

## **GUARDIAN TRUST MOVES TO PROTECT MORTGAGE FUND**

The New Zealand Guardian Trust Company Limited announces that it is moving to protect investors in one of its funds, the Guardian Mortgage Fund, by suspending new investments and withdrawals. It is expected however that income distributions from the Fund will continue.

Due to current liquidity difficulties in the market, the Fund is currently operating below its target liquidity rate of 5%. In such conditions this is not considered appropriate by the directors. In the interest of fairness among unit holders, the directors feel a cautious approach is necessary.

The Guardian Mortgage Fund was established in May 1986 and currently holds \$249 million among 3,700 investors. The Fund invests only in first mortgages, where advances are restricted to a maximum of 60% of valuations across the commercial, retail, industrial, farming and residential sectors.

Managing Director Sean Carroll said, "Poor liquidity is a feature of today's markets. We need to manage liquidity requirements very closely in funds such as these, where the assets (primarily mortgages) cannot be converted to cash quickly.

"As is usual for Guardian Trust, we are taking a cautious and prudent approach. We will review the situation regularly and will update investors and the market as appropriate."

**ends**