

Australian and NZ funds come up trumps

Managed funds investing in New Zealand and Australian equities came up trumps during the March quarter, dominating the tables of top 10 performers.

Sunday, April 18th 1999, 12:00AM

by Philip Macalister

Managed funds investing in New Zealand and Australian equities came up trumps during the March quarter, dominating the tables of top 10 performers, according to Morningstar. Other strong performers included products investing in emerging markets and South East Asia.

The firm says five of the 10 top-performing unit trusts and group investment funds, and six of the 10 top-performing superannuation trusts for the March 1999 quarter were products investing in New Zealand and Australian equities, or a combination of the two.

The New Zealand equity products which performed strongly during the quarter were on the whole actively-managed products with a propensity to invest at the smaller end of the market, rather than in the large capitalisation stocks which dominate the New Zealand equity market.

Leading performers included the Sovereign Super Select New Zealand Equities Fund (9.80 percent net return and third top-performing superannuation trust for the quarter, and a 30.23 percent net return and second spot for the year); the Cigna Nest Egg New Zealand Share Fund (just behind with a 9.59 percent quarterly net return, and fourth highest-performing superannuation trust), and the New Zealand Guardian Trust Smaller Companies Fund (in fourth place for the quarter and for the year, with a 10.88 percent quarterly net return).

New Zealand and Australian equity managed investments also did well in the year ending March 31, taking six of the top 10 slots for unit trusts and group investment funds, including four of the top five places. The same trend held strongly for superannuation trusts – seven of the 10 top-performer places were held by products investing either in New Zealand and Australian equities, or in New Zealand multisector products with large exposures to these sectors.

The top-performing unit trust for the year to March, the National Mutual New Zealand Selected Equities Fund, returned 28.57 percent net, while The National Bank New Zealand Equity Growth Trust (third place) produced a 19.68 percent net return, and the fourth-placed New Zealand Guardian Trust Smaller Companies Fund produced a 19.28 percent net annual return.

Emerging markets bounce

Although numerically dominant, New Zealand and Australian equity products did not actually take any of the top three places for unit trusts for the March quarter. These were all taken by products classed as emerging markets or currency funds. Emerging markets, which was the sector not to be in during 1998, bounced back at the start of 1999 from the previous year's low point.

The top-performing unit trust for the March quarter was, by some distance, the FCMI Toronto Currency Fund, which produced a quarterly return of 24.89 percent net of fees and tax, and a 15.29 percent net return for the year to 31 March. (The fund has only \$0.55 million in assets under management).

The second-highest performing unit trust over the quarter was the New Zealand Funds Management Global Emerging Markets Fund (12.26 percent net return), while third place was taken by the Colonial First State Pru Japanese Opportunities Fund (which returned 11.32 percent net for the March quarter).

International equity funds perform better over the year

The outstanding performers of 1998, international equity funds, were noticeably absent from the top performers tables for the first quarter of 1999. International equity funds' performance last year still propelled several into the top 10 for the year, however the top-performing superannuation trust for the March year, the Cigna Nest Egg International Share Fund, returned 32.19 percent net for the year (funds under management \$0.06 million). The Tower Tortis International Fund, although absent from the top-performing unit trusts for the March quarter, was still ranked second among unit trusts for the year with a 21.60 percent net annual return.

Ten top-performing unit trusts for the quarter – and ten different companies

One remarkable feature of the March quarter unit trust results was that no fund manager was represented twice in the top ten. Among superannuation trusts, Royal & SunAlliance took four of the top ten positions for the March quarter with the Superplan and Superplan 2000 products. (Some of these Royal & SunAlliance products invest in the same pool of underlying investment monies, however.)

Colonial First State Investment Managers (NZ) was the only company to feature more than once among the 10 top-performing unit trusts for year, with the Colonial First State Pru Emerging Companies Trust in fifth place with a 17.13 percent net return, and with the Colonial First State Australian Equities Trust in ninth spot, with a 14.77 percent annual return.

Among superannuation trusts, The National Bank had three products among the top ten performers for the 12 month period. The National Bank Growth Flexible Fund (15.29 percent

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net), The National Bank Balanced Flexible Fund (13.93 percent net), and The National Bank Growth Locked-In Fund (11.54 percent net).

South-East Asian fund top superannuation trust for quarter

Among superannuation trusts, it's notable that the top-performing product for the March quarter was invested in South East Asia, an investment region absent from the top 10 performers tables for some time. The Sovereign Super Far East Fund recorded a net return of 10.89 percent for the March quarter, and a 14.28 percent net return for the year to 31 March 1999.



Ten Top-Performing Retail Unit Trusts and Group Investment Funds		% Return March Quarter*
1	FCMI Toronto Currency Fund	24.89
2	NZ Funds Management Global Emerging Markets Fund	12.26
3	Colonial First State Pru Japanese Opportunities	11.32
4	New Zealand Guardian Trust Small Companies Fund	10.88
5	Tower Spotlight Latin America Fund	10.01
6	BTNZ Investment Selection - Australian Share	9.88
7	The Fisher Funds New Zealand Growth Fund	9.28
8	Armstrong Jones Australian Share Fund	8.75
9	ASB Emerging Markets Shares Trust	8.74
10	The National Bank Australian Equity Growth Fund	8.73

Top 10 Retail Unit Trusts and Group Investment Funds 12 months to March 31		% Return
1	National Mutual NZ Selected Equities Fund	28.57
2	Tower TORTIS - International Fund	21.60
3	The National Bank NZ Equity Growth Trust	19.68
4	NZ Guardian Trust Small Companies Fund	19.28
5	Colonial First State Pru Emerging Companies	17.13
6	ASB World Shares Trust	16.85
7	NZ Funds Global Property & Infrastructure	16.84
8	FCMI Toronto Currency Fund	15.29
9	Colonial First State Australian Equities Trust	14.77
10	Direct New Zealand Second Fifteen	14.76

* Returns are net of tax and fees.

Returns are percent per annum net of tax and fees.

You can read Philip's blog here: <http://www.goodreturns.co.nz/blog/>

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