

## MANAGER INSIGHT – 30 APRIL 2010

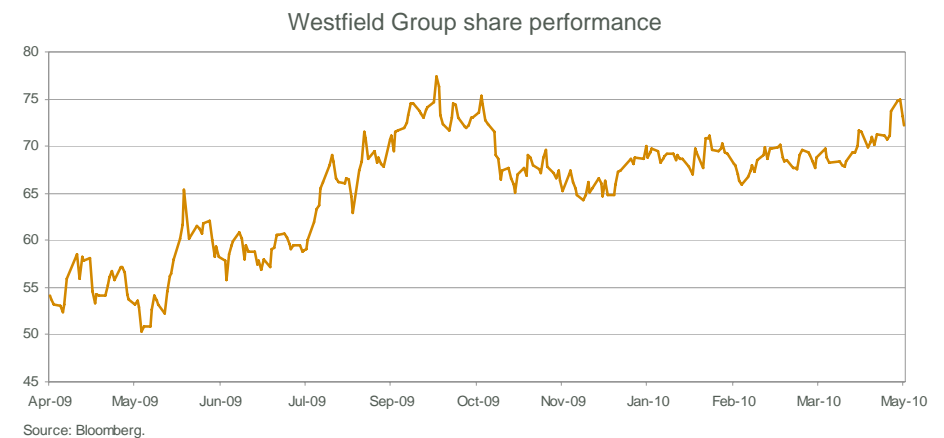
The Portfolio has an allocation to global listed property trusts throughout the investment cycle. Periodically, the Portfolio will use a derivative to moderate the fluctuations of the share market but the allocation to global listed property trusts, such as Westfield Group, endures. And as this insight details, that gives the Portfolio exposure to some of the premium buildings around the globe.

### Listed property trust insight: Westfield Group

New Zealanders are very familiar with the big red Westfield signs on many shopping centres built and managed across the country. What might surprise many, however, is the global behemoth that the Australian-based Westfield Group has become – it is now the world's largest retail property group. Operating on a global platform, the group is an internally managed, vertically integrated shopping centre group undertaking ownership, development, design, construction, funds and asset management, property management, leasing and marketing, and employing in excess of 4,000 staff worldwide. Westfield Group has over 120 shopping centres, with strong positions in local markets and a substantial development pipeline.

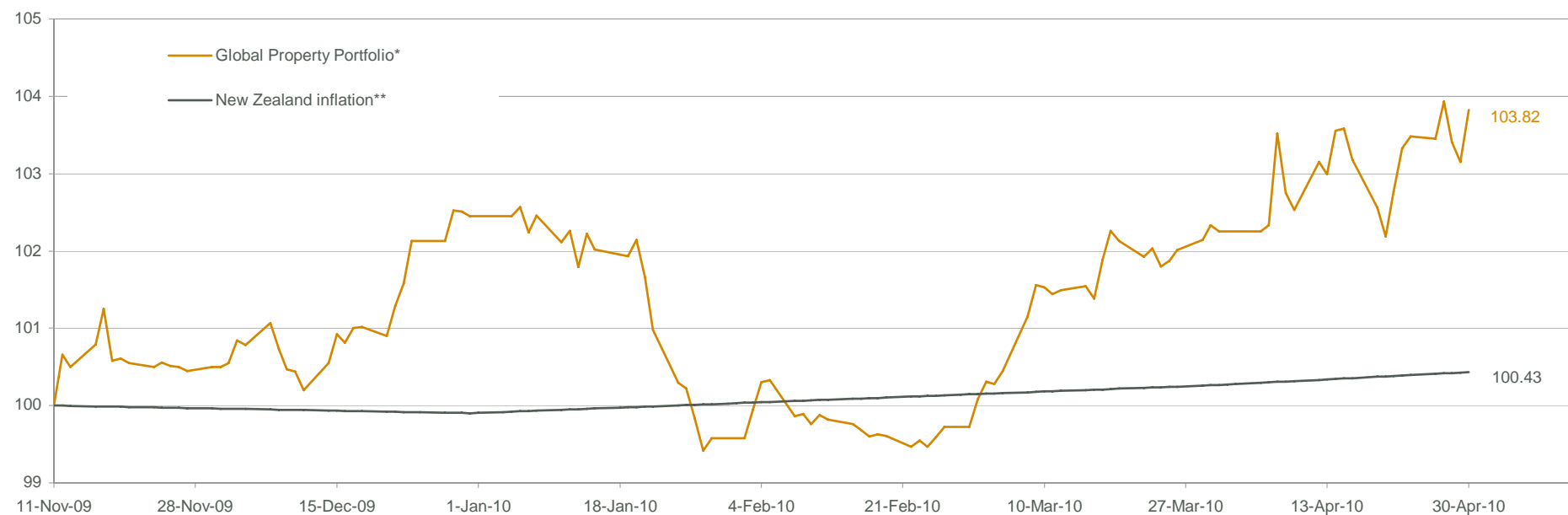
That pipeline of future developments is a key attribute of the company. They have an unparalleled ability to deliver destination shopping centres. Perhaps the pinnacle of this, to date, is Westfield London which opened in October 2008. It is an epic development in so many regards. It took 13 million man-hours to build; the construction used enough concrete to fill 117 Olympic swimming pools; there are 96 escalators; it will create 7,000 jobs; and over

20 million people are expected to visit each year. However, it did not open at a fortuitous moment in history. Lehman Brothers had just vanished and the global financial crisis had kicked into full effect. Skeptics aplenty called it a development too far, too grand, too big, predicting it would fall flat on its face. Ultimately, though, it proved to be a complete vindication of the Westfield strategy as the centre flourished, so strongly in fact that next year they will open another similar mammoth destination mall in London. At its recent quarterly result, Westfield committed to spend \$A1 billion on more developments over the next 12 months. The future growth that this type of investment drives, when combined with its attractive 4.9% dividend, continues to make Westfield Group a highly attractive listed property trust for the Portfolio.



## PERFORMANCE SINCE INCEPTION (11 NOVEMBER 2009) TO 30 APRIL 2010 (PART 1)

GPP PERFORMANCE ATTRIBUTION	1 MONTH	3 MONTH	6 MONTH
Positive	Resolution; Challenger/Heitman	Resolution; Challenger/Heitman	-
Neutral	Cash	Cash	-
Negative	n/a	ProShares; New Zealand property	-



COMPARISON	1 MONTH	3 MONTH	6 MONTH	1 YEAR	2 YEAR PA	5 YEAR PA	7 YEAR PA	SINCE INCEPTION	MAXIMUM DRAWDOWN*
Portfolio*	1.54%	4.26%	-	-	-	-	-	3.82%	-3.07%
New Zealand inflation**	0.16%	0.40%	-	-	-	-	-	0.43%	-0.10%

IMPORTANT: Please refer to the slide that follows for the footnotes relating to this slide.

## PERFORMANCE SINCE INCEPTION (11 NOVEMBER 2009) TO 30 APRIL 2010 (PART 2)

### Global Property Portfolio

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

### Comparative Index

- \*\* The comparative index is New Zealand's inflation rate as measured by the Consumers Price Index. Source: Bloomberg.

### Maximum Drawdown

- x Returns should be looked at in conjunction with the level of risk associated with an investment. For this reason, the 'maximum drawdown' is included for both the Portfolio and the comparison. The maximum drawdown is a measure of volatility and represents the largest decline in value experienced during the reporting period.

## INDICATIVE PORTFOLIO AS AT 30 APRIL 2010 (PART 1)<sup>4</sup>

### PORTFOLIO SUMMARY

Yield <sup>1</sup>	4.5%
Cash	51%
Gross international listed property	49%
International listed property hedge <sup>2</sup>	0%
Net international listed property	49%
New Zealand listed property	0%
Total economic exposure	100%

STRATEGY / SECURITY	COUNTRY	PORTFOLIO VALUE	PORTFOLIO ALLOCATION	MARKET CAP (\$B) <sup>3</sup>	PRICE/EARNINGS	PRICE/BOOK	PAYOUT RATIO	YIELD
<b>CASH</b>			<b>51.1%</b>					
Bank deposits / Bank bills	New Zealand	\$137,530	51.1%	n/a	n/a	n/a	n/a	2.8%
<b>INTERNATIONAL PROPERTY STRATEGY</b>			<b>48.9%</b>					
<b>Resolution Capital - Top 10 securities</b>		<b>\$106,041</b>	<b>39.4%</b>					<b>6.6%</b>
CFS Retail Property Trust	Australia	n/a	n/a	\$5.3	14.7	0.9	n/a	6.8%
Hongkong Land Holdings Ltd	Hong Kong	n/a	n/a	\$10.2	14.9	0.9	n/a	3.0%
Land Securities Group PLC	Britain	n/a	n/a	\$7.3	19.5	1.0	n/a	4.4%
Link REIT/The	Hong Kong	n/a	n/a	\$5.5	20.6	1.3	n/a	4.9%
Mitsubishi Estate Co Ltd	Japan	n/a	n/a	\$21.7	35.5	1.6	n/a	0.9%
Simon Property Group Inc	United States	n/a	n/a	\$22.4	42.4	5.1	13.3%	3.1%
SL Green Realty Corp	United States	n/a	n/a	\$3.9	67.8	0.9	14.8%	1.0%
Unibail-Rodamco SE	France	n/a	n/a	\$17.9	15.5	1.1	n/a	5.7%
Vornado Realty Trust	United States	n/a	n/a	\$11.9	32.0	2.2	94.1%	4.0%
Westfield Group	Australia	n/a	n/a	\$31.2	13.3	1.1	n/a	5.7%
<b>Challenger Heitman - Top 10 securities</b>		<b>\$25,568</b>	<b>9.5%</b>					<b>7.3%</b>
Digital Realty Trust Inc	United States	n/a	n/a	\$3.9	27.5	4.4	37.7%	3.4%
Equity Residential	United States	n/a	n/a	\$10.2	335.6	2.1	72.8%	3.7%
HCP Inc	United States	n/a	n/a	\$8.5	28.8	1.6	120.2%	6.1%
Health Care REIT Inc	United States	n/a	n/a	\$5.2	25.4	1.5	107.3%	6.4%
Highwoods Properties Inc	United States	n/a	n/a	\$2.1	40.2	2.0	66.0%	5.8%
Public Storage	United States	n/a	n/a	\$14.1	26.6	2.5	55.3%	2.7%
Simon Property Group Inc	United States	n/a	n/a	\$22.4	42.4	5.1	13.3%	3.1%
Unibail-Rodamco SE	France	n/a	n/a	\$13.3	15.5	1.1	n/a	5.7%
Vornado Realty Trust	United States	n/a	n/a	\$11.9	32.0	2.2	94.1%	4.0%
Westfield Group	Australia	n/a	n/a	\$27.4	13.2	1.1	n/a	5.7%
<b>International listed property hedge</b>		<b>\$0</b>	<b>0.0%</b>					<b>n/a</b>
<b>NEW ZEALAND PROPERTY STRATEGY</b>			<b>0.0%</b>					
<b>NZ Funds - Complete portfolio</b>		<b>\$0</b>	<b>0.0%</b>					<b>n/a</b>
Goodman Property Trust	New Zealand	\$0	0.0%	\$0.9	11.5	1.0	93.0%	12.0%
Property For Industry	New Zealand	\$0	0.0%	\$0.2	15.2	1.0	100.0%	9.1%
Kiwi Income Property Trust	New Zealand	\$0	0.0%	\$0.8	13.0	0.7	97.0%	10.4%
AMP Office Trust	New Zealand	\$0	0.0%	\$0.7	11.6	0.8	97.0%	11.8%
<b>TOTAL ECONOMIC EXPOSURE<sup>5</sup></b>		<b>\$269,139</b>	<b>100.0%</b>					

IMPORTANT: Please refer to the slide that follows for the footnotes relating to this slide.

INDICATIVE PORTFOLIO AS AT 30 APRIL 2010 (PART 2)<sup>4</sup>

- <sup>1</sup> The yield calculation represents an estimate of the yield on the Portfolio, calculated using the most recent information provided by the investment managers involved in managing the Portfolio, hedged back to New Zealand dollars where appropriate. It is not calculated 'as at' any particular date as different investment managers provide data at varying dates. As a result, in some instances the yields may lag the date of this portfolio summary. The yield is not the return on the Portfolio, nor is it a projection or forecast. The Portfolio's return could be less than the Portfolio's yield. Details of the yield calculation are available on request from New Zealand Funds Management.
- <sup>2</sup> ProShares UltraShort Real Estate is an Exchange Traded Fund. It seeks daily investment results that correspond to twice (200%) the inverse (opposite) of the daily performance of the Dow Jones US RealEstate Index.
- <sup>3</sup> Stated in United States dollars for the international property strategy and New Zealand dollars for the New Zealand property strategy (if applicable).
- <sup>4</sup> This indicative portfolio is based on the most up-to-date information available. Total economic exposure is accurate as at 30 April 2010. Resolution Capital and Challenger Heitman information is as at 31 March 2010. The Portfolio should therefore be regarded as only indicative of the make up of the securities held by these managers as at 30 April 2010.
- <sup>5</sup> Total economic exposure represents the total economic value of a Portfolio, which is the gross asset value of the Portfolio adjusted for the effect of direct or indirect derivative positions taken by the Portfolio.

Note: Rounding may affect the subtotals and totals.

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

Past performance is not necessarily an indication of future returns.

**DISCLAIMER:** These Portfolio Insights have been provided for information purposes only. The content of this document is not intended as a substitute for specific professional advice on investments, financial planning or any other matter.

While the information provided in this document is stated accurately to the best of our knowledge and belief, New Zealand Funds Management Limited, its directors, employees and related parties accept no liability or responsibility for any loss, damage, claim or expense suffered or incurred by any party as a result of reliance on the information provided and opinions expressed in these Portfolio Insights except as required by law.