

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 31/10/09 (after fees and before tax)

	Past Month	Past Year	Since inception
Peak Fund	1.6%	30.6%	7.8%
Benchmark	1.9%	13.1%	-22.7%
Difference	-0.3%	17.5%	+30.5%

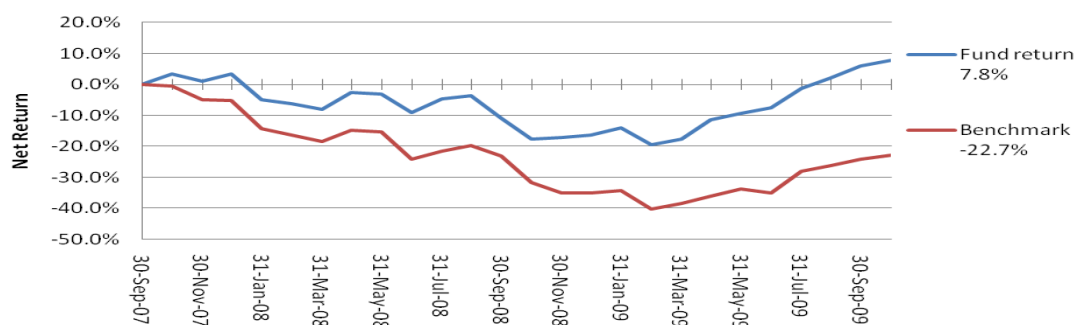
Comment on the Fund's current strategy and market view

The New Zealand share market index rose 1.9% during the month although performance of companies within the index varied significantly. In contrast the Australian market fell 2.1%, reversing some of its strong recent gains. During the month many companies continued to reiterate that whilst economic activity has stabilised there are little signs of a strong recovery, particularly in New Zealand. Looking forward, markets are likely to remain supported by low interest rates and improving economic and earnings data as companies manage costs. However, on a medium-term basis we remain cautious due as the benefits of economic stimulus fade. The Funds strategy remains focused upon identifying companies that have strong growth prospects which are not recognized by the market or in the companies share price. We continue to see value in smaller companies and continue to favour those companies which are more exposed to the Australian economy which remains more robust than New Zealand.

Holdings

Company	Holding	Company	Holding	Company	Holding
Fletcher Building	5.6%	ANZ	2.9%	F&P Appliances	1.8%
Restaurant Brands	5.5%	Origin Energy	2.9%	Kiwi Income Prop	1.7%
Sky TV	5.3%	GPG	2.8%	National Aus Bank	1.7%
Westpac	4.7%	Infratil	2.7%	F&P Healthcare	1.5%
Tower	4.5%	AMP	2.7%	Wakefield Hospital	1.5%
Abano	4.5%	Delegat's	2.7%	Asciano	1.1%
Sky City	3.9%	Freightways	2.6%	Ryman	0.8%
Healthscope	3.7%	CSL	2.5%	The Warehouse	0.7%
Methven	3.3%	Air New Zealand	2.1%	Contact	0.5%
Pumpkin Patch	3.3%	SP Aus Net	2.1%	Goodman Fielder	0.2%
Telstra	3.1%	NZ Exchange	2.0%	Mainfreight	0.1%
NZOG	3.0%	Myer	2.0%	Telecom	0.1%
Downer EDI	3.0%	QBE	1.9%	Cash	3.0%

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



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Top 3 Contributors for month

Company	Return
Restaurant Brands	+20.3%
Pike River Coal	+9.8%
Contact	+8.7%

Top 3 Detractors for month

Company	Return
Asciano	-7.5%
AMP	-6.6%
CSL	-5.9%

Comment on the out and under performers:

Restaurant Brands rose sharply following a very strong first half profit result. Profit rose 82% from the previous year to \$9.2m benefiting from strong performance from KFC and a continued recovery in Pizza Hut sales and margins. Pike River Coal rose due to strong demand for coking coal globally, despite further delays in producing further coal. Contact Energy's share price rose on expectations that some of the negative factors affecting its profits in the previous financial year were reducing. However, the operating environment for Contact Energy is likely to remain difficult in the short-term due to strong competition for retail customers and relatively low wholesale electricity prices.

Asciano fell following the prospect of further competition at its Australian Ports. At its AGM Asciano reported strong volumes for its Bulk (Coal and Iron Ore) Port and Rail operations but highlighted a continued difficult outlook for non-bulk items. AMP fell toward the end of the month in line with the Australian share market and on uncertainty around new financial planner regulations in Australia. CSL was negatively impacted by the sharp rise in the value of the \$A against the \$US which negatively impacts the value of its \$US earnings.

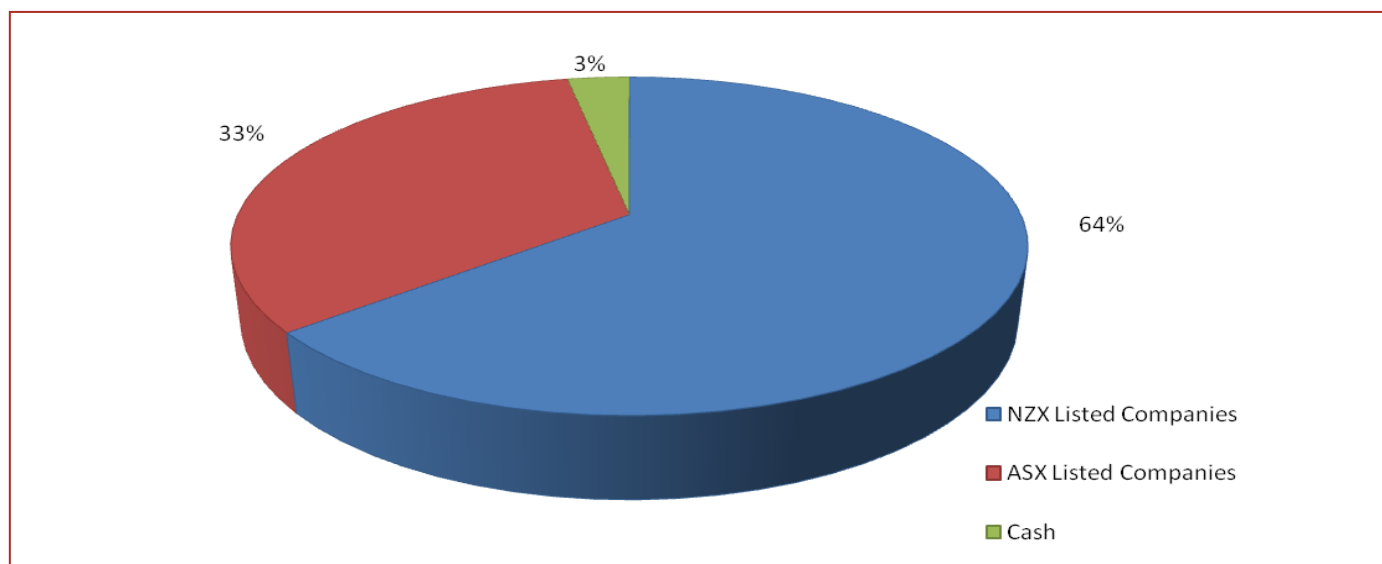
Comment on new stocks added to the Fund during the Month

During the month the Fund added Myer. Myer had a weak launch, with almost a quarter of the available shares being exchanged in the first day of trading. Myer stands to benefit from the increase in retail sales as the Australian economy begins to pick up.

Comment on stocks exiting from the Fund during the Month

During the month the Fund sold its holdings in Boart Longyear and Pike River Coal following share price strength in both companies. For Pike River Coal we remained concerned about the possibility of the company disappointing the market in its actual coal production rates.

Portfolio Mix (current fund size \$9.1million)



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