

REPORT TO THE UNIT HOLDERS IN THE ASPIRING FUND FOR THE MONTH ENDED 30 APRIL 2010

	Aspiring Fund	NZG50	ALL Ords Accumulative Index (rebased in \$NZ)
Month April	2.14%	0.56%	-2.65%
Quarter to Date	2.14%	0.56%	-2.65%
Last 12 Months	2.14%	0.56%	-2.65%
Financial Year To Date	28.60%	19.91%	32.36%
Annualised since PIE <small>(1/10/07)</small>	8.71%	-9.63%	-4.30%

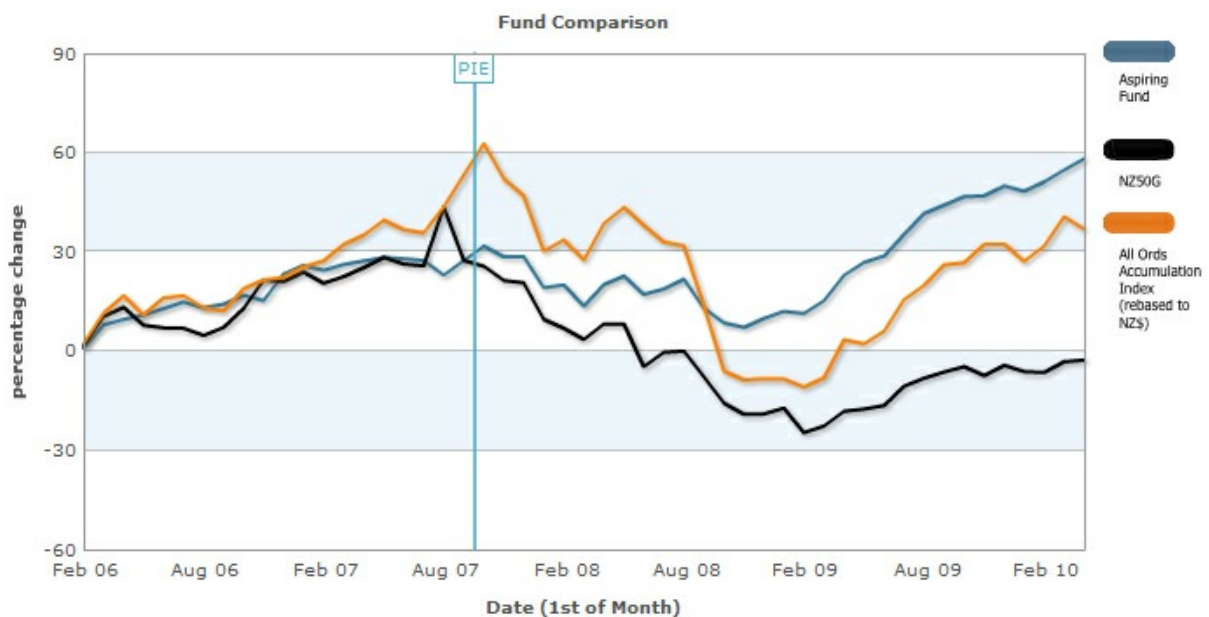
The Unit Price 1st May 2010 was \$1.4790.

The performance for the month of April was 2.14% after all expenses

Our asset allocation at the end of the month was approximately:

New Zealand Equities	38.0%
Australian Equities	38.1%
Global Equities	1.7%
Hybrid Debt	10.1%
Cash	12.1%

PERFORMANCE GRAPH



Comparisons between the unit price performance of the Aspiring Fund and Australian and New Zealand market indices prior to the introduction of the "PIE" regime are not particularly valid. In that period the fund paid full tax on all capital gains whereas the indices performance is without any allowance for tax. That the unit price of the fund matched the performance of the New Zealand index in a rising market prior to the introduction of the PIE regime suggests a level of out performance not picked up by the graph

PERFORMANCE

In April the Aspiring Fund returned 2.14% after expenses.

The New Zealand market was up 0.6% and the Australian market down 2.65% percent in New Zealand dollar terms.

Markets globally were mixed with Europe down on the back of sovereign debt concerns and the US up slightly on a generally good March quarter reporting season. The US economy is currently looking relatively resilient, but it too faces debt/deficit demons in the future.

Our out performance of the Australian and New Zealand markets stemmed mostly from a lack of resource stocks in Australia which generally had a poor month. BHP was down 6.5% and has fallen further since month's end on the back of the Australian government implementation of what is referred to as the Henry report which recommended taxing the super profits on mining what are effectively national goods.

Our results in April were a reversal of the previous month when our lack of exposure to the resource sector and cyclical saw us lag the benchmark indices of the markets in which we predominantly invest.

One of the success stories for the month for us was our investment in Restaurant Brands which rose 15% after posting a very solid result and guidance which the market interpreted as excessively cautious. We shared the market's view and bought more shares immediately after the result. This combination of price appreciation and an increased investment resulted in RBD representing 7.6% of the portfolio at month end. We had some good wins in smaller positions like Comvita which has achieved a remarkable turnaround in both its operating performance and balance sheet in the past 18 months and Pike River where a small existing holding enabled us to participate in both the institutional placement and the underwrite of the rights issue.

The numbers would have been somewhat better if it was not for the strength of the New Zealand dollar against the Australian counterpart (the month-end number used for translation was .7848, up 1.5% on the previous month). However, this effect was mitigated by a decision to convert our Australian cash back to New Zealand dollars and to hedge the currency on 30% of our Australian portfolio at levels which looked very good by month end. The combined effect was to reduce our exposure to the A\$ by about 35% with a consequent increase in our New Zealand dollar weighting. We also brought back the cash we had left in US\$ from the sale some time ago of our ANZ hybrid debt.

At the start of the month our effective exposure to offshore currencies was 57%. By the end this figure was approximately 36%. The NZ\$ has continued to strengthen against the A\$ and we would clearly have benefited from being bolder about locking in the substantial gains we had made by holding a relatively high percentage of our assets in unhedged A\$. However, that is an easy judgement to make with hindsight and we believe there is always likely to be a case for some currency diversification in the portfolio.

There was not a lot of significant change to the NZ equity portfolio during the month. We added to core holdings in companies such as Restaurant Brands, Michael Hill and EBOS at prices we liked and we participated in the Pike River Coal placement which was done on very favourable terms to new investors. Given the increased exposure to retail from those investments we elected to sell out of positions in Pumpkin Patch and The Warehouse but the balance of our activity was limited to trading at the margin. The net effect has been an overall increase in NZ equity exposure with most of

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the increase being evident in more concentrated positions in our highest conviction bets.

Our lack of resource exposure, driven more by a concern over a slowing of growth in China than the impending tax review was a help to the performance of the Australian portfolio. We also added more diversified international type exposure to the Australian portfolio by buying Brambles, CSL and Westfield as we feel that these type of companies will do better than those with straight domestic interests in the coming months.

Ansell, which we have owned for some time but which fits this theme gained strongly during the month, being up 6%.

We continue to find enough opportunities where we see value to remain quite fully invested. However, concerns over the problem of global sovereign debt and the as yet unmet need for governments to reduce expenditure still rob us of sleep. . At the time of writing these have resurfaced with a vengeance causing some serious pain in European debt and equity markets and a return of volatility to currencies.

We have moments (and quite a lot more in the last few days) where we ponder whether we should be significantly more cautious but to date holding our natural bearish urges at bay has been very profitable for the fund. At the time of writing the Australian market has sold off 9% from its recent highs- the third such sell-off we have seen since the lows of March last year. This may become more serious yet but it has certainly seen some of the more optimistic valuations of stocks come back to levels which we find easier to reconcile with our It seems to us that the biggest obvious risk for Australasian markets from the European turmoil is another round of reduction in global bank credit availability expectations for the future.

However, Australian banks collectively represent some of the best risks in the world, Australasian corporate balance sheets have been strengthened significantly in the last 18 months and local economic conditions are far sounder than anywhere else in the developed world. We are watchful but not convinced that this sell-off should or will turn in to a full scale rout. In the long term we can see more reason for Australian and New Zealand markets to take their lead from Asia than the developed world.

Top 10 Holdings as at 30 April 2010

Restaurant Brands	7.6%
Pyne Gould Corporation	5.9%
Transpacific Industries	4.7%
Tower Australia	4.7%
EBOS	3.8%
Cavotec	3.1%
Michael Hill	3.0%
Ansell	3.0%
Methven	2.8%
Adelaide Brighton	2.7%

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