

Media Statement for immediate release:

FISHER FUNDS ACQUIRES TOWER INVESTMENTS

Fisher Funds has reinforced its position as one of the leading New Zealand owned and operated fund managers with the purchase of TOWER's investment business for \$79 million.

The purchase will be supported by another of New Zealand's iconic brands, TSB Bank, which will become a shareholder in Fisher Funds with a 26 per cent equity interest. TSB Bank will also have representation on the Fisher Funds Board.

The acquisition of TOWER Investments will lift funds under management to over \$5 billion and make Fisher Funds the fifth largest KiwiSaver provider by membership and funds under management. The partnership with TSB creates a further opportunity to expand Fisher Funds' reach directly to potential investors.

Fisher Funds Managing Director Carmel Fisher says the proven ability of the Fisher Funds team to deliver excellence in the management of funds for New Zealand investors has provided the impetus for undertaking this significant acquisition in the KiwiSaver sector.

"KiwiSaver, with its widespread public and political support is changing the way New Zealanders save. It is creating a large pool of funds that under the guidance of skilled and focused New Zealand fund managers will provide secure retirement savings for investors and capital for businesses to grow and create more jobs and wealth. Fisher Funds has been a strong advocate of KiwiSaver since day one and this move signals our increasing commitment to successful outcomes for KiwiSaver investors."

"TOWER's decision to sell its funds management business has created the opportunity for Fisher Funds to attain scale that will provide efficiencies in the management of clients' funds while still allowing for the high quality personalised service that we are known for. It will also give our clients access to a broader range of products."

The purchase of TOWER's portfolio follows the smaller acquisitions of KiwiSaver portfolios from First New Zealand Capital, Huljich Wealth Management and the New Zealand Association of Credit Unions in the last three years.

"Our previous acquisitions have provided the commercial, operational and regulatory experience to manage the transition into the Fisher Funds fold. We look forward to offering TOWER's investors the same high levels of service and communication that all our other investors enjoy and will continue to enjoy. Fisher Funds' investors can rest assured that there will be no impact on their experience, except for the better".

It will be business as usual at TOWER Investments for TOWER staff and customers, with a 12-month transition plan in place to combine the best elements of both businesses. Existing TOWER staff are being offered continuous employment on the same terms and conditions that they already enjoy.

Fisher Funds also has the right to use the TOWER brand for 12 months from the date of settlement, and will manage internal funds for TOWER New Zealand for five years.

“Over the next year we will look to expand the range of products offered to customers of TOWER and Fisher Funds by utilising the strengths of both portfolios. We also anticipate that there will be synergies to be gained from the amalgamation of back office services and benefits of scale to be achieved from key suppliers which in time will flow through to investors in the form of a wider range of services and even more competitive fees.”

The transaction to acquire TOWER’s funds management business, including its wholesale and superannuation fund businesses is expected to be completed in April 2013.

TSB BANK INVESTS IN FISHER FUNDS

The purchase of TOWER’s fund management business will be funded by a mixture of bank debt and equity from new and existing Fisher Funds shareholders. Fisher Funds is particularly pleased to welcome new shareholder TSB Bank, a partner with similar values and the same client-centric culture. TSB Bank will acquire a 26 per cent interest in Fisher Funds and will have representation on the Fisher Funds board.

“We are delighted to have TSB Bank as an investor in Fisher Funds along with the continued support of Morrison & Co. The support of TSB will expand our distribution capability and provide other potential benefits,” Carmel Fisher said.

TSB Bank Chief Executive Officer Kevin Murphy says the bank, founded in 1850 and with deposits in excess of \$4 billion, has explored a number of opportunities to become a KiwiSaver provider.

“TSB Bank has consistently been rated as the number one bank in New Zealand for customer service and in Fisher Funds we see a KiwiSaver provider with similar values and commitment that will give the bank’s customers direct access to a high quality portfolio of investment opportunities.”

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Fisher Funds was established in 1998 by Carmel and Hugh Fisher and currently manages more than \$1.4 billion on behalf of more than 130,000 investors. Fisher Funds is 100% New Zealand owned and operated. Fisher Funds offers a broad range of investment solutions encompassing fixed interest, infrastructure and equities.



TSB BANK FACT SHEET/BACKGROUND INFORMATION

- TSB Bank opened its doors in June 1850.
- In the 1980s', when the banking industry was deregulated, TSB Bank chose to remain independent of the TrustBank group. With the Westpac take-over of TrustBank in 1996, TSB Bank became the only 100% New Zealand owned bank.
- Ownership of the Bank is vested in a single shareholder, the TSB Community Trust. Unlike the multinational banks (which pour profits back to overseas owners), dividends paid from TSB Bank profits are distributed by the Trust to community groups and organisations.
- This year's dividend to the TSB Community Trust was \$10 million.
- The Bank provides full-service banking to people from all corners of New Zealand - and around the world.
- TSB Bank has an enviable financial performance record. For the financial year to 31 March 2012 the Bank reported:
 - Pre-tax profit of \$66.5 million
 - A Capital Adequacy Ratio of 15.42% - the highest of all retail banks - easily exceeding the 8% minimum guideline set by the Reserve Bank of New Zealand
- Growth of the Bank, in market share, loan portfolio and depositors' funds terms, has exceeded all projections. Funds growth has been particularly high, doubling in just five years to now exceed \$4.7 billion dollars.
- The Bank has retained its 'best bank' customer satisfaction ranking for a record 12th year - (Nielsen Company Consumer Finance Monitor 2012).
- TSB Bank Direct was acclaimed 'New Zealand's best banking Contact Centre' - (2010 CRM Contact Centre awards).
- The Bank was named 'People's Choice' in the 2012 Sunday Star-Times banking awards, judged on service, value and product .