

The Aon Investment Update as at 30 June 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 June 2016

Market Summary

The month of June was all about Brexit – the decision by the UK people, through a referendum, to leave the European Union. Prior to the vote the markets seemed to be convinced that the UK would not choose to leave, so when the result came through there were some very big moves – with the UK pound falling sharply, global share markets (particularly in the UK and in Europe) weakening and bonds (especially US treasury bonds) strengthening.

By month end many of these falls had been reversed as investors were comforted (again) by reassurances from central banks and from the realisation that Brexit would be a long term process which would slow growth in the UK and Europe, but should have little impact on global growth. Despite the rebound in share prices, bond markets seem to be harder to convince – US treasury yields still finished the month sharply lower and German 10 year yields turned negative for the first time.

While the main outcome of the Brexit vote was an increase in uncertainty, one thing that does seem clear is that global interest rates are likely to stay lower for longer – the Bank of England looks likely to cut interest rates, and the chances of the US Federal Reserve raising rates any time soon seems remote.

Overall, global shares were lower in June, but it was a mixed bag with shares in the US and in the UK finishing the month higher, while French and German share markets fell. The Japanese share market was the worst performer as the Yen appreciated strongly after the Brexit vote, putting additional pressure on exporters.

The New Zealand share market fell by 2% over the month with the liquid large cap stocks being caught up in the Brexit fallout. However, the NZ index was still more than 2% higher over the quarter and is up by 9% so far this year.

Brexit concerns helped to ensure that global bonds delivered a strong performance over the month, with the Barclays Global Aggregate Index returning 2% on a fully hedged basis. US 10 year treasury yields ended the month at 1.47%, down 38 bps over the month. German yields also fell and ended the month in negative territory for the first time. At one stage during June the entire Swiss yield curve (out to 30 years) turned negative.

In New Zealand the 10 year government bond yield fell to a new all-time low of 2.3%. The NZ Government Stock index returned 0.9% over the month.

A surprising gainer despite the Brexit volatility was the New Zealand dollar which initially fell but quickly recovered. The kiwi strengthened against all major currencies except the Japanese Yen over the month and it finished the month more than 14% higher against the UK pound.

Fund Performance

Balanced funds struggled in June with all of the funds in our survey posting negative returns over the month. Mercer fared best, returning -0.4%, while Milford had the best performing fund over the quarter (+2.1%).

It was a tough month for the domestic equity managers, all of who delivered negative returns. The median return for the month was -2.5% which compared with the index return of -1.9%. The Mint Trans Tasman fund held up best (-1.1%), while amongst the Absolute Return focussed funds Salt's Long Short fund was the best performer, returning -0.4%.

Global equity funds fared no better, with returns over the month (unhedged) ranging from -9.3% (Franklin Templeton) to -1.2% (Russell Emerging Markets Fund).

Bond managers had an easier time, and the median global bond fund returned 1.8% in June while the median domestic bond fund returned 0.8%. Domestically and globally, government bonds fared better than corporates, and fund performance reflected this. ANZ's passive sovereign fund returned 2.4% over the month.

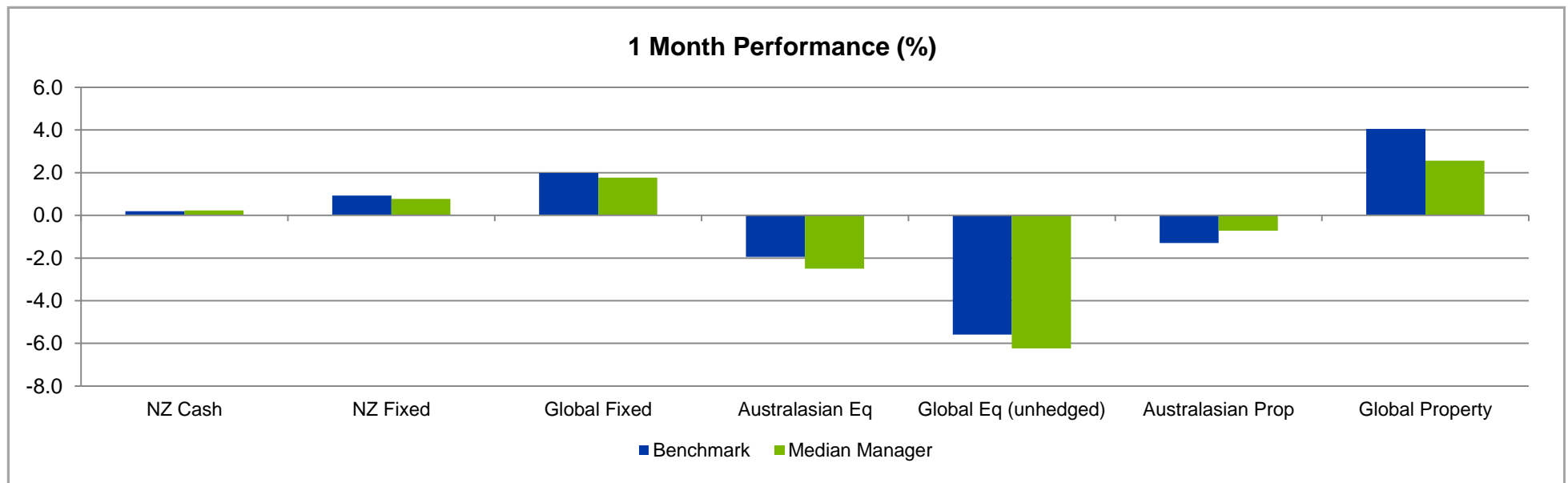
New Zealand Fund Management Changes

AMP Capital announced that that Vicky Hyde-Smith would take on the role of Co-head of NZ Fixed Income alongside Grant Hassell. This change is part of a shake up at AMP which sees the New Zealand investment teams (excluding property) and the Distribution team reporting directly to Grant as Managing Director in New Zealand, instead of reporting into Sydney.

Milford Asset Management has appointed Wayne Gentle to the role of Head of Australian equities based in their Sydney office. The appointment follows the departure of Marc Whittaker who was previously the portfolio manager for the Australian portion of their Trans Tasman fund.

Median Manager Performance v Benchmark

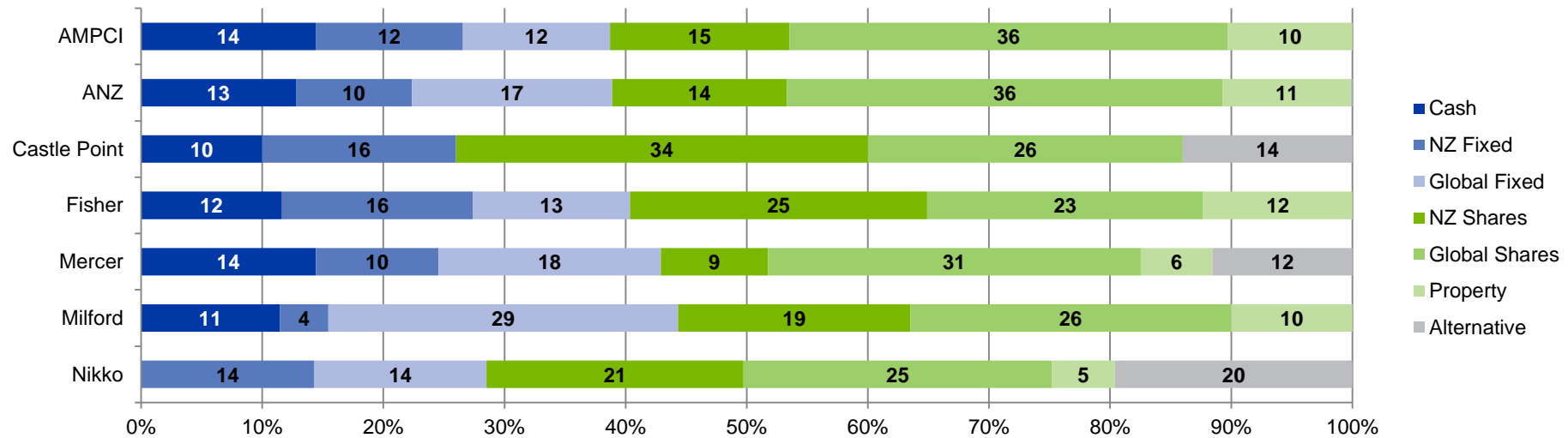
Sector		Returns (%) gross of tax and fees									Volatility 5 Yrs	
		For the period to 30 Jun 2016					For the year ended 30 June					
		1 Month	1 Qtr	1 Yr	3 Yrs	5 Yrs	2016	2015	2014	2013		2012
NZ Cash	ANZ 90D Bank Bills	0.2	0.6	2.9	3.1	3.0	2.9	3.7	2.8	2.7	2.8	0.1
	Median Manager	0.2	0.7	3.6	4.0	3.7	3.6	4.5	3.9	4.2	3.5	0.1
NZ Fixed Interest	ANZ NZ Govt Stock	0.9	2.1	8.0	6.2	5.9	8.0	8.5	2.1	0.0	11.0	3.0
	Median Manager	0.8	2.0	7.5	6.8	6.6	7.5	8.8	3.2	3.1	9.3	2.4
Global Fixed Interest	Barclays Agg	2.0	2.9	10.1	8.3	7.7	10.1	6.9	8.0	4.1	9.5	2.6
	Median Manager	1.8	2.8	9.0	8.2	7.7	9.0	6.7	8.5	5.6	11.0	2.6
Australasian Equities	NZX 50 Gross	-1.9	2.3	21.9	17.3	16.4	21.9	13.0	17.2	32.4	0.1	9.0
	Median Manager	-2.5	2.0	20.1	18.8	16.7	20.1	15.0	22.3	31.6	-0.8	9.3
Global Equities (unhedged)	MSCI ACWI	-5.6	-1.5	-8.6	8.9	8.5	-8.6	30.4	8.5	21.3	-3.9	10.0
	Median Manager	-6.2	-2.1	-6.6	9.6	9.4	-6.6	33.3	8.9	23.1	-3.6	10.8
Australasian Property	NZX Property	-1.3	2.7	18.5	15.0	14.4	18.5	19.1	7.8	15.1	11.9	7.4
	Median Manager	-0.7	3.8	19.2	17.0	16.7	19.2	19.0	11.8	19.4	12.9	7.1
Global Property	UBS Property	4.1	4.8	18.6	15.3	14.1	18.6	10.9	16.6	16.8	8.2	13.3
	Median Manager	2.6	2.7	13.2	15.0	13.1	13.2	9.8	21.1	15.9	5.0	15.0



Balanced Funds

Manager	FUM (\$m)	Returns (%) gross of tax and fees														5 Years	
		For the period to 30 Jun 2016										For the year ended 30 June					
		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	-1.3 (6)	0.6 (6)	0.6 (7)	8.6 (6)	8.9 (6)	0.6	11.3	14.3	16.0	3.1	4.7	1.3 (7)				
ANZ Investments	552	-1.2 (4)	1.2 (5)	5.0 (5)	11.3 (3)	11.2 (2)	5.0	15.0	14.2	18.4	4.3	5.4	1.5 (3)				
Castle Point Funds	8	-1.5 (7)	0.6 (7)	4.0 (6)	6.2 (7)	7.1 (7)	4.0	7.8	6.9	11.6	5.5	3.0	1.4 (6)				
Fisher Institutional	822	-0.9 (2)	1.7 (4)	7.9 (2)	10.3 (5)	9.4 (5)	7.9	9.7	13.3	13.4	2.8	4.3	1.5 (5)				
Mercer	1,155	-0.4 (1)	1.7 (3)	5.5 (4)	10.7 (4)	9.6 (4)	5.5	12.7	14.1	13.8	2.3	4.4	1.5 (4)				
Milford Funds	333	-1.2 (3)	2.1 (1)	7.7 (3)	12.3 (1)	13.2 (1)	7.7	16.7	12.7	22.2	7.1	4.7	2.2 (1)				
Nikko Asset Management	236	-1.3 (5)	1.9 (2)	8.9 (1)	12.2 (2)	10.9 (3)	8.9	15.8	12.1	15.6	2.7	4.5	1.8 (2)				
Minimum		-1.5	0.6	0.6	6.2	7.1	0.6	7.8	6.9	11.6	2.3	3.0	1.3				
Median		-1.2	1.7	5.5	10.7	9.6	5.5	12.7	13.3	15.6	3.1	4.5	1.5				
Maximum		-0.4	2.1	8.9	12.3	13.2	8.9	16.7	14.3	22.2	7.1	5.4	2.2				

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 30 Jun 2016										For the year ended 30 June					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		
Core																										
AMPCI	NZ Shares	1	490	0	-2.5 (11)	1.3 (13)	21.7 (6)	19.0 (8)	16.8 (7)	21.7	15.2	20.3	28.1	0.7	9.3	0.3	2.7	0.1 (12)								
AMPCI	NZ Shares RIL	1	11	0	-2.3 (5)	2.0 (10)	23.1 (3)	19.9 (3)		23.1	15.0	21.9														
ANZ	NZ Equities	1	139	0	-2.2 (3)	3.2 (5)	19.8 (12)	17.6 (14)	17.3 (4)	19.8	10.5	22.8	33.8	2.2	9.3	0.8	2.0	0.4 (8)								
ANZ	Australasian Equity	1	793	6	-2.5 (9)	3.2 (4)	19.9 (11)	17.8 (13)	16.7 (8)	19.9	10.9	23.0	32.4	0.3	9.3	0.3	2.1	0.1 (11)								
CPFM	Trans Tasman Strategy	1	0	17	-2.4 (7)	2.8 (7)	21.4 (8)			21.4	15.9															
Devon	NZ Core	1	224	12	-3.2 (17)	2.1 (9)	19.6 (13)	19.6 (5)	17.3 (5)	19.6	16.9	22.3	30.9	-0.9	9.3	0.7	3.4	0.2 (9)								
Devon	Trans Tasman	3	71	46	-2.5 (10)	3.2 (3)	13.1 (18)	18.8 (9)	15.6 (13)	13.1	16.6	27.1	28.9	-4.4	9.2	5.3	4.5	1.2 (3)								
Fisher	Trans Tasman Equities	12	219	30	-2.7 (12)	3.3 (2)	20.6 (9)	16.5 (15)	16.4 (11)	20.6	10.2	18.9	33.3	1.6	9.7	1.4	3.4	0.4 (7)								
Harbour	Australasian Equity	5	465	23	-3.2 (15)	1.0 (16)	21.4 (7)	18.0 (12)	16.4 (10)	21.4	10.5	22.3	36.7	-4.6	10.0	-1.3	4.4	-0.3 (15)								
Harbour	Australasian Equity Focus	3	56	47	-3.7 (19)	-0.7 (19)	18.5 (16)			18.5	10.5															
Harbour	Advanced Beta	2	49	0	-2.3 (4)	1.3 (14)	19.0 (15)			19.0																
Mercer	Trans Tasman Equity	1	393	18	-3.0 (14)	1.6 (12)	20.3 (10)	18.4 (11)	16.9 (6)	20.3	13.2	21.9	33.1	-1.0	9.0	0.4	2.1	0.2 (10)								
Milford	NZ Equities	1	257	0	-2.1 (2)	2.6 (8)	23.8 (1)	19.3 (7)	19.9 (2)	23.8	11.8	22.7	37.1	6.5	9.1	3.0	3.2	0.9 (4)								
Milford	Trans Tasman	3	234	38	-3.2 (16)	0.8 (17)	9.4 (20)	12.6 (17)	15.6 (14)	9.4	12.6	16.1	31.6	9.8	8.9	5.4	3.1	1.8 (1)								
Mint	Trans Tasman Equity	1	120	21	-1.1 (1)	4.2 (1)	22.0 (5)	19.9 (2)	20.3 (1)	22.0	15.7	22.3	37.1	6.4	8.3	3.2	4.9	0.7 (5)								
Nikko	Core Domestic Equity	1	255	9	-2.5 (8)	3.0 (6)	23.1 (4)	19.6 (4)	17.4 (3)	23.1	17.1	18.7	31.3	-0.8	9.2	0.8	2.0	0.4 (6)								
Nikko	Australasian Smallcap	4	5	70	-5.0 (20)	-1.2 (20)	11.2 (19)	14.2 (16)	12.1 (15)	11.2	19.9	11.6	27.8	-6.8	12.7	9.9	5.8	1.7 (2)								
Russell	NZ Shares	5	137	0	-2.3 (6)	2.0 (11)	23.3 (2)	18.6 (10)		23.3	13.0	19.6														
Salt	NZ Plus Share	1	455	2	-2.9 (13)	1.2 (15)	19.2 (14)	19.4 (6)	16.1 (12)	19.2	16.7	22.4	29.2	-3.9	9.9	-0.2	3.1	-0.1 (14)								
Salt	Javelin	2	76	11	-3.6 (18)	0.1 (18)	16.3 (17)	20.0 (1)	16.6 (9)	16.3	16.7	27.2	30.7	-4.4	10.3	-0.3	4.7	-0.1 (13)								
	Minimum				-5.0	-1.2	9.4	12.6	12.1	9.4	10.2	11.6	27.8	-6.8	8.3	-1.3	2.0	-0.3								
	Median				-2.5	2.0	20.1	18.8	16.7	20.1	15.0	22.3	31.6	-0.8	9.3	0.8	3.2	0.4								
	Maximum				-1.1	4.2	23.8	20.0	20.3	23.8	19.9	27.2	37.1	9.8	12.7	9.9	5.8	1.8								
Absolute Return																										
ANZ	Equity Selection	6	26	0	-3.4 (6)	3.2 (1)	13.3 (3)	14.3 (4)	14.2 (4)	13.3	6.8	23.3	26.8	2.8	8.4	5.6		1.3 (4)								
CPFM	Ranger	7	11	44	-2.6 (4)	0.9 (6)	6.5 (6)			6.5	6.5															
Devon	Alpha	8	100	30	-2.3 (3)	1.4 (5)	7.1 (5)	16.5 (2)	15.7 (3)	7.1	16.7	26.4	33.3	-1.7	7.8	2.7		1.6 (2)								
Milford	Active Growth	9	701	15	-2.3 (2)	1.8 (4)	11.7 (4)	15.4 (3)	18.1 (1)	11.7	15.6	19.2	31.4	13.5	5.9	6.9		2.5 (1)								
Nikko	Concentrated	7	80	23	-2.9 (5)	2.1 (3)	19.7 (2)	21.2 (1)	16.5 (2)	19.7	27.7	16.3	28.3	-5.9	9.1	4.9		1.5 (3)								
Salt	Long/Short	7	132	66	-0.4 (1)	2.9 (2)	21.3 (1)			21.3	25.1															
	Minimum				-3.4	0.9	6.5	14.3	14.2	6.5	6.5	16.3	26.8	-5.9	5.9	2.7		1.3								
	Median				-2.6	1.8	11.7	16.0	16.1	11.7	15.6	21.3	29.9	0.5	8.1	5.3		1.6								
	Maximum				-2.3	3.2	19.7	21.2	18.1	19.7	27.7	26.4	33.3	13.5	9.1	6.9		2.5								

*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 30 Jun 2016								For the year ended 30 June					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		
Equity Income																										
Devon	Dividend Yield	3	60	46	-1.8	(2)	2.3	(3)	21.4	(2)	19.5	(2)	21.4	18.7	18.4	26.6										
Harbour	Australasian Eq Income	n/a	90	34	-1.1	(1)	2.6	(1)	12.6	(3)	16.4	(3)	12.6	18.1	18.7	30.2										
Salt	Dividend Appreciation	1	85	0	-2.7	(3)	2.5	(2)	23.4	(1)	22.1	(1)	18.4	(1)	23.4	20.0	22.8	30.5	-2.2	9.3	1.7	3.2	0.5	(1)		
Minimum					-2.7		2.3		12.6		16.4		18.4		12.6	18.1	18.4	26.6	-2.2	9.3	1.7	3.2	0.5			
Median					-1.8		2.5		21.4		19.5		18.4		21.4	18.7	18.7	30.2	-2.2	9.3	1.7	3.2	0.5			
Maximum					-1.1		2.6		23.4		22.1		18.4		23.4	20.0	22.8	30.5	-2.2	9.3	1.7	3.2	0.5			
Australian Only																										
AMPCI	Australian Share	10	176	100	-5.2	(3)	-2.5	(3)	-9.1	(4)	3.5	(2)	3.4	(3)	-9.1	13.8	7.0	16.3	-8.1	12.9	0.5	2.3	0.2	(3)		
ANZ	Australian Share	10	615	100	-5.9	(4)	-3.0	(4)	-6.8	(3)	3.4	(3)	4.4	(2)	-6.8	9.5	8.2	22.8	-8.6	12.7	1.3	3.8	0.3	(2)		
Devon	Australian	10	27	100	-4.2	(2)	-0.0	(2)	1.1	(2)	11.5	(1)	9.1	(1)	1.1	19.0	15.3	19.9	-7.3	12.3	5.8	3.3	1.7	(1)		
Milford	Dynamic	11	151	100	-3.4	(1)	1.6	(1)	7.4	(1)					7.4	19.1										
Minimum					-5.9		-3.0		-9.1		3.4		3.4		-9.1	9.5	7.0	16.3	-8.6	12.3	0.5	2.3	0.2			
Median					-4.7		-1.3		-2.8		3.5		4.4		-2.8	16.4	8.2	19.9	-8.1	12.7	1.3	3.3	0.3			
Maximum					-3.4		1.6		7.4		11.5		9.1		7.4	19.1	15.3	22.8	-7.3	12.9	5.8	3.8	1.7			
Benchmarks																										
S&P/NZX 50 Gross incl I/C		1			-1.9		2.3		21.9		17.3		16.4		21.9	13.0	17.2	32.4	0.1	9.0						
S&P/NZX 50 Portfolio incl I/C		2			-2.0		2.3		21.1		18.0		17.0		21.1	15.3	17.6	34.0	-0.4	8.7						
NZX50/ASX200 (50/50)		3			-3.4		0.2		6.3		10.3		9.6		6.3	12.5	12.1	23.0	-3.9	9.7						
NZX/ASX Small Cap		4			-3.2		0.5		9.2		7.1		2.0		9.2	6.8	5.2	-3.2	-7.2	12.2						
Russell NZ Tradeable Gross		5			-2.0		2.3		23.9		19.3		18.0		23.9	15.3	18.8	32.1	2.0	9.2						
90 Day BB Index + 5%		6			0.6		1.9		8.1		8.4		8.2		8.1	9.0	8.1	7.9	8.0	0.1						
OCR + 5%		7			0.6		1.8		7.6		7.9		7.7		7.6	8.5	7.6	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	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	10.0	n/a						
ASX 200		10			-4.8		-1.9		-7.5		3.3		2.9		-7.5	11.4	6.8	14.1	-8.2	13.3						
ASX SmallCap Industrials		11			-3.5		1.6		12.8		11.0		9.2		12.8	7.2	13.1	16.7	-2.7	13.2						
ASX 200 (in A\$)					-2.5		3.9		0.6		7.7		7.4		0.6	5.7	17.4	22.8	-6.7	12.7						
70% NZX50 / 30% ASX200		12			-2.3		2.3		14.4		14.7		14.8		14.4	12.5	17.2	32.4	0.1	9.0						

Global Bonds

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 30 Jun 2016										For the year ended 30 June					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
Global Aggregate:																							
AMPCI	Global FI AIFQ	1	130	1.5	(7)	2.3	(7)	7.3	(8)	7.0	(7)	6.6	(6)	7.3	6.8	6.8	5.7	6.5	2.6	-1.0	1.6	-0.6	(6)
AMPCI	Global FI AIFHQ	3	403	1.3	(8)	1.6	(8)	9.2	(4)	7.1	(6)	6.5	(7)	9.2	5.9	6.1	2.4	9.0	2.6				
ANZ	International Aggregate	1	742	1.7	(5)	2.6	(6)	9.4	(3)					9.4	6.7								
Fisher	Global Bonds - PIMCO	1	233	2.0	(1)	3.2	(1)	8.5	(7)	8.9	(1)	9.1	(1)	8.5	7.2	11.2	5.6	13.2	3.6	1.3	2.1	0.6	(2)
Fisher	Global Bonds - Wellington	1	180	2.0	(2)	2.9	(4)	10.2	(1)	8.1	(5)	7.7	(4)	10.2	6.6	7.5	3.4	11.0	2.7	0.0	0.5	0.0	(4)
Mercer	Global Bonds	1	713	1.9	(4)	3.0	(3)	8.7	(6)	8.4	(2)	8.5	(3)	8.7	6.8	9.7	6.0	11.2	2.6	0.7	1.4	0.5	(3)
Nikko	Global Fixed Interest	1	280	1.5	(6)	2.7	(5)	9.7	(2)	8.2	(4)	7.6	(5)	9.7	5.7	9.3	3.8	9.7	2.4	-0.1	0.9	-0.1	(5)
Russell	Global Bond	1	1,753	2.0	(3)	3.1	(2)	8.8	(5)	8.3	(3)	9.0	(2)	8.8	7.8	8.5	7.5	12.3	3.0	1.2	1.4	0.9	(1)
	Minimum			1.3		1.6		7.3		7.0		6.5		7.3	5.7	6.1	2.4	6.5	2.4	-1.0	0.5	-0.6	
	Median			1.8		2.8		9.0		8.2		7.7		9.0	6.7	8.5	5.6	11.0	2.6	0.4	1.4	0.3	
	Maximum			2.0		3.2		10.2		8.9		9.1		10.2	7.8	11.2	7.5	13.2	3.6	1.3	2.1	0.9	
Other:																							
LMI	Brandywine*	2	182	2.7	(1)	1.7	(3)	5.3	(3)	8.7	(1)	10.8	(1)	5.3	11.4	9.5	13.2	14.7	5.9	2.6	5.1	0.5	(1)
ANZ	International Sovereign	2	2,561	2.4	(2)	2.9	(2)	10.0	(1)	7.9	(3)	7.3	(2)	10.0	7.1	6.5	3.3	9.7	3.0	-0.6	0.5	-1.2	(2)
ANZ	International Credit	x	1,237	1.9	(3)	3.4	(1)	9.4	(2)	7.9	(2)			9.4	5.3	9.1							
	Barclays Capital Global Agg Index	1		2.0		2.9		10.1		8.3		7.7		10.1	6.9	8.0	4.1	9.5	2.6				
	Citigroup World Govt Bond Index	2		2.4		3.2		11.5		8.8		8.0		11.5	7.3	7.6	4.0	9.8	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 30 Jun 2016										For the year ended 30 June					Benchmark					
			1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2016	2015	2014	2013	2012						
AMPCI	Commodities	295	4.1	(2)	12.8	(1)	-8.6	(8)	-6.3	(7)				-8.6	-20.5	13.2	-4.7						Bloomberg Commodity Index
AMPCI	Infrastructure	250	4.4	(1)	5.5	(3)	-1.7	(5)	15.2	(1)				-1.7	11.5	39.4							DJ Brookfield Global Infrastructure Index
FSI	Infrastructure	160	3.8	(3)	6.4	(2)	16.9	(1)						16.9	13.8								FTSE Global Core Infrastructure Net (NZD Hedged)
Magellan	Infrastructure	1,100	-0.2	(4)	-2.9	(8)	10.1	(2)	14.1	(3)	12.0	(1)	10.1	20.2	12.2	11.0	7.0						S&P Global Infrastructure Index (A\$ Hedged)
Milford	Global	254	-2.0	(7)	-0.0	(7)	-4.9	(6)	8.0	(5)				-4.9	22.8	7.9							OCR + 5%
PATH	Commodity Plus Fund	70	-0.9	(5)	4.1	(4)	1.6	(4)	1.2	(6)	-1.6	(3)	1.6	3.2	-1.1	-4.3	-6.9						Bloomberg Commodity Index
PATH	World Equity Fund	31	-2.7	(8)	0.3	(6)	-7.7	(7)	12.3	(4)				-7.7	30.6	17.6	13.2						MSCI AC World
PATH	Global Water Fund	9	-1.7	(6)	3.5	(5)	2.5	(3)	14.4	(2)	11.1	(2)	2.5	17.3	24.4	22.5	-7.5						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 30 Jun 2016										For the year ended 30 June					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	1,797	0.8	(4)	2.2	(2)	7.9	(3)	6.8	(3)	6.7	(3)	7.9	9.4	3.1	2.2	11.3	2.9	0.8	0.5	1.7	(1)
ANZ	NZ Fixed Interest	1	1,697	1.0	(1)	2.3	(1)	8.5	(2)	6.8	(4)	6.6	(4)	8.5	9.0	3.0	1.8	11.3	3.0	0.7	0.5	1.4	(2)
Fisher	NZ Fixed Interest	1	204	0.9	(3)	2.1	(4)	8.5	(1)	6.8	(5)	6.3	(5)	8.5	8.8	3.1	2.2	9.3	2.5	0.4	1.2	0.4	(5)
Harbour	NZ Core Fixed Interest	3	186	0.8	(6)	1.7	(9)	7.7	(5)	6.5	(6)			7.7	8.1	3.8	4.0						
Harbour	NZ Corporate Bond	2	270	0.6	(9)	1.3	(10)	6.2	(10)	6.1	(8)	6.0	(6)	6.2	7.8	4.2	5.5	6.0	1.3	-0.1	0.6	-0.1	(6)
Milford	Trans-Tasman Bond	5	325	0.6	(9)	2.1	(3)	6.3	(9)					6.3	8.5								
Nikko	NZ Corporate Bond	1	301	0.8	(7)	1.8	(7)	7.2	(8)	7.1	(1)	7.3	(1)	7.2	9.5	4.7	6.6	8.3	1.9	1.3	1.8	0.7	(4)
Nikko	NZ Fixed Interest	1	289	0.8	(5)	2.1	(5)	7.7	(4)	7.0	(2)	7.1	(2)	7.7	9.2	4.0	4.7	10.1	2.4	1.2	1.1	1.1	(3)
Russell	NZ Fixed Interest	1	115	0.7	(8)	1.7	(8)	7.5	(6)	6.4	(7)			7.5	8.6	3.2							
Western	NZ Core	4	261	0.9	(2)	2.0	(6)	7.3	(7)					7.3	9.5								
Western	NZ Core Constrained	1	82	0.5	(11)	0.8	(11)	5.2	(11)	4.9	(9)	4.2	(7)	5.2	7.0	2.5	1.9	4.7	1.3	-1.6	1.9	-0.8	(7)
	Minimum			0.5		0.8		5.2		4.9		4.2		5.2	7.0	2.5	1.8	4.7	1.3	-1.6	0.5	-0.8	
	Median			0.8		2.0		7.5		6.8		6.6		7.5	8.8	3.2	3.1	9.3	2.4	0.7	1.1	0.7	
	Maximum			1.0		2.3		8.5		7.1		7.3		8.5	9.5	4.7	6.6	11.3	3.0	1.3	1.9	1.7	
	S&P/NZX NZ Govt Stock Index	1		0.9		2.1		8.0		6.2		5.9		8.0	8.5	2.1	0.0	11.0	3.0				
	S&P/NZX NZ Corp A Grade Index	2		0.7		1.5		6.2		6.1		6.0		6.2	8.4	3.8	4.5	7.2	1.6				
	S&P/NZX NZ Govt/Corp A Index (50/50)	3		0.8		1.8		7.1		6.2		5.9		7.1	8.5	3.0	2.2	9.1	2.3				
	S&P/NZX NZ Comp Inv Grade Index	4		0.9		2.0		7.6						7.6	8.4								
	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 30 Jun 2016										For the year ended 30 June					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	4,110	0.2	(4)	0.7	(4)	3.2	(5)	3.6	(6)	3.6	(3)	3.2	4.1	3.5	3.6	3.5	0.1	0.6	0.1	8.2	(1)
AMPCI	NZ Short Duration	2	250	0.4	(1)	0.9	(2)	5.1	(1)	5.4	(1)			5.1	6.9	4.2	4.8						
AMPCI	Global Short Duration	1	183	0.3	(2)	1.1	(1)	4.0	(2)	4.9	(2)			4.0	5.1	5.7	4.9						
ANZ	NZ Cash	1	3,213	0.2	(5)	0.7	(5)	3.1	(7)	3.5	(7)	3.5	(4)	3.1	4.1	3.3	3.5	3.5	0.1	0.5	0.1	6.0	(3)
Fisher	NZ Cash	1	278	0.2	(7)	0.5	(7)	3.2	(6)	3.7	(5)	3.7	(2)	3.2	4.3	3.7	4.7	2.8	0.4	0.7	0.4	2.1	(4)
Harbour	Short Duration	1	45	0.2	(6)	0.6	(6)	3.6	(3)	4.0	(3)			3.6	4.5	3.9	4.2						
Nikko	NZ Cash	1	680	0.3	(3)	0.8	(3)	3.6	(4)	4.0	(4)	4.0	(1)	3.6	4.5	3.9	4.1	4.0	0.1	1.0	0.1	8.1	(2)
	Median			0.2		0.7		3.6		4.0		3.7		3.6	4.5	3.9	4.2	3.5	0.1	0.7	0.1	7.1	
	S&P/NZX 90 Day Bank Bill Index	1		0.2		0.6		2.9		3.1		3.0		2.9	3.7	2.8	2.7	2.8	0.1				
	S&P/NZX Short End Swap Index	2		0.4		0.6		4.4		4.3				4.4	6.0	2.5	2.2		0.9				

NZ Property

		Returns (%) gross of tax and fees																						
Manager	Fund	Bench mark	FUM (\$m)	For the period to 30 Jun 2016										For the year ended 30 June					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	
Direct:																								
Fisher Trust	Property Fund		385	0.4	(2)	0.9	(2)	13.5	(2)	13.6	(1)	11.4	(1)	13.5	13.7	13.5	13.0	3.9	4.3					
	Property Fund		104	3.6	(1)	6.0	(1)	13.8	(1)	10.4	(2)	10.0	(2)	13.8	7.9	9.5	9.0	9.8	2.2					
Listed:																								
AMPCI	Listed Property	1	21	-0.7	(5)	3.0	(6)	18.5	(6)	16.6	(4)	16.6	(4)	18.5	19.7	11.7	18.9	14.2	7.1	1.9	2.2	0.8	(3)	
AMPCI	Property Fund	2	122	0.6	(1)	5.1	(2)	21.8	(1)					21.8										
ANZ	Property Securities	1	165	-1.1	(7)	3.8	(3)	19.2	(4)	17.7	(2)	17.3	(2)	19.2	18.1	15.8	20.7	12.8	7.6	2.5	2.8	0.9	(2)	
ANZ	Trans Tasman	2	431	0.2	(2)	5.6	(1)	21.0	(2)	18.8	(1)	18.2	(1)	21.0	18.8	16.8	23.1	11.7	8.1	1.7	3.0	0.6	(5)	
Mint	Real Estate Inv Trust	1	56	-0.7	(6)	3.0	(7)	18.3	(7)	16.0	(6)	16.0	(5)	18.3	18.4	11.3	19.9	12.4	6.6	1.3	2.6	0.5	(6)	
Nikko	Property Securities	1	37	-0.1	(3)	3.3	(5)	19.1	(5)	16.3	(5)	15.6	(6)	19.1	19.2	10.7	15.9	13.0	7.1	1.0	1.2	0.8	(4)	
Salt	Listed Property	1	353	-0.7	(4)	3.8	(4)	19.9	(3)	17.5	(3)	16.8	(3)	19.9	20.7	12.0	18.2	13.4	6.9	2.1	1.6	1.3	(1)	
Minimum				-1.1		3.0		18.3		16.0		15.6		18.3	18.1	10.7	15.9	11.7	6.6	1.0	1.2	0.5		
Median				-0.7		3.8		19.2		17.0		16.7		19.2	19.0	11.8	19.4	12.9	7.1	1.8	2.4	0.8		
Maximum				0.6		5.6		21.8		18.8		18.2		21.8	20.7	16.8	23.1	14.2	8.1	2.5	3.0	1.3		
S&P/NZX Property Index		1		-1.3		2.7		18.5		15.0		14.4		18.5	19.1	7.8	15.1	11.9	7.4					
NZX/ASX Property Index		2		0.2		4.7		21.0		17.0		16.2		21.0	21.0	9.5	18.4	11.9	7.5					

Global Property

		Returns (%) gross of tax and fees																						
Manager	Fund	Bench mark	FUM (\$m)	For the period to 30 Jun 2016										For the year ended 30 June					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	180	2.0	(3)	1.9	(4)	13.2	(2)	15.4	(1)	13.4	(1)	13.2	8.9	24.8	16.0	5.3	16.0	-0.4	5.1	-0.1	(1)	
ANZ	International Property	1	588	3.6	(1)	3.1	(2)	15.3	(1)	14.5	(2)	12.7	(2)	15.3	10.7	17.5	15.7	4.6	14.1	-1.2	2.7	-0.5	(2)	
PATH	Global Property	1	12	3.1	(2)	4.3	(1)																	
Russell	Global Listed Real Estate	1	45	2.0	(4)	2.4	(3)	10.0	(3)					10.0										
FTSE EPRA/NAREIT Index*				4.1		4.8		18.6		15.3		14.1		18.6	10.9	16.6	16.8	8.2	13.3					
*UBS Global RE Index prior to June 2015																								

Notes	Contact information																																														
<p>List of Managers</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>Explanatory notes</p> <ol style="list-style-type: none"> Returns are before management fees and tax. All returns greater than 1 year have been annualised. 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. 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. 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. 	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 guy.fisher1@aonhewitt.com</p> <p>Charles Macdonald Consultant +64 4 819 4050 charles.macdonald@aonhewitt.com</p>
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