

The Aon Investment Update as at 31 December 2015

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.

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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 2015

Market summary

As had been widely anticipated, the US Federal Reserve increased interest rates in December – taking the Fed Funds rate from 0% to 0.25%. The rate had been at zero since December 2008. The last time the Fed Funds rate was increased was June 2006.

Despite the significance of the Fed's action, investment markets reacted calmly. Partly this was because the move had been so clearly signposted in advance; partly it was because investors are confident that further increases will be gradual. In a statement released after the decision was announced, officials said: "The committee expects that economic conditions will evolve in a manner that will warrant only gradual increases in the federal funds rate; the funds rate is likely to remain, for some time, below levels that are expected to prevail in the longer run."

While markets were broadly satisfied (and unsurprised) by the messages delivered by the US Federal Reserve, the same cannot be said of the European Central Bank (ECB). It had been widely anticipated that the ECB would announce substantial further monetary easing at their meeting in early December. However, while the ECB did cut the deposit rate further (from -0.2% to -0.3%), the amount of bond purchases was left unchanged at €60 billion per month. As a result, the ECB announcement fell short of expectations.

Meanwhile in New Zealand, the Reserve Bank cut the Official Cash Rate (OCR) back to a record low level of 2.50%, while at the same time signalling that no further cuts were expected. Despite the OCR cut, the New Zealand dollar strengthened against most currencies in December.

Another key factor driving global investment markets in December was continued weakness in oil prices, with US Crude Oil falling below \$40 per barrel, the lowest level since December 2008. Prices have fallen another 10% since the start of 2016, and are now sitting at a 12 year low (\$33 per barrel). Price weakness is mostly driven by over-supply which shows no sign of abating.

Whilst economic data releases in December were mostly encouraging; rising interest rates, the disappointing announcement from the ECB and on-going concerns over the pace of economic growth in China meant that equity market returns for the month were negative. European bourses led the way, with the German and French equity indices both down by around 6%.

The New Zealand equity market bucked the trend – rising 3.7% over December, which took the return for the year to just over 15%. This follows on from returns of 19%, 18% and 26% over the previous three calendar years. The simple Price to Earnings multiple on the New Zealand share market is close to an all time high, and according to Matthew Goodson of Salt Funds Management the forward PE multiple is now 21.6x versus a long term average of 15.4x.

Bond markets produced flat or slightly negative returns over December as yields moved higher. The Barclays Global Aggregate Index \$NZ Hedged returned -0.02%, while the S&P/NZX NZ Government Stock Index returned +0.03% for the month. Globally, credit was weak in December and this was reflected in the S&P/NZX A-Grade Corporate Bond Index which posted a return of -0.34%.

Fund Performance

Balanced Funds struggled to produce positive returns in December but delivered solid returns over the final quarter of 2015. For the year as a whole, returns ranged from 4.2% (AMP Capital) to 12.7% (Nikko), with the median fund returning 7.9%.

Domestic equity funds had a strong month with the median fund returning 3.9%. Russell's NZ Shares fund (which is managed by Harbour) was the standout performer posting a return of 5% for December. Over 2015 as a whole, Nikko's Concentrated Equity Fund (which is classified under Alternatives in the survey) was among the best performers with a return of 21.8%. Milford's NZ Equity Fund also performed strongly (20.7%). ANZ's NZ Equity and Australasian Equity funds were both disappointing, posting returns of 10.3% and 10.2% respectively over the year.

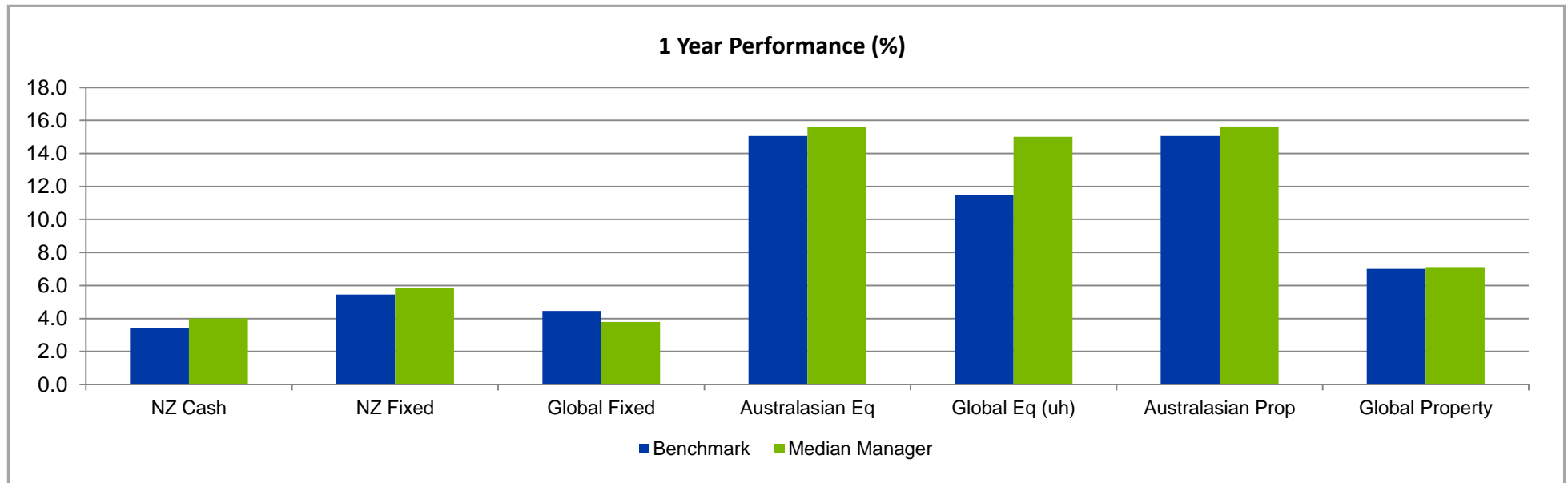
International equity funds all fell sharply in December (on an unhedged basis), but mostly posted solid returns over the year. The median fund returned 15.0% in 2015.

Bond funds were mostly flat or negative in December and posted modest returns for 2015. Domestic bonds outperformed international bonds in 2015.

Amongst the Absolute Return funds, Salt's Long/Short fund had a very good year, posting a return of 22.0%, while Nikko's Option Fund also fared well, returning 16.7%.

Median Manager Performance v Benchmark

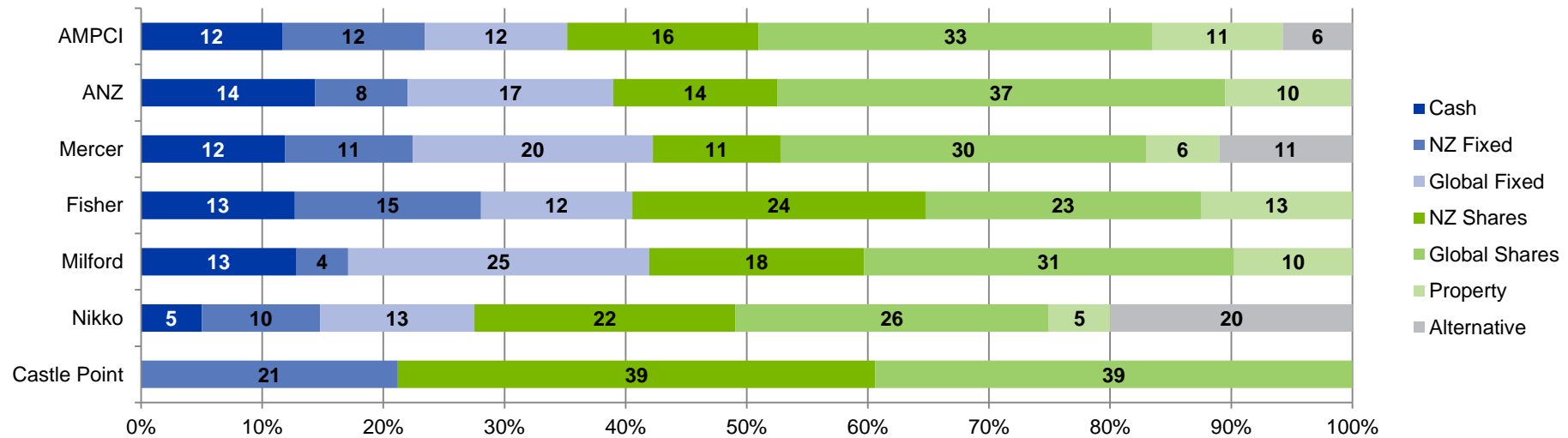
		Returns (%) gross of tax and fees										
Sector		For the period to 31 Dec 2015					For the year ended 31 December					Volatility 5 Yrs
		1 Month	1 Qtr	1 Yr	3 Yrs	5 Yrs	2015	2014	2013	2012	2011	
NZ Cash	ANZ 90D Bank Bills	0.3	0.7	3.4	3.1	3.0	3.4	3.4	2.7	2.7	2.9	0.1
	Median Manager	0.3	0.8	4.0	4.0	3.8	4.0	4.2	3.8	3.9	3.8	0.1
NZ Fixed Interest	ANZ NZ Govt Stock	0.0	-0.4	5.4	3.7	5.7	5.4	7.8	-2.0	4.8	13.3	3.0
	Median Manager	-0.2	-0.1	5.9	4.7	6.5	5.9	8.2	1.0	6.8	12.1	2.4
Global Fixed Interest	Barclays Agg	-0.0	0.8	4.5	5.9	6.8	4.5	11.2	2.2	8.4	8.1	2.5
	Median Manager	-0.4	0.9	3.8	6.0	8.0	3.8	11.9	2.7	12.2	8.8	2.6
Australasian Equities	NZX 50 Gross	3.7	13.2	15.1	17.3	15.4	15.1	19.2	17.9	25.9	0.4	8.3
	Median Manager	3.9	12.6	15.6	19.1	16.0	15.6	21.6	19.5	25.9	1.1	8.3
Global Equities (unhedged)	MSCI ACWI	-5.5	-1.9	11.5	14.6	8.9	11.5	9.7	23.1	9.8	-7.2	10.1
	Median Manager	-5.5	-1.7	15.0	17.0	10.1	15.0	10.0	26.3	10.2	-6.0	10.9
Australasian Property	NZX Property	1.5	9.5	15.1	14.1	14.8	15.1	24.2	3.9	20.5	11.2	7.3
	Median Manager	2.2	9.4	15.6	16.1	17.0	15.6	24.6	8.1	25.5	10.2	6.9
Global Property	UBS Property	0.9	5.9	7.0	14.3	14.0	7.0	30.0	7.3	26.6	1.7	13.0
	Median Manager	0.7	5.5	7.1	15.0	14.2	7.1	29.7	8.7	27.2	0.3	14.7



Balanced Funds

Manager	FUM (\$m)	Returns (%) gross of tax and fees														5 Years	
		For the period to 31 Dec 2015										For the year ended 31 December					
		1 M Rk	1 Qtr Rk	1 Yr Rk	3 Yrs Rk	5 Yrs Rk	2015	2014	2013	2012	2011	Vol	SR Rk				
AMP Capital Investors RIL	43	-0.7 (5)	2.4 (7)	4.2 (7)	10.1 (5)	9.4 (4)	4.2	12.2	14.1	15.1	2.2	4.3	1.5 (6)				
ANZ Investments	544	-0.7 (6)	3.5 (3)	8.8 (3)	12.8 (3)	11.7 (2)	8.8	13.5	16.3	16.8	3.6	5.2	1.7 (3)				
Castle Point Funds	8	1.6 (1)	2.9 (6)	5.0 (6)	7.9 (7)	7.3 (7)	5.0	8.1	10.7	9.2	3.8	2.8	1.6 (4)				
Fisher Institutional	806	-0.1 (3)	3.4 (4)	7.5 (5)	10.1 (6)	8.9 (6)	7.5	12.1	10.7	13.2	1.6	4.2	1.4 (7)				
Mercer	511	-0.7 (7)	3.2 (5)	7.9 (4)	11.2 (4)	9.3 (5)	7.9	11.3	14.5	11.9	1.5	4.2	1.5 (5)				
Milford Funds	325	1.1 (2)	4.9 (1)	12.1 (2)	14.4 (1)	13.1 (1)	12.1	14.4	16.9	20.0	3.1	4.3	2.3 (1)				
Nikko Asset Management	218	-0.2 (4)	3.9 (2)	12.7 (1)	12.9 (2)	10.9 (3)	12.7	11.8	14.4	14.1	2.2	4.2	1.9 (2)				
Minimum		-0.7	2.4	4.2	7.9	7.3	4.2	8.1	10.7	9.2	1.5	2.8	1.4				
Median		-0.2	3.4	7.9	11.2	9.4	7.9	12.1	14.4	14.1	2.2	4.2	1.6				
Maximum		1.6	4.9	12.7	14.4	13.1	12.7	14.4	16.9	20.0	3.8	5.2	2.3				

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 2015					For the year ended 31 December					For last 5 years					
					1 M Rk	1 Qtr Rk	1 Yr Rk	3 Yrs Rk	5 Yrs Rk	2015	2014	2013	2012	2011	Vol	VA	TE	IR	Rk	
AMPCI	NZ Shares	1	490	0	4.4 (3)	13.7 (4)	15.9 (10)	18.2 (14)	16.0 (10)	15.9	23.8	15.0	26.9	0.3	8.5	0.5	2.7	0.2 (12)		
AMPCI	NZ Shares RIL	1	11	0	4.1 (7)	13.6 (5)	15.5 (12)	18.6 (13)		15.5	23.8	16.7								
AMPCI	Strategic NZ Share	2	153	0	4.4 (4)	13.6 (6)	17.3 (6)	19.2 (9)	16.0 (12)	17.3	24.5	15.8	28.2	-3.3	8.1	0.1	3.2	0.0 (16)		
ANZ	NZ Equities	1	126	0	3.8 (12)	12.1 (13)	10.3 (20)	17.6 (15)	16.6 (5)	10.3	22.2	20.6	26.3	4.9	8.4	1.0	2.0	0.5 (7)		
ANZ	Australasian Equity	1	746	9	3.5 (14)	12.4 (12)	10.2 (21)	17.4 (16)	16.1 (7)	10.2	22.8	19.5	25.4	3.9	8.3	0.6	2.1	0.3 (10)		
CPFM	Trans Tasman Strategy	1	0	19	4.4 (5)	11.6 (16)	13.9 (15)			13.9										
Devon	NZ Core	1	214	18	3.0 (17)	10.2 (19)	11.9 (19)	19.9 (7)	16.0 (9)	11.9	26.3	22.0	20.5	1.1	8.3	0.5	3.6	0.1 (15)		
Devon	Dividend Yield	3	41	40	3.1 (16)	12.1 (15)	19.0 (3)	21.6 (3)		19.0	26.5	19.5	23.1							
Devon	Trans Tasman	3	122	53	2.0 (20)	9.4 (20)	13.8 (16)	20.6 (5)	14.5 (16)	13.8	19.0	29.7	18.7	-5.8	8.8	4.9	4.5	1.1 (4)		
Fisher	Trans Tasman Equities	1	533	31	2.8 (18)	11.4 (18)	12.7 (18)	15.3 (17)	15.1 (15)	12.7	19.2	14.1	31.1	0.7	9.2	0.5	3.4	0.2 (14)		
Harbour	Australasian Equity	5	692	28	4.3 (6)	16.0 (2)	18.1 (4)	19.2 (8)	15.9 (13)	18.1	13.8	26.1	26.7	-2.5	9.1	-0.9	4.4	-0.2 (17)		
Mercer	Trans Tasman Equity	1	422	23	3.8 (13)	13.2 (9)	15.5 (13)	19.1 (10)	16.2 (6)	15.5	18.5	23.4	24.4	0.8	8.0	0.7	2.0	0.3 (8)		
Milford	NZ Equities	1	245	0	4.9 (2)	16.5 (1)	20.7 (2)	21.9 (2)	19.4 (1)	20.7	15.2	30.4	31.0	2.1	8.3	3.5	3.1	1.1 (3)		
Milford	Trans Tasman	3	232	43	2.6 (19)	8.8 (21)	13.8 (17)	15.0 (18)	15.7 (14)	13.8	9.7	21.7	31.9	3.4	8.1	6.0	3.3	1.8 (2)		
Mint	Trans Tasman Equity	1	85	10	3.5 (15)	12.1 (14)	17.4 (5)	22.3 (1)	19.1 (2)	17.4	21.1	28.7	29.2	1.3	7.7	3.1	4.9	0.6 (5)		
Nikko	Core Domestic Equity	1	260	8	4.1 (8)	13.2 (8)	16.7 (8)	18.7 (12)	16.0 (8)	16.7	20.1	19.2	25.5	0.3	8.2	0.6	1.9	0.3 (9)		
Nikko	Australasian Smallcap	4	5	69	2.0 (21)	11.5 (17)	24.6 (1)	14.8 (19)	10.8 (17)	24.6	5.4	15.1	32.0	-16.2	12.2	11.8	6.0	2.0 (1)		
Russell	NZ Shares	5	123	0	5.0 (1)	15.5 (3)	16.3 (9)			16.3	19.4									
Salt	Dividend Appreciation	1	84	0	3.9 (10)	13.3 (7)	16.8 (7)	21.0 (4)	17.4 (3)	16.8	29.0	17.5	24.0	1.5	8.3	1.7	3.1	0.6 (6)		
Salt	NZ Plus Share	1	447	6	3.9 (11)	12.6 (11)	14.4 (14)	18.7 (11)	16.0 (11)	14.4	25.6	16.4	23.4	1.7	8.7	0.5	2.9	0.2 (13)		
Salt	Javelin	2	79	13	4.0 (9)	13.0 (10)	15.6 (11)	20.2 (6)	17.1 (4)	15.6	23.9	21.3	24.4	1.7	9.2	1.1	4.5	0.2 (11)		
	Minimum				2.0	8.8	10.2	14.8	10.8	10.2	5.4	14.1	18.7	-16.2	7.7	-0.9	1.9	-0.2		
	Median				3.9	12.6	15.6	19.1	16.0	15.6	21.6	19.5	25.9	1.1	8.3	0.9	3.2	0.3		
	Maximum				5.0	16.5	24.6	22.3	19.4	24.6	29.0	30.4	32.0	4.9	12.2	11.8	6.0	2.0		
	S&P/NZX 50 Gross incl I/C	1			3.7	13.2	15.1	17.3	15.4	15.1	19.2	17.9	25.9	0.4	8.3					
	S&P/NZX 50 Portfolio incl I/C	2			4.0	13.3	15.9	18.7	15.8	15.9	21.5	18.7	27.3	-2.0	8.0					
	NZX50/ASX200 (50/50)	3			1.5	8.1	9.6	10.3	9.0	9.6	10.4	10.8	20.6	-4.8	9.2					
	NZX/ASX Small Cap	4			1.2	8.3	11.8	0.4	-1.0	11.8	-3.4	-6.2	11.5	-15.9	12.2					
	Russell NZ Tradeable Gross	5			3.6	13.0	16.0	19.0	16.9	16.0	22.6	18.6	25.1	3.5	8.3					

Australian Only Equity

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2015										For the year ended 31 December					For last 5 years				
				1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2015	2014	2013	2012	2011	Vol	VA	TE	IR	Rk
AMPCI	Australian Share	1	25	-0.4	(3)	3.2	(4)	5.4	(4)	4.8	(3)	3.9	(3)	5.4	6.1	3.0	16.2	-9.5	13.0	1.3	1.9	0.7	(2)
ANZ	Australian Share	1	534	-1.4	(4)	4.6	(3)	5.8	(3)	6.9	(2)	4.6	(2)	5.8	-0.4	16.0	14.5	-10.6	12.3	1.8	4.0	0.4	(3)
Devon Milford	Australian Dynamic	1	47	-0.4	(2)	7.0	(2)	15.7	(2)	13.1	(1)	8.5	(1)	15.7	7.5	16.2	16.6	-11.0	12.2	5.5	3.3	1.7	(1)
		2	167	5.7	(1)	9.0	(1)	19.4	(1)					19.4	15.6								
	Minimum			-1.4		3.2		5.4		4.8		3.9		5.4	-0.4	3.0	14.5	-11.0	12.2	1.3	1.9	0.4	
	Median			-0.4		5.8		10.7		6.9		4.6		5.8	6.1	16.0	16.2	-10.6	12.3	1.8	3.3	0.7	
	Maximum			5.7		9.0		19.4		13.1		8.5		15.7	7.5	16.2	16.6	-9.5	13.0	5.5	4.0	1.7	
	ASX 200	1		-0.7		3.1		4.1		3.2		2.6		4.1	1.7	3.8	15.2	-10.4	13.4				
	ASX SmallCap Industrials	2		3.8		11.9		15.0		11.9				15.0	2.8	18.5	23.0						
	ASX 200 (in A\$)			2.7		6.5		2.6		9.2		7.0		2.6	5.6	20.2	20.3	-10.5					

Income

		Returns (%) gross of tax and fees																					
Manager	Fund	FUM (\$m)	For the period to 31 Dec 2015										For the year ended 31 December					Benchmark					
			1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2015	2014	2013	2012	2011						
Harbour	Australasian Eq Income	89	0.6	(2)	6.3	(1)	11.7	(1)	17.9	(1)			11.7	25.0	17.4	27.4							n/a
Milford	Diversified Income	1,200	1.7	(1)	5.1	(2)	11.3	(2)	14.8	(2)	15.2	(1)	11.3	18.8	14.4	21.8	10.0						OCR + 2.5%
Mint	Diversified Income	73	0.3	(3)	2.4	(3)	7.7	(4)					7.7										OCR + 2.5%
Nikko	Income	7	0.3	(4)	1.6	(4)	9.6	(3)	7.3	(3)	8.0	(2)	9.6	8.2	4.3	10.1	7.8						10% p.a.
	Minimum		0.3		1.6		7.7		7.3		8.0		7.7	8.2	4.3	10.1	7.8						
	Median		0.4		3.8		10.5		14.8		11.6		10.5	18.8	14.4	21.8	8.9						
	Maximum		1.7		6.3		11.7		17.9		15.2		11.7	25.0	17.4	27.4	10.0						

Global Equities (Unhedged)

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2015										For the year ended 31 December					For last 5 years				
				1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2015	2014	2013	2012	2011	Vol	VA	TE	IR	Rk
AMPCI	Global Shares	2	724	-4.6	(3)	-1.8	(9)	15.0	(8)	18.7	(2)	11.6	(4)	15.0	11.4	30.6	10.0	-6.0	10.5	2.5	1.9	1.3	(2)
AMPCI	RIL Global Shares	1	52	-5.5	(7)	-2.9	(13)	9.5	(12)	15.3	(9)	9.3	(10)	9.5	10.9	26.1	11.1	-8.4	10.3	0.3	1.4	0.2	(9)
ANZ	International Share	1	3,339	-5.3	(6)	-1.3	(7)	15.7	(7)	18.1	(3)	12.7	(2)	15.7	10.9	28.2	15.5	-4.2	11.0	3.6	2.4	1.5	(1)
EC	Value Fund	1	22	-6.0	(12)	-2.9	(12)	9.3	(13)	13.2	(13)	8.2	(11)	9.3	4.6	26.9	4.5	-2.2	8.7	-0.9	4.8	-0.2	(10)
Fisher	Overseas Equities	1	730	-5.5	(9)	-2.2	(10)	10.8	(11)	13.6	(12)	7.5	(13)	10.8	10.0	20.4	6.6	-8.0	10.0	-1.3	1.8	-0.7	(12)
FRK	Global Growth	1	64	-5.6	(10)	0.9	(1)	19.8	(2)	17.6	(5)	12.1	(3)	19.8	9.6	23.7	17.3	-6.9	11.0	3.0	4.0	0.7	(5)
FRK	Global Trust	1	374	-6.9	(14)	-3.2	(14)	7.2	(14)	14.0	(11)	10.1	(7)	7.2	4.0	32.9	16.0	-5.9	12.0	1.2	4.1	0.3	(8)
Harbour	Global Equity Growth	1	7	-4.4	(2)	0.2	(2)	16.1	(6)					16.1									
Magellan	Global	1	8,435	-5.2	(4)	-2.3	(11)	19.0	(3)	20.4	(1)	17.6	(1)	19.0	12.3	30.8	15.0	12.0	11.3	7.9	6.7	1.2	(3)
Mercer	Global Equities	2	797	-5.2	(5)	-0.1	(3)	13.8	(10)	16.1	(8)	9.6	(9)	13.8	11.0	23.8	10.0	-8.0	10.9	-0.5	3.8	-0.6	(11)
MGH	MGH Investments	1	24	-3.5	(1)	-0.4	(5)	20.3	(1)	15.0	(10)	8.1	(12)	20.3	6.6	18.6	1.0	-3.8	9.5	0.2	5.3	-5.0	(13)
Nikko	Global Equity	1	507	-5.7	(11)	-1.7	(8)	17.6	(5)	17.0	(6)	11.4	(5)	17.6	9.8	24.1	10.3	-2.8	9.6	2.2	2.2	1.0	(4)
Nikko	Global SRI	1	19	-6.3	(13)	-0.4	(4)	18.0	(4)	17.8	(4)	10.2	(6)	18.0	7.2	29.2	10.2	-9.6	11.7	1.3	4.4	0.3	(7)
Russell	Emerging Markets	4	0	-7.3	(15)	-4.2	(15)	-2.9	(15)					-2.9									
Russell	Global Opportunities	3	250	-5.5	(8)	-1.0	(6)	14.8	(9)	17.0	(7)	9.9	(8)	14.8	10.3	26.3	9.6	-8.5	11.2	0.8	2.2	0.4	(6)
	Minimum			-7.3		-4.2		-2.9		13.2		7.5		-2.9	4.0	18.6	1.0	-9.6	8.7	-1.3	1.4	-5.0	
	Median			-5.5		-1.7		15.0		17.0		10.1		15.0	10.0	26.3	10.2	-6.0	10.9	1.2	3.8	0.3	
	Maximum			-3.5		0.9		20.3		20.4		17.6		20.3	12.3	32.9	17.3	12.0	12.0	7.9	6.7	1.5	
	MSCI All Country World Index	1		-5.5		-1.9		11.5		14.6		8.9		11.5	9.7	23.1	9.8	-7.2	10.1				
	MSCI World Index	2		-5.4		-1.4		13.2		16.7		10.5		13.2	10.5	27.0	9.5	-5.4	10.5				
	Russell Global Large Cap	3		-5.5		-1.8		11.6		15.0		9.2		11.6	9.9	23.9	10.0	-7.4	10.2				
	Russell Emerging Markets Index	4		-5.6		-4.1		-5.4						-5.4									
	MSCI World Index (100% hedged)			-1.9		6.5		4.1		15.6		11.9		4.1	13.0	31.4	17.7	-3.7	11.3				

Global Bonds

		Returns (%) gross of tax and fees																						
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2015										For the year ended 31 December					For last 5 years					
				1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2015	2014	2013	2012	2011	Vol	VA	TE	IR	Rk	
Global Aggregate:																								
AMPCI	Global Fixed Interest	1	124	-0.5	(5)	0.1	(6)	3.2	(6)	5.4	(5)	6.1	(5)	3.2	10.5	2.7	9.3	5.3	2.6	-0.6	1.6	-0.4	(5)	
ANZ	International Aggregate	1	706	-0.1	(1)	1.3	(1)	4.4	(2)					4.4										
Fisher	Global Fixed Interest	1	915	-0.4	(4)	1.0	(3)	4.0	(3)	5.8	(4)	8.4	(1)	4.0	12.2	1.4	13.6	11.3	3.3	1.5	1.6	0.9	(2)	
Mercer	Global Bonds	1	667	-0.3	(3)	0.9	(4)	3.5	(5)	6.1	(1)	8.0	(3)	3.5	12.3	2.8	12.2	9.5	2.6	1.1	1.2	0.9	(3)	
Nikko	Global Fixed Interest	1	274	-0.2	(2)	1.1	(2)	4.9	(1)	6.0	(3)	6.8	(4)	4.9	9.9	3.2	8.5	7.8	2.4	-0.0	0.9	-0.0	(4)	
Russell	Global Bond	1	1,611	-0.5	(6)	0.3	(5)	3.6	(4)	6.0	(2)	8.2	(2)	3.6	11.9	2.7	14.2	8.8	3.0	1.3	1.4	0.9	(1)	
Minimum				-0.5		0.1		3.2		5.4		6.1		3.2	9.9	1.4	8.5	5.3	2.4	-0.6	0.9	-0.4		
Median				-0.4		0.9		3.8		6.0		8.0		3.8	11.9	2.7	12.2	8.8	2.6	1.1	1.4	0.9		
Maximum				-0.1		1.3		4.9		6.1		8.4		4.9	12.3	3.2	14.2	11.3	3.3	1.5	1.6	0.9		
Other:																								
LMI	Brandywine*	2	182	-1.8	(3)	1.2	(1)	-0.7	(3)	6.8	(1)	9.7	(1)	-0.7	19.4	2.7	18.0	10.7	5.6	2.7	4.7	0.6	(1)	
ANZ	International Sovereign	2	2,292	-0.2	(1)	0.3	(3)	4.0	(1)	5.4	(2)	6.4	(2)	4.0	11.3	1.1	7.4	8.6	2.8	-0.4	0.6	-0.7	(2)	
ANZ	International Credit	x	1,169	-0.6	(2)	0.7	(2)	2.5	(2)					2.5	11.1									
Barclays Capital Global Agg Index				1		-0.0		0.8		4.5		6.8		4.5	11.2	2.2	8.4	8.1	2.5					
Citigroup World Govt Bond Index				2		-0.0		0.8		4.6		6.8		4.6	11.8	2.5	7.2	8.3	2.7					

Other Global Funds

		Returns (%) gross of tax and fees																					
Manager	Fund	FUM (\$m)	For the period to 31 Dec 2015										For the year ended 31 December					Benchmark					
			1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2015	2014	2013	2012	2011						
AMPCI	Commodities	385	-2.3	(3)	-7.8	(7)	-21.1	(7)	-13.4	(6)					-21.1	-12.4	-5.9						n/a
AMPCI	Infrastructure	178	-3.8	(5)	-0.3	(5)	-3.7	(6)	14.7	(3)					-3.7	30.2	20.4						DJ Brookfield Global Infrastructure Index
FSI	Infrastructure	143	-0.9	(2)	1.8	(3)	4.9	(4)							4.9	23.5							FTSE Global Core Infrastructure Net (NZD Hedged)
Magellan	Infrastructure	896	-2.5	(4)	1.5	(4)	14.3	(1)	12.0	(4)	12.1	(1)	14.3	19.4	2.9	11.8	12.6						S&P Global Infrastructure Index (NZD Hedged)
PATH	Commodity Plus Fund	65	0.3	(1)	-0.6	(6)	-0.5	(5)	-1.5	(5)	-1.8	(3)	-0.5	1.2	-5.2	-1.5	-2.8						Bloomberg Commodity Index
PATH	World Equity Fund	35	-4.2	(6)	2.6	(1)	12.1	(2)	16.6	(1)			12.1	15.3	22.5	9.9							MSCI AC World
PATH	Global Water Fund	9	-5.2	(7)	2.5	(2)	8.1	(3)	15.6	(2)	9.5	(2)	8.1	9.2	30.8	14.8	-11.1						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 Dec 2015										For the year ended 31 December					For last 5 years				
				1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2015	2014	2013	2012	2011	Vol	VA	TE	IR	Rk
AMPCI	NZ Fixed Interest	1	1,613	-0.0	(3)	-0.5	(11)	5.6	(9)	4.5	(6)	6.7	(3)	5.6	8.7	-0.5	6.3	13.9	3.0	0.9	0.5	1.8	(1)
ANZ	NZ Fixed Interest	1	1,468	-0.2	(6)	-0.4	(8)	5.9	(4)	4.3	(7)	6.5	(4)	5.9	8.5	-1.4	7.0	13.3	2.9	0.8	0.6	1.2	(2)
Fisher	NZ Fixed Interest	1	1,025	-0.0	(2)	-0.4	(10)	6.0	(3)	4.6	(5)	6.3	(5)	6.0	7.8	-0.0	5.9	12.1	2.5	0.5	1.2	0.4	(5)
Harbour	NZ Core Fixed Interest	3	138	-0.2	(5)	0.3	(2)	5.9	(6)	4.9	(4)			5.9	7.2	1.6	6.7						
Harbour	NZ Corporate Bond	2	243	-0.2	(7)	0.1	(4)	5.7	(7)	5.2	(2)	6.1	(6)	5.7	7.1	2.9	7.2	7.7	1.4	-0.0	0.7	-0.0	(6)
Milford	Trans-Tasman Bond	5	262	0.1	(1)	0.4	(1)	5.2	(11)					5.2	9.7								
Nikko	NZ Corporate Bond	1	159	-0.3	(10)	-0.1	(6)	6.5	(1)	6.0	(1)	7.4	(1)	6.5	8.7	2.7	8.7	10.7	2.0	1.6	1.9	0.8	(4)
Nikko	NZ Fixed Interest	1	257	-0.3	(9)	-0.4	(7)	6.0	(2)	5.2	(3)	7.2	(2)	6.0	8.5	1.2	7.9	12.8	2.4	1.4	1.1	1.2	(3)
Russell	NZ Fixed Interest	1	100	-0.2	(8)	0.0	(5)	5.9	(5)					5.9	7.9								
Western	NZ Core	4	142	-0.3	(11)	-0.4	(9)	5.7	(8)					5.7									
Western	NZ Core Constrained	1	59	-0.1	(4)	0.2	(3)	5.3	(10)	3.8	(8)	4.3	(7)	5.3	5.5	0.8	3.4	6.6	1.3	-1.4	1.9	-0.7	(7)
	Minimum			-0.3		-0.5		5.2		3.8		4.3		5.2	5.5	-1.4	3.4	6.6	1.3	-1.4	0.5	-0.7	
	Median			-0.2		-0.1		5.9		4.7		6.5		5.9	8.2	1.0	6.8	12.1	2.4	0.8	1.1	0.8	
	Maximum			0.1		0.4		6.5		6.0		7.4		6.5	9.7	2.9	8.7	13.9	3.0	1.6	1.9	1.8	
	S&P/NZX NZ Govt Stock Index	1		0.0		-0.4		5.4		3.7		5.7		5.4	7.8	-2.0	4.8	13.3	3.0				
	S&P/NZX NZ Corp A Grade Index	2		-0.3		-0.1		5.8		5.0		6.1		5.8	7.4	1.9	6.3	9.3	1.7				
	S&P/NZX NZ Govt/Corp A Index (50/50)	3		-0.2		-0.3		5.6		4.3		5.9		5.6	7.6	-0.1	5.5	11.3	2.3				
	S&P/NZX NZ Comp Inv Grade Index	4		-0.1		-0.3		5.4						5.4									
	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 31 Dec 2015										For the year ended 31 December					For last 5 years				
				1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2015	2014	2013	2012	2011	Vol	VA	TE	IR	Rk
AMPCI	NZ Cash	1	3,963	0.3	(2)	0.8	(3)	3.8	(6)	3.7	(6)	3.7	(3)	3.8	3.8	3.4	3.6	3.8	0.1	0.7	0.1	8.3	(2)
AMPCI	NZ Short Duration	2	220	-0.0	(7)	0.4	(7)	5.5	(1)	5.0	(1)			5.5	6.0	3.6							
AMPCI	Global Short Duration	1	182	-0.0	(6)	0.9	(2)	4.1	(2)	4.6	(2)			4.1	5.7	3.9							
ANZ	NZ Cash	1	2,751	0.3	(4)	0.8	(5)	3.7	(7)	3.6	(7)	3.6	(4)	3.7	3.8	3.3	3.5	3.7	0.1	0.6	0.1	6.5	(3)
Fisher	NZ Cash	1	775	0.3	(3)	0.8	(4)	3.9	(5)	3.9	(5)	3.8	(2)	3.9	4.1	3.8	4.5	2.9	0.4	0.8	0.4	2.3	(4)
Harbour	Short Duration	1	38	0.2	(5)	0.8	(6)	4.0	(4)	4.0	(4)			4.0	4.2	3.9			0.2				
Nikko	NZ Cash	1	668	0.3	(1)	0.9	(1)	4.1	(3)	4.1	(3)	4.1	(1)	4.1	4.2	3.9	4.2	4.0	0.1	1.1	0.1	8.4	(1)
	Median			0.3		0.8		4.0		4.0		3.8		4.0	4.2	3.8	3.9	3.8	0.1	0.7	0.1	7.4	
	S&P/NZX 90 Day Bank Bill Index	1		0.3		0.7		3.4		3.1		3.0		3.4	3.4	2.7	2.7	2.9	0.1				
	S&P/NZX Short End Swap Index	2		-0.0		0.4		5.0		3.6				5.0	4.6	1.4			0.9				

NZ Property

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2015										For the year ended 31 December					For last 5 years				
				1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2015	2014	2013	2012	2011	Vol	VA	TE	IR	Rk
Direct:																							
Fisher Trust	Property Fund		333	0.4	(2)	1.0	(2)	13.4	(1)	14.4	(1)	10.9	(1)	13.4	12.1	17.7	6.1	5.8	4.2				
	Property Fund		102	2.7	(1)	4.3	(1)	10.6	(2)	9.3	(2)	8.9	(2)	10.6	7.9	9.3	10.0	6.7	1.6				
Listed:																							
AMPCI	Listed Property	1	20	1.9	(6)	9.5	(3)	16.4	(1)	16.1	(4)	17.0	(3)	16.4	24.3	8.2	27.4	10.1	6.9	2.0	2.2	0.9 (3)	
AMPCI	Property Fund	2	125	2.5	(3)	8.1	(7)	13.6	(7)					13.6									
ANZ	Property Securities	1	154	2.7	(2)	10.2	(1)	15.5	(5)	17.5	(2)	17.6	(1)	15.5	24.8	12.5	25.8	10.3	7.3	2.5	2.8	0.9 (2)	
ANZ	Trans Tasman	2	391	3.7	(1)	9.4	(4)	15.6	(4)	18.1	(1)	17.3	(2)	15.6	25.6	13.4	29.4	4.2	7.9	1.5	3.0	0.5 (5)	
Mint	Real Estate Inv Trust	1	53	1.7	(7)	9.4	(5)	15.4	(6)	15.7	(5)	16.3	(5)	15.4	24.2	8.0	25.1	10.0	6.4	1.3	2.8	0.5 (6)	
Nikko	Property Securities	1	74	2.2	(4)	9.8	(2)	16.0	(2)	15.3	(6)	15.8	(6)	16.0	24.0	6.4	21.8	11.7	6.9	0.9	1.1	0.8 (4)	
Salt	Listed Property	1	318	2.0	(5)	9.0	(6)	15.9	(3)	16.2	(3)	16.9	(4)	15.9	26.1	7.3	24.4	12.2	6.7	1.9	1.6	1.2 (1)	
Minimum				1.7		8.1		13.6		15.3		15.8		13.6	24.0	6.4	21.8	4.2	6.4	0.9	1.1	0.5	
Median				2.2		9.4		15.6		16.1		17.0		15.6	24.6	8.1	25.5	10.2	6.9	1.7	2.5	0.9	
Maximum				3.7		10.2		16.4		18.1		17.6		16.4	26.1	13.4	29.4	12.2	7.9	2.5	3.0	1.2	
S&P/NZX Property Index		1		1.5		9.5		15.1		14.1		14.8		15.1	24.2	3.9	20.5	11.2	7.3				
NZX/ASX Property Index		2		2.3		8.6		16.1		15.6		15.6		16.1	26.3	5.5	24.5	7.3	7.3				

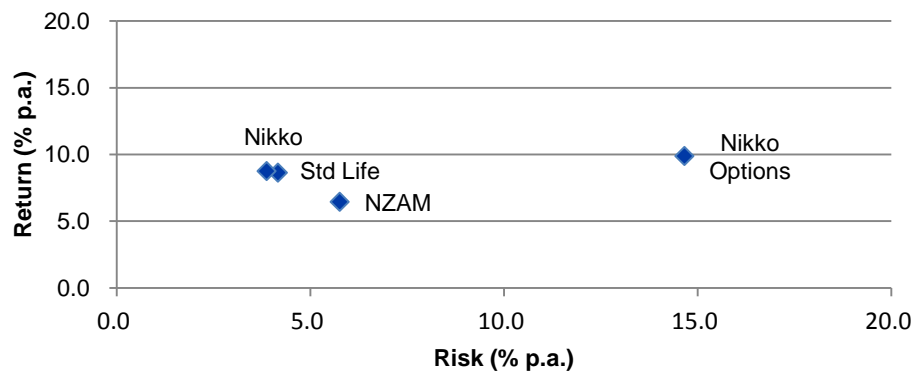
Global Property

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2015										For the year ended 31 December					For last 5 years				
				1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2015	2014	2013	2012	2011	Vol	VA	TE	IR	Rk
AMPCI	Global Property Securities	1	124	0.7	(2)	5.5	(2)	9.0	(1)	16.0	(1)	14.9	(1)	9.0	29.5	10.5	29.4	-0.9	15.7	1.1	5.0	0.2 (1)	
ANZ	International Property	1	527	1.2	(1)	5.8	(1)	7.1	(2)	14.1	(2)	13.5	(2)	7.1	29.8	6.8	25.1	1.5	13.6	-0.3	2.6	-0.1 (2)	
Russell	Global Listed Real Estate	1	43	0.7	(3)	5.0	(3)	6.0	(3)					6.0									
FTSE EPRA/NAREIT Index*				0.9		5.9		7.0		14.3		14.0		7.0	30.0	7.3	26.6	1.7	13.0				
*UBS Global RE Index prior to June 2015																							

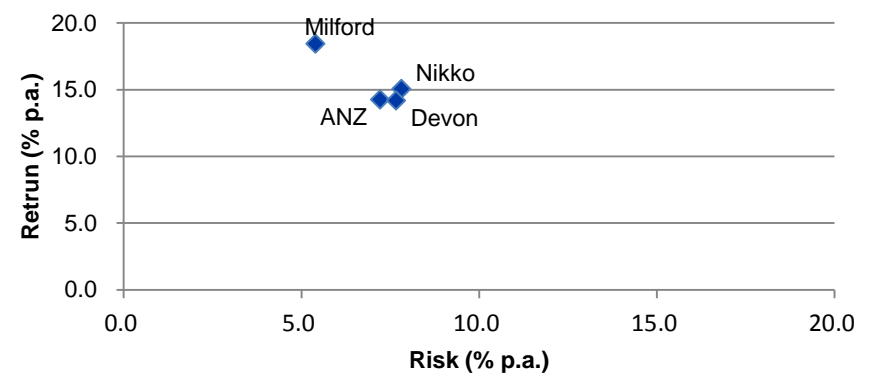
Alternatives/Absolute Return

		Returns (%) gross of tax and fees																			
Manager	Fund	FUM (\$m)	For the period to 31 Dec 2015										For the year ended 31 December					5 Years			Benchmark
			1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2015	2014	2013	2012	2011	Vol	SR	Rk	
Global:																					
Mercer	Liquid Alternatives	93	-1.0	(6)	-0.7	(7)	5.1	(6)													Cash + 3% to 5%
Milford	Global	295	-3.1	(7)	0.6	(4)	10.5	(2)													OCR + 5%
Nikko	Multi-Strategy	173	0.0	(2)	2.4	(2)	5.9	(4)	9.3	(3)	8.7	(2)	5.9	6.6	15.7	11.3	4.6	3.9	1.5	(1)	90 Day Bank Bill + 2.5%
Nikko	Options	180	1.8	(1)	5.4	(1)	16.7	(1)	11.8	(1)	9.9	(1)	16.7	8.4	10.4	16.5	-1.7	14.7	0.5	(4)	90 Day Bank Bill + 4%
NZAM	Alpha	46	-0.3	(4)	0.1	(6)	3.6	(7)	7.5	(5)			3.6	10.4	8.7						OCR + 4%
NZAM	Global	556	-0.2	(3)	0.4	(5)	5.3	(5)	9.9	(2)	6.4	(4)	5.3	7.0	18.0	4.7	-1.8	5.8	0.6	(3)	OCR + 4%
Std Life	GARS*	91	-0.8	(5)	2.0	(3)	7.1	(3)	9.0	(4)	8.6	(3)	7.1	9.7	10.1	10.4	5.8	4.2	1.3	(2)	OCR + 5%
Australasian:																					
ANZ	Equity Selection	32	2.6	(2)	10.1	(1)	4.4	(5)	14.3	(4)	14.2	(3)	4.4	20.3	18.9	21.9	6.9	7.2	1.6	(2)	90 Day Bank Bill + 5%
CPFM	Ranger	10	3.5	(1)	4.6	(6)	3.4	(6)					3.4								OCR + 5%
Devon	Alpha	100	0.5	(6)	6.5	(5)	10.3	(4)	20.7	(1)	14.2	(4)	10.3	18.7	34.3	22.2	-9.7	7.7	1.5	(4)	12% p.a.
Milford	Active Growth	712	2.5	(3)	8.0	(3)	15.9	(3)	18.8	(3)	18.4	(1)	15.9	17.4	23.3	32.0	5.2	5.4	2.9	(1)	10% p.a.
Nikko	Concentrated	85	1.7	(5)	6.9	(4)	21.8	(2)	19.7	(2)	15.0	(2)	21.8	20.0	17.2	24.8	-5.8	7.8	1.5	(3)	90 Day Bank Bill + 5%
Salt	Long/Short	48	2.4	(4)	8.0	(2)	22.0	(1)													OCR + 5%
OCR + 5%			0.6		1.9		8.2		7.9		7.8		8.2	8.1	7.5	7.5	7.6	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>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 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>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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