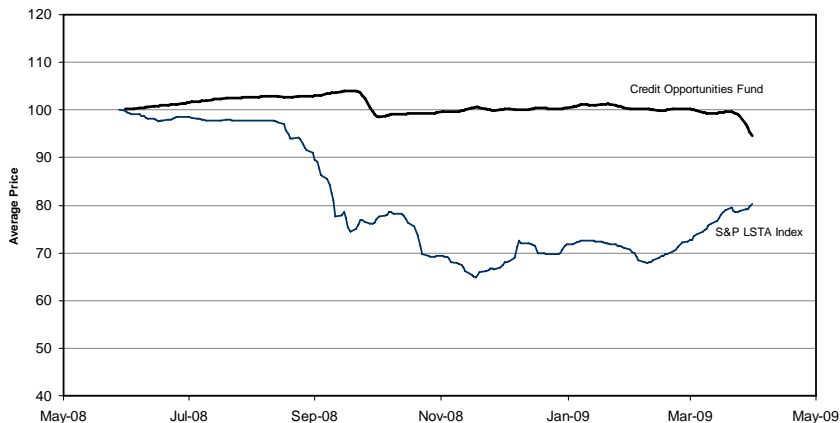


Manager insight – 30 April 2009

The Credit Opportunities Portfolio returned -5.53%¹ for the month of April. Since strategy inception (25 June 2008), the Portfolio has returned -5.40%¹.

The negative return for the month is the result of a significant write down in the value of the four CLO 'equity' positions. This write down reflects the fundamental uncertainty around their future value. On a more positive note the Portfolio also sold the three 'rated' CLO positions during April. These positions were sold a profit to their valuation which helped offset the CLO 'equity' write downs to a limited degree.

S&P/LSTA US Leverage Loan 100 Index vs Credit Opportunities Fund



One of the important outcomes of the sale of the rated positions and the write down of the equity positions is that the Portfolios' allocation to stressed structured credit assets has declined dramatically from 12% at the end of March to just 1% at the end of April. This leaves the Portfolio with the following asset allocation: 66% cash, 6% corporate bonds, 27% Australian government-guaranteed bonds and 1% stressed assets.

The Portfolio is currently 93% invested in cash or Australian government-guaranteed securities, it is now appropriately positioned for the next step - the development of a portfolio that is focused on:

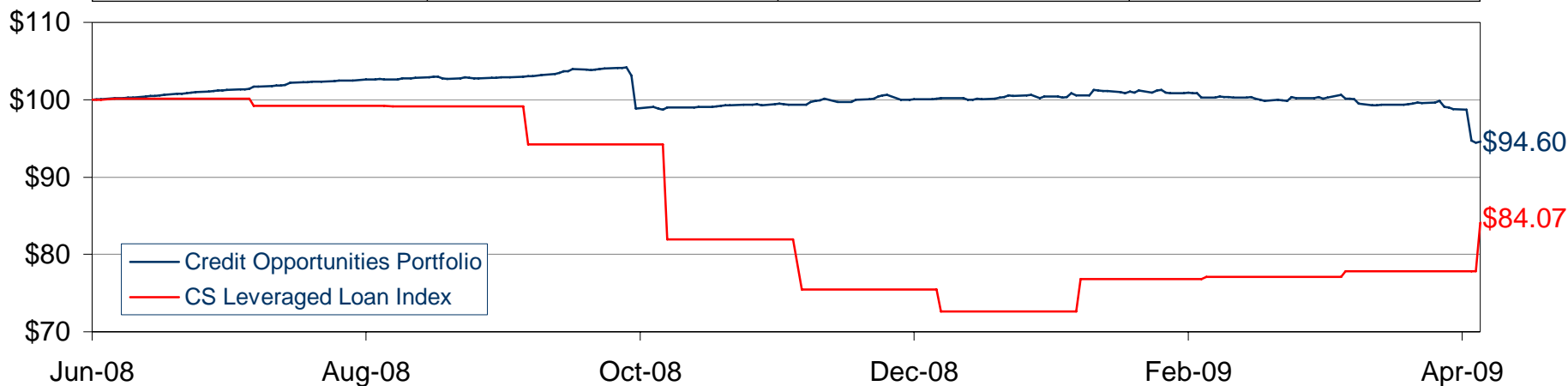
- 1) Investment opportunities in less speculative credit assets which have the ability to provide both strong and attractive yields and where there is scope for capital gain. An example of this is the Woolworths bond which was discussed in last months Manager insight.
- 2) Trading strategies in liquid capital markets such as interest rates and currencies. More detail will be provided on this over the next month as the portfolio is developed.

¹ Returns are stated after fund fees and expenses, but before any advisory fees or investor tax. Past performance is not necessarily an indication of future returns.

Credit Opportunities Portfolio

Performance since 25 June 2008 to 30 April 2009

Performance attribution	One month	Three month	Six month
Positive	Cash holdings	-	-
Neutral	n/a	-	-
Negative	Credit; currency	-	-



One-month return	Three-month return	Six-month return	One-year return	Since inception return pa
-5.53%	-5.95%	-4.42%	-	-

Portfolio summary as at 30 April 2009

Portfolio summary

Cash	66%
Debt securities	34%

Sector / Security	Portfolio value	Proportion of portfolio
Bank deposits / Bank bills		66%
ANZ (Bank bills)	\$588,954	6%
ASB Bank (Bank bills)	\$471,050	5%
BNZ (Bank bills)	\$537,445	5%
Kiwibank (Bank bills)	\$486,592	5%
Westpac (Bank deposits)	\$3,855,361	39%
Westpac (Bank bills)	\$454,369	5%
FX Asset	\$121,950	1%
Corporate bonds (short dated)		6%
Woolworths	\$640,016	6%
Australian government guaranteed bonds		27%
Westpac Bank (Government Guaranteed)	\$2,649,136	27%
Stressed assets		1%
CLO equity (4 securities)	\$103,616	1%
Debt strategies		0%
June US Dollar Index Futures	-\$24,806	0%
Total	\$9,883,683	100%

Note: Rounding may affect the subtotals and totals.

For further information or to request a copy of the relevant Investment Statement, please contact New Zealand Funds Management Limited.

Past performance is not necessarily an indication of future returns.

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