

## Master Trust Survey Results to 30 September 2003

### Investment Returns

Returns for the quarter continued the improvement from last quarter. Average 12 month conservative fund returns were 3.7% (matching the cash rate), balanced funds returned 5.7% and growth funds 7.1%. The overall 12 month return was 5.6%. This is a very pleasing 4.1% real rate of return.

The following table shows the proportion of funds invested in each risk category. The proportion of funds invested in growth funds dipped in 2001 and 2002 but is now up to the level of three years ago. In the meantime, there has been a significant increase in the proportion invested in conservative funds, which has come at the expense of the balanced funds. We are not sure of the reasons for this. Perhaps growth fund investors have recognised that these are longer term savings and are prepared to ride out the downturns, while balanced fund investors have become more risk averse.

	Growth	Balanced	Conservative
Sept 00	20.2%	69.0%	10.9%
Sept 01	17.5%	70.8%	11.7%
Sept 02	17.8%	66.6%	15.6%
Sept 03	20.6%	60.5%	18.9%

We have been informed by Mercer that their members effectively receive a rebate on their investment administration fees. The returns we show from this quarter onwards will include an allowance for that rebate.

Planit has re-branded its master trust which is now known as Superlife. Within it the diversified fund has now been renamed Aim<sup>60</sup>. We will be using these names from this survey forward.

### Economic Commentary

Global investment markets improved in July and August before profit taking set in towards the end of September, as fund managers tried to window-dress their accounts and remove hedge fund risk for the end of quarter.

Having improved for five consecutive months, the fall in September was not unexpected. We consider that such volatility is likely to continue in the short to medium term but are hopeful the overall upward trend will continue.

Although traditionally October is a dangerous month for stock-market falls (the 1929 and 1987 crashes both occurred in October), markets have continued to rise this October.

The price of oil remains around US\$30 a barrel, which has not helped the global economic recovery. During the quarter, OPEC collectively reduced its output by 900,000 barrels a day. Iraqi oil supplies are not yet on stream due to the ongoing war.

The world continues in a low interest environment. The Bank of England reduced interest rates yet again during the quarter and the U.S. Fed has kept the benchmark federal funds rate at 1% amidst continuing concern at the possibility of falling inflation. Meanwhile the U.S. government and central banks continued to provide enormous fiscal support.

The Japanese economy is finally showing signs of recovery and interest rates there went up marginally during the quarter. Europe as a whole and the U.S. are still fighting their way out of recession. Business confidence in Germany has increased marginally.

Whilst the Asia Pacific region is growing strongly, there are political and terrorist risks in South-East Asia, as well as the rest of the world. We expect the on-going threat of terrorism and natural disasters to continue to dampen investors' confidence in the stock markets.

In the U.S., unemployment is continuing to affect consumer confidence, especially in the manufacturing sector. This has led to renewed calls for a lower dollar to restore competitiveness. With an election to fight late next year, Mr Bush has been sympathetic. There is ongoing underlying structural change in which rising labour productivity and global outsourcing of production is reducing the number of jobs available.

Dr. Brash's rise to leadership of the National Party was not unexpected given National's continuing lack of popular support. We welcome his informed input into the economic and superannuation debates because of his knowledge, experience and keen interest in these areas, especially superannuation.

### Contact us at:

Auckland [auckland@eriksensglobal.com](mailto:auckland@eriksensglobal.com) Ph 64 9 486 3144  
Wellington [wellington@eriksensglobal.com](mailto:wellington@eriksensglobal.com) Ph 64 4 470 6144  
Sydney [sydney@eriksensglobal.com](mailto:sydney@eriksensglobal.com) Ph 61 2 9223 3747

Back issues are available from [www.eriksensglobal.com](http://www.eriksensglobal.com)

(c) Eriksen & Associates Ltd, 2003. All rights reserved.

## Eriksen's Master Trust Survey Results to 30 September 2003

Fund Name	Fund Size \$ million	Annual Returns (Net of Tax & Expenses)					No. of Employers
		1 Year	2 Year	3 Year	4 Year	5 Year	
<b>Growth Funds</b>							
Sovereign ESP Australasian Equities	0.3	15.0	5.0	4.6	6.5	8.5	
Tower Focus NZ Shares	51.9	13.5	10.0	6.4	7.5	9.3	296
AXA SMT Multi-Manager NZ & Aust Equities	7.4	11.7	8.3	6.2			
AMP High Equity	116.8	9.6	-2.8	-9.6	-2.9	1.5	521
Tower Focus International Shares	19.6	9.6	0.3	-6.1	-1.8	1.1	290
GRT Individual Retirement Plan Growth	13.1	8.2	-0.3	-5.0	-0.5	2.7	
ASB Funds Management Growth	3.6	7.0	-2.0	-6.4	-0.7	2.2	422
Tower Growth	2.6	6.6	-0.8	-4.6			285
Sovereign ESP Special Values	2.8	6.1	-1.0	-3.8	1.6	2.8	
WestpacTrust Dynamic	126.5	5.6	-3.7	-7.1	-2.4	-0.2	60
Mercer Shares	7.8	5.6	-2.7	-7.5	-2.4	0.5	
Mercer Growth	60.5	5.1	-0.2	-3.2	0.1	2.2	
Jacques Martin Growth Fund	40.0	4.4	-3.4	-8.4	-2.3	1.5	248
Sovereign SERP Sovereign Managed Growth	2.7	4.3	0.2				
AXA SMT Multi-Manager High Growth	27.1	4.3	-3.0	-7.4			
Sovereign ESP International Equities	1.0	3.6	-4.2	-9.5	-0.4	2.2	
AXA SMT AXA Centred High Growth	5.9	3.6	-2.9	-7.4			
Sovereign SERP Dynamic Growth	1.6	2.9	-3.7				
Sovereign SERP Sovereign Dynamic Growth	1.1	2.8	-2.1				
Tower BT International Shares	3.2	1.2	-8.0				285
AXA SMT Multi-Manager Intl Equities	11.1	-1.0	-8.5	-12.8			
Tower BNZ Dynamic Growth	4.8	-1.1	-4.3	-6.7	-2.0		285
<b>All Growth Funds</b>	<b>511.2</b>	<b>7.1</b>	<b>-1.3</b>	<b>-5.7</b>	<b>-0.9</b>	<b>2.0</b>	
<b>Balanced Funds</b>							
AMP ANZ Balanced	52.8	8.9	3.0	-0.2	2.0	3.5	399
Superlife Aim <sup>60</sup>	49.1	7.6	0.4	-4.1	-0.5	2.5	67
Asteron Managed Fund	72.0	7.4	3.5	0.1	2.5	3.9	
GRT Individual Retirement Plan Balanced	23.7	7.0	1.2	-2.0	0.9	2.8	
AMP ASB Balanced	2.6	6.8	0.1	-4.5			164
Tower ANZFM Balanced	3.4	6.8	2.0				285
Tower ING SIL Balanced Fund	1.7	6.7	1.8				285
WestpacTrust Balanced	177.6	6.4	-1.2	-4.0	-0.5	1.1	60
Sovereign ESP Balanced Growth	8.1	6.3	0.5	-0.7	3.2	4.1	
ASB Funds Management Balanced	6.7	6.3	-0.4	-3.6	0.3	2.8	273
ING SIL Balanced	192.5	6.2	1.3	-2.6	0.5	2.4	12
Mercer Active Balanced	0.9	5.9	1.2	-1.5	1.2		
AMP Balanced	284.1	5.7	-1.4	-5.1	-0.8	1.5	597
AMP ING Balanced	13.0	5.4	1.1	-2.6			244
Tower Balanced	344.5	5.3	2.3	1.0	2.7	3.5	327
Jacques Martin Asset Growth	13.6	5.0	0.2	-1.0	2.2	3.2	248
Tower BT Managed Growth	25.4	4.9	0.5	-1.6	2.2	3.5	285
AMP BT	38.5	4.6	0.8	-2.0	1.6	2.8	372
Jacques Martin Balanced	68.0	4.2	-0.6	-1.9	1.0	2.5	248
AXA SMT Multi-Manager Balanced	81.2	3.7	-0.9	-3.4			
Sovereign SERP Balanced	8.4	3.4	0.8				
AXA SMT AXA Centred Balanced	28.4	2.7	-1.0	-3.5			
Tower BNZ Balanced Growth	5.0	2.0	-1.9	-3.3	-0.1		285
<b>All Balanced Funds</b>	<b>1,501.3</b>	<b>5.7</b>	<b>0.5</b>	<b>-2.2</b>	<b>0.9</b>	<b>2.5</b>	

## Eriksen's Master Trust Survey Results to 30 September 2003

Fund Name	Fund Size \$ million	Annual Returns (Net of Tax & Expenses)					No. of Employers
		1 Year	2 Year	3 Year	4 Year	5 Year	
<b>Conservative Funds</b>							
AXA SMT Multi-Mgr NZ Listed Intl Property	2.2	10.6	9.1	7.1			
GRT Individual Retirement Plan Stable	6.5	5.9	2.9	1.4	2.8	3.4	
ASB Funds Management Conservative	0.6	5.6	1.4	1.8	2.9	3.7	98
Sovereign ESP Conservative	1.4	5.5	2.8	2.8	3.3	3.5	
Mercer Conservative	27.2	5.0	3.6	2.5	3.6		
Asteron Deposit Fund	18.1	5.0	4.6	4.5	4.4	4.2	
AMP Capital Stable	31.9	4.6	1.5	-0.4	1.6	2.6	243
Sovereign ESP Global Fixed Interest	0.3	4.3	2.3	4.9	4.4	3.9	
Jacques Martin Cash Management	15.6	4.2	4.3	4.6	4.6	4.0	248
AMP Capital Assured	96.8	4.1	4.5	4.8	4.8	4.8	344
AXA SMT Multi-Manager NZ Fixed Interest	10.1	4.0	4.3	4.7			
Tower Focus Fixed Income	18.8	3.9	3.9	4.2	4.2	3.7	293
Jacques Martin Capital Stable	26.9	3.9	1.1	0.1	2.1	2.9	248
AXA SMT Multi-Manager Intl Fixed Interest	2.4	3.7	3.9	4.6			
Sovereign SERP Sovereign Conservative	1.2	3.6	2.1				
Tower BNZ Conservative	4.1	3.4	0.3	0.9	1.4		285
Tower Focus Cash	25.9	3.3	3.2	3.4	3.4	3.3	299
AXA SMT Multi-Manager Conservative	16.5	3.2	2.0	1.6			
Sovereign SERP Conservative	1.0	3.1	1.4				
WestpacTrust Accumulation	53.6	3.1	3.0	3.6	3.6	3.6	60
AXA SMT Cash	22.8	3.0	3.5	3.8			
Sovereign SERP Cash	1.4	2.9	2.9				
AXA SMT AXA Centred Low Risk	21.0	2.7	2.9	3.1			
Tower Capital Preservation	41.1	2.5	2.5	3.7	4.6	5.2	285
AXA SMT AXA Centred Conservative	13.4	2.5	2.0	1.6			
Mercer Cash	9.5	2.4	3.0	3.7	3.7		
<b>All Conservative Funds</b>	<b>470.2</b>	<b>3.7</b>	<b>3.2</b>	<b>3.2</b>	<b>3.8</b>	<b>4.0</b>	
<b>Total Funds</b>	<b>2,482.7</b>	<b>5.6</b>	<b>0.7</b>	<b>-1.9</b>	<b>1.0</b>	<b>2.7</b>	
<b>Cash Benchmark (Net)</b>		<b>3.7</b>	<b>3.7</b>	<b>3.8</b>	<b>3.9</b>	<b>3.7</b>	
<b>CPI</b>		<b>1.5</b>	<b>2.1</b>	<b>2.2</b>	<b>2.4</b>	<b>1.8</b>	

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.

Contact us:

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

© Eriksen & Associates Ltd, 2003 All rights reserved.