



The Milford Aggressive Fund

Client Update

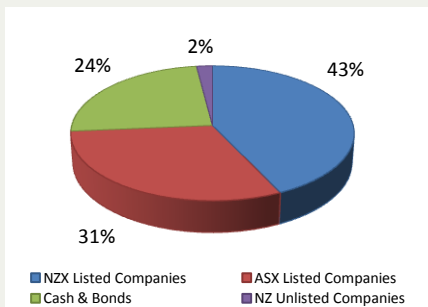
June 2011

Portfolio Manager



Brian Gaynor

Portfolio Mix



Fund Size

\$168 million at 31/05/2011

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

May was a difficult month for most Australasian funds, mainly because of the "Telecom factor" and the Australian sharemarket being down 2.0% in Australian dollar terms (and 6.3% in New Zealand dollars).

Telecom, which has an 11.1% index weighting, contributed 1.4% to the NZX50 Gross Index's May performance. The following table illustrates why Telecom's high index weighting was so important.

May weightings, performances and contributions

	May Performance	Index Weighting	May Contribution
Telecom	+13.7%	11.1%	+1.4%
Cavalier	+12.9%	0.5%	+0.1%
NZ Exchange	+10.8%	0.7%	+0.1%
Pyne Gould	+10.6%	0.2%	0.0%
Mainfreight	+8.1%	1.9%	+0.1%

Telecom is the second largest company behind Fletcher Building, which has a 13.9% index weighting. Most funds, including your Aggressive Fund, lagged the NZX50 Gross Index's plus 0.8% performance in May because they are substantially underweight Telecom due to its uncertain future and poor performance in recent years.

The Australian sharemarket had a negative month as concerns increased over an economic slowdown in China, higher interest rates at home and the impact these will have on the housing market and consumer spending. These concerns were exacerbated by the announcement that Gross Domestic Product contracted 1.2% in the March quarter although the Queensland floods were a major contributor to this.

Nevertheless the performance of our Australian share portfolio was satisfactory as it appreciated 0.4% compared with a decline of 2.0% in the benchmark index.

The outlook for the world economy and financial markets is more uncertain than it has been for some time. The economic recovery in the United States is slowing, a number of European countries have serious problems and China is also showing signs of a slowdown.

The big question mark is how will Governments and Central Banks respond to a global slowdown; will the United States Government try and implement Quantitative Easing (QE3)? At present that looks unlikely but investors shouldn't underestimate the determination of the US Federal Reserve Board to ensure that there isn't another major recession.

In this uncertain environment the Aggressive Fund will reduce its exposure to equities.

Brian Gaynor

Disclosure of interest: Brian Gaynor and his immediate family have \$339,000 invested in the Fund at the 31 May 2011 unit price.

Level 9, Shortland Chambers, 70 Shortland Street
PO Box 960, Shortland Street, Auckland
Telephone 09 921 4700 Facsimile 09 921 4709

Level 16, 157 Lambton Quay
PO Box 5191, Wellington
Telephone 04 915 9333 Facsimile 09 921 4709

Disclaimer: This Milford Fund Update has been prepared by Milford Funds Limited. It is based on information believed to be accurate and reliable although no guarantee can be given that this is the case. Clients of Milford Funds Limited may have an interest or holding in companies and securities mentioned in this report. No reproduction of any material either in part or in full is permitted without prior permission. For more information about the Fund please refer to the Milford Unit Trust PIE Investment Statement.

www.milfordasset.com

MilfordFundsLimited

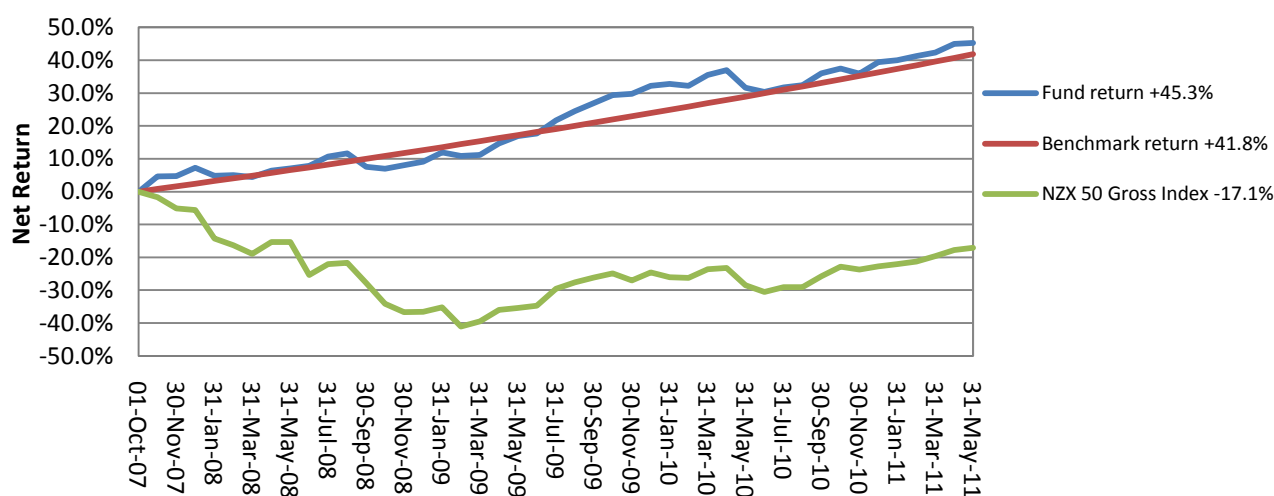


Performance to 31 May 2011 (after fees and before tax)

	Past Month	Past 1 Year	Past 2 Years	Past 3 Years	Since Inception 1 October 2007
Milford Aggressive Fund	+0.2%	+10.4%	+24.3%	+35.7%	+45.3%
Benchmark	+0.8%	+10.0%	+21.0%	+33.1%	+41.8%
Over / Under Benchmark	(0.6%)	+0.4%	+3.3%	+2.6%	+4.6%
Fund's after tax return*	0.0%	+9.7%	+23.3%	+33.2%	41.3%
NZX 50 Gross Index	+0.8%	+15.9%	+28.3%	(2.1%)	(17.1%)

*For investors on the top marginal tax rate

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



Holdings

Company	Holding	Company	Holding
Restaurant Brands (NZ)	4.2%	Seek (AUST)	1.5%
Ryman Healthcare (NZ)	4.2%	News Corp (AUST)	1.5%
Tower (NZ)	3.1%	Mainfreight(NZ)	1.4%
Telecom (NZ)	3.1%	Rakon (NZ)	1.3%
Fletcher Building (NZ)	2.7%	Amcor (AUST)	1.3%
Sky TV (NZ)	2.6%	Coca-Cola (AUST)	1.3%
Delegat's (NZ)	2.2%	Auckland International Airport (NZ)	1.3%
Origin Energy (AUST)	1.9%	Sky City (NZ)	1.3%
Salvus (NZ)	1.8%	Rio Tinto (AUST)	1.3%
Turners Auctions (NZ)	1.7%	Wesfarmers (AUST)	1.3%
Spark Infrastructure (AUST)	1.7%	SAI Global (AUST)	1.3%
Diligent Board Member Services (NZ)	1.7%	Brambles (AUST)	1.2%
Ramsay (AUST)	1.7%	Macquarie (AUST)	1.2%
Kauri Property Fund Ltd (NZ)	1.6%	Oil Search (AUST)	1.2%
Nuplex (NZ)	1.8%	Flight Centre (AUST)	1.2%
Iluka Resources (AUST)	1.6%	Various other holdings*	17.0%
Skellerup (NZ)	1.5%	Cash and Bonds	24.3%

*Holdings of 1.1% or less have been combined into 'Various other holdings'.