



The Milford Aggressive Fund

Client Update

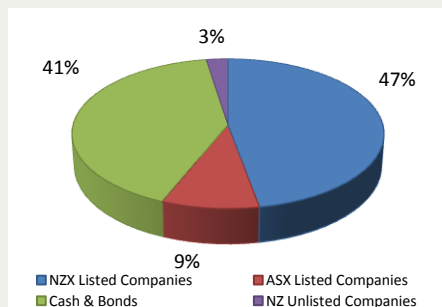
November 2010

Portfolio Manager



Brian Gaynor

Portfolio Mix



Fund Size

\$126 million at 31/10/2010

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.

Dear Fellow Investors

October was a strange month as the New Zealand and Australian sharemarkets were almost totally uncorrelated. The two markets seemed to go in the opposite direction on a daily basis.

For the month as a whole the NZX50 Gross Index rose by 4.0%, the ASX Accumulation Index (in NZ dollar terms) fell by 0.8% while your Aggressive Fund climbed by 1.1%.

The main contributors to the Aggressive Fund's performance in October were Restaurant Brands, which contributed 0.43%, Air New Zealand 0.20% and Ryman Healthcare 0.19%.

The negative contributors were Turners Auctions with minus 0.07% while PGG Wrightson and Kathmandu contributed minus 0.05% each.

There were no significant changes to the portfolio during the month although we disclosed to the Stock Exchange on October 29 that your Aggressive Fund had a 6.4% shareholding in Turners Auctions. The stock looks attractive at present as it has a December 2010 year P/E of 12, a dividend yield of 9.0%, no debt, cash of \$15m and good medium-term growth prospects.

One of the more positive features of the new PIE (Portfolio Investment Entity) regime, including the Aggressive Fund, is their ability to utilise imputation credits and the absence of a capital gains tax on New Zealand investments.

In addition the PIE tax rates were reduced from 1 October 2010 as illustrated by the following table.

Post-tax returns – Since inception on 1 October 2007*

PIE Tax Rates		Aggressive Fund Return
Before 30/9/10	After 30/9/10	
Pre-tax	Pre-tax	+37.5%
12.5% tax rate	10.5% tax rate	+36.1%
21.0% tax rate	17.5% tax rate	+35.9%
30.0% tax rate	28.0% tax rate	+33.3%

* This is indicative only and may vary for each individual investor.

Your Aggressive Fund, which has been able to take advantage of these tax efficiencies, has had an estimated after-tax, after-fees return for the top paying income tax band of 33.3% for the 37 months ended 31 October 2010. The benchmark NZX50 Gross Index declined by 22.8% over the same period.

Brian Gaynor

Disclosure of interest: Brian Gaynor and his immediate family have \$292,000 invested in the Fund at the 31 October unit price.

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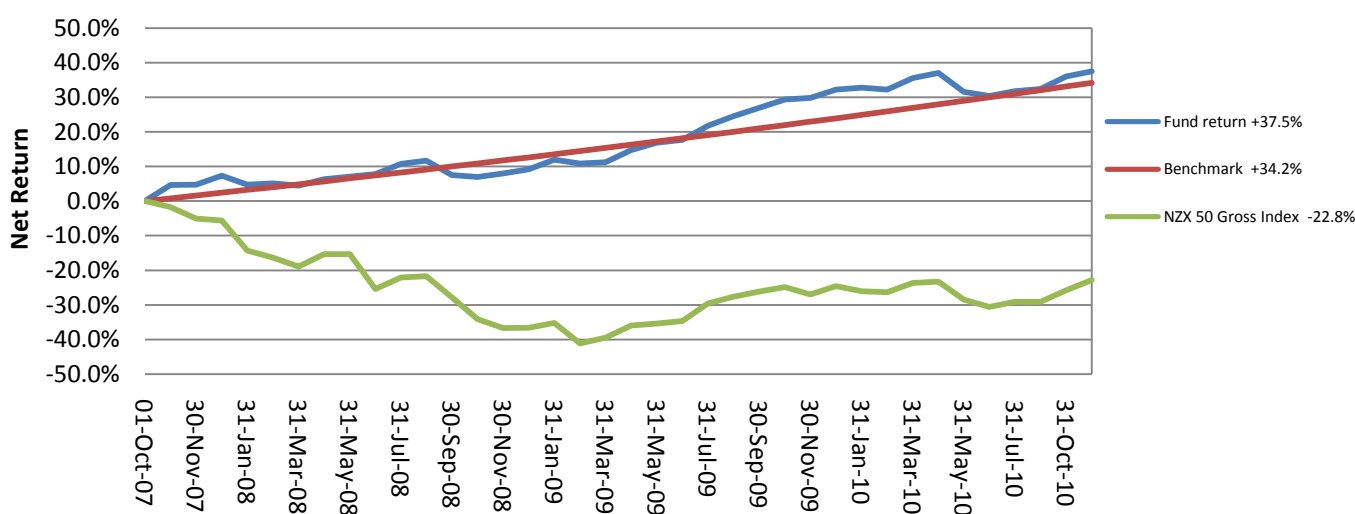


Performance to 31 October 2010 (after fees and before tax)

	Past Month	Past 1 Year	Past 2 Years	Past 3 Years	Since Inception
Milford Aggressive Fund	+1.1%	+6.3%	+28.6%	+31.4%	+37.5%
Benchmark	+0.8%	+10.0%	+21.0%	+33.1%	+34.2%
Over / Under Performance Benchmark	+0.3%	-3.7%	+7.6%	-1.7%	+3.3%
NZX 50 Gross Index	+4.0%	+2.8%	+17.2%	-21.5%	-22.8%

Investment Performance

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



Holdings

Company	Holding	Company	Holding
Restaurant Brands	4.8%	Auckland International Airport	1.7%
Ryman Healthcare	4.5%	CSL	1.7%
Tower	4.1%	Kathmandu	1.6%
Air New Zealand	3.5%	Mainfreight	1.5%
Fletcher Building	3.3%	Telecom	1.5%
Kauri Property Fund Limited	2.3%	PGG Wrightson	1.5%
Salvus	2.1%	Delegat's	1.4%
Hallenstein Glasson	2.0%	Diligent Board Members Services	1.2%
Rakon	1.9%	Origin Energy	1.1%
Turners Auctions	1.9%	Various other holdings*	11.9%
Pyne Gould Corporation	1.8%	Cash and Bonds	40.9%
Abano	1.8%		

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

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