

Nest Egg News

– Your KiwiSaver Update

FEBRUARY 10



At a glance

As at 31 January 2010

Unit Prices	
Conservative:	\$1.0027
Growth:	\$1.0447
Performance (January 10)	
Conservative:	-0.13%
Growth:	0.9%

We hope you all had a restful holiday and are enjoying the summer weather. In this issue we look at some exciting news for two of our portfolio companies, ways to make the most of KiwiSaver and introduce some new ways we can keep you informed of what is happening with all things related to your KiwiSaver, which we hope you will find useful.

Read on...

A word from your investment team

The start of this year was reasonably uneventful in terms of news flow which meant we could enjoy the holidays with just the occasional glance at the screens. Towards the end of the month investor nervousness returned to the market as macro news began to dominate, President Obama's hard talking speech about banking industry reforms, a slowing in China's growth and country debt concerns in Greece, Portugal and Spain gave rise to concern about just how robust the recovery is. In New Zealand the macro news focused around the Reserve Bank keeping the official cash rate unchanged at 2.5% and signaling that it will do so until the middle of this year. The Tax Working Group gave the Government plenty to think about, stating that the current tax system is broken and needs comprehensive reforms. We believe the recommendations and John Key's subsequent comments are positive for share market investors and less so for property investors.

It was a quiet month for news from your companies in New Zealand. **Abano Healthcare's** interim profit result was in line with company guidance provided after the sale of Bay Audiology NZ. Their key focus remains on expanding their audiology business in Australia and Asia. **Michael Hill** enjoyed a strong Christmas season with same store sales up 8.0% in New Zealand and 4.4% in Australia for the three months ended December.

In Australia **Arrow Energy** advised the market of a significant increase to its gas reserves, much greater than investors had been expecting. **Pharmaxis** has signed an agreement to acquire Topigen Pharmaceuticals, a Canadian based pharmaceutical company that specializes in the development of inhaled treatments for chronic lung diseases. The key benefit of this acquisition is to broaden Pharmaxis' research and development pipeline, and Topigen Pharmaceuticals currently have two key products at different stages of development.

It was an exciting month for takeover offers for a couple of our International companies. **Bare Escentuals** received a takeover offer from Shiseido for US\$1.7 billion or US\$18.20 per share represents more than a 40% premium to the market price. We initially purchased the stock in August last year at US\$9 and think the offer is more than fair and we will be taking this opportunity to sell our shares.

The management of **Hongguo** has made an offer to acquire all of the outstanding shares for S\$0.439, a 37% premium to the market price. We believe this undervalues the business as there is significant earnings potential over the next 3-5 years as well as the opportunity for multiple expansion. The management clearly share a similar view which is why they are looking to take the company private. We are the largest institutional shareholders and are continuing to have discussions with the management, bankers and other large shareholders in order to maximize the value for our investors.

Despite the recent market volatility the Fisher Funds KiwiSaver Growth Fund is continuing to perform well against its benchmark indices and has outperformed in a negative market. After an extremely strong run we continue to hold higher than normal cash levels in the portfolio. The recent sell-off in global markets may present opportunities for us to deploy some of this cash back into the market and we will look to take advantage of price swings within the portfolio.



Making the most of KiwiSaver – we can help

Despite KiwiSaver being around for over 2 ½ years now, we regularly talk to people who haven't fully grasped how KiwiSaver works best for them. Common questions include can I choose my own provider? Can I alter my investment strategy? Is my money safe? There are many quirks to KiwiSaver and we can help. If you run a business or are part of a group that meets regularly we'd be happy to share our KiwiSaver knowledge

with your employees or colleagues. KiwiSaver has created a real focus on retirement saving, which is fantastic, but it is still early days and many people are not sure where to start. We're passionate about getting people involved with KiwiSaver and educating them along the way. Please contact Jeremy Cooper in our office if you'd like our help.

Keeping in touch with Fisher Funds

As technology evolves, the way people interact or seek information is constantly changing. So we're responding. We've recently launched a Facebook page and will soon have a Twitter page up and running. These sites are a great way to keep up to date with share market

developments, portfolio news, returns and all things related to KiwiSaver as they happen. You can access these pages by clicking on the links from our KiwiSaver homepage.

Fisher Funds and the Oxfam Trailwalker Challenge 2010

This year Fisher Funds has entered two teams of four in the Oxfam Trailwalker challenge. The event is described as the worlds greatest team challenge and involves teams of four crossing the finish line together after walking or running 100kms of terrain in 36 hours. Each team aims to raise at least \$2500 to help to overcome poverty and injustice in some of the world's poorest communities. If you would like to sponsor

the Fisher Funds Flyers or the Fisher Funds Fledglings please visit the Oxfam website www.oxfam.org.nz/oxfam_trailwalker and sign up.



Fund Performance

Fund Pre-tax Returns	1 month	3 months	6 months	12 months	2 years*	Since fund inception*
Growth	0.9%	4.1%	13.2%	45.5%	7.3%	1.9%
Conservative	- 0.13%	0.3%	0.4%	n/a	n/a	0.3%

* 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 portfolio 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

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

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