

# The Aon Investment Update as at 31 August 2016

## Aon Hewitt Investment Consulting

This survey is produced by Aon Hewitt New Zealand

Other investment consulting services include:

- Establishing investment objectives for both our clients and investment managers.
- Determining long-term investment strategies, in the form of benchmark portfolios and sector ranges, consistent with the investment objectives.
- Determining the efficient frontier and risk/return profiles.
- Asset/liability modelling.
- Reviewing contractual agreements and legal documentation.
- Assisting in the appointment of investment managers, by
  - Establishing the selection criteria,
  - Identifying suitable investment managers,
  - Analysing investment managers' capabilities against the criteria,
  - Carrying out qualitative reviews.
- Performance monitoring, against both investment objectives and competitors.
- Communication of investment objectives and strategies to investors.

### Our Global Reach

We provide a complete range of global investment consulting services tailored to clients' specific goals and circumstances. Our New Zealand actuarial and investment consulting team has a wealth of local experience – and we are also backed by the substantial resources of Aon Hewitt globally. We know the local market and can provide relevant and appropriate advice for New Zealand clients – and we have access to global best practice solutions.

If you need any help reviewing your fund's strategic long term asset allocations, or require any assistance with manager selection, please call your Aon Hewitt consultant. Contact details are at the back of this report on page 13.

## Investment Commentary August 2016

### Market Summary

August was a relatively quiet month for equities with most markets rising modestly. Global shares rose by 0.8% on a fully hedged basis, but fell slightly in New Zealand dollar terms as the kiwi strengthened.

Bond markets were mixed but macroeconomic data was broadly positive which pushed yields higher in many markets. The exception was the UK where stimulus measures announced by the Bank of England exceeded expectations.

In the US the likelihood that the Federal Reserve would increase rates again before the end of the year appeared to increase as a result of some improved economic data. Fed Chair Janet Yellen's speech at the Jackson Hole annual meeting of central bankers was also seen as being supportive of a rates increase.

As a result, US shares struggled over the month, with financial stocks performing well, but bond proxies (higher yielding sectors such as utilities and telecoms) falling. US Treasury yields rose over the month, with 10-year yields moving from 1.45% to 1.58%.

In the UK both shares and bonds performed well – despite the Bank of England slashing its forecast for GDP growth for 2017 from 2.3% to 0.8%. The Bank announced a stimulus package which exceeded expectations and halved the base rate to 0.25%. UK shares rose by more than 1% and 10-year bond yields fell from 0.69% to 0.64%.

Emerging market shares had another strong month – outperforming the developed markets. Asian stocks fared best with the MSCI Asia ex Japan index rising 3.3% over the month in local currency terms – assisted by a strong performance from the Chinese share market.

In New Zealand, the Reserve Bank delivered a 25bps cut in the Official Cash Rate – taking the rate to a record low of 2.0% p.a. The cut was widely anticipated and market expectations are for a further 25bps reduction in November.

Short term interest rates in New Zealand moved slightly lower over the month but long term yields rose slightly, following the US lead. The New Zealand share market rose 0.7% over the month while Australian shares fell 1.6%. The NZ reporting season was solid, while in Australia results were generally below expectations.

### Fund Performance

Domestic equity funds struggled to deliver positive returns in August. The median manager returned 0.0% compared with a 0.7% return for the NZX 50 index. The Castle Point Ranger Fund was the standout performer with a 7.3% return, while the Nikko Australasian SmallCap Fund returned -3.3%.

Milford's NZ Equity Fund remains the best long term performer, returning 33.6% over the past 12 months and 22.4% p.a. over the last 5 years. Nikko's Australasian SmallCap Fund, which has a significant exposure to Australian shares, is the worst performer over 1 year (14.6%) and 5 years (14.1% p.a.).

Global equity funds also had a tough month, with most of them delivering a negative return on an unhedged basis. While the median Australasian Equity manager has returned 29.3% over the last 12 months, the median global equity manager return is -4.5% over the same period. Over the last 5 years the best performing global equity manager is Magellan with a return of 18.0% p.a.

The median domestic bond manager returned 0.4% over the month, and has delivered 7.0% over the last 12 months. Amongst global bond managers, the median return was 0.3% in August and 9.3% over the last 12 months. The Fisher Funds portfolio managed by PIMCO has performed best over the long term, returning 8.9% p.a. over the last 5 years.

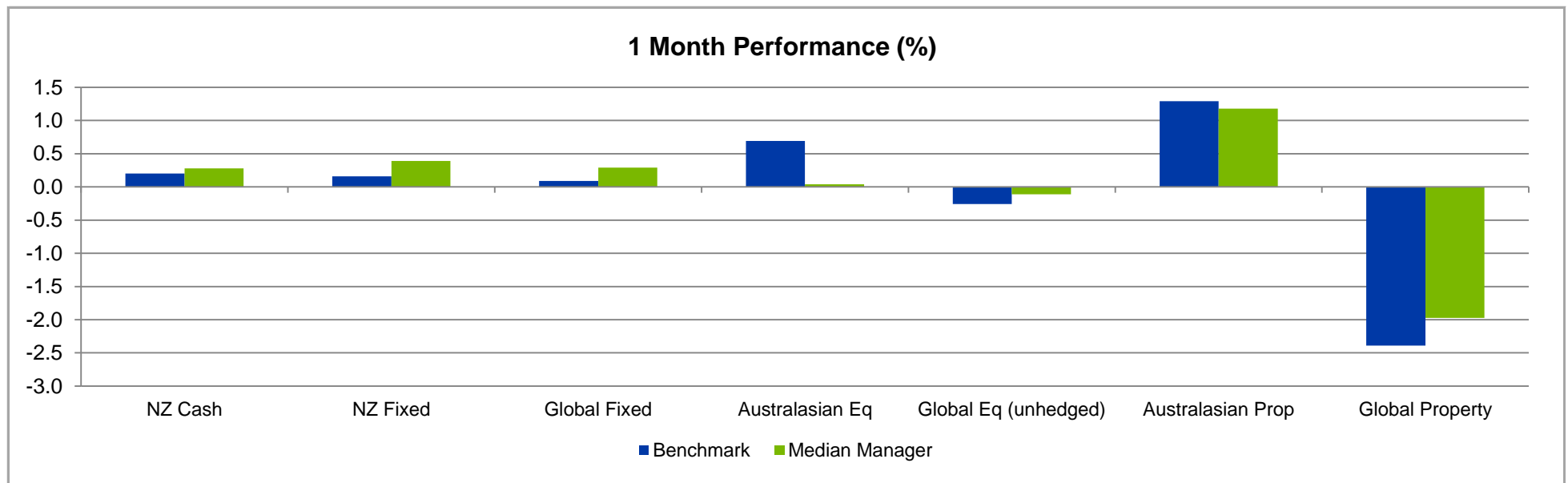
Global property funds struggled in August as the benchmark index fell 2.4%. However long term returns from this sector remain strong, with the ANZ International Property Fund returning 17.4% over the last 12 months and the AMP Global Property Securities Fund returning 15.2% p.a. over the last 5 years.

### New Zealand Fund Management Changes

Milford has announced that Troy Swann will take up the role of Chief Executive Officer from 31 October. He joins from National Australia Bank where most recently he was General Manager boutiques and joint ventures for NAB Asset Management. Swann replaces Anthony Quirk who retired as CEO earlier this year, but remains a Non-Executive Director.

## Median Manager Performance v Benchmark

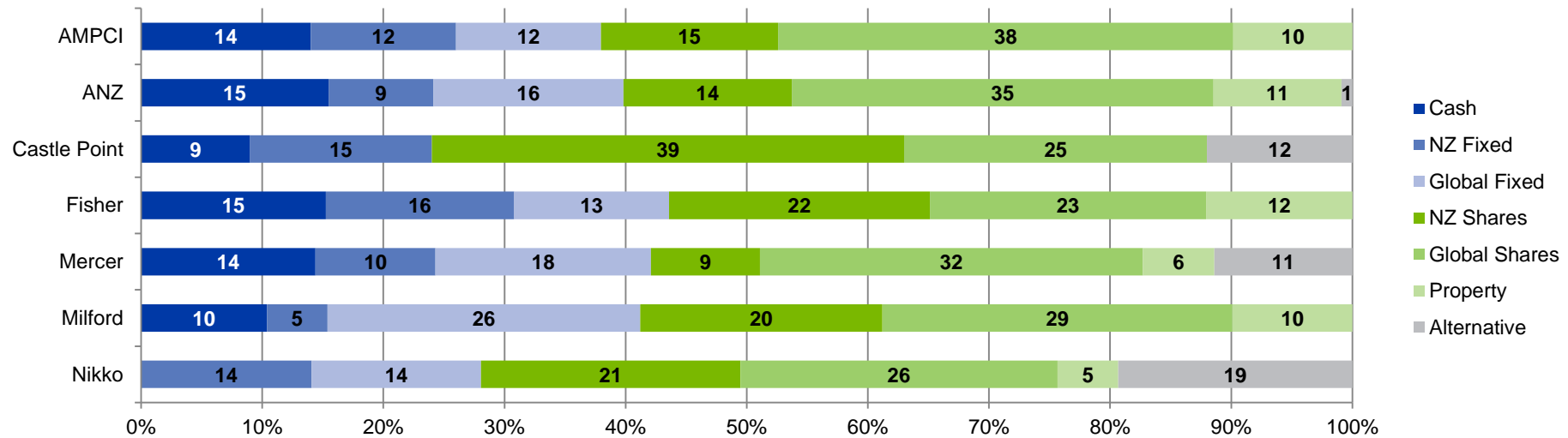
Sector		Returns (%) gross of tax and fees										Volatility 5 Yrs
		For the period to 31 Aug 2016					For the year ended 31 August					
		1 Month	1 Qtr	1 Yr	3 Yrs	5 Yrs	2016	2015	2014	2013	2012	
NZ Cash	ANZ 90D Bank Bills	0.2	0.6	2.7	3.1	3.0	2.7	3.7	3.0	2.7	2.8	0.1
	Median Manager	0.3	0.8	3.4	3.9	3.7	3.4	4.4	3.9	4.1	3.5	0.1
NZ Fixed Interest	ANZ NZ Govt Stock	0.2	2.0	6.9	7.0	5.6	6.9	9.0	5.2	-1.9	8.9	3.0
	Median Manager	0.4	2.3	7.0	7.5	6.4	7.0	9.4	5.8	1.8	8.9	2.3
Global Fixed Interest	Barclays Agg	0.1	2.8	9.6	8.4	7.3	9.6	6.0	9.8	2.4	8.7	2.6
	Median Manager	0.3	3.2	9.3	8.5	7.4	9.3	5.8	10.6	2.6	9.8	2.6
Australasian Equities	NZX 50 Gross	0.7	5.2	32.4	19.2	18.9	32.4	9.9	16.4	25.4	11.8	9.1
	Median Manager	0.0	3.4	29.3	20.0	19.1	29.3	9.9	21.2	25.9	12.6	9.4
Global Equities (unhedged)	MSCI ACWI	-0.3	-3.0	-6.4	9.0	11.9	-6.4	23.9	11.8	19.9	12.9	9.1
	Median Manager	-0.1	-3.3	-4.5	10.2	13.0	-4.5	29.4	10.4	22.8	14.0	10.0
Australasian Property	NZX Property	1.3	2.4	21.1	15.6	15.3	21.1	15.1	10.9	13.8	15.9	7.4
	Median Manager	1.2	3.3	22.8	17.5	17.9	22.8	15.0	14.6	16.3	20.5	7.0
Global Property	FTSE Property	-2.4	6.4	21.8	17.8	15.9	21.8	6.2	26.2	8.0	18.7	13.2
	Median Manager	-2.0	5.5	15.1	17.3	14.9	15.1	7.0	30.3	6.6	16.5	14.7



## Balanced Funds

Manager	FUM (\$m)	Returns (%) gross of tax and fees														5 Years	
		For the period to 31 Aug 2016										For the year ended 31 August					
		1 M Rk	1 Qtr Rk	1 Yr Rk	3 Yrs Rk	5 Yrs Rk	2016	2015	2014	2013	2012	Vol	SR Rk				
AMP Capital Investors RIL	40	-0.0 (6)	1.3 (7)	5.3 (7)	8.9 (6)	10.2 (6)	5.3	6.5	15.0	14.0	10.6	4.5	1.6 (7)				
ANZ Investments	117	-0.1 (7)	1.7 (6)	8.6 (6)	11.6 (3)	12.8 (3)	8.6	11.0	15.3	16.0	13.1	5.2	1.9 (3)				
Castle Point Funds	8	3.1 (1)	5.3 (1)	9.1 (5)	8.3 (7)	8.6 (7)	9.1	7.4	8.3	10.6	7.6	3.5	1.6 (6)				
Fisher Institutional	847	0.3 (4)	2.1 (4)	11.2 (1)	11.0 (5)	10.7 (5)	11.2	8.2	13.6	11.1	9.4	4.2	1.9 (4)				
Mercer	1,187	0.3 (3)	2.7 (2)	9.1 (4)	11.0 (4)	10.8 (4)	9.1	9.9	14.0	13.2	7.7	4.2	1.8 (5)				
Milford Funds	344	0.4 (2)	2.4 (3)	11.1 (2)	13.0 (1)	14.6 (1)	11.1	13.1	14.8	19.2	14.8	4.6	2.5 (2)				
Nikko Asset Management	247	0.1 (5)	1.7 (5)	10.7 (3)	12.6 (2)	12.8 (2)	10.7	13.7	13.3	14.2	12.0	3.8	2.5 (1)				
Minimum		-0.1	1.3	5.3	8.3	8.6	5.3	6.5	8.3	10.6	7.6	3.5	1.6				
Median		0.3	2.1	9.1	11.0	10.8	9.1	9.9	14.0	14.0	10.6	4.2	1.9				
Maximum		3.1	5.3	11.2	13.0	14.6	11.2	13.7	15.3	19.2	14.8	5.2	2.5				

## Asset Allocation



## New Zealand and Australian Equities (Page 1 of 2)

					Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	% in Aus	For the period to 31 Aug 2016										For the year ended 31 August					For last 5 years						
					1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2016	2015	2014	2013	2012	Vol	VA	TE	IR*	Rk		
<b>Core</b>																										
AMPCI	NZ Shares	1	474	0	-0.1 (12)	3.3 (12)	29.1 (11)	20.0 (9)	18.8 (11)	29.1	12.6	18.8	22.0	12.1	9.4	-0.1	2.7	-0.0 (12)								
AMPCI	NZ Shares RIL	1	11	0	0.3 (6)	3.5 (10)	29.7 (8)	20.5 (4)		29.7	12.9	19.5														
ANZ	NZ Equities	1	148	0	0.2 (9)	4.2 (6)	30.7 (6)	19.0 (12)	19.5 (5)	30.7	6.1	21.4	27.5	13.4	9.4	0.5	2.0	0.3 (8)								
ANZ	Australasian Equity	1	833	5	-0.1 (13)	3.5 (9)	29.9 (7)	18.8 (14)	19.0 (9)	29.9	6.2	21.7	26.9	11.9	9.4	0.1	2.1	0.0 (11)								
CPFM	Trans Tasman Strategy	1	0	18	<b>3.3 (1)</b>	<b>9.3 (1)</b>	<b>33.4 (2)</b>			33.4	12.3															
Devon	NZ Core	1	238	15	0.2 (7)	3.4 (11)	28.3 (13)	<b>21.4 (1)</b>	19.8 (3)	28.3	11.5	25.0	22.0	12.9	9.3	0.7	3.4	0.2 (9)								
Devon	Trans Tasman	3	81	46	-0.6 (15)	4.2 (7)	21.8 (18)	19.3 (11)	18.8 (10)	21.8	9.9	26.8	23.8	12.8	9.0	5.8	4.5	1.3 (3)								
Fisher	Trans Tasman Equities	12	190	30	0.2 (10)	4.1 (8)	29.4 (9)	18.1 (15)	18.6 (12)	29.4	8.4	17.3	25.3	13.9	9.8	1.3	3.3	0.4 (6)								
Harbour	Australasian Equity	5	491	23	-0.8 (16)	3.0 (15)	29.4 (10)	18.9 (13)	19.1 (8)	29.4	5.3	23.3	31.4	8.6	10.1	-0.8	4.3	-0.2 (15)								
Harbour	Australasian Equity Focus	3	58	47	-2.7 (19)	0.1 (19)	24.0 (16)			24.0	2.9															
Harbour	Advanced Beta	2	71	0	1.6 (2)	5.0 (3)	30.7 (5)			30.7																
Mercer	Trans Tasman Equity	1	412	19	-0.3 (14)	3.3 (13)	28.8 (12)	19.6 (10)	19.2 (6)	28.8	9.0	22.0	27.1	10.6	9.2	0.3	2.2	0.1 (10)								
Milford	NZ Equities	1	271	0	0.6 (3)	5.0 (2)	<b>33.6 (1)</b>	20.8 (3)	<b>22.4 (1)</b>	33.6	10.0	20.1	31.9	18.0	9.1	2.9	3.2	0.9 (4)								
Milford	Trans Tasman	3	252	38	-0.9 (17)	2.5 (17)	17.4 (19)	13.5 (16)	17.9 (14)	17.4	5.4	17.9	25.9	23.8	9.1	5.0	2.9	<b>1.7 (1)</b>								
Mint	Trans Tasman Equity	1	129	10	-1.1 (18)	3.1 (14)	27.0 (14)	20.4 (5)	22.1 (2)	27.0	12.5	22.1	31.8	17.8	8.2	2.5	4.9	0.5 (5)								
Nikko	Core Domestic Equity	1	255	8	0.4 (5)	4.4 (5)	31.8 (4)	21.1 (2)	19.7 (4)	31.8	13.7	18.4	25.1	10.8	9.3	0.7	2.0	0.4 (7)								
Nikko	Australasian Smallcap	4	5	75	-3.3 (20)	-2.3 (20)	14.6 (20)	12.1 (17)	14.1 (15)	14.6	9.9	12.0	28.8	6.4	12.8	9.6	5.9	1.6 (2)								
Russell	NZ Shares	5	151	0	0.5 (4)	4.4 (4)	32.2 (3)	20.3 (6)		32.2	9.1	20.7														
Salt	NZ Plus Share	1	481	1	0.2 (8)	3.0 (16)	26.7 (15)	20.2 (7)	18.6 (13)	26.7	13.0	21.2	22.7	10.2	9.8	-0.2	3.1	-0.1 (13)								
Salt	Javelin	2	77	12	-0.1 (11)	1.4 (18)	22.0 (17)	20.1 (8)	19.2 (7)	22.0	13.9	24.6	23.4	12.6	10.1	-0.4	4.7	-0.1 (14)								
	Minimum				-3.3	-2.3	14.6	12.1	14.1	14.6	2.9	12.0	22.0	6.4	8.2	-0.8	2.0	-0.2								
	Median				0.0	3.4	29.3	20.0	19.1	29.3	9.9	21.2	25.9	12.6	9.4	0.7	3.2	0.3								
	Maximum				3.3	9.3	33.6	21.4	22.4	33.6	13.9	26.8	31.9	23.8	12.8	9.6	5.9	1.7								
<b>Absolute Return</b>																										
ANZ	Equity Selection	6	27	0	1.2 (3)	2.3 (4)	<b>25.7 (1)</b>	15.4 (4)	16.1 (4)	25.7	-0.6	23.0	24.6	10.3	8.4	7.3		1.6 (4)								
CPFM	Ranger	7	13	44	<b>7.3 (1)</b>	<b>11.7 (1)</b>	17.7 (4)			17.7	3.4															
Devon	Alpha	8	104	38	-0.4 (5)	1.2 (5)	11.9 (6)	16.4 (2)	17.7 (3)	11.9	9.2	28.9	26.0	13.7	7.6	4.5		1.9 (2)								
Milford	Active Growth	9	746	17	0.8 (4)	3.0 (3)	15.7 (5)	16.2 (3)	<b>19.6 (1)</b>	15.7	13.7	19.4	26.7	22.9	6.0	8.3		<b>2.8 (1)</b>								
Nikko	Concentrated	7	80	24	-2.9 (6)	-0.8 (6)	18.6 (3)	<b>20.2 (1)</b>	18.3 (2)	18.6	27.0	15.4	23.8	7.6	9.1	6.7		1.7 (3)								
Salt	Long/Short	7	165	67	2.7 (2)	3.0 (2)	20.2 (2)			20.2	17.0															
	Minimum				-2.9	-0.8	11.9	15.4	16.1	11.9	-0.6	15.4	23.8	7.6	6.0	4.5		1.6								
	Median				0.8	2.3	17.7	16.3	18.0	17.7	9.2	21.2	25.3	12.0	8.0	7.0		1.8								
	Maximum				7.3	11.7	25.7	20.2	19.6	25.7	27.0	28.9	26.7	22.9	9.1	8.3		2.8								

\*For Absolute Return Funds we show the Sharp Ratio, not Information Ratio

## New Zealand and Australian Equities (Page 2 of 2)

					Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	% in Aus	For the period to 31 Aug 2016								For the year ended 31 August					For last 5 years								
					1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2016	2015	2014	2013	2012	Vol	VA	TE	IR	Rk		
<b>Equity Income</b>																										
Devon	Dividend Yield	3	69	38	0.3	(3)	6.3	(1)	30.6	(2)	21.8	(2)	30.6	11.5	24.0	24.3										
Harbour	Australasian Eq Income	n/a	95	34	0.6	(1)	3.3	(3)	17.7	(3)	17.6	(3)	17.7	12.2	23.1	20.9										
Salt	Dividend Appreciation	1	90	0	0.6	(2)	3.4	(2)	31.2	(1)	23.0	(1)	31.2	16.7	21.6	24.0	12.6	9.2	1.8	3.2	0.6	(1)				
	Minimum				0.3		3.3		17.7		17.6		17.7	11.5	21.6	20.9	12.6	9.2	1.8	3.2	0.6					
	Median				0.6		3.4		30.6		21.8		30.6	12.2	23.1	24.0	12.6	9.2	1.8	3.2	0.6					
	Maximum				0.6		6.3		31.2		23.0		31.2	16.7	24.0	24.3	12.6	9.2	1.8	3.2	0.6					
<b>Australian Only</b>																										
AMPCI	Australian Share	10	160	100	-3.7	(4)	-2.8	(3)	-2.4	(4)	3.2	(2)	-2.4	-0.4	13.1	11.1	9.7	12.8	0.3	2.3	0.2	(3)				
ANZ	Australian Share	10	629	100	-3.5	(3)	-3.6	(4)	1.3	(3)	2.2	(3)	1.3	-4.0	9.6	22.6	5.5	12.7	0.9	3.8	0.2	(2)				
Devon	Australian	10	29	100	-2.5	(2)	0.5	(2)	8.8	(2)	11.1	(1)	8.8	5.8	19.3	17.5	10.8	12.1	6.2	3.3	1.9	(1)				
Milford	Dynamic	11	164	100	0.9	(1)	5.1	(1)	16.3	(1)			16.3	9.0												
	Minimum				-3.7		-3.6		-2.4		2.2		-2.4	-4.0	9.6	11.1	5.5	12.1	0.3	2.3	0.2					
	Median				-3.0		-1.1		5.1		3.2		5.1	2.7	13.1	17.5	9.7	12.7	0.9	3.3	0.2					
	Maximum				0.9		5.1		16.3		11.1		16.3	9.0	19.3	22.6	10.8	12.8	6.2	3.8	1.9					
<b>Benchmarks</b>																										
	S&P/NZX 50 Gross incl I/C	1			0.7		5.2		32.4		19.2		32.4	9.9	16.4	25.4	11.8	9.1								
	S&P/NZX 50 Portfolio incl I/C	2			0.8		4.7		31.7		19.7		31.7	11.7	16.7	26.9	12.8	8.6								
	NZX50/ASX200 (50/50)	3			-1.3		2.0		15.9		10.9		15.9	3.5	13.9	18.3	10.3	9.7								
	NZX/ASX Small Cap	4			-1.6		2.7		19.5		6.6		19.5	-4.9	6.6	-0.6	0.7	12.6								
	Russell NZ Tradeable Gross	5			0.7		5.2		33.8		21.4		33.8	12.6	18.7	24.7	11.7	9.3								
	90 Day BB Index + 5%	6			0.6		1.9		8.0		8.4		8.0	9.0	8.2	7.9	8.0	0.1								
	OCR + 5%	7			0.6		1.8		7.5		7.9		7.5	8.4	7.8	7.5	7.5	0.1								
	12% p.a.	8			1.0		3.0		12.0		12.0		12.0	12.0	12.0	12.0	12.0	n/a								
	10% p.a.	9			0.8		2.5		10.0		10.0		10.0	10.0	10.0	10.0	10.0	n/a								
	ASX 200	10			-3.2		-1.3		1.1		2.9		1.1	-3.0	11.0	11.2	8.2	13.3								
	ASX SmallCap Industrials	11			-0.5		3.9		22.4		10.6		22.4	-1.5	12.2	20.8	6.5	13.5								
	ASX 200 (in A\$)				-1.6		2.1		9.3		6.6		9.3	-3.2	14.4	24.3	5.5	12.8								
	70% NZX50 / 30% ASX200	12			-0.1		4.0		24.4		16.2		24.4	8.4	16.4	25.4	11.8	9.1								





## Global Bonds

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Aug 2016										For the year ended 31 August					For last 5 years				
				1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2016	2015	2014	2013	2012	Vol	VA	TE	IR	Rk
<b>Global Aggregate:</b>																							
AMPCI	Global FI AIFQ	1	107	0.1	(6)	2.5	(7)	7.5	(7)	7.6	(6)	6.6	(6)	7.5	5.6	9.8	3.1	7.1	2.6	-0.6	1.5	-0.4	(6)
AMPCI	Global FI AIFHQ	3	416	-0.2	(8)	1.5	(8)	7.4	(8)	7.0	(7)	5.8	(7)	7.4	6.3	7.4	1.3	6.9	2.4				
ANZ	International Aggregate	1	759	0.4	(2)	3.4	(2)	10.1	(1)					10.1	5.6								
Fisher	Global Bonds - PIMCO	1	237	0.6	(1)	3.9	(1)	9.8	(3)	9.4	(1)	8.9	(1)	9.8	4.9	13.6	2.5	14.2	3.6	1.5	2.0	0.8	(2)
Fisher	Global Bonds - Wellington	1	185	0.1	(7)	2.9	(6)	9.5	(4)	8.3	(5)	7.2	(5)	9.5	6.0	9.3	1.7	9.8	2.7	-0.1	0.5	-0.1	(5)
Mercer	Global Bonds	1	746	0.4	(3)	3.4	(3)	8.8	(6)	8.7	(3)	8.3	(3)	8.8	6.2	11.1	4.0	11.4	2.6	0.9	1.4	0.7	(3)
Nikko	Global Fixed Interest	1	280	0.4	(4)	3.1	(5)	10.0	(2)	8.5	(4)	7.4	(4)	10.0	5.1	10.6	2.6	9.0	2.4	0.1	0.9	0.1	(4)
Russell	Global Bond	1	1,866	0.2	(5)	3.3	(4)	9.0	(5)	8.7	(2)	8.7	(2)	9.0	6.2	11.1	4.6	12.6	3.0	1.3	1.4	1.0	(1)
	Minimum			-0.2		1.5		7.4		7.0		5.8		7.4	4.9	7.4	1.3	6.9	2.4	-0.6	0.5	-0.4	
	Median			0.3		3.2		9.3		8.5		7.4		9.3	5.8	10.6	2.6	9.8	2.6	0.5	1.4	0.4	
	Maximum			0.6		3.9		10.1		9.4		8.9		10.1	6.3	13.6	4.6	14.2	3.6	1.5	2.0	1.0	
<b>Other:</b>																							
LMI	Brandywine*	2	202	0.3	(2)	4.0	(2)	9.3	(2)	10.2	(1)	10.3	(1)	9.3	4.5	17.2	7.2	13.5	5.8	2.7	5.1	0.5	(1)
ANZ	International Sovereign	2	2,652	-0.1	(3)	2.8	(3)	8.8	(3)	8.0	(3)	6.7	(2)	8.8	6.4	8.8	1.5	8.3	3.0	-0.6	0.5	-1.1	(2)
ANZ	International Credit	x	1,266	0.5	(1)	4.2	(1)	11.3	(1)	8.6	(2)			11.3	3.7	11.0							
	Barclays Capital Global Agg Index	1		0.1		2.8		9.6		8.4		7.3		9.6	6.0	9.8	2.4	8.7	2.6				
	Citigroup World Govt Bond Index	2		-0.2		2.7		10.1		8.7		7.4		10.1	6.6	9.6	2.9	8.0	2.9				
	Barclays Global Treasury GDP Wgtd	3																					

## Other Global Funds

		Returns (%) gross of tax and fees																					
Manager	Fund	FUM (\$m)	For the period to 31 Aug 2016										For the year ended 31 August					Benchmark					
			1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2016	2015	2014	2013	2012						
AMPCI	Commodities	216	-1.7	(6)	-2.1	(6)	-3.5	(7)	-10.0	(7)					-3.5	-25.8	1.9	-6.4					Bloomberg Commodity Index
AMPCI	Infrastructure	269	-0.9	(5)	5.9	(1)	3.5	(4)	15.6	(1)					3.5	3.8	43.6						DJ Brookfield Global Infrastructure Index
FSI	Infrastructure	159	-2.3	(7)	3.6	(2)	16.6	(1)						16.6	10.6								FTSE Global Core Infrastructure Net (NZD Hedged)
Magellan	Infrastructure	1,106	-4.0	(8)	-2.3	(7)	8.2	(2)	14.0	(2)	12.9	(2)			8.2	12.7	21.4	3.8	19.6				S&P Global Infrastructure Index (A\$ Hedged)
Milford	Global	279	-0.5	(4)	-0.2	(4)	-3.5	(8)	8.4	(5)					-3.5	19.6	10.2						OCR + 5%
PATH	Commodity Plus Fund	69	1.7	(1)	-5.1	(8)	-0.3	(5)	-0.9	(6)	-2.2	(3)			-0.3	1.3	-3.7	-4.7	-3.5				Bloomberg Commodity Index
PATH	World Equity Fund	31	-0.1	(2)	-0.3	(5)	-3.2	(6)	13.0	(4)					-3.2	22.3	22.1	11.5					MSCI AC World
PATH	Global Water Fund	10	-0.2	(3)	0.0	(3)	7.4	(3)	13.8	(3)	14.4	(1)			7.4	12.7	21.6	23.8	7.3				n/a

\* Brandywine returns use a simulated hedge prior to January 2012

## NZ Bonds

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Aug 2016										For the year ended 31 August					For last 5 years				
				1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2016	2015	2014	2013	2012	Vol	VA	TE	IR	Rk
AMPCI	NZ Fixed Interest	1	1,841	0.3	(9)	2.1	(8)	7.0	(5)	7.6	(4)	6.4	(3)	7.0	9.4	6.5	0.2	9.5	2.9	0.8	0.5	1.8	(1)
ANZ	NZ Fixed Interest	1	1,763	0.3	(10)	2.3	(5)	7.4	(2)	7.6	(3)	6.4	(4)	7.4	9.6	5.8	-0.5	10.1	2.9	0.8	0.5	1.6	(2)
Fisher	NZ Fixed Interest	1	206	0.2	(11)	2.3	(6)	7.4	(1)	7.5	(5)	6.1	(6)	7.4	9.7	5.5	0.4	7.5	2.4	0.5	1.2	0.4	(5)
Harbour	NZ Core Fixed Interest	3	216	0.4	(7)	2.1	(9)	7.3	(4)	7.1	(7)			7.3	8.1	5.8	2.6						
Harbour	NZ Corporate Bond	2	282	0.4	(5)	1.9	(10)	5.9	(10)	6.5	(8)	6.1	(5)	5.9	8.0	5.6	4.4	6.7	1.3	0.0	0.6	0.1	(6)
Milford	Trans-Tasman Bond	5	334	0.8	(1)	2.4	(3)	6.6	(9)					6.6	8.1								
Nikko	NZ Corporate Bond	1	301	0.6	(2)	2.5	(1)	7.0	(7)	7.8	(1)	7.4	(1)	7.0	9.6	6.9	4.6	8.9	1.9	1.7	1.7	1.0	(4)
Nikko	NZ Fixed Interest	1	289	0.5	(3)	2.5	(2)	7.3	(3)	7.8	(2)	7.1	(2)	7.3	9.4	6.6	2.6	9.5	2.3	1.4	1.1	1.3	(3)
Russell	NZ Fixed Interest	1	123	0.5	(4)	2.1	(7)	7.0	(6)	7.2	(6)			7.0	8.8	5.9							
Western	NZ Core	4	261	0.4	(6)	2.3	(4)	6.7	(8)					6.7	9.4								
Western	NZ Core Constrained	1	82	0.3	(8)	1.5	(11)	4.6	(11)	5.3	(9)	4.3	(7)	4.6	7.3	4.0	1.0	4.5	1.3	-1.3	1.8	-0.7	(7)
	Minimum			0.2		1.5		4.6		5.3		4.3		4.6	7.3	4.0	-0.5	4.5	1.3	-1.3	0.5	-0.7	
	Median			0.4		2.3		7.0		7.5		6.4		7.0	9.4	5.8	1.8	8.9	2.3	0.8	1.1	1.0	
	Maximum			0.8		2.5		7.4		7.8		7.4		7.4	9.7	6.9	4.6	10.1	2.9	1.7	1.8	1.8	
	S&P/NZX NZ Govt Stock Index	1		0.2		2.0		6.9		7.0		5.6		6.9	9.0	5.2	-1.9	8.9	3.0				
	S&P/NZX NZ Corp A Grade Index	2		0.5		2.1		5.9		6.7		6.1		5.9	8.5	5.6	3.1	7.3	1.6				
	S&P/NZX NZ Govt/Corp A Index (50/50)	3		0.3		2.1		6.4		6.9		5.8		6.4	8.8	5.4	0.6	8.1	2.2				
	S&P/NZX NZ Comp Inv Grade Index	4		0.3		2.0		6.7						6.7	8.8								
	S&P/NZX NZ Corp/ASX Corp (50/50)	5																					

## NZ Cash & Short Duration

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Aug 2016										For the year ended 31 August					For last 5 years				
				1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2016	2015	2014	2013	2012	Vol	VA	TE	IR	Rk
AMPCI	NZ Cash	1	4,178	0.2	(7)	0.7	(7)	3.0	(6)	3.6	(6)	3.6	(3)	3.0	4.1	3.6	3.5	3.5	0.1	0.6	0.1	8.0	(2)
AMPCI	NZ Short Duration	2	262	0.4	(1)	1.4	(1)	4.8	(1)	5.6	(1)			4.8	7.0	5.0	4.4						
AMPCI	Global Short Duration	1	187	0.3	(5)	1.0	(2)	4.3	(2)	5.0	(2)			4.3	4.6	6.0	4.2						
ANZ	NZ Cash	1	3,754	0.2	(6)	0.7	(6)	3.0	(7)	3.5	(7)	3.5	(4)	3.0	4.0	3.5	3.4	3.5	0.1	0.5	0.1	6.0	(3)
Fisher	NZ Cash	1	308	0.3	(3)	0.8	(5)	3.2	(5)	3.8	(5)	3.8	(2)	3.2	4.3	3.9	4.3	3.3	0.4	0.8	0.3	2.3	(4)
Harbour	Short Duration	1	47	0.3	(2)	0.9	(3)	3.6	(3)	4.0	(3)			3.6	4.5	3.9	4.1						
Nikko	NZ Cash	1	680	0.3	(4)	0.8	(4)	3.4	(4)	3.9	(4)	4.0	(1)	3.4	4.4	3.9	4.1	4.0	0.1	1.0	0.1	8.1	(1)
	Median			0.3		0.8		3.4		3.9		3.7		3.4	4.4	3.9	4.1	3.5	0.1	0.7	0.1	7.0	
	S&P/NZX 90 Day Bank Bill Index	1		0.2		0.6		2.7		3.1		3.0		2.7	3.7	3.0	2.7	2.8	0.1				
	S&P/NZX Short End Swap Index	2		0.2		1.1		4.1		4.5				4.1	6.1	3.3	1.7		0.8				

## NZ Property

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Aug 2016										For the year ended 31 August					For last 5 years				
				1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2016	2015	2014	2013	2012	Vol	VA	TE	IR	Rk
<b>Direct:</b>																							
Fisher Trust	Property Fund		391	0.5	(1)	1.3	(2)	11.8	(2)	13.4	(1)	11.4	(1)	11.8	15.2	13.3	12.9	4.0	4.3				
	Property Fund		114	0.4	(2)	4.6	(1)	13.7	(1)	10.4	(2)	9.8	(2)	13.7	7.5	10.1	9.3	8.4	2.2				
<b>Listed:</b>																							
AMPCI	Listed Property	1	23	1.3	(3)	3.1	(6)	21.0	(7)	17.1	(4)	17.8	(4)	21.0	16.7	13.8	16.5	21.2	7.0	2.1	2.1	1.0 (3)	
AMPCI	Property Fund	2	120	-0.3	(7)	3.8	(3)	23.1	(2)					23.1									
ANZ	Property Securities	1	174	1.4	(2)	3.2	(5)	23.0	(3)	18.4	(2)	18.8	(2)	23.0	14.2	18.1	17.4	21.2	7.5	3.0	2.7	1.1 (2)	
ANZ	Trans Tasman	2	448	0.5	(6)	4.4	(1)	24.8	(1)	20.0	(1)	20.0	(1)	24.8	14.2	21.1	17.7	22.4	7.9	2.2	2.9	0.8 (5)	
Mint	Real Estate Inv Trust	1	57	0.8	(5)	3.3	(4)	21.5	(6)	17.0	(5)	17.4	(5)	21.5	14.8	14.9	16.1	19.9	6.5	1.8	2.6	0.7 (6)	
Nikko	Property Securities	1	37	1.4	(1)	4.0	(2)	22.5	(5)	16.9	(6)	16.5	(6)	22.5	15.2	13.2	14.8	17.2	7.1	1.0	1.2	0.8 (4)	
Salt	Listed Property	1	371	1.2	(4)	3.0	(7)	22.8	(4)	17.9	(3)	17.9	(3)	22.8	17.0	14.2	16.0	19.9	6.8	2.2	1.6	1.4 (1)	
<b>Minimum</b>				-0.3		3.0		21.0		16.9		16.5		21.0	14.2	13.2	14.8	17.2	6.5	1.0	1.2	0.7	
<b>Median</b>				1.2		3.3		22.8		17.5		17.9		22.8	15.0	14.6	16.3	20.5	7.0	2.2	2.3	0.9	
<b>Maximum</b>				1.4		4.4		24.8		20.0		20.0		24.8	17.0	21.1	17.7	22.4	7.9	3.0	2.9	1.4	
<b>S&amp;P/NZX Property Index</b>		1		1.3		2.4		21.1		15.6		15.3		21.1	15.1	10.9	13.8	15.9	7.4				
<b>NZX/ASX Property Index</b>		2		0.1		3.9		23.4		18.0		17.4		23.4	16.4	14.3	15.3	17.9	7.4				

## Global Property

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Aug 2016										For the year ended 31 August					For last 5 years				
				1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2016	2015	2014	2013	2012	Vol	VA	TE	IR	Rk
AMPCI	Global Property Securities	1	192	-2.3	(3)	3.3	(4)	14.0	(3)	17.6	(1)	15.2	(1)	14.0	7.6	32.5	7.0	16.7	15.7	-0.4	5.0	-0.1 (1)	
ANZ	International Property	1	599	-2.9	(4)	5.6	(2)	17.4	(1)	17.0	(2)	14.6	(2)	17.4	6.4	28.0	6.3	16.3	13.8	-1.1	2.5	-0.4 (2)	
PATH	Global Property	1	12	-1.7	(2)	5.4	(3)	12.8	(4)					12.8									
Russell	Global Listed Real Estate	1	46	-1.5	(1)	5.9	(1)	16.2	(2)					16.2									
<b>FTSE EPRA/NAREIT Index*</b>				-2.4		6.4		21.8		17.8		15.9		21.8	6.2	26.2	8.0	18.7	13.2				
<b>*UBS Global RE Index prior to June 2015</b>																							



Notes	Contact information																																														
<p><b>List of Managers</b></p> <table border="0"> <tr><td>AMPCI</td><td>AMP Capital Investors NZ Limited</td></tr> <tr><td>ANZ</td><td>ANZ Investments</td></tr> <tr><td>FSI</td><td>First State Investments</td></tr> <tr><td>CPFM</td><td>Castle Point Funds Management</td></tr> <tr><td>Devon</td><td>Devon Funds Management</td></tr> <tr><td>EC</td><td>Elevation Capital</td></tr> <tr><td>Fisher</td><td>Fisher Institutional</td></tr> <tr><td>FRK</td><td>Franklin Templeton Investments</td></tr> <tr><td>Harbour</td><td>Harbour Asset Management</td></tr> <tr><td>LMI</td><td>Legg Mason Global Asset Management</td></tr> <tr><td>Magellan</td><td>Magellan Asset Management Limited</td></tr> <tr><td>Mercer</td><td>Mercer Investments</td></tr> <tr><td>MGH</td><td>MGH Investments</td></tr> <tr><td>Milford</td><td>Milford Funds</td></tr> <tr><td>Mint</td><td>Mint Asset Management</td></tr> <tr><td>Nikko</td><td>Nikko Asset Management</td></tr> <tr><td>NZAM</td><td>NZ Assets Management</td></tr> <tr><td>PATH</td><td>Pathfinder Asset Management</td></tr> <tr><td>Russell</td><td>Russell Investment Group</td></tr> <tr><td>Salt</td><td>Salt Funds Management</td></tr> <tr><td>Std Life</td><td>Standard Life Investments</td></tr> <tr><td>Trust</td><td>Trust Investments</td></tr> <tr><td>Western</td><td>Western Asset</td></tr> </table> <p><b>Explanatory notes</b></p> <ol style="list-style-type: none"> <li>Returns are before management fees and tax. All returns greater than 1 year have been annualised.</li> <li>Overseas Sectors - returns are in NZ\$ and exclude the effects of currency hedging on equities, but include the effects of currency hedging on global property, global bonds and absolute return funds.</li> <li>Property - the returns in this table are influenced by the allocation to direct investment and holdings in listed vehicles. In the case of direct investment, the valuation approach and timing adopted by the manager will influence the returns.</li> <li>Risk Statistics (all are annualised using monthly data):  Vol = Volatility = standard deviation of monthly fund returns  VA = Value Added = Return (fund) minus Return (index)  TE = Tracking Error = standard deviation of monthly Value Added  IR = Information Ratio = Value Added divided by Tracking Error  SR = Sharpe Ratio = [Return (fund) - Risk Free Rate] / Volatility (Fund)  Wherever possible the risk statistics are calculated using each fund's actual benchmark.</li> </ol>	AMPCI	AMP Capital Investors NZ Limited	ANZ	ANZ Investments	FSI	First State Investments	CPFM	Castle Point Funds Management	Devon	Devon Funds Management	EC	Elevation Capital	Fisher	Fisher Institutional	FRK	Franklin Templeton Investments	Harbour	Harbour Asset Management	LMI	Legg Mason Global Asset Management	Magellan	Magellan Asset Management Limited	Mercer	Mercer Investments	MGH	MGH Investments	Milford	Milford Funds	Mint	Mint Asset Management	Nikko	Nikko Asset Management	NZAM	NZ Assets Management	PATH	Pathfinder Asset Management	Russell	Russell Investment Group	Salt	Salt Funds Management	Std Life	Standard Life Investments	Trust	Trust Investments	Western	Western Asset	<p>Guy Fisher  Consultant  +64 4 819 4054  <a href="mailto:guy.fisher1@aonhewitt.com">guy.fisher1@aonhewitt.com</a></p> <p>Charles Macdonald  Consultant  +64 4 819 4050  <a href="mailto:charles.macdonald@aonhewitt.com">charles.macdonald@aonhewitt.com</a></p>
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## About Aon Hewitt

Part of Aon plc, Aon Hewitt is the global leader in human resource consulting and outsourcing solutions. Our services focus on helping organisations mitigate risk in their workforce and realise the untapped potential of their employees. We also help individuals maximise their wealth to enable people to live the life they want.

In New Zealand, our team of experts partner with your organisation to develop and deliver people strategies that achieve positive business outcomes in the areas of:

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- Talent, leadership and employee engagement.
- Remuneration and incentives.
- Total rewards.
- Health and benefits.
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