

Eriksen's Master Trust Survey Results To 31 December 2000

Can you remember back to October 1987? Well, October 2000 began the remarkable change to investment markets which has occurred since. Thirteen years later the markets triggered a downturn in technology stocks and telecommunication companies which left many fund managers with red ink everywhere.

For the first time since our survey began over five years ago, cash at the bank returned more than the average fund invested in master trusts. On average money invested lost 3.4% against the CPI, which has risen to its highest level for several years. The average fund returned just 0.6% after tax and expenses compared with cash at 4.9% and the CPI at 4.0%.

Great volatility in the global economy arose from uncertainty over the US election, the rapidly slowing US economy (which slowed further because of the political impasse) and the sharp hike in oil prices as OPEC closed the taps despite the demands of the harsh Northern hemisphere winter.

The downturn in the US and surging European economies led to a depreciation of the US dollar against the euro, the pound sterling and also against the Aussie and New Zealand dollars, which appreciated well. The yen also depreciated sharply against the US dollar, exacerbating the poor performance of the Japanese stockmarket during the quarter.

The quarter also saw the resurgence of value managers over growth managers, who generally suffered from the hammering of technology stocks. Defensive managers also performed well.

As a result of the volatility, conservative funds outperformed balanced funds by 3%. The average growth fund lost 1% over the year.

The split of members' funds between growth, balanced and conservative shows members have been chasing higher returns by accepting more risk. That investment strategy didn't work last quarter.

At the end of the quarter the split between the risk profiles was:

Growth	20%
Balanced	70%
Conservative	10%

The growth in funds under management has slowed because of the weak investment performances, but Tower, GRT and Jacques Martin all grew by over 20% per annum.

We are pleased to welcome Planit to our survey for the first time. Planit evolved from the personal financial planning, investment and risk services provided to employees of the Fletcher Challenge Group.

Dr Cullen has launched his proposed fund to stabilise the cost of New Zealand Superannuation. If it goes ahead, this will give both the elderly and financial markets some much needed security and stability.

Furthermore, the Government Superannuation Fund assets and those of the Earthquake Commission are to be invested commercially so at least \$7 billion and potentially over \$100 billion more will be available for investment.

It is pleasing to see these Government initiatives positively addressing the fundamental issue facing the entire developed world; how can the retiring baby boomers enjoy their old age with a reasonable standard-of-living and quality of life through adequate health care? For anyone over 40, this should be a very sobering question.

We wish all our readers a successful and profitable year in 2001.

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Fund Name	Fund Size \$ million	Annual Returns (Net of Tax & Expenses)					No. of Employers
		1 Year	2 Year	3 Year	4 Year	5 Year	
Growth Funds							
Colonial FS Australasian Equities	0.2	6.0	7.9	5.5	4.8	5.8	
Jacques Martin Asset Growth	13.7	6.0	6.4				127
Tower BT Managed Growth	2.9	3.4	7.0	7.4	7.1	7.8	42
Colonial FS International Equities	0.8	2.9	13.8	13.5	11.5	10.6	
Colonial FS Special Values	4.5	2.7	8.1	7.7	7.7	8.2	
Tower ANZ Growth	0.9	2.7	5.5				23
WestpacTrust Dynamic	215.9	1.8	5.8	7.1	7.6	6.8	
Tower Focus International Shares	16.5	1.1	7.0	9.0	10.7	10.2	153
Tower Focus NZ Shares	4.8	-2.2	5.4	3.2	3.6	6.0	148
Tower BNZ Dynamic Growth	0.6	-2.3	4.7				7
GRT Individual Retirement Plan Growth	8.8	-2.4	5.8	7.6	8.2	7.7	
Jacques Martin Growth Fund	51.6	-3.8	7.0	8.6	8.8	8.5	127
AMP High Equity	116.4	-6.1	4.4	7.9	8.8	8.4	
<i>All Growth Funds</i>	<i>437.7</i>	<i>-1.0</i>	<i>5.7</i>	<i>7.6</i>	<i>8.2</i>	<i>7.6</i>	
Balanced Funds							
Tower ANZ Market Balanced	0.3	4.2	4.8				23
Tower Investment Linked	89.6	3.5	4.8	6.3	7.1	7.4	200
Colonial FS Balanced Growth	10.7	3.5	7.6	7.2	7.0	7.1	
WestpacTrust Balanced	368.9	3.3	5.4	6.4	6.5	5.9	
AMP ANZ Balanced	54.2	2.9	4.5	5.8	6.2	6.7	
Jacques Martin Balanced	100.8	2.1	4.7	6.6	6.7	6.7	127
AMP BT	26.4	2.1	5.3	6.4	6.1	6.9	
AXA NZ Spread Managers	68.3	1.3	4.8	3.5	6.2	6.2	
Royal & Sun Alliance Managed Fund	87.3	1.1	4.6	6.1	6.4	6.4	25
AXA NZ Managed	28.7	0.6	4.1	3.0	5.3	5.6	
Tower BNZ Balanced Growth	1.3	0.5	4.2				13
GRT Individual Retirement Plan Balanced	17.1	0.2	4.5	6.4	6.9	6.7	
AMP AJ Balanced	5.5						
AXA NZ Balanced	25.0	-0.3	2.7	2.0	4.6	5.2	
Armstrong Jones SIL Balanced	364.2	-0.9	5.1	6.9	7.5	8.1	23
Planit Plans Diversified	21.1	-0.9	5.9				
AMP Balanced	351.0	-2.4	3.2	5.8	6.5	6.4	
<i>All Balanced Funds</i>	<i>1,620.3</i>	<i>0.6</i>	<i>4.6</i>	<i>6.0</i>	<i>6.6</i>	<i>6.7</i>	
Conservative Funds							
Tower Focus Fixed Income	4.5	6.3	3.2	5.2	5.1	5.2	108
Colonial FS Global Fixed Interest	0.4	5.8	3.0	4.7	5.5	5.4	
Tower ANZ Capital Stable	0.1	5.7	3.3				3
Jacques Martin Cash Management	4.4	5.1	3.7	4.1	4.5	4.7	127
AMP Capital Assured	38.8	5.1	4.8	5.0	5.0	4.8	
Royal & Sun Alliance Deposit Fund	26.2	4.1	3.7	4.2	4.3	4.6	12
Tower Focus Cash	2.8	3.9	3.3	3.8	4.0	4.5	102
AXA NZ Capital Protected	21.6	3.8	3.9		4.4	4.2	
Tower BNZ Conservative		3.6	2.4				3
WestpacTrust Accumulation	47.9	3.5	3.1	4.3	4.2	4.4	
Jacques Martin Capital Stable	40.7	3.5	4.7	6.2	6.1	6.0	127
Colonial FS Conservative	2.8	3.4	3.7	4.4	3.9	4.3	
AXA NZ Low Risk	20.6	3.3	4.0	2.8	5.4	5.9	
GRT Individual Retirement Plan Stable	2.8	2.9	3.9	5.7	6.0	6.0	
AMP Capital Stable	40.9	1.8	3.1	4.6	5.0	5.2	
<i>All Conservative Funds</i>	<i>254.6</i>	<i>3.6</i>	<i>3.8</i>	<i>4.3</i>	<i>4.9</i>	<i>5.0</i>	
Total Funds	2,312.5	0.6	4.7	6.1	6.7	6.6	
Cash Benchmark (Net)		4.4	3.8	4.1	4.4	4.8	
CPI		4.0	2.2	1.6	1.4	1.6	

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