



# AXA KiwiSaver Scheme Fund Fact Sheet

30 September 2011

**The AXA KiwiSaver Scheme offers access to a range of investment portfolios.**

The AXA KiwiSaver Scheme invests member funds into Superannuation Master Trust (SMT), a registered superannuation scheme. The AXA KiwiSaver Scheme's funds are pooled for investment purposes with the SMT's investment funds, and allocated across a range of investment sectors within SMT. Each SMT investment sector is in turn invested into a wholesale unit trust which has a unique investment focus.

All asset allocation and investment returns are as at 30 September 2011.

AXA Global Investors (AXA GI), is responsible for investing the AXA KiwiSaver Scheme's assets. AXA GI carefully selects the fund managers that manage the underlying unit trusts that the AXA KiwiSaver Scheme's assets are invested in based on their expertise, investment process, investment style and fit within Portfolios.

The AXA KiwiSaver Scheme is a Portfolio Investment Entity (PIE) and offers four investment portfolios to choose from (and a fifth portfolio for members enrolled under the Inland Revenue default member allocation process), each providing exposure to investment sectors in proportions which are considered appropriate to the risk profile of the portfolio. A PIE gains the benefit of no capital gains tax for most New Zealand and Australian shares and taxes members at their Prescribed Investor Rate.

For the diversified portfolios, international fixed interest exposures are usually fully hedged. However, underlying fund managers are able to take limited active currency positions where they perceive an opportunity to add value. The currency exposures for the growth assets are actively managed.

The AXA KiwiSaver Scheme's Conservative, Balanced and Growth Portfolios each have a ready-made, well-diversified asset mix – so all the complex sector selection work has already been done to provide you with a simple, straightforward approach to investing. Asset allocations are subject to change.

## KiwiSaver Income Plus Portfolio (Default Portfolio)<sup>1</sup>

### Investment Strategy

The KiwiSaver Income Plus Portfolio has a mix of exposures to International and Australasian Shares, Property, International and New Zealand Fixed Interest and Cash.

### Underlying Fund Managers

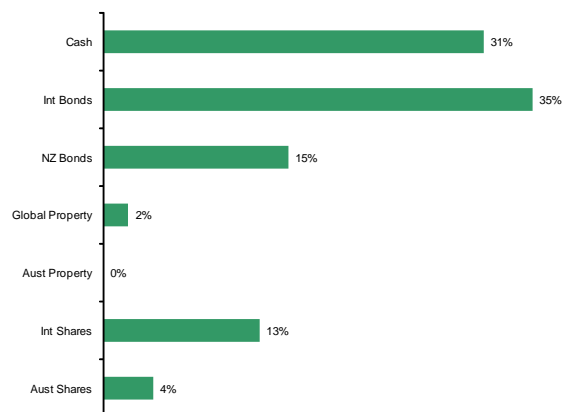
Investments are in a range of underlying investment funds managed by several fund managers.

### Risk/Return Profile

The KiwiSaver Income Plus Portfolio aims to meet the requirements of investors seeking an investment with a conservative risk profile. The KiwiSaver Income Plus Portfolio is the AXA KiwiSaver Scheme's Default Portfolio and as such complies with the Government's requirements for a default investment product. Contributions are invested in the KiwiSaver Income Plus Portfolio when no investment choice has been made by a member who was automatically enrolled into the Scheme, via the Inland Revenue automatic enrolment process. It is not otherwise available to members.

<sup>1</sup>The KiwiSaver Income Plus Portfolio is the AXA KiwiSaver Scheme's Default Portfolio for members automatically enrolled into the AXA KiwiSaver Scheme under the Inland Revenue default member allocation process.

## Asset Allocation as at 30 September 2011



## Investment Returns as at 30 September 2011\*

3 months	-0.57 %
1 year	2.52 %
2 years (pa)	4.72 %
3 Years (pa)	5.78 %

## KiwiSaver Income Plus Portfolio Commentary for the quarter ended 30 September 2011

Over the quarter the KiwiSaver Income Plus Portfolio returned -0.57% gross of tax and net of fees, which was below its benchmark of -0.29%. The one year return was 2.52%, which is slightly below the benchmark of 3.39%.

With the deterioration in the global growth outlook and heightened uncertainty arising from the European sovereign debt crisis, short-term interest rates remained low during the quarter. While the Reserve Bank of New Zealand (RBNZ) had previously signalled a possible removal of the 50 basis points 'insurance cut' made following the Canterbury earthquake in February, the RBNZ subsequently said in its September statement that the global outlook had weighed heavily against that course of action. As such most are now expecting the RBNZ not to hike rates until early next year, leaving the OCR on hold at 2.5% in the meantime.

Confidence in the markets waned over the period which saw buying in global bonds as investors favoured income assets over equities, at the margin. Accordingly the portfolio has benefited from its high strategic asset allocation weighting to global bonds (35%), domestic bonds (15%), and cash (31%). In addition, AXA GI undertook further portfolio de-risking during the period within the dynamic asset allocation tilts; reducing a small overweight to global equities in preference to cash. Meanwhile the portfolio retains a small overweight to domestic listed property, which has performed relatively well in the year to date, particularly compared to broader domestic equities.

In terms of the outlook for the rest of the year, the key word will likely continue to be volatility. A number of key tail risks are still present, particularly in respect of the European sovereign debt crisis. Indeed, AXA GI have pointed out that we are in an environment characterised by unusually high uncertainty, and which is particularly dependent on the actions of politicians. It is these times however when strategic asset allocation can help investors ride out the volatility, particularly when a prudent dynamic asset allocation strategy is applied.

## KiwiSaver Cash Portfolio

*Note: Investment performance of the Cash Portfolio is more likely to reflect the ANZ 90-Day Bank Bill Index than retail bank deposits.*

### Investment Strategy

The KiwiSaver Cash Portfolio provides 100% exposure to cash sector investments. The underlying fund can invest in short-term cash securities which may include cash deposits, marketable debt securities, floating rate notes and derivative instruments.

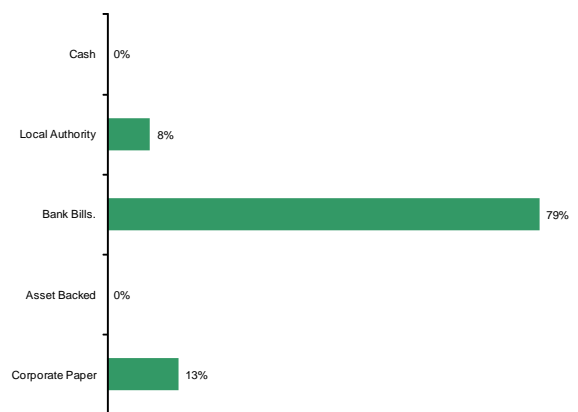
### Underlying Fund Manager

AXA Global Investors

### Risk/Return Profile

The KiwiSaver Cash Portfolio has been designed with the aim of meeting the requirements of investors seeking a product that has similar characteristics to a bank term deposit and aims to generate an income stream that exceeds on-call bank deposit rates. The benefit of seeking lower but steady returns from these types of investments is that there is likely to be a relatively lower degree of fluctuation in the value of your investment.

## Asset Allocation as at 30 September 2011



## Investment Returns as at 30 September 2011\*

3 months	0.73 %
1 year	3.32 %
2 years (pa)	3.44 %
3 Years (pa)	3.89 %

## KiwiSaver Cash Portfolio Commentary for the quarter ended 30 September 2011

The KiwiSaver Cash Portfolio returned 0.73% gross of tax and net of fees over the quarter and 3.32% over the past 12 months. The one-year return was 0.33% above the benchmark.

With the deterioration in the global growth outlook and heightened uncertainty arising from the European sovereign debt crisis, short term interest rates remained low during the quarter. Indeed, while the RBNZ had previously signalled a possible removal of the 50 basis points 'insurance cut' made following the Canterbury earthquake in February; the Bank subsequently said in its September statement that the global outlook had weighed heavily against that course of action. As such most are now expecting the RBNZ not to hike rates until early next year, leaving the OCR on hold at 2.5% in the mean time. Within this context the portfolio has been managed to take advantage of the yield enhancement available from bank term deposits and short term corporate debt securities.

## KiwiSaver Conservative Portfolio

## Asset Allocation as at 30 September 2011

### Investment Strategy

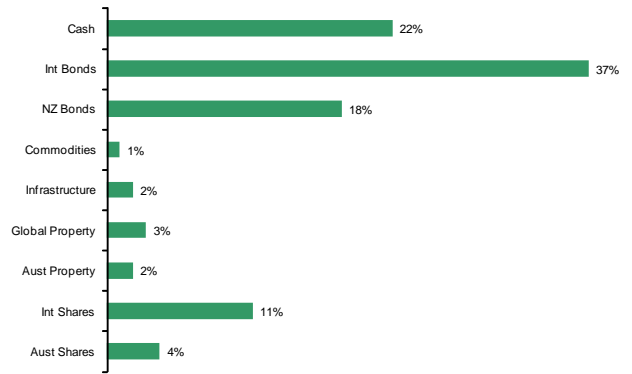
The underlying assets of the KiwiSaver Conservative Portfolio are invested primarily in lower risk assets such as cash and fixed interest investments plus some higher risk assets such as property and shares.

### Underlying Fund Managers

Investments are in a range of underlying investment funds managed by several fund managers.

### Risk/Return Profile

The KiwiSaver Conservative Portfolio aims to meet the requirements of a cautious investor willing to accept a small increase in risk while providing a slightly higher return than a cash portfolio. Historically, the returns tend to be steady and there is likely to be a relatively lower degree of fluctuation in the value of investments. Contributions are invested in the KiwiSaver Conservative Portfolio when no investment choice has been made by a member who has chosen the AXA KiwiSaver Scheme as their KiwiSaver scheme or who has become a member of the AXA KiwiSaver Scheme because it is his or her employer's "employer choice" scheme.



## Investment Returns as at 30 September 2011\*

3 months	-0.51 %
1 year	3.35 %
2 years (pa)	5.58 %
3 years (pa)	6.48 %

## KiwiSaver Conservative Portfolio Commentary for the quarter ended 30 September 2011

The KiwiSaver Conservative Portfolio returned -0.51% gross of tax and net of fees over the quarter and 3.35% for the year. The one-year return was slightly below the benchmark of 3.84%

A tumultuous quarter saw a number of factors weigh on investor confidence. In the US, the divisive debt ceiling debate and subsequent Standard & Poor's downgrade weighed heavily on confidence. Meanwhile the failure of politicians in the Eurozone to come up with a credible long-term plan continued to radiate uncertainty into global financial markets. Accordingly, the period saw relatively poor performance amongst growth and risk oriented assets, while income oriented assets such as global and domestic bonds, and cash, performed well.

Accordingly the KiwiSaver Conservative Portfolio has benefited from its high strategic asset allocation weighting to global bonds, domestic bonds, and cash. As a whole, global bonds benefited from the aforementioned investor uncertainty. Indeed, AXA GI undertook further portfolio de-risking during the period within the dynamic asset allocation tilts, reducing a small overweight to global equities in preference to cash.

## KiwiSaver Balanced Portfolio

### Investment Strategy

The KiwiSaver Balanced Portfolio has a balanced mix between lower-risk (i.e. cash and fixed interest) and higher-risk growth assets (i.e. investments in property, shares, emerging market securities and commodities) aiming for a higher long-term return.

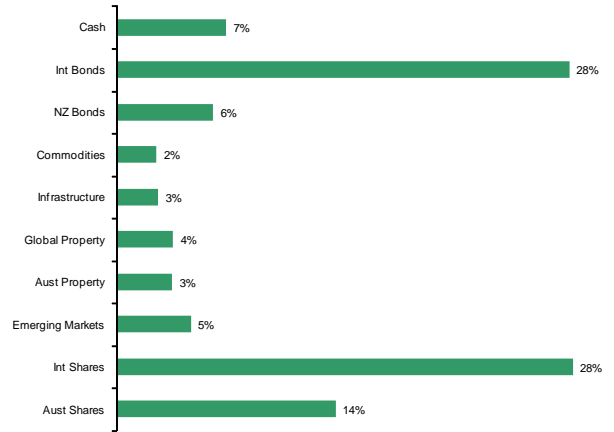
### Underlying Fund Managers

Investments are in a range of underlying investment funds managed by several fund managers.

### Risk/Return Profile

The KiwiSaver Balanced Portfolio has been designed with the aim of meeting the requirements of medium to long-term investors (i.e. five years plus) prepared to accept a higher level of risk than that under the KiwiSaver Cash Portfolio and KiwiSaver Conservative Portfolio.

## Asset Allocation as at 30 September 2011



## Investment Returns as at 30 September 2011\*

3 months	-4.84 %
1 year	-0.38 %
2 years (pa)	3.45 %
3 years (pa)	4.55 %

## KiwiSaver Balanced Portfolio Commentary for the quarter ended 30 September 2011

The KiwiSaver Balanced Portfolio returned -4.84% gross of tax and net of fees over the quarter, which was 0.10% above the benchmark. The one year return was -0.38%.

Uncertainty and volatility took centre stage during the quarter as traditional fundamentals were relegated to a more behind the scenes role. In the US, the divisive debt ceiling debate and subsequent Standard & Poor's downgrade weighed heavily on confidence. Meanwhile the failure of politicians in the Eurozone to come up with a credible long-term plan continued to radiate uncertainty into global financial markets. Accordingly, the period saw relatively poor performance amongst growth and risk oriented assets, while income oriented assets such as global and domestic bonds, and cash, performed well.

Accordingly the portfolio has benefited from its strategic asset allocation weighting to global bonds, domestic bonds, and cash. Confidence in the markets waned over the period which saw buying in global bonds as investors favoured income assets over equities, at the margin. Indeed, AXA GI undertook further portfolio de-risking during the period within the dynamic asset allocation tilts; reducing a small overweight to global equities in preference to cash. Meanwhile the portfolio retains a small overweight to domestic listed property, which has performed relatively well in the year to date, particularly compared to broader domestic equities.

## KiwiSaver Growth Portfolio

## Asset Allocation as at 30 September 2011

### Investment Strategy

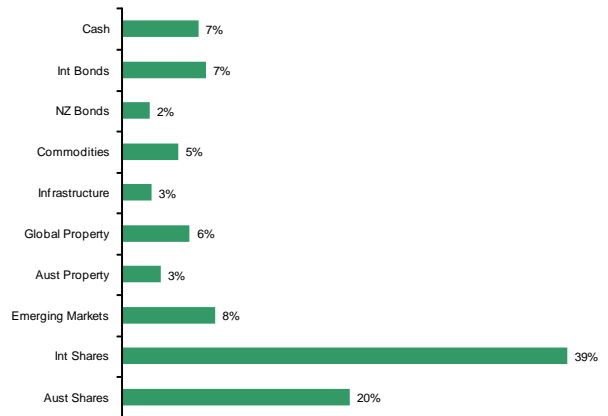
The KiwiSaver Growth Portfolio is primarily invested in a mix of shares, which traditionally tend to outperform other investment classes over the long-term, though can exhibit significant fluctuation in value over the short-term. The shares are domiciled in a range of geographies including global developed markets, emerging nations and domestically. The portfolio also has a holding in shares issued by property companies. A range of bonds and cash provide diversification to the portfolio.

### Underlying Fund Managers

Investments are in a range of underlying investment funds managed by several fund managers.

### Risk/Return Profile

The KiwiSaver Growth Portfolio has been designed with the aim of meeting the requirements of long-term investors (i.e. for at least seven years) prepared to accept a high level of risk.



## Investment Returns as at 30 September 2011\*

3 months	-8.26 %
1 year	-3.15 %
2 years (pa)	1.36 %
3 years (pa)	2.26 %

## KiwiSaver Growth Portfolio Commentary for the quarter ended 30 September 2011

The KiwiSaver Growth Portfolio returned -8.26% gross of tax and net of fees over the quarter, which was 0.29% above the benchmark. The one year return was -3.15%.

Volatility was the key word during the period as policymakers took centre-stage as the key factor in the global macro outlook. In the US, the divisive debt ceiling debacle and subsequent Standard & Poor's downgrade weighed heavily on confidence. Meanwhile the failure of politicians in the Eurozone to expediently come up with a credible long-term plan continued to radiate uncertainty into global financial markets. Accordingly, the period saw relatively poor performance amongst growth and risk oriented assets, while income oriented assets such as global and domestic bonds and cash performed well, which saw at least some respite for the portfolio; with just a 16% allocation to such assets.

As such, the portfolio returns suffered in absolute terms during the period; with a relatively low strategic asset allocation weighting to income oriented assets. In terms of the active positions in the dynamic asset allocation tilts, the small overweight to Australasian listed property benefited portfolio returns, aided by a stable and relatively high dividend yield, and a contribution from capital gains. Australasian listed property managed to outperform broader domestic equities – which the portfolios currently hold a small underweight to. Another position that benefited returns was the small underweight to commodities as the asset class came under selling pressure during the period due to a shift in risk appetites, continued correction of short-term supply-demand imbalances in agricultural commodities, and signs of slowing growth weighing on industrial metals.

**\*Disclaimer:** The performance figures shown are historical returns and are gross of tax (which is payable at the members' applicable Prescribed Investor Rate ('PIR')) and net of investment fees. Returns of 2 years or more have been annualised. Past performance is not necessarily indicative of future performance and the performance of, or returns from the AXA KiwiSaver Scheme (the Scheme) are not guaranteed by any party. Investments in the Scheme are subject to investment risk including possible loss of income or principal invested. This information has been prepared to provide you with general information only and is subject to change. It is not intended to take the place of professional advice and you should not take action on specific issues based on this information. In preparing this information we did not take into account the investment objectives, financial situation or particular needs of any particular person. Before making an investment decision you need to consider, with or without the assistance of a financial adviser, whether this information is appropriate to your needs, objectives and circumstances. This information has been derived from sources believed to be accurate at the time of issue, however, none of AXA Wealth Management Limited, New Zealand Permanent Trustees Limited, the underlying fund managers, any of their related companies, their directors or any other person guarantees the Scheme, any investment in the Scheme, or any returns on an investment in the Scheme, or gives any warranty of reliability or accuracy, or accepts any responsibility arising in any way including from any error or omission. This information is provided for people living in New Zealand only and is not provided for the use of any person in any other country.

The impact of future economic conditions cannot be predicted with any certainty. From time to time there may be negative returns in the Scheme and the negative returns may continue for a period of time. There can be no assurance that future economic conditions will not materially and adversely affect your investment. For you this means that the value of your investment may fluctuate and could be less than the original investment. These fluctuations may be material.

Before you decide how you want to invest your savings,  
we recommend you to talk to a financial adviser.

A disclosure statement is available from your financial adviser, on request and free of charge. For a copy of the AXA KiwiSaver Scheme investment statement please call our customer service team on **0800 29 27 28**.