

Guardian Global Equity Fund

30 September 2011

Fund launch September 1987

Investment objective To provide investors with the opportunity to participate in offshore equity markets through prime, quality companies with currency management from a New Zealand perspective to obtain long-term growth in capital with some income.

Investment philosophy The Fund invests in a diversified portfolio of shares quoted on a range of overseas share markets with potential for growth of income and capital, currently through Australian units trust managed by Capital International Inc, who use a multiple portfolio manager system – each global portfolio is divided among a group of six individual portfolio managers and one research portfolio.

Capital’s goal is to invest in undervalued companies, where the current market price of its stock fails to reflect the underlying value of the company. As such, Capital defines value in its broadest sense, and their portfolios will contain both value-orientated and growth-orientated companies.

Fund description The Guardian Global Equity Fund invests in a portfolio of quality companies listed on overseas sharemarkets through an investment fund managed by Capital International Limited.

Structure and taxation The Fund is a Group Investment Fund and a Portfolio Investment Entity (PIE) and priced daily. The PIE tax paid by a Fund on a Unit Holder’s behalf is at their Prescribed Investor Rate (PIR). The Fund is subject to the foreign investment taxation regime, under the Fair Dividend Rate approach. See the Investment Statement for more information.

Hedging policy 0-100% at discretion of Fund manager.

Management fees and other charges

Entry fee	up to 5.10%
Management fee	1.25% pa
Statutory Supervisor Fee	0.025% pa
Additional expenses (capped)	0.60% pa

Minimum investment amounts

Initial	\$1,000
Additional	\$100
Regular (monthly)	\$100

Who is this fund suitable for?

- Investors looking for diversification
- Higher risk investors looking for an aggressive fund

Fund Size: \$9.5 million

Current Hedging: 100% NZD to AUD hedged. 52% AUD to global

Regional Allocation

North America	48.3%
Europe	31.9%
Pacific Basin ex Japan	4.2%
Japan	8.3%
Emerging Markets	3.2%
Cash	4.1%

Top 5 Holdings

United Technologies Corp (US)
Google (US)
American Tower Corp (US)
Monsanto Co (US)
Cenovus Energy (Canada)

Performance*

Fund performance is calculated assuming the reinvestment of distributions. Prior to 30 Sept 2007 distributions are after tax (at 33%) and from 1 Oct 2007 are before tax. All returns are after management fees.

Period	Fund %	Benchmark %
1 mth	-0.63	-2.02
3 mths	-9.89	-12.14
6 mths	-16.06	-15.44
1 yr	-7.48	-5.44
2 yrs (pa)	-2.01	-0.11
3 yrs (pa)	-5.17	-2.96
5 yrs (pa)	-4.69	-4.14
Inception (pa)	2.73	-

Fund Performance: \$10,000 invested since inception



*Past performance is not indicative of future performance and is not guaranteed by any party. There is no guarantee that the investment objectives of any investment fund, or of the underlying fund(s) into which that investment fund invests, will be achieved. The returns are based on the percentage change in the unit price of each fund for the period specified and assumes the reinvestment of all distributions. They are not the returns individual investors will receive as this will depend on the prices at which units are purchased on the date of each individual contribution. Changes in unit prices reflect changes in the market values of the assets within each fund.continued overleaf

Commentary (provided by Tyndall)

World stocks ended a volatile quarter sharply lower. Investor confidence was undermined by weaker-than-expected economic growth in the US, Europe and China and slow progress in resolving Europe's sovereign debt crisis. A downgrade of the US credit rating by Standard & Poor's and signs that parts of the banking system were under severe stress also weighed on market sentiment. Economically sensitive sectors — materials, financials and energy — experienced the biggest losses. Safe-haven assets rose, including US Treasuries, German government bonds and gold. Commodity prices largely fell. The US dollar appreciated against most currencies, gaining 7% versus the euro, but fell 5% against the yen.

The quarter began on an upward trend with US stocks, following better-than-expected earnings releases from a number of companies, especially in the technology sector. But the advance was short-lived. US financial stocks continued to be hurt by concerns about their potential exposure to Europe's sovereign debt, the weak housing market, and the impact of reforms that have curbed once-profitable sources of revenue such as debit card fees.

Some technology stocks, particularly those that stand to benefit from the trend toward mobile computing, fared well. Shares of Apple, IBM and Google advanced. European stocks suffered broad-based declines as the ongoing sovereign debt crisis and decelerating global economy rattled investors.

Shares in Australia weakened 12%. The country's largest mining firms, Rio Tinto and BHP Billiton, lost 25% and 20% respectively, as commodity prices retreated alongside expectations for global economic growth. Uranium producer Paladin Energy fell 52% as it continued to be set back by falling uranium prices in the wake of Japan's nuclear crisis.

Emerging markets equities fell more than 20% as investors pulled back amid increasing evidence of slowing growth in China and the developed markets. Emerging markets stocks, bonds and currencies fell, with commodity-related financial assets suffering the sharpest losses. Currency depreciation accounted for about a third of the 23% decline of the MSCI Emerging Markets Investable Market Index.

Key **contributors** to performance were:

Pharmasset Inc, Imperial Tobacco, American Tower, Centerra Gold Inc, Autonomy

Detractors from performance were:

Juniper Networks, Cliffs Natural Resources, Apple, First Solar, Inmet Mining

The **commentary** contained in this Investment Update has been prepared by Tyndall, the delegated investment manager for this Fund. Accordingly, none of Guardian Trust, their directors or their employees gives any warranty of reliability or accuracy, nor accepts any responsibility arising in any way for errors or omissions, in respect of this commentary.

Further information about this Fund is contained in the registered prospectus and Investment Statement for the Guardian Trust Group Investment Funds. A copy of the prospectus can be viewed at the head office of Guardian Trust, Level 7, Vero Centre, 48 Shortland Street, Auckland or on the Companies Office website, www.companies.govt.nz.

For a copy of the Investment Statement please contact your Authorised Financial Adviser or call Guardian Trust on 0800 801 135.

A Disclosure Statement is available free of charge on request.

Disclaimer

Information provided in this Update is not personalised to take into account the particular financial situation or goals of any person. To personalise the information provided to your particular circumstances, please contact your Authorised Financial Adviser. This Update should not be relied upon as the basis for an investment decision, and you should seek qualified, independent financial and taxation advice before deciding to invest.

The information contained in this Update is of a general nature and has been derived from sources believed to be accurate at the date of issue. However, neither Guardian Trust, any of their related companies, their directors, their employees, the underlying fund managers nor any other person guarantees the Fund, any investment in the Fund, or any returns on an investment in the Fund, or gives any warranty of reliability or accuracy nor accepts any responsibility arising in any other way for errors or omissions. This Update is not a recommendation to subscribe for any of the units in this Fund, nor does it contain securities advice or is intended to provide advice to investors. Asset allocations, performance objectives, underlying investment funds, investment managers / fund managers and other details may change from time to time without notice.