



# The Milford Aggressive Fund

## Client Update

### December 2010

### Portfolio Manager



Brian Gaynor

### Dear Fellow Investors

November was dominated by further negative news from Europe, particularly the Irish economic crisis and the Pike River tragedy at home.

Most sharemarkets, with the notable exception of Germany and Japan, had negative months with MSCI World Index down 1.7%, New York's Dow Jones Industrial Index off 1.0%, Australia's ASX Accumulative Index down 1.1% while the benchmark NZX50 Gross Index had a negative 1.2% return.

Your Fund was also down 1.2%. The Pike River disaster was the biggest contributor as we held 367,500 Pike River shares and 501,400 NZ Oil & Gas shares, which owns 29% of Pike River Coal. Pike River Coal's share price has been adjusted to 15 cents as far as the fund's net asset value is concerned even though it hasn't traded since the tragic explosion on 19 November.

The other major negative contributors during November were Pyne Gould Corporation and PGG Wrightson. The holding in Pyne Gould Corporation was sold because of the company's inability to clearly enunciate its future structure.

The major positive contributors during the month were Ryman Healthcare, CSL and Air New Zealand.

Additional shares in Fletcher Building, Air New Zealand, GPG and Nuplex were purchased during the month while the position in Telecom was sold.

In the past few months we have been asked a number of questions about fees, brokerage and director's fees. Hopefully this will answer a number of these queries.

The annual fee is capped at 1.05% before the performance fee. The annual fee includes all expenses except brokerage incurred in the purchase and sale of securities. As far as brokerage is concerned we have negotiated competitive wholesale rates with brokers.

However your Fund also earns underwriting fees and brokerage, all of which go to the Fund. For example the following fees and brokerage were paid and received by the Fund in the 19 months between 1 April 2009 and 31 October 2010;

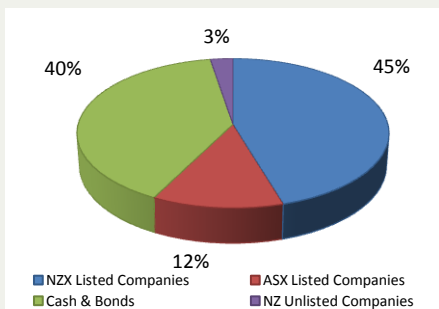
- Brokerage paid \$476,900
- Brokerage and underwriting fees received \$372,300

In addition all director fees paid to me as a director of Salvus and Kauri Property Fund Limited are paid into the Fund.

Brian Gaynor

*Disclosure of interest: Brian Gaynor and his immediate family have \$290,000 invested in the Fund at the 30 November unit price.*

### Portfolio Mix



### Fund Size

\$129.5 million at 30/11/2010

### 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.

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[www.milfordasset.com](http://www.milfordasset.com)

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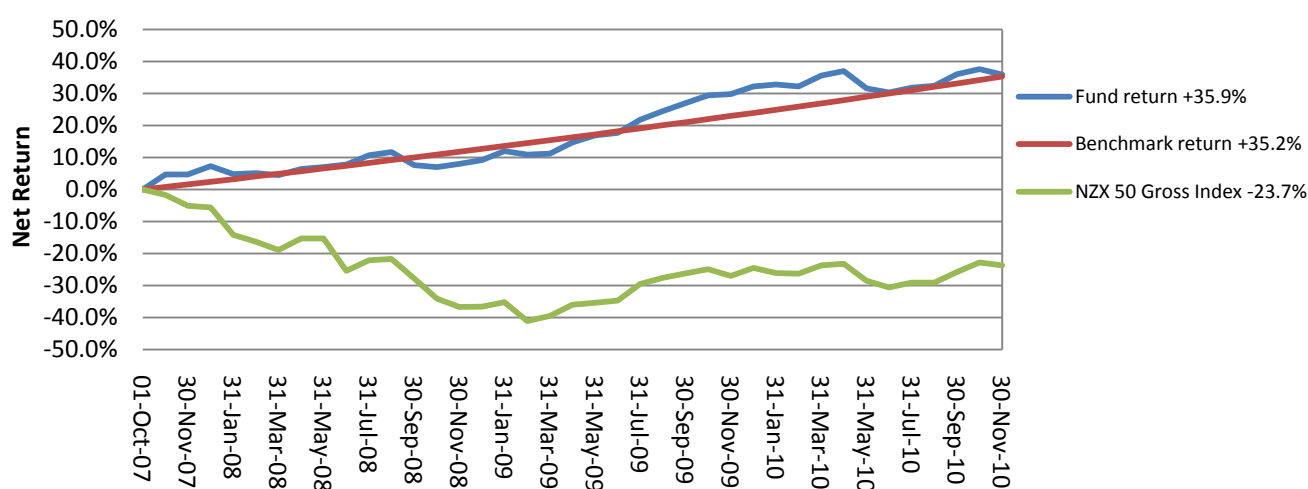


## Performance to 30 November 2010 (after fees and before tax)

	Past Month	Past 1 Year	Past 2 Years	Past 3 Years	Since Inception
<b>Milford Aggressive Fund</b>	-1.2%	+4.7%	+25.8%	+29.8%	+35.9%
<b>Benchmark</b>	+0.8%	+10.0%	+21.0%	+33.1%	+35.2%
<b>Over / Under Performance Benchmark</b>	-2.0%	-5.3%	+4.8%	-3.3%	+0.7%
<b>NZX 50 Gross Index</b>	-1.2%	+4.4%	+20.4%	-19.7%	-23.7%

## Investment Performance

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



## Holdings

Company	Holding	Company	Holding
Restaurant Brands	4.6%	Abano	1.6%
Ryman Healthcare	4.4%	Kathmandu	1.5%
Tower	4.4%	Mainfreight	1.5%
Fletcher Building	4.0%	Santos	1.4%
Air New Zealand	3.8%	Delegat's	1.3%
Kauri Property Fund Limited	2.2%	GPG	1.3%
Salvus	2.0%	Nuplex Industries	1.2%
Hallenstein Glasson	1.8%	PGG Wrightson	1.2%
Turners Auctions	1.8%	Origin Energy	1.2%
CSL	1.7%	Diligent Board Members Services	1.1%
Rakon	1.7%	Various other holdings*	12.8%
Auckland International Airport	1.6%	Cash and Bonds	39.9%

\*Holdings of 1.0% or less have been combined into 'Various other holdings'.

