

ASB
creating futures™

Snapshot

asb.co.nz/kiwisaver

Issue Six March 2011

YOUR ASB KIWISAVER SCHEME UPDATE

Welcome to Snapshot

Welcome to Issue Six of Snapshot, the ASB KiwiSaver Scheme newsletter. You'll find this newsletter full of useful KiwiSaver information, including news, reminders, updates and helpful tips. So if there are still a few things about KiwiSaver you're not sure about, this newsletter is a great start.

KiwiSaver continues to grow, with over 1.6 million members, which reflects the need for Kiwis to secure an income when they reach retirement. Everyday more and more New Zealanders are discovering the advantages of KiwiSaver. Not only does KiwiSaver have advantages for those who are employed, but also for those who are self-employed or under the age of 18. So if your family and friends haven't already signed up, ask them to think about making this great investment too.

You may have noticed that this issue is looking a little different. We are a little bolder and brighter because ASB has launched its new brand promise, ASB Creating Futures. You can read more about this further on in this Snapshot.

In this issue:

- A reminder about the ASB KiwiSaver Scheme fee changes
- Introduction to our new Creating Futures brand
- Tips on using your KiwiSaver account to help purchase your first home
- An update on the Financial Advisers Act 2008
- Market commentary and fund performance

Contact Us: If you have any questions about your ASB KiwiSaver Scheme investment, we're happy to help. Call **0800 ASB RETIRE (0800 272 738)**, drop in to any ASB branch or check out our website at **asb.co.nz/kiwisaver**

asb.co.nz/kiwisaver Visit our website for everything you need to know about the ASB KiwiSaver Scheme, including forms, quarterly returns and in-depth information on each ASB KiwiSaver Scheme Investment Fund.

I'M A FRIENDLY REMINDER

We wrote to members last year to communicate some upcoming fee changes to the ASB KiwiSaver Scheme. We thought this would be a good time to remind you about these changes, which are effective from 1 April this year. If you became a member after 15 September 2010 you will have already seen details of these changes in the Investment Statement.

The way KiwiSaver works has changed considerably since it was first developed and the cost of managing the Scheme has been higher than expected. This means that from 1 April this year we will be increasing the Investment Management Fee to better reflect these costs. However, the good news is the way we manage the ASB KiwiSaver Scheme means our fees should be amongst the lowest in the market, even after these changes.

We are also simplifying our fee structure and absorbing some of the current fees and expenses into the Investment Management Fee. The overall change to what you're charged will be small, and for the majority of members the increase for the year from 1 April 2011 to 31 March 2012 will be between \$1 and \$5. To find out more information please visit **asb.co.nz/kiwisaver/fees**

You will not see these fee changes in your current ASB KiwiSaver Scheme Member Statement, but they will be visible to you in your April 2011/2012 statement. In the meantime, you will be able to see these changes online through the Master Trust Internet Service, our member website that allows you to monitor your contributions and track your progress online.

If you have any questions about these changes or would like a copy of the ASB KiwiSaver Scheme Investment Statement, call **0800 272 738**, visit **asb.co.nz/kiwisaver/fees** or drop into any ASB branch.

ASB
creating futures

I'm helping you save for tomorrow, today.



DO YOU WANT UP TO \$1,042 FROM THE GOVERNMENT?

One benefit of belonging to KiwiSaver is that the Government offers eligible KiwiSaver members a generous incentive by matching any member contributions made between 1 July to 30 June each year up to \$1,042.86.

So, if you want to maximise the matching Government contributions and you meet the eligibility criteria from 1 July 2010 to 30 June 2011, you have until 30 June 2011 to ensure your KiwiSaver member contributions have reached \$1,042.86.

You can top up your savings by making either additional regular contributions or a lump sum contribution. For more information about the matching Government contributions and to check your eligibility, visit the 'Benefits and features' section of our ASB Kiwisaver Scheme website asb.co.nz/kiwisaver or contact us on **0800 ASB RETIRE** (0800 272 738).

I'M LOOKING A LITTLE DIFFERENT...

As you may have noticed over the last couple of months, ASB is looking a bit bolder and brighter. That's because ASB has launched its new brand promise, ASB Creating Futures.

What does Creating Futures actually mean?

Well, it's really just a nifty way of saying we'll help you get where you want to go in life. We believe that everything we do is about creating a better future for our customers and communities. We know that our customers want us to be responsive, listen to what they want, understand what's important to them and do everything we can to help them achieve their dreams. That's what creating futures is all about.

WHAT IS THE FINANCIAL ADVISERS ACT AND WHAT DOES IT MEAN?

You may have heard of the Financial Advisers Act 2008, which comes into force on 1 July 2011. It was developed to promote delivery of accurate and appropriate financial advice to investors, to grow public confidence in the professionalism and integrity of financial advisers. We support this legislation and welcome the additional controls that this legislation brings for retail investors.

We are committed to training our advisers as authorised financial advisers where required. Rest assured, we will continue to offer balanced, professional, appropriate financial advice as we always have done.

For more information on the Act please visit the Securities Commission website at seccom.govt.nz

ASB KIWISAVER SCHEME FIRST HOME BUYER'S TIPS

Being able to make a withdrawal from your KiwiSaver account to purchase your first home is a great benefit of KiwiSaver - but there are some important things you need to know before you do this.

1. The money withdrawn from KiwiSaver can only be paid to your solicitor who then will pay it to the vendor's solicitor as part of the purchase price on settlement.

The vendor is the person/s you are buying the property from and settlement is the date that you pay the purchase price and take possession and ownership of the property. So this means your KiwiSaver withdrawal:

- can be factored into your calculations as part of your home loan deposit, **but will only be available for use** on the settlement date; and
- **cannot** be used to pay off bridging finance after the settlement date.

2. Allow plenty of time for approval and payment prior to your settlement date.

It takes approximately ten working days from receipt of all the paperwork from your solicitor before the trustee can approve the withdrawal and then release funds to your solicitor's trust account - and this needs to happen in time for settlement date.

So, before you enter into a sale and purchase agreement, you should ensure that:

- you've already completed the three year qualification period and are eligible for the withdrawal;
- you have at least three to four weeks before the settlement date to allow plenty of time to get your application in and approved so funds can be released in time for the settlement date.

3. There are some other important restrictions when buying your first home:

- You must buy the land or property in your name. You can't buy the property in the name of a trust or a business of which you are a shareholder in, but you can buy the property jointly with someone else.
- The land or property must be for your principal place of residence - you can't use the money to buy a rental property. If you are buying land to build on, you must intend to build your permanent residence on the land.

The first home buyer's withdrawal facility is also available to second-chance home buyers who meet the relevant criteria, as determined by Housing New Zealand Corporation.

A first home deposit subsidy of up to \$5,000 may also be available to KiwiSaver members who meet the relevant eligibility criteria, as determined by Housing New Zealand Corporation. For more information on this and the second-chance home buyer's criteria please visit hnzc.govt.nz

Buying your first home is exciting, but it's also stressful and applying for a first home buyer's withdrawal from your KiwiSaver account can be a little complicated. Feel free to call us on **0800 ASB RETIRE** (0800 272 738) and we'll do our best to take the stress out of the situation for you.

Or if you would like more information on how ASB can help you buy your first home, visit our web site at asb.co.nz/firsthomebuyers/



WHAT'S HAPPENING IN THE MARKETS?

The December 2010 quarter saw growth assets continue to perform positively. Growth assets were supported by the Federal Reserve's second round of quantitative easing (purchase of US\$600 billion of Treasuries through until June 2011) announced in early November. The Federal Reserve hopes that this will stimulate the economy by lowering interest rates, boosting asset prices, increasing wealth and encouraging households and companies to spend and hire.

Sovereign debt concerns in the euro-zone were a big focus for investors over the quarter. Ireland, swamped by the bursting of a decade long real estate bubble and unemployment reaching 14%, joined Greece in seeking assistance from the European Union and International Monetary Fund (IMF).

Fears of a double-dip recession and continuing high unemployment in the US were abated somewhat by the improving US economic data releases. The better than expected manufacturing and consumer data releases appear to have given investors hope that the economic recovery will continue in 2011 with US growth expected to improve over 2011.

World shares performed well over the December quarter as the MSCI World (ex Australia) Index (50% hedged into NZ dollars) was up 5.77%. The US economic outlook is starting to look brighter assisted by the monetary and fiscal policies instigated by the US government and the Federal Reserve. Sharemarkets reached levels last seen prior to the collapse of Lehman Brothers in September 2008. Despite the Chinese Government's attempts to control growth by increasing capital requirements for lenders and increasing the official interest rate, the Chinese market was one of the best performing over the quarter. Merger and acquisition activity is expected to have a large influence on sharemarkets in 2011.

Australasian shares continued to rise over the December quarter as investor sentiment was boosted by further quantitative easing and improving worldwide economic data releases. The Australian market (as measured by the ASX200) ended the quarter up 4.04% (50% hedged) and the NZX50 ended the quarter up 4.12%. Strong demand for raw materials such as coal and iron ore are expected with Chinese data releases suggesting strong demand for commodities will continue. Merger and acquisition activity was a large focus in the Australian market, reflecting the strength of corporate balance sheets.

The Reserve Bank of New Zealand (RBNZ) left the Official Cash Rate (OCR) unchanged at 3.0% over the quarter. With the continuing softening in NZ economic data, any further tightening may not take place until September 2011 at the earliest.

Important Information

The ASB KiwiSaver Scheme is provided by ASB Group Investments Limited (ASBGI). None of Public Trust, ASBGI, ASB Bank Limited, nor any company related to any of those companies, nor any other person, guarantees the performance of these funds or the repayment of any investment in these funds.

1. Returns for periods greater than one year are annualised. Returns for periods less than one year are not annualised. 2. Returns quoted are historical and cannot be seen as an indication of future performance. 3. Contributions were first invested into the funds on 2 October 2007. 4. Returns are before tax and after fees (excluding administration fees) and are calculated on the change in unit price over the period, adjusted for tax credits and formations losses. 5. For further information, please consult your ASB KiwiSaver Scheme Investment Statement. A copy of the latest Investment Statement can be found at www.asb.co.nz/kiwisaver or obtained from any ASB branch. 6. A disclosure statement required under the Securities Markets Act 1988 is available on request, free of charge from any ASB branch. The views expressed in this ASB KiwiSaver Scheme Snapshot are based on information believed but not warranted to be correct and do not constitute specific advice to any person. Investors should seek independent advice. None of ASB Bank Limited, ASB Group Investments Limited, Public Trust, nor their directors, board members or employees accept any liability for any loss or damage arising directly or indirectly out of the use or reliance on the information provided in this ASB KiwiSaver Scheme Snapshot.

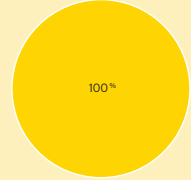
RETURNS TO 31 JANUARY 2011 - HOW THE FIVE ASB KIWISAVER SCHEME INVESTMENT FUNDS HAVE BEEN DOING.

NZ Bank Deposit Fund

Investors in this fund will typically intend to withdraw their savings in the short term and want an investment with stable or consistent returns.

Funds first invested Oct 07

Unit price as at 31 January 11	\$1.1705
Return over last 3 months	0.71%
Return over last 6 months	1.42%
Return over last year	2.65%
Return since inception (p.a.)	4.86%

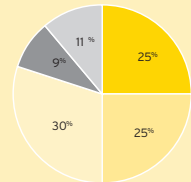


Conservative Fund

Investors in this fund will typically prefer the lower volatility of an investment that is primarily invested in income assets such as cash and fixed interest.

Funds first invested Oct 07

Unit price as at 31 January 11	\$1.1544
Return over last 3 months	0.84%
Return over last 6 months	3.21%
Return over last year	6.21%
Return since inception (p.a.)	4.55%

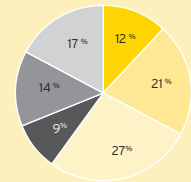


Moderate Fund

Investors in this fund will typically be medium to long-term investors who require moderate capital growth from their investment, via growth assets such as property or shares, but understand that this may mean the investment will go up and down in value in the short-term.

Funds first invested Oct 07

Unit price as at 31 January 11	\$1.0815
Return over last 3 months	1.61%
Return over last 6 months	5.14%
Return over last year	8.73%
Return since inception (p.a.)	2.64%

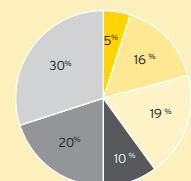


Balanced Fund

Investors in this fund will typically be long term investors who are looking for capital growth over the long term via growth assets but understand that this may mean the investment will go up and down in value in the short-term.

Funds first invested Oct 07

Unit price as at 31 January 11	\$1.0011
Return over last 3 months	2.72%
Return over last 6 months	7.21%
Return over last year	10.28%
Return since inception (p.a.)	0.37%

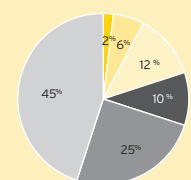


Growth Fund

Investors in this fund will typically be long term investors who want to maximise investment returns, but understand that this may mean high volatility in short-term investment performance.

Funds first invested Oct 07

Unit price as at 31 January 11	\$0.9254
Return over last 3 months	3.86%
Return over last 6 months	9.26%
Return over last year	11.49%
Return since inception (p.a.)	-1.90%



KEY

Cash	Global Property
NZ Fixed Interest	Australasian Shares
World Fixed Interest	World Shares

Asset allocations may change from time to time.