

Multi-Manager Investment Survey – June 2010

We are pleased to present the results of our multi-manager investment survey.

While there are only two sectors where multi-manager funds are predominant, global shares and global bonds, there is (with the exception of the cash and NZ bond sector) at least one multi-manager in each asset sector and we have chosen to illustrate the results for every asset sector.

The charts in this document are 3 year risk-return charts, highlighting the multi-manager funds. On the charts we have illustrated the single manager results (black dots) as a frame of reference. The horizontal and vertical lines indicate medians for all the funds.

The performance expectation of a multi-manager fund compared to a single manager fund is that the fund will achieve above average performance for below average risk. Some multi-manager funds have achieved this over the periods shown.

We include tables showing the sub-managers employed and their target allocation.

Melville Jessup Weaver has performed a number of multi-manager searches. In these assignments our analysis covers both the overall fund results (as illustrated in this document) and a review of the underlying manager results. We use the global expertise of our alliance partner, for research into the underlying managers.

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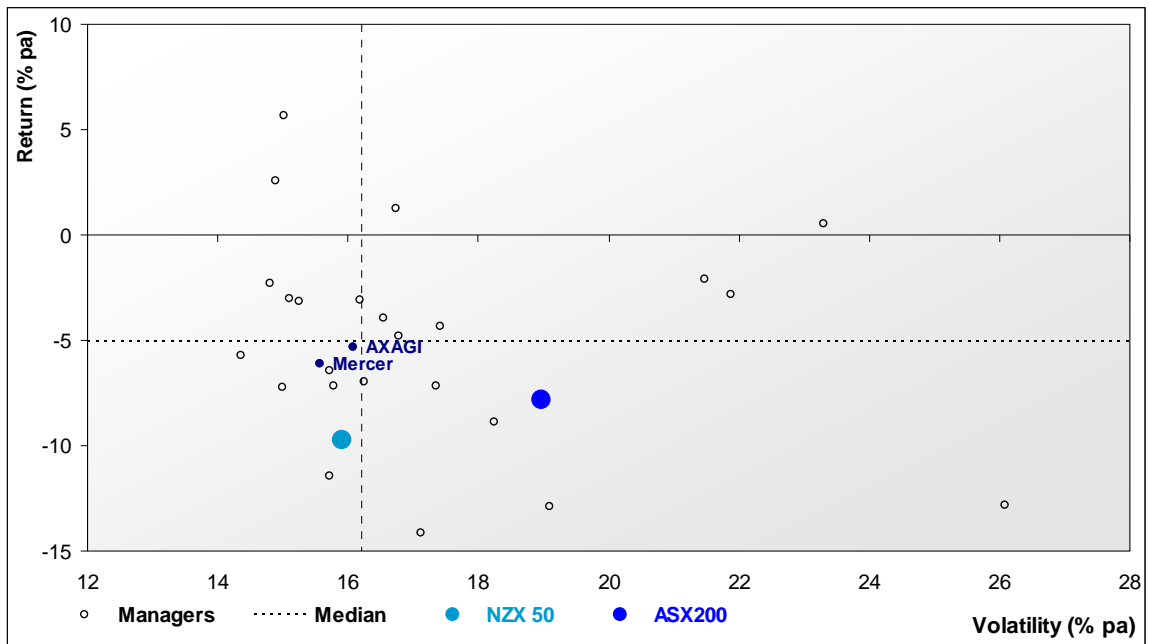
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Table 1.1 – Australasian Share Funds

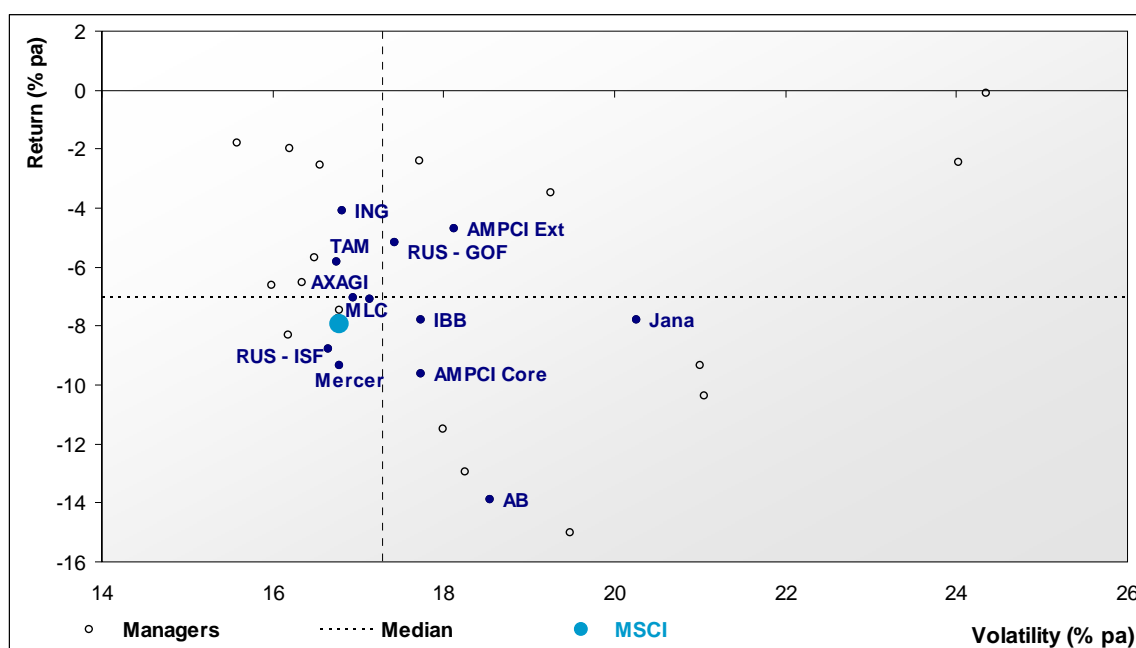
3 Years to June 2010



		3 months		1 year		3 years		5 years		10 years	
		%	Rk	%	Rk	% pa	Rk	% pa	Rk	% pa	Rk
AXAGI		-10.9	(2)	9.4	(1)	-5.3	(1)	3.5	(1)	n.a	
Mercer	Trans Tasman	-8.6	(1)	9.1	(2)	-6.1	(2)	2.6	(2)	n.a	
Indexes											
	NZSX50	-8.9		7.5		-9.8		-0.2		6.0	
	ASX200	-11.1		13.1		-7.9		4.5		7.0	

Comments:

The two multi-managed funds exhibit near-average return and volatility.

Table 1.2 – Global Share Funds (unhedged)**3 Years to June 2010**

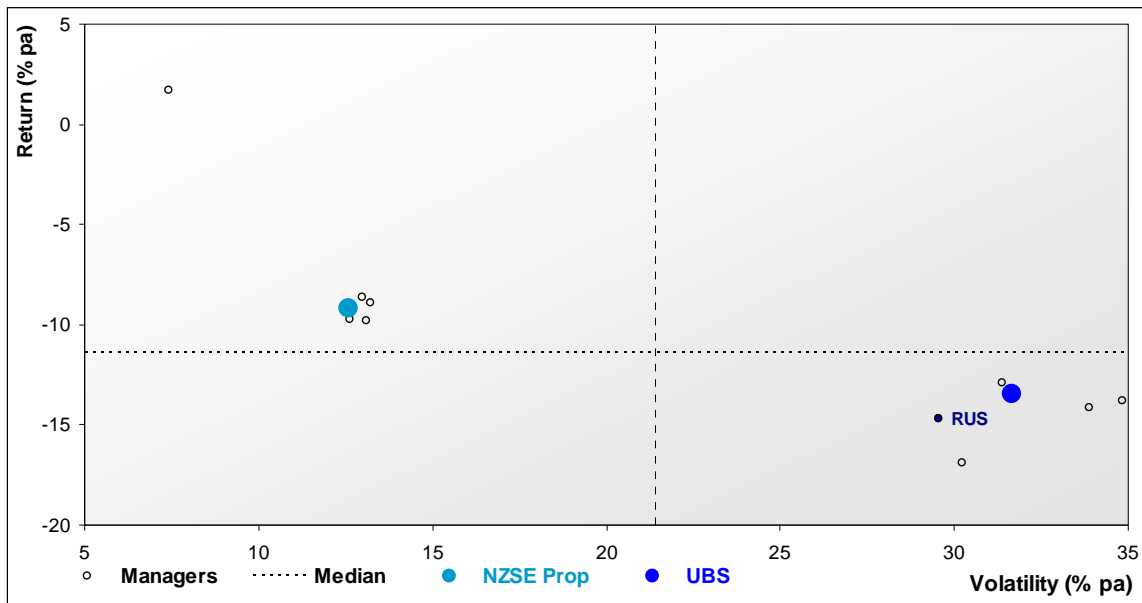
		3 months		1 year		3 years		5 years		10 years	
		%	Rk	%	Rk	% pa	Rk	% pa	Rk	% pa	Rk
Core											
AB	Style Blend	-11.9	(11)	3.1	(10)	-13.9	(10)	-2.3	(10)	n.a	
AMPCI	FDF	-10.2	(8)	4.8	(9)	-9.6	(9)	0.2	(8)	n.a	
AXAGI	Global Eq	-10.0	(7)	4.9	(8)	-7.0	(4)	2.2	(4)	n.a	
IBB	Int'l Shares	-8.6	(4)	8.8	(2)	-7.8	(6)	0.7	(6)	-4.0	(3)
ING	Int'l Eq	-8.2	(3)	9.3	(1)	-4.1	(1)	3.4	(1)	-4.8	(4)
MLC	NCIT	-8.2	(2)	7.6	(5)	-7.1	(5)	1.8	(5)	-3.3	(2)
Mercer	Global Shares	-10.9	(10)	2.8	(11)	-9.4	(8)	0.3	(7)	-5.6	(5)
RUS	ISF	-10.7	(9)	5.3	(7)	-8.8	(7)	-0.1	(9)	n.a	
RUS	GOF	-8.8	(6)	8.1	(3)	-5.2	(2)	3.1	(2)	n.a	
TAM	International	-8.8	(5)	8.1	(4)	-5.8	(3)	2.7	(3)	-1.0	(1)
TYN	Multi-Manager	-7.8	(1)	6.2	(6)	n.a		n.a		n.a	
Other											
AMPCI	Extended	-7.4	(1)	9.3	(1)	-4.7	(1)	4.5	(1)	n.a	
Jana	High Alpha	-8.8	(2)	8.9	(2)	-7.8	(2)	n.a		n.a	
Indexes											
MSCI 0% hedged		-9.9		3.8		-8.0		0.3		-4.7	

Comments:

Not all multi-manager funds have been able to produce lower than average volatility over the 3 year period. The two funds in the upper right are single-manager emerging markets funds.

Table 1.3 – Property Funds

3 Years to June 2010



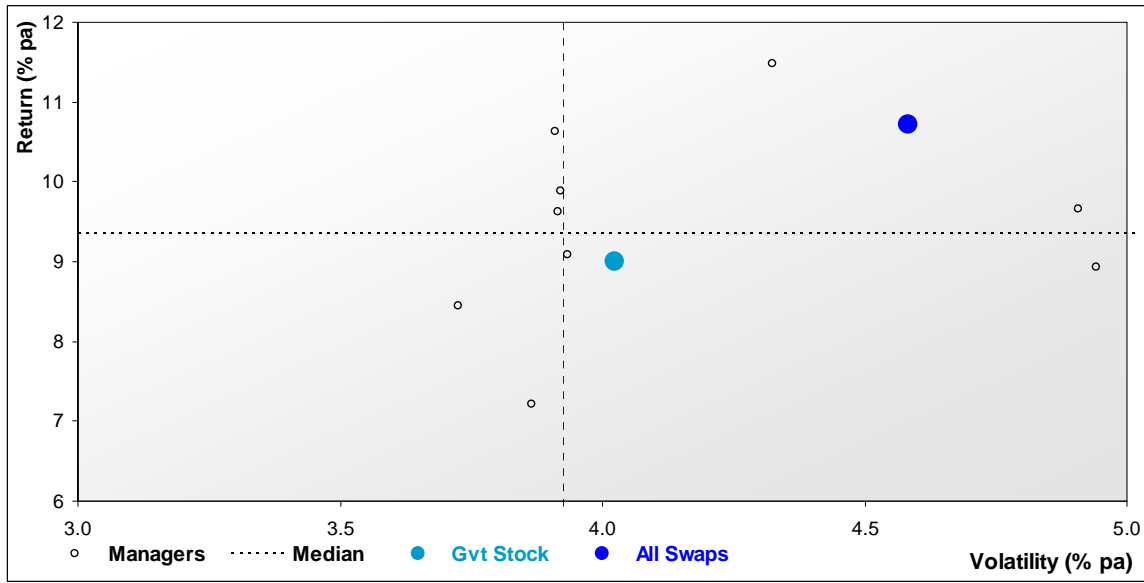
		3 months		1 year		3 years		5 years		10 years	
		%	Rk	%	Rk	% pa	Rk	% pa	Rk	% pa	Rk
RUS	Global RE	-7.0		24.5		-14.7		n.a		n.a	
Indexes											
	NZSE Property	-4.4		10.6		-9.2		1.9		8.3	
	UBS Global Property	-4.8		38.7		-13.4		-0.3		n.a	

Comments:

The difference between the performance of the Australasian property sector funds (grouping on the left) and global property funds (grouping on the right) is apparent. The outlying fund with a positive return is the TAM NZ direct property fund.

Table 1.4 – NZ Bond Funds

3 Years to June 2010



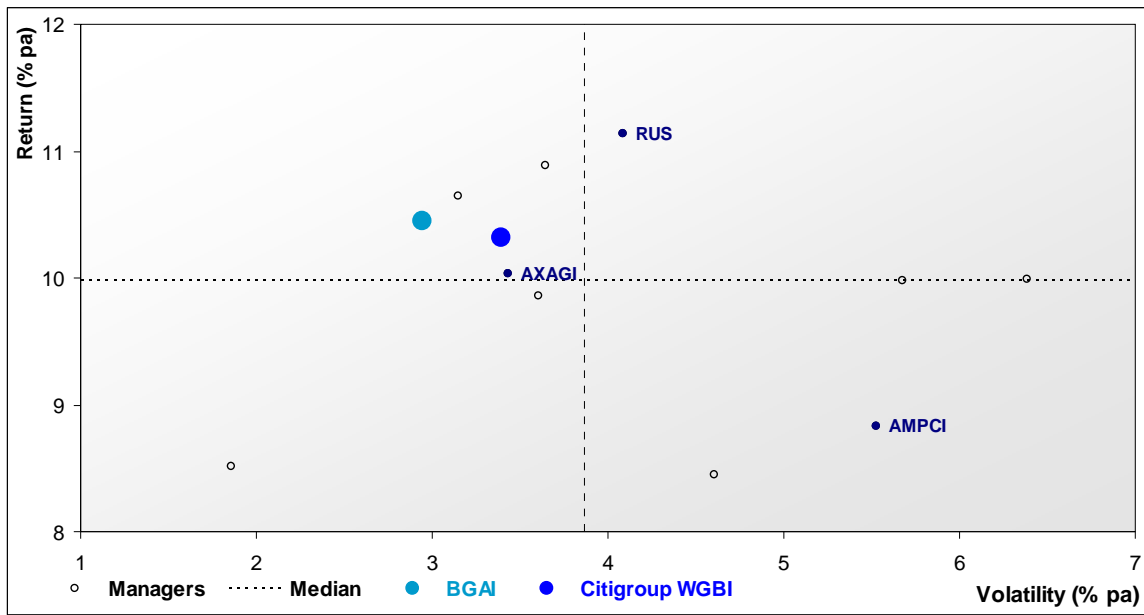
	3 months		1 year		3 years		5 years		10 years	
	%	Rk	%	Rk	% pa	Rk	% pa	Rk	% pa	Rk
Indexes										
NZ Gvt Stock	3.4		8.2		9.0		6.8		6.9	
All Swaps	3.1		7.8		10.7		n.a		n.a	

Comments:

This sector has no multi-manager funds.

Table 1.5 – Global Bond Funds (hedged)

3 Years to June 2010



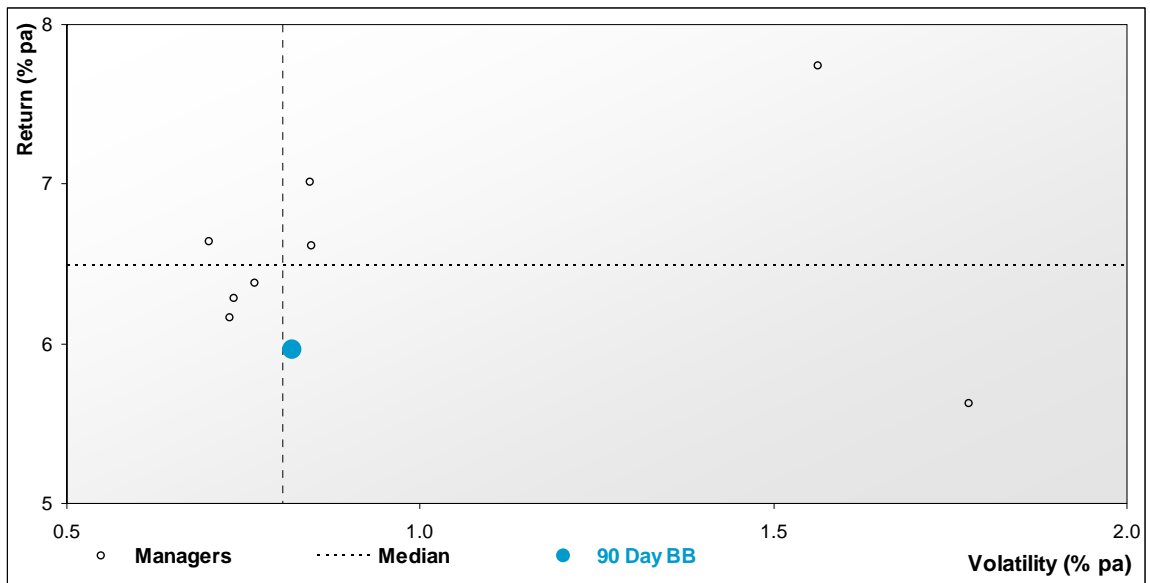
		3 months		1 year		3 years		5 years		10 years	
		%	Rk	%	Rk	% pa	Rk	% pa	Rk	% pa	Rk
AMPCI	AIF Q	2.8	(3)	20.3	(1)	8.8	(3)	7.5	(3)	8.3	(2)
AXAGI		3.5	(2)	13.9	(3)	10.0	(2)	8.1	(2)	n.a	
RUS	Global Bond	3.7	(1)	17.3	(2)	11.1	(1)	8.8	(1)	9.6	(1)
Indexes											
Barclays Global Aggregate		2.9		10.4		10.4		8.2		9.1	
Citigroup WGBI		3.1		8.1		10.3		8.1		8.9	

Comments:

With the exception of the AMPCI fund, the other 2 multi-manager funds are reasonably close to the overall average volatility.

Table 1.6 – Cash Funds

3 Years to June 2010



	3 months		1 year		3 years		5 years		10 years	
	%	Rk	%	Rk	% pa	Rk	% pa	Rk	% pa	Rk
Indexes										
90 Day Bank Bill	0.7		2.8		6.0		6.7		6.4	

Comments:

There are no multi-manager funds in this sector.

Table 2.1 – Australasian Share Funds

AXAGI	Australasian	Brook Asset Management	Australasian Value	25%
		Harbour Asset Management	Australasian Equity	25%
		Milford Asset Management	NZ Equities	30%
		Schroders	Australian Value	20%
Mercer	Trans-Tasman	Brook	Core	50%
		ING	Core	50%

Table 2.2 – Global Share Funds

AB	Style Blend	Bernstein Value Equities	Value	50%
		Alliance Growth Equities	Growth	50%
AMPCI	FDF Core Share	Baillie Gifford	Concentrated Growth	10%
		Bernstein Value Equities	Concentrated Value	20%
		Schroders	Quality/value/core	33%
		T Rowe Price	Growth	10%
		THS	Thematic	20%
		Wellington	Technical/momentum	8%
AXAGI	Global Eq	RCM	Growth	30%
		Bernstein	Global Value	25%
		Capital International	Core	20%
		Arrowstreet	Core	25%
ING	Int'l Eq	MFS	Core	53%
		Franklin Global Advisors	Growth	29%
		LSV Asset Management	Value	19%
IBB	Int'l Shares	Ibbotson High Opportunities	High conviction	50%
		AXA Rosenberg	Core	30%
		Dimensional	Value	15%
		Vanguard	Passive currency overlay	5%
Jana	Core Global	Acadian	Quantitative	35%
		Alliance Bernstein Blend	Growth & Value	35%
		Capital	Neutral	30%
Mercer	Global Shares	Baillie Gifford & Co	Growth, concentrated	10%
		Bernstein	Value	15%
		Edinburgh Partners	Value, concentrated	20%
		Martin Currie	Core/growth, concentrated	18%
		RCM	Growth	20%
		Taube Hodson Stonex Partners	Core/value	18%
MLC	NCIT	Capital International	Mid-Large Cap, GARP bias	18%
		Dimensional	Deep Value, Small-Mid Cap	12%
		Harding Loevner	Mid-Large Cap, Quality Growth bias	11%
		Mondrian	Large Cap, Value (dividend) bias	12%
		Sands Capital	Mid-Large Cap, Secular Growth	11%
		Tweedy Browne	Mid-Large Cap, Absolute Value	12%
		Walter Scott	Small-Mid Cap, Real Return bias	14%
		Wellington	Mid-Large Cap, GARP bias	10%

Russell	ISF	Bernstein	Value	17%
		ICAP	Large cap, value US, and global	20%
		MFS	Growth - valuation sensitive	17%
		Marsico	Total return	15%
		Columbus Circle Investors	Growth - Large cap	13%
		Snow	Value - Large cap	8%
		Pzena	Value - Market oriented	10%

Russell	GOF	Axiom	Growth	10%
		T Rowe Price	Growth: momentum	20%
		MFS	Growth: valuation sensitive	28%
		Arrowstreet	Style neutral: quantitative	20%
		Harris	Value: large cap	13%
		Tradewinds	Value: long term	10%

TAM	International	Marathon	UK & Europe	n.a
		Bernstein	US	n.a
		Martin Currie	Japan	n.a
		Paradice	Australia	n.a
		Integrity	Australia	n.a
		Hyperion	Australia	n.a
		Capital International	Asia & Emerging Markets	n.a

Tyndall	Multi-manager	Walter Scott	Growth	20%
		Principal Global Investors	Growth	20%
		Epoch	Value	20%
		Davis Advisors	Value	20%
		Schroders	Global Emerging Markets	20%

AMPCI	Extended	AXA Rosenberg	Asia ex Japan small companies	4.1%
		AXA Rosenberg	Japanese small companies	2.1%
		Copper Rock	US small companies	9.0%
		Deutsche	European small companies	9.3%
		Oddo	European small companies	9.3%
		Rheos	Japanese small companies	4.2%
		River Road	US small companies	10.5%
		The London Company	US small companies	10.5%
		Charlemagne	Emerging markets	6.2%
		Hexam	Emerging markets	8.2%
		Investec	Emerging markets	12.3%
		Macquarie	Emerging markets	8.2%
		Schroders	Emerging markets	6.1%

Jana	High Alpha	Baillie Gifford	Growth	28%
		Pzena	Value	32%
		Wellington GSE	GARP	40%

Table 2.3 – Property Funds

Russell	Global Real Estate	AEW	Core global	25%
		INVESCO	North American	30%
		Cohen & Steers	World ex Nth America	30%
		Perennial	Absolute return global	15%

Table 2.4 – Global Bond Funds

AMPCI	Global Fixed	Putnam	Global aggregate	25%
		Mondrian	Global aggregate	25%
		Credit Agricole	Global treasury	25%
		Goldman Sachs	Global credit	15%
		Hyperion Capital	Asset-backed securities	10%
AXAGI		PIMCO		50%
		BlackRock		50%
Russell	Global Bond	PIMCO	Sector specialist	35%
		Colchester Global	Global macro value	20%
		Loomis	Core global	35%
		Brookfield	Sector specialist	10%
IBB	Int'l Bonds	Colchester	Sovereign	33%
		Pimco Global Bond Fund	Diversified	33%
		Pimco Global Credit Fund	Diversified, credit	33%

Ibbotson is not shown in the chart as it is hedged in Australian dollars.

ABOUT MELVILLE JESSUP WEAVER

Melville Jessup Weaver is a New Zealand firm of consulting actuaries. The areas in which we provide advice include superannuation, employee benefits, life insurance, general insurance, health insurance, asset consulting, accident insurance and information technology. The firm, established in 1992, has offices in Auckland and Wellington.

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Asset consulting services:

- Establish investment objectives.
- Determine long-term investment strategies.
- Determine the optimum investment manager configuration.
- Provide quantitative and qualitative analysis of investment performance.
- Asset/Liability modelling.
- Performance monitoring against investment objectives and competitors.
- Manager selection exercises utilising Towers Perrin's expertise.

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