

THE PRESS, 26 JAN 2000, Edition 2, Page 21.

Final 1999 quarter good for investment managers

WELLINGTON -- The last three months of 1999 was an excellent quarter for investment managers, with most big world sharemarkets, as well as New Zealand's, producing strong returns, according to the latest fund survey by Mercer Investment Consulting.

In contrast, bond markets around the world capped off a poor year suffering from further interest rate rises. The domestic official cash rate was raised for the first time to 5 percent -- this year it has been raised to 5.25%.

All managers in the survey produced returns, before tax and expenses of more than 4% for the quarter, with four managers recording double-digit figures.

New Zealand funds management recorded the highest quarterly return, with 13.5%. A contributing factor to this return was a strong performance in domestic shares, said Garry Hawker, head of Mercer Investment Consulting in a statement accompanying the survey.

Tower Asset Management produced the lowest return for the quarter with 4.9%. This was mainly as a result of Tower's lower relative exposure to the equity markets than all other managers.

The average exposure to equities at the end of the year was 53.8%, Tower only had 38.1% invested in shares.

Returns for the past 12 months have varied between a gross 22.7% return and a gross 9.4% return. Local funds management again produced the highest return for the past 12 months.

Mr Hawker noted that in the 1996 survey the top three managers were BTFM, Tower and ANZ. They are all below median in the latest survey while Westpac, which was at the bottom in the 1996 survey, was now above median.

The most consistent managers had been Armstrong Jones and Guardian Trust that were 4th and 5th four years ago and were now 2nd and 3rd, while Colonial First State, then second-to-last of those managers still in existence, were now last, he added.--NZPA

Supplied by New Zealand Press Association

Section: BUSINESS

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