

# The Milford Active Growth KiwiSaver Fund

## Fund Update

December 2011

### Portfolio Manager



Brian Gaynor

### Dear Fellow Investors

Sharemarket conditions remained extremely volatile during November with the NZX50 Gross Index off 1.9% and the ASX200 Accumulation Index, in NZ dollar terms, down 2.6%.

Nevertheless your fund was up 0.2% for the month with New Zealand shares making a positive contribution of 0.13%, foreign exchange 0.15%, bonds 0.03% and cash 0.09%. Australian shares made a negative 0.19 % contribution during November.

The best performing stocks were Tower and Salvus Strategic Investments. The Salvus investment has performed well for your fund under difficult sharemarket conditions.

A 16.9% stake in Salvus was purchased from Allan Hubbard in March 2010 at 70 cents a share. The investment company's net asset value was 98.5 cents per ordinary share at the time.

I was appointed to the Salvus board shortly afterwards with all my directors' fees going to the Active Growth KiwiSaver Fund.

Unfortunately Salvus' investment performance continued to disappoint and earlier this year the board announced it was looking at a number of proposals including the liquidation of the investment portfolio and the return of capital to shareholders.

A number of proposals were looked at but none of them were acceptable to the board. Consequently it was decided to liquidate the investment portfolio and return all the capital to shareholders, a total of 82.6 cents a share.

Thus Salvus has generated the following returns, including a 2.5 cents a share dividend in October 2010, since we invested in March 2010;

- Active Growth Fund's investment in Salvus	+21.6%
- Salvus' NAV since March 2010	(13.6%)
- NZX50 Gross Index since March 2010	+1.4%
- Active Growth KiwiSaver Fund since March 2010	+6.2%

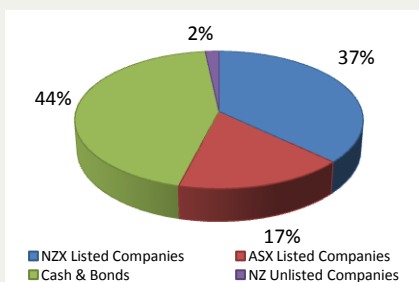
In addition your fund will be voting in support of the three new nominations for the Salvus board at the 23 December annual meeting. If they are elected the existing board will resign and the new board may be able to add value for Salvus shareholders as the company will remain as a listed shell.

The Salvus investment demonstrates that positive returns can be achieved in difficult market conditions if shares are purchased at favourable prices and an active approach to corporate governance is adopted. Your fund will continue to look for similar situations in the future.

Brian Gaynor  
2011 unit price.

*Disclosure of interest: Milford staff have \$309,000 invested in the Active Growth KiwiSaver Fund at the 30 November 2011 unit price.*

### Portfolio Mix



### Fund Size

\$34 million at 30/11/2011

### 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.



## Performance to 30 November 2011 (after fees\* and before tax)

	Past Month	Past 1 Year	Past 2 Years (p.a)	Past 3 Years (p.a)	Since Inception 1 October 2007 (p.a)
<b>Milford Active Growth Fund</b>	+0.2%	+5.1%	+4.9%	+9.8%	+8.9%
<b>Benchmark</b>	+0.8%	+10.0%	+10.0%	+10.0%	+10.0%
<b>Over / Under Benchmark</b>	(0.6%)	(4.9%)	(5.1%)	(0.2%)	(1.3%)
<b>Fund's after tax return**</b>	+0.1%	+5.6%	+4.4%	+9.4%	+8.1%
<b>NZX 50 Gross Index</b>	(1.9%)	+0.2%	+2.3%	+6.5%	(6.3%)

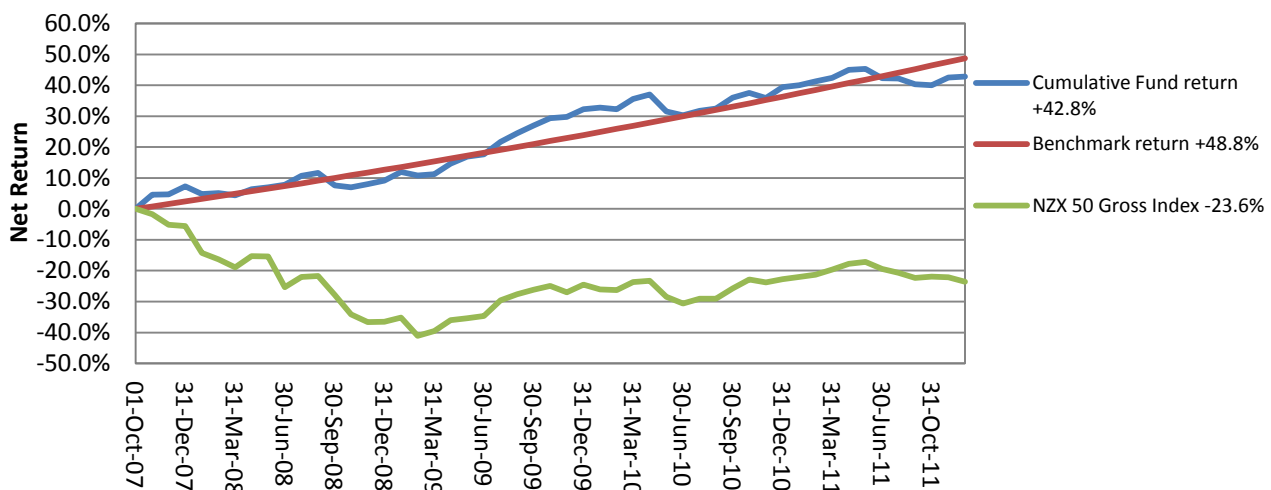
The performance is based on the performance of the AonSaver AMT Milford Aggressive Fund until 31/3/2010 and the Milford Aggressive KiwiSaver Fund from 1/4/2010. The investment policy of the Milford Aggressive KiwiSaver Fund replicates that of the AonSaver AMT Milford Aggressive Fund, in place since 1 October 2007. On 1/10/2011 this Fund was renamed the Milford Active Growth KiwiSaver Fund. For all periods the underlying fund the KiwiSaver fund invested into was the Milford Active Growth Unit Trust Fund

\*other than \$36p.a registry fee

\*\*For investors on the top marginal tax rate

## Investment Performance

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



## Holdings

Company	Holding	Company	Holding
Ryman Healthcare (NZ)	4.0%	Amcors (AUST)	1.2%
Diligent Board Member Services (NZ)	3.3%	Telecom (NZ)	1.2%
Restaurant Brands (NZ)	3.0%	Coca-Cola Amatil (AUST)	1.1%
Turners Auctions (NZ)	2.5%	Auckland International Airport (NZ)	1.1%
Delegat's (NZ)	2.4%	Ecoya (NZ)	1.1%
Sky TV (NZ)	2.4%	Skellerup (NZ)	1.1%
Tower (NZ)	2.3%	SAI Global (AUST)	1.1%
Trade Me Group (NZ)	2.0%	Wesfarmers (AUST)	1.0%
Sky City (NZ)	1.6%	Brambles (AUST)	1.0%
Spark Infrastructure (AUST)	1.6%	Cromwell (AUST)	1.0%
Ramsay Health Care (AUST)	1.5%	Air New Zealand (NZ)	1.0%
Kauri Property Fund (NZ)	1.4%	Various other holdings*	14.6%
Mirvac Group (AUST)	1.2%	Bonds	6.1%
		Cash	38.2%

Holdings of 0.9% or less have been combined into 'Various other holdings'.

