

Research Report
December 2016



Asteron Life

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Executive Summary

Asteron Life offers a range of funds within eight product sets. These legacy products are closed to new investors, but a current investor may continue to hold these products as part of their investment portfolio.

The report aims to provide readers with an analysis of Asteron Life's fund structure, external investment managers, and performance as at 31 December 2016.

Firstly, an overview of Asteron Life is provided including its history and a summary of its product sets.

Next, the report provides an overview of Nikko Asset Management New Zealand Limited (Nikko AM NZ) who manage Asteron Life's funds under management. This includes details of their Domestic Equity and Property team, Fixed Interest team and global manager selection process.

The managers utilised by Nikko AM NZ are detailed thereafter: Nikko AM, Principal Global Investors, Epoch Investment Partners, Davis Selected Advisors, L.P., WCM Investment Management, Goldman Sachs Asset Management Australia Pty Limited and JP Morgan Alternative Asset Management Limited.

Following this, is a section on exposure to North American & European equities. This is achieved via Foreign & Colonial (F&C) unit trusts. Which are managed by BMO Global Asset Management.

Next is a summary of asset allocation and target returns for the composite funds under the terms of the investment mandates between Asteron Life and Nikko AM NZ.

Finally, an outline of the performance of Asteron Life's funds as at 31 December 2016. Performance (while not an indicator of future returns) is available for the Asteron Life products over 6 months, 1 year, 3 years, 5 years and 7 years, as well as fund size and a fund rating. FundSource also provides comparisons against sector averages and Asteron Life benchmarks.

Asteron Life

Asteron Life has a long history of operating in Australasia, with roots tracing back to 1833 in Australia and to 1878 in New Zealand. Formerly Royal & Sun Alliance Life and Disability (New Zealand) Limited, the company changed its name to Asteron Life Limited on 1 July 2003. Asteron Life's key business activities include life insurance, superannuation savings and superannuation trustee services. Asteron Life has approximately \$500 million funds under management. Asteron Life Limited has been given an A+ (Stable) insurer financial strength rating by Standard & Poor's. Further detail including the full rating scale is available at Asteron Life's offices and on the website www.asteronlife.co.nz. The Asteron Life companies are members of Suncorp Group Limited which is listed on the Australian Stock Exchange.



Asteron Life offers investors eight product sets that include: Retirement Savings Plan, Superplan, Superplan 2000, Saveguard Plus/Retirement Plus Personal Superannuation Plan/Mortgage Plus, Wise Investment, Lifeplan/Go Kidz Lifeplan, Life Yield and Oceanic Investment Bonds with both single sector and composite multi-sector mandates (the Asteron Life products). Investment performance objectives, benchmarks and authorised investments are defined within the Investment Mandates (the 'Mandates') with Nikko AM NZ. The multi-sector mandates each have four asset allocation selections ranging from Conservative to Aggressive.

The Asteron Superplan, Asteron Retirement Savings Plan (Formerly known as Asteron Superannuation Fund) and Asteron Retirement Plus Personal Superannuation Plan (the "Schemes") transitioned to the Financial Markets Conduct Act 2013 regime on 30 November 2016. The Schemes are restricted legacy superannuation schemes for the purposes of the Financial Markets Conduct Act 2013. The Trustee of the Schemes is Asteron Retirement Investment Limited, a wholly owned subsidiary of Suncorp Group New Zealand Limited, whose ultimate parent company is Suncorp Group Limited, a company incorporated in Australia.

All of the Asteron Life products referred to in this document are closed and accordingly there are no Product Disclosure Statements for the products.

Nikko AM NZ

Nikko AM NZ is a New Zealand domiciled company and is a wholly owned subsidiary of Nikko AM, a Japanese asset management group headquartered in Tokyo, Japan.

Nikko AM has offices with specialist local investment capabilities in multiple markets, including China, Japan, Australia, New Zealand, Singapore, Malaysia and other key Southeast Asian markets. With over 250 investment professionals, Nikko AM is well-equipped with expertise of Asian Pacific markets.

Auckland-based Nikko AM NZ actively manages approximately NZ \$5 billion of investments for a select group of clients including trustees of superannuation schemes, charitable trusts, foundations, KiwiSaver scheme providers and other entities such as corporations, local government and other fund managers, as well as financial planners and investment product distributors.

Nikko AM NZ offers investment management services in New Zealand and Australian assets (equities, fixed interest, options and cash) through its Auckland-based investment team and employs selected offshore managers to manage global assets (global equities, global bonds and alternative investments). Nikko AM NZ also manages socially responsible funds and Nikko AM is a signatory to the United Nations Principles for Responsible Investment.

The Nikko AM NZ investment information contained within this section is at 31 December 2016.

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Nikko Asset Management

Domestic Equity and Property Team

Stuart Williams was appointed Head of Equities at Nikko AM NZ in August 2014. He brings with him over 20 years' experience in finance and investment-related roles. James Lindsay is the Senior Portfolio Manager and his career with the team began in 1999. James has been a Portfolio Manager since 2001, and has also been actively involved in all aspects of managing the domestic equity strategies. Michael Sherrock, Portfolio Manager of the Property Fund (joined June 2006) and Michael De Cesare, Research Analyst (joined July 2012).

Nikko AM NZ's investment objective for its Wholesale Core NZ Equity Fund is to exceed the S&P/NZX50 Gross Index with Imputation Credits by 3% p.a. before fees over a rolling three-year period.

The investment objective of the Wholesale Concentrated Equity Fund is to outperform the RBNZ OCR over a rolling three year period by 5% p.a. before fees by investing primarily in NZ and Australian equities. The fund is a collection of Nikko AM NZ's domestic equity managers' highest conviction investment ideas to achieve capital appreciation.

For the Wholesale Property Fund, the investment objective is to exceed the S&P/NZX All Real Estate (Industry Group) Gross with Imputation Index by 1.5% p.a. before fees over a rolling three-year period.

Hedging of any Australian dollar exposure is at the discretion of the Manager for the Nikko AM Wholesale Core Equity, Concentrated Equity and Property funds.

Authorised Investments include cash and cash equivalents, ordinary shares, partly paid warrants and convertible securities, rights, options to purchase or sell such shares listed on the NZX and/or the ASX. Nikko AM NZ can invest in unlisted securities where the listing is expected within 6 months. Investment is limited to 5% of the total value of the company, and 2% of the fund value for Core Equity and 5% for the Property Fund or if the listing is outside 6 months approval from the supervisor (Public Trust) is required. In respect of the Nikko AM Wholesale Core Equity fund, a maximum of 20% in Australian shares is permitted. For the Property fund, a maximum of 30% can be invested in Australian securities

Nikko AM NZ

Fixed Interest Team

The Domestic Fixed Interest team is led by Fergus McDonald (Head of Bonds and Currency) who is responsible for investment strategy, performance and compliance and has been actively involved in the financial markets since 1981. Ian Bellew, promoted to Fixed Income Manager in June 2012, joined the team in 1998 as the Cash Portfolio Manager. Ian Bellew is responsible for the implementation of investment strategy and day to day management of the Fixed Interest and Option portfolios. Tim O'Loan, Fixed Income Analyst, joined the team in January 2012 to assist with the management of the Fixed Interest portfolios, with emphasis on the implementation of the investment strategy for the Cash and Short Term portfolios as well as currency hedging of offshore assets. The Fixed Interest team is responsible for managing Nikko AM NZ's allocation to NZ Bonds, Cash and Options.

- **NZ Bonds**

Nikko AM NZ's target for its domestic bonds is to exceed the Bloomberg NZBond Govt 0+ Yr Index by 1% p.a. before fees over a rolling three-year period. Authorised investments in the cash, deposits and debt securities issued or guaranteed by any NZ registered bank, or equivalent overseas institution, SOE, NZ and foreign Government, NZ local authority, NZ and overseas corporates issuing NZ dollar debt and derivative instruments. A minimum of 25% of the Fund is to be invested in securities issued or guaranteed by the NZ Government or securities accepted by the RBNZ's Overnight Reverse Repo Facility. A minimum of 50% of the fund is restricted to issuers with a credit rating equal to or higher than NZ Government.

- **Cash**

Nikko AM NZ's target for its cash fund is to exceed the Bloomberg NZBond Bank Bill Index by 0.20% p.a. before fees over a rolling three-year period.

Authorised investments are cash, deposits

and debt securities with an interest rate exposure of up to 365 days, issued or guaranteed by any NZ registered bank, SOE, NZ Government, NZ local authority and NZ and overseas corporate.

Securities issued by corporates and registered banks must have minimum credit rating of A1 short-term and A long term (Standard and Poors). Derivative counter parties must have A or better credit rating and all derivative exposure shall be covered by cash or physical holdings.

- **Options**

The investment objective of the Nikko AM Wholesale Option Fund is a gross return of the Bloomberg NZBond Bank Bill Index plus 4% p.a. over a rolling three-year period before fees. The Fund invests into cash deposits and bank bills with highly rated financial institutions. The assets are then used as collateral security for derivatives, in particular, selling options on long-term NZ, US, UK, Euro bloc or Australian government stock.

Global Managers

Nikko AM selects global managers to gain access to international assets (global equities, global bonds and alternative investments), as well as providing specific regional exposure. The Nikko AM NZ investment committee is responsible for the selection and monitoring of offshore managers. For the multi-manager global equities strategy the manager selection process is conducted by the Nikko AM Portfolio Solutions Team and comprises key Nikko personnel in Singapore and Sydney. This team is also responsible for the ongoing monitoring of existing and potential managers. Performance of the underlying managers is monitored every day by the Sydney personnel in the Portfolio Solutions Team with review triggered by under-performance or other events, for example, key investment personnel change.

External Investment Managers - Nikko AM

Global Equity

As at 31 December 2016, Nikko AM NZ utilises four external managers for its global equity multi-manager strategy:

| Manager/Asset Class | Allocation | Range |
|--------------------------------|------------|----------|
| Principal Global Investors | 25.85% | 10 - 30% |
| Epoch Investment Partners | 21.64% | 10 - 30% |
| Davis Selected Advisors LP | 22.63% | 10 - 30% |
| WCM Investment Management | 26.04% | 10 - 30% |
| Nikko AM Limited (Cash) | 1.15% | 0 - 10% |
| Nikko AM Limited (Derivatives) | 2.69% | 0 - 10% |

The allocation to cash is managed by Nikko AM's Portfolio Solutions Team. Nikko AM NZ's target is to exceed the Morgan Stanley Capital International All Countries World Index (MSCI ACWI), with net dividends reinvested (either NZD 139% hedged or unhedged as appropriate) by 3% p.a. before fees over a rolling three-year period.

Nikko AM's Portfolio Solutions Team, based in Singapore and Sydney has a top-down asset allocation approach to enable active management. The Sydney team members manage cash for the Global Equity Multi-Manager Funds (GEMMF) and ensures that the GEMMF gain exposure to global equities in a variety of countries and sectors.



Principal Global Investors (PGI) equity investment team includes analysts based in offices throughout the US, UK and Asia. Stock selection is made following research on individual companies using technical analysis that does not necessarily follow an Index. PGI favours undervalued companies with sustainable business models.



Epoch Investment Partners, Inc.

Epoch Investment Partners (EIP) investment approach is designed to uncover opportunities that others may miss. In EIP's view the growth of free cash flow, and the intelligent use of that cash flow, represent the best predictor of long-term shareholder return. EIP look for strong company management with a commitment to financial transparency and a track record of delivering returns to shareholders. EIP are based in New York, USA.



Davis Selected Advisors, L.P. is an investment management firm that follows a boutique model with an "understand the business" philosophy and a patient, long-term investment approach. Davis is a global value manager which has operated for more than 60 years based in New York, USA.



WCM Investment Management (WCM) is a California-based boutique firm founded in 1976. WCM investment philosophy is to follow a fundamental stock selection of individual companies to build a high conviction portfolio for their global growth strategy. Factors considered include unique services, company culture as well as valuation.

External Investment Managers - Nikko AM NZ



Asset Management

Nikko AM NZ utilises Goldman Sachs Asset Management Australia Pty Limited (GSAM) for its global fixed income asset exposure. GSAM is one of the world's largest asset managers with USD\$1.38 trillion in assets under supervision. GSAM's Global Fixed Income and Currency Team manages approximately AUS\$530.4 billion of global Fixed Income assets and has a breadth of investment management experience with over 170 investment professionals (as at 31 December 2016). The globally integrated team has independent strategy teams capturing value across top down (duration, cross sector, country by country) and bottom up (investment grade credit, high yield, securitised assets, government/agency and emerging market debt) strategies.

The investment objective of the Nikko AM Wholesale Global Bond Fund is to construct a portfolio of authorized investments that outperform the Bloomberg Barclays Global Aggregate Index (100% hedged into NZD) by 1.0% per annum over a rolling three year period before fees.

J.P.Morgan Asset Management

Nikko AM NZ utilises J.P. Morgan Alternative Asset Management Limited's (JPMAAM) multi-manager/multi-strategy fund, Multi-Strategy II Limited for its alternative asset exposure. JPMAAM has been dedicated to the management of hedge fund products and solutions for nearly two decades. JPMAAM offers a broad range of products and capabilities aimed at helping investors achieve their strategic hedge fund and asset allocation objectives.

The JPMAAM Multi-Strategy II Fund's stated investment objective is to generate capital appreciation over the long term through a diversified risk profile with relatively low volatility and a low correlation with traditional equity and Fixed Interest markets. The Fund seeks to accomplish this by allocating its assets primarily to a select group of experienced portfolio managers that invest in a variety of markets, either through investment funds or discretionary managed accounts. Portfolio managers are selected on the basis of factors including above-average investment histories and/or recognisable prospects, an identifiable track record and a substantial personal investment in the investment program.

The investment objective of the Nikko AM Wholesale Multi-Strategy Fund is to construct a portfolio of authorized investments that outperform the Bloomberg NZBond Bank Bill Index by 2.5% per annum over a rolling three year period before fees.

External Investment Managers - Foreign & Colonial

Asteron Life also invests directly into Foreign & Colonial (F&C) unit trusts for its regional equity allocation to European and North American markets. The F&C unit trusts previously fell under F&C Asset Management (F&C AM), until F&C AM were acquired by BMO Global Asset Management (BMO GAM) in 2014. However, the F&C Brand has been retained by BMO GAM.

The Asteron Life Benchmarks are the MSCI North American Index for North American shares and the MSCI Europe Index for European shares. The target is to exceed the Benchmark Index with net dividends reinvested (25% hedged back to NZD) by 2% p.a. before fees over a rolling three-year period.

Authorised Investments include direct holdings in shares listed on major international stock exchanges or into pooled overseas share products offered by recognised fund management organisations.

For its North American allocation, the F&C unit trust uses strategies with low turnover, relying on the proprietary alpha model and portfolio construction to create an active portfolio explicitly excluding common factor effects e.g. momentum. For its European allocation, the F&C unit trust looks for growth opportunities within Europe's stock markets, avoiding biases to any particular investment style.

BMO GAM is a diversified investment management group with a history of innovation that can be traced back to 1817. They have a strong heritage in sustainability with a comprehensive suite of responsible investment funds. BMO GAM also have a Governance and Sustainable Investment team who have integrated environmental, social and governance (ESG) factors into a wide range of their investment processes.

Partnering with BMO Global Asset Management has allowed the combination of key strengths of both businesses. BMO Global Asset Management operates from offices in fourteen countries and manages over £165 billion of assets for a combination of insurance clients, institutional investors and private individuals.



Asset Allocation Summary

The current asset allocations and target investment objectives for the composite funds under the terms of the investment mandates are summarised as follows:

Conservative Funds

Target - a return that exceeds the Benchmark Return (weighted by the asset allocation) by 1.25% p.a. before fees, over a rolling three-year period.

| Asset Class | Asteron Benchmark |
|-----------------|-------------------|
| NZ/Aus Shares | 13% |
| Overseas Shares | 18% |
| NZ/Aus Bonds | 39% |
| Overseas Bonds | 10% |
| Cash | 20% |
| Property | 0% |
| Other | 0% |
| TOTAL | 100% |
| Growth Assets | 31% |
| Income Assets | 69% |

Conservative funds take a low risk investment approach - invest in defensive, less risky assets like fixed income, and allocate less funds to riskier assets like equities. Typically, conservative funds have less than 30% in growth assets.

Balanced, Neutral and Managed Funds

Target - a return that exceeds the Benchmark Return (weighted by the asset allocation) by 1.7% p.a. before fees, over a rolling three-year period.

| Asset Class | Asteron Benchmark |
|-----------------|-------------------|
| NZ/Aus Shares | 19% |
| Overseas Shares | 31% |
| NZ/Aus Bonds | 17% |
| Overseas Bonds | 5% |
| Cash | 18% |
| Property | 5% |
| Options | 5% |
| TOTAL | 100% |
| Growth Assets | 60% |
| Income Assets | 40% |

Balanced funds are those that take a balanced approach between growth and income assets. Balanced funds generally have more than 30% in income assets but less than 70% in growth assets.

Note: FundSource does not currently collect asset allocation data so Asteron Average and FundSource Sector Average are not available.

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Asset Allocation Summary

Growth and Dynamic Funds

Target - a return that exceeds the Benchmark Return (weighted by the asset allocation) by 1.9% p.a. before fees, over a rolling three-year period.

| Asset Class | Asteron Benchmark |
|-----------------|-------------------|
| NZ/Aus Shares | 30% |
| Overseas Shares | 35% |
| NZ/Aus Bonds | 13% |
| Overseas Bonds | 0% |
| Cash | 12% |
| Property | 5% |
| Options | 5% |
| TOTAL | 100% |
| Growth Assets | 75% |
| Income Assets | 25% |

Growth funds take a more aggressive investment approach, with a greater proportion in riskier assets like equities and less in conservative assets like cash. Growth funds generally have more than 70% in growth assets.

Aggressive Funds

Target - a return that exceeds the Benchmark Return (weighted by the asset allocation) by 1.7% p.a. before fees, over a rolling three-year period.

| Asset Class | Asteron Benchmark |
|--------------------------|-------------------|
| Aggressive NZ/Aus Shares | 20% |
| Overseas Shares | 45% |
| NZ/Aus Bonds | 0% |
| Overseas Bonds | 0% |
| Cash | 5% |
| Options | 15% |
| Property | 0% |
| Alternative Assets | 15% |
| TOTAL | 100% |
| Growth Assets | 95% |
| Income Assets | 5% |

For a full breakdown of the asset allocations within each of Asteron Life's unit linked funds as at 30 September 2016, please refer to the below link.

<https://www.asteronlife.co.nz/investment-updates>

Currency hedging for specialist international equity funds

Global equities aim to be 25% hedged into NZD. To be clear, this applies to the single sector funds only, not the composite or aggressive funds which for practical purposes, the currency hedging into NZD may vary between 15-35%.

Note: FundSource does not currently collect asset allocation data so Asteron Average and FundSource Sector Average are not available.

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Performance Summary

FundSource star ratings are a comparison between funds investing in assets with similar characteristics using a return measure that has been adjusted for risk. The star ratings are purely quantitative and use the most recent 36 months of performance data. The funds in a sector are ranked according to their risk-adjusted return. The top and bottom 15% earn 5 stars and 1 star respectively, the next top and bottom 20% earn 4 stars and 2 stars, and the middle 30% earn 3 stars. In this way the variability of performance return is considered. So where two funds in the same sector earn similar returns, but one is more volatile than the other, the more volatile fund is likely to get a lower star rating than the other. Alternatively, where two funds have similar volatility but one earns higher returns than the other, the fund with the higher return is likely to get a higher star rating.

FundSource quantitative data is supplied by Financial Express (FE) Australia. FE Australia manage a database of over 950 funds that are available to New Zealand Investors. Funds are grouped into three universes; NZ Managed Investments, NZ KiwiSaver and NZ Superannuation. These funds are then further grouped into sectors based on asset allocation and investment mandates so fund performance within these sectors can be compared like for like. All of the Asteron funds are constituents in the New Zealand Superannuation universe. Sector averages for this universe are displayed in the tables below. Sector averages for the New Zealand Managed Investments universe have also been added as a further comparison for Asteron fund performance. Asteron Life's own performance benchmarks have been used for the single-sector funds.

FundSource calculates performances with all figures rounded to four decimal places on an 'Exit to Exit' price basis, assuming investors are long term investors, with all distributions reinvested at ex-distribution prices. FundSource statistics are structured so similar type funds are grouped together with an appropriate asset class index. Performance returns for periods of less than one year are non-annualised. Returns for periods of one year or more are shown as compound annual rates of return.

Returns for "Non-PIE" funds are calculated after tax and investment management fees have been deducted but before any policy charges or other fees which may apply.

Returns for PIEs are calculated after management fees but before tax. Net returns for Superplan and Retirement Savings Plan before 1 June 2008 have been grossed up to an equivalent pre-tax figure. Tax will be deducted from each investor's account at their Notified Investor Rate (NIR).

Returns for the indices are calculated gross of tax.

Returns shown are historical and not necessarily an indication of future performance.

Note: Investment entities with less than a three year history have no rating. Funds in sectors with less than 10 constituents are not rated. Star ratings do not include any qualitative analysis. While it is helpful to consider how volatile a fund has been in the past, it is also important to consider more forward looking qualitative elements such as analysis of the portfolio manager and the process they use in managing a fund.

* Represents a Fund closed to new investors.

† non-PIE fund

IB = Investment Bond, SP2000 = Super Plan 2000, RSP = Retirement Savings Plan, PSP = Personal Superannuation Plan

Note: 6 month returns are not annualised

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Performance Summary

New Zealand Property Funds

| Asteron Life Fund Performance as at 31 December 2016 - Annualised % Return | | | | | | | |
|----------------------------------------------------------------------------|-------|------|-------|-------|-------|---------------|-------------|
| Funds | 6m | 1Yr | 3Yr | 5Yr | 7Yr | Fund Size \$M | Fund Rating |
| RSP NZ Property* | -5.13 | 1.88 | 12.03 | 11.68 | 21.71 | 1.19 | - |
| FundSource NZ Super: Property –NZ Sector Average | -3.63 | 2.88 | 10.69 | 11.57 | 8.84 | | |
| FundSource NZ Managed Investments: Property –NZ Sector Average | -4.20 | 2.80 | 12.53 | 13.62 | 10.76 | | |
| S&P/NZX All Real Estate (Industry Group) Gross with Imputation** | -4.08 | 3.83 | 14.63 | 13.81 | 12.11 | | |

Please note: Due to changes in FundSource quantitative data the fund in the New Zealand Property Funds table above is now a constituent of the FundSource NZ Super: Property – NZ sector and is now compared to this sector average. Please refer to page 12 for further information on FundSource quantitative data changes.

Diversified Balanced Funds

| Asteron Life Fund Performance as at 31 December 2016 - Annualised % Return | | | | | | | |
|------------------------------------------------------------------------------|------|------|------|------|------|---------------|-------------|
| Funds | 6m | 1Yr | 3Yr | 5Yr | 7Yr | Fund Size \$M | Fund Rating |
| Oceanic IB Managed*† | 0.85 | 2.53 | 6.32 | 7.92 | 5.77 | 2.17 | ★★★ |
| Lifeplan/Go Kidz Balanced*† | 0.90 | 2.75 | 6.36 | 7.84 | 5.72 | 13.47 | ★★★ |
| Saveguard Plus/Retirement Plus PSP/Mortgage Plus Managed*† | 1.13 | 3.19 | 6.92 | 8.45 | 6.33 | 88.32 | ★★★ |
| RSP Managed Neutral* | 1.03 | 3.74 | 8.04 | 9.66 | 7.70 | 15.97 | ★★★★★ |
| SP2000 Balanced* | 0.88 | 3.40 | 7.43 | 9.11 | 7.33 | 10.21 | ★★★★★ |
| Superplan Balanced* | 0.56 | 2.64 | 6.70 | 8.34 | 6.49 | 65.70 | ★★★ |
| Wise Managed*† | 0.83 | 2.78 | 6.43 | 7.78 | 5.67 | 3.76 | ★★★ |
| Life Yield Global*† | 1.20 | 3.51 | 7.31 | 8.82 | 6.67 | 21.35 | ★★★★★ |
| FundSource NZ Super: Diversified Balanced Sector Average | 2.45 | 4.16 | 6.76 | 8.42 | 6.85 | | |
| FundSource NZ Managed Investments: Diversified Balanced Sector Average | 2.55 | 2.91 | 4.03 | 4.94 | 4.01 | | |

Please note: Due to changes in FundSource quantitative data the funds in the Diversified Balanced Funds table above are now constituents of the FundSource NZ Super: Diversified Balanced sector and are now compared to this sector average. Please refer to page 12 for further information on FundSource quantitative data changes.

* Represents a Fund closed to new investors.

† non-PIE fund

IB = Investment Bond, SP2000 = Super Plan 2000, RSP = Retirement Savings Plan, PSP = Personal Superannuation Plan

Note: 6 month returns are not annualised

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Performance Summary

Diversified Defensive Funds

| Asteron Life Fund Performance as at 31 December 2016 - Annualised % Return | | | | | | | |
|----------------------------------------------------------------------------|-------|------|------|------|------|---------------|-------------|
| Funds | 6m | 1Yr | 3Yr | 5Yr | 7Yr | Fund Size \$M | Fund Rating |
| Lifepan/Go Kidz Conservative*† | 0.25 | 2.37 | 4.75 | 5.26 | 4.49 | 0.34 | ★★★ |
| Saveguard Plus/Retirement Plus PSP/Mortgage Plus Conservative* | 0.50 | 2.95 | 5.16 | 5.74 | 5.03 | 2.42 | ★★★ |
| RSP Managed Conservative* | 0.26 | 3.57 | 6.51 | 7.19 | 6.65 | 2.45 | ★★★★ |
| SP2000 Conservative* | 0.28 | 3.31 | 6.04 | 6.72 | 6.29 | 2.97 | ★★★★ |
| Superplan Conservative* | -0.21 | 2.40 | 5.10 | 5.82 | 5.43 | 5.33 | ★★★ |
| Oceanic IB Capital Protected*† | -0.52 | 2.13 | 3.52 | 3.44 | 3.41 | 3.24 | - |
| Oceanic IB Capital Secure*† | -0.56 | 2.09 | 4.47 | 4.68 | 4.31 | 0.45 | - |
| FundSource NZ Super Diversified Defensive Sector Average | 0.58 | 3.32 | 5.08 | 5.49 | 5.18 | | |
| FundSource NZ Managed Investments: Diversified Defensive Sector Average | 0.39 | 1.79 | 2.50 | 1.52 | 2.07 | | |

Please note: Due to changes in FundSource quantitative data the funds in the Diversified Defensive Funds table above are now constituents of the FundSource NZ Super: Diversified Defensive sector and are now compared to this sector average. Please refer to page 12 for further information on FundSource quantitative data changes.

Diversified Growth Funds

| Asteron Life Fund Performance as at 31 December 2016 - Annualised % Return | | | | | | | |
|----------------------------------------------------------------------------|------|------|------|-------|------|---------------|-------------|
| Funds | 6m | 1Yr | 3Yr | 5Yr | 7Yr | Fund Size \$M | Fund Rating |
| Lifepan/Go Kidz Dynamic*† | 1.10 | 3.41 | 7.63 | 9.45 | 6.40 | 2.29 | ★★★ |
| Saveguard Plus/Retirement Plus PSP/Mortgage Plus Aggressive*† | 1.92 | 2.05 | 7.48 | 8.89 | 5.67 | 3.61 | ★★★ |
| RSP Managed Growth* | 1.12 | 4.29 | 9.18 | 11.28 | 8.38 | 29.73 | ★★★★★ |
| SP2000 Aggressive* | 2.00 | 2.56 | 8.06 | 9.59 | 6.77 | 0.54 | ★★★★ |
| SP2000 Dynamic* | 1.10 | 3.95 | 8.42 | 10.45 | 7.82 | 2.73 | ★★★★★ |
| Superplan Aggressive* | 1.42 | 1.62 | 7.33 | 8.83 | 6.06 | 5.36 | ★★★ |
| Superplan Dynamic* | 0.71 | 3.36 | 7.75 | 9.86 | 7.16 | 20.47 | ★★★ |
| FundSource NZ Super: Diversified Growth Sector Average | 3.83 | 4.40 | 7.63 | 9.93 | 7.15 | | |
| FundSource NZ Managed Investments: Diversified Growth Sector Average | 4.39 | 4.17 | 5.32 | 6.90 | 4.86 | | |

Please note: Due to changes in FundSource quantitative data the funds in the Diversified Growth Funds table above are now constituents of the FundSource NZ Super: Diversified Growth sector and are now compared to this sector average. Please refer to page 12 for further information on FundSource quantitative data changes.

* Represents a Fund closed to new investors.

† non-PIE fund

IB = Investment Bond, SP2000 = Super Plan 2000, RSP = Retirement Savings Plan, PSP = Personal Superannuation Plan

Note: 6 month returns are not annualised

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Performance Summary

Currency – New Zealand Dollar Funds

| Asteron Life Fund Performance as at 31 December 2016 - Annualised % Return | | | | | | | |
|----------------------------------------------------------------------------|------|------|------|------|------|---------------|-------------|
| Funds | 6m | 1Yr | 3Yr | 5Yr | 7Yr | Fund Size \$M | Fund Rating |
| RSP Deposit* | 1.21 | 2.52 | 3.21 | 3.27 | 3.23 | 3.15 | - |
| Asteron Superplan 2000 Capital* | 1.23 | 2.49 | 3.19 | 3.28 | 3.29 | 3.41 | ★★★★★ |
| Asteron Superplan Capital* | 0.96 | 1.94 | 2.64 | 2.74 | 2.75 | 21.63 | ★★★★★ |
| Lifeplan/Go Kidz Capital*† | 0.83 | 1.66 | 2.08 | 2.11 | 2.10 | 1.70 | - |
| Saveguard Plus/Retirement Plus PSP/ Mortgage Plus Money*† | 0.83 | 1.66 | 2.08 | 2.13 | 2.12 | 0.62 | - |
| Life Yield Capital*† | 0.98 | 1.96 | 2.38 | 2.47 | 2.48 | 4.22 | - |
| FundSource NZ Super: Currency – NZD Sector Average | 0.91 | 1.96 | 2.63 | 2.68 | 2.69 | | |
| FundSource NZ Managed Investments: Currency –NZD Sector Average | 0.54 | 1.02 | 1.82 | 1.92 | 1.96 | | |
| S&P/NZX 90 Day Bank Bill Gross Index** | 1.16 | 2.49 | 3.09 | 2.93 | 2.93 | | |

Please note: Due to changes in FundSource quantitative data the funds in Currency – New Zealand Dollar Funds table above are now constituents of the FundSource NZ Super: Currency – New Zealand Dollar sector and are now compared to this sector average. Please refer to page 12 for further information on FundSource quantitative data changes.

Fixed Interest – New Zealand Dollars

| Asteron Life Fund Performance as at 31 December 2016 - Annualised % Return | | | | | | | |
|------------------------------------------------------------------------------|-------|------|------|------|------|---------------|-------------|
| Funds | 6m | 1Yr | 3Yr | 5Yr | 7Yr | Fund Size \$M | Fund Rating |
| Lifeplan/Go Kidz NZ Bond*† | -1.48 | 2.16 | 3.69 | 3.02 | 4.09 | 1.06 | ★ |
| Saveguard Plus/Retirement Plus PSP/Mortgage Plus Fixed Interest*† | -1.47 | 2.17 | 3.71 | 3.04 | 4.10 | 1.41 | ★★★ |
| RSP NZ Fixed Interest* | -2.03 | 3.05 | 5.18 | 4.41 | 6.01 | 1.32 | ★★★★★ |
| SP2000 NZ Bond* | -2.10 | 2.71 | 4.81 | 4.04 | 5.60 | 1.31 | ★★★ |
| Superplan NZ Bond* | -2.19 | 2.67 | 4.80 | 4.04 | 5.61 | 6.40 | ★★★ |
| FundSource NZ Super Fixed Interest – NZD Sector Average | -1.75 | 2.14 | 4.16 | 3.47 | 4.58 | | |
| FundSource NZ Managed Investments: Fixed Interest – NZD Sector Average | -1.80 | 1.24 | 3.19 | 2.59 | 3.22 | | |
| S&P / NZX NZGS Index** | -2.46 | 3.49 | 5.56 | 3.85 | 5.60 | | |

Please note: Due to changes in FundSource quantitative data the funds in Fixed Interest – New Zealand Dollar Funds table above are now constituents of the FundSource NZ Super: Fixed Interest – New Zealand Dollar sector and are now compared to this sector average. Please refer to page 12 for further information on FundSource quantitative data changes.

* Represents a Fund closed to new investors.

† non-PIE fund

IB = Investment Bond, SP2000 = Super Plan 2000, RSP = Retirement Savings Plan, PSP = Personal Superannuation Plan

Note: 6 month returns are not annualised

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Performance Summary

Fixed Interest - Global Funds

| Asteron Life Fund Performance as at 31 December 2016 - Annualised % Return | | | | | | | |
|----------------------------------------------------------------------------|-------|------|------|------|------|---------------|-------------|
| Funds | 6m | 1Yr | 3Yr | 5Yr | 7Yr | Fund Size \$M | Fund Rating |
| Lifeplan/Go Kidz Global Bond*† | -0.39 | 3.67 | 4.18 | 3.81 | 4.15 | 0.17 | - |
| RSP International Fixed Interest* | -0.64 | 4.99 | 5.99 | 5.50 | 5.79 | 1.04 | - |
| SP2000 Global Bond* | -0.68 | 4.59 | 5.45 | 5.02 | 5.55 | 0.91 | - |
| Superplan Global Bond* | -0.72 | 4.67 | 5.48 | 5.03 | 5.56 | 1.81 | - |
| FundSource NZ Super Fixed Interest – Global Sector Average | -1.91 | 2.78 | 4.89 | 4.49 | 4.99 | | |
| FundSource NZ Managed Investments: Fixed Interest – Global Sector Average | -0.49 | 2.16 | 2.04 | 0.61 | 1.88 | | |
| Barclays Capital Global Aggregate Index (hedged to NZD)** | -1.07 | 5.82 | 7.10 | 6.35 | 6.78 | | |

Please note: Due to changes in FundSource quantitative data the funds in Fixed Interest - Global Funds table above are now constituents of the FundSource NZ Super: Fixed Interest – Global sector and are now compared to this sector average. Please refer to page 12 for further information on FundSource quantitative data changes. Please also note that the FundSource NZ Super Fixed Interest - Global sector was not star rated this month as the number of constituents dropped below 10.

New Zealand Equity Funds

| Asteron Life Fund Performance as at 31 December 2016 - Annualised % Return | | | | | | | |
|----------------------------------------------------------------------------|-------|-------|-------|-------|-------|---------------|-------------|
| Funds | 6m | 1Yr | 3Yr | 5Yr | 7Yr | Fund Size \$M | Fund Rating |
| Lifeplan/Go Kidz Trans-Tasman*† | -0.72 | 8.09 | 12.13 | 14.32 | 9.10 | 3.03 | ★★ |
| Saveguard Plus/Retirement Plus PSP/Mortgage Plus Equity*† | -0.49 | 8.59 | 13.12 | 15.42 | 10.26 | 14.21 | ★★★★ |
| RSP NZ Equity* | -0.81 | 8.22 | 13.02 | 15.16 | 10.35 | 1.66 | ★★★★ |
| SP2000 Trans Tasman* | -0.74 | 8.12 | 12.73 | 15.16 | 10.37 | 6.69 | ★★★★ |
| Superplan Trans Tasman* | -1.10 | 7.40 | 12.05 | 14.44 | 9.67 | 28.75 | ★★★★ |
| FundSource NZ Super: Equity – New Zealand Sector Average | -0.59 | 5.16 | 10.97 | 13.73 | 9.41 | | |
| FundSource NZ Managed Investments: Equity – New Zealand Sector Average | -0.37 | 5.26 | 10.60 | 13.50 | 9.53 | | |
| S&P/NZX50 Index Gross with Imputation** | 0.40 | 10.10 | 14.71 | 17.51 | 12.86 | | |

Please note: Due to changes in FundSource quantitative data the funds in New Zealand Equity Funds table above are now constituents of the FundSource NZ Super: New Zealand Equity sector and are now compared to this sector average. Please refer to page 12 for further information on FundSource quantitative data changes.

* Represents a Fund closed to new investors.

† non-PIE fund

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Note: 6 month returns are not annualised

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Performance Summary

Global Equity Funds

| Asteron Life Fund Performance as at 31 December 2016 - Annualised % Return | | | | | | | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|------|------|------|-------|------|---------------|-------------|
| Funds | 6m | 1Yr | 3Yr | 5Yr | 7Yr | Fund Size \$M | Fund Rating |
| Lifeplan/Go Kidz Global Share*† | 5.42 | 0.99 | 6.54 | 10.57 | 5.82 | 2.79 | ★★ |
| Saveguard Plus/Retirement Plus PSP/ Mortgage Plus International Equity*† | 5.53 | 1.22 | 6.74 | 10.49 | 6.28 | 9.87 | ★★★ |
| RSP International Equity* | 5.88 | 2.06 | 7.86 | 12.00 | 7.83 | 3.80 | ★★★ |
| SP2000 Global Share* | 5.85 | 1.88 | 7.37 | 11.26 | 7.53 | 3.28 | ★★★ |
| Superplan Global Share* | 5.61 | 1.13 | 6.75 | 10.49 | 6.76 | 30.35 | ★★★ |
| FundSource NZ Super: Equity – Global Sector Average | 7.85 | 4.43 | 7.97 | 11.42 | 7.42 | | |
| FundSource NZ Managed Investments: Equity – Global Sector Average | 7.42 | 3.37 | 4.85 | 8.53 | 5.31 | | |
| MSCI All Countries World Accumulation Index (25% hedged back to NZD)** (MSCI ACWI from June 2014 and previously The MSCI World Accumulation Index) | 9.54 | 6.97 | 9.75 | 13.56 | 9.55 | | |

Please note: Due to changes in FundSource quantitative data the funds in Global Equity Funds table above are now constituents of the FundSource NZ Super: Global Equity sector and are now compared to this sector average. Please refer to page 12 for further information on FundSource quantitative data changes.

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† non-PIE fund

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Note: 6 month returns are not annualised

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Performance Summary

Regional Equity Funds

| Asteron Life Fund Performance as at 31 December 2016 - Annualised % Return | | | | | | | |
|------------------------------------------------------------------------------------------|-------|-------|-------|-------|-------|---------------|-------------|
| Funds | 6m | 1Yr | 3Yr | 5Yr | 7Yr | Fund Size \$M | Fund Rating |
| Lifeplan/Go Kidz European*† | 8.38 | -5.20 | 3.01 | 11.69 | 4.83 | 1.17 | ★ |
| Lifeplan/Go Kidz North American*† | 12.86 | 8.83 | 9.49 | 12.28 | 9.38 | 1.61 | ★★★★★ |
| Saveguard Plus/Retirement Plus PSP/ Mortgage Plus European Share*† | 8.48 | -4.86 | 3.07 | 11.91 | 5.09 | 1.36 | ★ |
| Saveguard Plus/Retirement Plus PSP/ Mortgage Plus North American Share*† | 12.69 | 9.01 | 9.65 | 12.68 | 9.79 | 1.51 | ★★★★★ |
| SP2000 European Share* | 9.02 | -4.19 | 4.36 | 12.95 | 6.88 | 1.47 | ★★★ |
| SP2000 North American Share* | 12.77 | 9.66 | 10.50 | 13.68 | 10.90 | 1.65 | ★★★★★ |
| Superplan European Share* | 8.79 | -4.62 | 3.66 | 12.20 | 6.16 | 13.47 | ★★ |
| Superplan North American Share* | 13.30 | 9.74 | 10.21 | 13.19 | 10.34 | 15.21 | ★★★★★ |
| FundSource NZ Super: Equity – Regional Sector Average | 9.86 | 3.72 | 6.01 | 10.29 | 6.41 | | |
| FundSource NZ Managed Investments: Equity – Regional Sector Average | 7.34 | 2.60 | 3.19 | 6.83 | 3.73 | | |
| MSCI Europe Index, with net dividends reinvested (25% hedged back to NZD)** | 8.31 | -1.58 | 1.41 | 6.97 | 2.52 | | |
| MSCI North America Index, with net dividends reinvested (25% hedged back to NZD)** | 9.00 | 9.50 | 11.24 | 14.06 | 11.12 | | |

Please note: Due to changes in FundSource quantitative data the funds in Regional Equity Funds table above are now constituents of the FundSource NZ Super: Regional Equity sector and are now compared to this sector average. Please refer to page 12 for further information on FundSource quantitative data changes.

* Represents a Fund closed to new investors.

† non-PIE fund

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Note: 6 month returns are not annualised

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