

#### INVESTMENT RETURNS

The NZ Consumer Price Index was 1.1% for the year to 31 March 2018. This was mainly driven by housing, construction, and food price increases. Inflation over the past ten years was 1.7% p.a., a little lower than the mid-range target of 2.0% per annum.

Total Master Trust FUM fell by around \$100m since last quarter, due to negative returns in equity markets. Those funds with a higher proportion of growth style assets (eg shares and property) were hit the hardest in terms of investment returns. This also had an impact on the proportion of assets within each of the major investment categories (Growth, Balanced, Conservative, Defensive and Aggressive).

The one year weighted average return for all Master Trust Growth funds was 6.8%; Balanced funds 6.0%; and Conservative funds 3.9%. Aggressive funds returned 6.9% over the past year on a weighted average basis, while Defensive funds returned 2.4%.

The proportion of assets across the five major investment categories shifted slightly this quarter, with the Balanced and Aggressive categories falling and Conservative and Defensive categories increasing.

#### ECONOMIC COMMENTARY

Since the rise in equity markets in January there has been a significant increase in volatility through February and March. The correction in early February was driven by a rise in yields alongside short volatility trades. In March volatility increased due to the threat of a trade war and a sell-off of some of the major technology companies in the US. The following graph shows the steep increase in realised volatility in the US equity market through February and March.



The rise in bond yields has made investors more attentive to equity valuations. Bond investors have bought on the jump in yields,

thereby pushing bond prices up and yields back down. This has helped to support stock markets from further large falls.

The trade tension between the US and China continues to be a source of uncertainty, keeping market participants on edge. The crux of the issue is that the US' technological superiority over China is being threatened due to unfair trade practices on China's behalf. Currently American firms wishing to enter the Chinese market often have to "voluntarily" transfer their technology as a condition for entry. China initiated a policy in 2015 known as "Made in China 2025" which aims to broadly advance Chinese industry – including information technology, aerospace, marine equipment and ships and electric power amongst others. The tariffs employed by Trump hope to balance the effects of this long term policy.

A key question investors are wrestling with at the moment is what the long-term rate of return should be. One way to work that out simply is to take the annual percentage GDP growth rate, add the expected inflation rate, then add a risk premium on top. A conservative estimate might be 2% GDP growth, 2% inflation and 0.5% risk premium – so 4.5% per annum over the long-term. Over a 10-year horizon this should be reflected in 10-year bond yields. The US 10-year bond yield threatened the 3% level in February but fell back in March. There is a disconnect between economic reality and investors' views.

The combination of Trump's protectionism, tax cuts, and government borrowing at a time when the US is near full employment should put pressure on inflation and therefore push bond yields up. But this is not happening. Investors' inflation expectations remain low. Between 2007 and 2018 inflation has remained below 2% for several of the major economies including the US, Euro area, and Japan.

With quantitative easing in Japan and Europe, and regulations on banks and pension funds holding bonds, there will be a definite level of demand for US bonds that is independent of fundamental value. This will help to suppress bond yields. However, if inflation expectations start to move upwards we can expect more volatility in equity markets as valuations come under pressure.

Investors who plan to realise a major portion of their funds in the next 5-10 years may want to think about dialling down the risks a little by moving from growth to balanced.

#### ERIKSENS HAS REBRANDED

Eriksens changed its name to Eriksens Global at the beginning of this year. The faces behind the business and the work we do hasn't changed. We hope you like our new look!

## ERIKSENS MASTER TRUST SURVEY: RESULTS TO 31 MARCH 2018

### GROWTH FUNDS

Manager Name	Fund Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses)						
			%						
			1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	Aggressive	271.5	7.1	9.2	5.7	7.6	7.7	6.9	4.5
AMP	ANZ Growth	5.7	7.2						
AMP	ASB Growth	2.7	8.0						
AMP	Growth	210.4	6.5	8.3	5.2	7.1	7.1	6.4	4.6
AMP	Nikko AM Growth	4.9	11.7						
Aon	Growth	13.1	6.4	6.7	5.4	7.7	8.1	8.1	6.7
ASB	Growth	344.9	8.4	9.5	7.5	9.5	9.5	8.1	6.0
Fisher Funds	LifeSaver Growth	72.4	7.3	8.0	6.7	7.7	8.2	7.5	5.6
Mercer	Growth	122.6	7.8	8.6	7.0	8.3	8.6	7.2	5.0
Mercer	High Growth	23.1	9.2	10.0	8.0	9.5	10.1	8.1	
SuperLife	SuperLife100	384.6	5.1	8.8	7.7	9.0			
SuperLife	SuperLife80	40.3	4.9	7.9	7.2	8.4			
<b>Total Growth Funds</b>		<b>1,496.2</b>	<b>6.8</b>	<b>8.9</b>	<b>6.8</b>	<b>8.5</b>	<b>8.4</b>	<b>7.3</b>	<b>5.2</b>

Manager Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses)							
		%							
		1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year	
AMP	495.2	6.9	8.8	5.5	7.4	7.5	6.7	4.5	
Aon	13.1	6.4	6.7	5.4	7.7	8.1	8.1	6.7	
ASB	344.9	8.4	9.5	7.5	9.5	9.5	8.1	6.0	
Fisher Funds	72.4	7.3	8.0	6.7	7.7	8.2	7.5	5.6	
Mercer	145.7	8.0	8.8	7.1	8.5	8.8	7.3	5.0	
SuperLife	424.9	5.1	8.7	7.6	9.0				
<b>Total Growth Funds</b>		<b>1,496.2</b>	<b>6.8</b>	<b>8.9</b>	<b>6.8</b>	<b>8.5</b>	<b>8.4</b>	<b>7.3</b>	<b>5.2</b>

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## ERIKSENS MASTER TRUST SURVEY: RESULTS TO 31 MARCH 2018

### BALANCED FUNDS

Manager Name	Fund Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses)						
			%						
			1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	ANZ Balanced Plus	281.0	6.2	6.3	5.4	7.6	7.9	7.8	6.5
AMP	ASB Balanced	79.4	6.9	7.3	5.9	7.7	7.5	6.7	5.4
AMP	Balanced	819.4	5.2	6.5	4.4	5.9	5.9	5.7	4.5
AMP	Fisher Balanced	160.0	6.3	6.4	5.9	6.9	7.0	6.4	5.5
AMP	Global Multi-Asset	3.6	2.5						
AMP	Koru Balanced	160.8	7.7						
AMP	Moderate Balanced	285.9	4.5	5.4	3.9	5.3	5.2	5.0	4.3
AMP	Nikko AM Balanced	165.1	9.8	7.5	7.5	8.7	8.5	7.5	5.9
AMP	RIL Balanced	2.4	5.0						
Aon	Balanced	91.7	5.2	5.4	4.6	6.2	6.5	6.6	6.1
ASB	Balanced	735.7	7.0	7.5	6.3	8.0	7.8	7.0	5.6
Fisher Funds	Lifesaver Balanced	277.6	6.0	6.4	5.6	6.6	6.7	6.3	5.3
Mercer	Balanced	213.7	6.2	6.6	5.5	6.9	7.3	6.4	4.7
SuperLife	Ethica	45.3	2.6	3.8	6.3	7.9	7.0	6.7	6.1
SuperLife	SuperLife60	322.3	4.0	6.6	6.1	7.1	6.6	6.5	
<b>Total Balanced Funds</b>		<b>3,644.0</b>	<b>6.0</b>	<b>6.6</b>	<b>5.4</b>	<b>6.9</b>	<b>6.9</b>	<b>6.4</b>	<b>5.2</b>

Manager Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses)						
		%						
		1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	1,957.7	6.0	6.4	4.9	6.5	6.5	6.2	5.0
Aon	91.7	5.2	5.4	4.6	6.2	6.5	6.6	6.1
ASB	735.7	7.0	7.5	6.3	8.0	7.8	7.0	5.6
Fisher Funds	277.6	6.0	6.4	5.6	6.6	6.7	6.3	5.3
Mercer	213.7	6.2	6.6	5.5	6.9	7.3	6.4	4.7
SuperLife	367.6	3.8	6.2	6.1	7.2	6.7	6.5	6.1
<b>Total Balanced Funds</b>	<b>3,644.0</b>	<b>6.0</b>	<b>6.6</b>	<b>5.4</b>	<b>6.9</b>	<b>6.9</b>	<b>6.4</b>	<b>5.2</b>

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## ERIKSENS MASTER TRUST SURVEY: RESULTS TO 31 MARCH 2018

### CONSERVATIVE FUNDS

Manager Name	Fund Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses) %						
			1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	ANZ Conservative	3.3	3.0						
AMP	ASB Moderate	1.8	4.7						
AMP	Capital Assured	103.7	5.2	5.4	5.6	5.6	5.2	4.4	4.1
AMP	Conservative	296.0	3.0	3.3	2.7	3.8	3.7	3.9	4.1
AMP	Income Generator	1.6	3.5						
AMP	Moderate	135.5	3.8	4.5	3.3	4.6	4.5	4.5	4.2
AMP	Nikko AM Conservative	2.1	5.4						
Aon	Capital Stable	2.1	2.2	1.9	2.4	3.3	3.1	3.5	3.9
Aon	Conservative	17.9	2.8	2.8	2.9	4.4	4.0	4.6	4.7
ASB	Moderate	182.1	5.1	5.3	4.9	6.2	6.0	5.6	4.9
Fisher Funds	LifeSaver Conservative	33.8	4.0	4.0	4.0	4.8	4.8	4.8	4.4
Mercer	Conservative	31.4	3.4	3.5	3.4	4.4	4.5	4.3	3.9
Mercer	Moderate	52.3	4.5	4.7	4.3	5.8	6.1	5.4	
SuperLife	SuperLife30	45.9	3.3	4.7	4.5	5.4	4.7	5.0	
<b>Total Conservative Funds</b>		<b>909.5</b>	<b>3.9</b>	<b>4.3</b>	<b>3.8</b>	<b>4.9</b>	<b>4.7</b>	<b>4.6</b>	<b>4.3</b>

Manager Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses) %							
		1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year	
AMP	544.0	3.6	4.0	3.4	4.4	4.2	4.2	4.1	
Aon	20.0	2.8	2.7	2.9	4.3	3.9	4.5	4.6	
ASB	182.1	5.1	5.3	4.9	6.2	6.0	5.6	4.9	
Fisher Funds	33.8	4.0	4.0	4.0	4.8	4.8	4.8	4.4	
Mercer	83.7	4.1	4.2	4.0	5.3	5.5	5.0	3.9	
SuperLife	45.9	3.3	4.7	4.5	5.4	4.7	5.0		
<b>Total Conservative Funds</b>		<b>909.5</b>	<b>3.9</b>	<b>4.3</b>	<b>3.8</b>	<b>4.9</b>	<b>4.7</b>	<b>4.6</b>	<b>4.3</b>

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## ERIKSENS MASTER TRUST SURVEY: RESULTS TO 31 MARCH 2018

### DEFENSIVE FUNDS (SINGLE SECTOR)

Manager Name	Fund Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses) %						
			1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	Cash	107.2	1.2	1.3	1.5	1.8	1.8	1.9	2.4
ASB	NZ Cash	48.0	1.6	1.6	1.9	2.1	2.1	2.0	2.3
Mercer	Cash	27.2	1.1	1.2	1.4	1.6	1.6	1.7	2.1
SuperLife	NZ Cash	176.5	1.9	2.0	2.2	2.3	2.4	2.5	2.9
SuperLife	NZ Cash ETF	1.3	1.9	1.9					
SuperLife	UK Cash	11.3	7.0	(2.4)	(0.2)	0.5	0.9		
<b>Sub-Total: Cash</b>		<b>371.5</b>	<b>1.8</b>	<b>1.5</b>	<b>1.8</b>	<b>2.0</b>	<b>2.1</b>	<b>2.2</b>	<b>2.6</b>
AMP	Int'l Fixed Interest	1.8	0.8	0.8	1.5	2.3			
AMP	NZ Fixed Interest	7.7	3.1	2.0	2.7	3.6			
ASB	NZ Fixed Interest	5.8	3.0	2.2	2.9	3.6	2.9	3.5	4.2
ASB	World Fixed Interest	4.4	1.2	1.6	2.0	3.0	2.6	3.3	3.5
Fisher Funds	LifeSaver NZ Fixed Income	11.9	3.6	2.2	3.0	3.7	2.9	3.6	4.2
Fisher Funds	LifeSaver Preservation	41.4	1.8	1.7	2.0	2.1	2.2	2.2	2.5
SuperLife	SuperLife Income	148.7	3.0	2.9	2.8	3.8			
SuperLife	Global Bond ETF	1.4	2.7	3.1					
SuperLife	NZ Bond ETF	3.0	4.1	3.1					
SuperLife	NZ Bonds	128.2	4.0	3.1	3.7	4.3	3.8	4.4	5.1
SuperLife	Overseas Bonds	55.6	2.8	3.2	2.8	4.1	2.8	3.6	4.6
SuperLife	Overseas Non-Govt Bonds	55.2	1.5	2.2	1.6	3.1	2.7	3.8	4.8
<b>Sub-Total: Bonds</b>		<b>465.0</b>	<b>3.0</b>	<b>2.7</b>	<b>2.8</b>	<b>3.7</b>	<b>3.1</b>	<b>3.8</b>	<b>4.5</b>
<b>Total Single Sector Defensive</b>		<b>836.5</b>	<b>2.4</b>	<b>2.2</b>	<b>2.4</b>	<b>3.0</b>	<b>2.6</b>	<b>2.9</b>	<b>3.5</b>

Manager Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses) %							
		1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year	
AMP	116.7	1.4	1.3	1.6	1.9	1.8	1.9	2.4	
Aon	-								
ASB	58.2	1.7	1.7	2.0	2.3	2.2	2.3	2.6	
Fisher Funds	53.4	2.2	1.8	2.2	2.5	2.3	2.5	2.9	
Mercer	27.2	1.1	1.2	1.4	1.6	1.6	1.7	2.1	
SuperLife	581.1	2.8	2.5	2.6	3.4	2.9	3.4	4.0	
<b>Total Single Sector Defensive</b>		<b>836.5</b>	<b>2.4</b>	<b>2.2</b>	<b>2.4</b>	<b>3.0</b>	<b>2.6</b>	<b>2.9</b>	<b>3.5</b>

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## ERIKSENS MASTER TRUST SURVEY: RESULTS TO 31 MARCH 2018

### AGGRESSIVE FUNDS (SINGLE SECTOR)

Manager Name	Fund Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses) %						
			1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	Australasian Shares	8.9	6.6	9.2	7.5	7.1			
ASB	Australasian Shares	6.9	9.8	9.9	9.1	9.5	9.5	8.8	6.9
Fisher Funds	LifeSaver Trans-Tasman Equity	18.2	11.7	9.9	10.9	11.0	11.2	12.0	8.3
SuperLife	Asia Pacific ETF	3.6	10.3	11.3					
SuperLife	Australian Dividend ETF	1.0	(7.8)	3.7					
SuperLife	Australian Financials ETF	0.6	(11.7)	5.2					
SuperLife	Australian Mid Cap ETF	20.8	8.2	13.0	11.8				
SuperLife	Australian Resources ETF	5.2	12.6	25.4					
SuperLife	Australian Shares	48.7	(1.9)	8.8	7.6	8.1	3.6	2.4	2.7
SuperLife	Australian Top 20 ETF	1.7	(7.0)	5.7					
SuperLife	NZ 50 Portfolio ETF	39.1	14.7	10.8	11.4				
SuperLife	NZ Dividend ETF	3.1	1.7	3.8					
SuperLife	NZ Mid Cap ETF	4.2	18.5	13.6					
SuperLife	NZ Shares	95.6	3.4	7.3	11.1	8.4	10.8	11.7	9.9
SuperLife	NZ Top 10 ETF	1.1	12.7	7.7					
<b>Sub-Total: Australasian Shares</b>		<b>258.8</b>	<b>5.8</b>	<b>9.4</b>	<b>10.3</b>	<b>8.5</b>	<b>8.7</b>	<b>8.9</b>	<b>7.5</b>
AMP	Int'l Shares	10.5	9.0	11.5	7.4	9.0			
AMP	Passive Int'l Shares	5.2	8.2	10.9	6.5	9.3			
ASB	World Shares	10.1	10.1	13.2	8.7	11.5	12.1	9.3	5.0
Fisher Funds	LifeSaver Equity	47.4	9.6	10.2	7.7	8.8	9.5	7.1	5.0
Mercer	Shares	29.0	11.0	11.7	9.1	11.1	12.3	9.6	5.6
SuperLife	Emerging Markets	23.9	12.9	12.7	7.5	9.5	6.1	0.9	
SuperLife	Emerging Markets ETF	4.1	12.0	13.4					
SuperLife	Europe ETF	5.8	9.9	7.6					
SuperLife	Gemino	5.1	(25.1)	(6.5)	(3.6)	(8.7)	(0.8)	(2.8)	(2.9)
SuperLife	Overseas Shares Hedged	127.5	7.7	12.2	7.2	9.2	9.9	8.8	6.7
SuperLife	Overseas Shares	102.1	8.1	9.2	8.0	11.2	11.5	7.8	5.3
SuperLife	Total World ETF	4.7	8.5	9.9					
SuperLife	US 500 ETF	11.4	7.3	9.5					
SuperLife	US Large Growth ETF	3.2	10.8	10.7					
SuperLife	US Large Value ETF	1.0	4.3	8.6					
SuperLife	US Mid Cap ETF	1.2	5.8	8.7					
SuperLife	US Small ETF	2.0	6.2	10.7					
<b>Sub-Total: Global Shares</b>		<b>394.3</b>	<b>8.3</b>	<b>10.7</b>	<b>7.5</b>	<b>9.7</b>	<b>10.2</b>	<b>7.6</b>	<b>5.7</b>
AMP	Property	10.5	3.7	0.8	2.2	5.9			
ASB	Global Property Shares	2.7	(1.0)	(0.1)	2.5	8.8	7.0	7.1	4.2
SuperLife	Australian Property ETF	1.0	(3.2)	0.8					
SuperLife	NZ Property ETF	1.0	6.8	2.6					
SuperLife	Property	42.5	1.3	1.4	5.0	9.5	7.2	9.1	5.7
<b>Sub-Total: Property</b>		<b>57.6</b>	<b>1.7</b>	<b>1.2</b>	<b>4.3</b>	<b>8.8</b>	<b>7.2</b>	<b>9.0</b>	<b>5.6</b>
<b>Total Single Sector Aggressive</b>		<b>710.7</b>	<b>6.9</b>	<b>9.4</b>	<b>8.3</b>	<b>9.3</b>	<b>9.5</b>	<b>8.1</b>	<b>6.3</b>

Manager Name	FUM \$ million	Annualised Returns (Net of Tax & Expenses) %							
		1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year	
AMP	35.1	6.7	7.7	5.8	7.6				
Aon	-								
ASB	19.7	8.5	10.2	8.0	10.4	10.5	8.8	5.6	
Fisher Funds	65.6	10.2	10.1	8.6	9.4	10.0	8.4	5.9	
Mercer	29.0	11.0	11.7	9.1	11.1	12.3	9.6	5.6	
SuperLife	561.2	6.2	9.3	8.4	9.2	9.2	8.0	6.4	
<b>Total Single Sector Aggressive</b>		<b>710.7</b>	<b>6.9</b>	<b>9.4</b>	<b>8.3</b>	<b>9.3</b>	<b>9.5</b>	<b>8.1</b>	<b>6.3</b>

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## TOTAL FUNDS

Manager Name	FUM \$ million		Annualised Returns (Net of Tax & Expenses) %						
	Q4 2017	Q1 2018	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	3,201.5	3,148.7							
Aon	128.5	124.8							
ASB	1,356.8	1,340.6							
Fisher Funds	509.8	502.8							
Mercer	506.0	499.3							
SuperLife	1,998.6	1,980.7							
<b>Total Funds</b>	<b>7,701.2</b>	<b>7,596.9</b>	<b>5.6</b>	<b>6.6</b>	<b>5.4</b>	<b>6.8</b>	<b>6.7</b>	<b>6.2</b>	<b>5.0</b>
Cash Benchmark (Net)			1.2	1.3	1.5	1.8	1.8	1.8	2.1
CPI			1.1	1.6	1.2	1.0	1.1	1.1	1.7

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