

The 2009 Annual Report for the Guardians of New Zealand Superannuation is now available on our website.

We have summarised and given page references for what we believe are the key points of the 2009 Annual Report. We appreciate it is a large document and we want to make it easy for readers to access the areas of most likely interest.

- Our Chairman, David May, gives a frank assessment from the Board's perspective about the impact on the Fund of the global financial crisis on **page 2**
- Our CEO, Adrian Orr, sets out eight lessons the Guardians have learned from the crisis and tells the broader story of the Fund's performance in its first five years of investing, on **page 5**
- We discuss how the crisis impacted on active investment management and the consequent changes in our investment beliefs about how we can get value from external investment managers on **page 30**
- We provide the first report on our progress against the Ministerial directive on investing in New Zealand on **page 36**
- We give New Zealanders, our ultimate beneficiaries, an insight into our portfolio via case studies of investee companies on **pages 38-41** and of Responsible Investment (RI) initiatives on **pages 48-50**.
- We provide a roadmap of how we engage a company on RI issues and what determines whether we retain or divest an investment for RI reasons on **page 47**.

On the following pages we illustrate our performance to, and since, 30 June 2009.

## RETURNS – AFTER FEES, BEFORE NZ TAX PAID

Period	% return	\$ return	
Month to 30 June	0.40%	69 million	2008/09 Financial Year Return: (22.14%) Net investment income \$96 million
Month to 31 July	6.31%	845 million	
Month to 31 August	2.80%	421 million	
1 to 23 September	2.59%	285 million	2009/10 FYTD Return: 12.10% Net investment income \$1,551 million
Since inception	c5.69 <sup>1</sup> %	1,647 million	

## FUND SIZE SINCE INCEPTION TO 23 SEPTEMBER 2009

CONTRIBUTIONS SINCE INCEPTION	\$14.88 billion
Contributions (less NZ tax paid) since inception	\$13.52 billion
FUND SIZE AT 23 SEPTEMBER 2009	\$15.18 billion
FUND SIZE RELATIVE TO CONTRIBUTIONS SINCE INCEPTION	+ \$1.66 billion

Please note that **Returns** are after fees but before NZ tax paid as NZ tax paid is regarded as a return.

However, while **Fund Size** is inclusive of net investment income, which is before NZ tax paid, Fund size is expressed as a *post-NZ tax paid* number. Hence while NZ tax paid is a return, it is *not* ultimately reflected in Fund Size.

Therefore, to accurately calculate Fund Size relative to Government Contributions since inception, NZ tax paid must be *subtracted* from the Contributions figure.

<sup>1</sup> This is approximate as the measure is to 23 September and some of our holdings are valued at month end,

**CUMULATIVE FUND RETURN SINCE INCEPTION (AFTER FEES, BEFORE NZ TAX PAID)**

