



The Milford Peak Fund

Client Update

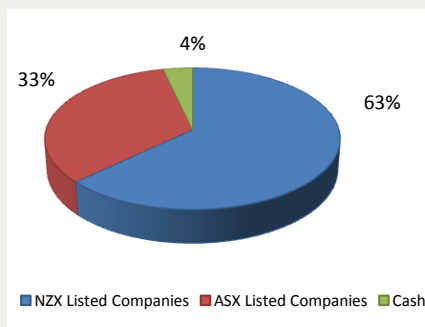
December 2010

Portfolio Manager



Jonathan Windust CFA

Portfolio Mix



Fund Size

\$22 million at 30/11/2010

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 and Australian share market indices returned -2.3% and -1.1% (-0.5% in \$NZ) during November following strong gains in September and October. Share markets were impacted by concerns that the European debt crises could spread and worries that China may look to tighten economic policy to cool inflationary pressures.

Economic data in New Zealand showed economic activity remained subdued, particularly in the housing market, with house sales, house prices and building consents all relatively weak. The bright spot remains NZ export prices which rose 3.5% during the month and contributed to a strong improvement in our trade balance. In Australia the Reserve Bank increased the cash rate to 4.75% at the start of November. Successive rate rises looked to have led to a slowdown in the Australian economy with several recent economic data releases there being disappointing.

Portfolio Review

The Peak Fund fell 2.3% during the month. Key positives were Bathurst Resources (+35.4%), CSL (+6.3%) and Tower (+5.3%). Bathurst shares rose strongly following a successful capital raising and a successful takeover which added to its coal reserves in New Zealand. CSL benefited from a product recall from one of its competitors and a fall in the value of the \$A. Tower's shares rose following its annual result which delivered an 11% rise in profits despite losses from the Canterbury earthquake. Major negatives were NZ Oil and Gas (-27.6%), CSG (-19.8%) and PGG Wrightsons (-14.8%). NZ Oil and Gas was impacted by the Pike River Coal mine explosion due to its 29% share holding in the company. CSG was negatively impacted by a court ruling against it whilst PGG Wrightsons suffered from speculation that a major shareholder may sell their holding.

During the month the Fund added holdings in Australian Oil and Gas companies, Santos, Woodside Petroleum and Beach Energy. We believe that these companies are attractively valued and offer strong return prospects. Reflecting the inherent risk in the sector we have adopted a diversified approach.

Market Outlook and Investment Strategy

We continue to expect that Australian and New Zealand share markets will generate moderate returns over the next year given attractive valuations of many companies and slowly improving economic conditions. However, growth prospects remain fragile and share markets are likely to remain volatile. The Fund's strategy is to remain active and we continue to invest in and search for those companies which we believe have good management teams, are well positioned to grow earnings (even in a difficult economic environment) and are undervalued by the market.

Disclosure of interest: Milford Staff have \$156,000 invested in the Fund at the 30 November unit price.

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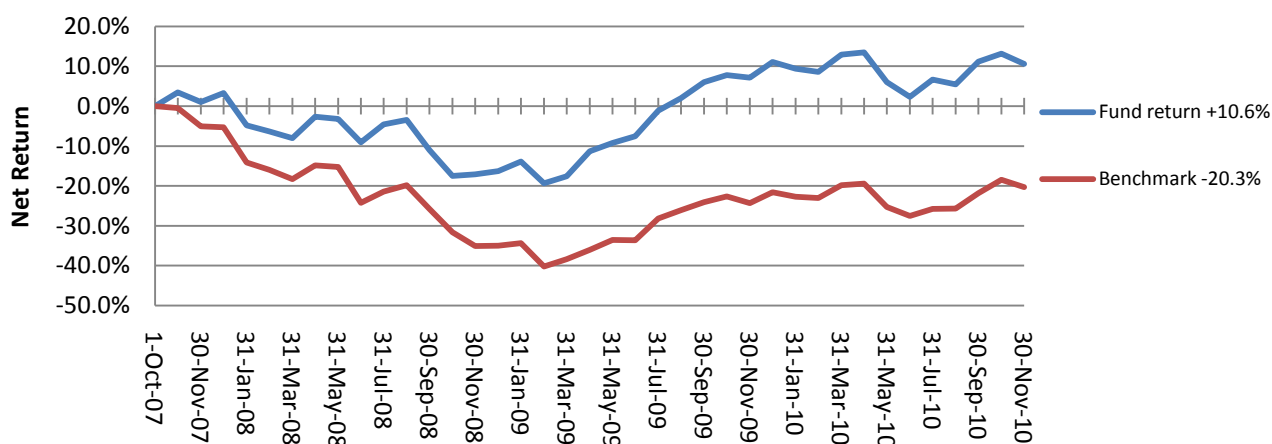
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MilfordFundsLimited



Performance to 30 November 2010 (after fees and before tax)

	Past Month	Past 1 Year	Past 2 Years	Past 3 Years	Since Inception
Milford Peak Fund	-2.3%	+3.2%	+33.4%	+9.4%	+10.6%
Benchmark (NZX 50 Portfolio Index)	-2.3%	+5.3%	+22.7%	-16.1%	-20.3%
Performance versus Benchmark	0.0%	-2.1%	+10.7%	+25.5%	+30.9%

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

Holdings

Company	Holding	Company	Holding	Company	Holding
Tower	6.5%	Downer EDI	2.8%	ANZ	1.3%
Restaurant Brands	5.9%	Kathmandu	2.8%	CSG	1.3%
Ryman Healthcare	5.3%	PGG Wrightson	2.7%	QBE	1.3%
Sky TV	4.6%	APN	2.7%	AMP	1.2%
Fletcher Building	4.3%	CSL	2.6%	Delegat's	1.2%
Infratil	4.2%	Westpac	2.4%	Ramsay Healthcare	1.1%
Air New Zealand	3.8%	Origin	2.4%	NZ Oil and Gas	1.1%
Auckland Airport	3.7%	Pumpkin Patch	2.3%	Mirvac Group	1.1%
Mainfreight	3.5%	Abano	1.9%	Skellerup Ltd	1.1%
GPG	3.1%	F&P Healthcare	1.5%	Diligent Board Services	1.1%
Myer	3.0%	Spark Infrastructure	1.4%	Various other holdings*	11.2%
				Cash	3.6%

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

