



The Milford Peak Fund

Client Update

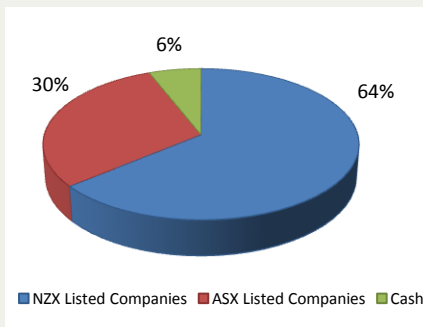
April 2011

Portfolio Manager



Jonathan Windust CFA

Portfolio Mix



Fund Size

\$33 million at 31/03/2011

Fees

1.05% capped annual fee plus a performance fee equal to 15% of returns above the target return.

Investment Objective

The Fund seeks to out-perform the NZX50 Portfolio Index (after fees & before tax) over a minimum 5 year investment horizon period.

Economic and Market Review

The New Zealand share market index rose 2.1% during the month despite facing a number of negatives including rising oil prices and a devastating earthquake in Japan. The Australian market was extremely volatile in response to the Japanese earthquake but rebounded from being down over 6% to finish the month up 0.7%. The New Zealand market benefited from the Reserve Bank of New Zealand's decision to reduce the official cash rate by 0.5% to 2.5%. The RBNZ reduced the cash rate to boost the economy and confidence following the Christchurch earthquake. The New Zealand economy remains relatively flat as shown by the December quarter GDP figure which showed growth of just 0.2%.

Portfolio Review

The Milford Peak Fund rose 2.4% during the month with key positives being Transfield Infrastructure Fund (+38.6%), CSG (+22.3%), and Kathmandu (+11.5%). Transfield's rose following a takeover offer for the company at a substantial premium to its market price. CSG is an Australasian print and IT company and rose following an announcement which cleared up some uncertainty surrounding the current and future earnings of the company. Kathmandu benefited from a strong first half result where profits grew 19.2% over the previous half year.

Key negatives were Air New Zealand (-16.5%), APN (-19.6%) and Tower (-4.6%). Air New Zealand fell following a profit downgrade due to the impacts of rising fuel prices and the Christchurch and Japanese earthquakes. APN had a profit downgrade largely due to the Queensland floods. Tower's share price fell after it indicated that the Christchurch earthquake would reduce profits by \$15-\$20m due largely to the rising cost of insuring itself against future large insurance events. During the month the Fund added a holding in Vector which we believe offers an attractive and growing dividend. Following a strong recovery in price we sold our holding in CSG due to concerns around the management of the company.

Market Outlook and Investment Strategy

The outlook for share markets remains positive with improving global growth and reasonable valuations. The main negative for markets currently is the prospect of further rises in oil prices and inflation which would limit the ability of central banks to keep interest rates low. In New Zealand relatively slow economic growth and the aftermath of the Christchurch earthquake is likely to constrain the earnings of many companies. Accordingly our strategy is to focus more upon Australian companies, NZ companies with offshore earnings and companies which are not reliant upon domestic growth in New Zealand.

Disclosure of interest: Milford Staff have \$169,000 invested in the Fund at the 31 March unit price.

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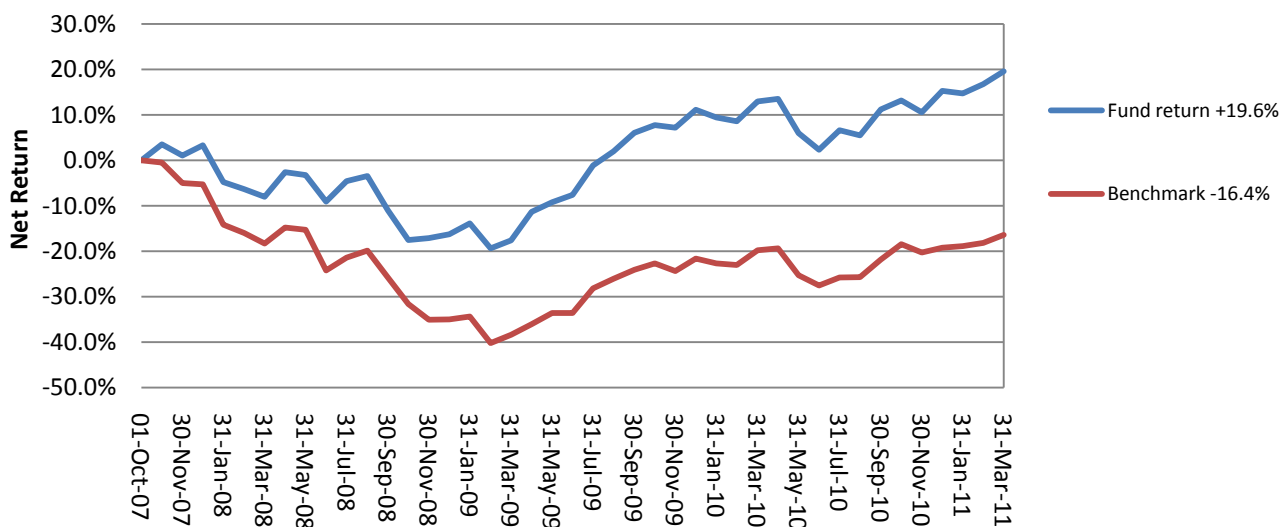
MilfordFundsLimited



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

	Past Month	Past 1 Year	Past 2 Years	Past 3 Years	Since Inception 1 October 2007
Milford Peak Fund	+2.4%	+5.9%	+45.2%	+30.1%	+19.6%
Benchmark (NZX 50 Portfolio Index)	+2.1%	+4.2%	+35.6%	+2.3%	-16.4%
Performance versus Benchmark	+0.3%	+1.7%	+9.6%	+27.8%	+36.0%

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



Holdings

Company	Holding	Company	Holding	Company	Holding
Sky TV	6.2%	Santos	2.2%	ANZ	1.6%
Ryman Healthcare	6.2%	CSL	2.1%	AMP	1.5%
Fletcher Building	6.0%	Origin	2.0%	NZ Oil & Gas	1.5%
GPG	5.1%	Cromwell	2.0%	Myer	1.5%
Tower	5.0%	Mainfreight	1.8%	Ramsay Healthcare	1.5%
Restaurant Brands	4.9%	Telecom	1.8%	Beach Energy Ltd	1.4%
Infratil	4.7%	Aristocrat Leisure	1.8%	Skellerup	1.4%
Auckland Airport	3.7%	Air New Zealand	1.7%	F&P Healthcare	1.1%
Kathmandu	2.7%	Seek	1.6%	Various other holdings*	13.6%
Westpac	2.6%	Vector	1.6%	Cash	5.4%
Sky City	2.4%	Transfield	1.6%		

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

