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Camelot Investment Presentation

Please find below a summary of the key take-home points from an investment presentation that was held in our offices earlier this month.

Steve Benton – "Investment Opportunity in Quake Impacted Christchurch – The Hub"

Steve discussed current developments at The Hub, Hornby Mall. Camelot, in conjunction with HFK, Chartered Accountants, has been involved in the mall's developments and growth over the last few years. A large expansion of the mall has been approved by shareholders and there may be opportunities for new investors to invest. As this is not a public offering, if you are interested please contact Steve directly on (03) 964 4209 to arrange a meeting.

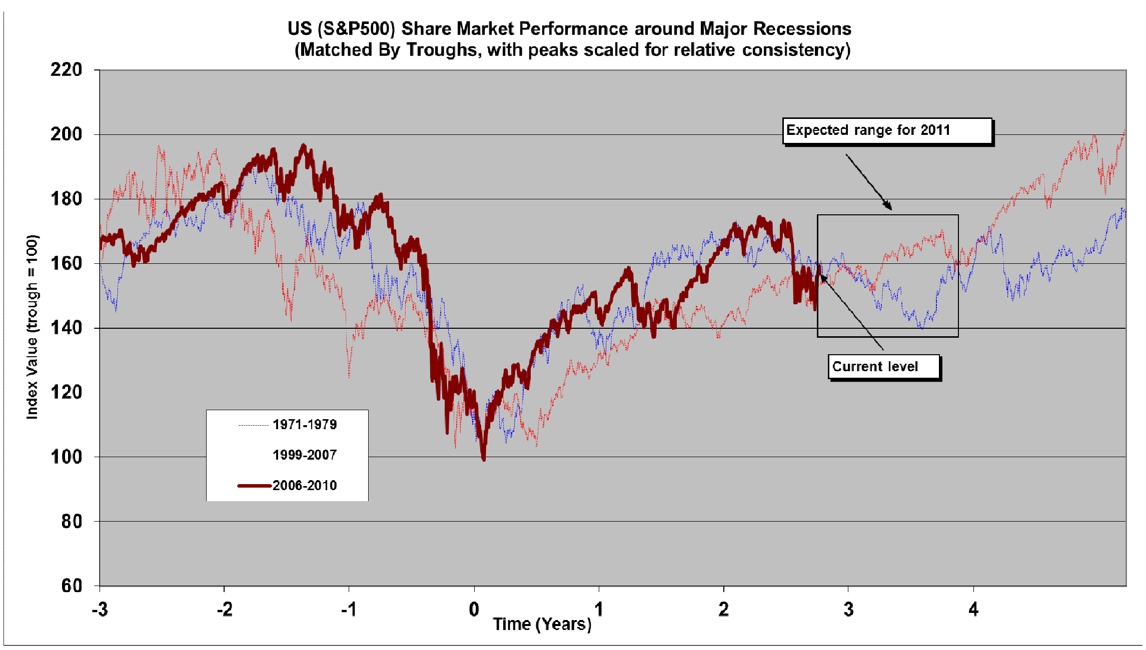
David Beattie – "Doom and Boom"
Chief Investment Officer & Joint CEO, Grosvenor Financial Services Group

- **2010 'Predictions' Reviewed** – expected market activity as stated in November 2010 was reviewed and were in line with what happened, with exception of currency.

- **2010 Currency** - expected protection for overseas investments from an overvalued NZD did not occur, with sharemarkets dropping and currency rising. This had the major impact on portfolio returns for the last year.

- **Medium Term Outlook – history remains a useful guide** – market movements are tracking in line with previous major recessions in 1971-1979, 1999-2007 and the current one (2006-2010); comprising:
  - 3 years from market peak to bottom of market,
  - 1 year strong recovery,
  - 2-3 years of volatility and sideways market movement, then strong recovery

- **Where are we now?** – after a strong market recovery in 2010, markets have been volatile and moved sideways in 2011. Corporate balance sheets and valuations are in good shape post the Global Financial Crisis. Markets have priced in much of the current European & US situations – global recession is a low probability.



Looking Forward into 2011/2012

1. **Volatility** to continue within a range (10-15% downside & 15-25% upside). Grosvenor will be aggressive in rebalancing portfolios - selling down at the top of the range / buying at the bottom (as per the box on the graph shown on the previous page).

2. **Asia** – growth rates likely to continue at between 5-9%. NZ exports destinations have shifted significantly towards Asia over the last 20 years, at the expense of Europe and the US.

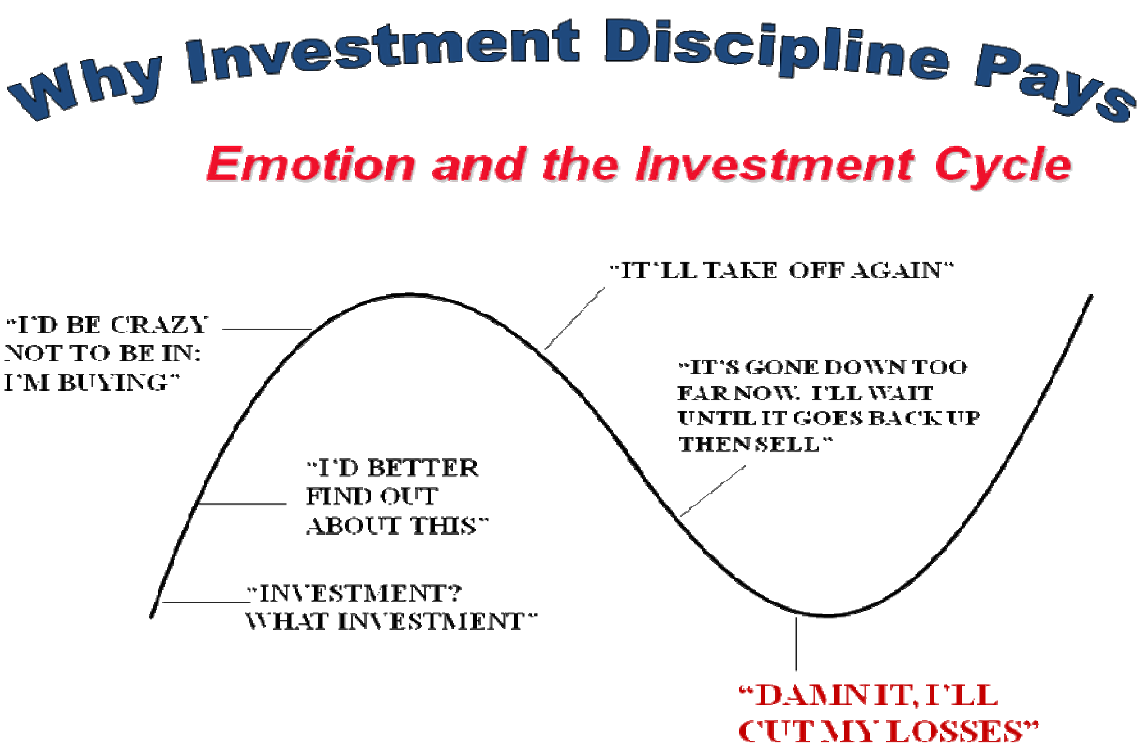
3. **Debt** – households remain cautious and focused on debt repayment; while Sovereign debt issues will continue to restrict developed world growth.

4. **Interest Rates** – not vulnerable to rise with US Federal Reserve confirming lower rates for longer. Therefore aim for shorter maturities for fixed interest securities held in managed fixed interest portfolios.

5. **Currency** – NZ Dollar remains overvalued by 15-20% and should decline when markets fall. Therefore, staying relatively unhedged with global equity investments and then increasing hedging when markets are at the bottom of the value ranges.

6. **10 year returns –** every poor performing 10 year period since 1940 has been followed by strong returns of 8-12% per annum in following 10 year period.

7. **Market Timing** – time in the market is important; but the right timing of your initial investment makes your time in the market easier to stick to.



Please don't hesitate to contact us if you have any questions regarding the above, or if we can assist in any way.