

The Aon Investment Update as at 31 December 2014

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 – but 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 December 2014

Market summary

Investment markets finished the year strongly with equities and bonds both posting positive returns over the fourth quarter. As a result the median balanced fund in our survey returned 2.9% for the quarter and 12.1% for the 2014 year. This follows on from returns of 14.1% for the median manager in 2012 and in 2013.

Despite the strong performance from most investment sectors, the final quarter saw increased volatility in a number of asset classes as a result of heightened geopolitical risk, a sharp fall in the oil price and economic data releases which, outside of the US at least, generally disappointed.

New Zealand equities continued to rise - outperforming most overseas markets over the quarter. However Japan was the best performing major equity market following the announcement of significant additional stimulus from their Central Bank and a snap election on 14 December which Prime Minister Abe won.

Domestic equity managers generally performed well over the quarter, though they struggled to beat the benchmark. The median manager returned 5.9%, compared with an index return of 6.2%. Over 2014 as a whole the domestic equity index returned 19.2%. Salt's Dividend Appreciation Fund performed best over the year with a 29.0% return, followed by a 26.3% return for Devon's NZ Core Fund.

Returns from global equity funds were mixed with the median manager returning just 1.5% (unhedged) over the quarter. The best performing fund over 2014 was AMP Capital's RIL Global Shares Fund with a 12.3% return.

Bonds continued to provide positive returns to investors as yields declined. The 10-year US Treasury yield fell from 2.49% to 2.17% over the quarter, while NZ Government bond yield fell from 4.1% to 3.7%.

In New Zealand corporate bonds underperformed Governments over the quarter. As a result, most domestic bond managers failed to beat the Government bond index - the exceptions being AMP Capital and ANZ Investments.

It was a similar picture globally, with corporate bonds outperforming sovereigns. The median global bond manager returned 3.0% for the quarter, compared with 3.2% for the Barclays Aggregate benchmark and 3.6% for the Citigroup World Government bond index.

Looking ahead

One key feature of the second half of 2015 was the weakness in the price of oil. In June it had risen to close to \$108 per barrel, but by the end of the year the price was just above \$50 per barrel. While this is good news for consumers, it has put significant pressure on energy producers – which now includes the US.

According to a recent report from the Manhattan Institute (“The Power and Growth Initiative Report”): *‘In recent years, America’s oil & gas boom has added \$300–\$400 billion annually to the economy—without this contribution, GDP growth would have been negative and the nation would have continued to be in recession.’* The report claims that more than 10 million jobs in the US are associated with the oil and gas industry.

In New Zealand it was the price of milk, not oil, which caused concern. Dairy product prices fell to a five year low in December, and Fonterra cut its forecast milk price payout for the 2014/15 season. According to Westpac, *‘the drop from last season’s record \$8.40 farmgate milk price to \$4.70 was equivalent to a reduction in income of \$6.1 billion for the New Zealand dairy industry, or 2.7 per cent of the nation’s gross domestic product.’*

A recovery in the prices of these two key commodities, oil and milk, will be an important factor in determining global and domestic economic growth in 2015.

New Zealand Fund Management Changes

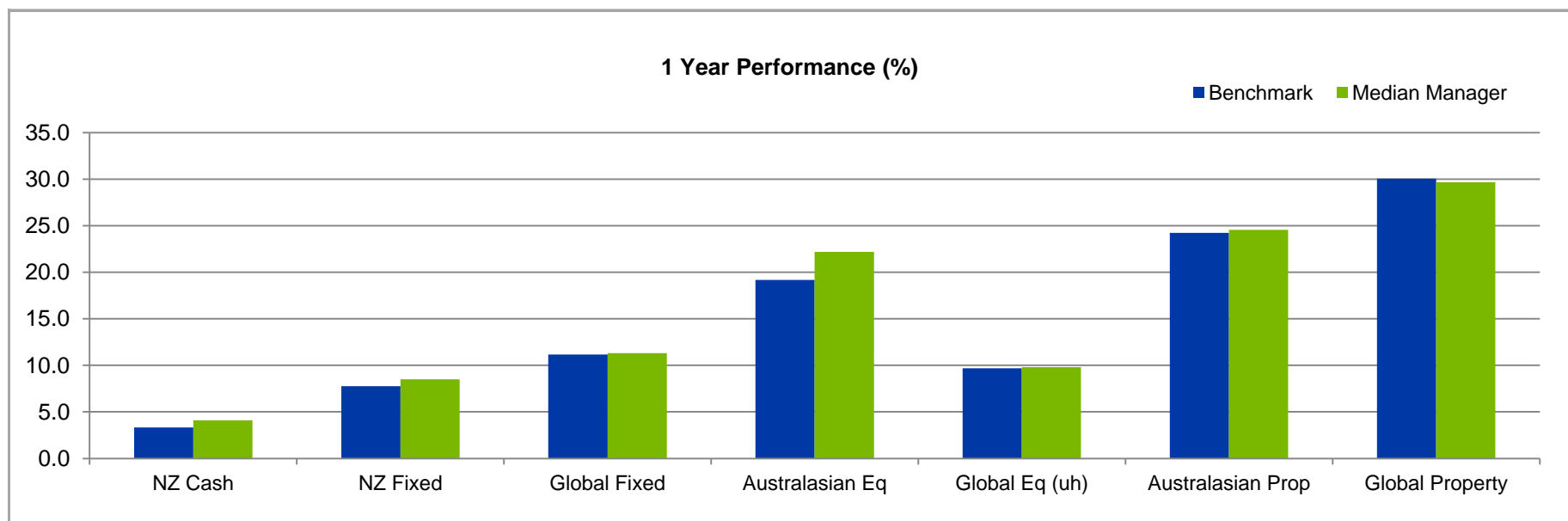
The major news over the quarter was AMP Capital’s decision to outsource the management of their New Zealand equity portfolios to a third party equity manager. AMP expects the transition of portfolios to the new manager to be completed by 31 March 2015.

The change in strategy comes after the departure of John Phipps (Deputy Head of Equities), Douglas Lau (Senior Portfolio Manager) and John Middleton (Senior Analyst) from the New Zealand equity team, and the loss of some major mandates – including a \$250m New Zealand equity mandate with NZ Super.

AMP Capital’s NZ Listed Property Securities Fund will now be managed by the team based in Australia.

Median Manager Performance v Benchmark

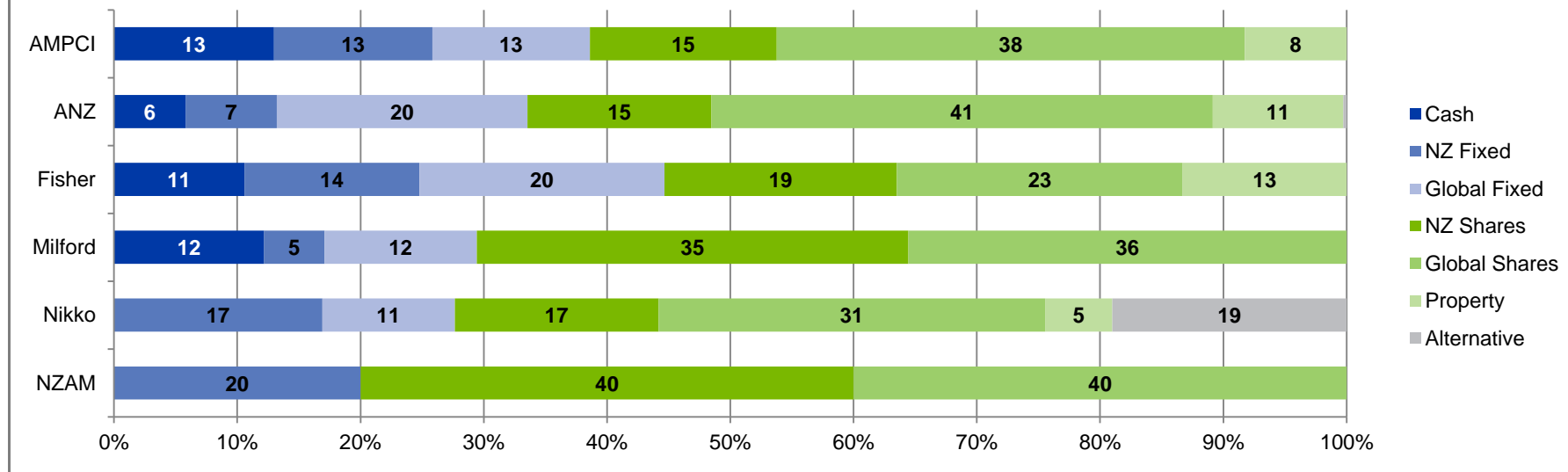
Sector		Returns (%) gross of tax and fees									Volatility 5 Yrs
		For the period to 31 Dec 2014				For the year ended 31 December					
		1 Qtr	1 Yr	3 Yrs	5 Yrs	2014	2013	2012	2011	2010	
NZ Cash	ANZ 90D Bank Bills	0.9	3.3	2.9	2.9	3.3	2.7	2.7	2.9	3.0	0.1
	Median Manager	1.1	4.1	3.9	3.8	4.1	3.8	3.9	3.8	4.0	0.1
NZ Fixed Interest	ANZ NZ Govt Stock	2.9	7.8	3.4	6.1	7.8	-2.0	4.8	13.3	7.0	3.1
	Median Manager	2.8	8.5	5.1	7.1	8.5	1.2	7.0	12.4	7.8	2.5
Global Fixed Interest	Barclays Aggregate	3.2	11.2	7.2	7.5	11.2	2.2	8.4	8.1	7.6	2.4
	Median Manager	3.0	11.3	8.2	8.7	11.3	2.7	11.4	8.7	10.9	2.8
Australasian Equities	NZX 50 Gross	6.2	19.2	20.9	13.0	19.2	17.9	25.9	0.4	3.7	8.6
	Median Manager	5.9	22.2	22.7	14.0	22.2	19.5	26.3	1.2	4.9	9.1
Global Equities (unhedged)	MSCI ACWI	0.1	9.7	14.0	7.6	9.7	23.1	9.8	-7.2	4.9	9.5
	Median Manager	1.1	9.8	15.2	8.7	9.8	26.3	10.2	-5.9	6.2	10.1
Australasian Property	NZX Property	10.0	24.2	15.9	12.3	24.2	3.9	20.5	11.2	3.4	7.9
	Median Manager	9.6	24.6	19.3	15.1	24.6	8.1	25.5	10.2	4.6	7.5
Global Property	UBS Property	12.9	30.0	20.9	17.3	30.0	7.3	26.6	1.7	23.5	13.4
	Median Manager	13.4	29.7	21.5	17.4	29.7	8.7	27.2	0.3	24.4	15.8



Balanced Funds

Manager	FUM (\$m)	Returns (%) gross of tax and fees													5 Years		
		For the period to 31 Dec 2014						For the year ended 31 December									
		1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2014	2013	2012	2011	2010	Vol	SR	Rk
AMP Capital Investors NZ Limited	19	2.0	(7)	10.2	(6)	11.9	(6)	8.8	(5)	10.2	11.9	13.5	1.4	7.2	4.9	1.2	(6)
AMP Capital Investors RIL	24	2.8	(5)	12.2	(3)	13.8	(3)	10.3	(2)	12.2	14.1	15.1	2.2	8.5	4.7	1.6	(4)
ANZ Investments	486	4.6	(1)	13.5	(2)	15.5	(2)	11.7	(1)	13.5	16.3	16.8	3.6	9.1	5.4	1.6	(3)
Fisher Institutional	921	3.5	(3)	12.1	(4)	12.0	(5)	9.2	(4)	12.1	10.7	13.2	1.6	8.7	4.3	1.5	(5)
Milford Funds	219	3.9	(2)	14.3	(1)	17.0	(1)			14.3	16.9	20.0	3.1				
Nikko Investment Management	204	2.9	(4)	12.0	(5)	13.5	(4)	10.0	(3)	12.0	14.4	14.1	2.2	7.7	4.3	1.7	(2)
NZAM	50	2.2	(6)	8.1	(7)	9.3	(7)	7.9	(6)	8.1	10.7	9.2	3.8	7.6	2.2	2.2	(1)
Minimum		2.0		8.1		9.3		7.9		8.1	10.7	9.2	1.4	7.2	2.2	1.2	
Median		2.9		12.1		13.5		9.6		12.1	14.1	14.1	2.2	8.1	4.5	1.6	
Maximum		4.6		14.3		17.0		11.7		14.3	16.9	20.0	3.8	9.1	5.4	2.2	

Asset Allocation



NZ and Australasian Equities

					Returns (%) gross of tax and fees																		
Manager	Fund	Bench mark	FUM (\$m)	% in Aus	For the period to 31 Dec 2014					For the year ended 31 December					For last 5 years								
					1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2014	2013	2012	2011	2010	Vol	VA	TE	IR	Rk	
AMPCI	NZ Shares	1	500	0%	6.3	(8)	23.8	(8)	21.8	(12)	14.0	(8)	23.8	15.0	26.9	0.3	6.5	9.0	0.9	2.8	0.3	(10)	
AMPCI	NZ Shares RIL	1	8	0%	6.7	(3)	23.8	(7)					23.8	16.7									
AMPCI	Strategic NZ Share	2	159	0%	7.5	(2)	24.5	(5)	22.7	(9)	13.6	(10)	24.5	15.8	28.2	-3.3	6.0	9.1	0.2	3.4	0.1	(14)	
ANZ	NZ Equities	1	179	0%	6.0	(9)	22.2	(10)	23.0	(7)	15.2	(4)	22.2	20.6	26.3	4.9	3.9	8.7	2.0	1.7	1.2	(3)	
ANZ	Australasian Equity	1	653	9%	5.8	(12)	22.8	(9)	22.5	(10)	14.5	(6)	22.8	19.5	25.4	3.9	2.9	8.6	1.3	1.9	0.7	(8)	
CPFM	Trans Tasman Strategy	1	n/a	20%	4.0	(17)																	
Devon	NZ Core	1	169	14%	5.6	(13)	26.3	(3)	22.9	(8)	14.4	(7)	26.3	22.0	20.5	1.1	4.2	8.5	1.2	3.4	0.3	(9)	
Devon	Equity Income	3	77	46%	6.7	(4)	26.5	(2)	23.0	(6)			26.5	19.5	23.1								
Devon	Trans Tasman	3	93	50%	4.4	(16)	21.4	(11)	23.2	(5)	12.8	(14)	21.4	29.7	18.7	-5.8	3.5	9.7	4.1	4.1	1.0	(4)	
Fisher	Trans Tasman Equities	1	480	8%	6.0	(10)	19.2	(15)	21.3	(15)	13.3	(12)	19.2	14.1	31.1	0.7	4.2	10.0	0.4	3.4	0.1	(13)	
Harbour	Australasian Equity	5	577	27%	2.4	(18)	13.8	(17)	22.0	(11)			13.8	26.1	26.7	-2.5							
Milford	NZ Equities	1	467	0%	4.8	(15)	14.0	(16)	24.6	(2)	15.7	(2)	14.0	28.8	31.7	2.1	4.9	8.7	2.3	3.0	0.8	(7)	
Milford	Trans Tasman	3	274	50%	0.4	(19)	9.2	(18)	20.2	(16)	13.6	(11)	9.2	21.1	31.3	2.4	6.5	9.1	4.8	3.7	1.3	(1)	
Mint	Trans Tasman Equity	1	65	14%	6.5	(6)	21.1	(12)	26.3	(1)	17.4	(1)	21.1	28.7	29.2	1.3	9.6	9.1	3.9	5.2	0.8	(6)	
Nikko	Core Domestic Equity	1	280	8%	6.4	(7)	20.1	(13)	21.6	(14)	13.0	(13)	20.1	19.2	25.5	0.3	2.4	8.9	0.0	2.3	0.0	(15)	
Nikko	Australasian Smallcap	4	4	56%	-2.6	(20)	5.4	(19)	17.0	(17)	8.7	(15)	5.4	15.1	32.0	-16.2	12.9	13.8	8.7	6.8	1.3	(2)	
Russell	NZ Shares	5	81	0%	5.0	(14)	19.4	(14)					19.4										
Salt	Dividend Appreciation	1	74	0%	8.5	(1)	29.0	(1)	23.4	(3)	15.5	(3)	29.0	17.5	24.0	1.5	7.7	8.9	2.2	2.9	0.8	(5)	
Salt	NZ Plus Share	1	397	3%	6.6	(5)	25.6	(4)	21.7	(13)	13.8	(9)	25.6	16.4	23.4	1.7	4.1	9.4	0.8	2.8	0.3	(12)	
Salt	Javelin	2	55	12%	5.9	(11)	23.9	(6)	23.2	(4)	14.9	(5)	23.9	21.4	24.4	1.7	5.5	10.2	1.4	4.5	0.3	(11)	
Minimum					-2.6		5.4		17.0		8.7		5.4	14.1	18.7	-16.2	2.4	8.5	0.0	1.7	0.0		
Median					5.9		22.2		22.7		14.0		22.2	19.5	26.3	1.2	4.9	9.1	1.7	3.4	0.7		
Maximum					8.5		29.0		26.3		17.4		29.0	29.7	32.0	4.9	12.9	13.8	8.7	6.8	1.3		
NZX 50 Gross incl I/C					1		6.2		19.2		20.9		19.2	17.9	25.9	0.4	3.7	8.6					
NZX 50 Portfolio incl I/C					2		7.6		21.5		22.4		21.5	18.7	27.3	-2.0	4.2	8.6					
NZX50/ASX200 (50/50)					3		1.2		10.4		8.3		10.4	10.8	20.6	-4.8	5.9	10.2					
NZX/ASX Small Cap					4		-6.6		-3.4		0.3		-3.4	-6.2	11.5	-15.9	15.9	14.1					
Russell NZ Tradeable Gross					5		7.4		22.6		22.1		22.6	18.6	25.1	3.5							

Australian Only Equity

				Returns (%) gross of tax and fees																	
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2014					For the year ended 31 December					For last 5 years							
				1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2014	2013	2012	2011	2010	Vol	VA	TE	IR	Rk
AMPCI	Australian Share	1	31	-2.8	(3)	6.1	(3)	8.3	(3)	4.3	(2)	6.1	3.0	16.2	-9.5	7.1	14.4	0.9	1.7	0.5	(1)
ANZ	Australian Share	1	484	-3.9	(4)	-0.4	(4)	9.8	(2)	5.2	(1)	-0.4	16.0	14.5	-10.6	8.6	13.3	1.5	3.8	0.4	(2)
Devon	Australian	1	34	-2.4	(2)	7.5	(2)	13.4	(1)			7.5	16.2	16.6	-11.0						
Milford	Dynamic	2	120	2.3	(1)	13.2	(1)					13.2									
Minimum				-3.9		-0.4		8.3		4.3		-0.4	3.0	14.5	-11.0	7.1	13.3	0.9	1.7	0.4	
Median				-2.6		6.8		9.8		4.7		6.1	16.0	16.2	-10.6	7.9	13.9	1.2	2.8	0.5	
Maximum				2.3		13.2		13.4		5.2		7.5	16.2	16.6	-9.5	8.6	14.4	1.5	3.8	0.5	
ASX 200		1		-3.8		1.7		6.7		3.3		1.7	3.8	15.2	-10.4	7.8	14.8				
ASX SmallCap Industrials		2		0.3		2.8		14.4				2.8	18.5	23.0							

Income

				Returns (%) gross of tax and fees																	
Manager	Fund	FUM (\$m)		For the period to 31 Dec 2014					For the year ended 31 December					Benchmark							
				1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2014	2013	2012	2011	2010					
Harbour	Australasian Eq Income	80		7.8	(1)	25.0	(1)	23.2	(1)			25.0	17.4	27.4							n/a
Milford	Income	1,024		5.1	(2)	18.1	(2)	17.8	(2)			18.1	14.1	21.3	9.5						ANZ 90 Day Bank Bill Index
Nikko	Income	4		1.5	(3)	8.2	(3)	7.5	(3)	8.3	(1)	8.2	4.3	10.1	7.8	11.2					10% p.a.
Minimum				1.5		8.2		7.5		8.3		8.2	4.3	10.1	7.8	11.2					
Median				5.1		18.1		17.8		8.3		18.1	14.1	21.3	8.6	11.2					
Maximum				7.8		25.0		23.2		8.3		25.0	17.4	27.4	9.5	11.2					

Global Equities (Unhedged)

				Returns (%) gross of tax and fees																	
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2014					For the year ended 31 December					For last 5 years							
				1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2014	2013	2012	2011	2010	Vol	VA	TE	IR	Rk
AMPCI	Global Shares	2	930	1.1	(7)	11.4	(2)	17.0	(4)	9.2	(4)	11.4	30.6	10.0	-6.0	3.3	10.1	1.5	1.8	0.8	(3)
AMPCI	RIL Global Shares	1	35	-0.2	(10)	10.9	(3)	15.8	(6)	8.7	(6)	10.9	26.1	11.1	-8.4	6.7	9.5	1.0	1.3	0.8	(4)
ANZ	International Share	1	2,904	2.9	(3)	10.9	(4)	18.0	(2)	10.6	(2)	10.9	28.2	15.5	-4.2	5.4	10.2	2.8	2.4	1.2	(1)
EC	Global Value	1	13	-2.3	(12)	4.6	(12)	11.5	(12)	8.6	(7)	4.6	26.9	4.5	-2.2	11.4	7.4	0.6	5.2	0.1	(9)
EC	Value Fund of Funds	1	9	1.7	(5)	8.5	(9)	12.8	(10)			8.5	22.5	8.2							
Fisher	Overseas Equities	1	652	0.9	(8)	10.0	(6)	12.2	(11)	6.7	(11)	10.0	20.4	6.6	-8.0	6.4	9.4	-0.9	2.0	-0.4	(11)
FRK	Global Growth	1	52	4.4	(2)	9.6	(8)	16.7	(5)	9.5	(3)	9.6	23.7	17.3	-6.9	6.1	10.4	1.7	4.1	0.4	(6)
FRK	Global Trust	1	339	-3.2	(13)	4.0	(13)	17.0	(3)	8.5	(8)	4.0	32.9	16.0	-5.9	-0.4	11.4	0.9	4.2	0.2	(8)
Magellan	Global	1	7,109	4.5	(1)	12.3	(1)	19.1	(1)	15.8	(1)	12.3	30.8	15.0	12.0	10.2	10.5	7.5	7.1	1.1	(2)
MGH	MGH Investments	1	20	-1.2	(11)	6.6	(11)	8.5	(13)	5.9	(12)	6.6	18.6	1.0	-3.8	8.3	7.8	-5.0	5.1	-3.2	(12)
Nikko	Global Equity	1	424	0.6	(9)	9.8	(7)	14.5	(9)	9.0	(5)	9.8	24.1	10.3	-2.8	5.5	8.5	1.2	2.3	0.5	(5)
Nikko	Global SRI	1	10	1.5	(6)	7.2	(10)	15.1	(8)	7.9	(10)	7.2	29.2	10.2	-9.6	6.1	10.4	0.3	4.1	0.1	(10)
Russell	Global Opportunities	3	272	2.2	(4)	10.3	(5)	15.2	(7)	8.3	(9)	10.3	26.3	9.6	-8.5	6.8	10.6	0.7	2.2	0.3	(7)
	Minimum			-3.2		4.0		8.5		5.9		4.0	18.6	1.0	-9.6	-0.4	7.4	-5.0	1.3		-3.2
	Median			1.1		9.8		15.2		8.7		9.8	26.3	10.2	-5.9	6.2	10.1	1.0	3.3		0.4
	Maximum			4.5		12.3		19.1		15.8		12.3	32.9	17.3	12.0	11.4	11.4	7.5	7.1		1.2
	MSCI All Country World Index	1		0.1		9.7		14.0		7.6		9.7	23.1	9.8	-7.2	4.9	9.5				
	MSCI World Index	2		0.7		10.5		15.4		8.6		10.5	27.0	9.5	-5.4	4.1	9.9				
	Russell Global Large Cap	3		0.3		9.9		14.5		7.7		9.9	23.9	10.0	-7.4	4.1	9.6				

Global Bonds

				Returns (%) gross of tax and fees																	
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2014						For the year ended 31 December					For last 5 years						
				1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2014	2013	2012	2011	2010	Vol	VA	TE	IR	Rk
AMPCI	Global Fixed Interest	1	158	3.0	(5)	10.5	(6)	7.4	(4)	7.6	(5)	10.5	2.7	9.3	5.3	10.3	2.6	0.1	1.8	0.1	(5)
ANZ	International Sovereign	2	2,012	3.7	(2)	11.3	(4)	6.5	(6)	7.0	(6)	11.3	1.1	7.4	8.6	6.8	2.7	-0.2	0.6	-0.3	(6)
ANZ	International Credit		1,030	2.9	(7)	11.1	(5)					11.1									
ANZ	International Aggregate	1	658	3.4	(3)																
Fisher	Global Fixed Interest	1	1,010	3.0	(4)	12.2	(2)	8.9	(3)	10.3	(2)	12.2	1.4	13.6	11.3	13.7	3.5	2.7	1.8	1.5	(1)
LMI	Brandywine*	2	193	5.1	(1)	19.6	(1)	13.3	(1)	13.1	(1)	19.6	2.8	18.2	10.7	14.9	4.9	5.5	4.6	1.2	(3)
Nikko	Global Fixed Interest	1	198	1.8	(8)	9.9	(7)	7.1	(5)	7.7	(4)	9.9	3.2	8.5	7.8	9.3	2.4	0.2	0.8	0.3	(4)
Russell	Global Bond	1	1,275	2.9	(6)	11.9	(3)	9.5	(2)	9.7	(3)	11.9	2.7	14.2	8.8	11.4	2.9	2.1	1.5	1.4	(2)
Minimum				1.8		9.9		6.5		7.0		9.9	1.1	7.4	5.3	6.8	2.4	-0.2	0.6	-0.3	
Median				3.0		11.3		8.2		8.7		11.3	2.7	11.4	8.7	10.9	2.8	1.2	1.6	0.7	
Maximum				5.1		19.6		13.3		13.1		19.6	3.2	18.2	11.3	14.9	4.9	5.5	4.6	1.5	
	Barclays Capital Global Agg Index	1		3.2		11.2		7.2		7.5		11.2	2.2	8.4	8.1	7.6	2.4				
	Citigroup World Govt Bond Index	2		3.6		11.8		7.1		7.2		11.8	2.5	7.2	8.3	6.3	2.6				

Other Global Funds

				Returns (%) gross of tax and fees																	
Manager	Fund	FUM (\$m)		For the period to 31 Dec 2014						For the year ended 31 December					Benchmark						
				1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2014	2013	2012	2011	2010					
AMPCI	Commodities	279		-10.2	(5)	-12.4	(5)					-12.4	-5.9								n/a
AMPCI	Infrastructure	167		5.8	(2)	30.2	(1)					30.2	20.4								n/a
CFS	Infrastructure	134		6.2	(1)	22.3	(2)					22.3									UBS Global Infrastructure/Utilities
PATH	Commodity Plus Fund	53		1.0	(4)	1.2	(4)	-1.9	(2)	-1.3	(1)	1.2	-5.2	-1.5	-2.8	2.1					Bloomberg Commodity Index
PATH	Global Water Fund	4		3.5	(3)	9.2	(3)	17.9	(1)			9.2	30.8	14.8	-11.1						n/a
Minimum				-10.2		-12.4		-1.9		-1.3		-12.4	-5.9	-1.5	-11.1	2.1					
Median				3.5		9.2		8.0		-1.3		9.2	7.6	6.7	-7.0	2.1					
Maximum				6.2		30.2		17.9		-1.3		30.2	30.8	14.8	-2.8	2.1					

* 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 Dec 2014						For the year ended 31 December					For last 5 years						
				1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2014	2013	2012	2011	2010	Vol	VA	TE	IR	Rk
AMPCI	NZ Fixed Interest	1	1,725	3.1	(1)	8.7	(3)	4.8	(5)	7.0	(4)	8.7	-0.5	6.3	13.9	7.2	2.9	0.9	0.6	1.7	(1)
ANZ	NZ Fixed Interest	1	1,148	3.0	(2)	8.5	(4)	4.6	(6)	7.2	(3)	8.5	-1.4	7.0	13.3	9.1	2.9	1.1	0.8	1.4	(2)
Fisher	NZ Fixed Interest	1	957	2.9	(3)	7.8	(7)	4.5	(7)	6.6	(5)	7.8	-0.0	5.9	12.1	7.5	2.4	0.5	1.2	0.4	(5)
Harbour	NZ Core Fixed Interest	3	113	2.1	(8)	7.2	(8)	5.1	(4)			7.2	1.6	6.7							
Harbour	NZ Corporate Bond	2	186	2.1	(9)	7.1	(9)	5.7	(3)	6.2	(6)	7.1	2.9	7.2	7.7	6.4	1.3	-0.4	1.0	-0.4	(6)
Milford	NZ Fixed Interest	1	238	2.8	(4)	9.6	(1)					9.6									
Nikko	NZ Corporate Bond	1	89	2.7	(6)	8.7	(2)	6.7	(1)	8.0	(1)	8.7	2.7	8.7	10.7	9.2	2.0	1.8	1.9	0.9	(4)
Nikko	NZ Fixed Interest	1	224	2.8	(5)	8.5	(5)	5.8	(2)	7.6	(2)	8.5	1.2	7.9	12.8	8.1	2.5	1.5	1.1	1.3	(3)
Russell	NZ Fixed Interest	1	70	2.6	(7)	7.9	(6)					7.9									
Minimum				2.1		7.1		4.5		6.2		7.1	-1.4	5.9	7.7	6.4	1.3	-0.4	0.6	-0.4	
Median				2.8		8.5		5.1		7.1		8.5	1.2	7.0	12.4	7.8	2.5	1.0	1.1	1.1	
Maximum				3.1		9.6		6.7		8.0		9.6	2.9	8.7	13.9	9.2	2.9	1.8	1.9	1.7	
	ANZ NZ Govt Stock Index	1		2.9		7.8		3.4		6.1		7.8	-2.0	4.8	13.3	7.0	3.1				
	ANZ NZ Corp A Grade Index	2		2.4		7.4		5.2		6.7		7.4	1.9	6.3	9.3	8.7	1.7				
	ANZ NZ Govt/Corp A Index (50/50)	3		2.7		7.6		4.3		6.4		7.6	-0.1	5.5	11.3	7.9	2.3				

NZ Cash

				Returns (%) gross of tax and fees																	
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2014						For the year ended 31 December					For last 5 years						
				1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2014	2013	2012	2011	2010	Vol	VA	TE	IR	Rk
AMPCI	NZ Cash	1	3,891	1.0	(4)	3.8	(4)	3.6	(3)	3.8	(3)	3.8	3.4	3.6	3.8	4.2	0.1	0.8	0.1	10.1	(1)
ANZ	NZ Cash	1	1,711	1.0	(5)	3.8	(5)	3.5	(4)	3.6	(4)	3.8	3.3	3.5	3.7	3.8	0.1	0.7	0.1	8.0	(3)
Fisher	NZ Cash	1	907	1.1	(3)	4.1	(3)	4.1	(1)	3.8	(2)	4.1	3.8	4.5	2.9	3.6	0.3	0.8	0.3	2.4	(4)
Harbour	Short Duration	1	44	1.2	(1)	4.2	(1)					4.2	3.9								
Nikko	NZ Cash	1	361	1.1	(2)	4.2	(2)	4.1	(2)	4.2	(1)	4.2	3.9	4.2	4.0	4.5	0.1	1.2	0.1	8.2	(2)
Minimum				1.0		3.8		3.5		3.6		3.8	3.3	3.5	2.9	3.6	0.1	0.7	0.1	2.4	
Median				1.1		4.1		3.9		3.8		4.1	3.8	3.9	3.8	4.0	0.1	0.8	0.1	8.1	
Maximum				1.2		4.2		4.1		4.2		4.2	3.9	4.5	4.0	4.5	0.3	1.2	0.3	10.1	
	ANZ 90 Day Bank Bill Index	1		0.9		3.3		2.9		2.9		3.3	2.7	2.7	2.9	3.0	0.1				

NZ Property

				Returns (%) gross of tax and fees																	
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2014					For the year ended 31 December					For last 5 years							
				1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2014	2013	2012	2011	2010	Vol	VA	TE	IR	Rk
Direct:																					
AMPCI	Property Fund		141	1.4	(8)	8.9	(8)	10.3	(8)	3.8	(8)	8.9	11.8	10.3	0.2	-10.3	6.8				
Fisher	Property Fund		330	2.9	(7)	12.1	(7)	11.9	(7)	10.0	(6)	12.1	17.7	6.1	5.8	8.6	3.8				
TIM	Property Fund		92	1.2	(9)	7.7	(9)	8.8	(9)	8.1	(7)	7.7	9.0	9.8	6.5	7.7	1.7				
Listed:																					
AMPCI	Listed Property	1	17	9.2	(5)	24.3	(4)	19.7	(3)	15.1	(3)	24.3	8.2	27.4	10.1	7.1	7.0	2.4	2.7	0.9	(3)
ANZ	Property Securities	1	138	9.7	(3)	24.8	(3)	20.9	(2)	15.3	(2)	24.8	12.5	25.8	10.3	4.6	8.0	2.6	2.7	1.0	(2)
ANZ	Trans Tasman	2	320	10.1	(1)	25.6	(2)	22.6	(1)	14.5	(4)	25.6	13.4	29.4	4.2	2.7	8.2	1.6	2.9	0.5	(4)
Mint	Real Estate Inv Trust	1	39	8.9	(6)	24.2	(5)	18.9	(5)	13.8	(5)	24.2	8.0	25.1	10.0	3.3	7.1	1.2	2.9	0.4	(5)
Nikko	Property Securities	1	37	9.6	(4)	24.0	(6)	17.1	(6)			24.0	6.4	21.8	11.7						
Salt	Listed Property	1	260	9.9	(2)	26.1	(1)	18.9	(4)	15.4	(1)	26.1	7.3	24.4	12.2	8.3	7.5	2.7	1.5	1.8	(1)
Minimum				8.9		24.0		17.1		13.8		24.0	6.4	21.8	4.2	2.7	7.0	1.2	1.5	0.4	
Median				9.6		24.6		19.3		15.1		24.6	8.1	25.5	10.2	4.6	7.5	2.4	2.7	0.9	
Maximum				10.1		26.1		22.6		15.4		26.1	13.4	29.4	12.2	8.3	8.2	2.7	2.9	1.8	
NZX Property Index		1		10.0		24.2		15.9		12.3		24.2	3.9	20.5	11.2	3.4	7.9				
NZX/ASX Property Index		2		10.8		26.3		18.4		12.8		26.3	5.5	24.5	7.3	2.5	7.5				

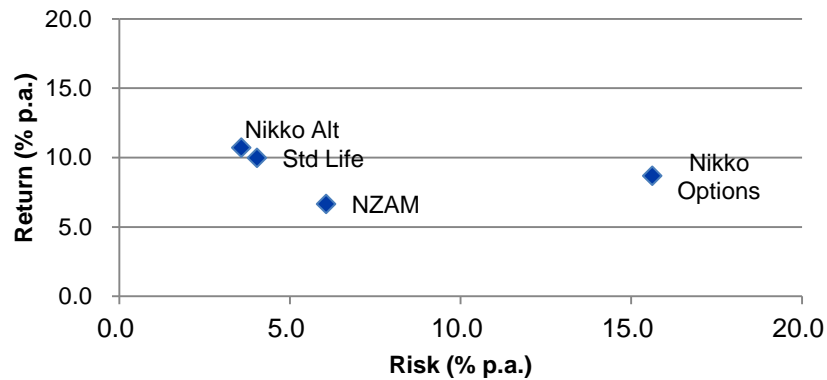
Global Property

				Returns (%) gross of tax and fees																	
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2014					For the year ended 31 December					For last 5 years							
				1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2014	2013	2012	2011	2010	Vol	VA	TE	IR	Rk
AMPCI	Global Property Securities	1	112	14.3	(1)	29.5	(2)	22.8	(1)	17.8	(1)	29.5	10.5	29.4	-0.9	23.8	17.2	1.0	4.9	0.2	(1)
ANZ	International Property	1	393	12.5	(2)	29.8	(1)	20.1	(2)	17.0	(2)	29.8	6.8	25.1	1.5	24.9	14.4	-0.1	2.7	-0.0	(2)
UBS Global Property Index		1		12.9		30.0		20.9		17.3		30.0	7.3	26.6	1.7	23.5	13.4				

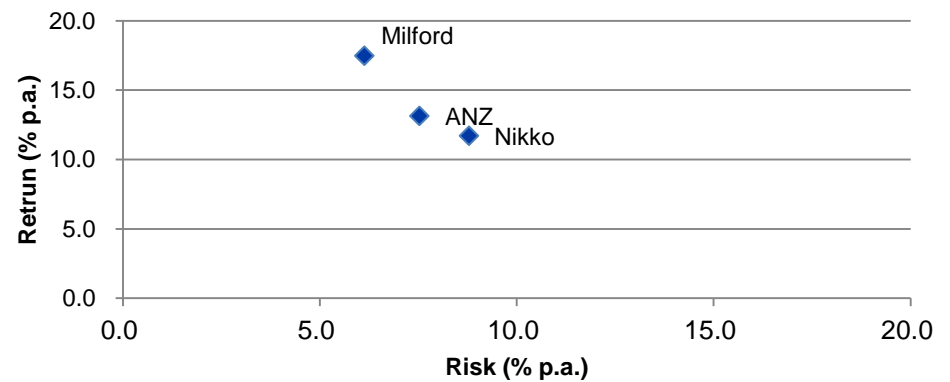
Alternatives/Absolute Return

		Returns (%) gross of tax and fees																	
Manager	Fund	FUM (\$m)	For the period to 31 Dec 2014						For the year ended 31 December					5 Years			Benchmark		
			1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2014	2013	2012	2011	2010	Vol		SR	Rk
Global:																			
Milford	Global	179	3.7	(2)	8.9	(4)					8.9							OCR + 5%	
Nikko	Alternative Investment	102	1.9	(5)	9.4	(3)	12.1	(1)	10.7	(1)	9.4	15.7	11.3	4.6	12.8	3.6	2.2	(1)	90 Day Bank Bill + 2.5%
Nikko	Options	155	-1.3	(6)	8.4	(5)	11.7	(2)	8.7	(3)	8.4	10.4	16.5	-1.7	10.6	15.6	0.4	(4)	90 Day Bank Bill + 4%
NZAM	Alpha	16	5.7	(1)	10.4	(1)					10.4	8.7						OCR + 4%	
NZAM	Global	594	2.8	(3)	7.0	(6)	9.7	(4)	6.6	(4)	7.0	18.0	4.7	-1.8	6.3	6.1	0.6	(3)	OCR + 4%
Std Life	GARS*	67	2.2	(4)	9.7	(2)	10.1	(3)	10.0	(2)	9.7	10.1	10.4	5.8	13.9	4.0	1.7	(2)	OCR + 5%
Australasian:																			
ANZ	Equity Selection	34	4.4	(2)	20.3	(1)	20.4	(4)	13.1	(2)	20.3	18.9	21.9	6.9	-0.6	7.5	1.4	(2)	90 Day Bank Bill + 5%
CPFM	Ranger	5	-1.9	(6)															OCR + 5%
Devon	Alpha	93	2.4	(4)	18.7	(3)	24.9	(1)			18.7	34.3	22.2	-9.7					12% p.a.
Milford	Active Growth	799	4.3	(3)	16.7	(4)	23.4	(2)	17.5	(1)	16.7	22.7	31.1	4.5	14.0	6.1	2.4	(1)	10% p.a.
Nikko	Concentrated	49	9.4	(1)	20.0	(2)	20.6	(3)	11.7	(3)	20.0	17.2	24.8	-5.8	5.1	8.8	1.0	(3)	90 Day Bank Bill + 5%
Salt	Long/Short	6	2.0	(5)															OCR + 5%
OCR + 5%			2.1		8.1		7.7		7.7		8.1	7.5	7.5	7.6	7.7	0.1			

5 Year risk/return - Global Funds



5 Year risk/return - Australasian Funds



*GARS returns use a simulated hedge prior to March 2013

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>CFS</td><td>Colonial First State</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>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 Investment 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>TIM</td><td>Trust Investments</td></tr> </table> <p>Explanatory notes</p> <ol style="list-style-type: none"> Returns are before management fees and tax and are generally per annum, except for quarterly returns which are per quarter. 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 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	CFS	Colonial First State	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	MGH	MGH Investments	Milford	Milford Funds	Mint	Mint Asset Management	Nikko	Nikko Investment Management	NZAM	NZ Assets Management	PATH	Pathfinder Asset Management	Russell	Russell Investment Group	Salt	Salt Funds Management	Std Life	Standard Life Investments	TIM	Trust Investments	<p>Guy Fisher Consultant +64 4 819 4054 guy.fisher@aonhewitt.com</p> <p>Greg Lee Actuary & Principal +64 9 362 9825 greg.lee@aonhewitt.com</p> <p>Charles Macdonald Consultant +64 4 819 4050 charles.macdonald@aonhewitt.com</p>
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