

Investment and Performance Objective

This fund provides an exposure to New Zealand companies augmented by selective exposure to Australian listed companies. Milford Peak fund seeks to out-perform the NZX50 Portfolio Index (after fees and before tax) over a minimum 3-5 year investment horizon period.

Performance to 31/12/09 (after fees and before tax)

	Past Month	Past 1 Year	Past 2 Years	Since inception
Peak Fund	+3.7%	+32.7%	+7.6%	+11.1%
Benchmark	+3.6%	+20.6%	-17.3%	-21.6%
Difference	+0.1%	+12.1%	+24.9%	+32.7%

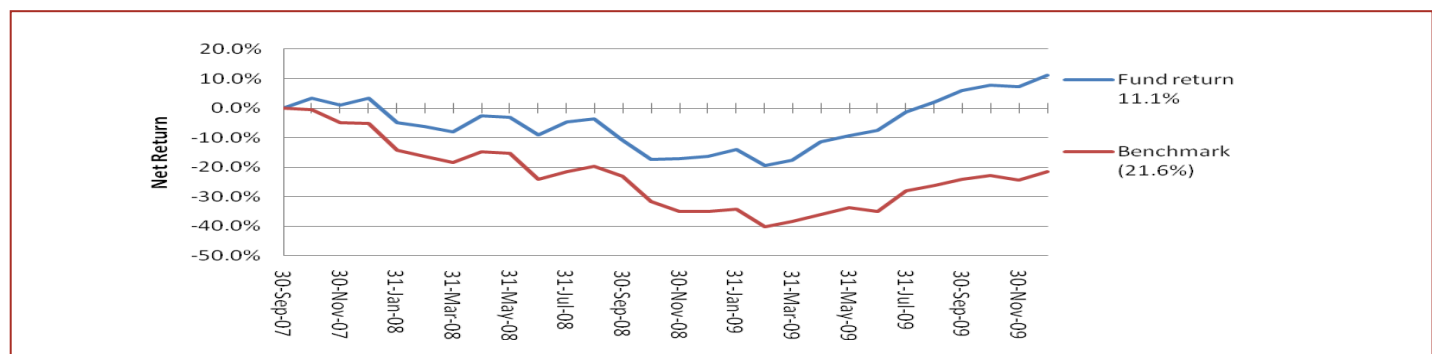
Comment on the Fund's current strategy and market view

The Fund increased its exposure to shares during the month as the economic environment continued to improve. New Zealand and Australian companies continue to benefit from strong growth across the Asian region. Share markets also continue to benefit from low interest rates across the world and increased levels of government spending. Looking forward we believe that the short-term economic outlook is for positive but relatively subdued growth. The key challenge for share markets will be the possibility of rising interest rates and lower levels of government spending toward the end of 2010. The Fund strategy continues to focus upon identifying companies with good growth prospects, strong competitive positions, are well managed and attractively valued. We continue to see value in select smaller companies and those companies which are more exposed to the Australian economy which is well positioned to continue to generate good growth in 2010.

Holdings

Company	Holding	Company	Holding	Company	Holding
Sky TV	5.7%	Ryman	2.9%	Myer	1.4%
Fletcher Building	5.6%	Origin Energy	2.9%	AMP	1.4%
Tower	5.0%	Delegat's	2.9%	PGG Wrightson	1.2%
Restaurant Brands	5.0%	Infratil	2.5%	Wakefield Hospital	1.0%
Westpac	4.7%	Telstra	2.5%	Kathmandu	0.9%
Abano	4.4%	CSL	2.5%	The Warehouse	0.6%
Sky City	3.8%	NZOG	2.3%	F&P Appliances	0.5%
GPG	3.7%	Auckland Airport	2.2%	Kiwi Income Prop	0.4%
Downer EDI	3.5%	National Aus Bank	2.1%	Contact	0.4%
Air New Zealand	3.1%	F&P Healthcare	2.0%	Goodman Fielder	0.2%
Pumpkin Patch	3.1%	NZ Exchange	1.9%	CSG	0.1%
Freightways	3.1%	Methven	1.9%	Mainfreight	0.1%
Healthscope	3.0%	SP Aus Net	1.8%	Telecom	0.1%
ANZ	3.0%	QBE	1.6%	Cash	3.0%

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



MilfordFundsLimited



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Top 3 Contributors for month

Company	Return
New Zealand Exchange	+20.4%
Restaurant Brands	+15.1%
QBE	+15.1%

Top 3 Detractors for month

Company	Return
Wakefield Health	(6.9%)
Kathmandu	(4.7%)
National Australia Bank	(4.3%)

Comment on the out and under performers:

The New Zealand Exchange announced a 3:1 share split during the month, holders received 3 additional shares for each original share that they held at the record date. Following the split New Zealand Exchange shares continued to perform strongly. Restaurant Brands released their interim report in December showing strong benefits from the upgrades to existing stores and a continued trend in margin expansion with the KFC business. QBE benefited from a fall in the \$A during the month and an improving environment for insurance companies generally. Wakefield fell during December ahead of releasing its interim results in early January. Kathmandu fell during on no adverse news. National Australia Bank shares were negatively impacted by its acquisition announcement of AXA Asia Pacific. The acquisition would be dilutive to earnings and would likely require additional equity to be raised.

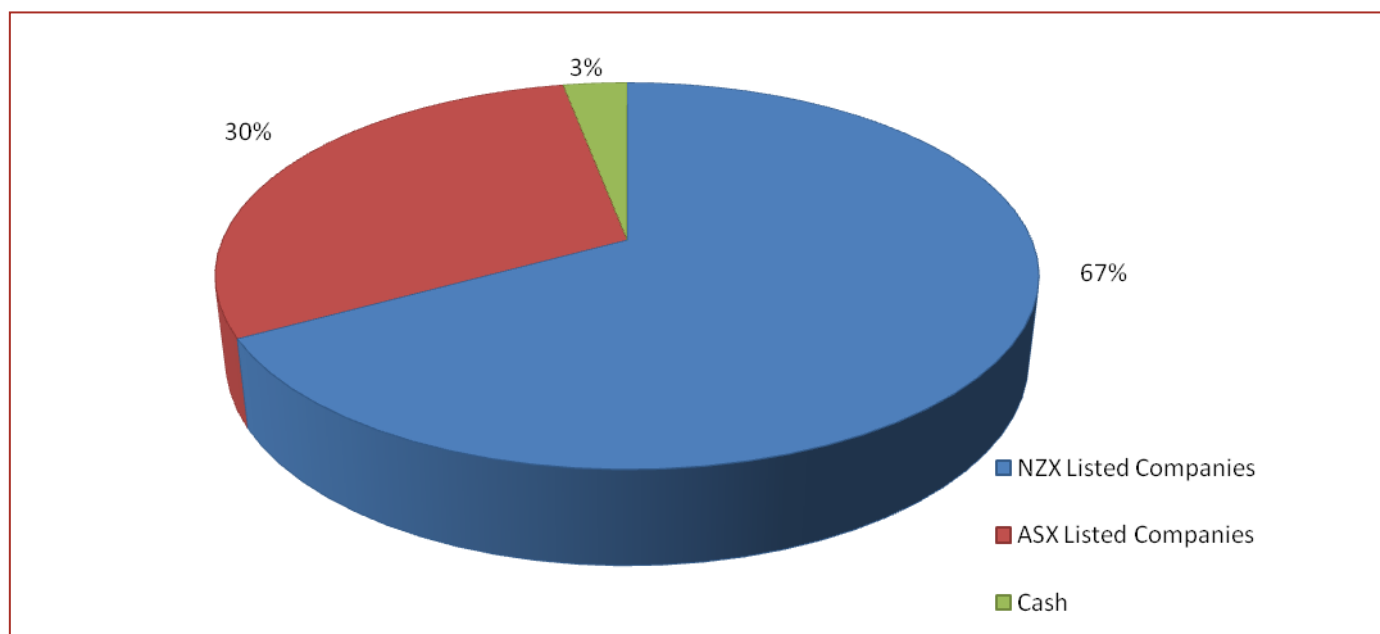
Comment on new stocks added to the Fund during the Month

During the month the Fund participated in the placement of shares in the company CSG, a full service Australian information, communication and technology company. CSG used the proceeds of the placement to fund the acquisition of Konica Minolta Business Solutions (KMBS) in New Zealand. KMBS provides document management and printing solutions and is complementary to CSG's operations in Australia.

Comment on stocks exiting from the Fund during the Month

No positions were exited during the month.

Portfolio Mix (current fund size \$11.5 million)



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