

The Aon KiwiSaver Survey

as at 31 December 2008

Aon Consulting - Shaping the Workplace of the Future

Who We Are

Aon Consulting is among the top global human capital consulting firms, with 2007 revenues of US\$1.352 billion and 6,335 professionals in 117 offices worldwide. Aon Consulting is shaping the workplace of the future through benefits, talent management and rewards strategies and solutions. Aon Consulting was named the best employee benefit consulting firm by the readers of Business Insurance magazine in 2006, 2007 and 2008.

What We Do

Aon Consulting serves as a strategic partner to leading global organizations on significant issues impacting millions of employees worldwide.

The evolution of the workforce and global economy have placed human capital issues at the forefront in the executive suite. In order to be successful, corporations need to engage in a fierce global talent search, work to build and manage multinational teams in developed and emerging markets, and implement succession planning programs, while at the same time, keeping costs on budget as rising expenses for health care and other benefits soar.

Aon Consulting, a division of Aon New Zealand, provides independent actuarial, financial and statistical advice, we provide administration services for superannuation and employee benefit schemes, and we provide advice on death, disablement and health insurances.



Aon KiwiSaver Survey

For over 20 years we have been compiling surveys of investment performance in New Zealand. With the introduction of KiwiSaver in 2007 we have decided to broaden our surveys, which had until now only covered wholesale funds, to also include KiwiSaver funds. We contacted all registered KiwiSaver providers and we believe we have put together the most comprehensive KiwiSaver Survey currently in the marketplace. Unfortunately we could not include every KiwiSaver fund as some Providers do not want their returns included in a survey.

Our survey shows the returns for each fund over the last quarter, six months and 12 months. We have also included the asset allocation details of the fund as at 31 December 2008. This shows what proportion of each fund is invested in Shares, Property, Bonds and Cash.

Disclaimer:

We asked each Provider to supply us with returns Gross of Tax and Net of Investment fees. This means that no allowance may have been made for other fees such as audit, legal and trustee fees.

We have not verified the information supplied by each Provider.

This publication provides general information only and should not be relied upon in making an investment decision.

Investors should seek professional advice which takes into account their personal circumstances before making an investment decision.

No liability will be accepted for loss resulting from reliance on information contained in this report which proves to be inaccurate and/or incomplete

Disclosure of interest: Aon Consulting acts as the asset consultant for AonSaver and several Employer KiwiSaver Schemes.

You should not use this survey to estimate your own return, which will be net of all fees, dependent on your PIR rate (19.5% or 30%) and affected by the timing and amounts of your contributions

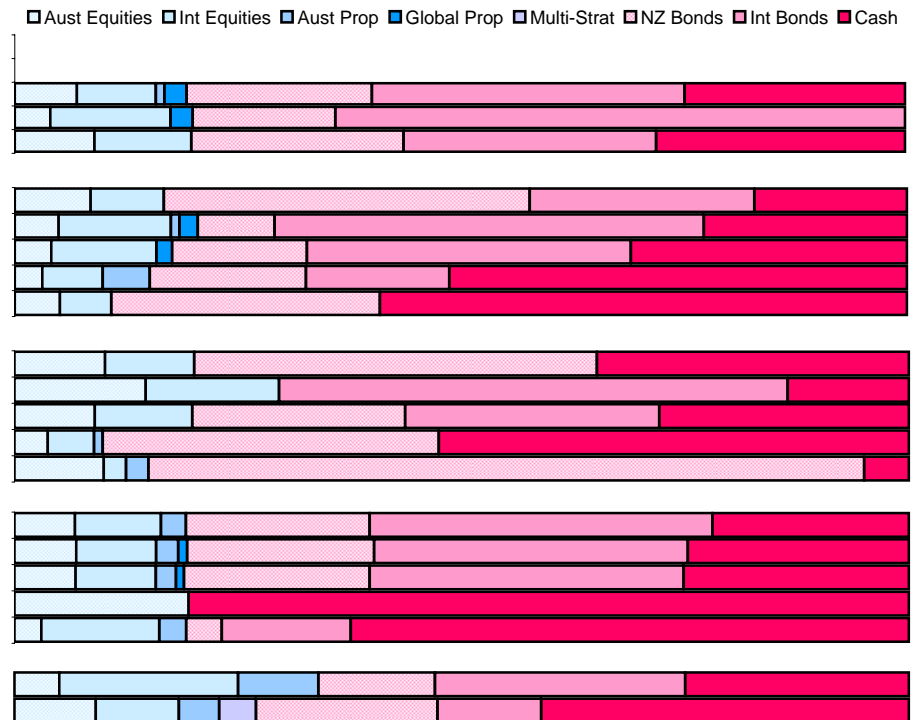
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Conservative Fund Results

Returns are Gross of Tax & Net of Investment Management Fees as at 31 Dec 2008

Manager	FUM (\$m)	Last Qtr	Rk	Last 6 Mths	Rk	Last Yr	Rk
AMP Conservative Fund	5	1.5	2	3.4	2	5.2	2
AMP Default Fund	122	-1.8	19	-1.0	15	1.2	11
ANZ Conservative Fund	15	0.0	10	1.7	10	2.1	8
AonSaver Russell Conservative	1	-6.5	22	-6.8	22	-6.7	20
ASB Conservative Fund	227	0.9	5	1.9	6	2.1	6
Asteron Conservative Fund	2	-0.1	11	-0.7	13	-2.2	15
AXA Conservative	1	-0.9	14	-2.0	18		
AXA Income Plus Fund	134	-0.7	13	-1.9	17	-3.1	17
Company D	n/a	-1.9	20	-3.0	20	-2.0	14
Fidelity Capital Guaranteed Kiwi	1	0.1	8	2.1	4		
Fidelity Conservative Kiwi Fund	5	-1.4	17	0.0	12	1.2	10
FirstChoice Active Conservative	1	-1.7	18	-2.2	19	-5.2	19
FirstChoice Tracker Conservative	13	1.0	4	2.0	5	2.0	9
GMK Conservative Fund	8	1.4	3	2.4	3	4.6	3
Huljich Conservative Fund		6.8	1	4.2	1	13.3	1
ING Conservative Fund	126	0.8	6	1.9	7	2.1	5
National Bank Conservative Fund	18	0.1	9	1.7	9	2.1	7
SIL Conservative Fund	41	0.2	7	1.9	8	2.4	4
Smartkiwi Conservative Fund	1	-1.1	15	-0.9	14	-2.7	16
Tower KiwiPlan Cash Enhanced	120	-1.2	16	-1.0	16	0.2	12
Tower KiwiPlan Conservative Fund	3	-3.2	21	-4.4	21	-5.2	18
Westpac Conservative Fund	95	-0.4	12	0.0	11	-1.5	13
Minimum		-6.5		-6.8		-6.7	
Median		-0.3		0.0		1.2	
Maximum		6.8		4.2		13.3	

Asset Allocation for Fund Managers



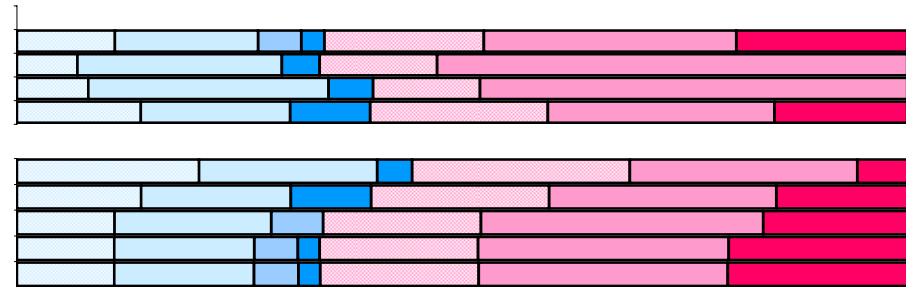
Moderate Fund Results

Returns are Gross of Tax & Net of Investment Management Fees as at 31 Dec 2008

Manager	FUM (\$m)	Last Qtr	Rk	Last 6 Mths	Rk	Last Yr	Rk
AMP Moderate Fund	19	-3.9	5	-3.7	5	-3.4	1
ANZ Conservative Balanced Fund	9	-3.0	4	-2.3	3	-4.3	4
AonSaver Russell 2015 Fund	1	-10.0	9	-11.5	9	-13.2	8
AonSaver Russell Moderate Fund	1	-11.5	10	-13.4	10	-15.6	10
ASB Moderate Fund	43	-4.3	6	-4.1	6	-6.7	6
Asteron Balanced Fund	2	-7.5	8	-9.5	8	-14.4	9
FirstChoice Tracker Moderate Fund	3	-4.4	7	-4.5	7	-7.4	7
ING Conservative Balanced Fund	1	-1.5	1	-1.7	1	-4.0	2
National Bank Cons Balanced Fund	9	-3.0	3	-2.3	4	-4.4	5
SIL Conservative Balanced Fund	16	-3.0	2	-2.3	2	-4.2	3

Asset Allocation for Fund Managers

■ Aust Equities
 ■ Int Equities
 ■ Aust Prop
 ■ Global Prop
 ■ Multi-Strat
 ■ NZ Bonds
 ■ Int Bonds
 ■ Cash



Minimum	-11.5	-13.4	-15.6
Median	-4.1	-3.9	-5.5
Maximum	-1.5	-1.7	-3.4

Balanced Fund Results

Returns are Gross of Tax & Net of Investment Management Fees as at 31 Dec 2008

Manager	FUM (\$m)	Last Qtr	Rk	Last 6 Mths	Rk	Last Yr	Rk	Asset Allocation for Fund Managers
AMP Balanced Fund	28	-8.7	28	-10.5	26	-12.7	14	
AMP ING Balanced Fund	7	-11.4	36	-11.9	31	-15.3	21	
AMP Moderate Balanced Fund	27	-7.2	17	-8.5	12	-9.6	6	
AMP Tower Balanced Fund	1	-8.3	20	-10.3	25	-11.9	12	
AMP Tyndall Balanced Fund	1	-11.1	34	-13.0	34	-17.1	29	
ANZ Balanced Fund	11	-5.7	13	-6.1	10	-10.3	9	
ANZ Balanced Growth Fund	7	-8.6	26	-9.9	19	-16.3	25	
AonSaver ING Balanced	3	-10.4	33	-11.6	28	-14.8	18	
AonSaver Russell 2025	1	-15.2	38	-18.2	38	-22.0	34	
AonSaver Russell Balanced	18	-16.7	39	-20.0	39	-24.5	35	
AonSaver Tyndall Balanced	0	-11.1	35	-13.1	35	-13.2	15	
ASB Balanced Fund	38	-8.7	29	-10.2	22	-15.2	20	
Asteron Balanced Growth	3	-14.0	37	-18.0	37	-24.7	36	
AXA Balanced Fund	17	-7.4	18	-12.4	33	-19.1	31	
Brook Balanced Fund		-2.6	4	-4.1	3	-0.2	2	
Company A	n/a	-5.6	10	-11.6	30	-18.1	30	
Company B	n/a	-8.3	21	-9.4	16	-15.1	19	
Company C	n/a	-5.2	8	-4.7	4			
Company D	n/a	-8.6	25	-15.4	36	-19.7	32	
Company E	n/a	-9.0	31	-10.1	21	-14.5	17	
EoSaver Balanced Fund	3	-6.9	15	-10.7	27			
Fidelity Balanced Kiwi Fund	10	-1.6	2	-0.5	1	-1.0	3	
Fidelity Ethical Kiwi Fund	0	-8.1	19	-9.4	15			
FirstChoice Active Balanced Fund	4	-7.2	16	-10.2	23	-16.4	26	
FirstChoice Tracker Balanced Fund	4	-8.3	22	-10.3	24	-15.6	23	
GMK Balanced Fund	51	-1.6	3	-2.8	2	-2.4	4	
Huljich Balanced Fund		1.9	1	-4.8	5	0.6	1	
ING Balanced Fund	1	-3.9	6	-5.5	7	-10.4	10	
ING Balanced Growth Fund	1	-6.2	14	-9.1	14	-16.4	27	
IRIS Balanced Fund	n/a	-4.5	7	-6.3	11	-9.4	5	

National Bank Balanced Fund	14	-5.7	11	-6.0	9	-10.2	8	
National Bank Balanced Growth Fund	10	-8.6	27	-10.0	20	-16.4	28	
SIL Balanced Fund	37	-5.5	9	-5.9	8	-10.0	7	
SIL Balanced Growth Fund	36	-8.4	23	-9.8	18	-16.1	24	
Smartkiwi Balanced Fund	2	-9.4	32	-11.6	29	-19.9	33	
Staples Rodway Balanced Fund	2	-8.4	24	-9.6	17	-15.5	22	
Staples Rodway Growth Fund	2	-8.8	30	-12.3	32	-14.5	16	
Tower KiwiPlan Balanced	27	-5.7	12	-9.0	13	-12.6	13	
Westpac Balanced Fund	41	-3.5	5	-5.2	6	-11.3	11	
Minimum		-16.7		-20.0		-24.7		
Median		-8.3		-10.0		-14.9		
Maximum		1.9		-0.5		0.6		

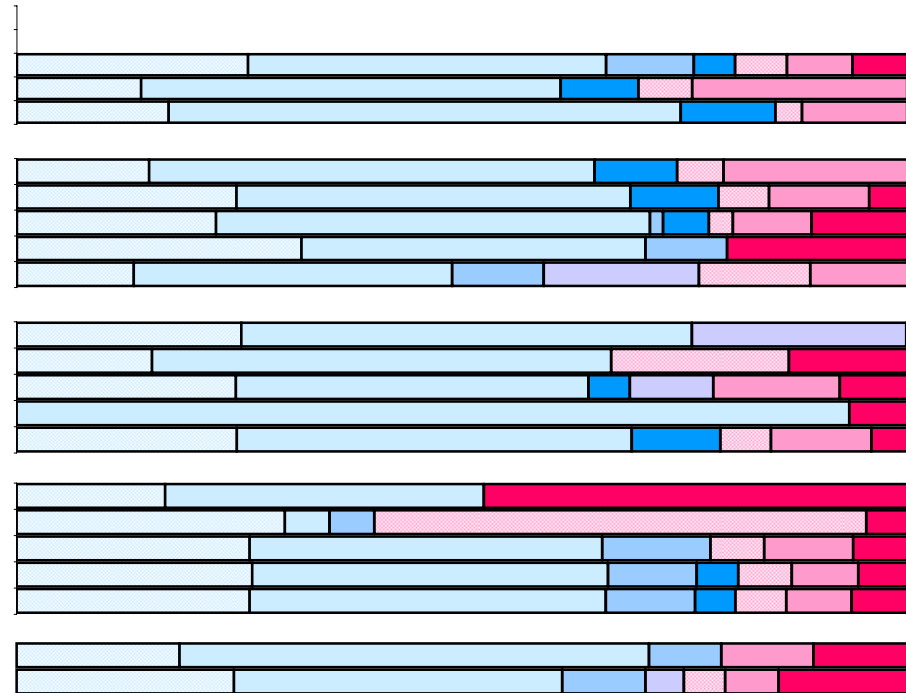
Growth Fund Results

Returns are Gross of Tax & Net of Investment Management Fees as at 31 Dec 2008

Manager	FUM (\$m)	Last Qtr	Rk	Last 6 Mths	Rk	Last Yr	Rk
AMP Aggressive Fund	26	-18.3	19	-22.9	18	-27.3	17
AMP Growth Fund	25	-15.1	17	-18.8	15	-22.1	10
ANZ Growth Fund	11	-11.4	10	-13.8	9	-22.2	11
AonSaver Russell 2035	1	-19.2	20	-23.1	19	-28.0	19
AonSaver Russell 2045	1	-23.3	22	-28.1	22	-34.2	21
AonSaver Russell Growth Fund	2	-20.2	21	-24.3	20	-29.6	20
ASB Growth Fund	37	-12.6	14	-15.8	12	-22.7	13
AXA High Growth Fund	12	-11.9	12	-18.9	16	-27.7	18
Brook Growth Fund		-4.8	2	-7.7	3	-2.7	2
Company D	n/a	-11.9	13	-21.0	17	-27.3	16
Fidelity Aggressive Kiwi Fund	3	-13.2	16	-13.9	10	-17.6	6
Fidelity Growth Kiwi Fund	5	-5.9	4	-6.3	1	-8.1	3
FirstChoice Active Growth Fund	4	-9.5	7	-14.0	11	-22.0	8
FirstChoice Active High Growth Fund	0.2	-16.6	18	-25.3	21		
FirstChoice Tracker Growth Fund	3	-12.6	15	-16.2	13	-23.4	14
GMK Growth Fund	42	-6.1	5	-10.9	5	-11.8	4
Huljich Growth Fund		1.1	1	-7.4	2	2.8	1
ING Growth Fund	1	-8.6	6	-12.7	6	-21.9	7
National Bank Growth Fund	17	-11.5	11	-13.7	8	-22.2	12
SIL Growth Fund	28	-11.3	9	-13.6	7	-22.1	9
Tower KiwiPlan Growth Fund	8	-11.2	8	-16.4	14	-24.6	15
Westpac Growth Fund	27	-5.7	3	-8.5	4	-16.3	5
Minimum		-23.3		-28.1		-34.2	
Median		-11.7		-14.9		-22.2	
Maximum		1.1		-6.3		2.8	

Asset Allocation for Fund Managers

■ Aust Equities
 ■ Int Equities
 ■ Aust Prop
 ■ Global Prop
 ■ Multi-Strat
 ■ NZ Bonds
 ■ Int Bonds
 ■ Cash



Equities

Returns are Gross of Tax & Net of Investment Management Fees as at 31 Dec 2008

Fund	FUM (\$m)	Last Qtr	Rk	Last 6 Mths	Rk	Last Yr	Rk
AonSaver AMT Milford Aggressive	0.5	1.5	1	1.2	1	1.6	1
Asteron International Share Fund	0.7	-18.0	8	-22.9	7	-29.1	4
Asteron TT Small Companies Fund	0.7	-24.5	9	-31.6	9	-44.4	8
Asteron SRI Share Fund	2.4	-10.2	5	-15.3	5	-31.5	5
FirstChoice Global Sustainability	0.3	-5.0	2	-8.9	2		
SIL Australasian Share Fund	2	-9.7	3	-11.2	3	-28.8	3
SIL International Share Fund	3.9	-9.9	4	-12.9	4	-21.1	2
Smartkiwi Growth Fund	5.7	-16.3	7	-20.6	6	-34.5	7
Tower KiwiPlan Equity Fund	3.6	-14.6	6	-22.9	8	-33.4	6

Fixed Interest

Returns are Gross of Tax & Net of Investment Management Fees as at 31 Dec 2008

Fund	FUM (\$m)	Last Qtr	Rk	Last 6 Mths	Rk	Last Yr	Rk
Asteron High Yield Fixed Interest	0.5	2.0	2	1.2	3	1.4	3
Fidelity Options Kiwi Fund	6.7	-23.4	4	-19.4	4	-8.4	4
SIL NZ Fixed Interest Fund	1.0	0.1	3	2.6	2	6.5	2
SIL Int Fixed Interest Fund	0.3	7.4	1	11.9	1	15.6	1

Please remember that these sector funds may invest their money in very different ways and it is important when choosing an investment to understand exactly what you are investing in.

Property

Returns are Gross of Tax & Net of Investment Management Fees as at 31 Dec 2008

Fund	FUM (\$m)	Last Qtr	Rk	Last 6 Mths	Rk	Last Yr	Rk
Asteron Global Property Fund	0.3	-39.5	3	-39.2	3	-49.1	3
SIL Australasian Property Fund	1.4	-13.4	1	-17.2	1	-26.3	1
SIL International Property Fund	0.7	-36.5	2	-38.3	2	-44.1	2

Please remember that these sector funds may invest their money in very different ways and it is important when choosing an investment to understand exactly what you are investing in.

Cash

Returns are Gross of Tax & Net of Investment Management Fees as at 31 Dec 2008

Fund	FUM (\$m)	Last Qtr	Rk	Last 6 Mths	Rk	Last Yr	Rk
AMP Cash Fund	4.6	2.2	2	4.4	2	9.1	1
AonSaver ING Cash Fund	1.0	1.8	8	3.9	6	8.4	6
AonSaver Tyndall Cash Fund	0.3	2.2	1	4.5	1	9.0	2
ASB - NZ Bank Deposit Fund	29.8	1.9	3	3.9	3	8.5	5
Asteron Capital Fund	0.9	1.4	12	3.6	10	7.8	10
AXA Cash Fund	4.1	1.7	10	3.3	11	7.3	11
FirstChoice NZ Cash Fund	2.0	1.9	3	3.9	5	8.4	7
ING Cash Fund	0.2	1.8	7	3.9	7	8.8	3
National Bank Cash Fund	0.2	1.8	5				
SIL Cash Plus Fund	2.7	1.6	11	3.6	9	8.3	8
Staples Rodway Conservative Fund	2.5	1.7	9	3.9	4	8.5	4
Tower KiwiPlan Preservation Fund	2.6	1.8	6	3.9	8	8.1	9
Westpac Cash Fund	21.5	1.4	12	2.8	12	5.9	12

Frequently Asked Questions

My fund hasn't performed very well. What should I do?

Past performance is no guarantee of future performance.

It is important that you understand what you are actually investing in because while there are many different funds available they won't all be suitable for you.

Funds that have had more money in equities over the last year are likely to have fared much worse than funds that have had more money in cash. This won't always be the case.

This is why we thought it important to show you each fund's asset allocation, so you know how much is invested in equities, property, bonds and cash.

Some funds may be invested in only a few shares, some funds may be invested in hundreds of shares.

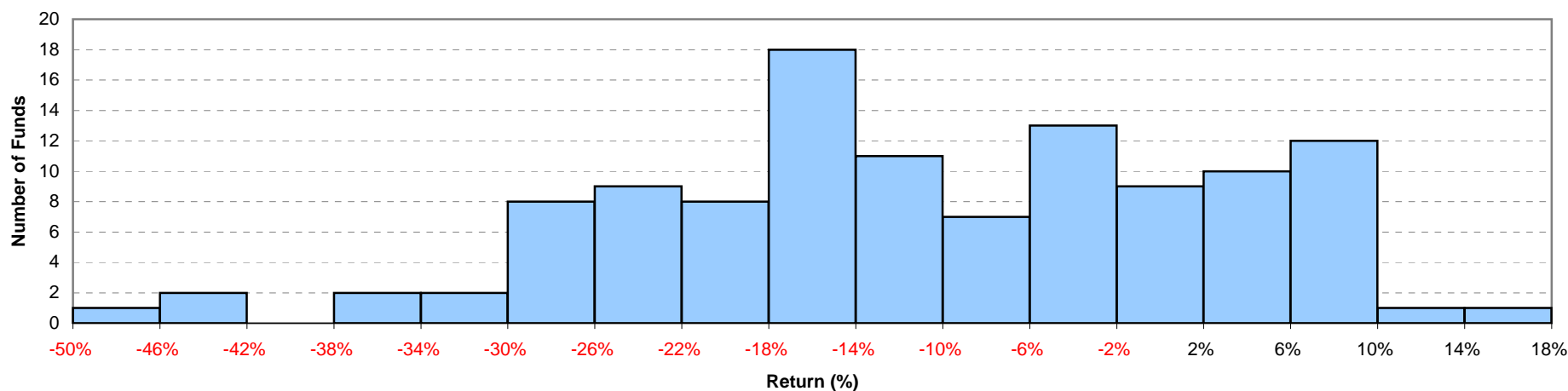
If you are concerned then consult an independent investment advisor to help work out what is best for you.

The chart below shows the range of returns over all the funds in our survey in the last 12 months. From the chart we can see that the vast majority of funds lost money over the previous 12 months.

One fund earned between 14% and 18% over the last 12 months whereas another fund lost between 46% and 50%.

It is interesting to note that the top performing fund in our last survey is now in the bottom half of the survey.

Distribution of KiwiSaver Returns over the last 12 Months



The returns in your survey are different than the returns my KiwiSaver Provider is reporting. What's going on?

We asked Providers to give us returns that were gross of tax and net of investment management fees. This means that fees such as audit and legal fees should have been excluded.

We did this to make as fair a comparison as possible between unitised schemes and non-unitised schemes (mainly company superannuation schemes)

You should not use this survey to estimate your own return, which will be net of all fees, dependent on your PIR rate (19.5% or 30%) and affected by the timing and amounts of your contributions

Why aren't my Provider's returns in the survey?

There are many reasons, not just poor performance, why a Provider may have chosen not to include their returns.

For example, several KiwiSaver schemes have only a few members and aren't open to the general public. Surprisingly, one of the Default Providers has chosen not to submit their returns.

If your Provider isn't in the survey, then encourage them to submit their returns for future surveys.

I'm thinking of joining KiwiSaver but there are so many Providers and so many funds, where do I start?

You should consult an independent investment advisor to help work out what is best for you.

Legislative Changes from 1 April 2009

Employee contributions

The minimum contribution rate is reduced from 4% to 2%. The minimum contribution rate of 2% will become the default contribution rate for new employee members from 1 April 2009.

Existing KiwiSaver members can elect to reduce their contributions to 2% from 1 April 2009.

Employer Contributions

Compulsory employer contributions will be capped at 2% (rather than rising to 4% by 1 April 2011).

Total Remuneration

Employers will not be able to reduce an employee's gross pay if they join Kiwisaver. The changes will provide employers and employees with the ability to negotiate their own arrangements in good faith.

Crown Fee Subsidy

The current \$40 per year fee subsidy is discontinued.

Employer Tax Credit (ETC)

The current ETC of up to \$1,040 per year will be discontinued.

Member Tax Credit (MTC)

Employees are still eligible for a matching MTC of up to \$1,040 per year. Members earning under \$52,000 who contribute 2% and therefore do not qualify for the full MTC will be able to voluntarily top up their own contributions to \$1,040 per year.

Contributions Tax

Currently, employer contributions of up to 4% are paid into KiwiSaver tax free.

This will now reduce to 2%.

It is important to note that the voluntary nature, with automatic enrolment for new employees and the right to opt out, \$1,000 kick-start, mortgage diversion, deposit subsidy and first-home withdrawal provisions will not change. Benefits are still locked in to age 65.

In essence, KiwiSaver will change from a scheme where the member and employer each eventually contribute 4% (that is a 4/4 scheme) to one where they each contribute 2% (a 2/2 scheme). Members can elect to contribute 2%, 4% or 8%, but a 2/2 scheme will soon be the norm.

Under current Housing New Zealand rules, members who would like to take advantage of the mortgage subsidy (available after a minimum of three years' contributing to a KiwiSaver scheme) need to contribute around 4% of their income for those three years. This contribution rate requirement has not reduced to 2%.

List of Scheme Providers in Survey

AMP KiwiSaver Scheme
ANZ KiwiSaver Scheme
AonSaver Scheme
ASB KiwiSaver Scheme
Asteron KiwiSaver Scheme
AXA KiwiSaver Scheme
Brook Professional KiwiSaver Scheme
EoSaver KiwiSaver Scheme
Fidelity KiwiSaver Scheme
FirstChoice KiwiSaver Scheme
Gareth Morgan KiwiSaver Scheme
Huljich KiwiSaver Scheme
ING KiwiSaver Superannuation Scheme
IRIS KiwiSaver Scheme
National Bank KiwiSaver Scheme
SIL KiwiSaver Scheme
Smartshares KiwiSaver Scheme
Staples Rodway KiwiSaver Scheme
Tower Kiwiplan
Westpac KiwiSaver Scheme

Company A
Company B
Company C
Company D
Company E

These are private company KiwiSaver schemes that are not open to the general public

Note:

Conservative Funds should have between 0% and 30% in growth assets, such as Equities and Property.
Moderate Funds should have between 31% and 45% in growth assets, such as Equities and Property.
Balanced Funds should have between 46% and 70% in growth assets, such as Equities and Property.
Growth Funds should have more than 71% in growth assets, such as Equities and Property.