



The Milford Aggressive Fund

Client Update

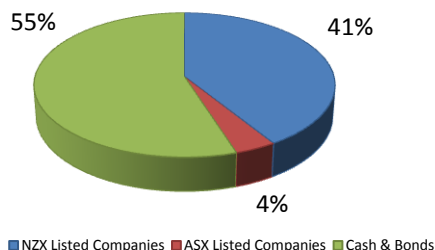
September 2010

Portfolio Manager



Brian Gaynor

Portfolio Mix



Fund Size

\$109 million at 31/08/2010

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

August was another good month for your fund with the unit price up 0.5% compared with a slightly positive performance by the NZX50 Gross Index. The fund is now up 32.4%, after all fees, since inception on 1 October 2007 compared with a 29.1% decline in the NZX50 Gross Index over the same period.

One of the aims of the fund is to achieve a return of 10% per annum while avoiding extreme volatility. The following table demonstrates that this low volatility objective has been achieved;

	Best month	Worst month	Up months	Down months
Aggressive Fund	+4.6%	(4.0%)	27	8
NZX50 Gross	+7.9%	(11.8%)	18	17

In recent weeks the fund has invested in two unlisted companies, Manuka Health New Zealand Ltd and Kauri Property Fund Ltd, the latter after 31 August.

Manuka Health, which produces a range of health products based on Manuka honey, achieved a net profit after tax of \$1.1 million for the March 2010 year on sales of \$13.3 million. Exports represented 87% of total sales.

Your fund has taken a 3.3% shareholding in the company at a total cost of \$300,000. Our objective is to help fund Manuka Health's growth and to encourage it to list on the NZX when it is in a position to do so.

The fund has also taken a 17.4% holding in Kauri Property Fund for a total cost of \$2.85 million and I have been appointed to the Kauri board. Kauri owns a 5.8 hectare site in Panmure, Auckland, which is close to the large Stonefields development (the former Mt Wellington Quarry site), and The University of Auckland Tamaki Campus.

The site, which has current net rental of \$1.8 million per annum, is in one of Auckland's fastest growing areas. It has good development potential although another party, rather than Kauri, is likely to undertake this development.

We have looked at a large number of non-listed companies and have identified Manuka Health and Kauri Property Fund as two of the more interesting. We are aware of the risks associated with unlisted investments but at present they represent less than 3% of the total portfolio. They will both be valued at cost until there is clear evidence that they are worth more than their purchase price.

Brian Gaynor

Disclosure of interest: Brian Gaynor and his immediate family have \$275,000 invested in the Fund at the 31 August unit price.

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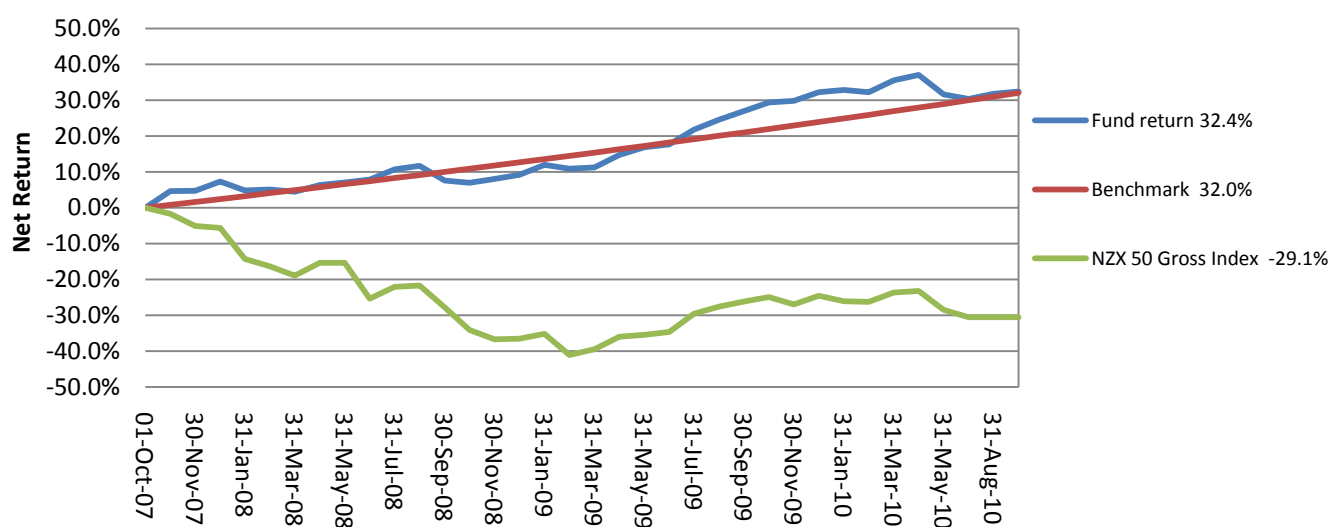
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MilfordFundsLimited



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

	Past Month	Past 1 Year	Past 2 Years	Since Inception
Milford Aggressive Fund	+0.5%	+6.4%	+18.6%	+32.4%
Benchmark	+0.8%	+10.0%	+21.0%	+32.0%
Over / Under Performance Benchmark	-0.3%	-3.6%	-2.4%	+0.4%
NZX 50 Gross Index	+0.0%	-2.0%	-9.5%	-29.1%

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

Holdings

Company	Holding	Company	Holding
Ryman Healthcare	4.9%	Rakon	1.8%
Restaurant Brands	4.7%	Turners Auctions	1.6%
Tower	3.8%	Hallenstein Glasson	1.6%
Fletcher Building	3.2%	Auckland International Airport	1.5%
Air New Zealand	2.6%	Delegat's	1.4%
Salvus	2.2%	Kathmandu	1.2%
Abano	2.0%	Mainfreight	1.1%
CSL	1.9%	Various other holdings*	8.2%
PGG Wrightson	1.8%	Cash and Bonds	54.5%

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

