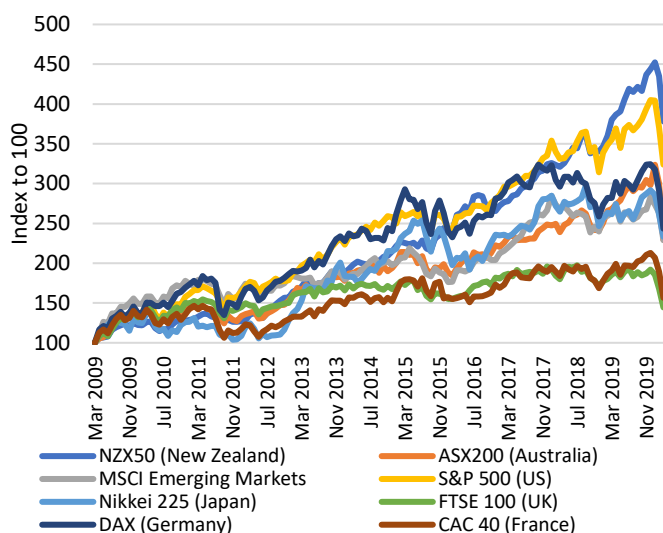


ECONOMIC COMMENTARY

Well, the long-awaited stock market correction has come with a vengeance. Fear from the risks of the COVID-19 global pandemic caused both share and bond markets to fall sharply in February and March this year. It was the biggest and fastest fall the markets had ever experienced. It was caused by a lot of investors needing cash.

Stock markets fell between 10% and 30% before recovering somewhat into month end. Bond markets froze including Australian Government stock, which was AAA rated. The acute need for cash from people afraid of dying and some panicky investors rebalancing was made worse by the massive sell-off of oil futures because of the price war between Russia and Saudi Arabia. Fixed income spreads blew out. Most countries progressively implemented lockdowns, throwing millions of people out of work, stopping international travel and tourism, and causing an instant global recession. Stock and bond market values both went down sharply. Cash was king.

Figure 1: Equity Market Bull Run (March 2009 – March 2020)



Hundreds of thousands of people have died and medical systems are severely tested in some countries. However, the medical situation is improving in many countries; thankfully these include Australia and New Zealand. Central banks and governments responded quickly and strongly to the financial crisis by the way of quantitative easing to free up bond markets and fiscal packages to ease the plights of businesses and the unemployed. Welfare systems and charities are working hard to support the needy in their societies.

Our thanks go out to all the health workers who have in many cases risked their lives to help patients recover. The improving health outcomes are encouraging investors more than the gloomy economic scenarios, which will take years to play out in most countries.

We again stress the need for a longer-term strategic view by investors. Currently stock markets are tending to behave like retail investors who sell near the bottom and buy around the top. The rapid rise in markets since late March increases the risk of another

correction, or W-shaped recovery in a bear market. However, the global response on both the health and economic fronts has been such that the short to medium term outlook appears to be stable. Even the oil market has settled down to its much lower level of demand with lower prices. Consumers have turned into savers where they can.

Fortunately, isolated countries with good health systems, like Australia and New Zealand, together with even more isolated Pacific island nations, have had time and the opportunity to protect themselves better than most. Whilst the short-term economic effects are huge, we have the potential to recover in a relatively short time frame of 6-12 months. But we need to be sensible and patient. A trans-Tasman bubble is an excellent start. China too seems to be recovering well as are a few other South-East Asian countries.

Whilst fighting off the pandemic remember saving for retirement is a long-term game. As such we encourage people to consider their investment options carefully at the outset and not switch suddenly when markets gyrate, unless your needs change. For example, KiwiSaver members planning or hoping to buy their first house should invest in a low risk or conservative option. The Government previously announced that from July 2021 the default KiwiSaver fund option will be switched to balanced. Given the market volatility we wonder whether they will review their decision.

INVESTMENT RETURNS

Total Master Trust FUM fell by \$1.06 billion over the quarter. Only Conservative funds saw a positive average return over the one-year period.

The one year weighted average return for all Master Trust Growth funds fell to -5.9%; Balanced funds fell to -3.2%; and Conservative funds saw a return of 0.2%.

Inflation for the year was 2.5%. Deflation is potentially more likely going forward. Inflation annualised for the three and ten year time horizons respectively were 1.7% and 1.6%.

KIWISAVER CHANGES

From 1 April 2020 two new employee contribution rates, 6% and 10% have been added.

From 1 July 2020 people aged 65 or over will be able to join KiwiSaver. The five-year membership lock-in period will no longer apply for members aged 60-64 who join a KiwiSaver scheme for the first time. However, eligibility for government contributions still ceases at 65.

We wish all our readers a safe and hopefully successful recovery from whatever stage of lockdown you have experienced.

ERIKSENS MASTER TRUST SURVEY: RESULTS TO 31 MARCH 2020

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	AMP Aggressive Fund	242.0	(6.5)	0.4	2.6	4.7	3.5	5.6	5.4
AMP	AMP Growth Fund	212.7	(5.3)	0.8	2.7	4.5	3.4	5.3	5.1
AMP	ANZ Growth Fund	9.2	(5.3)	0.8	2.9				
AMP	ASB Growth Fund	11.4	(5.5)	0.5	3.0				
AMP	Nikko AM Growth Fund	10.9	(5.9)	(0.8)	3.2				
Aon	ANZ Growth	12.9	(5.3)	0.5	2.5	3.6	3.4	5.8	6.8
Aon	Milford Active Growth Wholesale	13.0	(3.0)	1.5	5.0	5.7	6.0	8.4	9.5
Aon	Nikko Growth	2.5	(4.4)	0.0	4.2	4.9	5.7	7.5	6.7
Aon	Russell LifePoints Growth	3.9	(3.9)	1.0	3.8	5.3	5.1	7.3	7.3
Aon	Russell LifePoints Target Date 2045	1.4	(3.3)	1.2	3.9	5.4	5.2	7.6	7.4
ASB	ASB Growth Fund	364.7	(5.7)	1.1	3.5	5.2	4.9	7.0	6.6
Fisher Funds	Fisher Funds LifeSaver Growth Fund	81.3	(1.0)	3.3	4.6	5.6	5.3	6.8	6.3
Mercer	Growth	115.9	(5.2)	(0.0)	2.5	4.2	4.1	6.1	5.5
Mercer	High Growth	23.0	(6.4)	(0.4)	2.7	4.7	4.6	7.0	
SuperLife	SuperLife Growth	19.5	(9.2)	(1.2)	0.8	3.3	3.8		
SuperLife	SuperLife High Growth	74.4	(12.0)	(2.4)	0.0	3.0	3.5		
Total Growth Funds		1,198.7	(5.9)	0.6	2.9	4.7	4.2	6.2	5.9

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	486.2	(5.9)	0.6	2.6	4.6	3.5	5.4	5.3
Aon	33.7	(4.1)	0.9	3.8	4.8	4.9	7.2	7.9
ASB	364.7	(5.7)	1.1	3.5	5.2	4.9	7.0	6.6
Fisher Funds	81.3	(1.0)	3.3	4.6	5.6	5.3	6.8	6.3
Mercer	138.9	(5.4)	(0.1)	2.5	4.3	4.2	6.2	5.5
SuperLife	93.9	(11.4)	(2.2)	0.2	3.1	3.6		
Total Growth Funds	1,198.7	(5.9)	0.6	2.9	4.7	4.2	6.2	5.9

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ERIKSENS MASTER TRUST SURVEY: RESULTS TO 31 MARCH 2020

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	AMP Moderate Balanced Fund	275.9	(2.5)	1.6	2.5	3.5	2.9	4.2	4.3
AMP	AMP Balanced Fund	785.2	(3.2)	1.4	2.6	3.9	3.2	4.6	4.7
AMP	Koru Balanced Fund	123.5	(6.1)	(1.1)	1.8				
AMP	AMP RIL Balanced Fund	4.6	(5.0)	0.5	1.9				
AMP	AMP Global Multi-Asset Fund	3.3	(5.1)	(2.9)	(1.1)				
AMP	ANZ Balanced Plus Fund	255.4	(3.3)	1.6	3.1	3.9	3.8	6.1	6.4
AMP	ASB Balanced Fund	82.7	(3.1)	1.4	3.2	4.3	4.1	5.7	5.5
AMP	Mercer Balanced Fund	135.0	(3.1)	1.1	2.8	3.7	4.0	5.3	5.1
AMP	Nikko AM Balanced Fund	146.1	(4.4)	0.1	3.2	3.7	4.5	6.0	5.7
Aon	ANZ Balanced	78.7	(2.6)	1.2	2.6	3.3	3.3	5.0	5.9
Aon	Nikko Balanced	7.1	(3.6)	0.9	3.7	4.0	4.6	6.1	5.7
Aon	Russell LifePoints Balanced	6.0	(2.4)	1.4	3.7	4.8	4.7	6.6	6.7
Aon	Russell LifePoints Target Date 2035	1.7	(1.7)	1.6	3.7	4.9	4.8	6.7	6.8
ASB	ASB Balanced Fund	758.8	(2.9)	2.0	3.6	4.7	4.5	6.1	5.9
Fisher Funds	Fisher Funds Lifesaver Balanced	273.9	0.1	3.5	4.4	5.0	4.8	5.8	5.6
Mercer	Balanced	190.3	(3.1)	0.8	2.5	3.7	3.6	5.4	5.1
SuperLife	SuperLife Balanced	281.6	(6.1)	0.1	1.4	3.3	3.7	4.7	5.3
SuperLife	Ethica	11.8	(3.7)	1.3	1.7	2.5	4.3	5.4	5.3
Total Balanced Funds		3,421.5	(3.2)	1.4	2.9	4.1	3.8	5.3	5.3

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	1,811.7	(3.4)	1.1	2.7	3.8	3.5	5.0	5.1
Aon	93.5	(2.7)	1.2	2.7	3.5	3.5	5.2	5.9
ASB	758.8	(2.9)	2.0	3.6	4.7	4.5	6.1	5.9
Fisher Funds	273.9	0.1	3.5	4.4	5.0	4.8	5.8	5.6
Mercer	190.3	(3.1)	0.8	2.5	3.7	3.6	5.4	5.1
SuperLife	293.4	(6.0)	0.2	1.4	3.3	3.7	4.8	5.3
Total Balanced Funds		3,421.5	(3.2)	1.4	2.9	4.1	3.8	5.3

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ERIKSENS MASTER TRUST SURVEY: RESULTS TO 31 MARCH 2020

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	AMP Capital Assured	113.8	3.7	4.2	4.6	4.8	5.0	4.9	4.3	
AMP	AMP Conservative Fund	324.1	(0.2)	2.2	2.5	2.8	2.5	3.2	3.6	
AMP	AMP Moderate Fund	160.4	(1.2)	1.9	2.6	3.2	2.8	3.8	4.0	
AMP	AMP Income Generator Fund	2.8	(3.7)	1.7	2.3					
AMP	ANZ Conservative Fund	12.0	1.6	2.8	2.9					
AMP	ASB Moderate Fund	15.9	(2.3)	1.4	2.5					
AMP	Nikko AM Conservative Fund	13.3	(1.0)	1.9	3.1					
Aon	ANZ Capital Stable	2.0	2.4	2.5	2.4	2.2	2.3	2.5	3.1	
Aon	ANZ Conservative	18.2	2.1	2.7	2.7	2.8	2.7	3.4	4.4	
Aon	Nikko Conservative	1.2	(1.7)	1.3	1.8	1.6	2.2	2.7	3.1	
Aon	Russell LifePoints Conservative	2.5	0.8	2.1	2.9	3.3	3.2	4.2	5.2	
Aon	Russell LifePoints Moderate	3.1	(1.0)	1.8	3.3	4.1	4.0	5.5	6.0	
Aon	Russell LifePoints Target Date 2025	2.3	(0.2)	2.0	3.3	4.1	4.0	5.6	6.1	
ASB	ASB Moderate Fund*	219.6	(1.6)	2.2	3.2	3.8	3.8	4.9	4.9	
Fisher Funds	Fisher Funds LifeSaver Conservative	43.2	0.8	3.0	3.3	3.5	3.6	4.2	4.4	
Mercer	Conservative	36.4	0.5	2.0	2.4	2.7	2.8	3.8	3.8	
Mercer	Moderate	52.7	8.3	4.0	5.0	4.9	5.0	5.9		
SuperLife	SuperLife Conservative	38.1	(2.6)	1.5	2.1	3.1	3.3	3.8		
Total Conservative Funds		1,061.9	0.2	2.5	3.0	3.4	3.3	4.1	4.1	

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	642.4	0.2	2.5	2.9	3.3	3.1	3.7	3.8	
Aon	29.3	1.3	2.4	2.8	3.0	2.9	3.8	4.6	
ASB	219.6	(1.6)	2.2	3.2	3.8	3.8	4.9	4.9	
Fisher Funds	43.2	0.8	3.0	3.3	3.5	3.6	4.2	4.4	
Mercer	89.2	5.1	3.2	3.9	4.0	4.1	5.0	3.8	
SuperLife	38.1	(2.6)	1.5	2.1	3.1	3.3	3.8		
Total Conservative Funds		1,061.9	0.2	2.5	3.0	3.4	3.3	4.1	4.1

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ERIKSENS MASTER TRUST SURVEY: RESULTS TO 31 MARCH 2020

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	AMP Cash Fund	145.4	0.9	1.1	1.1	1.2	1.4	1.6	1.8
ASB	ASB NZ Cash Fund	66.6	1.2	1.4	1.4	1.5	1.7	1.9	1.9
Mercer	Cash	33.7	0.9	1.0	1.0	1.1	1.3	1.5	1.7
SuperLife	NZ Cash	146.7	1.4	1.6	1.7	1.8	1.9	2.2	2.4
SuperLife	UK Cash	1.4	5.2	1.9	3.6	(0.3)	0.7	1.2	
Sub-Total: Cash		393.7	1.2	1.3	1.4	1.4	1.6	1.9	2.0
AMP	AMP NZ Fixed Interest Fund	10.7	2.8	3.7	3.5	2.8	3.1		
AMP	AMP International Fixed Interest Fund	2.1	4.6	3.6	2.7	2.2	2.3		
ASB	ASB NZ Fixed Interest Fund	6.1	3.0	3.8	3.5	3.0	3.2	3.1	3.7
ASB	ASB World Fixed Interest Fund	2.8	3.0	2.8	2.2	2.2	2.3	2.7	3.2
Fisher Funds	LifeSaver NZ Fixed Income	11.6	3.4	4.6	4.3	3.4	3.7	3.4	3.9
Fisher Funds	Fisher Funds LifeSaver Preservation	40.3	1.0	1.4	1.5	1.6	1.7	2.0	2.1
SuperLife	SuperLife Income	49.6	1.8	2.7	2.8	2.8	2.8		
SuperLife	NZ Bonds	89.4	2.5	3.4	3.6	3.2	3.5	3.7	4.3
SuperLife	Overseas Bonds	47.0	2.5	2.8	2.8	3.0	2.8	2.8	3.6
SuperLife	Overseas Non-Government Bonds	34.7	0.7	2.0	1.8	2.1	1.7	2.5	3.4
Sub-Total: Bonds		294.2	2.1	2.8	2.8	2.7	2.8	3.0	3.6
Total Single Sector Defensive		687.9	1.5	2.0	2.0	2.0	2.1	2.3	2.6

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	158.2	1.1	1.3	1.3	1.3	1.5	1.6	1.8	
Aon	-								
ASB	75.4	1.4	1.6	1.6	1.6	1.8	2.0	2.1	
Fisher Funds	51.9	1.6	2.1	2.1	2.0	2.2	2.3	2.5	
Mercer	33.7	0.9	1.0	1.0	1.1	1.3	1.5	1.7	
SuperLife	368.8	1.8	2.4	2.5	2.4	2.5	2.7	3.2	
Total Single Sector Defensive		687.9	1.5	2.0	2.0	2.0	2.1	2.3	2.6

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ERIKSENS MASTER TRUST SURVEY: RESULTS TO 31 MARCH 2020

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	AMP Australasian Shares Fund	9.0	(7.1)	2.4	3.8	5.8	5.4		
ASB	ASB Australasian Shares Fund	5.9	(7.0)	3.1	5.3	6.4	6.6	7.6	7.2
Fisher Funds	LifeSaver Trans-Tasman Equity Fund	21.2	(0.7)	7.4	8.8	8.6	9.5	10.1	9.9
SuperLife	NZ Shares	63.1	(11.9)	1.2	1.9	4.2	7.0	7.9	9.6
SuperLife	Australian Shares	24.6	(20.4)	(7.2)	(5.5)	0.5	1.4	0.4	0.7
SuperLife	NZ Dividend	1.5	(18.2)	(0.7)	0.1	1.5			
SuperLife	NZ Mid Cap	0.9	(12.4)	1.2	6.6	7.2			
SuperLife	NZ Top 10	1.0	7.1	12.6	12.6	10.1			
SuperLife	NZ 50 Portfolio	5.2	(7.8)	4.4	7.7	7.6	8.5		
SuperLife	Australian Dividend	0.4	(22.3)	(9.5)	(9.0)	(3.1)			
SuperLife	Australian Financials	0.1	(22.7)	(12.9)	(12.5)	(4.3)			
SuperLife	Australian Mid Cap	0.6	(21.0)	(10.8)	(4.9)	0.4	2.1		
SuperLife	Australian Resources	1.4	(25.4)	(3.9)	1.3	9.7			
SuperLife	Australian Top 20	0.7	(14.6)	(3.2)	(4.5)	1.1			
SuperLife	Asia Pacific	0.5	(2.5)	(2.2)	1.8	4.3			
Sub-Total: Australasian Shares		136.0	(11.1)	0.8	2.1	4.6	6.3	6.7	7.6
AMP	AMP International Shares Fund	7.9	(5.5)	(0.3)	2.7	5.4	4.3		
AMP	AMP Passive International Shares	6.7	(4.1)	1.7	3.8	6.2	4.5		
ASB	ASB World Shares Fund	6.0	(8.5)	(1.3)	2.3	5.7	4.6	8.1	6.8
Fisher Funds	Fisher Funds LifeSaver Equity Fund	47.5	(1.1)	4.0	5.8	7.1	6.2	7.9	6.3
Mercer	Shares	25.1	(6.8)	(0.4)	3.3	5.5	5.2	8.5	7.1
SuperLife	Overseas Shares (Currency Hedged)	87.9	(14.0)	(5.1)	(1.0)	3.2	2.1	5.4	6.1
SuperLife	Overseas Shares	77.8	(2.2)	2.7	4.5	5.9	5.8	8.9	6.4
SuperLife	Emerging Markets	12.1	(8.8)	(5.6)	0.2	3.1	2.0	2.6	
SuperLife	Europe	0.9	(6.5)	(3.3)	0.9	2.0			
SuperLife	Total World	1.4	(0.7)	3.1	4.9	6.4			
SuperLife	US 500	5.1	5.9	10.5	9.5	10.0			
SuperLife	US Large Growth	2.7	15.1	16.2	14.4	13.4			
SuperLife	US Large Value	0.3	(2.6)	4.7	4.6	6.6			
SuperLife	US Mid Cap	0.5	(4.3)	3.2	4.1	5.9			
SuperLife	US Small	0.5	(13.3)	(1.7)	0.8	4.3			
Sub-Total: Global Shares		282.4	(6.4)	(0.1)	2.8	5.2	4.4	7.2	6.3
AMP	AMP Property Fund	9.5	(15.4)	(0.0)	1.2	0.4	1.3		
ASB	ASB Global Property Shares Fund	1.9	(21.9)	(4.3)	(3.2)	(2.2)	(0.3)	3.6	5.5
SuperLife	NZ Property	4.6	(3.7)	9.2	8.4	5.9			
SuperLife	Australian Property	0.9	(28.9)	(6.8)	(5.6)	(3.1)			
SuperLife	Global Property	22.3	(20.8)	(2.6)	(1.3)	(0.6)	1.9	4.3	6.7
Sub-Total: Property		39.3	(17.7)	(0.7)	0.3	0.3	1.6	4.3	6.6
Total Single Sector Aggressive		457.6	(8.7)	0.1	2.4	4.6	4.7	6.9	6.7

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	33.1	(8.5)	0.9	2.8	4.2				
Aon	-								
ASB	13.8	(9.7)	0.1	2.8	4.9	4.8	7.3	6.8	
Fisher Funds	68.8	(1.0)	5.1	6.8	7.6	7.2	8.6	7.4	
Mercer	25.1	(6.8)	(0.4)	3.3	5.5	5.2	8.5	7.1	
SuperLife	316.8	(10.6)	(1.0)	1.3	3.9	4.2	6.3	6.5	
Total Single Sector Aggressive		457.6	(8.7)	0.1	2.4	4.6	4.4	6.9	6.7

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ERIKSENS MASTER TRUST SURVEY: RESULTS TO 31 MARCH 2020

TOTAL FUNDS

Manager Name	FUM \$ million		Annualised Returns (Net of Tax & Expenses) %						
	Q4 2019	Q1 2020	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	3,516.7	3,131.7							
Aon	184.3	156.5							
ASB	1,615.1	1,432.3							
Fisher Funds	567.5	519.0							
Mercer	524.9	477.2							
SuperLife	1,482.0	1,111.0							
Total Funds	7,890.4	6,827.6	(3.0)	1.4	2.8	3.9	3.7	5.1	5.1
Cash Benchmark (Net)			0.8	1.0	1.1	1.2	1.3	1.6	1.7
CPI			2.5	2.0	1.7	1.8	1.5	1.4	1.6

Note: SuperLife were previously reporting funds under management that were in addition to those held in their Master Trust. We have now excluded these funds from our Survey.