

Master Trust Survey Results to 31 March 2003

Investment Returns

Defensive or conservative investment strategies did best but in hindsight "cash was king" for the last 12 months. However, this is a very short term view and effective diversification will continue to be important to achieve stable returns in the medium term.

Average 12 month conservative fund returns 2.2%, balanced funds -9.7% and growth funds -16.7%. Over all funds the 12 month return was -9.0%. Compared to the previous quarter, growth and balanced fund returns were slightly lower while conservative funds were slightly better. The total value of funds invested fell by 2.6% over the quarter. We note that the proportion of balanced funds has again fallen slightly (by approximately 1% of FUM), and that the proportion of conservative funds has risen by a similar amount. Members of master trusts are not switching into conservative options. Perhaps they are waiting for the global equity rebound.

Economic Commentary

With the major victory in Iraq achieved, Mr Bush's attention is turning back to the U.S. domestic economy which is at a delicate stage. Business confidence is still low and consumer confidence is uncertain. Mr Greenspan has attempted to talk things up, so far without result. The U.S. dollar is weak and seems likely to fall further if capital inflows to the U.S. fall any more. Recent indications are that the U.S. may be willing to live with a lower dollar instead of trying to cut interest rates further.

Asian business confidence has fallen with the onset of the SARS virus which is discouraging travel and public gatherings, particularly in China. With health checks added to the extra security checks of recent years, the indignities of flying seem set to increase. It will be interesting to see whether this translates into increased interest in videoconferencing and other electronic substitutes for travel. We believe if the virus is contained economic activity will rebound in the Asian region

European growth will be slowed by the sharp appreciation of the Euro against the dollar and the possibility that it will go higher. The German Government has cut its growth forecast for the year to 0.75%, while French consumer confidence is at its lowest since 1996. Both countries now look to have had two consecutive quarters of declining GDP. New Zealand investors will have indirectly seen the effects of European share market losses on the financial services

industry with Royal & SunAlliance's Promina float, and AMP's recently announced restructuring and recapitalisation of its funds management company.

Against this background, we believe lower oil prices, more stable political environment and good fiscal and monetary policies should help a modest recovery in the U.S. during the 4th quarter of 2003 or early 2004. The rest of the global economy is likely to lag behind with Japan struggling to overcome the current downturn and Europe recovering slower than the U.S.

Meanwhile N.Z. looks likely to slow down with a high dollar, falling commodity prices, the prospect of power shortages and a sluggish world economy.

AXA has notified us their Goldline Business Superannuation is no longer available to new members (it was closed to new employers in 2000). We have therefore removed it from the survey.

Dr. Cullen has announced that the Government will introduce legislation to allow employers to pay tax on employer superannuation contributions at the employee's marginal tax rate. Whether to apply the lower rate or not will be at the employer's discretion so as to allow employers to stay with the status quo where the administration would be too onerous. The Government is also expected to hold a forum later this year to discuss ways to revitalise employer based superannuation schemes.

Eriksens News

Eriksens are pleased to introduce Matthew Jenkinson as our new representative in Wellington. As well as his actuarial experience, Matthew also has an extensive background in business software development. Matthew replaces David Benison who represented us in Wellington from the time that we first opened our office there.

Our website has been completely redesigned and is now to be found at www.eriksensglobal.com. It includes a full set of our master trust surveys in pdf format and will be further updated during the year. Watch this space.

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Fund Name	Fund size	Annual Returns (Net of Tax & Expenses)					No. of Employers
	\$ million	1 Year	2 Years	3 Years	4 Years	5 Years	
Growth Funds							
Tower Focus NZ Shares	44.6	-2.00	2.60	3.30	3.80	3.80	285
Sovereign ESP Australasian Equities	0.2	-8.50	2.20	3.30	2.20	2.60	
Sovereign SERP Sovereign Managed Growth	2.2	-9.50	-2.50				
Mercer Diversified Growth	58.1	-12.80	-6.80	-4.70	-1.70		
Tower BNZ Dynamic Growth	3.7	-14.20	-8.60	-6.30	-2.30		278
Sovereign ESP Special Values	2.5	-14.50	-5.80	-5.00	-0.20	0.10	
Sovereign SERP Dynamic Growth	1.3	-14.50	-8.80				
GRT Individual Retirement Plan Growth	10.5	-15.20	-8.10	-7.40	-2.60	-0.70	
Sovereign SERP Sovereign Dynamic Growth	1.0	-16.20	-6.60				
ASB Funds Management Growth	2.7	-16.90	-9.40	-8.60	-2.70	-0.40	422
Tower Growth	1.8	-17.00	-9.00				278
Jacques Martin Growth Fund	37.2	-17.50	-11.20	-9.80	-3.80	-1.10	252
AXA SMT - AXA Centred High Growth	4.5	-19.00	-10.70	-8.30			
AXA SMT - Multi-Mgr High Growth	21.0	-19.20	-11.30	-8.50			
AMP High Equity	103.7	-19.50	-12.40	-11.60	-5.50	-2.40	501
WestpacTrust Dynamic	119.9	-20.20	-13.00	-9.50	-5.00	-2.90	60
Mercer Shares	6.2	-21.20	-12.40	-9.70	-4.70		
Tower Focus International Shares	16.3	-21.40	-9.70	-9.50	-4.30	-3.20	280
Sovereign ESP International Equities	0.8	-22.00	-11.60	-10.50	-1.80	-0.80	
Tower BT International Shares	2.3	-26.50	-16.80				278
All Growth Funds	440.6	-16.70	-9.80	-7.90	-3.40	-1.60	
Balanced Funds							
Sovereign SERP Balanced	6.7	-3.40	-1.70				
Royal & Sun Alliance Managed Fund	68.3	-4.80	-2.00	-1.40	0.80	2.00	
Tower Balanced	336.9	-6.20	-1.50	-0.10	1.30	2.10	318
Tower ANZFM Balanced	3.0	-7.80					278
AMP ING Balanced	10.1	-8.30	-3.90	-4.90			222
Jacques Martin Balanced	68.4	-8.60	-4.50	-2.70	-0.40	1.50	252
Sovereign ESP Balanced Growth	7.8	-8.80	-2.30	-1.60	1.70	2.00	
Tower ING SIL Balanced Fund	1.1	-8.80	-4.50				278
GRT Individual Retirement Plan Balanced	20.3	-8.90	-4.30	-3.60	-0.80	0.90	
AMP BT	36.1	-9.00	-4.50	-3.20		1.10	353
Jacques Martin Asset Growth	14.1	-9.20	-3.00	-1.50	0.90	2.00	252
ING SIL Balanced	186.6	-9.30	-5.00	-4.90	-1.50	0.50	12
AMP ANZ Balanced	46.7	-9.40	-4.50	-2.20	-0.50	1.00	388
Tower BNZ Balanced Growth	4.3	-10.20	-5.70	-3.60	-1.00		278
Tower BT Managed Growth	21.3	-10.40	-4.80	-3.10	0.30	1.50	278
AXA SMT - AXA Centred Balanced	20.4	-11.40	-5.70	-4.10			
AXA SMT - Multi-Mgr Balanced	58.9	-11.50	-6.30	-4.30			
AMP Balanced	273.7	-11.70	-7.20	-6.10	-2.60	-0.50	590
ASB Funds Management Balanced	5.4	-11.70	-6.40	-5.40	-1.30	1.10	273
AMP ASB Balanced	2.0	-12.00	-5.40				132
WestpacTrust Balanced	183.9	-14.50	-9.50	-6.20	-2.90	-1.20	60
Planit Plans Diversified	39.6	-14.90	-8.00	-6.50	-2.10		60
All Balanced Funds	1,415.6	-9.70	-5.10	-3.60	-0.90	0.70	

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Fund Name	Fund size \$ million	Annual Returns (Net of Tax & Expenses)					No. of Employers
		1 Year	2 Years	3 Years	4 Years	5 Years	
Conservative Funds							
Jacques Martin Cash Management	9.8	7.40	5.40	5.50	4.90	4.60	252
Sovereign ESP Global Fixed Interest	0.2	6.90	4.70	5.10	4.70	4.70	
Tower Focus Fixed Income	16.4	5.60	3.60	4.50	3.50	4.60	278
Royal & Sun Alliance Deposit Fund	18.7	4.70	4.50	4.40	4.10	4.20	
AMP Capital Assured	87.8	4.60	4.80	4.90	4.90	4.90	315
Tower Focus Cash	18.9	3.40	3.30	3.50	3.40	3.60	287
WestpacTrust Accumulation	51.5	3.40	3.40	3.90	3.50	3.90	60
Mercer Cash Plus	4.9	3.30	3.30	3.50	3.40		
Sovereign SERP Cash	1.3	3.00					
Tower Capital Preservation	40.9	2.50	3.40	4.50	5.20	5.70	278
AXA SMT - AXA Centred Low Risk	15.5	2.30	2.50	3.20			
Sovereign ESP Conservative	1.2	0.20	2.00	2.30	2.80	3.00	
Sovereign SERP Conservative	0.9	-0.70					
Mercer Capital Stable	24.9	-0.90	0.90	1.90	2.40		
Sovereign SERP Sovereign Conservative	1.1	-0.90	1.20				
AXA SMT - AXA Centred Conservative	11.2	-1.00	0.70	1.50			
AXA SMT - Multi-Mgr Conservative	12.9	-1.10	0.30	1.30			
GRT Individual Retirement Plan Stable	5.4	-1.60		0.60	1.70	2.90	
Jacques Martin Capital Stable	27.5	-1.70	-0.90		1.60	2.90	252
Tower BNZ Conservative	2.2	-2.90	-1.40	0.30	0.60		278
AMP Capital Stable	31.7	-3.20	-1.50	-0.80	0.60	1.80	227
ASB Funds Management Conservative	0.4	-4.20	0.50	0.30	1.70	3.00	98
All Conservative Funds	385.4	2.20	2.60	3.20	3.60	4.20	
Total Funds	2,241.7	-9.00	-4.70	-3.30	-0.60	0.80	
Cash Benchmark (Net)		3.80	3.70	4.00	3.90	3.90	
CPI		2.50	2.60	2.70	2.40	1.90	

The material presented here has been compiled from publicly available sources and information from the respective Master Trust providers. Eriksen & Associates accepts no liability for any errors herein, or any 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.

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