

## Master Trust Survey Results to 31 December 2003

### Investment Returns

Last quarter brought more good news for investors. Average 12-month conservative fund returns were 4.1%; balanced funds returned 9.1% and growth funds 12.0%. The overall 12-month return was 8.8%. These are significantly better than last quarter and represents a very pleasing 7.2% real rate of return. The total value for funds surveyed rose by 5% for the quarter to continue a trend which has seen a rise of more than 15% in the last nine months.

The proportion of funds invested in each risk category have remained the same. The proportion in conservative funds (19.2%) is almost the same as that in growth funds (20.9%) and still rising. The growth fund proportion remained largely unchanged during the downturn. We wonder if it will rise now that the recovery in investment markets is underway.

AMP added the Tower Balanced Fund to their master trust in December. The returns shown are based on the historical returns for that fund adjusted for AMP's fee structure.

### Economic Commentary

With monetary settings in most countries set at low interest rates and plenty of fiscal stimulation, equity markets are looking favourable and investors are regaining their appetite for risk.

Countering this, interest rates are more likely to rise this year than fall further. This has just been seen in N.Z. with the increase in the Official Cash Rate to 5.25%. Dr. Bollard has a good feel for the N.Z. economy. We suspect the move is more in response to the improving global economy than domestic over-heating.

The outsourcing of knowledge-based work to low cost countries is now an established trend. We expect this to provide some interesting intellectual property issues as low cost start-ups in these countries compete against established Western companies

We expect the U.S. dollar to continue to depreciate. Some time countries like Japan and China have tried to prop it up to support their own exports, however this effort is now becoming unsustainable. In the meantime, we expect their efforts to slow the

rate of depreciation but not change its general direction.

With the depreciation in the U.S. dollar, commodities that are priced in U.S. dollars (such as gold, oil, dairy products and other minerals) will have to rise in nominal price terms to maintain or increase their real value. High oil prices may also continue to dampen economic activity and growth.

### Superannuation News

The Periodic Review Group's latest review in December 2003 focused on employer sponsored superannuation and how best to provide for minority groups. While it did highlight the need for employees to save for retirement, we would also have liked it to express some urgency for change.

State sector employers will match employee superannuation contributions with a dollar-for-dollar employer subsidy of up to 3% of salary from July. As a result, most of the major master trust providers are revamping their product to compete for the 96,000 State sector employees' additional retirement savings which will be on a voluntary basis.

A reminder that from 1 April 2004 employers can choose to deduct SSCWT at each employees marginal tax rate (max 33%) if their payroll system can handle it.

All these three issues are very positive for superannuation in New Zealand. They clearly reflect the increased awareness and desire by Government to stimulate retirement savings which have been in the doldrums since October 1987.

We wish all our readers a successful and prosperous 2004.

### 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, 2004  
All rights reserved

## Eriksen's Master Trust Survey Results to 31 December 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>							
Tower Focus NZ Shares	55.7	18.50	8.60	9.30	6.30	7.70	296
AXA SMT Multi-Mgr NZ & Aust Equities	7.0	18.20	7.10	9.10			
Sovereign ESP Australasian Equities	0.3	17.80	3.60	7.80	5.70	6.50	
Tower Focus International Shares	22.5	17.20	-1.40	-3.30	-2.20	0.70	290
AMP High Equity	123.7	14.30	-3.70	-3.60	-4.30	-0.50	524
Tower Growth	2.6	13.00	-2.30	-1.10			285
ASB Funds Management Growth	4.1	13.00	-2.60	-3.00	-2.40	1.50	
Mercer Shares	9.4	12.70	-4.50	-4.20	-3.30	0.10	
GRT Individual Retirement Plan Growth	14.0	12.40	-1.50	-1.20	-1.50	1.50	
Jacques Martin Growth Fund	42.3	12.00	-3.90	-4.10	-4.00	0.20	251
Tower BT International Shares	5.0	11.40	-6.70	-8.40			285
AXA SMT Multi-Mgr High Growth	28.0	10.10	-5.20	-3.80			
Mercer Growth	62.6	9.70	-1.40	-1.30	-0.50	1.50	
AXA SMT AXA Centred High Growth	6.6	9.50	-5.40	-3.70			
WestpacTrust Dynamic	134.7	8.90	-5.00	-5.60	-3.70	-1.10	60
Sovereign ESP Special Values	2.9	7.30	-2.50	-1.70	-0.60	2.10	
Sovereign SERP Sovereign Dynamic Growth	1.3	7.20	-3.90				
Sovereign SERP Sovereign Managed Growth	2.9	6.70	-1.00				
Sovereign SERP Dynamic Growth	1.8	6.30	-4.60	-3.70			
AXA SMT Multi-Mgr Intl Equities	11.5	5.50	-11.30	-9.70			
Sovereign ESP International Equities	1.0	5.00	-6.60	-6.50	-4.20	1.20	
Tower BNZ Dynamic Growth	5.3	3.10	-5.80	-3.80	-3.50	-0.50	285
<b>All Growth Funds</b>	<b>545.0</b>	<b>12.00</b>	<b>-2.50</b>	<b>-2.50</b>	<b>-2.10</b>	<b>0.80</b>	
<b>Balanced Funds</b>							
Tower BT Managed Growth	30.0	14.20	2.50	2.00	2.30	4.00	285
Mercer Active Balanced	4.6	11.90	1.10	0.70	1.20	2.60	
AMP ANZ Balanced	55.4	11.50	1.60	1.20	1.60	2.50	403
Planit/Superlife Aim60	52.6	10.80	-2.00	-1.30	-1.60	0.70	68
ASB Funds Management Balanced	8.3	10.60	-1.00	-1.20	-0.90	2.10	
Asteron Managed Fund	74.0	10.50	2.80	2.20	1.90	3.20	
Tower ING SIL Balanced Fund	1.9	10.30	1.60	0.50			285
ING SIL Balanced	202.8	9.80	1.20	0.10	-0.20	2.00	12
GRT Individual Retirement Plan Balanced	25.6	9.60	0.40	0.40	0.40	2.00	
Tower ANZFM Balanced	3.4	9.50	1.20				285
AMP ING Balanced	16.4	9.20	1.00	0.10			253
Jacques Martin Balanced	71.5	9.20	-0.20	-0.10	0.40	1.80	251
WestpacTrust Balanced	184.4	9.00	-2.20	-3.00	-1.30	0.40	60
AMP Balanced	291.7	8.90	-2.10	-1.40	-1.70	0.40	596
AMP ASB Balanced	3.5	8.90	-1.40	-1.30			175
Tower Balanced	344.8	8.40	1.70	2.10	2.40	3.20	327
AMP Tower Balanced		8.00	1.20	1.70	2.00	2.70	
AXA SMT Multi-Mgr Balanced	86.7	7.50	-2.40	-1.40			
AMP BT	40.2	7.30	-0.50		0.50	2.10	372
Sovereign ESP Balanced Growth	8.2	7.10		0.80	1.50	3.50	
Jacques Martin Asset Growth	13.3	7.10	-0.60	0.40	1.80	2.80	251
AXA SMT AXA Centred Balanced	30.1	6.80	-2.60	-1.30			
Tower BNZ Balanced Growth	5.4	4.80	-3.10	-1.60	-1.10	0.70	285
Sovereign SERP Balanced	8.7	4.50	0.10	0.50			
<b>All Balanced Funds</b>	<b>1,563.4</b>	<b>9.10</b>	<b>-0.20</b>	<b>-0.10</b>	<b>0.30</b>	<b>1.80</b>	

## Eriksen's Master Trust Survey Results to 31 December 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	2.4	10.90	9.40	7.50			
ASB Funds Management Conservative	0.7	8.20	2.20	2.80	2.60	3.40	
Mercer Conservative	28.6	6.70	3.10	3.00	3.50	3.70	
GRT Individual Retirement Plan Stable	6.7	6.70	2.50	2.30	2.50	3.00	
AMP Capital Stable	41.6	6.30	1.20	1.30	1.40	2.00	245
Jacques Martin Capital Stable	27.4	5.90	1.40	1.00	1.60	2.50	251
Sovereign ESP Conservative	1.5	5.40	3.10	3.20	3.20	3.40	
Asteron Deposit Fund	19.3	4.70	4.60	4.50	4.40	4.20	
AXA SMT Multi-Mgr Conservative	17.4	4.50	1.50	1.90			
Sovereign SERP Sovereign Conservative	1.4	4.10	1.60				
AXA SMT AXA Centred Conservative	13.6	4.10	1.30	2.00			
Jacques Martin Cash Management	15.2	4.00	4.60	4.40	4.60	4.10	251
AMP Capital Assured	102.9	3.80	4.30	4.60	4.70	4.70	351
AXA SMT Multi-Mgr NZ Fixed Interest	10.3	3.60	4.40	4.30			
Sovereign ESP Global Fixed Interest	0.3	3.60	4.70	4.40	4.80	3.90	
Tower Focus Fixed Income	22.7	3.50	4.20	3.60	4.30	3.40	293
Sovereign SERP Conservative	0.8	3.50	1.10	1.30			
AXA SMT AXA Centred Low Risk	21.3	3.40	2.70	3.00			
WestpacTrust Accumulation	48.5	3.30	3.10	3.40	3.80	3.50	60
Tower BNZ Conservative	4.4	3.30	0.30	0.70	1.50	1.40	285
Tower Focus Cash	32.1	3.20	3.20	3.30	3.50	3.30	299
AXA SMT Multi-Mgr Intl Fixed Interest	2.5	3.20	3.90	4.10			
AXA SMT Cash	25.1	3.20	3.50	3.70			
Sovereign SERP Cash	1.5	2.90	2.90				
Mercer Cash	11.3	2.60	3.20	3.40	3.70	3.60	
Tower Capital Preservation	41.1	2.50	2.50	3.40	4.30	4.90	285
<b>All Conservative Funds</b>	<b>500.2</b>	<b>4.10</b>	<b>3.10</b>	<b>3.30</b>	<b>3.70</b>	<b>3.70</b>	
<b>Total Funds</b>	<b>2,608.6</b>	<b>8.80</b>			<b>0.40</b>	<b>1.90</b>	
<b>Cash Benchmark (Net)</b>		<b>3.70</b>	<b>3.70</b>	<b>3.70</b>	<b>3.90</b>	<b>3.80</b>	
<b>CPI</b>		<b>1.60</b>	<b>2.10</b>	<b>2.00</b>	<b>2.50</b>	<b>2.10</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, 2004 All rights reserved.