

Eriksens Master Trust Survey Results to 30 September 2009

Investment Returns

The September 2009 quarter was another strong one for equity markets, although the rise in the N.Z. dollar moderated unhedged returns from the U.S. markets.

Over the last 12 months growth funds returned -6.1% (-17.7%), balanced funds returned -1.7% (-10.2%), and conservative funds returned 2.9% (-0.3%) after tax, expenses and fees (the previous quarter's rolling twelve months are shown in brackets).

These returns continue the improvements seen in the previous quarter of 2009. They are still lower than both the cash rate (2.5%) and inflation (1.7%) seen over the 12 months for balanced and growth funds. Nonetheless they provide relief to those investors hit by the downturns of 2008.

Economic Commentary

Business confidence has continued to improve. A year ago the world financial system was bordering on ruin so the relief is understandable.

Much of the overall increase in spending has come from governments rather than the private sector. This leaves little basis for strong continued growth. The danger now is that governments may tighten their economic policies too early.

The recent weakness in the U.S. dollar and the U.K. pound has not been unexpected given the massive amounts of borrowing by both governments in their attempts to stimulate their economies and prop up their financial services. With this has come a loss of international confidence especially in the U.S. dollar which is slowly declining from its role as the international reserve currency.

The effect on the N.Z. and Australian dollars has been significant, with the N.Z. dollar now trading at around its highest ever levels against the pound. Gold has similarly risen above USD1,000 as canny investors move their reserves to it.

A lot has been said about the strong N.Z. dollar making our exports less competitive. Whilst that is true in respect of exports to U.S. and U.K., our dollar has not really strengthened against the Euro, Yen or Australian dollar. However, it has been actively traded because it genuinely floats.

We expect some form of contraction in the next three to six months. The media's hype on the global economy coming out of recession increases the risk of the correction becoming sharper and deeper. In that context we were surprised that the Reserve Bank of Australia's two 0.25% tightenings of their short-term interest rate was taken by some economic commentators as a sign the global recession was over!

Stock markets tend to rise at the end of a quarter as short-selling funds, hedge funds and other traders borrow or buy stock to cover their positions. They also tend to close out positions and apply their risk management tools at month end. Hence, we were not surprised when stock markets took a breather early in October and again at month end.

Superannuation News

The National Government's changes to KiwiSaver cap the tax benefit at 2% for member and employer contributions. For that reason we suggest that if you wish to contribute 4% yourself, contribute 2% to KiwiSaver and 2% to a superannuation scheme.

This gives you the maximum KiwiSaver tax saving (provided you are earning \$50,000 per year) while allowing you to put any further contributions into traditional superannuation which is accessible before age 65.

This also applies if you are lucky enough to have an employer who is willing to contribute 4% to KiwiSaver on your behalf. In this case we suggest that you ask whether 2% could be contributed to KiwiSaver, with the other 2% to a company superannuation scheme.

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Eriksen's Master Trust Survey Results to 30 September 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							
AXA SMT Multi-Mgr High Growth	107.1	2.1	-10.9	-5.3	-1.4	1.5	
Mercer Growth	60.9	-0.8	-9.6	-4.1	-1.0	1.6	
Aon Growth	4.3	-1.3	-6.7	-2.6	0.5	2.9	37
Aventine's SuperLife Aim80	10.2	-1.9	-9.8	-3.7	0.3	3.1	144
WestpacTrust Dynamic	100.6	-3.3	-10.1	-5.2	-1.7	1.1	
Tower LifeSaver Growth	17.7	-5.1	-10.7	-5.8			158
ASB SMT Growth	103.6	-6.9	-11.4	-4.8	-0.8	2.0	
AMP Lifesteps Growth	26.5	-9.9	-10.8	-4.0		2.6	
AMP Lifesteps Aggressive	7.4	-13.4	-14.2	-6.1	-1.3	1.8	
AMP High Equity	175.8	-13.5	-14.2	-6.1	-1.3	1.8	
All Growth Funds	614.2	-6.1	-11.7	-5.2	-1.2	1.7	

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.

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Fund Name	Fund Size \$ million	Annual Returns (Net of Tax & Expenses)					No of Employers
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Balanced Funds							
Aventine's SuperLife Ethica	0.1	5.9					144
AXA SMT Multi-Mgr Balanced	316.1	3.9	-6.9	-2.7	-0.1	2.1	
Aon Balanced	28.2	3.2	-2.5	0.2	2.3	4.0	51
Aventine's SuperLife Trustee60	112.9	2.4	-3.6	0.1	1.9		144
Aventine's SuperLife Aim60	21.2	1.6	-5.1	-0.5	1.9	3.7	144
Mercer Active Balanced	94.9	0.4	-7.2	-2.8	-0.3	2.1	
AMP Tyndall Fund Backtested **		-0.9	-5.1	-1.0	1.2	2.9	
Tower Lifesaver Balanced	165.5	-1.3	-3.7	0.6	2.7	3.9	158
WestpacTrust Balanced	107.6	-1.8	-7.1	-3.3	-0.4	1.7	
AMP Lifesteps Moderate Balanced	58.7	-2.8	-3.9	0.1	2.4	3.9	
AMP Tower Balanced	100.3	-2.9	-3.5	0.6	2.4	3.6	
ASB SMT Balanced	239.3	-3.8	-6.9	-2.1	0.8	2.9	
AMP Lifesteps Balanced	44.8	-4.7	-6.0	-1.0	2.0	3.9	
AMP Balanced	306.0	-4.7	-6.1	-1.1	1.5	3.2	
AMP Tyndall Balanced (formerly BT balanced)	84.2	-5.3	-8.3	-3.9	-0.7	1.6	
AMP ING Balanced	138.8	-6.0	-7.1	-2.8	0.6	3.2	
AMP ASB Balanced	26.9	-6.1	-6.8	-2.0	0.8	2.6	
All Balanced Funds	1,845.5	-1.7	-6.0	-1.6	1.0	2.7	

* 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.

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Conservative Funds							
Aon Capital Stable	3.7	6.0	5.0	4.5	4.4	4.6	24
Aon Conservative	10.2	5.0	2.3	2.8	3.7	4.4	45
Tower Capital Preservation	28.1	4.9	4.5	5.0	5.0	4.7	158
AXA SMT Multi-Mgr Conservative	109.4	4.5	-0.5	1.2	2.3	3.2	
Aventine's SuperLife Aim30	37.5	4.4	0.8	2.6	3.6	4.6	144
Mercer Conservative	35.3	4.2	-0.7	1.4	2.5	3.7	
WestpacTrust Accumulation	31.5	3.8	3.3	3.6	3.7	3.8	
AMP Lifesteps Conservative	7.2	3.4	2.4	3.5	4.3	4.9	
AMP Capital Stable	83.5	3.4	2.4	3.6	4.4	5.0	
AMP Capital Assured	106.0	1.8	2.3	3.0	3.1	3.1	
Tower LifeSaver Conservative	6.2	1.7	0.2	1.2			158
AMP Lifesteps Moderate	41.8	0.1	-0.7	1.9	3.5	4.5	
ASB SMT Conservative	60.3	-0.2	-2.1	0.8	2.6	4.0	
All Conservative Funds	560.6	2.9	1.0	2.4	3.3	3.9	

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Fund Name	Fund Size \$ million	Annual Returns (Net of Tax & Expenses)					No of Employers
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Single Sector Aggressive							
Aventine's SuperLife Australian Shares	18.2	8.2	-7.4	6.4			144
Aventine's SuperLife NZ Shares	36.4	6.6	-10.2	-1.8	-0.7	2.5	144
Tower Focus NZ Shares	7.4	-1.7	-15.4	-7.1	-4.2	-0.3	158
Mercer Shares	15.5	-4.5	-17.2	-8.7	-4.3	-0.3	
Aventine's SuperLife Gemini	1.0	-5.9	-19.4				144
Aventine's SuperLife Oseas Shares Hedged	67.6	-6.8	-15.7	-6.3	-1.4	2.1	144
Tower LifeSaver Equity	22.3	-9.3	-17.7	-9.4	-2.8	1.0	158
Aventine's SuperLife Oseas Shares Unhedged	46.8	-13.5	-16.0	-9.9	-3.6	-0.4	144
Aventine's SuperLife Property	5.0	-14.7	-20.5	-11.6	-4.4	1.1	144
All Single Sector Aggressive	220.1	-4.9	-14.6	-5.9	-2.1	1.1	

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	18.4	12.5	9.8	7.3	6.1	6.0	144
Aventine's SuperLife Overseas Govt Bonds	47.1	8.1	8.6	7.1	6.2	6.2	144
Aventine's SuperLife NZ Bonds	68.1	6.2	5.7	5.0	4.9	4.9	144
Tower Focus Fixed Income	8.7	5.6	5.9	5.0	4.7	4.6	158
Aventine's SuperLife Cash	92.4	3.6	4.8	5.0	5.0	5.0	144
Tower LifeSaver Preservation	23.8	3.4	4.5	4.5	4.5	4.5	158
AMP Cash	55.5	3.3					
Mercer Cash	39.1	2.6	4.0	4.2	4.3	4.4	
AXA SMT Cash	77.3	2.6	3.5	3.9	4.1	4.2	
All Single Sector Defensive	430.4	4.6	5.3	5.0	4.9	4.9	
Total Funds	3,670.8	-1.2	-5.2	-1.2	1.2	2.9	
Cash Benchmark (Net)		2.5	4.1	4.5	4.7	4.6	
CPI		1.7	3.4	2.8	3.0	3.1	

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