

Master Trust Survey Results to 30 June 2009

Investment Returns

The June 2009 quarter continued the fragile recovery seen earlier this year, as investor confidence continued to return.

Over the last 12 months growth funds returned -17.7% (-22.3%), balanced funds returned -10.2% (-13.7%), and conservative funds returned -0.3% (-1.1%) after tax, expenses and fees (the previous quarter's rolling twelve months are shown in brackets).

Economic Commentary

The market upturns this year are good news which suggest that the global recession is bottoming out and that some form of recovery will be seen over the next year or so. It seems likely that 2010 will be better than 2009 and that a major depression may be averted.

The bad news is the current problems are so acute that recovery will be slow, painful and likely to take several years. There are huge difficulties to be overcome and major structural changes to occur. We expect employment to grow only at a slow rate since it will be constrained by the limited spending power of those consumers, corporates and governments who are desperately rebuilding their balance sheets. The post-recovery world will be significantly different to the recent past.

In the short term it is hard to see a full recovery. The U.S., Europe and Britain for example will be handicapped by government debt for many years coupled with an increasing number of retired people. This will reduce their potential growth rates and almost certainly ensure continuing high taxes and low government spending for years.

This debt overhang will have a strong economic effect. It will also be a major social and political influence. Workers will have less secure employment and buying power. They will not have the borrowing power to generate economic growth through credit funded spending.

There is also likely to be considerable debate as to how much governments can and should spend – and whether they have the right to pass massive debt on to succeeding generations.

Political candidates are likely to find it harder to get votes by promising to increase spending. Reduced government spending will also heighten

rivalry between those groups who will have to face cuts and raise the level of debate over social priorities.

Governments are increasing rather than decreasing regulation – with financial services and climate change being obvious areas of concern. The need to preserve government tax revenue is leading to crackdowns on tax havens which have been tolerated for years. Since national laws can be evaded by international organisations, new trans-border enforcement agreements are likely to emerge.

Internationally the shift of economic power to China, India, Russia and the like will result in more Western industrial icons being acquired by those emerging countries. It is likely they will be managed quite differently to how they have in the past. Given the recent failure of European and North American public policy models, it is likely that the Chinese and Indians will choose to stay with the superior economic growth provided by their own systems of government. If the West wants to compete with those new titans then it may have to become more like them. These are potentially profound changes.

Tackling the environmental effects of global warming and our industrialised lifestyles will cause major new industries to emerge and some old ones to decline. Likely growth will be in environmental technologies such as alternative power generation, wind, solar, tidal, etc. Other established industries will also have to mitigate their environmental footprints. There is renewed talk of countries levying tariffs on imports manufactured at lower cost but with higher carbon emissions. The U.S. has just passed a law requiring such a tax from 2020 and the E.U. is likely to. This may be a issue for New Zealand farming interests unless they can mitigate animal emissions.

Eriksens 2009 Conference

Our conference was held at the Crowne Plaza in Christchurch during July. The conference papers will be available on our website throughout August.

Contact us at:

Auckland auckland@eriksensglobal.com Ph 64 9 486 3144

Wellington Wellington@eriksensglobal.com Ph 64 4 470 6144

Back issues are available from www.eriksensglobal.com

(c) Eriksen & Associates Ltd, 2009 All rights reserved

Eriksen's Master Trust Survey Results to 30 June 2009

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							
WestpacTrust Dynamic	93.2	-12.7	-12.1	-7.3	-2.2	-0.2	
Aon Growth	3.5	-15.0	-11.6	-6.8	-3.0		35
AXA SMT Multi-Mgr High Growth	92.0	-15.7	-14.5	-8.6	-2.6	-0.8	
Aventine's SuperLife Aim80	7.9	-15.8	-13.2	-6.7	-1.1	0.7	140
Mercer Growth	54.8	-16.3	-12.7	-7.0	-2.1	-0.7	
Tower LifeSaver Growth	15.1	-16.5	-12.9				160
ASB SMT Growth	86.3	-17.0	-13.3	-6.5	-1.3	0.3	
AMP Lifesteps Growth	24.3	-17.7	-11.6	-4.9	0.3	1.6	
AMP Lifesteps Aggressive	6.7	-22.7	-15.3	-7.2	-1.0	0.6	
AMP High Equity	160.9	-22.7	-15.3	-7.1	-1.0	0.6	
All Growth Funds	544.8	-17.7	-13.7	-7.2	-1.6	0.1	

The material presented here has been compiled from publicly available sources and information from the respective Master Trust providers. Where tax paid returns for PIE compliant funds have not been available, tax paid returns have been calculated using a 33% tax rate up to 31 March 2008 and 30% thereafter.

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 30 June 2009

Fund Name	Fund Size \$ million	Annual Returns (Net of Tax & Expenses)					No. of Employers
		1 Year	2 Year	3 Year	4 Year	5 Year	
Balanced Funds							
Superlife Trustee60	101.7	-5.9	-5.7	-2.3	0.2		140
Aon Balanced	20.3	-7.0	-5.9	-2.9	-0.4		46
AMP Lifesteps Moderate Balanced	55.9	-7.3	-4.3	-0.6	2.6	3.3	
Tower Lifesaver Balanced	152.4	-9.1	-4.7	-0.8	2.3	3.3	160
WestpacTrust Balanced	103.8	-9.2	-8.6	-5.0	-0.8	0.7	
Aventine's SuperLife Aim60	19.0	-9.9	-7.7	-3.0	0.8	1.9	140
AMP Tower Balanced	92.5	-9.9	-5.0	-0.8	1.9	2.9	
AMP Lifesteps Balanced	41.7	-10.1	-6.5	-1.7	2.3	3.1	
AMP Balanced	288.2	-10.1	-6.5	-1.9	1.6	2.4	
AXA SMT Multi-Mgr Balanced	274.1	-10.2	-9.7	-5.3	-1.1	0.5	
AMP Tyndall Fund Back-tested **		-11.2	-7.7	-3.4	-0.1	1.4	
ASB SMT Balanced	205.6	-11.4	-8.4	-3.5	0.3	1.6	
AMP ING Balanced	126.4	-11.7	-8.7	-4.4	0.4	2.1	
AMP Tyndall Balanced (formerly BT balanced)	77.3	-12.3	-10.2	-5.7	-1.1	0.6	
AMP ASB Balanced	23.7	-12.9	-8.9	-3.8	0.1	1.1	
Mercer Active Balanced	87.8	-13.5	-10.2	-5.5	-1.4	0.2	
Superlife Gemino	0.8	-34.1					
All Balanced Funds	1,671.2	-10.2	-7.6	-3.3	0.5	1.6	

* The AMP Tyndall Balanced Fund was managed by BT until 25 June 2008

** The AMP Tyndall Balanced Fund was managed by BT until 25 June 2008, and the returns shown for that fund are a composite of the BT and Tyndall earnings.

Since we have been asked what the actual performance of the Tyndall option would have been had Tyndall managed the fund for the full period these are back tested returns for a hypothetical pure Tyndall fund.

Eriksen's Master Trust Survey Results to 30 June 2009

Fund Name	Fund Size \$ million	Annual Returns (Net of Tax & Expenses)					No. of Employers
		1 Year	2 Year	3 Year	4 Year	5 Year	
Conservative Funds							
Tower Capital Preservation	28.6	4.9	4.7	5.1	5.0	4.6	160
Aon Capital Stable	3.5	4.8	4.2	3.5	3.3		23
AMP Lifesteps Conservative	6.3	2.5	2.5	3.2	4.4	4.6	
AMP Capital Stable	80.3	2.5	2.6	3.2	4.4	4.7	
WestpacTrust Accumulation	31.0	2.3	3.2	3.4	3.5	3.6	
AMP Capital Assured	107.0	2.2	2.7	3.2	3.3	3.2	
Aon Conservative	8.4	0.5	0.3	1.1	1.9		41
Aventine's SuperLife Aim30	35.9	-1.2	-0.9	1.3	2.9	3.6	140
AMP Lifesteps Moderate	38.2	-2.4	-0.8	1.4	3.6	4.0	
AXA SMT Multi-Mgr Conservative	100.5	-2.5	-1.8		1.7	2.6	
Tower LifeSaver Conservative	4.0	-3.4	-1.0				160
ASB SMT Conservative	52.9	-5.0	-3.0	-0.2	2.1	3.0	
Mercer Conservative	32.9	-5.1	-2.6	-0.4	1.7	2.6	
All Conservative Funds	529.3	-0.3	0.5	1.8	3.0	3.4	

The material presented here has been compiled from publicly available sources and information from the respective Master Trust providers. Where tax paid returns for PIE compliant funds have not been available, tax paid returns have been calculated using a 33% tax rate up to 31 March 2008 and 30% thereafter.

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 30 June 2009

Fund Name	Fund Size \$ million	Annual Returns (Net of Tax & Expenses)					No. of Employers
		1 Year	2 Year	3 Year	4 Year	5 Year	
Single Sector Aggressive							
Aventine's SuperLife NZ Shares	28.2	-8.4	-17.9	-7.2	-3.9	-0.3	160
Tower Focus NZ Shares	6.1	-13.7	-19.6	-10.3	-5.6	-1.7	
Aventine's SuperLife Oseas Shares Unhedged	40.7	-19.3	-15.9	-12.2	-3.2	-2.6	
Superlife Australian Shares	11.6	-21.0	-10.3				160
Tower LifeSaver Equity	19.9	-23.4	-19.1	-10.9	-2.6	-0.7	
Mercer Shares	12.8	-24.1	-20.2	-12.0	-5.0	-2.9	
Aventine's SuperLife Oseas Shares Hedged	56.5	-27.4	-19.7	-8.7	-2.7	-0.9	
Aventine's SuperLife Property	8.0	-30.0	-25.9	-15.3	-7.4	-1.8	
All Single Sector Aggressive	183.8	-21.3	-18.2	-9.5	-3.3	-1.3	

Fund Name	Fund Size \$ million	Annual Returns (Net of Tax & Expenses)					No. of Employers
		1 Year	2 Year	3 Year	4 Year	5 Year	
Single Sector Defensive							
Aventine's SuperLife Overseas Non Govt Bonds	15.3	12.2	8.6	7.0	5.4	5.9	160
Aventine's SuperLife Overseas Govt Bonds	46.4	8.5	8.9	7.2	5.8	6.3	
Tower Focus Fixed Income	7.8	7.0	6.0	4.8	4.5	4.5	
Aventine's SuperLife NZ Bonds	63.5	6.1	4.9	4.5	4.6	4.7	160
Aventine's SuperLife Cash	94.3	4.6	5.2	5.2	5.1	5.1	
AMP Cash	55.5	4.2					
Tower LifeSaver Preservation	23.2	4.1	4.8	4.6	4.6	4.5	
Mercer Cash	45.5	3.5	4.4	4.5	4.5	4.5	
AXA SMT Cash	78.5	2.6	3.7	4.1	4.3	4.3	
All Single Sector Defensive	429.9	5.0	5.3	5.0	4.8	4.9	
Total Funds	3,359.0	-8.5	-6.4	-2.5	0.8	1.9	
Cash Benchmark (Net)		3.4	4.6	4.8	4.8	4.8	
CPI		1.9	3.0	2.6	3.0	2.9	

Contact us:

Auckland

auckland@eriksensglobal.com

Ph +64 9 486 3144

Wellington

wellington@eriksensglobal.com

Ph +64 4 470 6144

The material presented here has been compiled from publicly available sources and information from the respective Master Trust providers. Where tax paid returns for PIE compliant funds have not been available, tax paid returns have been calculated using a 33% tax rate up to 31 March 2008 and 30% thereafter.

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.