



FROM THE C.E.O.

Our hearts go out to all those affected by the earthquake in Christchurch and we hope that all of our investors, their friends and families have not been too badly affected. Thankfully all of our staff's friends and families are safe and uninjured, but some have suffered considerable damage to their homes and businesses. We pray for a period of stability for all those affected. Investors will be pleased to know that neither of our funds has significant exposure to the Christchurch property market.

At the time of writing, the media is giving us mixed messages. One day it tells us of improving economic conditions; the next it says the recession not only continues but has intensified. What is clear is that it will take time for markets to return to more stable conditions. From our

perspective we are keeping our feet firmly planted on the ground and focusing all of our attention on maximising the return from our existing investments. That is a challenge in itself; however with the benefit of the experience of having been actively involved for almost two decades, the challenge does not seem too daunting.

For the quarter ending 31 March 2011 the P.I.E. Fund distribution was equivalent to 5.00% per annum before taxation based on a \$1 unit value. This is a fall from last quarter's return and reflects the difficult conditions we are experiencing at present.

For the quarter ending 31 March 2011, the No. 2 Fund returned the equivalent to 6.25% per annum before taxation based on a \$1 unit value, and remains stable.

For further details on both Funds please refer to the back of this newsletter and our website www.nzmit.co.nz

Don't forget to order your tickets for the coming Royal Dunedin Male Choir performance (see below for details).

Yours sincerely,

Peter Hutchison

C.E.O., Fund Managers Otago Ltd.

Proud Supporter of Otago/Southland
Division of the Cancer Society



The Royal Dunedin Male Choir

Concert Tickets

MONDAY 27 JUNE • 7:30PM • DUNEDIN TOWN HALL

Fund Managers Otago is once again able to offer FREE tickets to current investors for the upcoming concert by one of New Zealand's oldest choirs - the Royal Dunedin Male Choir.

If you are interested in attending please contact Ruth on 471 6501 or 0800 800 212.

Don't delay as they always go quickly! Please note that this offer is strictly on a 'first come first serve basis'.



Fund Managers Otago Golf Open 11 March 2011



Despite the less than favourable weather conditions, our ninth Annual Golf Tournament at the Balmacewen Golf Course was enjoyed by all.



The PricewaterhouseCoopers Team comprising Richard McKnight, Steve Brocklebank, Barry Timmings and Warren Leslie scored a fantastic 99 points to win.

We are planning to have next year's tournament in February and we hope to see the usual large number of players.

View the news page on our website www.nzmit.co.nz for more photos from the day.



NZ Mortgage Income Trust Fund Facts

Investment Portfolio Statistics		
Fund Size	\$66.6M	\$10.2M
Number of Investors	1,631	398
Minimum Investment	\$500.00	\$500.00
Income Payments	Quarterly, floating rate of Return Income can be compounded	Quarterly, floating rate of Return Income can be compounded
Term of Investment	Medium to long term	Medium to long term
Entry fees	Nil	Nil
Exit fees	The Manager has discretion to charge a fee of up to 2% on any money withdrawn 12 months after investment and up to 1% on any money withdrawn more than 12 months but less than 24 months after investment.	The Manager has discretion to charge a fee of up to 2% on any money withdrawn 12 months after investment and up to 1% on any money withdrawn more than 12 months but less than 24 months after investment.
Liquidity as at 18 March 2011 ⁷	3%	11%
Mortgage Portfolio Statistics		
Number of Mortgages	73	61
Value of Mortgages	\$63.7M	\$9.2M
Average Mortgage Size	\$871,951	\$151,419
Portfolio Commercial Mortgages	46%	31%
Portfolio Residential Mortgages	51%	61%
Portfolio Farming Mortgages	3%	8%
Geographic Spread: North Island	82%	21%
Geographic Spread: South Island	18%	79%
No. of Loans in Arrears at 30-90 days	15.01%	3.28%
No. of Loans in Arrears at 90 days plus	6.85%	Nil

RETURNS AT A GLANCE



Return for quarter
ending: 31/3/2011

5.00% p.a.¹

P.I.E Pre-Tax Return
(Applies to those changing from a
33% to 28% tax rate)

5.38% p.a.²

Compounded return
past 12 months

5.10% p.a.⁴

The NZMIT P.I.E. Fund is open for investments.

RETURNS AT A GLANCE



Return for quarter
ending: 31/3/2011

6.25% p.a.³

Compounded return
past 12 months

6.40% p.a.⁴

The NZMIT No. 2 Fund is open for investments.

1. The 'Return for the quarter' displayed above for the NZ Mortgage Income Trust P.I.E. Fund is based on a \$1 unit value and on an investor being in the Fund for the entire quarter ended 31/3/2011 and is before tax but after fees and expenses have been deducted and is expressed as a per annum equivalent before tax. Any investor who joined the Fund or withdrew from the Fund during the quarter would not necessarily earn the same return. 2. The above 'P.I.E. Pre-Tax Return' illustrates the per annum equivalent if an investor changes from a tax rate of 33% to the maximum P.I.E. tax rate of 28% which is before tax but after fees and expenses have been deducted and is expressed as a per annum equivalent before tax. Any investor who joined the Fund or withdrew from the Fund during the quarter would not necessarily earn the same return. 3. The 'Return for the quarter' displayed above for the NZ Mortgage Income Trust No. 2 Fund is based on a \$1 unit value and on an investor being in the Fund for the entire quarter ended 31/3/2011 and is before tax but after fees and expenses have been deducted and is expressed as a per annum equivalent before tax. Any investor who joined the Fund or withdrew from the Fund during the quarter would not necessarily earn the same return. 4. The 'Compounded return past 12 months' displayed above for the NZ Mortgage Income Trust P.I.E. Fund and No. 2 Fund are based on an investor being in the Fund for the entire year ended 31/3/2011 and having elected to have their quarterly income reinvested in further units and calculated before tax but after fees and expenses have been deducted and expressed as a per annum equivalent before tax. 5. Each Funds' details of the return calculation is set out in the respective Registered Prospectus for the NZ Mortgage Income Trust P.I.E. Fund and the NZ Mortgage Income Trust No. 2 Fund. 6. Past returns do not guarantee future performance in respect of both the NZ Mortgage Income Trust P.I.E. Fund and the NZ Mortgage Income Trust No. 2 Fund. 7. The liquidity percentage is that percentage of the total assets of the Fund held in cash or liquid assets. 8. All information in this newsletter is current to 18th March 2011, unless otherwise stated and the figures are unaudited. 9. For further information please contact our office to obtain a copy of the current NZ Mortgage Income Trust P.I.E. Fund and NZ Mortgage Income Trust No. 2 Fund Investment Statement and/or Prospectus or contact your adviser.