

Christmas Greetings

THE FACTS

SUMMER NEWSLETTER 2011/12

FROM THE MANAGING DIRECTOR



The election is now behind us and we can all get back to our plans for Christmas. Probably the best Christmas present we could all get is for a more settled world economy. While New Zealand is in good shape relative to most of the rest of the world, we still have a way to go before we can consider ourselves to be on a sustainable growth path.

The NZ Mortgage Income Trust No. 2 Fund continues to post strong returns to investors, and for the quarter ending 31st December 2011 the Fund returned the equivalent of 6.75% per annum after deduction of the quarterly running expenses of the Fund but before taxation, if any, and was calculated on an annualised basis using a \$1 unit value.

The Fund has grown steadily this year and we expect the coming year to continue to show further positive growth in both value and returns. There is steady demand from quality borrowers which is a key component for sound growth. The fact that our growth rate is small in comparison to the total financial services industry enables us to attract a satisfactory level of new mortgage business.

Kindly refer to the back page of the newsletter for the latest statistics relating to the Fund.

Once again this year we will be closing our office for the Christmas break. The office will close at 5.00pm, Thursday 22nd December 2011 and reopen again on Tuesday 10th January 2012.

We invite you to visit our updated website, www.nzmit.co.nz which now reflects the expanded business.

Yours sincerely,

Peter Hutchison

Managing Director, Fund Managers Otago Ltd.

Proud Supporter of Otago/Southland
Division of the Cancer Society



Merry Christmas & Happy New Year

Christmas Holiday Hours

We close on Thursday 22 December
and will reopen on Tuesday 10 January 2012.

Registered Office of The Manager: Fund Managers Otago Limited

Level 5, 165 Stuart St, Dunedin • PO Box 5741, Dunedin 9058 • Free Phone: 0800 800 212 • Tel: (03) 471 6500 • www.nzmit.co.nz

FUND FACTS



No. 2 Fund

Investment Portfolio Statistics

Fund Size	\$11.7M
Unit Price	\$1.02
Number of Investors	893
Minimum Investment	\$500
Income Payments	Quarterly, floating rate of Return Income can be compounded
Term of Investment	Medium to long term
Entry fees	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Exit fees	The Manager has discretion to charge a fee of up to 2% on any money withdrawn 12 months after investment and up to 1% on any money withdrawn more than 12 months but less than 24 months after investment.
Liquidity as at 15 December 2011 ⁵	6.61%
Redemption notice period 90 business days (approximately 4.5 calendar months).	

Mortgage Portfolio Statistics

Number of Mortgages	71
Value of Mortgages	\$10.7M
Average Mortgage Size	\$151,082
Portfolio Commercial Mortgages	39%
Portfolio Residential Mortgages	52%
Portfolio Farming Mortgages	9%
Geographic Spread: North Island	27%
Geographic Spread: South Island	73%
No. of Loans in Arrears at 30-90 days	1
No. of Loans in Arrears at 90 days +	Nil
No. of Impaired Loans	Nil

RETURNS AT A GLANCE

Return for quarter
ending: 31/12/2011

6.75% p.a.¹

Compounded return
past 12 months

6.60% p.a.²

The NZMIT No. 2 Fund is open for investments.

1. 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 31/12/2011 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 'Compounded return past 12 months' displayed above for the NZ Mortgage Income Trust No. 2 Fund is based on an investor being in the Fund for the entire year ended 31/12/2011 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. 3. The NZ Mortgage Income Trust No. 2 Fund's details of the return calculation is set out in the Registered Prospectus and on the NZMIT website. 4. Past returns do not guarantee future performance in respect of the NZ Mortgage Income Trust No. 2 Fund. 5. The liquidity percentage is that percentage of the total assets of the Fund held in cash or liquid assets. 6. All information in this newsletter is current to 15 December 2011, unless otherwise stated and the figures are unaudited. 7. For further information please contact our office to obtain a copy of the current NZ Mortgage Income Trust No. 2 Fund Investment Statement and/or Prospectus or contact your adviser.