

# ASPIRE (AXA State Sector Retirement Savings Scheme) Fund Fact Sheet

30 September 2011

**ASPIRE provides investor choice and flexibility. It offers access to a range of investment portfolios with a variety of styles and processes.**

**Please note: The State Sector Retirement Savings Scheme was closed to new members on 1 October 2008. For more information please visit [www.superscheme.govt.nz](http://www.superscheme.govt.nz)**

ASPIRE is the State Sector Division of a registered superannuation scheme known as the Superannuation Master Trust ('the Scheme'). The Superannuation Master Trust became a Portfolio Investment Entity (PIE) in October 2007. Managed funds that are PIEs gain the benefit of no capital gains tax for most New Zealand and Australian shares and taxes members at their Prescribed Investor Rate (PIR).

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.

All asset allocations and investment returns are as at 30 September 2011 and are subject to change.

There is a choice of:

- Three diversified portfolios. Each portfolio has 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; and
- One sector portfolio which enables allocation of funds to an individual fund manager.

## Diversified Portfolios:

### Conservative Portfolio

#### Investment Strategy

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

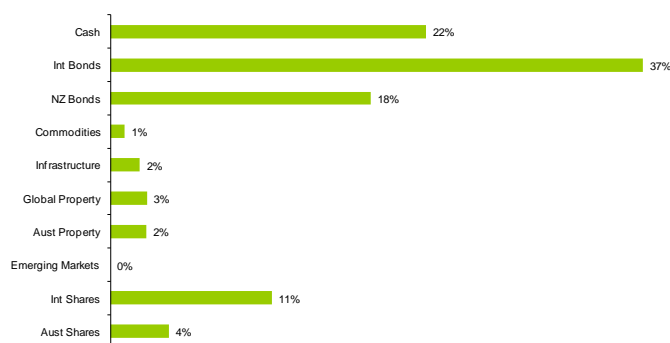
#### Underlying Fund Managers

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

#### Risk/Return Profile

The Portfolio is designed for the shorter-term or the cautious investor. Historically, the returns tend to be steady and there is likely to be a relatively lower degree of fluctuation in the value of investments.

### Asset Allocation as at 30 September 2011



### Investment Returns as at 30 September 2011 \*

Last year	4.07%
Last 2 years (pa)	6.46%
Last 3 years (pa)	7.33%

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

The Conservative Portfolio returned -0.34% gross of tax and fees over the quarter and 4.07% for the year. The one-year return was slightly above 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 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.

## Balanced Portfolio

### Investment Strategy

The underlying assets of the Balanced Portfolio are currently balanced between lower-risk income producing assets (ie cash and fixed interest) and higher-risk growth assets (i.e. investments in listed property trusts, shares and commodities) aiming for a higher long-term return.

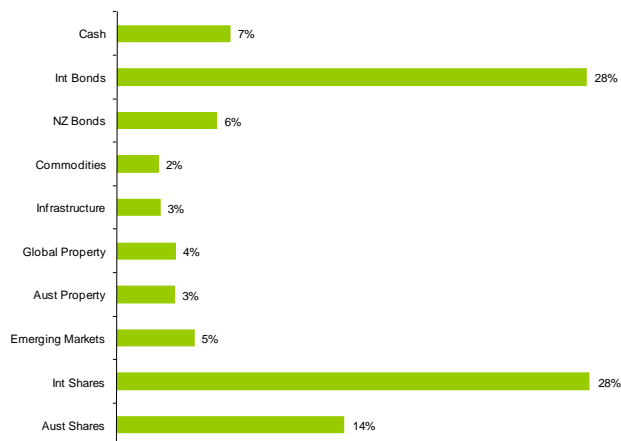
### Underlying Fund Managers

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

### Risk/Return Profile

The Portfolio is designed for the medium to long-term investor, who is prepared to accept a higher level of risk in return for the possibility of higher potential growth.

### Asset Allocation as at 30 September 2011



### Investment Returns as at 30 September 2011 \*

Last year	0.51%
Last 2 years (pa)	4.47%
Last 3 years (pa)	5.57%

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

The Balanced Portfolio returned -4.60% gross of tax and fees over the quarter, which was 0.34% above the benchmark. The one year return was 0.51%.

Uncertainty and volatility took centre stage during the quarter as traditional fundamentals were relegated to a more behind the scenes role. First, 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.

## High Growth Portfolio

### Investment Strategy

The High 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.

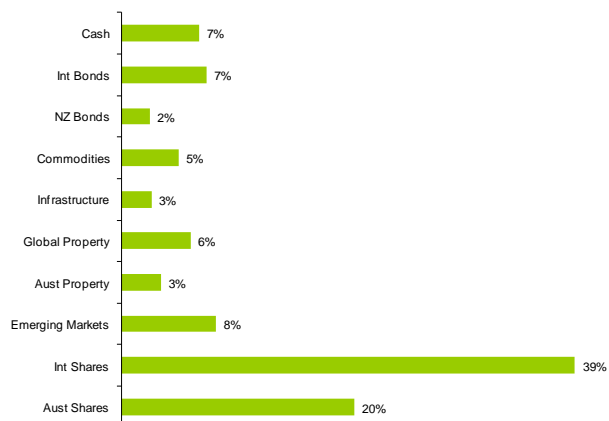
### Underlying Fund Managers

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

### Risk/Return Profile

The Portfolio is designed for the long-term investor, who is prepared to accept a high level of risk in return for the possibility of greater potential growth.

## Asset Allocation as at 30 September 2011



## Investment Returns as at 30 September 2011 \*

Last year	-2.25%
Last 2 years (pa)	2.32%
Last 3 years (pa)	3.23%

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

The High Growth Portfolio returned -8.00% gross of tax and fees over the quarter, which was 0.55% below the benchmark. Over the year the portfolio returned -2.25%.

Volatility was the key word during the period as policymakers took stage as the key factor in the global macro outlook. First, 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% benchmark 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. Indeed, 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.

## Sector Portfolio:

### Cash

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

#### Investment Strategy

The Cash Portfolio provides 100% exposure to cash sector investments. The underlying assets of the Portfolio include cash and short-term debt securities issued in New Zealand. Deposits and derivative contracts may be held.

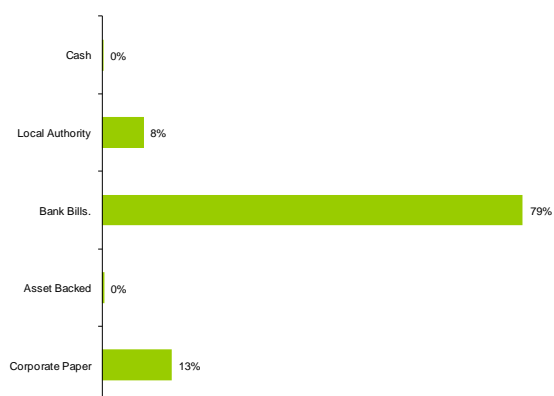
#### Underlying Fund Manager

AXA Global Investors

#### Risk/Return Profile

The Portfolio is designed for the short-term or the very cautious investor. 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 \*

Last year	3.65%
Last 2 years (pa)	3.91%
Last 3 years (pa)	4.36%

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

The Cash Portfolio returned 0.81% gross of tax and fees over the quarter and 3.65% for the year. The one-year return was 0.66% 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 Reserve Bank of New Zealand (RBNZ) had previously signalled a possible removal of the 50 basis points 'insurance cut' it did following the 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 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.

\* **Disclaimer:** Performance figures shown are historical returns, before the deduction of tax, fees and all other expenses. 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 Portfolios are not guaranteed by any party. Investments in the Portfolios 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 Portfolios, any investment in the Portfolios, or any returns on an investment in the Portfolios, 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 Portfolios 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 talk to your financial adviser.

A disclosure statement is available from your financial adviser, on request and free of charge.



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