

Multi-Manager Investment Survey – March 2009 (Supplemental to the MJW Investment Survey)

There is a high level of interest in Multi-Manager funds promoted by a number of managers and we have decided to take the results in our regular investment survey and show just the results for the Multi-Manager funds.

While there are only two sectors where Multi-Manager funds are predominant – global shares and global bonds, there is 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 averages for all 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.

The sector with a high number of multi-managers is global shares. The results show that as expected the funds produced returns which are in the middle of the results for the single manager funds.

Melville Jessup Weaver has performed a number of Multi-Manager searches recently. 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 Towers Perrin, our alliance partner, for research into the underlying managers.

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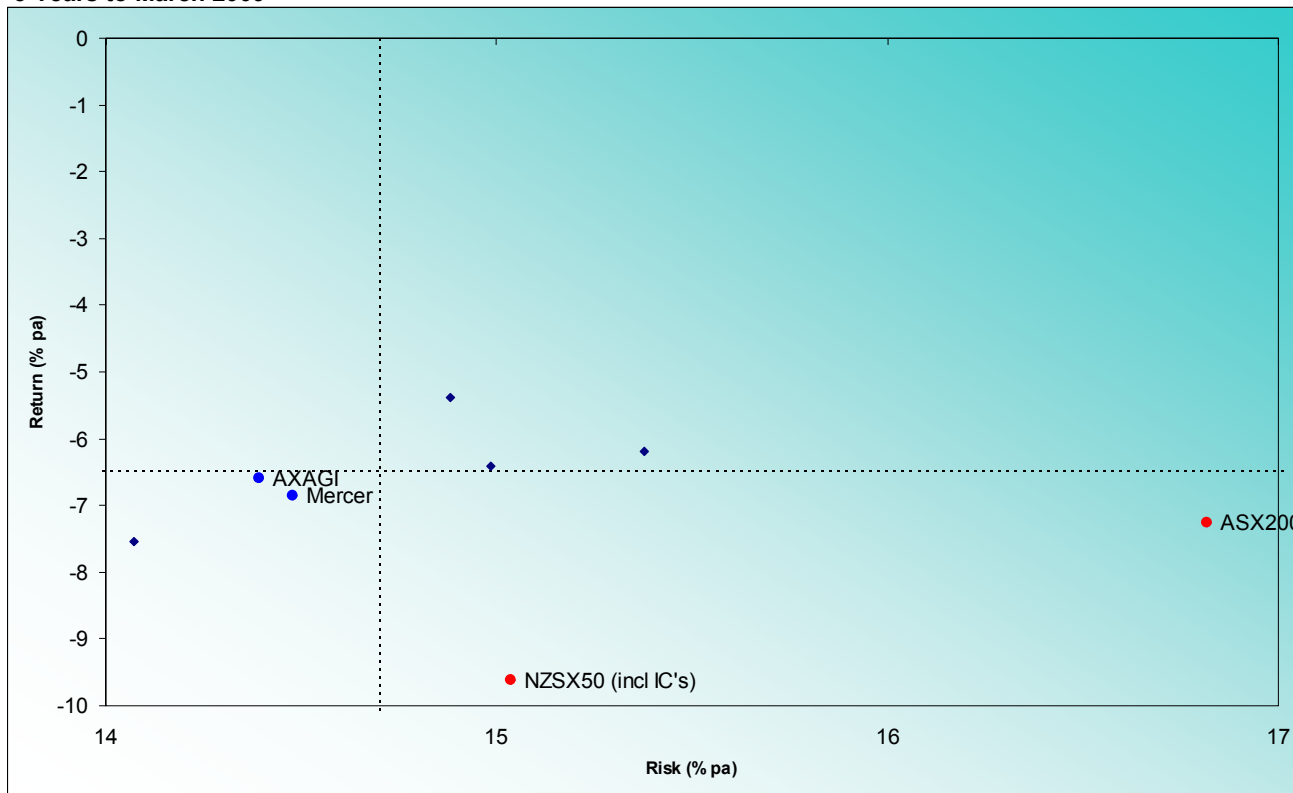
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Table 1 – Australasian Share Funds

3 Years to March 2009



| Manager | 3 Months | | 1 Year | | 3 Years | | 5 Years | | 10 Years | | 3 Years | | |
|----------------------|----------|------|--------|------|---------|------|---------|------|----------|------|----------------------|-----------------------|------------------------|
| | % | Rank | % | Rank | % | Rank | % | Rank | % | Rank | Excess Return % p.a. | Tracking Error % p.a. | Information Ratio Rank |
| AXA Global Investors | -4.2 | (2) | -19.4 | (2) | -6.6 | (1) | n.a | | n.a | | 3.0 | 3.5 | 0.9 (2) |
| Mercer Trans-Tasman | -3.6 | (1) | -18.6 | (1) | -6.9 | (2) | 5.4 | (1) | n.a | | 2.8 | 2.5 | 1.1 (1) |
| Indexes | | | | | | | | | | | | | |
| NZSX50 (incl IC's) | -4.1 | | -24.1 | | -9.6 | | 1.3 | | 4.8 | | | | |
| ASX200 | -2.0 | | -29.5 | | -7.2 | | 5.5 | | 6.5 | | | | |

Comments:

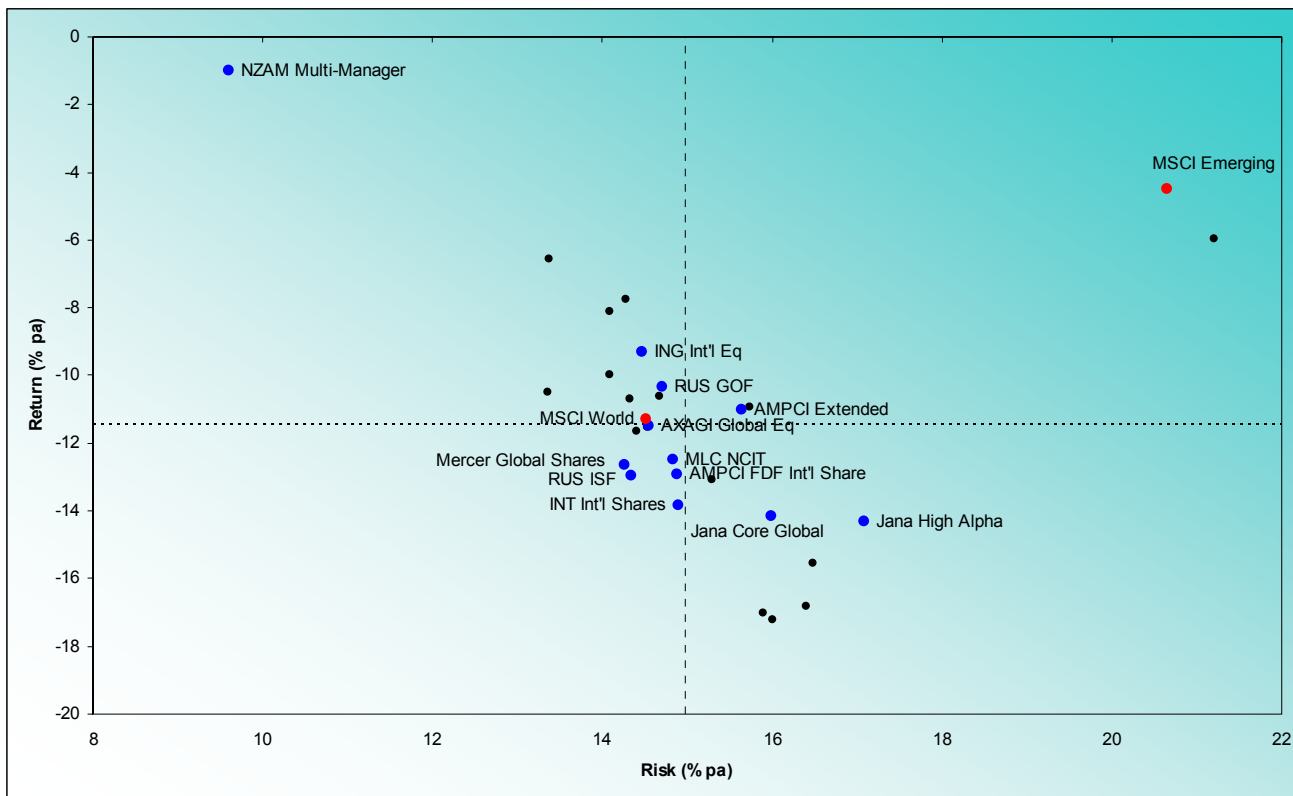
1. The comparison is just against the Australasian shares section in the MJW survey and excludes NZ only funds, non core funds and index funds.
2. The 2 multi-manager funds from AXAGI and Mercer both have lower volatility and marginally lower returns compared to the average fund.
3. The underlying managers for the AXAGI fund are AllianceBernstein and Brook and for Mercer the managers are ING and Brook.

Notes:

1. Excess return is defined as gross return less benchmark return, i.e. value added.
2. Tracking error is the standard deviation of value added.
3. Information Ratio is value added divided by tracking error, i.e. risk adjusted performance.
4. The numbers shown are in some cases gross equivalents of the net returns achieved by the manager.
5. Accordingly, for a gross investor the returns realised may be different to those shown above.
6. Relative outperformance may be due to the nature of the fund rather than to superior performance.

Table 2 – Global Share Funds (unhedged)

3 Years to March 2009



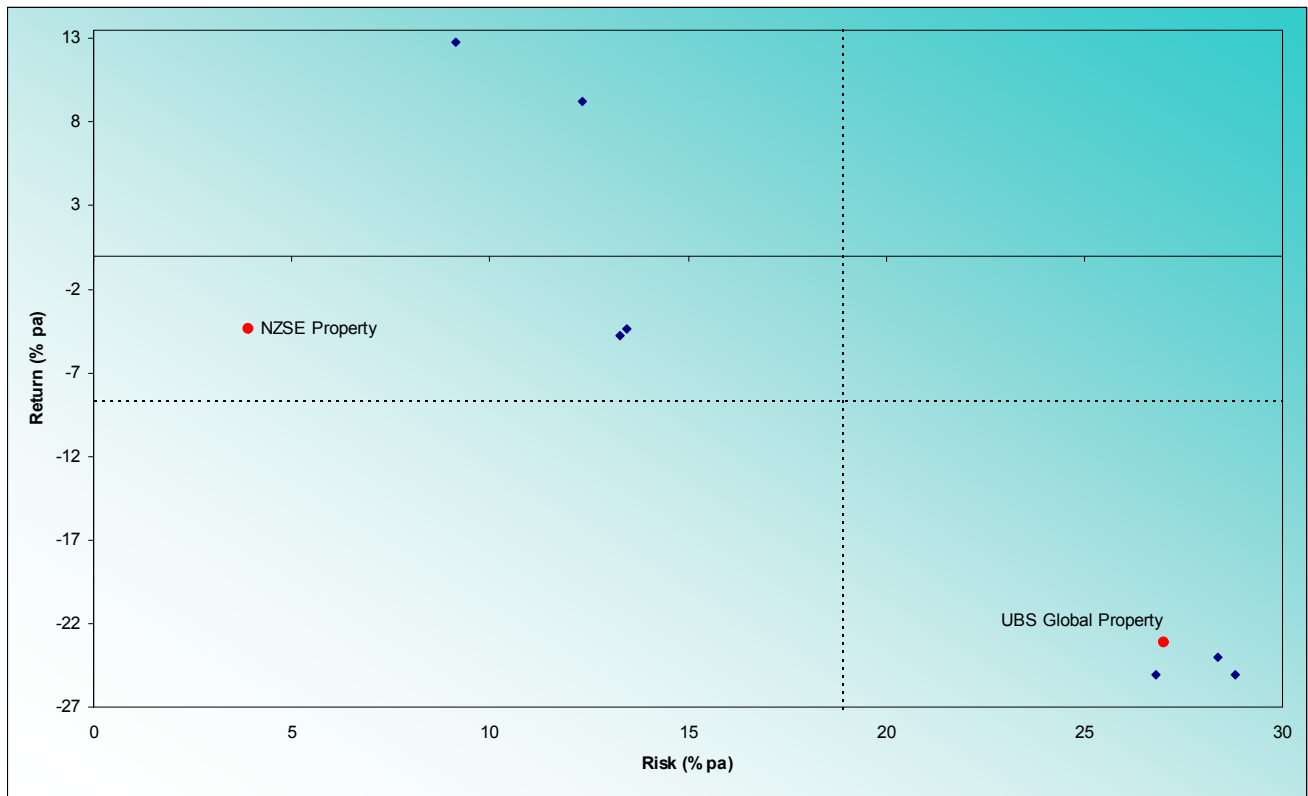
| Manager | | 3 Months | 1 Year | 3 Years | 5 Years | 10 Years | 3 Years | | |
|-------------------------|-----------------|-----------|-------------|-------------|-------------|-------------|----------------------|-----------------------|------------------------|
| | | % Rank | % p.a. Rank | % p.a. Rank | % p.a. Rank | % p.a. Rank | Excess Return % p.a. | Tracking Error % p.a. | Information Ratio Rank |
| AB | Style Blend | -8.3 (7) | -32.0 (10) | -17.0 (10) | -2.3 (7) | n.a | -5.7 | 4.6 | -1.2 (9) |
| AMPCI | FDF Int'l Share | -7.5 (4) | -23.7 (7) | -12.9 (6) | -0.1 (3) | n.a | -1.7 | 3.1 | -0.5 (4) |
| AXAGI | Global Eq | -8.6 (8) | -23 (4) | -11.5 (3) | n.a | n.a | -0.2 | 5.0 | 0.0 (2) |
| ING | Int'l Eq | -7.7 (5) | -18.6 (1) | -9.3 (1) | 1.7 (1) | -3.1 (3) | 2.0 | 2.5 | 0.8 (1) |
| INT | Int'l Shares | -8.9 (11) | -23.6 (6) | -13.9 (8) | -1.7 (6) | -2.9 (2) | -2.6 | 2.6 | -1 (7) |
| Jana | Core Global | -7.7 (5) | -26.5 (9) | -14.1 (9) | n.a | n.a | -2.9 | 4.7 | -0.6 (6) |
| Mercer | Global Shares | -8.8 (9) | -23.8 (8) | -12.6 (5) | 0.1 (2) | n.a | -1.3 | 2.8 | -0.5 (4) |
| MLC | NCIT | -6.2 (2) | -23.5 (5) | -12.5 (4) | -0.4 (4) | -1.2 (1) | -1.2 | 4.1 | -0.3 (3) |
| RUS | ISF | -8.8 (9) | -22.8 (3) | -13 (7) | -0.7 (5) | n.a | -1.7 | 1.7 | -1 (7) |
| RUS | GOF | -6.4 (3) | -19.4 (2) | -10.4 (2) | n.a | n.a | 0.9 | n.a | n.a |
| TYN | Multi-manager | -5.3 (1) | n.a | n.a | n.a | n.a | n.a | n.a | n.a |
| Other | | | | | | | | | |
| AMPCI | Extended | -3.2 | -20.4 | -11.0 | 3.4 | n.a | -6.5 | 13.4 | -0.5 |
| Jana | High Alpha | -5.7 | -26.3 | -14.3 | n.a | n.a | -3.0 | 6.2 | -0.5 |
| NZAM | Multi-Manager | 1.8 | 6.4 | -1.0 | 7.3 | 9.7 | 10.3 | 9.5 | 1.1 |
| Indexes | | | | | | | | | |
| MSCI 0% hedged | | -9.7 | -20.4 | -11.3 | 0.0 | -2.5 | | | |
| MSCI Emerging 0% hedged | | 5.6 | -24.4 | -4.5 | 10.1 | n.a | | | |

Comments:

1. The comparison is against the Core, Value, Growth and other managers in the MJW survey.
2. The results are as might be expected, fairly bunched together in the middle of the graph.

Table 3 – Property Funds

3 Years to March 2009



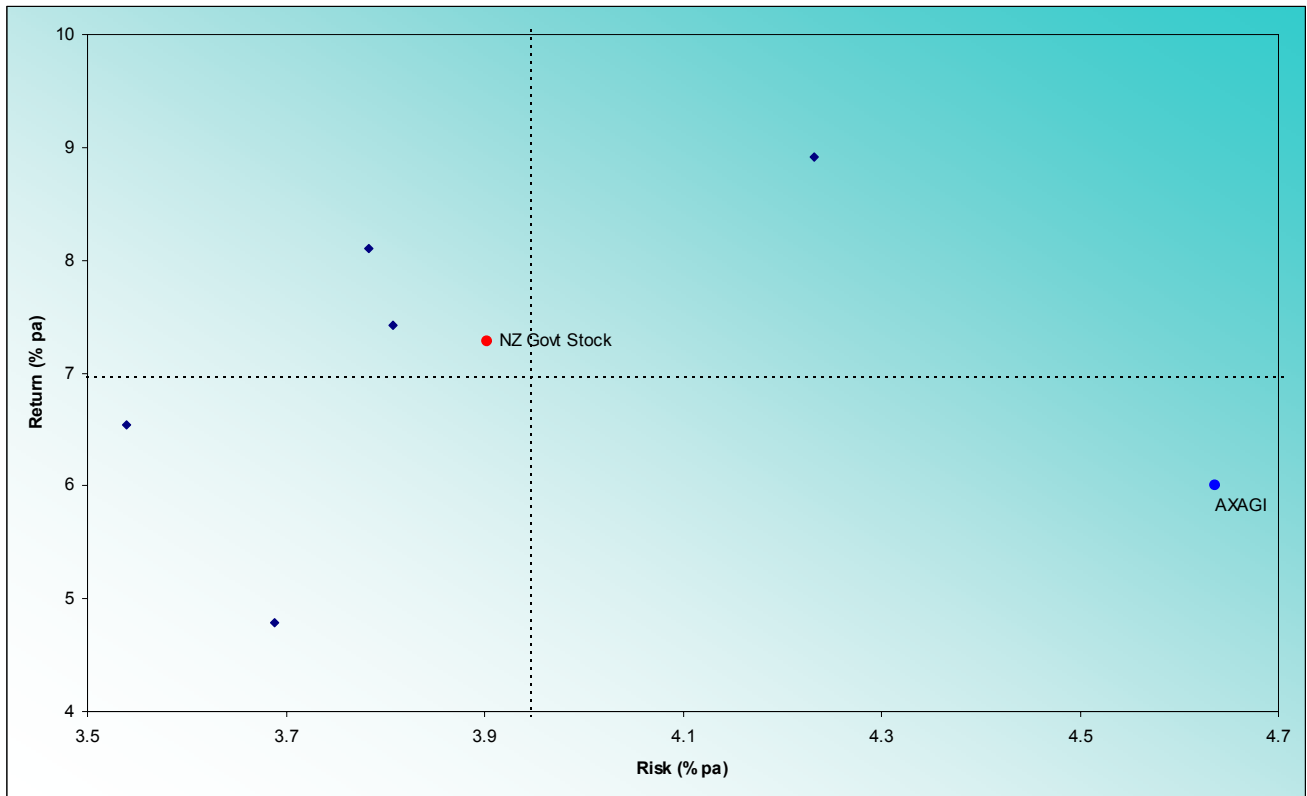
| Manager | 3 Months | 1 Year | 3 Years | 5 Years | 10 Years | 3 Years | | |
|---------------------|----------|-------------|-------------|-------------|-------------|----------------------|-----------------------|------------------------|
| | % Rank | % p.a. Rank | % p.a. Rank | % p.a. Rank | % p.a. Rank | Excess Return % p.a. | Tracking Error % p.a. | Information Ratio Rank |
| Russell Global R.E. | -21.6 | -54.6 | n.a | n.a | n.a | n.a | n.a | n.a |
| NZ Listed Average | -7.5 | -22.3 | -4.6 | 5.4 | n.a | -0.2 | 2.2 | -0.1 |
| NZ Direct Average | -4.6 | -10.1 | 11.0 | 13.7 | 8.8 | 0.3 | 9.2 | 0.0 |
| Global Average | -24.6 | -57.8 | -24.7 | -6.4 | n.a | -1.9 | 5.0 | -0.4 |
| Indexes | | | | | | | | |
| NZSE Property | -6.6 | -20.3 | -4.4 | 4.1 | 6.3 | | | |
| UBS Global Property | -25.0 | -56.8 | -23.2 | -5.2 | n.a | | | |

Comments:

1. The only multi-manager fund is the Russell fund. However it does not have 3 years' performance and so does not show on the graph above.
2. The results on the graph are split into 3 sections, the NZ direct managers which are top left, the NZ listed managers who are in the middle, and the global managers who are bottom right.

Table4 – NZ Bond Funds

3 Years to March 2009



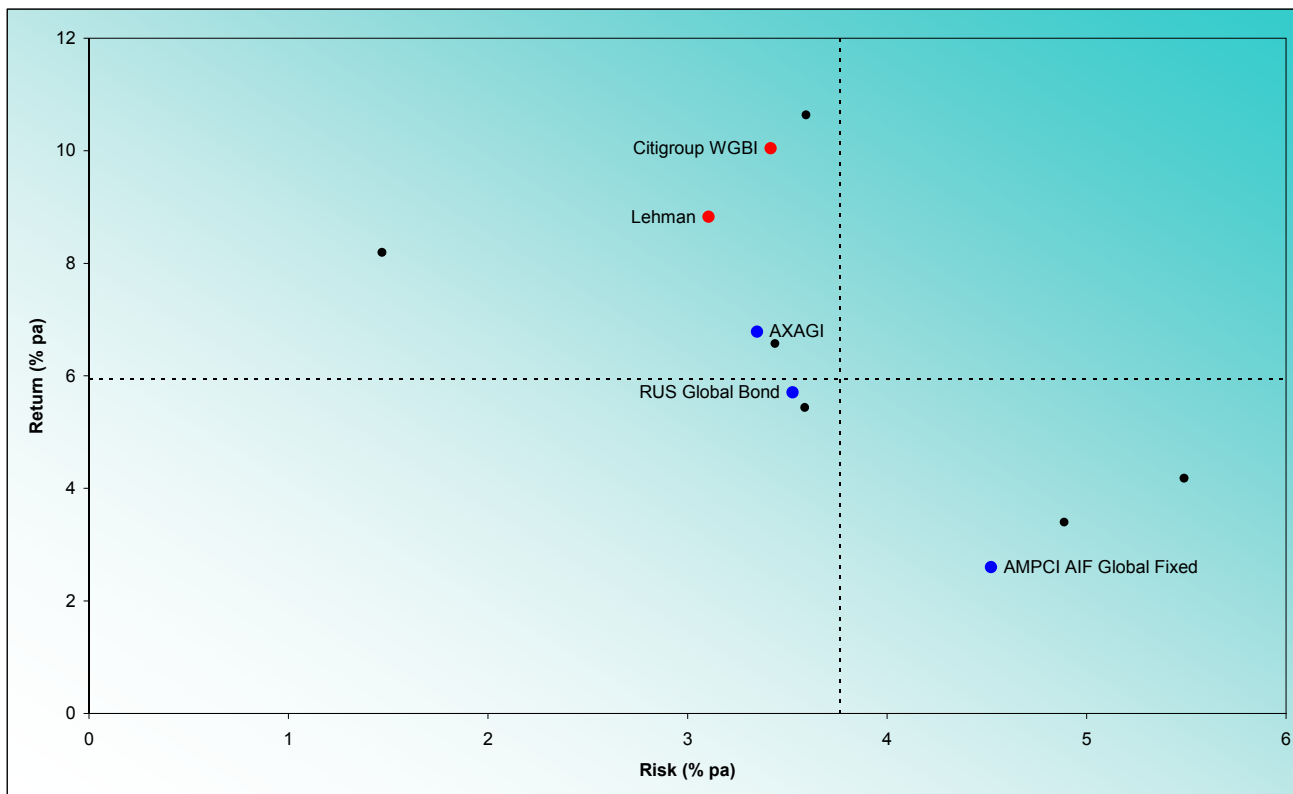
| Manager | 3 Months | 1 Year | 3 Years | 5 Years | 10 Years | 3 Years | | |
|----------------------|----------|-------------|-------------|-------------|-------------|----------------------|-----------------------|------------------------|
| | % Rank | % p.a. Rank | % p.a. Rank | % p.a. Rank | % p.a. Rank | Excess Return % p.a. | Tracking Error % p.a. | Information Ratio Rank |
| AXA Global Investors | -3.6 | 9.5 | 6.0 | n.a | n.a | -1.3 | 3.2 | -0.4 |
| Average | -1.0 | 12.2 | 7.0 | 6.9 | 7.0 | -0.3 | 2.1 | 0.0 |
| Indexes | | | | | | | | |
| NZ Govt Stock | -0.2 | 12.4 | 7.3 | 6.7 | 6.5 | | | |
| NZ All Swaps | -0.5 | 17.3 | n.a | n.a | n.a | | | |

Comments:

1. The only multi-manager fund is AXAGI who are sitting out to the right in the graph. The underlying managers are AMP Capital and AllianceBernstein.
2. Given the different outcomes for the managers for the past year the results are fairly dispersed.

Table 5 – Global Bond Funds (hedged)

3 Years to March 2009



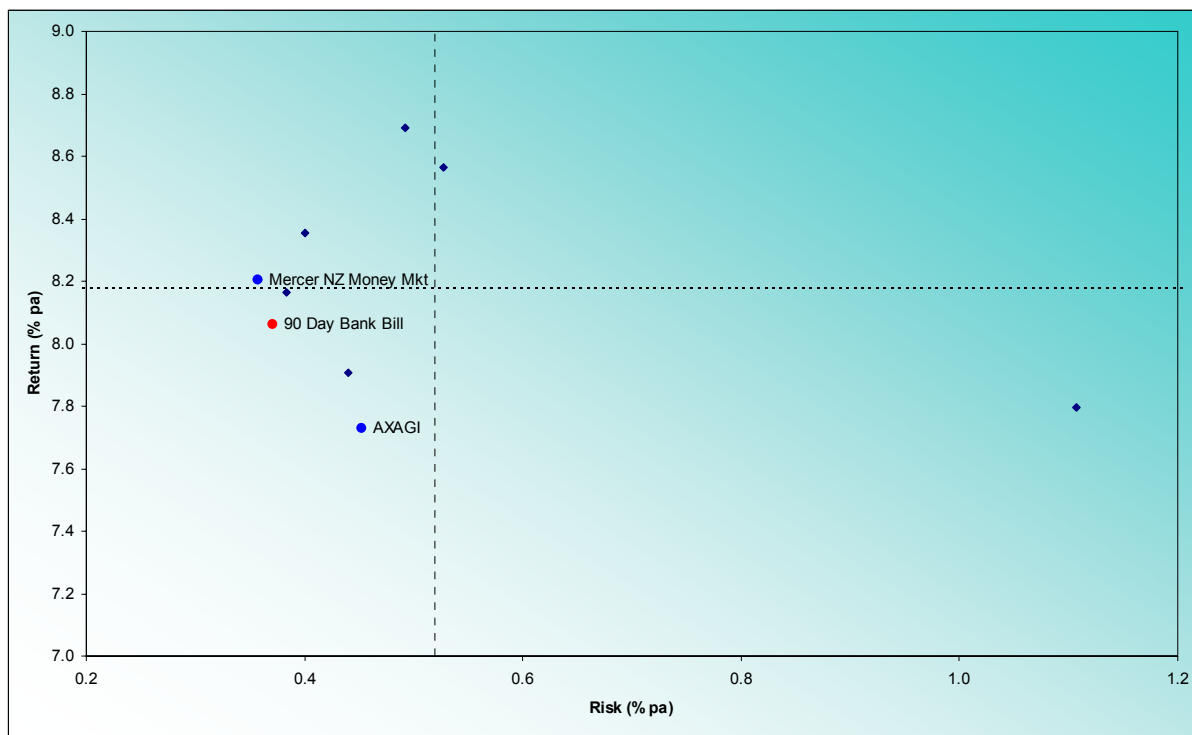
| Manager | 3 Months | | 1 Year | | 3 Years | | 5 Years | | 10 Years | | 3 Years | | |
|----------------------|----------|--------|----------|--------|---------|--------|---------|--------|----------|--------|----------------------|-----------------------|------------------------|
| | % Rank | % p.a. | % Rank | % p.a. | % Rank | % p.a. | % Rank | % p.a. | % Rank | % p.a. | Excess Return % p.a. | Tracking Error % p.a. | Information Ratio Rank |
| AMPCI Global Fixed | 5.2 (1) | | -3.2 (3) | | 2.6 (3) | | 4.4 (2) | | 6.0 (2) | | -6.2 | 5.4 | -1.1 (3) |
| AXAGI | 1.7 (2) | | 3.8 (1) | | 6.8 (1) | | n.a | | n.a | | -3.3 | 3.2 | -1.0 (1) |
| RUS Global Bond | 1.4 (3) | | 3.2 (2) | | 5.7 (2) | | 7.0 (1) | | 7.4 (1) | | -4.3 | 4.0 | -1.1 (2) |
| Indexes | | | | | | | | | | | | | |
| Barclays Global Agg. | 0.7 | | 8.6 | | 8.8 | | 8.1 | | 8.2 | | | | |
| Citigroup WGBI | 0.3 | | 11.3 | | 10.0 | | 9.0 | | 8.5 | | | | |

Comments:

1. With the exception of the AMP Capital fund the multi-managers are sitting in the middle of the results.
2. The results for the single managers are fairly widely dispersed.
3. The underlying managers for the AMP Capital fund are Mondrian, Putnam, Goldman Sachs, Credit Agricole and Hyperion. For AXAGI the managers are PIMCO and BlackRock. For Russell the managers are PIMCO, Colchester, Loomis Sayles and Drake.

Table 6 – Cash Funds

3 Years to March 2009



| Manager | 3 Months | 1 Year | 3 Years | 5 Years | 10 Years | 3 Years | | |
|------------------|----------|-------------|-------------|-------------|-------------|----------------------|-----------------------|------------------------|
| | % Rank | % p.a. Rank | % p.a. Rank | % p.a. Rank | % p.a. Rank | Excess Return % p.a. | Tracking Error % p.a. | Information Ratio Rank |
| Average | 1.0 | 8.0 | 8.2 | 7.9 | 7.0 | 0.1 | 0.3 | 0.7 |
| Index | | | | | | | | |
| 90 Day Bank Bill | 1.1 | 7.7 | 8.1 | 7.6 | 6.7 | | | |

Comments:

- Both multi-managers have lower than average volatility although the average is heavily influenced by the result for 1 manager.
- The underlying manager for the AXAGI fund is AllianceBernstein and for Mercer ING.

ABOUT MELVILLE JESSUP WEAVER

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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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