

ASB Superannuation Master Trust Annual Report.

**For the year ended
31 March 2011**

ASB
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Welcome.

It is our pleasure to present the Annual Report for the ASB Superannuation Master Trust ("Scheme") for the year ending 31 March 2011.

The Annual Report provides the summary financial statements for the Scheme. It has information on the Scheme's membership, as well as Investment Fund returns. The latest returns are available from the ASB website asb.co.nz or by calling **0800 ASB RETIRE** (0800 272 738).

We have also included market commentary by Nick Tuffley, ASB Chief Economist, that contains useful and important information about what's happened with financial markets over the last year.

We thank you for your ongoing support and look forward to continuing to assist you with your retirement savings goals.

The ASB Superannuation Master Trust team

Market Commentary.

- **The year to March 2011 began on a high note.**
- **However, continued concerns over European debt saw a return to risk aversion in May.**
- **Debt concerns have flared up again in recent months.**

The year ending March 2011 started on a high note, with signs the global economy was on track for a recovery from the financial firestorm. But markets were rocked by volatility in May 2010, as the sustainability of government debt in several peripheral European economies was brought into focus. Risk aversion took hold on concerns around a potential liquidity shortfall in Europe, as the deadline for European banks to repay the European Central Bank loomed.

Signs the US recovery was petering out prompted the Federal Reserve to undertake a second round of Quantitative Easing in late 2010. But by early 2011, global recovery was picking up steam and financial markets were building up an improved outlook.

New Zealand Cash and Fixed Interest

The Reserve Bank of New Zealand (RBNZ) cut the Official Cash Rate (OCR) by 50 basis points to 2.5% in March 2011, following the major Christchurch earthquake in late February. The move effectively reversed the 25 basis point rate increases in each of the June and July 2010 meetings.

In the statement accompanying the OCR decrease, the RBNZ highlighted the move was to mitigate the flow-on effects of the earthquake on the wider economy. Recent data suggest that the economy has managed to get back on track following the disruption from the earthquake, with signs underlying momentum is picking up pace. However, much uncertainty remains around when the rebuilding will begin in any meaningful way and the RBNZ has stated it would like to see the recovery gain a firmer footing before it lifts the OCR.

NZ Government bond yields fell over the year to March 2011, in line with the sharp declines in bond yields globally. The declines in global bond yields accelerated over October as speculation increased that the Federal Reserve would undertake a second round of Quantitative Easing. This was confirmed in November, with bond yields rebounding after that as the focus turned to inflation pressures down the track.

Australasian Equities

The Australian sharemarket ended the March 2011 year broadly unchanged. In line with offshore developments, Australian shares declined in the middle of the year on growing concerns about the sustainability of European debt. However, the improvement in market sentiment underpinned a rebound later in the year. Stronger Australian GDP growth and employment also provided a boost to shares. Similarly, the NZX50 declined in the middle of the year before rebounding on improved market sentiment, to end the March 2011 year broadly unchanged.

International Equities

Major equity market indices ended the March 2011 year higher, reflecting a rebound later in the year from the further stimulus from the Federal Reserve. There had been a decline in markets over the middle of the year as concerns intensified regarding the sustainability of European debt and the risk of contagion. Growing expectations, and later confirmation, that the Federal Reserve would expand its Quantitative Easing policy buoyed market sentiment.

The MSCI World index was 11% higher in the year to March 2011, but only 4% higher in NZ dollar terms, reflecting the higher NZ dollar. Reflecting the effects of the Federal's Quantitative Easing, the increase was larger in the US with the S&P500 ending the year 13.4% higher. The UK FTSE 100 was 4% higher over the year. In contrast, the Japan Nikkei fell 12% over the year reflecting the sharp drop at the end of the March 2011 year in the wake of the devastating earthquake and tsunami.

With signs corporate profitability is improving as demand returns, market sentiment is likely to remain positive. However, the potential for the European debt situation to deteriorate further remains a risk.

Outlook

While global economic momentum had been picking up heading into 2011, ongoing European debt issues and the downgrading of the US credit rating by Standard and Poors created another bout of financial market turmoil in early August. At the time of writing it is unclear what the impact will be on the global economy, but these recent events underscore that the global road to recovery is pot-holed. Rectifying debt problems in Europe, in particular, will take years of fiscal consolidation and the affected countries will not grow at their full potential until debt levels are suitably contained. However, the Asia-Pacific region looks set to be one of the stronger performing regions, making New Zealand well placed geographically.

This commentary has been prepared without taking account of members' objectives, financial situation or needs. Before acting on the information in this commentary, you should consider the appropriateness and suitability of the information, having regard to members' objectives, financial situation and needs, and if necessary seek appropriate professional or financial advice.

We believe that the information in this commentary is correct and any opinions, conclusions or recommendations are reasonably held or made, based on the information available at the time of its compilation, but no representation or warranty, either expressed or implied, is made or provided as to accuracy, reliability or completeness of any statement made in this commentary.

None of Public Trust, ASB Group Investments Limited, ASB Bank Limited, their related companies, nor their directors, board members, officers or employees accept liability for any direct or indirect loss or damage of any kind arising out of the use of, or reliance on this information.

ASB Superannuation Master Trust.

Statutory Information

In accordance with the reporting provisions of Section 14 (2) of the Superannuation Schemes Act 1989, the Trustee reports as follows:

Scheme membership for the period 1 April 2010 to 31 March 2011

Total membership as at 1 April 2010	25,674
New members joining during the period	523
Less members who left during the period	1,093
Total membership as at 31 March 2011	25,104

Trustee's Statement/Certification

- All contributions required to be made to the Scheme during the financial year were made in accordance with the terms of the Scheme's Trust Deed.
- The Trustee certifies that all benefits required to be paid from the Scheme during the financial year were paid in accordance with the Scheme's Trust Deed.
- The Trustee certifies that the market value of assets of the Scheme at 31 March 2011, equalled or exceeded the total value of all benefits that would have been payable had all members of the Scheme ceased to be members at that date, and had provision been made for the continued payment of all benefits being paid to members and other beneficiaries as at the close of the financial year.



Dennis Church
General Manager
Corporate Trustee Services
Public Trust

Other information

- The registration date of the most recent Prospectus for the Scheme is 30 June 2011.
- There were no amendments made to the Trust Deed for the Scheme during the financial year.
- During the year to 31 March 2011, the growth asset returns were lower than the returns seen in the year to 31 March 2010, so contributed to the lower investment revenues of the Funds. Overall however, growth assets have seen a reasonable recovery since April 2009 and have been assisted by stimulus policies, historically low interest rates and favourable sharemarket valuations.
- The following rates of return (before tax and after annual fees) applied for each Investment Fund for the year ending 31 March 2011.

Diversified Investment Funds	Rate	Single Sector Investment Funds	Rate
ASB Conservative Fund	7.13%	ASB NZ Cash Fund	2.88%
ASB Balanced Fund	7.91%	ASB NZ Fixed Interest Fund	7.52%
ASB Growth Fund	8.32%	ASB World Fixed Interest Fund	4.31%
		ASB Global Property Shares Fund	17.34%
		ASB Australasian Shares Fund	5.91%
		ASB World Shares Fund	8.58%

The returns assume a lump sum invested at the beginning of the period with no subsequent contributions or withdrawals. Please note that past returns are not necessarily indicative of future performance as returns fluctuate according to market conditions. Returns may be positive or negative. No party guarantees the investment in or the returns of the Investment Funds.

For the latest information on returns check out the Fund Performance section on our website asb.co.nz

For further information on the Scheme please see the Investment Statement.

None of the Trustee, ASB Group Investments Limited, ASB Bank Limited and its subsidiaries (the "Banking Group"), the Commonwealth Bank of Australia, any other company in the Commonwealth Bank of Australia Group, nor any other person guarantees the securities referred to in this report (including the repayment of any capital) or the performance of those securities (including any of the investments or returns made in respect of the securities). The securities referred to in this report do not represent bank deposits or liabilities of the Banking Group or any other party and are subject to investment risk including the loss of income and principal invested.

ASB Superannuation Master Trust.

Summary Financial Statements

For the year ended 31 March 2011	2011 \$000's	2010 \$000's
Statement of comprehensive income for the year ended 31 March		
Total investment revenue	49,537	92,967
Management and Trustee expenses	(2,143)	(1,609)
Other expenses	(146)	(167)
Profit for the year attributable to members	47,248	91,191
Total comprehensive income attributable to members	47,248	91,191
Statement of changes in net assets attributable to members for the year ended 31 March		
Total comprehensive income/(loss)	47,248	91,191
Contributions from members	78,985	81,043
Contributions from employers	39,604	53,085
Transfer in from another scheme provider	12,621	20,478
Transfer out to another scheme provider	(1,735)	(2,514)
Member withdrawals	(25,376)	(22,796)
Admin fee withdrawal	(1,087)	(1,013)
Death and serious illness	(541)	(646)
Retirement benefits	(11,947)	(4,590)
PIE tax received/receivable	275	192
PIE tax paid/payable	(5,883)	(5,391)
Net assets attributable to members at the beginning of the financial year	565,739	356,700
Net assets attributable to members at the end of the financial year	697,903	565,739
Balance sheet as at 31 March		
Cash held with ASB Bank Limited	4,435	8,647
Financial assets at fair value through profit or loss managed by ASB Group Investments Limited	697,582	560,701
Current tax asset	1,816	1,827
Other assets	76	136
Total assets	703,909	571,311
Other liabilities	(6,006)	(5,572)
Net assets available to pay benefits	697,903	565,739
Cash flow statement for the year ended 31 March		
Net cash flows from operating activities	(89,501)	(114,698)
Net cash flows from financing activities	85,289	119,419
Cash at the beginning of the financial year	8,647	3,926
Cash at the end of the financial year	4,435	8,647

The Management and Trustee expenses disclosed above were paid/payable to ASB Group Investments Limited (the Manager of the Scheme) and Public Trust (the Trustee of the Scheme). For full disclosure of related party transactions and balances refer to ASB Superannuation Master Trust's full audited financial statements. The Summary Financial Statements contained in this report comply with FRS-43: Summary Financial Statements. They are a summary of the ASB Superannuation Master Trust's full financial statements in New Zealand dollars authorised for issue by the Board Members of the Trustee on 30 May 2011 and as such cannot be expected to provide as complete an understanding as provided by the full financial statements. The full financial statements have been audited with an unmodified audit opinion issued thereon. Refer to page 5 for the Auditor's report on the Summary Financial Statements. The Summary Financial Statements were approved for issue by the Trustee on 26 August 2011.

The full financial statements comply with New Zealand generally accepted accounting practice and include an explicit and unreserved statement of compliance with New Zealand equivalents to International Financial Reporting Standards and International Financial Reporting Standards as appropriate for profit-oriented entities. The full financial statements are available free of charge from ASB Group Investments Limited upon request.

Auditor's Report.



Independent Auditor's Report on the Summary Financial Statements

to the members of ASB Superannuation Master Trust

We have audited the accompanying summary financial statements, which comprise the summary balance sheet as at 31 March 2011, the summary statement of comprehensive income, summary statement of changes in net assets attributable to members and summary cash flow statement for the year then ended, and related notes, which are extracted from the audited financial statements of ASB Superannuation Master Trust (the "Trust") for the year ended 31 March 2011. We expressed an unmodified audit opinion on those financial statements in our report dated 30 May 2011. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required for full financial statements under generally accepted accounting practice in New Zealand. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Trust.

Trustee's responsibilities for the Summary Financial Statements

The Trustee is responsible for the preparation of a summary of the audited financial statements in accordance with FRS-43: Summary Financial Statements.

Auditor's responsibilities

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with International Standard on Auditing (New Zealand) 810: Engagements to Report on Summary Financial Statements.

Other than in our capacity as auditors we have no relationship with, or interests in, the Trust.

Opinion

In our opinion, the summary financial statements have been correctly extracted from the audited financial statements of the Trust for the year ended 31 March 2011 and are consistent, in all material respects, with those financial statements, in accordance with FRS-43.

Restriction on Distribution or Use

This report is made solely to the Trust's members, as a body. Our audit work has been undertaken so that we might state to the Trust's members those matters which we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's members, as a body, for our audit work, for this report or for the opinions we have formed.

PricewaterhouseCoopers

Chartered Accountants

Auckland

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Directory.

Trustee

Public Trust

Board Members

Trevor David Janes (Chairman)

Dilkhush Harry (appointed 20 April 2011)

Rodger John Finlay

Robin Gilmer Hill

Susan Mary Anna McCormack

Fiona Ann Oliver

Hinerangi Ada Raumati

Sarah Mary Roberts

The following Board Members have resigned since the last Annual Report:

Candis Eileen Craven (effective 31 October 2010)

Administration Manager

ASB Group Investments Limited

Investment Manager

ASB Group Investments Limited

Auditor

PricewaterhouseCoopers

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Or

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