

# Nest Egg News

## – Your KiwiSaver Update

APRIL 10



### At a glance

As at 31 March 2010

<b>Unit Prices</b>	
Conservative:	\$1.0078
Growth:	\$1.0755
<b>Performance (March 10)</b>	
Conservative:	0.4%
Growth:	3.4%

March was another buoyant month for your KiwiSaver portfolios topping off a strong quarter full of takeover activity and positive corporate news. In this issue we reflect on the key performance drivers of the last three months, Murray Brown explains what Infratil's purchase of Shell New Zealand's assets means and we remind you about some of the annual KiwiSaver processes happening in the next little while. Read on...

## A word from your investment team

A theme that typically emerges at this stage of an economic and share market recovery is corporate activity. Throughout 2009 we witnessed lot of companies raise capital to strengthen their balance sheets in response to concerns over debt levels from stakeholders such as ratings agencies, investors, lenders and other such institutions.

Many of those companies are now flush with cash and looking for growth to be able to deliver a return to shareholders on that cash. If they can't achieve growth organically (growing their own revenues and profits) then they are looking to acquire growth by taking over competitors. Pleasingly, your KiwiSaver Growth Fund has been a significant beneficiary of this trend.

In the last quarter, five of our portfolio companies have received takeover offers, all at significant premiums to their share price at the time of the announcement. We outlined the proposals for Pipe Networks in last December's newsletter and elaborated on takeover offers for Bare Escentuals and Hongguo in February. Then just as things were settling down a bit in March our second largest Australian holding, Arrow Energy, received a takeover offer from a Shell PetroChina joint venture and OSI Pharmaceuticals received a takeover offer from a Japanese competitor. Late in the month, another Australian company Centrebet announced they were in talks with three parties about potential takeover. Whew!

We don't invest in a company because we think they will be taken over but part of our process is thinking through who the logical buyers for a business are. If we are willing to buy the company we need to be confident that others also want to buy it.

These takeovers are satisfying as they reinforce our skill in picking the right companies for your portfolio before they are recognised by the market. When these types of events happen they do have

an impact on your returns reiterating the importance of being selective rather than "buying the market".

Through the combination of takeover activity and strategic buying and selling we are currently holding higher than normal cash levels than we typically do. This is a good position to be in. Firstly, we have an extra buffer of protection should we experience a dip in share markets. Secondly, we can inject new companies into the portfolios and redeploy cash into those companies that haven't participated in the strong market run. We're excited about some of the new companies we have been researching and we'll keep you informed over coming months as we introduce them to your portfolio.

The Conservative Fund continues to hold high levels of cash as we achieve a greater scale of funds and build towards its optimal investment mix of 80% income assets and 20% growth assets. The fund is currently investing in cash, fixed interest, property, infrastructure and shares.

As a reminder, the Conservative Fund seeks to achieve better returns than bank term deposits over the long term. Its focus is on preserving your capital and protecting the power of your investments against inflation. For more details on the full list of investments held by the Conservative Fund check out "Your KiwiSaver portfolio" under your KiwiSaver toolbox on the front page of our KiwiSaver website.

The Fisher Funds KiwiSaver Scheme gives you the flexibility to change your investment options at any time. You can do this by completing a "Changing Your investment Options" form which is found at the rear of our Investment Statement. You can change your investment options up to twice a year.

# Purchase of Shell New Zealand

Murray Brown, our New Zealand analyst, talks about Infratil's purchase of Shell New Zealand's assets.

Infratil and the NZ Superannuation Fund have teamed up to buy all of Shell NZ's downstream oil assets in a 50/50 joint venture for ~\$700m, well below those of other comparable transactions offshore. The assets purchased include a 17% stake in the NZ Refining company, 12 storage and terminal facilities around New Zealand, and 229 service stations and 95 truck stops nationwide. Shell NZ has a leading market share position and this is a great addition to Infratil's portfolio of New Zealand Infrastructure companies. The new owners believe that local ownership,

together with a local management team and board can extract additional returns from these assets.

We are impressed with their first steps. The acquisition price is very favourable and the management team they have assembled is very experienced. Public reaction has also been positive as people like seeing a major NZ asset returning to NZ ownership and keeping profits within NZ. So next time you fill up your vehicle go well, go Shell.

## PIE Tax statements and Quarterly Transaction Statements

The end of tax year means that we have been busy calculating the Portfolio Investment Entity (PIE) tax for your KiwiSaver funds. A PIE tax statement will be sent out to you later in April and this will show you the amount of tax that has been paid or refunded and the impact on your KiwiSaver account. If you had tax to pay, units were deducted, whereas if you were owed a refund, additional units were purchased for you.

The statement is just to show you what has happened on your account. You do not need to complete a tax return or include it in your tax return.

We will also be sending your quarterly transaction statements to you at the same time.

Remember if you want to view your account details between statements you can register for online access which is available on the home page of the website. If you have any problems registering give us a call and we will be able to register for you.

## Maximising your Member Tax Credits (MTC's)

The KiwiSaver year ends on the 30th June so if you need to top up your account or put in an annual contribution don't forget to do it before this date. Remember the Government matches your contributions if you are aged 18 or over up to \$1,042.86 per year (on a pro-rata basis if you have been a member for less than a year) whether you are working or not.

We don't want you to miss out on getting the full benefit of the Member Tax Credit from the Government and are sure you don't want to either! You can either send us a cheque or direct credit the funds to our bank account. The bank account details can be found on the homepage of our website in the toolbox section.

## Fund Performance

Fund Pre-tax Returns	1 month	3 months	6 months	12 months	2 years*	Since fund inception*
Growth	3.4%	3.9%	8.9%	48.9%	11.7%	3.0%
Conservative	0.4%	0.4%	0.7%	n/a	n/a	0.8%

\* Annualised return before tax and after fees

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.

## KiwiSaver Growth Fund



## Portfolio Holdings

A current listing of companies in the KiwiSaver Conservative and Growth Fund portfolio's can be viewed on the homepage of our KiwiSaver website <http://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](mailto: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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