



The Milford Aggressive KiwiSaver Fund Client Update

February 2011

Portfolio Manager



Brian Gaynor

Dear Fellow Investors

January was a frustrating month for your Fund and for most equity investors. It was looking like a great month until the anti-government demonstrators took to the streets in Cairo, a development that took the steam out of world sharemarkets.

In the last four trading days the Dow Jones Industrial Average fell 0.7%, the Australian All Ordinaries Index declined by 0.8% and the benchmark NZX50 Gross Index contracted by 0.6%. The Egyptian market, which plunged by 15.4% over the same period, remains closed whereas most developed country markets have made a good recovery since the end of January.

The Egyptian crisis is a timely reminder that equity markets can be negatively impacted by unexpected events but if these markets are fundamentally sound they will recover. For example the Dow Jones Industrial Average plunged 7.1% immediately following terrorist attack on the September 2001 attack on Wall Street yet by the end of the year this benchmark index was well above its pre-attack levels.

The outlook for Australasian sharemarkets is positive but there are a number of concerns, including sluggish growth in New Zealand and the impact of a potential Chinese slowdown on the Australia economy. Nevertheless, on balance, we believe that the outlook is more positive than negative and your Fund will continue to increase its exposure to equities in the month ahead.

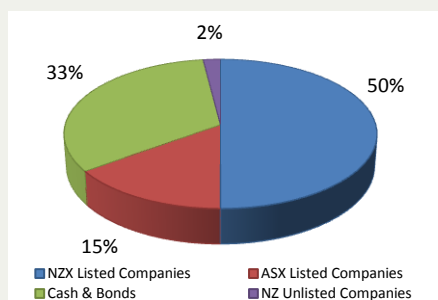
As far as January was concerned the New Zealand and Australian sharemarkets had a positive contribution of 0.18% each and cash and bonds had a positive impact of 0.06%. As far as individual stocks are concerned the best performing were Kathmandu, Diligent and Ryman Healthcare while the worst performing companies were Air New Zealand, Restaurant Brands and Hallenstein Glasson.

We believe that the relatively disappointing performance of the latter three during January was temporary rather than permanent and we purchased additional shares in all three companies towards the end of the month after their share prices softened.

On the back page of this Update, under the heading "Performance to 31 January 2011" we have added an additional row showing the after fees and after tax returns for investors on the highest marginal tax rate as far as PIEs are concerned. This was 30% up to 1 October 2010 and 28% since then.

The figures show that the tax impost on an equity PIEs that invests in listed companies in Australia and New Zealand is relatively low. Investors on a lower tax rate will have had a higher after-tax return.

Portfolio Mix



Fund Size

\$18 million at 31/01/2011

Fees

1.05% capped annual fee plus a Performance Fee equal to 15% of returns above 10% (after fees & before tax). There is also a \$36 p.a. member administration fee.

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: Milford staff have \$215,900 invested in the Aggressive KiwiSaver Fund at the 31 January unit price.

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Milford Funds Limited



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

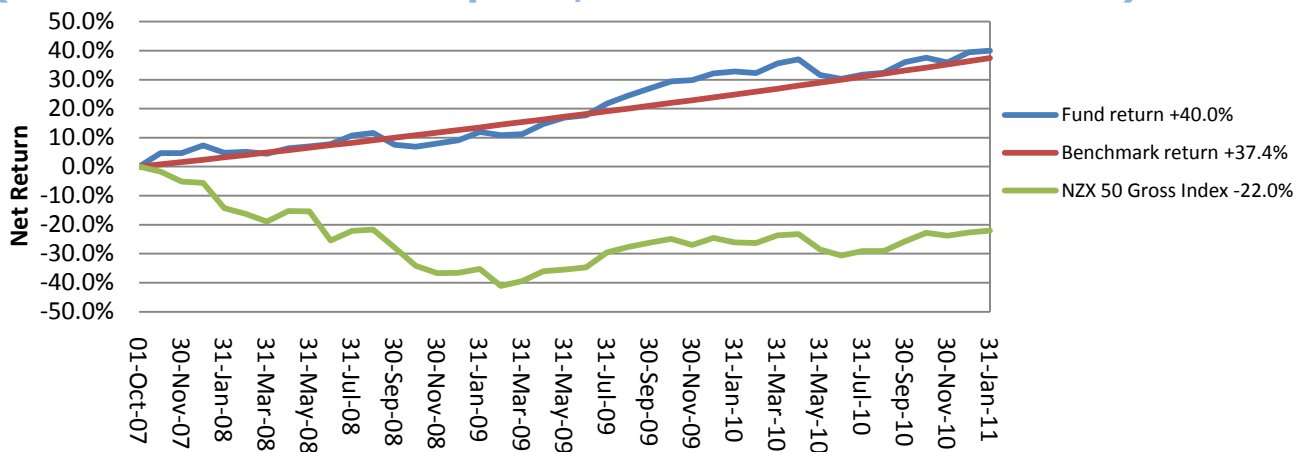
	Past Month	Past 1 Year	Past 2 Years	Past 3 Years	Since Inception 1 October 2007*
Milford Aggressive Fund	+0.4%	+5.4%	+25.0%	+33.6%	+40.0%
Benchmark	+0.8%	+10.0%	+21.0%	+33.1%	+37.4%
Over / Under Benchmark	(0.4%)	(4.6%)	+4.0%	+0.5%	+2.6%
Fund's After Tax return**	+0.4%	+4.8%	+24.8%	+30.4%	+35.5%
NZX 50 Gross Index	+0.9%	+5.5%	+20.35%	(9.0%)	(22.0%)

* The performance is based on the performance of the AonSaver AMT Milford Aggressive Fund until 31/3/2010 and the Milford Aggressive KiwiSaver Fund from 1/4/2010. The investment policy of the Milford Aggressive KiwiSaver Fund replicates that of the AonSaver AMT Milford Aggressive Fund, in place since 1 October 2007. For both periods the underlying fund the KiwiSaver fund invested into was the Milford Aggressive Unit Trust Fund

**For investors on the top marginal tax rate

Investment Performance

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



Holdings

Company	Holding	Company	Holding
Fletcher Building	4.6%	Auckland International Airport	1.5%
Restaurant Brands	4.4%	Origin Energy	1.4%
Ryman Healthcare	4.2%	Mainfreight	1.4%
Tower	3.9%	Diligent Board Members Services	1.4%
Air New Zealand	3.4%	Santos	1.4%
Sky TV	2.8%	GPG	1.2%
Telecom	2.7%	AMP	1.2%
Rakon	2.2%	Nuplex Industries	1.1%
Kauri Property Fund Limited	1.9%	Delegat's	1.1%
Salvus	1.8%	Macquarie Group	1.1%
Kathmandu	1.7%	Various other holdings*	15.4%
Turners Auctions	1.6%	Cash and Bonds	33.4%
CSL	1.6%		
Hallenstein Glasson	1.6%		

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

