

Manager insight – 31 January 2009

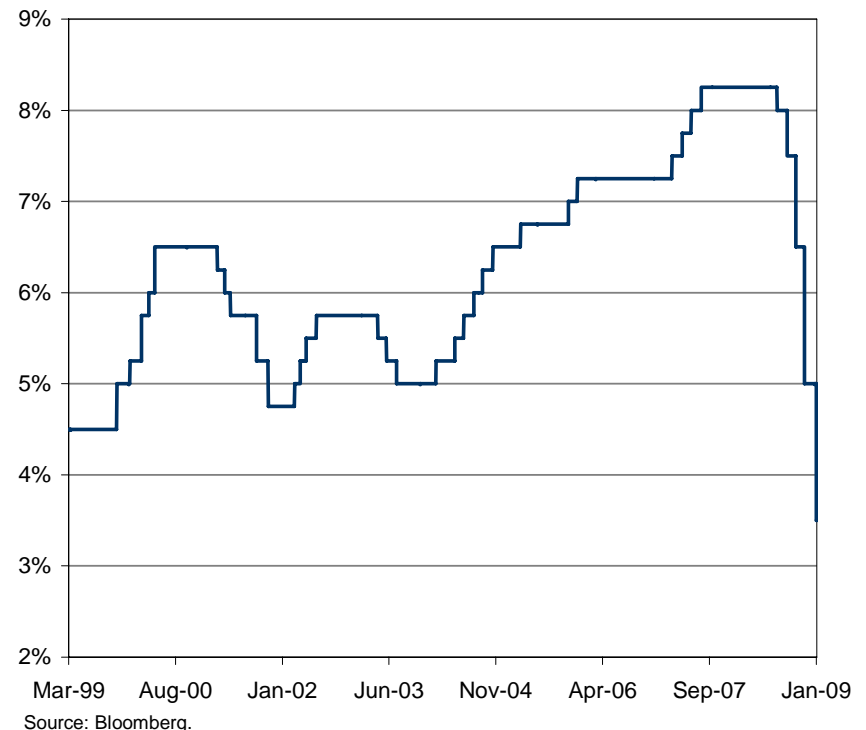
The driver of the Portfolio's performance is the level of interest rates offered on the call deposits it holds with a range of New Zealand banks. In turn, the returns from these call deposits are driven by New Zealand's Official Cash Rate (OCR) set by the Reserve Bank of New Zealand (RBNZ).

The objective of the Portfolio is to achieve returns competitive with bank deposits without a 'lock in'. The Portfolio has returned 0.38%¹ for January versus the NZX Call Index return of 0.41%² and has returned 3.73%¹ over the last six months versus the NZX Call Index return of 3.36%².

At the end of January the RBNZ cut the OCR by 1.5% to 3.5%. This is the lowest it has been since inception of the OCR in 1999 and represents a 4.75% decline from 6 months ago when it was 8.25%, as shown in the accompanying chart. This rapid reduction in the OCR has been in response to the global recession which has resulted in the outlook for global growth being reduced significantly which will add to the pressure on the New Zealand economy.

The RBNZ stated at the January OCR meeting that "further movements in the OCR will be assessed against emerging developments in the global and domestic economies". It is expected that there will be further OCR cuts at the next meeting in March which will flow through to the performance of the Portfolio.

New Zealand Official Cash Rate (OCR)

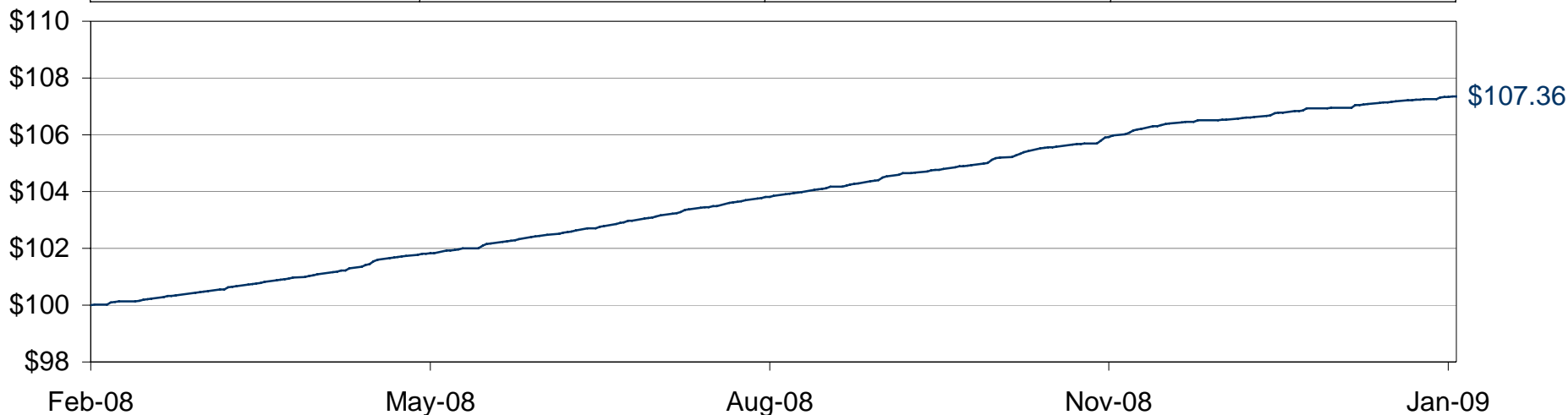


The Portfolio remains invested in call deposits with three New Zealand banks, providing a diversified bank exposure. It is also covered under the New Zealand Crown Retail Deposit Guarantee Scheme, thereby offering a high level of security for clients' money.

Money Market Portfolio

Performance since inception (28 February 2008) to 31 January 2009

Performance attribution	One month	Three month	Six month
Positive	n/a	-	-
Neutral	n/a	-	-
Negative	OCR cut by 1.50%	-	-



One-month return	Three-month Return	Six-month return	One-year return	Since inception return pa
0.38%	1.57%	3.73%	-	-

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. The Portfolio was launched on 28 February 2008, therefore its performance history is relatively short.

Portfolio summary as at 22 January 2009

Portfolio summary

Number of bank exposures	4
Average credit rating of securities	A1+
Weighted average interest rate duration	0 days

Sector / Security	Value of portfolio	Proportion of portfolio	Gross yield (pre fees)	Weighted average life
Bank deposits				
Westpac Current Account	\$411,973	0.6%	5.1%	0 days
ANZ Call Account	\$21,400,000	32.2%	5.1%	0 days
ASB Call Account	\$23,224,028	34.9%	5.1%	0 days
BNZ Call Account	\$21,480,000	32.3%	5.1%	0 days
Total	\$66,516,001	100%		

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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