



# The Milford Aggressive Fund

## Client Update

May 2011

### Portfolio Manager



Brian Gaynor

### Dear Fellow Investors

Your Fund achieved a positive return of 1.8% in April. This was a satisfactory result as 29% of the Fund is invested in Australian listed companies and the ASX 200 Accumulation (Gross) Index was down 0.3% for the month or 0.4% in New Zealand dollar terms.

We adopt an active approach towards currency management. At the beginning of the month the Australian investments were fully hedged from a currency point of view and at the end they were 50% hedged. We reduced the currency hedge because we expect interest rates to rise more rapidly across the Tasman and this will make the Australian dollar more attractive for carry trade participants.

The main contributors to April's performance were Diligent Board Member Services (0.50% of the 1.8% return), Restaurant Brands (0.35%) and Ryman Healthcare (0.28%).

We first started buying Diligent shares in April 2009 at 16 cents. We purchased further shares in 2010 after visiting the company's head office in New York and its research and development operation in Christchurch. Your Fund now owns 3.4% of the company at an average cost of 44 cents a share.

Diligent's share price increased from 78 cents to 109 cents during April after the release of excellent March quarter sales figures. We believe that Diligent, which supplies online board papers for company directors, has an exciting future and we plan to be long-term holders of the stock.

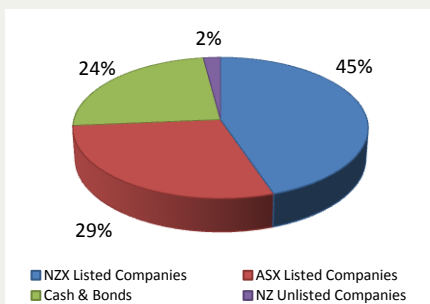
Our 2.6% Restaurant Brands' shareholding, which was acquired at an average price of \$1.06 a share, has also made a material contribution to the fund in April and in previous months. The company's sales have been impacted by the economic slowdown, particularly petrol price increases, and the GST rate increase last October. We remain comfortable with our shareholding in the company, partly because it pays a 17 cent fully imputed dividend.

Ryman Healthcare, which is the Fund's largest holding, had another good month with its share price appreciating from \$2.37 to \$2.54. The company has an excellent long-term business model and should benefit from the aging of the post-World War Two baby boom generation.

The biggest negative contributions in April were Aristocrat Leisure (-0.13%) and Fletcher Building (-0.06%). Aristocrat, which supplies gaming machines, has been impacted by the strong Australian dollar and weak Australian sharemarket. Most of our holdings in the company have been sold.

Fletcher Building experienced some profit taking after its strong run following the Christchurch earthquake in February. However, the company's long-term prospects are positive.

### Portfolio Mix



### Fund Size

\$164 million at 30/04/2011

### 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.

Brian Gaynor

Disclosure of interest: Brian Gaynor and his immediate family have \$325,000 invested in the Fund at the 30 April 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](http://www.milfordasset.com)



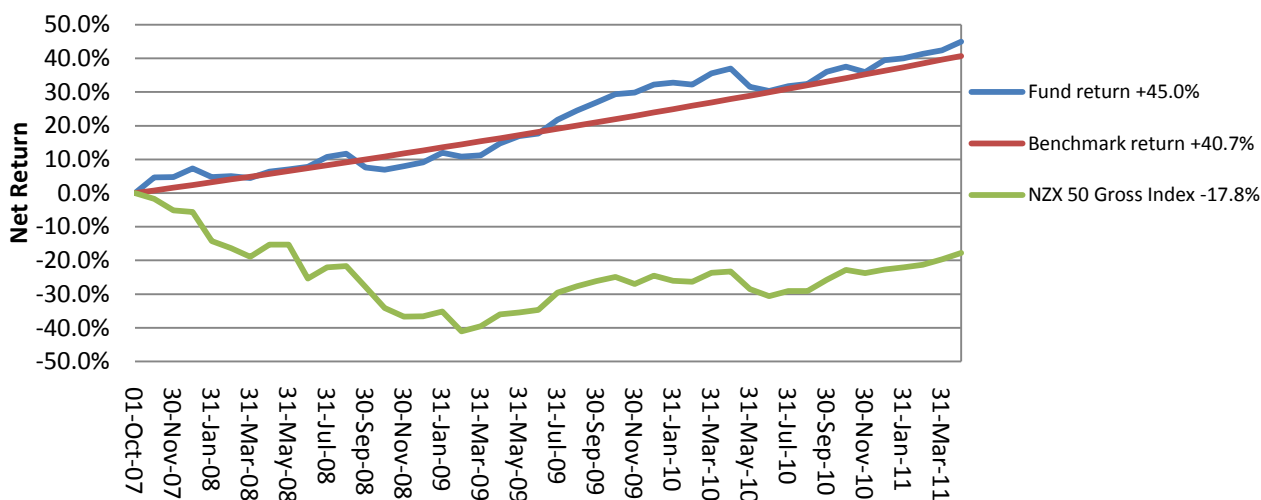
May 2011

# Milford Aggressive Fund Client Update

## Performance to 30 April 2011 (after fees and before tax)

	Past Month	Past 1 Year	Past 2 Years	Past 3 Years	Since Inception 1 October 2007
<b>Milford Aggressive Fund</b>	+1.8%	+5.8%	+26.4%	+36.3%	+45.0%
<b>Benchmark</b>	+0.8%	+10.0%	+21.0%	+33.1%	+40.7%
<b>Over / Under Benchmark</b>	+1.0%	(4.2%)	+5.4%	+3.2%	+4.3%
<b>NZX 50 Gross Index</b>	+2.3%	+7.1%	+28.4%	(2.9%)	(-17.8%)

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



## Holdings

Company	Holding	Company	Holding
Ryman Healthcare (NZ)	4.1%	Diligent Board Member Services (NZ)	1.7%
Restaurant Brands (NZ)	4.0%	Santos (AUST)	1.7%
Tower (NZ)	3.1%	Seek (AUST)	1.6%
Fletcher Building (NZ)	2.9%	Coca-Cola (AUST)	1.4%
Sky TV (NZ)	2.7%	AMP (AUST)	1.4%
Telecom (NZ)	2.5%	Amcor (AUST)	1.4%
Rakon (NZ)	2.1%	Air New Zealand (NZ)	1.4%
Delegat's (NZ)	2.0%	Mainfreight(NZ)	1.4%
Origin Energy (AUST)	2.0%	Macquarie (AUST)	1.4%
Iluka Resources (AUST)	2.0%	WorleyParsons (AUST)	1.3%
News Corp (AUST)	1.8%	Skellerup (NZ)	1.3%
Salvus (NZ)	1.8%	Flight Centre (AUST)	1.3%
Nuplex (NZ)	1.8%	Guinness Peat Group (AUST)	1.3%
Wesfarmers (AUST)	1.8%	Auckland International Airport (NZ)	1.3%
Turners Auctions (NZ)	1.8%	Various other holdings*	16.0%
Kauri Property Fund Ltd (NZ)	1.8%	Cash and Bonds	26.0%

\*Holdings of 1.2% or less have been combined into 'Various other holdings'.

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

MilfordFundsLimited

