

Nest Egg News

– Your KiwiSaver Update

JULY 09



At a glance

As at 30 June 2009

Unit Prices	
Conservative:	\$1.0005
Growth:	\$0.8570
Performance (June 09)	
Conservative:	0.05%
Growth:	-0.2%

June was one of those months where there was little in the way of news about your companies and before we knew it the month was over. Markets bobbed along to the tune of whatever piece of economic data was released on that particular day. A broad sideways market might well be the nature of share markets for the next few months. This is not necessarily a bad thing, it just requires a different investment approach than strongly rising or falling markets. Read on...

A Word From Your Investment Team

After a very strong three months, global share markets drew breath in June and your portfolio was essentially flat for the month. June started positively but ran out of puff as the month wore on as investors began to more critically analyse various data releases to assess the sustainability of the market's rebound, and the economic recovery underpinning it.

Economic data released during the month included:

- The World Bank downgraded its 2009 expectations for the global economy from a contraction of 1.7% to a 2.9% decline
- Unemployment in the US reached 9.7%

Yet on the flipside:

- GDP for the March quarter in Australia showed 0.4% quarter-on-quarter growth, thereby enabling Australia to technically avoid a recession
- Also in Australia consumer sentiment rose 12.7%, the second largest monthly increase on record. New motor vehicle sales and building approvals (aided by first home owner programs) were ahead of market expectations.
- QV's latest property data showed a 7.1% decline in property values across New Zealand for the year ended June 2009, an improvement on the 8.1% decline reported for May 2009, and reflects continued stabilisation of the property market.

So what do we make of it all?

The one thing about economic data is that it is always old news when it is released. That doesn't mean to say that it is not useful but rather, it reminds us that investment is all about looking forward. The share price of a company reflects what investors are prepared to pay to own a business based upon its future earnings outlook. While economic trends do have an impact on businesses, we

concern ourselves with how the companies in your portfolio are adapting their business models to maintain margins, acquire market share from competitors or develop new products. A good example recently is Pumpkin Patch. In June, the company announced the closure of 20 of their 35 US stores. We and the market viewed this decision favourably. The loss-making US stores had been a drag on the good performance achieved by Pumpkin Patch in other geographies. By reducing its exposure to a difficult market (the remaining stores are based in the West Coast and are trading well) they estimate an improvement in net profit before tax of \$10M for the 2010 financial year. When you add this strategy to recent actions to substantially reduce debt and improve inventory management the investment case for Pumpkin Patch has strengthened and its share price rallied 17% during June.

A couple of minor things...

We are now receiving money into the Conservative Fund and are building up the cash balance to a suitable level prior to making investments. We'll keep you updated on the progress of this as we go.

Ken is currently travelling in Asia, visiting our companies in China, Hong Kong and Singapore. Next month he'll talk about his trip. We hear a lot in the media and from other sources about the opportunities in Asia and how they are being affected by the global slowdown but you can't beat actually getting out there yourself and experiencing it first hand. Our "hands-on" investment approach has helped us to gain insights on businesses ahead of the crowd allowing us to make meaningful returns.

Member Tax Credits (MTC's) claiming process

Following a few questions from members in June, we thought we'd clarify how the MTC's are paid to you. They are not a reduction off your personal tax bill and nor do you receive these in your bank account. Each year, following the end of the KiwiSaver year, Fisher Funds claims these on behalf of eligible members.

In mid July, we'll be sending IR a file of all of our members and what they've contributed. IR then matches this up with their data and accounts for any money they are holding but have not passed to us to calculate the MTC owing. IR must then pay that amount to us within 30 business days of receiving the claim. All going well, we'd expect the tax credit to be paid to us by the end of August and credited to individual members' KiwiSaver accounts on the same day. We'll keep you updated.

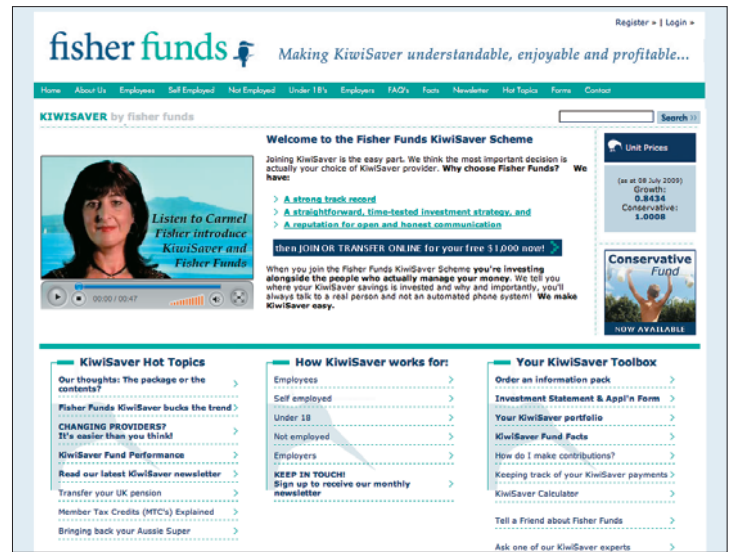
Online access update

We have been rolling out online access to members over the last few weeks and it has been pleasing to have received such positive feedback. If you haven't yet registered, it's pretty easy to do and we'd encourage you to do so. Just go to our KiwiSaver homepage, select the register button at the very top right of the screen and follow the steps from there. You are able to view your balance, transactions, print statements and update personal details. The data is updated daily overnight. If you have any issues, we're here to help.

How to alter your KiwiSaver investment strategy

With the recent addition of the Conservative Fund you now have greater investment flexibility and are able to alter your investment strategy up to twice per year if you wish to. You can choose to invest in either Fund, opt for a Balanced strategy (50% Growth Fund/50% Conservative Fund) or a different combination of the two in any ratio you choose. You can also make these changes to your current KiwiSaver savings and/or your future contributions.

To request a change all you need to do is complete the Changing Your Investment Options form which is located at the rear of our latest KiwiSaver Investment Statement. This can be downloaded from our website or feel free to call or email our Client Services team.



Fund Performance

Fund Pre-tax Returns	1 month	3 months	6 months	12 months	Since fund inception*
Growth	-0.2%	18.6%	22.0%	-3.9%	-14.3%
Conservative	0.05%	n/a	n/a	n/a	0.05%

*The Growth Fund was launched Oct 2007. Conservative Fund June 2009. The above returns are based on the percentage change in the unit price of the fund for the period specified, they are not the returns individual investors will receive as this will depend on the prices at which units are purchased on the date of each individual contribution. Changes in the unit prices reflect changes in the market value of the assets of the fund. The above returns exclude government contributions and no allowance has been made for monthly administration fees. Returns displayed are after management fees but before tax.



Portfolio Holdings

A current listing of companies in the KiwiSaver portfolio can be viewed on the homepage of our KiwiSaver website <http://www.kiwisaver.fisherfunds.co.nz> in the KiwiSaver toolbox section. This is updated monthly.

If you have any feedback on this Newsletter we would love to hear from you. Please email us at kiwisaver@fisherfunds.co.nz

For more information call 0800 FFKIWI / 0800 335 494 or visit our website <http://kiwisaver.fisherfunds.co.nz>

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