

**PERFORMANCE AND PORTFOLIO UPDATE
TO 31 JANUARY 2010**

1. Headline results

Returns to 31 January 2010

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 as we have said 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. This is shown below.

	Month	2009/10 FYTD	Since inception
Return	(1.97)%	15.08%	5.80%
Net gain (loss) in investment income (after fees, before tax)	(\$319 million)	\$2,041 million	\$2,137 million

Contributions received and tax paid since inception to 31 January 2010

Government contributions received since inception	\$14.88 billion
Contributions Less NZ tax paid since inception (to 31 January 2010)	\$13.53 billion¹
Plus FUND SIZE AT 31 JANUARY 2010 (includes net investment income but is <u>after</u> NZ tax paid since inception and provisions for tax yet to be paid)	\$15.65 billion
FUND SIZE VS CONTRIBUTIONS SINCE INCEPTION	+\$2.12 billion

¹ Note in respect of NZ tax paid that, principally because of the impact of the GFC, the Guardians accumulated approximately \$1.6 billion of tax losses. This has now been entirely reversed as a result of more positive market conditions post 30 June 2009.

2. Monthly Fund returns²

The following table outlines the monthly Fund returns since inception (30 September 2003).

<i>Month to</i>	<i>Absolute Return (after fees but before tax)</i>	<i>Excess Relative to Treasury Bills</i>	<i>Size of Fund (NZD millions)</i>
2003/4 YEAR	7.69%	3.76%	\$3,985.4
2004/5 YEAR	14.13%	7.71%	\$6,613.5
2005/6 YEAR	19.20%	12.30%	\$10,108.7
2006/7 YEAR	14.58%	7.26%	\$13,149.5
2007/8 YEAR	(4.92%)	(12.89%)	\$14,128.4
2008/9 YEAR	(22.14%)	(27.63%)	\$13,352.6
31 July 2009	6.31%	6.09%	\$14,445.6
31 August 2009	2.80%	2.56%	\$14,864.0
30 September 2009	2.47%	2.26%	\$15,230.2
31 October 2009	(0.22%)	(0.45%)	\$15,192.7
30 November 2009	2.64%	2.44%	\$15,606.3
31 December 2009	2.40%	2.17%	\$15,963.9
31 January 2010	(1.97%)	(2.19)	\$15,647.3
2009/10 YEAR (to date)	15.08%	13.51%	\$15,647.3
<i>Since inception (30 September 2003) on an annualised basis</i>	5.80%	(0.43%)	\$15,647.3

² Note that we use a time-weighted approach to measure returns. This method is appropriate for measuring our performance as it eliminates distortion of the returns caused by inflows and outflows of cash which are beyond our control – i.e. contributions and, later, withdrawals by the Government. The benchmarks against which we measure our performance are built on the same basis.

However this does mean it can be difficult to reconcile time-weighted return figures with the changes in the size of the Fund since inception. This is because under time-weighting the % performance of the Fund in the later stages of its life cycle – when it has more money under management – has more of an impact than % performance in the earlier part of the Fund's life when it had less money under management.

3. Asset Allocation

NOTE: From 1 July 2009 we have changed the way we report these asset allocations. Prior to that date the monthly reports contained financial reporting values for each asset class including the profit or loss on the hedges at each asset class. The new format reports values based on economical exposures including those economical exposures obtained through derivatives. The hedges profit or loss have been removed from the asset class and allocated in the line called Cash, Collateral and FX Hedges. This collateral line also includes all the holdings that the Fund has in cash-like instruments and market neutral strategy investments.

The asset allocation of the Fund at 31 January 2010 was as follows:

Mandates	Value as at 31 January 2010 NZD	Percentage of Fund Value
New Zealand Equity	\$ 1,115.6	7.1%
Private Equity	\$ 182.6	1.2%
International Fixed Income	\$ 2,646.2	16.9%
New Zealand Fixed Income	\$ 185.9	1.2%
Global Listed Property	\$ 1,120.2	7.2%
New Zealand Property	\$ 277.9	1.8%
Commodities	\$ 808.0	5.2%
Infrastructure	\$ 1,010.2	6.5%
International Equities - Large Cap	\$ 5,743.0	36.6%
International Equities - Small Cap	\$ 976.2	6.2%
International Equities - Emerging Markets	\$ 554.4	3.5%
Timber	\$ 1,182.4	7.6%
Other Private Markets	\$ 112.6	0.7%
Cash, Collateral and FX hedges	(\$ 267.9)	-1.7%
Total	\$ 15,647.30	100.0%

At the end of January 2010, the foreign currency exposure resulting from the allocation to international equities was approximately 70.7% hedged back to NZD.

4. International and New Zealand Top 10 Holdings by Market Value

The Fund's 10 largest holdings in New Zealand and International listed equities* at 31 January 2010 were as follows:

	Value as at 31 January 2010 (NZD m)	Percentage of Fund Value
<u>New Zealand</u>		
Auckland International Airport	239.6	1.5%
Fletcher Building	145.7	0.9%
Telecom Corp of New Zealand	111.0	0.7%
Contact Energy	103.0	0.7%
Sky City Entertainment	61.9	0.4%
Fisher & Paykel Healthcare	54.9	0.4%
Sky Network Television	38.5	0.2%
Guinness Peat Group	36.1	0.2%
Mainfreight Ltd	30.8	0.2%
Infratil Ltd	29.1	0.2%
<u>International</u>		
Transurban Group	273.4	1.7%
ConnectEast Group	162.5	1.0%
Flughafen Zuerich	158.5	1.0%
Westfield Group	61.1	0.4%
Simon Property Group Inc.	52.8	0.3%
Unibail - Rodamco	50.6	0.3%
Norfolk Southern Corp	47.2	0.3%
Frankfurt Airport Services	38.0	0.2%
Westpac Banking Corp.	31.8	0.2%
Northeast Utilities	30.5	0.2%

*From 31 January 2010 we have changed the way we report these securities. Prior to that date the monthly reports contained the top 10 holdings aggregated only from our domestic and international equity mandates. The Fund holds equity securities in other mandates too, particularly Infrastructure, and the new format takes those securities into account.

Where securities are held on more than one exchange or different security classes are held, holdings may not be consolidated. A full list of all the Funds equity holdings is updated annually. The 2009 list can be found at <http://www.nzsuperfund.co.nz/files/Equities%20by%20name%20at%2030%20June%202009.pdf>

4. Substantial Holdings

The following table shows those securities in which the Fund was a Substantial Security Holder (SSH) at 31 January 2010. The table shows the date the last SSH filing was made and the percentage holding as at the time of that filing.

File Date	Security Name	Percentage	Exchange
13-Oct-06	Flughafen Zuerich	5.05	Switzerland
09-Sep-09	ConnectEast Group	8.14	Australia
28-Jan-10	Auckland International Airport	10.11	NZ
28-Jan-10	Mainfreight Ltd	5.23	NZ