

The Aon Investment Update as at 31 December 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 December 2016

Market Summary

Interest rates continued to move higher during December in anticipation of higher inflation and growth and less accommodative monetary policies from the major central banks. Most equity markets reacted positively, with bank stocks faring best as they are seen as the major beneficiaries of higher interest rates. Energy stocks also performed well in December as commodity prices rose.

In contrast bond markets have struggled in recent months, with government bond returns having been negative for the third month in a row. The US 10-year Treasury yield rose from 1.59% to 2.44% over the quarter, after hitting a low of 1.36% in July. This sharp increase in Treasury yields has led to many commentators calling an end to the 30-year bull market in bonds. A recent research note from Deutsche Bank pointed out that between 1980 and 2016 bond market returns in the US averaged 5% in real terms. However they warn that it would be a mistake to extrapolate this strong performance into the future, reminding clients that between 1940 and 1980 the average annual real return from US bonds was negative 1.3%.

Bill Gross, perhaps the most well-known global bond manager, is not certain that the bull market in bonds is over. He sees a bear market as very unlikely if Central Banks continue to provide stimulus. However, in his latest message to clients he says that 2.60% is the key yield threshold for 10-year US Treasuries. He writes: "If 2.60% is broken on the upside—if yields move higher than 2.60%—a secular bear bond market has begun. Watch the 2.6% level. Much more important than Dow 20,000. Much more important than \$60-a-barrel oil. Much more important that the Dollar/Euro parity at 1.00. It is the key to interest rate levels and perhaps stock price levels in 2017."

In New Zealand, government bonds delivered a negative return in December, the 4th month in a row that this has happened, as 10-year yields have risen from a low of around 2% in August to more than 3% at year end. The S&P/NZX NZ Government Stock index returned 3.4% over 2016, while the S&P/NZX A Grade Corporate Bond Index returned 3.7%. This compares with 5.8% for the Barclays Global Aggregate Bond Index (hedged to NZD).

US equities rose 1.8% in December, taking the return for 2016 to 9.5%. European shares also rose strongly, on the back of generally positive economic news. Perhaps surprisingly, the best performing of the major share markets in 2016 was the UK market which rose more than 14%, despite the Brexit vote in June. The

MSCI world Index returned 11.2% to New Zealand investors over 2016 on a fully hedged basis.

In New Zealand the NZX 50 index fell for the 4th month in a row, but New Zealand shares still managed to deliver returns of just over 10% over 2016. After a poor start to the year, Australian shares rose strongly in November and December to deliver 11.8% in 2016.

In currency markets, Sterling was the big loser – falling by around 20% against the New Zealand dollar over 2016. Against the US\$, the Kiwi ended the year at a level similar to where it began.

Fund Performance

Balanced funds delivered a positive performance in December, with returns ranging from 0.5% (Castlepoint) to 1.9% (Milford). Over the year as a whole, Mercer had the best performance with a return of 8.3% while Nikko fared worst with 5.1%. The median balanced fund in our survey returned 7.7% over 2016, which is the lowest annual return since 2011.

Returns for the Australasian share funds were mixed, with the median fund returning just 0.3% for the month. Returns for the quarter ranged from -7.8% (Devon Core Fund) to -1.5% (Milford Trans Tasman). Returns from the absolute return focused domestic share funds were little better - only the Salt Long Short Fund delivered a positive return over the quarter (1.9%).

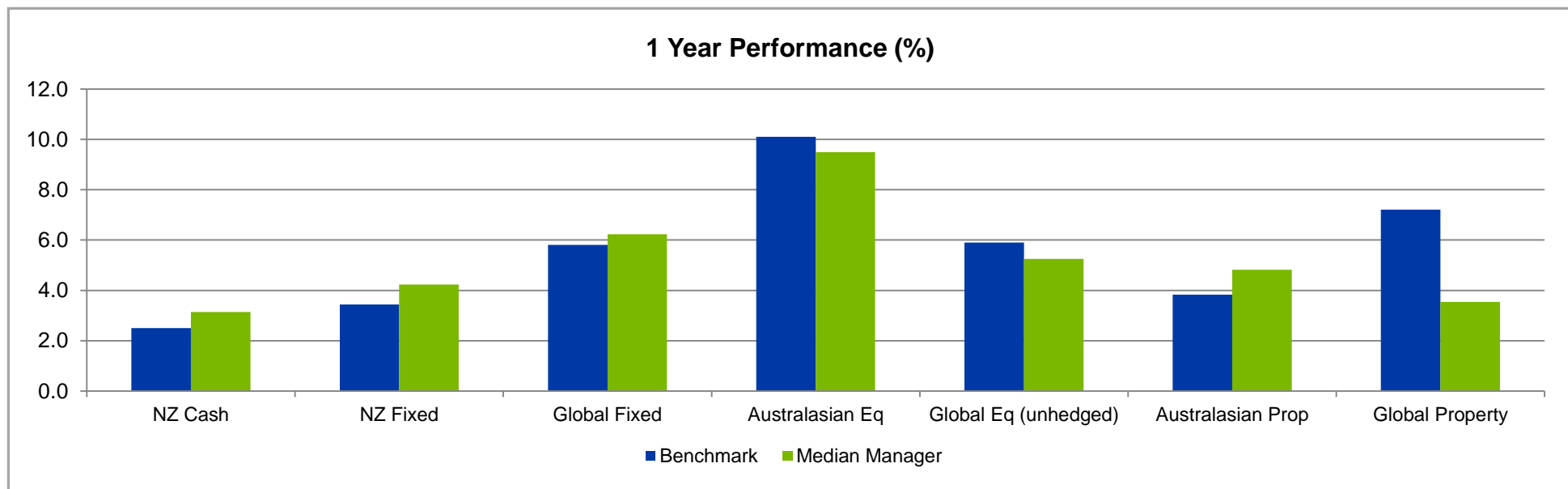
Global share funds fared better with the median manager returning 3.6% over the month and 5.0% over the quarter on an unhedged basis. Over 2016, returns ranged from 1.4% from the Franklin Templeton Global Growth to 13.8% from the Elevation Capital Value Fund.

The strongest returns in December came from the global property funds which bounced back after 4 consecutive months of negative returns. The median manager returned 4.0% for the month and -2.8% for the quarter.

Domestic bond fund returns were all negative for the month and for the quarter. The median New Zealand Fixed Interest fund returned 4.2% in 2016, and the median International Fixed Interest fund 6.2%.

Median Manager Performance v Benchmark

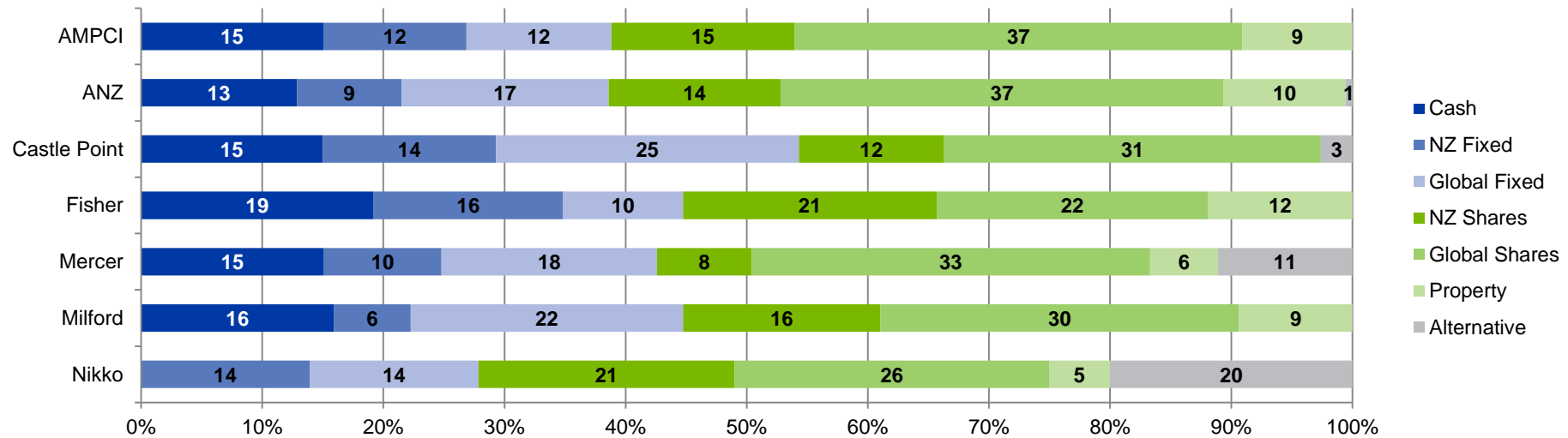
		Returns (%) gross of tax and fees										
Sector		For the period to 31 Dec 2016					For the year ended 31 December					Volatility 5 Yrs
		1 Month	1 Qtr	1 Yr	3 Yrs	5 Yrs	2016	2015	2014	2013	2012	
NZ Cash	ANZ 90D Bank Bills	0.2	0.6	2.5	3.1	2.9	2.5	3.4	3.4	2.7	2.7	0.2
	Median Manager	0.2	0.6	3.1	3.8	3.7	3.1	4.0	4.2	3.8	3.9	0.1
NZ Fixed Interest	ANZ NZ Govt Stock	-0.7	-3.4	3.4	5.5	3.8	3.4	5.4	7.8	-2.0	4.8	3.1
	Median Manager	-0.6	-2.4	4.2	6.1	5.0	4.2	5.9	8.2	1.0	6.8	2.4
International Fixed Interest	Barclays Agg	0.4	-2.0	5.8	7.1	6.4	5.8	4.5	11.2	2.2	8.4	2.7
	Median Manager	0.4	-1.7	6.2	7.0	6.5	6.2	4.0	10.8	2.7	9.3	2.7
Australasian Shares	NZX 50 Gross	-0.2	-6.4	10.1	14.7	17.5	10.1	15.1	19.2	17.9	25.9	9.6
	Median Manager	0.3	-4.9	9.5	14.9	17.9	9.5	15.6	20.1	21.0	26.3	9.8
International Shares (unhedged)	MSCI ACWI	3.8	5.5	5.9	9.0	11.8	5.9	11.5	9.7	23.1	9.8	9.0
	Median Manager	3.6	5.0	5.3	10.0	13.0	5.3	14.8	10.0	26.2	10.2	9.6
Australasian Property	NZX Property	-1.0	-6.2	3.8	14.1	13.2	3.8	15.1	24.2	3.9	20.5	7.9
	Median Manager	-0.5	-5.5	4.8	14.6	15.8	4.8	15.6	24.6	8.1	25.5	7.6
International Property	FTSE Property	4.3	-3.1	7.2	14.3	15.2	7.2	7.0	30.0	7.3	26.6	12.1
	Median Manager	4.0	-2.8	3.5	12.9	14.8	3.5	7.1	29.7	8.7	27.2	12.7



Balanced Funds

		Returns (%) gross of tax and fees															
Manager	FUM (\$m)	For the period to 31 Dec 2016									For the year ended 31 December					5 Years	
		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	42	1.8 (2)	1.0 (1)	5.5 (6)	7.3 (6)	10.1 (6)	5.5	4.2	12.2	14.1	15.1	4.5	1.6 (6)				
ANZ Investments	96	1.6 (3)	0.1 (4)	6.3 (5)	9.5 (3)	12.2 (2)	6.3	8.8	13.5	16.3	16.8	5.1	1.8 (4)				
Castle Point Funds	1	0.5 (7)	-0.8 (6)	7.7 (4)	6.9 (7)	8.1 (7)	7.7	5.0	8.1	10.7	9.2	3.6	1.4 (7)				
Fisher Institutional	836	0.9 (5)	-0.4 (5)	7.9 (2)	9.2 (5)	10.2 (5)	7.9	7.5	12.1	10.7	13.2	4.0	1.8 (5)				
Mercer	1,252	1.5 (4)	0.9 (2)	8.3 (1)	9.2 (4)	10.8 (4)	8.3	7.9	11.3	14.5	11.9	4.1	1.9 (3)				
Milford Funds	347	1.9 (1)	0.7 (3)	7.7 (3)	11.3 (1)	14.1 (1)	7.7	12.1	14.4	16.9	20.0	4.6	2.4 (1)				
Nikko Asset Management	238	0.8 (6)	-2.6 (7)	5.1 (7)	9.8 (2)	11.6 (3)	5.1	12.7	11.8	14.4	14.1	4.2	2.1 (2)				
Minimum		0.5	-2.6	5.1	6.9	8.1	5.1	4.2	8.1	10.7	9.2	3.6	1.4				
Median		1.5	0.1	7.7	9.2	10.8	7.7	7.9	12.1	14.4	14.1	4.2	1.8				
Maximum		1.9	1.0	8.3	11.3	14.1	8.3	12.7	14.4	16.9	20.0	5.1	2.4				

Asset Allocation



Australasian Shares (Page 1 of 2)

					Returns (%) gross of tax and fees																			
Manager	Fund	Bench mark	FUM (\$m)	% in Aus	For the period to 31 Dec 2016										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	2016	2015	2014	2013	2012	Vol	VA	TE	IR*	Rk
Core																								
AMPCI	NZ Shares	1	443	0	1.0	(5)	-4.8	(10)	8.4	(15)	15.8	(4)	17.8	(9)	8.4	15.9	23.8	15.0	26.9	9.7	0.2	2.7	0.1	(10)
AMPCI	NZ Shares RIL	1	11	0	1.3	(4)	-4.1	(5)	10.6	(7)	16.5	(1)		10.6	15.5	23.8	16.7							
ANZ	NZ Equities	1	138	0	-0.1	(15)	-5.8	(14)	11.2	(3)	14.4	(11)	17.9	(7)	11.2	10.3	22.2	20.6	26.3	9.8	0.4	2.0	0.2	(8)
ANZ	Australasian Equity	1	801	6	-0.1	(14)	-6.4	(17)	10.2	(9)	14.2	(12)	17.4	(12)	10.2	10.2	22.8	19.5	25.4	9.8	-0.1	2.1	-0.0	(14)
CPFM	Trans Tasman Strategy	1	0	15	-2.0	(20)	-7.1	(19)	13.9	(1)				13.9	13.9									
Devon	NZ Core	1	206	15	0.7	(7)	-7.8	(20)	8.5	(13)	15.3	(8)	17.7	(10)	8.5	11.9	26.3	22.0	20.5	10.0	0.1	3.4	0.0	(11)
Devon	Trans Tasman	3	89	49	0.5	(9)	-2.4	(2)	12.0	(2)	14.9	(9)	18.5	(4)	12.0	13.8	19.0	29.7	18.7	9.1	5.5	4.4	1.3	(3)
Fisher	Trans Tasman Equities	7	195	29	0.3	(10)	-5.0	(11)	10.7	(6)	14.1	(13)	17.3	(13)	10.7	12.7	19.2	14.1	31.1	10.2	1.1	3.4	0.3	(7)
Harbour	Australasian Equity	1	450	24	-0.3	(17)	-4.4	(6)	9.5	(11)	13.7	(15)	18.6	(3)	9.5	18.1	13.8	26.1	26.7	10.3	0.0	4.1	0.0	(12)
Harbour	Australasian Equity Focus	3	58	46	-0.4	(18)	-2.8	(3)	4.4	(19)				4.4	23.9									
Harbour	Advanced Beta	2	85	0	-0.5	(19)	-5.2	(13)	8.9	(12)				8.9	17.0									
Mercer	Trans Tasman Equity	1	363	17	0.2	(11)	-6.3	(15)	8.5	(14)	14.1	(14)	17.9	(8)	8.5	15.6	18.5	23.4	24.4	9.6	0.3	2.1	0.2	(9)
Milford	NZ Equities	1	299	0	-0.1	(16)	-4.7	(8)	10.4	(8)	15.3	(7)	21.3	(1)	10.4	20.7	15.2	30.4	31.0	9.5	3.2	3.2	1.0	(4)
Milford	Trans Tasman	3	269	47	1.8	(3)	-1.5	(1)	9.5	(10)	11.0	(16)	17.0	(14)	9.5	13.8	9.7	21.7	31.9	9.0	4.3	2.8	1.5	(1)
Mint	Trans Tasman Equity	1	130	16	0.5	(8)	-4.5	(7)	8.2	(17)	15.4	(6)	20.7	(2)	8.2	17.4	21.1	28.7	29.2	8.3	2.5	3.9	0.6	(5)
Nikko	Core Domestic Equity	1	246	7	0.0	(13)	-6.4	(16)	11.1	(5)	15.9	(2)	18.4	(5)	11.1	16.7	20.1	19.2	25.5	9.8	0.8	2.0	0.4	(6)
Nikko	Australasian Smallcap	4	5	73	2.4	(1)	-6.9	(18)	-2.3	(20)	8.7	(17)	14.3	(15)	-2.3	24.6	5.4	15.1	32.0	12.0	8.9	6.4	1.4	(2)
Russell	NZ Shares	1	170	0	0.1	(12)	-4.8	(9)	11.1	(4)	15.6	(5)		11.1	16.3	19.4								
Salt	NZ Plus Share	1	460	3	1.0	(6)	-5.1	(12)	8.3	(16)	15.9	(3)	17.4	(11)	8.3	14.4	25.6	16.4	23.4	10.2	-0.0	3.0	-0.0	(13)
Salt	Javelin	2	70	13	2.0	(2)	-3.4	(4)	5.7	(18)	14.8	(10)	18.0	(6)	5.7	15.6	23.9	21.3	24.4	10.4	-0.3	4.7	-0.1	(15)
	Minimum				-2.0		-7.8		-2.3		8.7		14.3		-2.3	10.2	5.4	14.1	18.7	8.3	-0.3	2.0	-0.1	
	Median				0.3		-4.9		9.5		14.9		17.9		9.5	15.6	20.1	21.0	26.3	9.8	0.4	3.2	0.2	
	Maximum				2.4		-1.5		13.9		16.5		21.3		13.9	24.6	26.3	30.4	32.0	12.0	8.9	6.4	1.5	
Absolute Return																								
ANZ	Equity Selection	8	25	0	0.7	(5)	-4.1	(4)	11.6	(2)	11.9	(3)	15.2	(4)	11.6	4.4	20.3	18.9	21.9	8.7	6.5		1.4	(4)
CPFM	Ranger	8	14	42	-2.6	(7)	-4.9	(6)	13.0	(1)				13.0	3.4									
Devon	Alpha	8	99	35	-1.2	(6)	-5.6	(7)	1.8	(6)	10.0	(4)	16.9	(3)	1.8	10.3	18.7	34.3	22.2	7.8	3.8		1.8	(2)
Devon	NZ Equities	8	75	0	1.0	(4)	-4.6	(5)																
Milford	Active Growth	8	722	18	1.5	(3)	-1.1	(2)	7.1	(5)	13.4	(2)	18.9	(1)	7.1	15.9	17.4	23.3	32.0	6.2	7.7		2.6	(1)
Nikko	Concentrated	8	87	27	1.8	(2)	-3.4	(3)	8.3	(4)	16.6	(1)	18.3	(2)	8.3	21.8	20.0	17.2	24.8	9.2	6.0		1.7	(3)
Salt	Long/Short	8	197	72	2.5	(1)	1.9	(1)	11.1	(3)				11.1	22.0									
	Minimum				-2.6		-5.6		1.8		10.0		15.2		1.8	3.4	17.4	17.2	21.9	6.2	3.8		1.4	
	Median				1.0		-4.1		9.7		12.7		17.6		9.7	13.1	19.4	21.1	23.5	8.3	6.3		1.7	
	Maximum				2.5		1.9		13.0		16.6		18.9		13.0	22.0	20.3	34.3	32.0	9.2	7.7		2.6	

*For Absolute Return Funds we show the Sharp Ratio, not Information Ratio

Australasian Shares (Page 2 of 2)

					Returns (%) gross of tax and fees																				
Manager	Fund	Bench mark	FUM (\$m)	% in Aus	For the period to 31 Dec 2016										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	2016	2015	2014	2013	2012	Vol	VA	TE	IR	Rk	
Equity Income																									
Devon	Dividend Yield	3	73	42	0.2	(3)	-4.2	(2)	12.1	(2)	19.1	(2)	20.0	(1)	12.1	19.0	26.5	19.5	23.1	8.8	6.8	4.8	1.4	(1)	
Harbour	Australasian Eq Income	n/a	98	37	2.0	(1)	-2.2	(1)	7.3	(3)	14.4	(3)	17.5	(3)	7.3	11.7	25.0	17.4	27.4	8.1					
Salt	Dividend Appreciation	1	85	0	1.0	(2)	-4.7	(3)	12.6	(1)	19.3	(1)	19.8	(2)	12.6	16.8	29.0	17.5	24.0	9.6	2.0	3.2	0.6	(2)	
Minimum					0.2		-4.7		7.3		14.4		17.5		7.3	11.7	25.0	17.4	23.1	8.1	2.0	3.2	0.6		
Median					1.0		-4.2		12.1		19.1		19.8		12.1	16.8	26.5	17.5	24.0	8.8	4.4	4.0	1.0		
Maximum					2.0		-2.2		12.6		19.3		20.0		12.6	19.0	29.0	19.5	27.4	9.6	6.8	4.8	1.4		
Australian Only																									
AMPCI	Australian Share	5	164	100	4.3	(1)	3.9	(1)	4.0	(3)	5.2	(3)	6.9	(3)	4.0	5.4	6.1	3.0	16.2	11.8	0.1	2.3	0.0	(3)	
ANZ	Australian Share	5	646	100	3.9	(2)	0.2	(3)	1.4	(4)	2.2	(4)	7.3	(2)	1.4	5.8	-0.4	16.0	14.5	12.2	0.4	3.8	0.1	(2)	
Devon	Australian	5	31	100	1.6	(4)	0.7	(2)	9.4	(1)	10.8	(2)	13.0	(1)	9.4	15.7	7.5	16.2	16.6	11.4	5.8	3.4	1.7	(1)	
Milford	Dynamic	6	183	100	2.1	(3)	-0.4	(4)	8.5	(2)	14.4	(1)			8.5	19.4	15.6								
Minimum					1.6		-0.4		1.4		2.2		6.9		1.4	5.4	-0.4	3.0	14.5	11.4	0.1	2.3	0.0		
Median					3.0		0.4		6.3		8.0		7.3		6.3	10.7	6.8	16.0	16.2	11.8	0.4	3.4	0.1		
Maximum					4.3		3.9		9.4		14.4		13.0		9.4	19.4	15.6	16.2	16.6	12.2	5.8	3.8	1.7		
Benchmarks																									
		1			-0.2		-6.4		10.1		14.7		17.5		10.1	15.1	19.2	17.9	25.9	9.6					
		2			-0.2		-6.0		9.0		15.3		18.3		9.0	15.9	21.5	18.7	27.3	9.1					
		3			1.9		-1.4		9.8		9.9		12.2		9.8	9.6	10.4	10.8	20.6	9.6					
		4			2.7		-2.6		12.4		6.7		4.9		12.4	11.8	-3.4	-6.2	11.5	11.5					
		5			4.0		3.8		9.2		5.0		6.7		9.2	4.1	1.7	3.8	15.2	12.4					
		6			0.0																				
		7			-1.3		-5.4		7.9		12.3		16.0		7.9	10.3	19.2	17.9	25.9	9.5					
		8																							
					4.4		5.2		11.8		6.6		11.8		11.8	2.6	5.6	20.2	20.3	12.0					

International Shares (Unhedged)

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2016										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	2016	2015	2014	2013	2012	Vol	VA	TE	IR	Rk
AMPCI	Global Shares	2	807	3.6	(8)	5.6	(7)	8.3	(4)	11.5	(1)	14.8	(3)	8.3	15.0	11.4	30.6	10.0	9.1	2.6	2.0	1.3	(1)
AMPCI	RIL Global Shares	1	55	4.0	(2)	5.7	(6)	3.2	(11)	7.8	(12)	11.9	(9)	3.2	9.5	10.9	26.1	11.1	9.4	0.1	1.4	0.1	(9)
ANZ	International Share	1	3,737	3.4	(9)	4.4	(9)	5.3	(7)	10.5	(4)	14.9	(2)	5.3	15.7	10.9	28.2	15.5	9.8	2.8	2.4	1.2	(2)
EC	Global Equities	1	83	3.8	(6)	4.1	(10)	7.7	(5)	9.0	(10)			7.7	9.5	10.0							
EC	Value Fund	1	25	2.5	(14)	6.0	(4)	13.8	(1)	9.2	(9)	11.5	(10)	13.8	9.3	4.6	26.9	4.5	9.0	-0.4	5.0	-0.1	(10)
Fisher	Overseas Equities	1	433	4.0	(3)	6.0	(5)	5.3	(8)	8.6	(11)	10.5	(11)	5.3	10.8	10.0	20.4	6.6	8.9	-1.3	1.7	-0.7	(12)
FRK	Global Growth	1	64	2.9	(11)	1.4	(15)	1.4	(15)	10.0	(6)	14.1	(4)	1.4	19.8	9.6	23.7	17.3	10.4	2.1	4.2	0.5	(4)
FRK	Global Trust	1	374	4.7	(1)	8.9	(1)	4.5	(9)	5.2	(13)	12.4	(8)	4.5	7.2	4.0	32.9	16.0	11.4	0.7	4.5	0.1	(7)
Harbour	Global Equity Growth	1	13	2.8	(12)	1.7	(13)	3.5	(10)					3.5	16.1								
Magellan	Global	1	8,939	3.1	(10)	5.0	(8)	2.7	(13)	11.1	(3)	15.6	(1)	2.7	19.0	12.3	30.8	15.0	11.3	3.4	5.7	0.6	(3)
Mercer	Global Equities	2	1,370	4.0	(4)	7.6	(2)	8.8	(3)	11.2	(2)	13.4	(5)	8.8	13.8	11.0	23.8	10.0	9.8	0.4	3.9	0.1	(8)
MGH	MGH Investments	1	24	3.9	(5)	2.1	(11)	2.1	(14)	9.4	(8)	9.4	(12)	2.1	20.3	6.6	18.6	1.0	9.2	-2.3	5.4	-0.4	(11)
Nikko	Global Equity	1	550	2.7	(13)	1.7	(12)	3.1	(12)	10.0	(7)	12.8	(7)	3.1	17.6	9.8	24.1	10.3	9.1	0.8	2.2	0.4	(6)
Russell	Emerging Markets	4	0	1.8	(15)	1.5	(14)	13.6	(2)					13.6	-2.9								
Russell	Global Opportunities	3	428	3.8	(7)	6.5	(3)	5.8	(6)	10.3	(5)	13.2	(6)	5.8	14.8	10.3	26.3	9.6	10.3	1.0	2.2	0.5	(5)
	Minimum			1.8		1.4		1.4		5.2		9.4		1.4	-2.9	4.0	18.6	1.0	8.9	-2.3	1.4	-0.7	
	Median			3.6		5.0		5.3		10.0		13.0		5.3	14.8	10.0	26.2	10.2	9.6	0.7	3.1	0.3	
	Maximum			4.7		8.9		13.8		11.5		15.6		13.8	20.3	12.3	32.9	17.3	11.4	3.4	5.7	1.3	
	MSCI All Country World Index	1		3.8		5.5		5.9		9.0		11.8		5.9	11.5	9.7	23.1	9.8	9.0				
	MSCI World Index	2		4.1		6.2		5.6		9.7		12.9		5.6	13.2	10.5	27.0	9.5	9.4				
	Russell Global Large Cap	3		3.8		5.7		6.1		9.2		12.2		6.1	11.6	9.9	23.9	10.0	9.1				
	Russell Emerging Markets Index	4		1.9		0.4		8.7						8.7	-5.4								
	MSCI World Index (100% hedged)			3.0		5.3		10.9		9.3		15.1		10.9	4.1	13.0	31.4	17.7	10.2				

Diversified Income

		Returns (%) gross of tax and fees																						
Manager	Fund	FUM (\$m)	For the period to 31 Dec 2016										For the year ended 31 December					Performance Objective						
			1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2016	2015	2014	2013	2012							
Devon	Diversified Income	6	0.0	(4)	-1.8	(3)	4.6	(4)						4.6										OCR + 1.5%
Milford	Diversified Income	1,504	1.7	(1)	1.2	(1)	12.0	(1)	14.0	(1)	15.6	(1)		12.0	11.3	18.8	14.4	21.8						OCR + 2.5%
Mint	Diversified Income	139	-0.2	(5)	-1.9	(4)	5.1	(2)						5.1	7.7									OCR + 2.5%
Nikko	Income	10	0.1	(3)	-4.1	(5)	3.3	(5)	7.0	(2)	7.1	(2)		3.3	9.6	8.2	4.3	10.1						8% p.a.
Harbour	Income	78	0.1	(2)	-1.8	(2)	4.8	(3)						4.8	7.5									OCR + 2.0%

International Fixed Interest

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2016										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	2016	2015	2014	2013	2012	Vol	VA	TE	IR	Rk
Global Aggregate:																							
AMPCI	Global FI AIFQ	1	85	0.4	(5)	-1.9	(6)	5.2	(7)	6.3	(6)	6.1	(6)	5.2	3.2	10.5	2.7	9.3	2.6	-0.2	1.2	-0.2	(5)
AMPCI	Global FI AIFHQ	3	415	0.1	(8)	-1.9	(7)	3.8	(8)	5.8	(7)	4.9	(7)	3.8	5.4	8.2	1.9	5.6	2.6				
ANZ	International Aggregate	1	736	0.9	(1)	-1.4	(2)	7.2	(2)					7.2	4.4								
Fisher	Global Bonds - PIMCO	1	234	0.9	(2)	-1.2	(1)	7.8	(1)	7.9	(1)	7.8	(1)	7.8	3.1	13.0	1.6	14.3	3.6	1.4	2.0	0.7	(3)
Fisher	Global Bonds - Wellington	1	165	0.3	(7)	-2.0	(8)	5.5	(6)	6.9	(5)	6.2	(5)	5.5	4.4	10.8	1.1	9.2	2.8	-0.2	0.5	-0.4	(6)
Mercer	Global Bonds	1	1,369	0.5	(3)	-1.4	(3)	6.1	(5)	7.3	(3)	7.3	(3)	6.1	3.5	12.3	2.8	12.2	2.7	1.1	1.4	0.8	(2)
Nikko	Global Fixed Interest	1	245	0.4	(6)	-1.7	(4)	6.3	(4)	7.0	(4)	6.5	(4)	6.3	4.9	9.9	3.2	8.5	2.5	0.2	0.9	0.2	(4)
Russell	Global Bond	1	1,754	0.5	(4)	-1.8	(5)	6.9	(3)	7.4	(2)	7.8	(2)	6.9	3.6	11.9	2.7	14.2	3.1	1.3	1.2	1.1	(1)
	Minimum			0.1		-2.0		3.8		5.8		4.9		3.8	3.1	8.2	1.1	5.6	2.5	-0.2	0.5	-0.4	
	Median			0.4		-1.7		6.2		7.0		6.5		6.2	4.0	10.8	2.7	9.3	2.7	0.6	1.2	0.4	
	Maximum			0.9		-1.2		7.8		7.9		7.8		7.8	5.4	13.0	3.2	14.3	3.6	1.4	2.0	1.1	
Other:																							
LMI	Brandywine*	2	n/a	1.5	(1)	-0.1	(1)	9.0	(1)	9.0	(1)	9.5	(1)	9.0	-0.6	19.6	2.8	18.2	5.9	3.0	5.1	0.6	(1)
ANZ	International Sovereign	2	2,864	0.3	(3)	-2.7	(3)	4.7	(3)	6.6	(3)	5.6	(2)	4.7	4.0	11.3	1.1	7.4	3.1	-0.6	0.5	-1.2	(2)
ANZ	International Credit	x	1,221	0.9	(2)	-1.9	(2)	7.7	(2)	7.0	(2)			7.7	2.5	11.1							
	Barclays Capital Global Agg Index	1		0.4		-2.0		5.8		7.1		6.4		5.8	4.5	11.2	2.2	8.4	2.7				
	Citigroup World Govt Bond Index	2		0.3		-2.4		5.6		7.3		6.3		5.6	4.6	11.8	2.5	7.2	3.0				
	Barclays Global Treasury GDP Wgtd	3																					

Other International Funds

		Returns (%) gross of tax and fees																					
Manager	Fund	FUM (\$m)	For the period to 31 Dec 2016										For the year ended 31 December					Benchmark					
			1 M	Rk	1 Qtr	Rk	1 Yr	Rk	3 Yrs	Rk	5 Yrs	Rk	2016	2015	2014	2013	2012						
AMPCI	Commodities	231	1.8	(7)	3.6	(2)	15.8	(2)	-7.2	(8)				15.8	-21.1	-12.4	-5.9						Bloomberg Commodity Index
AMPCI	Infrastructure	282	3.6	(1)	-2.4	(7)	9.6	(3)	11.2	(3)				9.6	-3.7	30.2	20.4						DJ Brookfield Global Infrastructure Index
FSI	Infrastructure	179	3.1	(2)	-0.2	(5)	17.4	(1)	15.0	(1)				17.4	4.9	23.5							FTSE Global Core Infrastructure Net (NZD Hedged)
Magellan	Infrastructure	1,190	2.8	(3)	-3.8	(8)	5.4	(5)	12.9	(2)	10.6	(3)		5.4	14.3	19.4	2.9	11.8					S&P Global Infrastructure Index (A\$ Hedged)
Milford	Global	259	2.4	(6)	1.8	(3)	-0.1	(8)	6.5	(6)				-0.1	10.5	9.3							OCR + 5%
PATH	Commodity Plus Fund	74	2.7	(4)	0.6	(4)	3.8	(6)	1.5	(7)	-0.5	(4)		3.8	-0.5	1.2	-5.2	-1.5					Bloomberg Commodity Index
PATH	World Equity Fund	31	2.5	(5)	4.6	(1)	2.1	(7)	9.7	(4)	12.2	(2)		2.1	12.1	15.3	22.5	9.9					MSCI AC World
PATH	Global Water Fund	10	-0.2	(8)	-2.1	(6)	7.2	(4)	8.2	(5)	13.7	(1)		7.2	8.1	9.2	30.8	14.8					n/a

* Brandywine returns use a simulated hedge prior to January 2012

NZ Fixed Interest

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2016										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	2016	2015	2014	2013	2012	Vol	VA	TE	IR	Rk
AMPCI	NZ Fixed Interest	1	1,840	-0.6	(6)	-2.7	(7)	4.5	(4)	6.3	(3)	4.9	(5)	4.5	5.6	8.7	-0.5	6.3	2.9	1.0	0.5	2.1	(1)
ANZ	NZ Fixed Interest	1	1,786	-0.7	(9)	-3.1	(9)	4.2	(6)	6.2	(4)	4.8	(6)	4.2	5.9	8.5	-1.4	7.0	3.0	0.9	0.5	2.0	(2)
Fisher	NZ Fixed Interest	1	210	-0.7	(11)	-3.5	(11)	3.9	(10)	5.9	(8)	4.7	(7)	3.9	6.0	7.8	-0.0	5.9	2.6	0.8	0.8	1.0	(5)
Harbour	NZ Core Fixed Interest	3	218	-0.4	(3)	-2.1	(4)	4.7	(2)	5.9	(7)	5.2	(4)	4.7	5.9	7.2	1.6	6.7	2.1				
Harbour	NZ Corporate Bond	2	288	-0.4	(2)	-1.4	(3)	4.2	(7)	5.7	(9)	5.4	(3)	4.2	5.7	7.1	2.9	7.2	1.5	0.3	0.4	0.7	(6)
Milford	Trans-Tasman Bond	5	328	-0.2	(1)	-1.0	(1)	5.2	(1)	6.7	(1)			5.2	5.2	9.7							
Nikko	NZ Corporate Bond	1	341	-0.5	(4)	-2.2	(5)	4.6	(3)	6.6	(2)	6.2	(1)	4.6	6.5	8.7	2.7	8.7	2.1	2.3	1.6	1.4	(4)
Nikko	NZ Fixed Interest	1	286	-0.6	(8)	-3.4	(10)	4.0	(9)	6.2	(5)	5.5	(2)	4.0	6.0	8.5	1.2	7.9	2.6	1.6	1.0	1.5	(3)
Russell	NZ Fixed Interest	1	144	-0.6	(5)	-2.4	(6)	4.3	(5)	6.0	(6)			4.3	5.9	7.9							
Western	NZ Core	4	261	-0.6	(7)	-2.8	(8)	4.1	(8)					4.1	5.7								
Western	NZ Core Constrained	1	82	-0.7	(10)	-1.4	(2)	2.9	(11)	4.5	(10)	3.5	(8)	2.9	5.3	5.5	0.8	3.4	1.4	-0.3	1.8	-0.2	(7)
	Minimum			-0.7		-3.5		2.9		4.5		3.5		2.9	5.2	5.5	-1.4	3.4	1.4	-0.3	0.4	-0.2	
	Median			-0.6		-2.4		4.2		6.1		5.0		4.2	5.9	8.2	1.0	6.8	2.4	0.9	0.8	1.4	
	Maximum			-0.2		-1.0		5.2		6.7		6.2		5.2	6.5	9.7	2.9	8.7	3.0	2.3	1.8	2.1	
	S&P/NZX NZ Govt Stock Index	1		-0.7		-3.4		3.4		5.5		3.8		3.4	5.4	7.8	-2.0	4.8	3.1				
	S&P/NZX NZ Corp A Grade Index	2		-0.4		-1.7		4.1		5.8		5.1		4.1	5.8	7.4	1.9	6.3	1.8				
	S&P/NZX NZ Govt/Corp A Index (50/50)	3		-0.5		-2.5		3.8		5.7		4.5		3.8	5.6	7.6	-0.1	5.5	2.4				
	S&P/NZX NZ Comp Inv Grade Index	4		-0.7		-3.0		3.6						3.6	5.4								

NZ Cash & Short Duration

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2016										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	2016	2015	2014	2013	2012	Vol	VA	TE	IR	Rk
AMPCI	NZ Cash	1	4,395	0.2	(4)	0.6	(3)	2.8	(7)	3.5	(6)	3.5	(3)	2.8	3.8	3.8	3.4	3.6	0.1	0.5	0.1	7.5	(2)
AMPCI	NZ Short Duration	2	352	-0.1	(7)	-0.2	(7)	4.1	(1)	5.2	(1)			4.1	5.5	6.0	3.6						
AMPCI	Global Short Duration	1	192	0.3	(1)	0.3	(6)	3.9	(2)	4.6	(2)			3.9	4.1	5.7	3.9						
ANZ	NZ Cash	1	3,863	0.2	(3)	0.7	(2)	2.9	(6)	3.5	(7)	3.4	(4)	2.9	3.7	3.8	3.3	3.5	0.1	0.5	0.1	6.1	(3)
Fisher	NZ Cash	1	329	0.2	(5)	0.6	(4)	2.9	(5)	3.6	(5)	3.8	(2)	2.9	3.9	4.1	3.8	4.5	0.3	0.9	0.3	2.8	(4)
Harbour	Short Duration	1	73	0.1	(6)	0.4	(5)	3.1	(4)	3.8	(4)			3.1	4.0	4.2	3.9						
Nikko	NZ Cash	1	694	0.3	(2)	0.8	(1)	3.3	(3)	3.9	(3)	3.9	(1)	3.3	4.1	4.2	3.9	4.2	0.1	1.0	0.1	8.2	(1)
	Median			0.2		0.6		3.1		3.8		3.7		3.1	4.0	4.2	3.8	3.9	0.1	0.7	0.1	6.8	
	S&P/NZX 90 Day Bank Bill Index	1		0.2		0.6		2.5		3.1		2.9		2.5	3.4	3.4	2.7	2.7	0.2				
	S&P/NZX Short End Swap Index	2		-0.2		-0.4		3.1		4.2				3.1	5.0	4.6	1.4		0.9				

Australasian Property

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2016										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	2016	2015	2014	2013	2012	Vol	VA	TE	IR	Rk
Direct:																							
Fisher Trust	Property Fund		417	0.4	(2)	1.2	(2)	11.6	(2)	12.4	(1)	12.1	(1)	11.6	13.4	12.1	17.7	6.1	4.5				
	Property Fund		127	2.6	(1)	4.6	(1)	13.9	(1)	10.8	(2)	10.3	(2)	13.9	10.6	7.9	9.3	10.0	2.3				
Listed:																							
AMPCI	Listed Property	1	21	-0.7	(5)	-6.1	(6)	3.7	(7)	14.5	(5)	15.6	(4)	3.7	16.4	24.3	8.2	27.4	7.5	2.1	2.1	1.0	(3)
AMPCI	Property Fund	2	99	2.0	(1)	-4.1	(1)	7.8	(2)					7.8	13.6								
ANZ	Property Securities	1	162	-0.9	(7)	-6.5	(8)	4.8	(4)	14.7	(3)	16.4	(2)	4.8	15.5	24.8	12.5	25.8	8.1	2.8	2.7	1.1	(2)
ANZ	Trans Tasman	2	440	1.3	(2)	-4.9	(4)	8.0	(1)	16.2	(2)	18.1	(1)	8.0	15.6	25.6	13.4	29.4	8.5	2.2	2.8	0.8	(4)
Mint	Real Estate Inv Trust	1	51	-0.9	(6)	-6.1	(5)	4.1	(6)	14.3	(6)	15.1	(5)	4.1	15.4	24.2	8.0	25.1	7.2	1.6	2.5	0.6	(6)
Nikko	Property Securities	1	34	-0.9	(8)	-6.2	(7)	4.3	(5)	14.5	(4)	14.2	(6)	4.3	16.0	24.0	6.4	21.8	7.7	0.9	1.2	0.7	(5)
Salt	Listed Property	1	329	0.0	(3)	-4.4	(2)	7.6	(3)	16.3	(1)	16.0	(3)	7.6	15.9	26.1	7.3	24.4	7.2	2.4	1.6	1.5	(1)
Salt	Enhanced Property Fund	1	4	-0.4	(4)	-4.8	(3)																
Minimum				-0.9		-6.5		3.7		14.3		14.2		3.7	13.6	24.0	6.4	21.8	7.2	0.9	1.2	0.6	
Median				-0.5		-5.5		4.8		14.6		15.8		4.8	15.6	24.6	8.1	25.5	7.6	2.2	2.3	0.9	
Maximum				2.0		-4.1		8.0		16.3		18.1		8.0	16.4	26.1	13.4	29.4	8.5	2.8	2.8	1.5	
S&P/NZX Property Index				1		-1.0		3.8		14.1		13.2		3.8	15.1	24.2	3.9	20.5	7.9				
NZX/ASX Property Index				2		1.3		7.3		16.3		15.6		7.3	16.1	26.3	5.5	24.5	8.0				

International Property

		Returns (%) gross of tax and fees																					
Manager	Fund	Bench mark	FUM (\$m)	For the period to 31 Dec 2016										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	2016	2015	2014	2013	2012	Vol	VA	TE	IR	Rk
AMPCI	Global Property Securities	1	191	4.7	(1)	-1.9	(2)	2.1	(4)	13.0	(1)	15.6	(1)	2.1	9.0	29.5	10.5	29.4	13.5	0.4	4.5	0.1	(1)
ANZ	International Property	1	608	4.5	(2)	-3.7	(3)	3.6	(2)	12.9	(2)	14.0	(2)	3.6	7.1	29.8	6.8	25.1	12.0	-1.1	1.8	-0.6	(2)
PATH	Global Property	1	13	3.0	(4)	-4.3	(4)	3.5	(3)					3.5									
Russell	Global Listed Real Estate	1	47	3.4	(3)	-1.9	(1)	5.5	(1)					5.5	6.0								
FTSE EPRA/NAREIT Index*				1		4.3		7.2		14.3		15.2		7.2	7.0	30.0	7.3	26.6	12.1				
*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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