.3	7.8	7.5	6.0
AMP High Equity	18.6	18.6	12.1	10.0	8.4
AMP Low Equity	3.7	11.7	9.1	8.6	7.1
ANZ Funds Mgmt Balanced	26.3	12.4	10.2	9.1	8.9
NZ Guardian Trust (ex BZW)	-	9.0	8.3	7.1	5.7
Southpac Balanced	7.4	10.1	7.7	7.1	5.4
Jacques Martin NZ					
Balanced Fund	39.3	10.8	8.1	8.0	
Capital Stable Fund	29.8	7.9	6.5	6.2	5.2
Cash Management Fund	5.6	5.2	5.3		
Cornerstone Fund	2.6	6.7	5.5	5.8	
Growth Fund	12.4	15.5	10.7	8.9	
Pathfinder Fund	10.7	10.6	7.5	6.5	
Vanguard Fund	2.6	11.9	7.6	6.9	
National Mutual					
Balanced Portfolio	19.5	13.3	9.6	8.7	6.7
Capital Protected	28.6	4.0	4.0	4.2	4.5
Low Risk	18.0	12.3	10.0	9.0	6.8
Managed Portfolio	24.4	13.9	9.5	8.4	6.8
Spread Managers	47.2	13.6	9.8	8.2	
Norwich Union					
Deposit Fund	49.4	5.3	5.5	5.7	5.4
Managed Fund	100.7	13.3	9.3	8.2	
Prudential					
Balanced Growth Portfolio	15.5	11.5	9.7	8.9	7.5
Conservative Portfolio	0.4	4.4	5.0	4.5	
International Bond Portfolio	0.2	7.4	7.6	5.9	
International Equities Portfolio	1.1	11.3	9.7	9.7	
NZ Equity Management Portfolio	0.1	15.8	11.0	8.1	
NZ Fixed Interest Portfolio	-	9.6	7.5	5.9	
Special Values Portfolio	3.9	14.5	12.2	10.2	9.0
Tower					
Endurance Fund	1.2	8.7	7.0	7.0	
Explorer Fund	0.7	17.7	12.1	10.3	
Opportunity Fund	2.3	13.0	9.2	8.9	
Pioneer Fund	3.3	15.4	10.4	9.7	
Westpac					
Accumulation Fund	58.5	4.7	4.8	5.4	4.4
Balanced Fund	188.1	9.5	6.4	6.0	4.5
Dynamic Fund	115.6	11.7	7.5	6.5	5.2
All Funds	1,159.3	11.3	8.3	7.5	6.2
Cash Benchmark (Net)		5.7	6.0	6.0	5.5
CPI		1.0	1.7	2.3	2.2

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