

The Milford Aggressive KiwiSaver Fund Client Update

March 2011

Portfolio Manager



Brian Gaynor

Dear Fellow Investors

February was another good month for your fund as it appreciated by 0.9% compared with 0.9% for the NZX50 Gross Index.

The fund's exposure to Australia was increased from 15% to 24% during the month because the near term economic prospects look more attractive across the Tasman and we beefed up our Australian research team with the arrival of Marc Whittaker at the end of 2010.

Marc, who is Australian born and has spent over a decade in the investment management industry in Sydney, has given us a much better insight and access to the management of ASX listed companies.

As a result there have been a number of new additions to our holdings on the back page. These are Iluka Resources, Macquarie Group, News Corporation and Resmed.

Nevertheless the New Zealand economy, and the aftermath of the Christchurch earthquake, will continue have a major impact on the fund's performance as NZX listed companies still represent 49% of the portfolio.

In this regard The Treasury's GDP forecasts, which are summarised below, give us a good indication how the latest Christchurch catastrophe is expected to impact on the country's economic growth.

The Treasury's GDP Forecasts (March years)

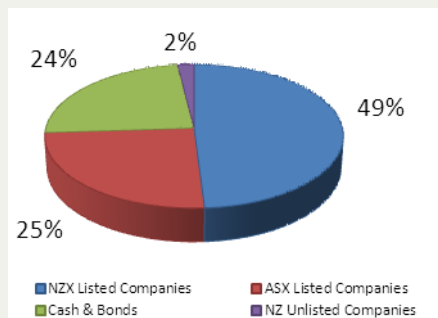
Forecast Date	2013	2012	2011
March 2011	4.2%	1.9%	0.8%
December 2010	2.9%	3.4%	2.2%
May 2010	2.9%	3.1%	3.2%

In December 2010 The Treasury lower its GDP growth forecast for the March 2011 year from 3.2% to 2.2% but raised its 2012 forecast from 3.1% to 3.4%. These adjustments were based on the assessment that the first Christchurch quake would negatively impact on growth in the short term but would have a positive influence in the March 2012 years as the rebuild got under way.

The latest disaster has pushed the rebuild benefits into the March 2013 year because the planning period will be more protracted and the building industry will have capacity constraints.

The good news, if there is any from a major earthquake, is that the rebuild will continue beyond the March 2015 year. However taxes will have to remain high to fund the rebuild. Thus, the portfolio will have a strong emphasis on domestic companies that will benefit from the reconstruction of the Garden City.

Portfolio Mix



Fund Size

\$20.3 million at 28/02/2011

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 \$229,000 invested in the Aggressive KiwiSaver Fund at the 28 February unit price.

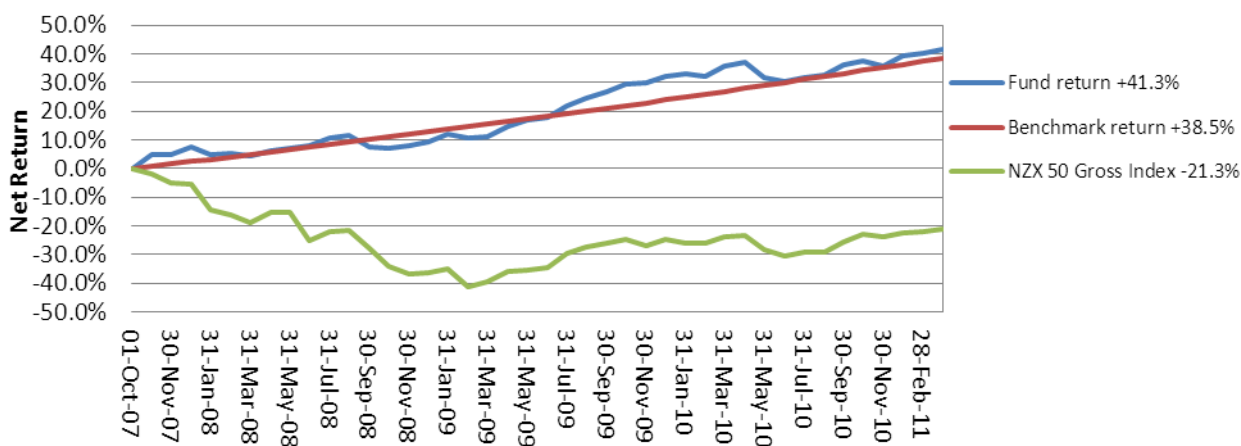


Performance to 28 February 2011 (after fees and before tax)

	Past Month	Past 1 Year	Past 2 Years	Past 3 Years	Since Inception 1 October 2007*
Milford Aggressive Fund	+0.9%	+6.9%	+27.5%	+34.5%	+41.3%
Benchmark	+0.8%	+10.0%	+21.0%	+33.1%	+38.5%
Over / Under Benchmark	+0.1%	(3.1%)	+6.5%	+1.4%	+2.8%
Fund's After Tax return**	+1.0%	+6.5%	+27.3%	+31.5%	+36.8%
NZX 50 Gross Index	+0.9%	+6.8%	+33.6%	(5.9%)	(21.3%)

* 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	4.4%	Resmed Inc	1.6%
Restaurant Brands	4.1%	Auckland International Airport	1.5%
Ryman Healthcare	4.0%	Macquarie Group	1.5%
Tower	3.8%	Hallenstein Glasson	1.4%
Air New Zealand	3.4%	Diligent Board Members Services	1.4%
Sky TV	2.7%	Iluka Resources Ltd	1.4%
Telecom	2.4%	Sky City	1.4%
Rakon	2.0%	Skellerup Ltd	1.3%
Kauri Property Fund Limited	1.8%	Delegat's	1.3%
Salvus	1.8%	GPG	1.3%
News Corp	1.8%	CSL Ltd	1.2%
Mainfreight	1.8%	Origin Energy	1.2%
Kathmandu	1.7%	AMP	1.2%
Turners Auctions	1.6%	Various other holdings*	19.4%
Santos	1.6%	Cash and Bonds	24.0%

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

