

## Master Trust Survey Results to 31 March 2008

### Investment Returns

The returns for the year to 31 March continued the decline seen in the December quarter, reflecting the serious downturn in investment markets caused by the loss of bank liquidity and sharply slowing world economies. Over the last 12 months, growth funds returned -6.2% (2.3%), balanced funds returned -2.7% (2.6%), while conservative funds returned 2.0% (3.7%) after tax, expenses and fees were deducted (the previous quarter's rolling twelve months are shown in brackets). We expect this downturn to continue at least for the rest of the year but were pleased to see the bounce back in equity markets in April.

Tower have advised the discontinuance of the three AXA (formerly BNZ) FLP funds from their platform so these have been removed from the survey.

### Economic Commentary

Investment markets are still being largely driven by the general shortage of bank liquidity and slowing consumption in the U.S., U.K. and elsewhere. This has emphasised the extent to which the world's financial systems run on credit - and the far-reaching effects of interfering with it.

With the unprecedented fall in U.S. residential property prices, over 10% of U.S. house owners are now thought to have negative equity in their properties - and record numbers are facing foreclosure. This has caused social dislocation and hardship in the worst affected areas and has led to calls for a government bail out.

Central banks have been active in trying to maintain liquidity but their initiatives have generally had only short-term effect. The latest federal funds interest rate cut of 0.25% to 2% by the U.S. Federal Reserve represents an overall cut of 3.25% since mid-September. This shows that they consider a recession led slowdown as the main priority and that possible inflationary implications are being downplayed for now.

Meanwhile in the U.K., the Bank of England has unveiled a scheme by which it will exchange

treasury bonds for banks' illiquid mortgage securities in an attempt to free up the local mortgage market and encourage new lending.

The inflationary effect of rising international commodity prices, especially food and oil, is placing increased pressure on already weak economies and is only likely to depress consumer demand further. The use of biofuels has for the first time linked the prices of fuels and food and it is debatable whether the European Union and U.S. have gained anything by mandating minimum levels of biofuel use.

If the supply of oil continues to lag behind demand, which we consider likely because of rising demand from the developing world, then there are likely to be substantial changes to lifestyles and business as we adapt to life without cheap oil. This change will be very painful for some.

The U.S. dollar has continued an overall decline against those currencies it can move against, and has registered lows against the Euro and New Zealand dollar in recent months. We expect this to continue as U.S. interest rates continue to lag those of other western countries.

The dollar's long predicted loss of position as the world's reserve currency is also gathering pace. We note recent reports that the Russians intend to price some of their oil in Roubles, while the Saudis are moving towards pricing in Euros. This is likely to reduce the overall demand for the dollar and push it lower still.

### Superannuation News

KiwiSaver membership continues to grow rapidly despite the short-term problems affecting financial markets and the global economy. We are almost up to the 600,000 mark - about 30% of the workforce!

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## Eriksen's Master Trust Survey Results to 31 March 2008

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>							
AMP Lifesteps Growth	22.6	-1.6	2.5	8.7	8.1	10.1	215
Sovereign SERP Sovereign Dynamic Growth	1.3	-2.3	1.0	5.9	5.9	7.1	
AMP Lifesteps Aggressive	7.3	-2.7	2.3	9.4	8.8	11.1	166
AMP High Equity	186.1	-2.7	2.3	9.3	8.9	11.3	549
ASB SMT Growth	78.1	-3.3	0.9	7.3	7.1	9.4	
Tower LifeSaver Growth	15.0	-3.7					168
Mercer Growth	83.1	-7.9	-1.8	4.7	4.5	6.3	
Sovereign SERP Growth	2.8	-8.2	-2.3	3.9	3.5	4.8	
AXA SMT Multi-Mgr High Growth	97.0	-9.4	-3.5	4.8	5.1	7.2	
Aon Growth	3.4	-9.5	-1.7	4.3	4.9		28
WestpacTrust Dynamic	114.5	-11.0	-3.9	3.2	3.9	6.5	60
<b>All Growth Funds</b>	<b>611.3</b>	<b>-6.2</b>	<b>-0.6</b>	<b>6.4</b>	<b>6.4</b>	<b>8.6</b>	

## Eriksen's Master Trust Survey Results to 31 March 2008

Fund Name	Fund Size	Annual Returns (Net of Tax & Expenses)					No. of Employers
		\$ million	1 Year	2 Year	3 Year	4 Year	
<b>Balanced Funds</b>							
Tower ILS Balanced	136.7	2.6	4.4	7.7	7.4	8.2	168
AMP Tower Balanced	99.8	2.3	4.4	7.2	7.0	7.7	423
AMP Lifesteps Moderate Balanced	32.1	0.5	2.9	7.0	6.7	8.0	180
Sovereign SERP Sovereign Managed Growth	1.7	0.1	2.5	6.0	6.2	7.0	
AMP Lifesteps Balanced	38.7	-0.2	2.9	7.9	7.3	8.9	227
AMP Balanced	316.5	-0.4	2.7	7.0	6.5	7.8	583
ASB SMT Balanced	174.1	-1.2	1.8	6.6	6.4	8.0	
AMP ASB Balanced	22.7	-1.3	2.0	6.8	6.1	7.5	301
AMP ING Balanced	134.6	-3.9	0.4	6.8	7.2	8.7	486
Tower ING SIL Balanced	5.9	-4.4	0.3	5.6	6.3	8.2	168
Aventine's SuperLife Aim60		-4.4	0.2	5.7	5.4	7.6	138
AMP BT	87.0	-5.4	-0.9	5.0	5.2	6.4	401
Sovereign SERP Balanced	9.1	-5.6	-0.7	4.1	3.8	4.2	
Aon Balanced	21.7	-5.8		4.5	4.8		36
AXA SMT Multi-Mgr Balanced	282.8	-6.0	-1.5	4.2	4.5	5.9	
Mercer Active Balanced	80.5	-6.0	-1.1	4.5	4.7	6.9	
Tower LifeSaver Balanced Growth	18.7	-6.5	-1.3	4.2	5.5	8.2	168
WestpacTrust Balanced	132.5	-7.9	-2.6	3.4	3.7	6.0	60
<b>All Balanced Funds</b>	<b>1,595.1</b>	<b>-2.7</b>	<b>1.0</b>	<b>5.9</b>	<b>5.9</b>	<b>7.2</b>	

The material presented here has been compiled from publicly available sources and information from the respective Master Trust providers. Returns for PIE compliant funds have been calculated using a 33% tax rate. Eriksen & Associates accepts no liability for any errors herein, or any legal or investment 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.

## Eriksen's Master Trust Survey Results to 31 March 2008

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>							
Aon Capital Stable	2.2	5.9	4.4	5.3	5.0		22
Tower Capital Preservation	24.8	5.0	5.3	4.9	4.5	4.1	168
AMP Capital Assured	114.2	4.0	4.1	3.9	3.7	3.7	370
Sovereign SERP Sovereign Conservative	0.9	3.7	4.0	5.3	5.2	5.2	
WestpacTrust Accumulation	32.4	3.7	3.9	4.0	3.8	3.7	60
AMP Capital Stable	76.6	2.6	3.3	5.5	5.2	5.8	344
AMP Lifesteps Conservative	3.6	2.5	3.2	5.4	5.0	5.7	57
Tower LifeSaver Conservative	4.6	2.1					168
AMP Lifesteps Moderate	45.6	1.6	3.1	6.3	5.8	6.7	121
ASB SMT Conservative	45.0	1.0	2.7	5.9	5.6	6.7	
Aon Conservative	12.5		3.0	4.8	4.8		33
Mercer Conservative	36.1		2.2	5.0	4.8	5.4	
AXA SMT Multi-Mgr Conservative	104.2	-0.4	1.7	4.0	4.1	4.5	
Sovereign SERP Conservative	0.9	-1.3	1.2	3.5	3.2	3.4	
<b>All Conservative Funds</b>	<b>503.5</b>	<b>2.0</b>	<b>3.1</b>	<b>4.7</b>	<b>4.5</b>	<b>4.8</b>	

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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	
<b>Single Sector Aggressive</b>							
Superlife Australian Shares	18.8	6.5					168
Tower LifeSaver Equity	19.5	-6.8	-1.2	9.2	8.4	11.6	
Aventine's SuperLife Oseas Shares Hedged	76.6	-7.7	1.1	8.4	7.9	12.2	
Tower Focus NZ Shares	7.2	-10.5	-1.7	4.1	6.3	9.5	
Tower BT International Shares	6.0	-10.8	-6.0	4.9	8.3	10.7	
Mercer Shares	16.6	-12.6	-5.2	4.4	4.8	7.5	168
Aventine's SuperLife Oseas Shares Unhedged	101.9	-13.7	-8.6	4.0	3.0	6.0	
Aventine's SuperLife NZ Shares	47.1	-15.6	-3.6	3.4	5.2	9.6	
Aventine's SuperLife Property	19.5	-21.1	-2.9	5.7	9.0	8.9	
<b>All Single Sector Aggressive</b>	<b>313.1</b>	<b>-11.1</b>	<b>-3.8</b>	<b>5.2</b>	<b>5.3</b>	<b>8.5</b>	

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>Single Sector Defensive</b>							
Aventine's SuperLife Overseas Govt Bonds	59.3	9.0	6.9	5.7	5.5	5.2	168
Aventine's SuperLife Overseas Non Govt Bonds	20.1	6.3	5.4	4.4	4.4		
Aventine's SuperLife Cash	97.0	5.8	5.4	5.3	5.1	4.8	
Mercer Cash	30.5	4.9	4.8	4.8	4.7	4.3	
Tower LifeSaver Preservation	17.6	4.7	4.7	4.6	4.5	4.2	
AXA SMT Cash	52.8	4.2	4.5	4.6	4.5	4.3	168
Tower Focus Fixed Income	6.6	3.3	3.1	3.6	3.4	3.4	
Sovereign SERP Defensive	0.7	1.8	3.4	4.1	3.9	3.7	
Aventine's SuperLife NZ Bonds	90.6	1.7	3.0	3.9	3.6	3.7	
<b>All Single Sector Defensive</b>	<b>375.2</b>	<b>4.9</b>	<b>4.8</b>	<b>4.8</b>	<b>4.6</b>	<b>4.2</b>	
<b>Total Funds</b>	<b>3,398.2</b>	<b>-2.6</b>	<b>1.0</b>	<b>5.6</b>	<b>5.6</b>	<b>6.9</b>	
<b>Cash Benchmark (Net)</b>		<b>5.7</b>	<b>5.4</b>	<b>5.2</b>	<b>5.0</b>	<b>4.7</b>	
<b>CPI</b>		<b>3.4</b>	<b>3.0</b>	<b>3.1</b>	<b>3.0</b>	<b>2.7</b>	

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