

**GUARDIAN CASHPLUS FUND****What is the situation with the Guardian CashPlus Fund?**

Following the Treasury and Reserve Bank's issuing of criteria for the eligibility of Collective Investment Schemes in the Crown Deposit Guarantee Scheme, Guardian Trust is moving to restructure its Guardian CashPlus Fund to align the Fund with the Criteria.

**Why are you proposing to restructure the Guardian CashPlus Fund?**

To be eligible for the Crown guarantee.

To enable this to be achieved it is necessary to ensure that the Fund only holds cash investments. The Fund will therefore separate out its investment in mortgage units. Once this is done and the Fund is approved for the Crown Deposit Guarantee Scheme, investors will benefit from the added security. The balance of the Fund, held in mortgage units, will enjoy a guarantee from Guardian Trust as to capital.

**What is the process for this restructure?**

The restructure will take a short while to complete and there will be some disruption for which we apologise. We are suspending all withdrawals and investments until further notice. The suspension is, however, planned for a period of 35 days. This will allow us time to arrange a meeting of unit holders to discuss the restructure plan and organise a new Fund into which the mortgage related investments will be transferred. A letter enclosing offer documents for the new Fund and notices of meeting will be sent to Guardian CashPlus unit holders within the next fortnight.

**What does this mean for my funds?**

The restructure will require the Guardian CashPlus Fund to be suspended for a planned 35 days, from 5 November 2008.

### **Where is the Guardian CashPlus Fund invested?**

At the time of suspension approximately 65% of the Guardian CashPlus Fund is held in cash investments with the remainder in mortgage related investments through units in the Guardian Mortgage Fund, which invests in conservative first mortgages.

### **How safe is my money?**

The cash component is held in cash or registered certificates of deposit from a spread of New Zealand-registered banks. Subject to the approval of unit holders, approximately 35% of the existing Guardian CashPlus Fund holding will be retained in a new Fund in mortgage units. The capital value of these units is company guaranteed. The cash in the Guardian CashPlus Fund should be eligible for the Crown Deposit Guarantee Scheme criteria.

### **How does the Company Guarantee work?**

The face value of the mortgage units are indemnified by the Company. Which means that the initial capital value is guaranteed.

### **When will I be able to access my investment/s?**

The restructure will require the Guardian CashPlus Fund to be suspended for a planned 35 days. At the end of this period, and subject to unit holder approval, we anticipate that the Guardian CashPlus Fund will qualify for the government-guarantee deposit scheme. At that stage the suspension will be lifted and the Guardian CashPlus Fund will reopen.

The new mortgage unit-only fund, the capital of which is guaranteed by the company, will be closed for deposits and withdrawals to ensure fairness to all investors. It is the intention of the Company to liquidate these units as soon as market conditions permit.

### **Will I still be receiving income from my funds?**

The 35 day turned around should have no impact on the normal end of quarter income distribution cycle. Following the restructure you would receive two distributions one from Guardian CashPlus and one from the new Fund.

**Does this affect any other part of the Guardian Trust business?**

This action is specific to the Guardian CashPlus Fund.

**Who is the investment manager?**

Guardian Trust.

**Ends**