



The Milford Active Growth Fund

Fund Update

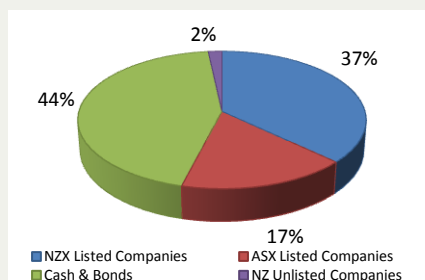
December 2011

Portfolio Manager



Brian Gaynor

Portfolio Mix



Fund Size

\$197 million at 30/11/2011

Fees

1.05% capped annual fee plus a Performance Fee equal to 15% of returns above 10% (after fees & before tax).

Investment Objective

The Fund invests in Australasian securities and has a targeted return of 10% (after fees & before tax) p.a. over a minimum 5 year horizon.

Dear Fellow Investors

Sharemarket conditions remained extremely volatile during November with the NZX50 Gross Index off 1.9% and the ASX200 Accumulation Index, in NZ dollar terms, down 2.6%.

Nevertheless your Fund was up 0.2% for the month with New Zealand shares making a positive contribution of 0.13%, foreign exchange 0.15%, bonds 0.03% and cash 0.09%. Australian shares made a negative 0.19% contribution during November.

The best performing stocks were Tower and Salvus Strategic Investments. The Salvus investment has performed well for your Fund under difficult sharemarket conditions.

A 16.9% stake in Salvus was purchased from Allan Hubbard in March 2010 at 70 cents a share. The investment company's net asset value was 98.5 cents per ordinary share at the time.

I was appointed to the Salvus board shortly afterwards with all my directors' fees going to the Active Growth Fund.

Unfortunately Salvus' investment performance continued to disappoint and earlier this year the board announced it was looking at a number of proposals including the liquidation of the investment portfolio and the return of capital to shareholders.

A number of proposals were looked at but none of them were acceptable to the board and shareholders. Consequently it was decided to liquidate the investment portfolio and return all the capital to shareholders, a total of 82.6 cents a share.

Thus Salvus has generated the following returns, including a 2.5 cents a share dividend in October 2010, since we invested in March 2010;

- Active Growth Fund's investment in Salvus	+21.6%
- Salvus' NAV since March 2010	(13.6%)
- NZX50 Gross Index since March 2010	+1.4%
- Active Growth Fund since March 2010	+6.2%

In addition your Fund will be voting in support of the three new nominations for the Salvus board at the 23 December annual meeting. If they are elected the existing board will resign and the new board may be able to add value for Salvus shareholders as the company will remain as a listed shell.

The Salvus investment demonstrates that positive returns can be achieved in difficult market conditions if shares are purchased at favourable prices and an active approach to corporate governance is adopted. Your Fund will continue to look for similar situations in the future.

Brian Gaynor

Disclosure of interest: Brian Gaynor and his immediate family have \$328,000 invested in the Fund at the 30 November 2011 unit price.

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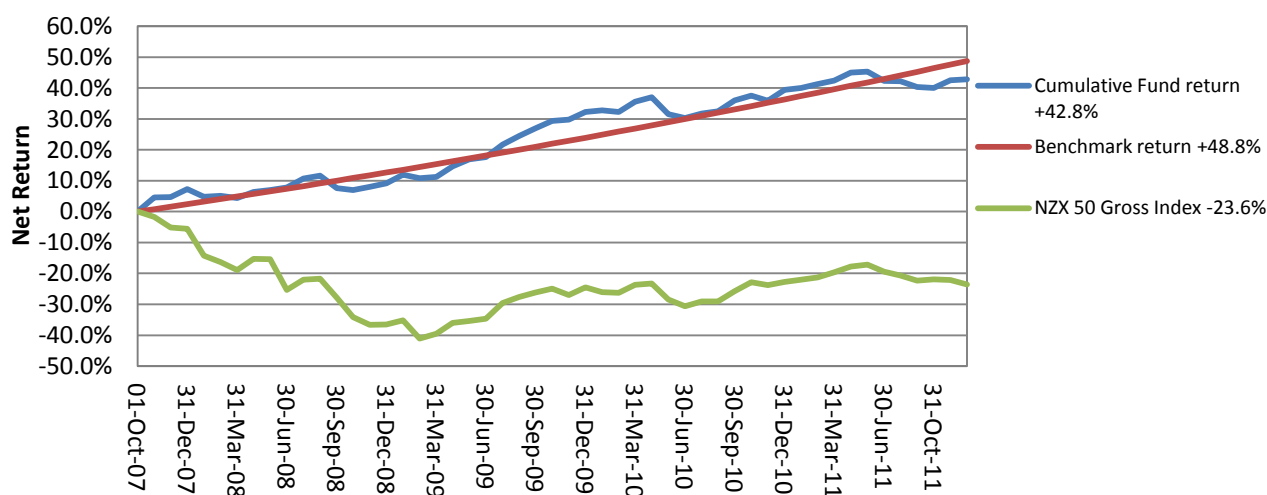
Performance to 30 November 2011 (after fees and before tax)

	Past Month	Past 1 Year	Past 2 Years (p.a)	Past 3 Years (p.a)	Since Inception 1 October 2007 (p.a)
Milford Active Growth Fund	+0.2%	+5.1%	+4.9%	+9.8%	+8.9%
Benchmark	+0.8%	+10.0%	+10.0%	+10.0%	+10.0%
Over / Under Benchmark	(0.6%)	(4.9%)	(5.1%)	(0.2%)	(1.3%)
Fund's after tax return*	+0.1%	+5.6%	+4.4%	+9.4%	+8.1%
NZX 50 Gross Index	(1.9%)	+0.2%	+2.3%	+6.5%	(6.3%)

*For investors on the top marginal tax rate

Investment Performance

(cumulative returns are since inception, before tax and after fees)



Holdings

Company	Holding	Company	Holding
Ryman Healthcare (NZ)	4.0%	Amcort (AUST)	1.2%
Diligent Board Member Services (NZ)	3.3%	Telecom (NZ)	1.2%
Restaurant Brands (NZ)	3.0%	Coca-Cola Amatil (AUST)	1.1%
Turners Auctions (NZ)	2.5%	Auckland International Airport (NZ)	1.1%
Delegat's (NZ)	2.4%	Ecoya (NZ)	1.1%
Sky TV (NZ)	2.4%	Skellerup (NZ)	1.1%
Tower (NZ)	2.3%	SAI Global (AUST)	1.1%
Trade Me Group (NZ)	2.0%	Wesfarmers (AUST)	1.0%
Sky City (NZ)	1.6%	Brambles (AUST)	1.0%
Spark Infrastructure (AUST)	1.6%	Cromwell (AUST)	1.0%
Ramsay Health Care (AUST)	1.5%	Air New Zealand (NZ)	1.0%
Kauri Property Fund (NZ)	1.4%	Various other holdings*	14.6%
Mirvac Group (AUST)	1.2%	Bonds	6.1%
		Cash	38.2%

*Holdings of 0.9% or less have been combined into 'Various other holdings'.

