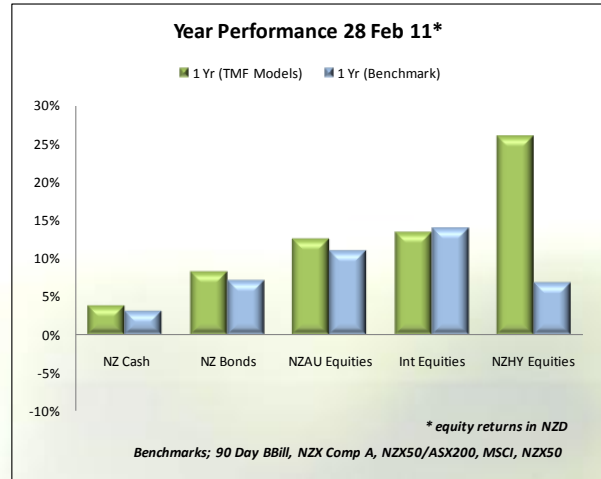
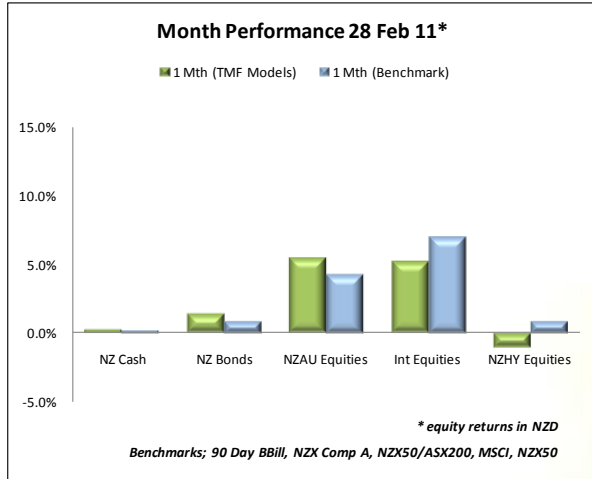





He weweu takitini, he pū takitahi
(One seed, many outgrowths; all great things start from something small)

TMF Limited: Tirohanga ki te makete mō Hui tanguru 2011

Market Overview



February was a devastating month for New Zealand with the Christchurch earthquake. The damage in terms of human and economic cost is immense. Globally, markets focused on the political turmoil in Libya and the economic recovery in the US.

-  NZ Fixed Interest: up 1.0%.
-  NZ Equities: up 1.0%.
-  Australian Equities: up 7.6%.
-  International Equities: up 7.0%.

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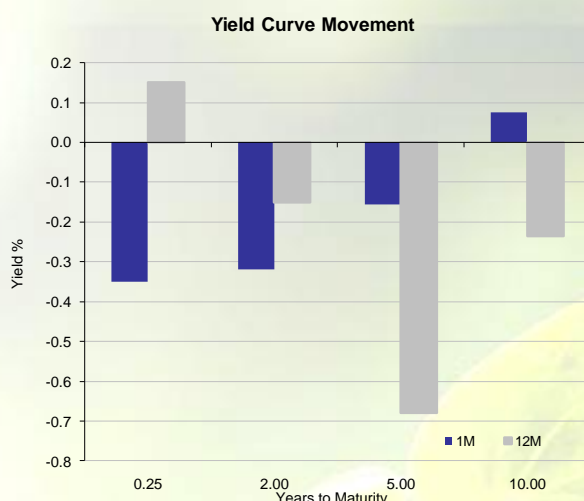
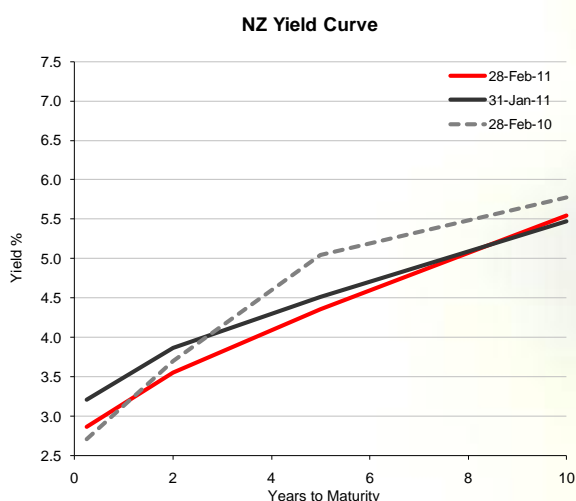
NZ Cash & Fixed Interest

Bonds (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
NZX 90 Day Bank Bill	583.35	0.3%	0.8%	1.6%	3.1%	4.7%	6.1%	6.1%
NZX Govt Bond Index	1,183.06	0.7%	2.2%	1.7%	6.6%	8.3%	6.7%	6.5%
NZX Composite A Grade	3,272	1.0%	2.4%	2.1%	7.1%	9.0%	7.1%	6.7%

For NZ, the main news of February was the tragic earthquake in Christchurch. The cost, both in terms of lives lost and the rebuild is huge. Estimated costs of the rebuild range from \$15 to \$20bn. The NZ economy will now have a weaker recovery over 2011 (than previously expected) and this impact has led forecasters to cut GDP forecasts.

Short term interest rates fell, as markets predicted the Official Cash Rate (OCR) would be cut by 25 to 50 bp at the March announcement. If the OCR is cut, this would be an attempt by the RBNZ to assist NZ with its recovery after the earthquake, lowering the cost of borrowing for businesses and individuals.

The NZD also fell following the earthquake, driven by the negative effect the earthquake may have on the NZ economy and the expected fall in the OCR. The announcement from Fonterra of an increase to forecast 2010 dairy payouts helped limit the fall in the NZD.



NZ Equities

Equities (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
NZX50	3,371	1.0%	3.2%	11.0%	6.8%	-2.0%	-0.2%	6.6%

Equities rose 1.0% in NZ. Industries and companies affected by earthquake and rebuild, such as construction and insurance were the big movers in February. Fletcher Building (+13.5%) and Steel and Tube (+13.0%) were the best performers in the NZX50, as investors speculate the companies will benefit from the massive construction effort required for the rebuild of Christchurch.

Shares that helped our portfolio: Fletcher Building (+13.5%), AMP (+9.2%)

Shares that hurt our portfolio: Nuplex (-6.9%), Fisher & Paykel Healthcare (-4.7%)

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Australian Equities

Equities (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
ASX200 (Local)	35,386	2.3%	6.3%	11.9%	8.6%	-0.3%	4.0%	8.2%
ASX200 (NZD)		7.6%	11.7%	19.1%	15.0%	5.0%	8.1%	9.4%

The ASX200 was up 2.3%, as Australia recovers from the flooding in Queensland in January. Share prices that took a hit last month after the floods, such as Wotif and Woolworths recovered those losses in February. The mining sector was one of the best performers in February with rising commodity prices. Mining stocks hit by the floods in January (BHP +9.3%, RIO +5.9%) rebounded.

Shares that helped our portfolio: Wotif (+28.8%), Worley Group (+15.7%)

Shares that hurt our portfolio: Myer Holdings (-5.5%), Computershare (+1.1%)

International Equities

Equities (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
MSCI World (Local)	2,299	2.9%	10.9%	21.5%	17.5%	-0.4%	0.8%	1.8%
MSCI World (NZD)		7.0%	13.0%	18.1%	13.9%	2.7%	0.2%	-1.9%

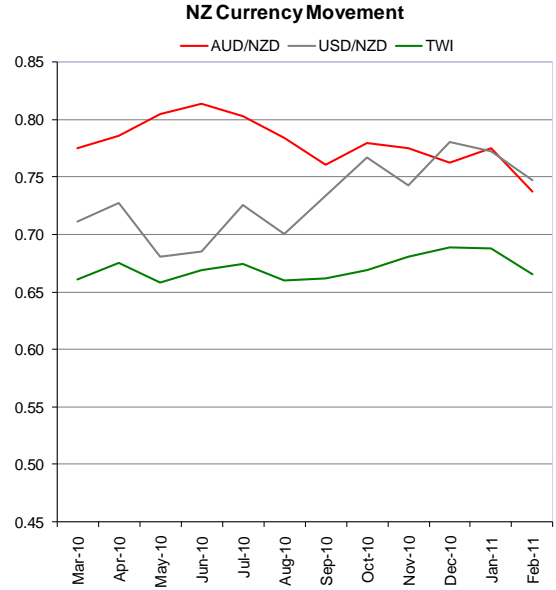
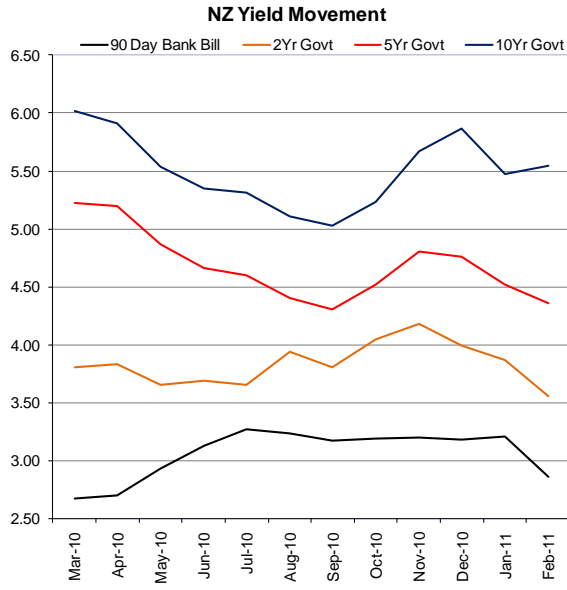
International Equities continued the positive start to the year. The US continues to build a picture of recovery, with encouraging economic data released during February and a solid corporate reporting season in progress.

Political unrest in Libya came in to the spotlight in February, as the situation in Egypt settled down. Libya has the biggest oil reserves in Africa, producing 1.6m barrels per day. The conflict has increased concerns over oil supply which has flowed on to affect the oil price. Crude oil prices rose above US\$100 per barrel in February. The escalating tensions in Libya led to increasing risk aversion later in the month. There are concerns rising oil prices may affect global growth and create inflationary pressures, however international equity returns still remained positive.

Shares that helped our portfolio: NYSE Euronext (+19.41%), Anglo American (+13.43%)

Shares that hurt our portfolio: Wal-Mart (-4.83%), Amgen (-4.33%)

Property (gross return)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
NZX Property	2,162	-0.5%	-0.6%	6.9%	5.8%	-0.8%	1.9%	8.3%
ASX200 Property (Local)	879	2.2%	4.4%	0.6%	1.1%			
ASX200 Property (NZD)		7.5%	9.8%	7.0%	7.0%			
Currencies (% change)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
AUD / NZD	0.7370	-4.9%	-4.9%	-6.0%	-5.5%	-5.0%	-3.8%	-1.1%
USD / NZD	0.7470	-3.2%	0.5%	6.7%	6.9%	-2.9%	2.5%	5.6%
NZ TWI	66.5	-3.3%	-2.3%	0.8%	3.6%	-3.2%	-0.5%	2.8%
Commodities (% change)	Level	1M	3M	6M	1Y	3Y	5Y	10Y
Oil Prices (US\$/WTI)	96.97	5%	15%	35%	22%	-2%	10%	13%
CRB Index	352.6	3%	17%	33%	28%	-5%	2%	5%



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