

The Milford Aggressive Fund

Client Update

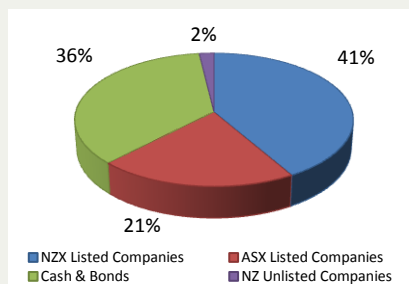
August 2011

Portfolio Manager



Brian Gaynor

Portfolio Mix



Fund Size

\$178 million at 31/07/2011

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

July was another difficult month for investors as the United States Government debt crisis escalated and economic data pointed to a global economic slowdown.

Your Fund achieved a flat return in this challenging environment compared with a 1.5% decline in the NZX50 Gross Index. The Aggressive Fund's 0.0% return was also satisfactory because the Australian sharemarket had another a poor month with the ASX Accumulation (Gross) Index down 4.0% (or 7.0% in NZ dollar terms).

The main positive contributors to your Fund's performance during July were Diligent Board Member Services +0.4%, Telecom +0.2% and Charlie's +0.2%. The main negative contributors were Restaurant Brands, New Zealand Oil & Gas and Fletcher Building, all contributing minus 0.2%.

The Fund's exposure to Mainfreight was increased during the month while shareholdings in Origin Energy and Iluka Resources were sold because their share prices exceeded our sell target prices.

At present the Fund has a gross 64% exposure to equities (a net 59% exposure after taking into account the sale of ASX200 September futures). The equity exposure is also reasonably defensive as the top three New Zealand shareholdings are Ryman Healthcare, Restaurant Brands and Telecom.

Spark Infrastructure, which has investments in low-risk electricity distribution businesses in Victoria and South Australia, is the Fund's largest ASX holding. Kauri Property Fund and Manuka Health, the two unlisted New Zealand investments, are profitable and are relatively defensive investments.

The portfolio takes an active approach towards currency management. At present our Australian dollar holdings are 62% hedged in New Zealand dollar terms. This hedging strategy has protected the portfolio against the sharp increase of the Kiwi dollar and it also reduces the volatility of the Fund.

The outlook for sharemarkets and currencies over the next few months will be heavily dependent on economic data flows. If economic statistics are better than expected then we expect sharemarkets and currencies will rise. If they are below expectations then the opposite should happen.

Your Fund will continue to adopt a relatively defensive stance in this environment.

Brian Gaynor

Disclosure of interest: Brian Gaynor and his immediate family have \$331,000 invested in the Fund at the 31 July 2011 unit price.

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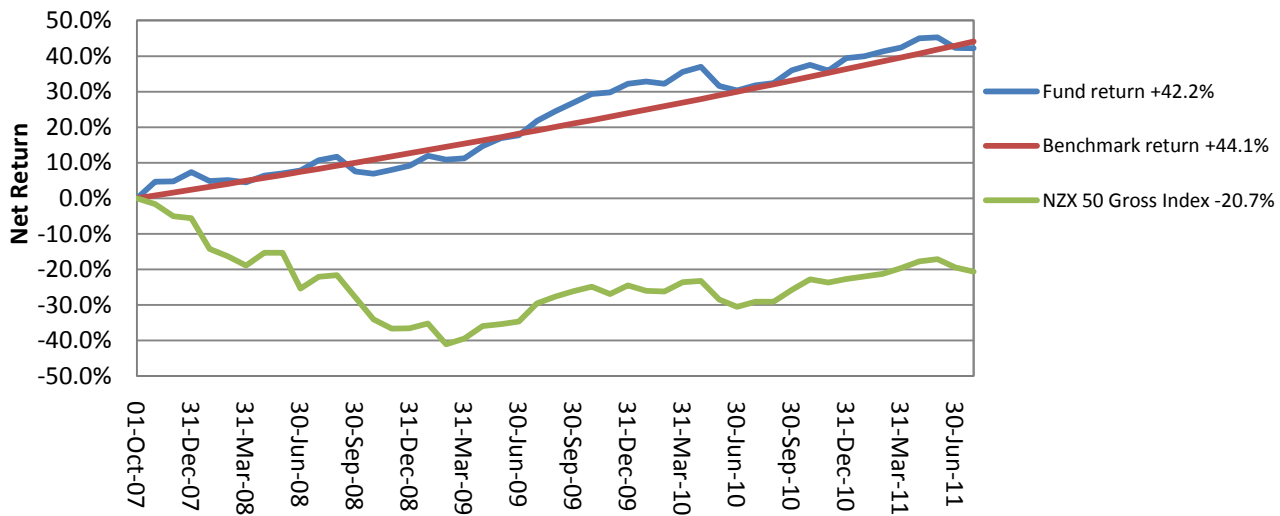


Performance to 31 July 2011 (after fees and before tax)

	Past Month	Past 1 Year	Past 2 Years	Past 3 Years	Since Inception 1 October 2007
Milford Aggressive Fund	+0.0%	+8.0%	+16.9%	+28.5%	+42.2%
Benchmark	+0.8%	+10.0%	+21.0%	+33.1%	+44.1%
Over / Under Benchmark	(0.8%)	(2.0%)	(4.1%)	(4.6%)	(1.8%)
Fund's after tax return*	(0.1%)	+7.2%	+15.7%	+26.2%	38.1%
NZX 50 Gross Index	(1.5%)	+11.9%	+12.6%	+1.78%	(20.7%)

*For investors on the top marginal tax rate

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



Holdings

Company	Holding	Company	Holding
Ryman Healthcare (NZ)	4.4%	Sky City (NZ)	1.2%
Restaurant Brands (NZ)	3.5%	Auckland International Airport (NZ)	1.2%
Telecom (NZ)	3.1%	Amcor (AUST)	1.2%
Tower (NZ)	2.6%	Coca-Cola Amatil (AUST)	1.1%
Fletcher Building (NZ)	2.6%	Rakon (NZ)	1.1%
Sky TV (NZ)	2.5%	Atlas Iron (AUST)	1.1%
Diligent Board Member Services (NZ)	2.3%	Brambles (AUST)	1.1%
Delegat's (NZ)	2.3%	Oil Search (AUST)	1.1%
Mainfreight (NZ)	1.9%	SAI Global (AUST)	1.0%
Spark Infrastructure (AUST)	1.7%	Flight Centre (AUST)	1.0%
Salvus (NZ)	1.6%	Wesfarmers (AUST)	1.0%
Kauri Property Fund Ltd (NZ)	1.6%	Cromwell Property Group (AUST)	1.0%
Turners Auctions (NZ)	1.6%	Various other holdings*	16.5%
Ramsay Health Care (AUST)	1.5%	Cash and Bonds	36.0%
Skellerup (NZ)	1.4%		

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

