

New Zealand Retirement Trust

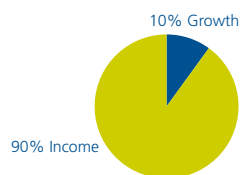
Investment Report

Multi-Sector Conservative Funds

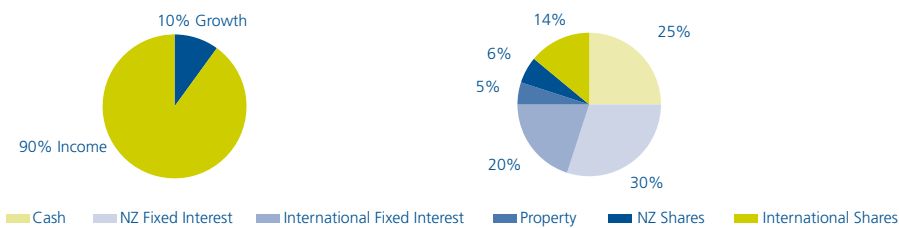
*Fund Type	Inception Date	Unit Price \$	Fund Size \$m	1 yr %	2 yrs %	3 yrs %	4 yrs %	5 yrs %	7 yrs %	10 yrs %
AMP Capital Assured	Oct 1995	1.6125	113.4	3.8	3.6	3.3	3.2	3.3	3.7	4.1
AMP Capital Stable	Dec 1995	1.5585	70.7	4.0	5.4	5.3	5.3	4.5	2.9	3.7

Benchmark asset allocations are set out below, or are substantially similar to those set out below.

AMP Capital Assured



AMP Capital Stable



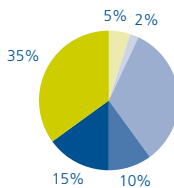
Legend: Cash (light blue), NZ Fixed Interest (medium blue), International Fixed Interest (dark blue), Property (grey), NZ Shares (yellow), International Shares (orange)

Multi-Sector Balanced Funds

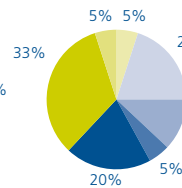
*Fund Type	Inception Date	Unit Price \$	Fund Size \$m	1 yr %	2 yrs %	3 yrs %	4 yrs %	5 yrs %	7 yrs %	10 yrs %
AMP Balanced	Oct 1995	1.7178	335.4	7.6	9.6	8.1	8.4	6.1	2.3	4.0
BT Balanced	Oct 1997	1.4642	93.8	3.7	7.7	7.5	7.3	5.5	3.1	n/a
ING Balanced	Apr 2000	1.2654	98.8	4.2	8.5	8.4	9.3	7.1	3.6	n/a
ASB Balanced	Aug 2000	1.1348	13.7	6.9	9.0	7.6	7.8	5.9	n/a	n/a
TOWER Balanced	Jan 2004	1.2822	91.4	7.5	8.9	8.1	n/a	n/a	n/a	n/a

Benchmark asset allocations are set out below, or are substantially similar to those set out below.

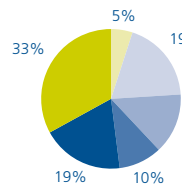
AMP Balanced



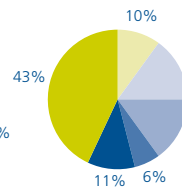
BT Balanced



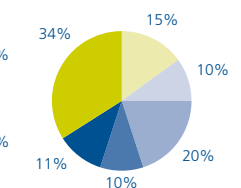
ING Balanced



ASB Balanced



TOWER Balanced



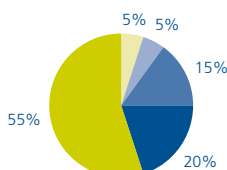
Legend: Cash (light blue), NZ Fixed Interest (medium blue), International Fixed Interest (dark blue), Property (grey), NZ Shares (yellow), International Shares (orange), Other (light green)

Multi-Sector Aggressive Funds

*Fund Type	Inception Date	Unit Price \$	Fund Size \$m	1 yr %	2 yrs %	3 yrs %	4 yrs %	5 yrs %	7 yrs %	10 yrs %
AMP High Equity	Oct 1995	1.9928	195.0	11.0	14.1	11.7	12.6	8.9	2.4	5.2

Benchmark asset allocations are set out below, or are substantially similar to those set out below.

AMP High Equity



Legend: Cash (light blue), International Fixed Interest (dark blue), Property (grey), NZ Shares (yellow), International (orange)

*Past performance is not necessarily indicative of future performance. There are no guarantees that these returns will be achieved in the future. See 'Important Notes' section overleaf.

At a glance

Have you accessed your superannuation details online recently?

We update your details regularly so check out our site. Go to www.nzrt.co.nz.

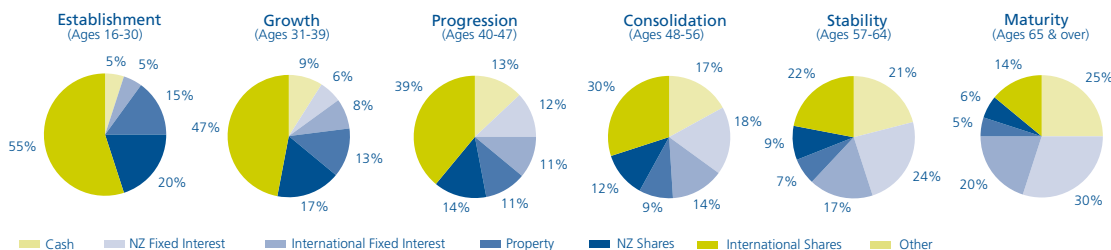
Contact Us

You can contact us by:
calling on Freephone **0800 808 267**
visiting our website at www.amp.co.nz

Lifesteps Investment Programme

*Fund Type	Inception Date	Unit Price \$	Fund Size \$m	1 yr %	2 yrs %	3 yrs %	4 yrs %	5 yrs %	7 yrs %	10 yrs %
Establishment	May 2004	1.4221	7.0	10.9	14.2	11.7	12.5	8.8	2.3	5.2
Growth	Apr 2004	1.3544	15.8	9.4	12.4	10.4	11.1	8.0	2.5	4.9
Progression	May 2004	1.3173	22.2	8.1	10.6	9.0	9.5	7.0	2.5	4.5
Consolidation	Apr 2004	1.2657	23.1	6.7	8.9	7.8	8.3	6.3	2.7	4.3
Stability	May 2004	1.2252	15.6	5.3	7.2	6.5	6.6	5.2	2.6	3.9
Maturity	Jul 2004	1.1672	1.9	3.9	5.5	5.2	5.3	4.3	2.7	3.5

Benchmark asset allocations are set out below, or are substantially similar to those set out below.



*Past performance is not necessarily indicative of future performance. There are no guarantees that these returns will be achieved in the future. See 'Important Notes' section below.



Important Notes

Returns and Unit Prices

The investment fund returns and unit prices published in this report are as at 30 June 2007. The returns shown are annualised (based on the percentage change in the unit price of the NZRT funds for the period specified). The returns are after Investment Management fees and tax, and include the deduction of the Trustee and Administration fee. No allowance is made for Contribution or Monthly Member fees. Trustee and Administration fee rebates may apply.

The tables show the tax-paid annualised returns on your investment fund over a number of years. This does not show returns on your individual account – these are determined by the prices at which you buy or sell investment units, and the charges (such as fees and/or insurance premiums) specific to your investment. It is important to note that these past returns are not necessarily indicative of future performance. There are no guarantees that these returns will be achieved in the future.

The investment returns quoted are based on actual and hypothetical performance. Actual performance figures are quoted from the month unit prices were first calculated for the NZRT funds (Inception Date).

Past Investment Reports

The NZRT Investment Report is produced quarterly. As a Member of NZRT you are sent annually, along with your Member Statement, the latest report available at the time of your Plan's annual review date.

However, if you want to read the report every quarter you can find it in the 'Reports' section of the NZRT website – www.nzrt.co.nz.

Where returns are quoted for periods prior to the inception date, these hypothetical performance figures are based on the actual performance of comparable funds, adjusted for the NZRT fee structure.

Every effort has been made to ensure the accuracy of this information, however none of AMP Services (NZ) Limited, AMP Superannuation (NZ) Limited, its subsidiaries and related companies accept any liability for, or consequence of, any error, or omission.

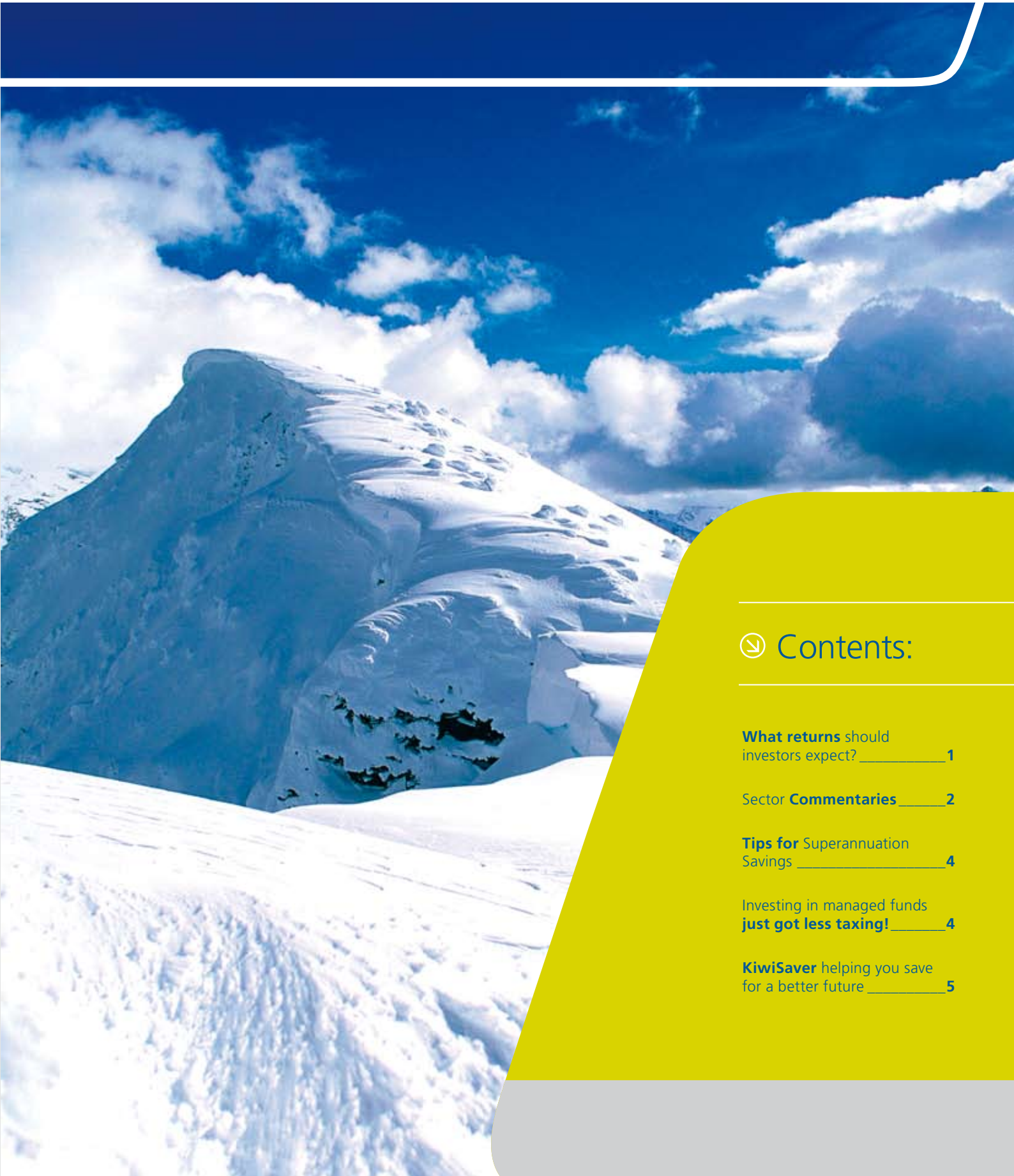
Benchmark Asset Allocations

Benchmark asset allocations show the benchmark proportion a fund has invested in each asset sector. Asset sectors are the range of investment options that make up the financial markets (e.g. Cash, Fixed Interest and Shares). To see how the market is affecting your fund you can match the benchmark asset allocations to the commentaries for those sectors. The larger the benchmark asset allocation to a sector, the more that sector will have impacted on the performance of your fund.

For more information

For more information on NZRT you can refer to the NZRT Investment Statement, which is available by contacting your Plan Adviser, on our website (www.nzrt.co.nz), or by calling 0800 800 267.

Investment **Insight**



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What returns should investors expect?

The last four years have provided above average returns for many investments including managed funds. This was in marked contrast to the preceding three years, and raises the question of what returns an investor should reasonably expect from their investments in both the short and long term.

Experience tells us that the return achieved in one year will not be the same the following year. It could be more, or it could be less.

Likely investment returns and the nature of returns

The factors that determine an investment return include:

- The type of investment
- The nature of the underlying investment markets – both the market specific to the investment, and markets in general
- The interest rate environment – both domestic and international
- The impact of general economic activity – both domestic and international (for example the price of crude oil)
- Movements in exchange rates
- Non-financial domestic and international events such as political tensions or war
- Taxation – whether tax is charged on the investment before or after the investor receives a return

History and experience provide a guide to potential future returns. It is not possible to determine, with any degree of precision, what a return will be in advance.

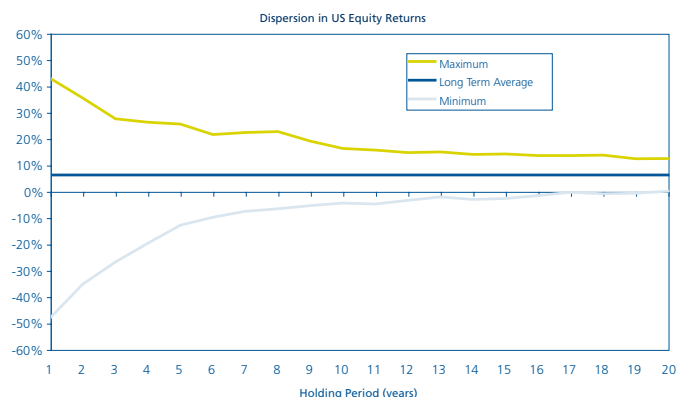
Asset class returns

It is possible to compare the relative returns of cash, fixed interest, shares and property locally and internationally over time. Research, based on historical returns in a number of countries and taking into account the risks associated with different asset sectors, provides an insight to this.

The least risky asset is **cash**. There is virtual certainty this asset will retain, and not lose, its value over time. The main risk associated with cash is that inflation will erode its value. Accordingly, in a normal economic environment, it will provide a low level of return.

The value of **fixed interest** investments such as government bonds, is generally greater than for cash. They should therefore provide a higher return over time. The risks attached to this asset class are that the value is subject to interest rate fluctuations on a daily basis and that the borrower will not repay the loan.

Commercial property is regarded as a more risky asset than fixed interest but less risky than shares. Property is a substantial asset with higher individual values and is valued less frequently than fixed interest or shares. The size of the property assets often means they are less liquid, i.e. they take longer to sell. This adds another layer of risk. In addition, it is susceptible to the fluctuations in the fixed interest market.



Source: AMP Capital Investors

The dispersion of returns for US Shares illustrated in the graph gives a clear indication that on a short-term basis, large fluctuations in returns can be expected. Holding shares for the long term reduces this volatility and provides more certainty as to the expected return.

Generally, **shares** are regarded as the most risky asset as their market price changes constantly and they are subject to substantial movement at times. There are far more influences* on the value of a company listed on a stock exchange than a private company, so the risk associated with shares is greater.

The risk of offshore investments, relative to their domestic counterparts, is normally greater as any change in exchange rates adds another layer of risk. This extra risk can be mitigated through the use of hedging.

Indicative returns of various asset classes (average over time) are as follows:

Asset class	Real expected long-term return (% per annum)
Cash	0 - 2
Fixed interest	1 - 3
Property	3 - 5
Shares	5 - 9

Source: FundSource Research website (www.fundsource.co.nz)

These returns are known as "real returns", i.e. they show the increase in buying power after taking account of the impact of inflation. Investors should not expect returns over a ten-year plus period to exceed these numbers.

Apples with apples

It is very important when assessing returns for investments, whether they are direct assets or managed funds, that comparisons are made on a like for like basis. An investment that is quoted as having an after-tax or net return cannot be compared to one with a pre-tax or gross return. It is therefore not wise to compare share market index returns with a managed share fund return as the former is currently reported on a pre-tax basis and the latter on an after-tax basis.

A truer and closer comparison will result from the introduction of the Portfolio Investment Entity taxation regime on 1 October 2007. Please refer to the article on page 4 in regard to these changes.

Will 2007 produce returns like 2006?

On the law of averages, the returns on investments for 2007 are unlikely to match those of 2006 and the previous three years. As we have reported in the sector commentaries in previous Investment Reports, 2006 returns have generally exceeded what an investor could normally have expected. Certainly, the high, double-digit returns of property and shares were above normal expectations.

Investors should focus on the returns that could reasonably be expected to occur in a normal economic environment (see table above). Below double-digit returns for property and shares should be the maximum that ought to be expected this year. If the returns turn out to be greater than this, the extra return would be icing on the cake. Then again, returns for some asset classes could be negative, but over the long term should revert to the indicative levels set out in the table above.

* The performance of the company, market sentiment, interest rates and economic performance of the country or sector.



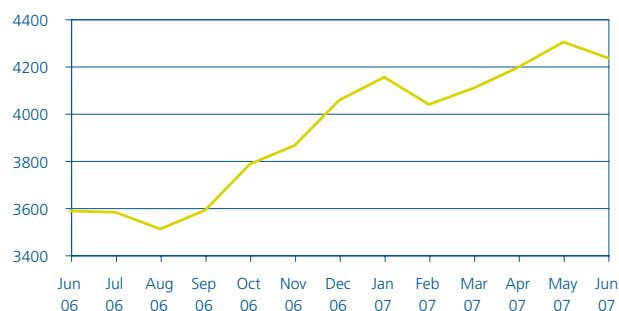
New Zealand Shares

While the New Zealand share market under-performed international share markets for the quarter, returns were still reasonable relative to long-term expectations. Again, the prevailing theme was the appreciating NZD, which hurt exporting companies such as Fisher & Paykel Healthcare and Sanford. On a positive note, the budget brought good news for the market through the cut in the corporate tax rate due in April next year.

Merger and acquisition activity again pushed some stocks higher, with Iron Bridge Capital making a takeover bid for CanWest Media Works and news of potential corporate activity in Auckland International Airport. On the other hand, the Commerce Commission rejected the applications from both Woolworths and Foodstuffs for a takeover of The Warehouse.

The performance of the NZX 50 Index for the year to 30 June 2007 was 18.1% (before fees and tax). This is above the expected long-term return for this sector.

NZSX50 Gross Index



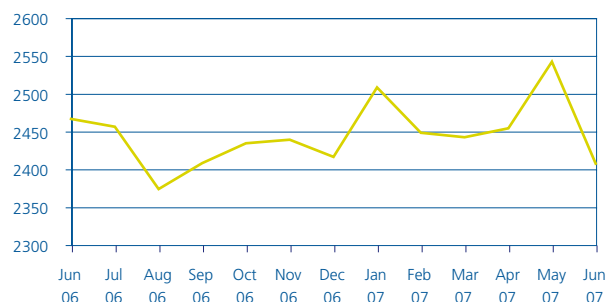
International Shares

Global share markets continued to perform strongly this quarter, supported by better than expected company earnings in the US and Europe. Ongoing merger and acquisition activity also continues to have a positive effect on the global equity markets. The S&P500 index in the US rose to an all time high in June. This was supported by a rise in bond yields, which sparked a flow of funds out of bonds into shares.

A number of European share markets are trading at six-year peaks, with the German market a standout performer with a 7.1% gain for April. The Japanese market, while lagging behind other international markets, also saw an increase for the quarter. Emerging markets, such as China, which recorded a new record high in late May, continued their recent upward momentum.

The performance of the MSCI Index for the year to 30 June 2007 was 21.5% (before fees and tax) in local currency terms. In NZD terms the return was -2.4%, illustrating the effect the appreciating NZD has on the returns of un-hedged offshore investments.

Morgan Stanley Capital International (MSCI) Index (in NZ dollars)

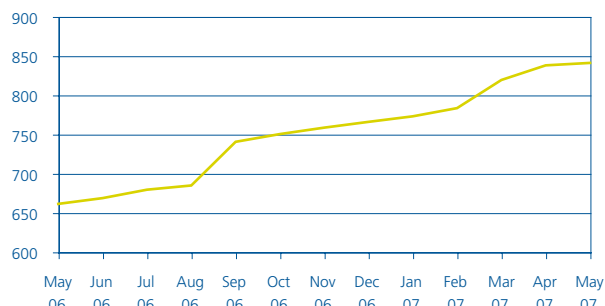


New Zealand Property

In recent months, commercial property investors have priced the anticipated improvement in the performance of property, resulting from the introduction of the PIE tax rules commencing on 1 October 2007, into the price paid for listed property funds. This, coupled with low vacancy rates and strong investor demand, has seen a substantial uplift in returns from investment in our local commercial property market.

The performance of the Mercers Unlisted Property Index for the year to 31 May 2007 was 27.2% (before fees and tax). This was above the expected long-term average for this sector.

Mercer Unlisted NZ Property Index



Graph Source: BNP Paribas

How does this apply to my fund?

Benchmark asset allocations show the proportion a fund has invested in each asset sector. Asset sectors are the range of investment options that make up the financial markets (e.g. Cash, Fixed Interest and Shares). Depending on what is happening in the market, certain sectors can have strong performance while others are weak.

Note: Returns quoted in the 'Sector Commentaries' are before tax and fees. Your returns will vary as they are after tax and fees.

Multi-Sector Funds

These funds are made up of investments in a range of asset sectors. To see how the market is affecting your fund you can match the benchmark asset allocations to the commentaries for those sectors. The larger the benchmark asset allocation to a sector, the more that sector will have impacted on the performance of your fund.

Single-Sector Funds

For single-sector funds you will only need to read one sector commentary to get a good idea of what's happening to your fund.

Tips for Superannuation saving

Financial magazines or reports often include 'tips on saving'. In many cases they suggest ways you can improve your levels of general or retirement savings, such as stopping smoking, taking your lunch to work, cutting back on the trips to the coffee house, having only one beer (or glass of wine) a day instead of two and slowing down when driving.

These are all good tips, but rely on an individual's commitment to a disciplined routine. Once established, such a routine can prove very effective over the long term.

However, how many people have the willpower to set up a savings regime and then stick to it? Furthermore, eliminating some of the pleasures in life could make living less enjoyable.

Tips on saving for retirement generally involve some trade-offs. They often concentrate on the small items that require a much longer time frame to provide the reward.

Are there ways of making greater, more significant savings without sacrificing some of life's small pleasures?

There are a number of other ways to achieve greater savings and help you achieve your savings goal.

1. Drive less expensive cars

Larger, less fuel-efficient cars are not only more expensive to buy, they depreciate by a greater amount in the first year, consume more petrol and are therefore more expensive to run. Instead of buying a new car every two or three years, purchasing a one-year old vehicle and keeping it for a longer period will save you considerable capital outlay each time. The shift to a more fuel-efficient vehicle, or one that uses diesel or 91 octane rather than 95 octane, can also generate savings as you will spend less money on petrol.

2. Take out a shorter-term mortgage

Instead of taking out a 25 or 30 year mortgage opting for a shorter period such as 12 or 15 years can save a considerable amount in interest payments. For example, having a mortgage of \$150,000 at an interest rate of 8.5% for 15 years instead of 25 years can reduce the amount of interest you pay over the period of the mortgage by almost \$96,000

3. Send your children to public not private schools

We all want the best for our children and to give them a head start in life. Many people see private schools as an excellent means of achieving this, however the cost in doing so can be quite substantial, particularly if there is more than one child from a family at the same school at the same time. (The current tuition fees at two of Auckland's top private schools for a year 12 or year 13 student are \$3,555 and \$4,469 per term.)

Sending your child to a public school instead of a private school can leave you with more to put aside for retirement saving.

4. Move to a smaller, less expensive house

Once your children have left home, capital can be freed up by trading in a larger four or five bedroom home for a two or three bedroom home, without sacrificing the quality. This can be an effective way of boosting retirement savings particularly if the larger home was on a big section and the replacement home is on a smaller site. Such a move could not only free up capital, but you may also make savings on heating, rates and insurance.

5. Holiday more cheaply

People take holidays to relax and enjoy life and get away from the routine of daily living, however it is possible to have a holiday without spending a fortune.

Travelling closer to home, within New Zealand, Australia or the Pacific Islands rather than North America or Europe is likely to reduce the cost of your holidays and enable you to save more towards your retirement.

Savings can also be achieved by staying in lower grade accommodation, e.g. in backpackers or 3-star hotels rather than 5-star hotels.

Whatever approach you take to saving will require some compromises and giving up some spending now in order to have the income to spend later in life.

The choice as to how you save will depend on your goals and lifetime aspirations as well as the trade-offs you are prepared to make. Reducing expenditure on larger items could even allow you to continue to enjoy the small pleasures in life – the coffee, the extra glass of wine and so on.

Investing in managed funds just got less taxing!

1 October 2007 is an important date if you're a managed fund investor, and it's fast approaching. At AMP we're pulling out all stops to help our investors make the most of the new Portfolio Investment Entity (PIE) tax rules that come into effect on this date. These are the most significant tax changes to managed funds in New Zealand for many years, and throughout the industry teams of tax specialists and IT developers are working with fund managers to bring systems, processes, products and people up to speed with the new opportunities and requirements.

Pay tax at your marginal rate (or less!)

The PIE tax rules allow an eligible fund to pay tax based on the 'PIE tax rate' of each individual investor. Many investors will find that their PIE tax rate will be less than their marginal tax rate – the income thresholds differ and PIE tax rates are based on income in either of the two previous tax years and are capped at 33% (this cap will be reduced to 30% from 1 April 2008).

No tax on capital gains

PIE funds also have the advantage of not paying tax on capital gains on New Zealand and most listed Australian shares. The rules broadly align the treatment of investment income earned through PIE funds with that of income earned through direct investments, with the added advantage of a tax rate cap of 33% (30% from 1 April 2008).

We intend that the New Zealand Retirement Trust (NZRT) will elect into the PIE tax rules on 1 October 2007, or very soon after, however not all AMP funds will be able, or will choose, to take advantage of the PIE tax rules this year.

- The AMP Investment Linked (IL) funds are linked to life insurance policies and currently they are not eligible to be PIE funds. In the future, if legislation is passed to allow these funds to elect into the PIE tax rules, we will review the costs and benefits for investors before making a decision.
- The Personal Superannuation Fund (PSF) will not elect into the PIE tax rules in the short term because our initial analysis shows that the cost of implementation will outweigh the benefits for investors.
- We will continue to monitor these funds, and our other mature investment products, as the new PIE tax rules come into effect. Non-PIE funds will continue to be taxed under existing tax law. In the meantime, we will try to ensure that our non-PIE funds obtain some benefits of the new rules by structuring underlying investments as efficiently as possible.

There is, however, some good news for investors in both the IL and PSF funds. These funds will pay tax on their income at a reduced rate of 30% from the first day of their 2008 / 2009 tax year, leaving more after-tax growth for investors.

The NZRT will adopt the PIE tax rules from 1 October 2007. If you're invested in the NZRT we will be writing to you in August and September with more information about the PIE tax rules and changes and to explain how to calculate and notify us of your PIE tax rate.

If you're invested in a fund that won't be adopting the PIE rules, you should talk to your Adviser about your options, and whether your current investment is still right for you.

It is not often that tax and good news can be mentioned in the same breath, but we believe 2007 is one of those times.

KiwiSaver – helping you save for a better future

KiwiSaver is a voluntary work-based savings initiative. It encourages saving through the workplace and is designed to make it easier for more New Zealanders to save for their retirement.

If you are an employee and you join KiwiSaver, each time you're paid you'll contribute 4% of your gross salary or wages (including bonuses, commission and overtime) to KiwiSaver. This will be deducted from your after-tax pay. Or if you wish, you can choose a higher rate of 8%.

Your money is invested in a KiwiSaver scheme. You can access your savings when you qualify for New Zealand Superannuation (currently 65), or after five years' membership, whichever is later.

If you've been regularly contributing to KiwiSaver from your salary or wages for over 12 months, you can apply to Inland Revenue to take a break from saving (a 'contributions holiday'). A contributions holiday can be between three months and five years long. Conditions apply.

KiwiSaver benefits

The Government is offering a number of incentives to encourage people to join KiwiSaver. As a member of KiwiSaver, you'll be entitled to:

- A one-off kick-start of \$1,000
- An annual fee subsidy of \$40 to help cover the fees charged by your scheme provider
- An annual tax credit to your KiwiSaver account of up to \$20 per week (approximately \$1,040 per annum). Conditions apply.

Help with buying a home

After you've contributed to KiwiSaver for three years you may be able to withdraw your savings (excluding the \$1,000 kick-start and member tax credits) to put towards buying your first home. If you qualify, you may also be entitled to a first home deposit subsidy of \$1,000 for each year of contributions (subject to a minimum of three years' contributions) up to a maximum of \$5,000 (conditions apply). For more information and eligibility criteria check out the Housing New Zealand website – www.hnzc.govt.nz.

Employer contributions

From April 2008 your employer has to contribute to KiwiSaver starting at a minimum of 1% of your gross salary or wages, and increasing by 1% each year until it reaches 4% in April 2011*.

Your employer can choose to contribute more than this and doesn't have to wait until April 2008 to start. There is no tax on employer contributions to KiwiSaver up to a maximum of 4% of your gross salary or wages (if matched by a contribution from you).

* Subject to legislation being passed.

Is KiwiSaver right for me?

If you currently have retirement savings with us, you've already made a great step towards ensuring a secure financial future. With the introduction of KiwiSaver, you also have a number of options including:

- Continuing to save through your existing retirement savings scheme and not join KiwiSaver
- Contributing to both your existing scheme and KiwiSaver
- Stop contributing to your current scheme and join KiwiSaver.

The right answer will depend on a number of factors including your personal circumstances, the type of retirement scheme you're currently in, and your financial goals. For example if you'd like the flexibility to be able to access your retirement savings before you reach 65, KiwiSaver may not be the best option for you as there are limited grounds for withdrawal (with KiwiSaver your funds are locked-in until you reach the age of eligibility for New Zealand Superannuation, currently 65, or after five years' membership, whichever is later). Or you may decide to continue with your current retirement savings scheme, but also divert part of your contributions to KiwiSaver. That way you'll be able to take advantage of some of the benefits KiwiSaver offers such as the \$1,000 kick-start, the yearly \$40 fee subsidy, and the annual tax credits of approximately \$1,040 per annum (conditions apply).

You have a number of choices, so it's important to seek advice from a financial adviser to help you decide what option is best for you.

For more information

There are a number of useful websites that have a wealth of information about KiwiSaver – check out www.kiwisaver.govt.nz, www.sorted.org.nz, or go to www.amp.co.nz.

For more detailed help and advice, you can also speak to your AMP Adviser or call us on 0800 267 5494. Information and an Investment Statement for the AMP KiwiSaver Scheme is available at www.amp.co.nz.

This article is a summary of KiwiSaver only and is believed to be accurate at the time of printing (July 2007). Please refer to www.kiwisaver.govt.nz for more information. AMP Services (NZ) Ltd, The New Zealand Guardian Trust Company Limited and related companies do not accept liability for, or consequence of, any error or omission.



Important note

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For more information

Talk to your AMP Adviser today about how AMP can help you reach your investment goals.

You can also contact us by:

calling on Freephone 0800 800 267

visiting our website at www.amp.co.nz



Financial security through life