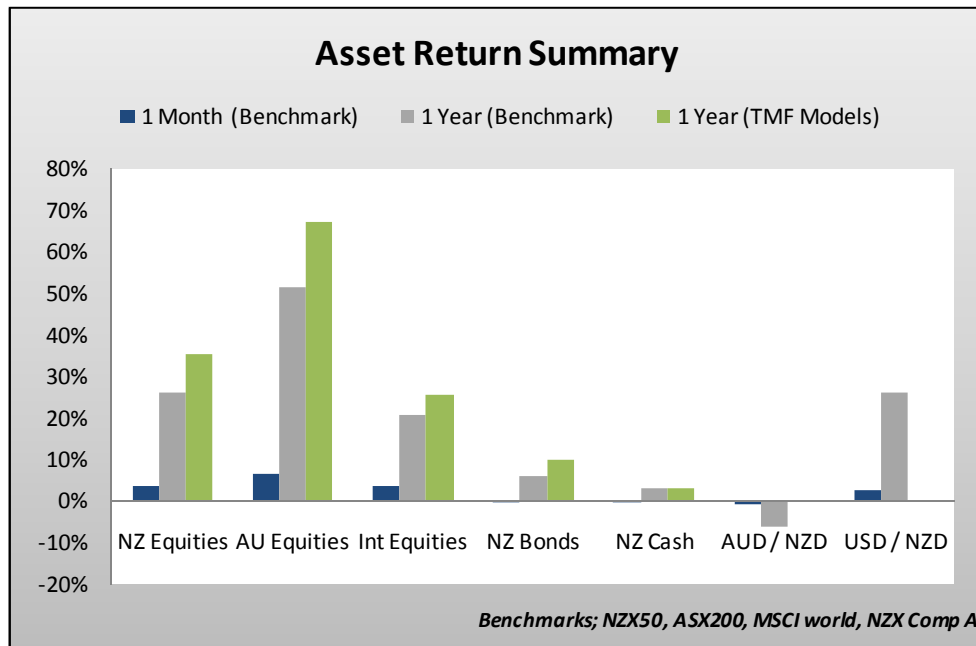


He weuweu takitini, he pū takitahi
One seed, many outgrowths; all great things start from something small

TMF Limited: Tirohanga ki te makete mō Poutū te rangi 2010

Market Overview



March was a positive month for global equities markets, and for the first month this year this included New Zealand. There was minimal change in the New Zealand Fixed Interest market.

- ➔ NZ Fixed Interest: neutral -0.1 %. RBNZ leaves OCR on hold at 2.5%.
- ⬆ NZ Equities: up 3.5%. Positive returns by the majority of companies in the NZX50.
- ⬆ Australasian Equities: up 5.7%. Positive economic data released.
- ⬆ International Equities: up 6.5%. Economic recovery progresses, along with Greece.

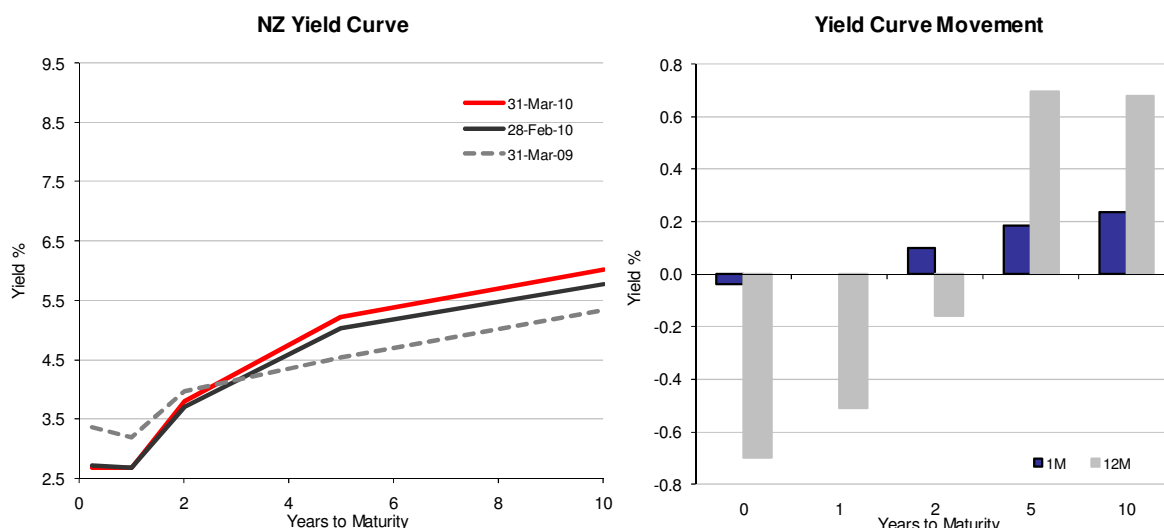
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NZ Cash & Fixed Interest

Bonds (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
NZX 90 Day Bank Bill	567.22	0.2%	0.7%	1.4%	2.9%	6.4%	6.9%	6.5%
NZX Govt Bond Index	1,106.91	-0.3%	2.3%	2.9%	4.1%	7.4%	6.8%	6.8%
NZX Composite A Grade	3,052	-0.1%	2.4%	3.3%	5.9%	7.8%	7.0%	7.0%

The Reserve Bank of New Zealand (RBNZ) left the Official cash rate (OCR) unchanged at 2.5% on the 11 March. The message from the RBNZ remained that they expect to raise interest rates in the middle of 2010. The hold on the OCR was expected and did not come as a surprise to the markets. Forecasters are now predicting rate rises to begin somewhere between June and September.

Mainly positive economic data released in March supported the belief that NZ is still on the slow road to recovery, and led to an increase in interest rates. The increase can be seen in the red line (31-Mar-10) on the NZ Yield curve graph below. Increases in interest rates lead to lower returns for Fixed Interest (bonds) portfolios.



Interest Rates (basis points)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
90 Day NZ Bank Bill	2.67	-4	-13	-14	-70	-525	-441	-372
10 Year NZ Govt Bond	6.02	24	-8	42	68	9	-17	-95
10 Year US Govt Bond	3.84	23	-1	53	113	-81	-66	-219

NZ Equities

Equities (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
NZX50	3,268	3.5%	1.2%	3.4%	26.2%	-7.3%	1.5%	6.1%

Equities in NZ had a positive month with the NZX50 increasing 3.5%. This is the first positive monthly return for the NZX50 this year, reflecting positive performances in equity markets around the world.

Restaurant brands (RBD), the company responsible for KFC, Pizza Hut and Starbucks increased 14.1% in March. Led by growth in its KFC stores, RBD announced it expected a 67% increase in annual profit to \$19.5m. The share price for RBD has increased over 170% in the last 12 months.

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Australian Equities

Equities (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
ASX200 (Local)	34,449	5.7%	1.4%	4.8%	41.7%	-2.4%	8.1%	8.9%
ASX200 (NZD)		6.5%	5.9%	11.3%	51.5%	2.0%	11.9%	9.5%
NZX50 / ASX200(NZD) comp		5.0%	3.5%	7.3%	38.8%	-2.7%	6.7%	7.8%

The ASX 200 increased 5.7% in March. The Australian economy had some positive results released with economic growth increasing in the fourth quarter of 2009, consumer confidence increasing in March and unemployment falling to 5.3%. These positive factors indicated to the Reserve Bank of Australia (RBA) that their economy is in a good position, and contributed to the RBA increasing the OCR by 25 points during March to 4%.

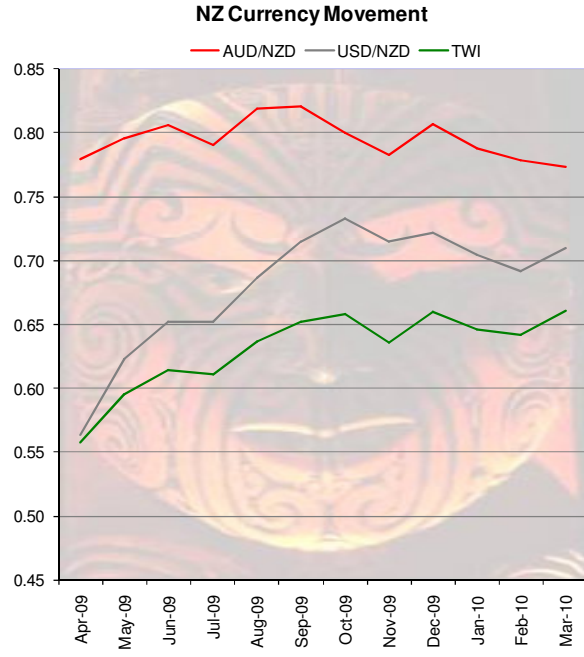
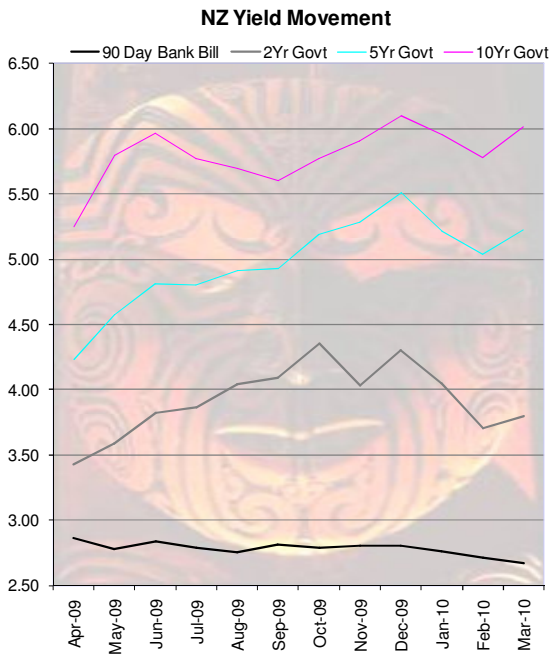
Energy was the best performing sector in March, led by a 5% increase in oil prices.

International Equities

Equities (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
MSCI World (Local)	2,085	6.5%	4.7%	9.4%	46.3%	-6.1%	2.4%	-1.0%
MSCI World (NZD)		3.5%	5.0%	8.2%	20.7%	-5.3%	2.9%	-3.4%

International Equities increased 6.5%, however the ongoing saga in Greece continues to remain the focus of World Equity markets. The Greek government announced details early in the month of a plan to reduce the government deficit by \$4.8bn Euros (the government deficit is \$30bn Euros). The plan includes higher sales tax, decreasing public sector bonuses and freezing state superannuation. The measures were not well received by the public and it was reported that the finance ministry was occupied by protestors at one point. A plan was developed at an EU summit at the end of March to support Greece should their current plans fail. The plan includes access to the International Monetary Fund (IMF) funds if required. International markets received this news positively, however the situation remains closely monitored.

Property (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
NZX Property	2,040	-0.2%	-2.6%	-1.2%	16.7%	-8.6%	4.0%	9.6%
ASX200 Property (Local)	19,141	-0.1%	-1.5%	-6.4%	40.6%	-22.8%	-6.9%	3.6%
ASX200 Property (NZD)		0.7%	2.9%	-0.6%	50.3%	-19.3%	-3.7%	4.2%
Currencies (% change)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
AUD / NZD	0.7728	-0.7%	-4.2%	-5.8%	-6.5%	-4.3%	-3.4%	-0.6%
USD / NZD	0.7098	2.6%	-1.6%	-0.7%	26.3%	-0.1%	0.0%	3.5%
NZ TWI	66.1	3.0%	0.2%	1.4%	16.8%	-1.7%	-1.0%	1.9%
Commodities (% change)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
Oil Prices (US\$/WTI)	83.76	5%	6%	19%	69%	8%	9%	12%
CRB Index	273.3	-1%	-4%	5%	24%	-5%	-3%	2%



Sources: ANZ National Bank, First NZ Capital, TMF Limited.

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