

WAIKATO TIMES, 26 JAN 2000, Edition 2, Page 17.

## Double-digit returns for some fund managers

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The last three months of 1999 was an excellent quarter for investment managers, with most major world sharemarkets producing strongly positive returns, according to the latest managed 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 per cent -- this year it has been raised to 5.25 per cent.

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

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

Tower Asset Management (TAM) produced the lowest return for the quarter with 4.9 per cent. This was mainly as a result of TAM's lower relative exposure to the equity markets.

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

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

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. -- NZPA

Supplied by New Zealand Press Association

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Section: BUSINESS

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