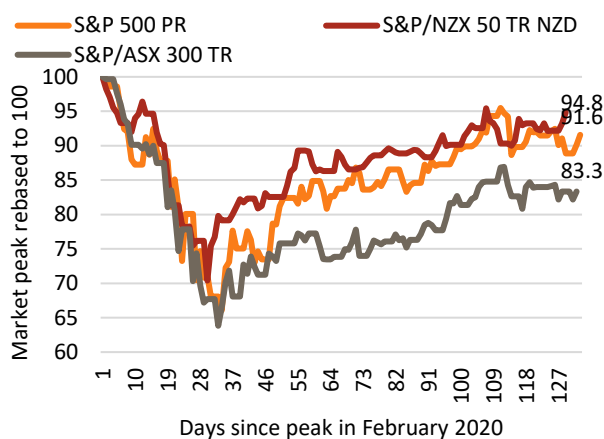


ECONOMIC COMMENTARY

The year so far has been a game of two halves for financial markets. They fell sharply in the first quarter but recovered strongly in the second. (see **Figure 1**)

Figure 1: Rebound in equity markets from February peak to 30 June 2020



Source: data from Morningstar Direct

The rise in markets since March has surprised many risk averse investors. The following factors have contributed to this surge:

- Central bank intervention creating liquidity and pushing interest rates down to record lows;
- Reopening of economies;
- Hope of a vaccine in the foreseeable future;
- Massive fiscal support from governments; and
- Retail investor confidence or complacency.

Economic uncertainty due to the large-scale job losses and increasing geopolitical risks are negatives. The election in the US in November increases the trade and military tensions with China. The social unrest in the US, Hong Kong and elsewhere are big issues. September's election in New Zealand is also coming up fast. Both elections are critical to the ongoing fortunes of their societies.

The NZX50 returned 5.2% in June. The two largest companies, A2 Milk and Fisher & Paykel Healthcare make up over a quarter of the market cap-weighted index and drove returns with respective performances of 6.3% and 18.8%. To have any chance of beating the market in recent times you would have needed to concentrate your New Zealand equities towards these two stocks.

In July the markets were stable but their direction went up and down. The factors driving markets (mentioned above)

need to be weighed up with business fundamentals like company earnings, functioning supply chains, access to credit, and ultimately the risk of solvency. The S&P credit rating actions show a broad increase in credit risk in the first quarter of 2020 with almost a thousand downgrades to credit ratings, compared to just over two hundred upgrades. Clearly the risks of a downturn are increasing.

There are three responses to danger, flee, freeze, or fight. In the investment context fleeing may mean cashing up your investments. In these conditions that provides almost no return even in bank term deposits which offer less than 2%.

Freeze means taking no action.

Fighting may mean increasing your risks by going into more growth assets, stock markets, private equity or property.

But there is another option, which is to diversify more widely and potentially dial down the risk by moving from growth to balanced or from balanced to conservative.

Certainly, keep some cash in reserve to reinvest in the market after the next downturn or use for emergencies.

NEW ZEALAND ELECTION

This year's election is vital. Please vote to protect our relatively COVID free status, especially for the elderly. Domestic tourism and hospitality sectors provide jobs. Our inclusive way of life is also worth protecting. It's funny how a tiny but virulent pathogen can stop us taking the freedom we enjoy for granted. But we also need jobs to sustain the upward momentum post lockdown.

INVESTMENT RETURNS

Total Master Trust FUM rose by \$599 million over the quarter. All but aggressive style funds saw a positive average return over the one-year period, compared to only conservative funds last quarter.

The one year weighted average return for all Master Trust Growth funds was 0.8% Balanced funds gained 1.8%; and Conservative funds saw a return of 2.0%.

Inflation for the year was 1.5%. Deflation is possible in the short run. We saw deflation over the quarter. Inflation annualised for the three and ten year time horizons respectively were 1.5% and 1.6%.

ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 JUNE 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	Aggressive	281.9	(0.4)	3.1	5.9	7.4	5.5	7.3	7.2
AMP	Growth	238.0	0.4	3.4	5.7	7.0	5.2	6.9	6.8
AMP	ANZ Growth	12.3	1.1	3.6	5.7				
AMP	ASB Growth	13.9	0.3	3.5	5.7				
AMP	Nikko AM Growth	13.2	2.5	3.5	7.0				
Aon	ANZ Growth	15.6	1.5	3.7	5.7	6.2	5.4	7.4	8.4
Aon	Milford Active Growth Wholesale	15.4	4.0	5.3	8.6	8.8	8.7	10.1	11.3
Aon	Nikko Growth	3.0	3.4	3.6	8.1	8.3	7.4	9.4	8.7
Aon	Russell LifePoints Growth	4.6	2.6	4.5	6.7	8.0	6.7	8.5	8.9
Aon	Russell LifePoints Target Date 2045	1.5	3.0	4.6	6.7	8.0	6.7	8.6	9.0
ASB	Growth	421.2	1.5	4.6	6.9	7.9	6.9	8.4	8.6
Fisher Funds	LifeSaver Growth	94.2	6.7	7.2	8.4	8.6	7.5	8.5	8.2
Mercer	Growth	128.3	1.0	3.1	5.1	6.5	5.4	7.3	7.2
Mercer	High Growth	26.0	1.0	3.3	5.9	7.6	6.2	8.5	
SuperLife	Growth	23.3	(2.5)	2.0	3.9	6.2	5.3		
SuperLife	High Growth	86.3	(4.2)	1.2	3.9	6.7	5.2		
Total Growth Funds		1,378.6	0.8	3.8	6.1	7.4	6.0	7.8	7.8

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	559.3	0.1	3.2	5.8	7.2	5.4	7.1	7.0
Aon	40.1	2.8	4.4	7.1	7.6	7.0	8.7	9.6
ASB	421.2	1.5	4.6	6.9	7.9	6.9	8.4	8.6
Fisher Funds	94.2	6.7	7.2	8.4	8.6	7.5	8.5	8.2
Mercer	154.3	1.0	3.1	5.3	6.7	5.5	7.5	7.2
SuperLife	109.6	(3.8)	1.4	3.9	6.6	5.2		
Total Growth Funds	1,378.6	0.8	3.8	6.1	7.4	6.0	7.8	7.8

ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 JUNE 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	Moderate Balanced	291.7	0.9	3.2	4.4	5.0	4.1	5.2	5.3
AMP	Balanced	848.4	0.9	3.3	4.9	5.7	4.5	5.8	5.9
AMP	Koru Balanced	132.7	1.7	3.0	4.4				
AMP	Ethical Balanced*	5.5	(0.6)	2.5	4.2				
AMP	Global Multi-Asset	3.7	(1.8)	(0.7)	0.6				
AMP	ANZ Balanced Plus	277.8	2.2	4.0	5.5	6.3	5.4	7.4	7.8
AMP	ASB Balanced	89.6	1.6	4.1	5.4	6.3	5.6	6.9	6.8
AMP	Mercer Balanced	144.8	1.4	2.9	4.6	5.4	5.1	6.5	6.1
AMP	Nikko AM Balanced	163.9	2.0	3.5	6.1	6.4	6.0	7.5	7.1
Aon	ANZ Balanced	84.4	2.6	3.9	5.1	5.3	4.8	6.3	7.1
Aon	Nikko Balanced	7.1	2.3	3.8	6.5	6.4	6.1	7.5	7.1
Aon	Russell LifePoints Balanced	6.5	3.4	4.7	6.2	7.1	6.2	7.6	8.0
Aon	Russell LifePoints Target Date 2035	1.8	3.5	4.6	6.0	6.9	6.1	7.6	8.1
ASB	Balanced	841.1	2.7	4.9	6.4	6.8	6.1	7.3	7.5
Fisher Funds	Lifesaver Balanced	300.8	5.2	6.1	6.9	7.0	6.4	7.2	6.8
Mercer	Balanced	203.5	1.7	3.3	4.6	5.4	4.7	6.4	6.3
SuperLife	Balanced	306.3	(0.5)	2.9	4.0	5.6	5.2	6.3	6.7
SuperLife	Ethica	15.0	2.8	5.0	5.0	5.2	5.5	6.9	6.6
Total Balanced Funds		3,724.5	1.8	3.9	5.3	6.1	5.3	6.6	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	1,958.0	1.3	3.4	5.0	5.7	4.8	6.2	6.3
Aon	99.8	2.6	4.0	5.3	5.6	5.0	6.5	7.2
ASB	841.1	2.7	4.9	6.4	6.8	6.1	7.3	7.5
Fisher Funds	300.8	5.2	6.1	6.9	7.0	6.4	7.2	6.8
Mercer	203.5	1.7	3.3	4.6	5.4	4.7	6.4	6.3
SuperLife	321.2	(0.3)	3.0	4.0	5.6	5.2	6.4	6.7
Total Balanced Funds		3,724.5	1.8	3.9	5.3	6.1	5.3	6.6

*AMP Ethical Balanced Fund previously AMP RIL Balanced Fund

ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 JUNE 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	Capital Assured	117.5	3.3	3.9	4.3	4.6	4.9	4.9	4.2
AMP	Conservative	333.2	1.4	3.1	3.4	3.4	3.2	3.9	4.0
AMP	Moderate	171.4	1.3	3.2	4.0	4.3	3.7	4.7	4.7
AMP	Income Generator	3.6	1.7	5.0	4.9				
AMP	ANZ Conservative	13.5	3.4	3.8	3.7				
AMP	ASB Moderate	17.6	1.0	3.2	4.0				
AMP	Nikko AM Conservative	15.7	2.8	4.1	4.6				
Aon	ANZ Capital Stable	2.0	2.8	3.1	2.8	2.3	2.6	3.0	3.2
Aon	ANZ Conservative	18.6	3.7	3.9	3.7	3.4	3.5	4.2	4.8
Aon	Nikko Conservative	0.9	0.2	2.5	2.7	2.2	2.9	3.3	3.3
Aon	Russell LifePoints Conservative	2.8	3.9	4.3	4.3	4.3	4.3	5.0	5.7
Aon	Russell LifePoints Moderate	3.4	3.5	4.5	5.3	5.7	5.3	6.4	6.9
Aon	Russell LifePoints Target Date 2025	2.4	3.8	4.5	5.1	5.5	5.1	6.3	7.0
ASB	Moderate	237.5	2.4	4.2	5.0	5.1	5.0	5.8	5.9
Fisher Funds	LifeSaver Conservative	44.4	3.1	4.3	4.4	4.3	4.4	4.9	4.9
Mercer	Conservative	39.6	2.6	3.3	3.4	3.4	3.5	4.3	4.3
Mercer	Moderate	50.4	2.2	3.2	3.7	4.1	3.9	5.4	
SuperLife	Conservative	39.4	1.1	3.5	3.7	4.4	4.5	5.0	
Total Conservative Funds		1,113.8	2.0	3.6	4.1	4.2	4.0	4.7	4.7

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	672.5	1.8	3.3	3.8	3.9	3.7	4.3	4.3
Aon	30.1	3.6	4.0	4.0	3.8	3.8	4.5	5.2
ASB	237.5	2.4	4.2	5.0	5.1	5.0	5.8	5.9
Fisher Funds	44.4	3.1	4.3	4.4	4.3	4.4	4.9	4.9
Mercer	89.9	2.4	3.2	3.6	3.8	3.7	4.9	4.3
SuperLife	39.4	1.1	3.5	3.7	4.4	4.5	5.0	
Total Conservative Funds	1,113.8	2.0	3.6	4.1	4.2	4.0	4.7	4.7

ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 JUNE 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	Cash	125.8	0.7	1.0	1.0	1.1	1.2	1.5	1.7
ASB	NZ Cash	63.7	0.9	1.2	1.3	1.4	1.5	1.8	1.9
Mercer	Cash	31.6	0.6	0.9	0.9	1.0	1.1	1.4	1.6
SuperLife	NZ Cash	155.7	1.3	1.6	1.7	1.8	1.9	2.1	2.3
SuperLife	UK Cash	1.2	0.5	(0.6)	1.7	0.1	(2.7)	(0.2)	
Sub-Total: Cash		378.0	1.0	1.2	1.3	1.4	1.5	1.8	2.0
AMP	NZ Fixed Interest	12.4	3.5	4.3	3.8	3.0	3.4		
AMP	International Fixed Interest	2.3	4.9	4.6	3.2	2.4	2.9		
ASB	NZ Fixed Interest	6.6	3.6	4.3	3.8	3.1	3.4	3.5	3.7
ASB	World Fixed Interest	2.9	3.2	3.7	2.7	2.3	2.8	3.2	3.1
Fisher Funds	LifeSaver NZ Fixed Income	11.4	4.1	5.3	4.6	3.6	4.0	3.9	3.9
Fisher Funds	LifeSaver Preservation	40.9	1.0	1.4	1.5	1.6	1.7	1.9	2.0
SuperLife	Income	58.9	3.4	4.2	3.4	3.1	3.7		
SuperLife	NZ Bonds	93.2	4.3	4.6	4.2	3.7	3.9	4.1	4.5
SuperLife	Overseas Bonds	47.9	3.2	4.0	3.2	3.1	3.8	3.6	3.9
SuperLife	Overseas Non-Government Bonds	36.4	3.4	4.5	2.7	2.4	3.5	3.5	4.0
Sub-Total: Bonds		312.9	3.4	4.0	3.3	3.0	3.5	3.5	3.8
Total Single Sector Defensive		691.0	2.0	2.5	2.2	2.1	2.4	2.5	2.7

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	140.5	1.0	1.3	1.3	1.3	1.4	1.5	1.7	
Aon	-								
ASB	73.2	1.3	1.6	1.6	1.6	1.8	2.0	2.1	
Fisher Funds	52.4	1.7	2.3	2.2	2.0	2.2	2.4	2.4	
Mercer	31.6	0.6	0.9	0.9	1.0	1.1	1.4	1.6	
SuperLife	393.3	2.7	3.2	2.8	2.6	3.0	3.0	3.3	
Total Single Sector Defensive		691.0	2.0	2.5	2.2	2.1	2.4	2.5	2.7

ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 JUNE 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	Australasian Shares	12.3	1.5	6.3	9.0	9.9	8.6		
ASB	Australasian Shares	6.9	1.6	7.1	10.0	10.2	10.0	10.4	10.2
Fisher Funds	LifeSaver Trans-Tasman Equity	27.2	14.1	14.0	15.9	13.8	14.5	13.7	13.4
SuperLife	NZ Shares	71.0	(3.9)	6.1	6.0	7.6	10.4	10.8	12.0
SuperLife	Australasian Shares	27.8	(9.8)	(1.8)	2.4	6.3	3.9	4.5	4.1
SuperLife	NZ Dividend	1.7	(15.6)	1.9	2.1	4.7			
SuperLife	NZ Mid Cap	1.4	(6.4)	5.0	8.7	10.9			
SuperLife	NZ Top 10	3.7	18.2	16.7	15.9	13.9			
SuperLife	NZ 50 Portfolio	8.1	(0.2)	8.0	10.6	11.2	12.4		
SuperLife	Australian Dividend	0.6	(8.9)	(3.7)	(0.6)	3.4			
SuperLife	Australian Financials	0.3	(18.0)	(8.4)	(5.0)	0.8			
SuperLife	Australian Mid Cap	0.9	1.7	(0.0)	4.7	8.5	8.3		
SuperLife	Australian Resources	2.0	(6.3)	1.3	13.6	16.1			
SuperLife	Australian Top 20	0.8	(8.2)	(0.7)	3.4	6.3			
SuperLife	Asia Pacific	0.6	1.6	(1.1)	4.0	7.1			
Sub-Total: Australasian Shares		165.4	(0.8)	6.2	7.9	9.1	9.9	10.1	10.6
AMP	International Shares	8.7	1.7	2.5	6.1	8.7	5.9		
AMP	Passive International Shares	7.7	2.5	3.8	7.2	9.6	6.1		
ASB	World Shares	7.1	1.1	3.2	6.4	9.1	6.4	9.1	9.5
Fisher Funds	LifeSaver Equity	55.9	9.3	8.6	10.9	11.2	9.1	10.3	8.9
Mercer	Shares	28.7	2.0	3.9	7.2	9.2	7.1	10.1	9.8
SuperLife	Overseas Shares (Currency Hedged)	95.8	(5.8)	(1.2)	1.7	6.8	4.3	7.2	8.6
SuperLife	Overseas Shares	82.5	2.0	2.9	7.0	9.6	5.6	9.1	8.4
SuperLife	Emerging Markets	13.2	(1.2)	1.5	3.7	7.0	2.3	4.8	
SuperLife	Europe	1.0	(3.0)	(1.2)	2.2	6.7			
SuperLife	Total World	1.7	4.3	4.1	8.0	10.2			
SuperLife	US 500	5.4	9.5	9.2	12.8	13.6			
SuperLife	US Large Growth	4.0	26.4	17.1	19.7	19.3			
SuperLife	US Large Value	0.2	(5.3)	1.2	6.0	8.0			
SuperLife	US Mid Cap	0.6	2.0	3.8	8.3	10.1			
SuperLife	US Small	0.5	(3.1)	(1.6)	6.0	8.9			
Sub-Total: Global Shares		313.2	1.2	3.0	6.2	9.0	5.9	8.6	8.8
AMP	Property	10.0	(12.9)	0.7	2.9	1.8	3.8		
ASB	Global Property Shares	2.2	(17.0)	(5.6)	(1.3)	(1.5)	1.3	4.4	6.6
SuperLife	NZ Property	4.0	(7.3)	10.1	9.4	7.4			
SuperLife	Australian Property	1.2	(16.2)	(2.9)	2.3	1.5			
SuperLife	Global Property	22.6	(15.3)	(1.5)	2.1	1.7	3.5	6.0	8.1
Sub-Total: Property		40.0	(14.0)	(0.1)	2.8	2.1	3.4	5.9	8.0
Total Single Sector Aggressive		518.5	(0.6)	3.8	6.5	8.5	7.0	8.9	9.3

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	38.8	(2.0)	3.5	6.4	7.5	6.3			
Aon	-								
ASB	16.2	(1.1)	3.7	6.9	8.1	7.3	9.0	9.4	
Fisher Funds	83.0	10.9	10.4	12.6	12.0	10.9	11.4	10.4	
Mercer	28.7	2.0	3.9	7.2	9.2	7.1	10.1	9.8	
SuperLife	351.8	(3.4)	2.2	5.0	7.8	6.0	8.1	8.9	
Total Single Sector Aggressive		518.5	(0.6)	3.8	6.5	8.5	7.0	8.9	9.3

ERIKSENS MASTER TRUST SURVEY: RESULTS TO 30 JUNE 2020

TOTAL FUNDS

<i>Manager Name</i>	<i>FUM</i> <i>\$ million</i>		<i>Annualised Returns (Net of Tax & Expenses)</i> <i>%</i>						
	Q1 2020	Q2 2020	1 Year	2 Year	3 Year	4 Year	5 Year	7 Year	10 Year
AMP	3,131.7	3,369.1							
Aon	156.5	170.0							
ASB	1,432.3	1,589.1							
Fisher Funds	519.0	574.8							
Mercer	477.2	508.0							
SuperLife	1,111.0	1,215.2							
Total Funds	6,827.6	7,426.3	1.5	3.7	5.1	5.8	5.1	6.3	6.4
Cash Benchmark (Net)			0.6	0.9	1.0	1.1	1.2	1.5	1.6
CPI			1.5	1.6	1.5	1.6	1.4	1.3	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.