

**Risk & Return Indicator**



low ▲ high

**Investment Term**

5-7 Years Minimum

**Description of Global Strategies**

**Global Strategies** is an actively managed fund made up of investments sourced from around the world. The investment strategy is based primarily on shares through the selection and appointment of fund managers offering traditional and alternative strategy funds. **Global Strategies** has no set investment mandate and may include cash, fixed interest and property based assets depending on our view of future investment markets and risk factors.

**Objective of the Fund**

To provide capital growth at a level superior to the average NZ Official Cash Rate over the medium to long term with a target objective of 2 % per annum above the average NZ Official Cash Rate over rolling 3 year periods.

**Global Strategies is suitable for**

investors with a long-term investment timeframe seeking capital growth through an actively managed investment strategy. Prospective investors are encouraged to seek investment advice.

**Investment Commentary**

An increase in volatility and an aversion to risk could best describe equity markets in May as further worries about Euro zone sovereign debt undermined the Euro currency. During the month, pressure in the peripheral Euro zone countries increased as Spain was downgraded by Fitch (rating agency) and Portugal was placed on review by Moody's. Concerns about the outlook for economic growth in the Euro zone were also fuelled by a number of governments announcing significant spending cuts to address fiscal deficits. As a result US Treasury yields fell as investors sought the relative safety of government bonds.

It was another month where US equity markets were influenced primarily by external events. Concerns over how willing European governments are to address structural deficits deepened and nervous investors sold off equities globally. Added to this, a German ban on short selling some securities, the worsening of the oil spill off the Louisiana coast in the US and North Korea being put on combat alert all helped to ensure that US markets gave back more during May than they had gained year to date.

In the UK equity markets declined from concerns abroad as well as domestic political affairs. The UK election resulted in a hung parliament with the result of a Conservative/Liberal Democrats government. As widely expected UK interest rates were left on hold at the record low of 0.5% by the Bank of England's Monetary Policy Committee. Inflation has, however, risen to 3.7% year on year to April.

Asian markets were also lower in May, with sentiment under pressure from concerns focused on sovereign debt problems in Europe and their potential impact on the global economic recovery. Australian mining stocks were hit by Australian government plans for a "super tax" on sector profits.

Emerging markets fell 9.20% for the month in US dollar terms in volatile trading. Emerging Asia was the weakest performer, dragged lower by Korean stocks unsettled by increased tension with its northern neighbour. Losses in Latin America were less pronounced given relatively strong performance from Peru, Colombia and Chile.

**Global Strategies** returned + 1.7% during the month against the benchmark of - 3.58% in NZ dollar terms.

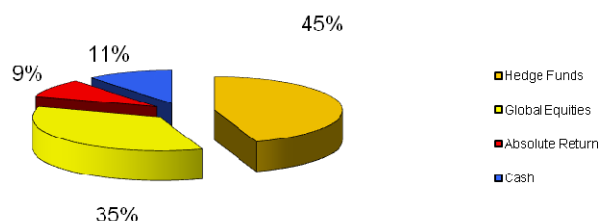
The Fund's performance was assisted with a higher than normal level of cash being held in what was a volatile and negative month for global equities. Most of this liquidity was from the Martin Currie fund redemption proceeds which have since been reinvested into the Veritas Institutional Asia Pacific Fund.

At the end of the month we received notification that the most of the Brook Alpha Fund's management team has resigned to join a competitor management company and our investment committee initiated a full redemption of the holding in Brook. We are now in the final stages of due diligence to select replacement funds to cover our NZ/Australian equities mandate.

All the underlying funds with the exception of Sloane Robinson performed up to our expectations in what was a challenging month for global equities.

Currency was a positive contributor during the month.

**Portfolio Allocation at 31 May 2010**



**Current Investment Funds**

Argonaut Global Equities Partnership LP Fund	13%
Balestra Capital LP	4%
GAM Star World Wide Fund	18%
GAM Trading II Fund	9%
Henderson Absolute Return Fund – Asia Pacific	9%
Horseman Global Fund	6%
Neptune Intl Global Equity Institutional Fund	7%
Sloane Robinson International Fund	12%
Third Avenue Value Fund	11%
Cash (all currencies)	11%

*Hedge Funds* – includes equities, fixed interest, currency and other financial instruments

*Global Equities* – includes equities on listed stock markets

*Absolute Return* – objective of no negative returns over 3 year periods.

*Cash* – short term bank deposits in currency shown.

**Performance Summary 31 May 2010**

<b>Month:</b>	
Global Strategies*	1.7%
World Index (\$NZ)	- 3.58%
Benchmark	0.38%
<b>Year to Date (1 January):</b>	
Global Strategies*	0.13%
World Index (\$NZ)	- 1.79%
Benchmark	1.88%

**Since Inception (Dec 2006):**

Global Strategies*per annum	- 10.9%
World Index (\$NZ) per annum	- 7.8%
Benchmark per annum average	7.73%

\*These figures are net of management and performance fees, but do not include entry fees or Portfolio Investment Entity tax.

**Fund Data**

<i>First Invested:</i>	1 December 2006
<i>Balance Date:</i>	31 March
<i>Fund Type:</i>	NZ Unit Trust
<i>Currency:</i>	NZD
<i>Investment / Redemption</i> (redemption notification required 10 business days prior)	1 <sup>st</sup> day of each month
<i>Entry Fee</i>	Up to 3%
<i>Exit Fee</i>	Nil
<i>Management Fee (p.a. before tax)</i>	1.00%
<i>Trustee Fee (p.a.)</i>	0.075%
<i>Performance Fee</i>	10% of performance in excess of 90 day Bill Rate Plus 4% p.a. after Manager Fee deducted
<i>Minimum Investment</i>	\$1,000
<i>Minimum Monthly Contribution</i>	\$250
<i>Distribution</i>	May each year at Manager discretion

**Investment Statement**

Before deciding to invest, you must read the current investment statement which contains full information on **Global Strategies Fund**. The application form to invest is also contained in the Investment Statement.

**Directory**

<i>Trustee:</i>	NZ Guardian Trust
<i>Administrator:</i>	MMc Limited
<i>Auditor:</i>	KPMG

**Important points to note:**

This information is provided as a general summary only and is believed to be accurate at the date of issue. Saturn Invest does not accept liability for any loss, cost or expense that may be incurred from relying on the information contained within this summary.

The Global Strategies Fund may not be appropriate for every investor. In addition to reading the investment statement, Saturn Invest recommends investors seek advice prior to investing. Prospective investors should seek tax advice from their tax adviser prior to investing.

The Saturn Global Strategies Fund has an element of risk. Risk refers to the possibility that events may not turn out as generally expected. Although we aim to minimise risk through sound management process and discipline, investment in this Fund may result in capital losses as well as capital gains. It is possible, particularly over shorter periods of investment that you could receive back less than the total of your investment upon redemption. The return of capital is not guaranteed by anyone.

As assets of the Fund are invested offshore, returns for New Zealand investors are affected by movements between the New Zealand dollar and other currencies. Past performance does not guarantee future performance.

For an Investment Statement or further information, please contact your Investment Adviser or Saturn Invest New Zealand Limited at [invest@saturninvest.co.nz](mailto:invest@saturninvest.co.nz) or 09 379 5501.