



PACIFIC  
WEALTH CREATORS

# RETURNS ANNOUNCEMENT

16 April, 2010

*Leading New Zealand private client funds manager, Pacific Wealth Creators Ltd, today announces the average portfolio return for the full year reporting period to 31 March 2010.*

**The average client portfolio return after the performance fee is 58.6%.**

This compares to the ASX200 increase of 36.1% over the same period. The NZX50 was up 26.2%.

Year to	ASX200**	Ave. Client Return*	Relative Return
Mar -04	18.4%	<b>33.7%</b>	15.3% outperform
Mar -05	20.3%	<b>6.1%</b>	-14.3% underperform
Mar -06	24.8%	<b>14.9%</b>	-9.9% underperform
Mar -07	16.9%	<b>12.7%</b>	-4.2% underperform
Mar -08	-10.7%	<b>-8.7%</b>	2.0% outperform
Mar -09	-33.1%	<b>-19.1%</b>	14.0% outperform
Mar -10	36.1%	<b>58.6%</b>	<b>22.5% outperform</b>
<b>7yr Average</b>	10.4%	<b>14.0%</b>	<b>3.6% outperform</b>

The extent to which the latest years result has outperformed the market is indeed exceptional. More important, the longer term 7 year average is outperforming the market and that is exactly our goal.

However this is no reason to be complacent. There is plenty I could have done better and over these errors of omission or commission I beat myself up. There were plenty of lessons learned and the upside is clients will benefit from my increased wisdom over future years.

The latest year was marked by a rapid turnaround in credit conditions and the business environment in general after reaching the depths, in 2008 and early 2009, of the 'credit' crisis – perhaps more appropriately termed the intelligence crisis.

As value investors, 2008 was a returns-defining year for us. Our job is not to try and figure out when the turnaround will come, or even where the bottom is, rather, it is simply to take advantage of great companies selling at attractive prices. The rest will eventually take care of itself.

That's not to say all is rosy now. Many countries including Australia and New Zealand, considering the high levels of consumer debt, have escaped relatively unscathed compared to what may have unfolded had a few poor decisions been made at the political level abroad – as happened in the 1930's. The downside of this 'light-handed spanking' is consumers across the board have had all too little incentive to stop borrowing and spending, let alone pay down existing debt.

On my 'research' trip to Harvey Norman last weekend I was disappointed to see customers queuing again to sign up for credit. Unfortunately, it often takes the pain of a really deep crisis to change habits.

James Clague  
Funds Manager / Researcher

### **Pacific Wealth Creators Ltd at a Glance**

Established in 2000 by James Clague, Pacific Wealth Creators is a leading value-investment research house and manager of private client equity portfolios. Based in Auckland, New Zealand, we are perhaps the only investment management company with annual fees based solely on performance – growth must exceed 4% before any fees are incurred. It's what sets us apart from the rest, and it's why our client returns are some of the highest across the industry.

**Further Information:**  
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