



The Milford Peak Fund

Client Update

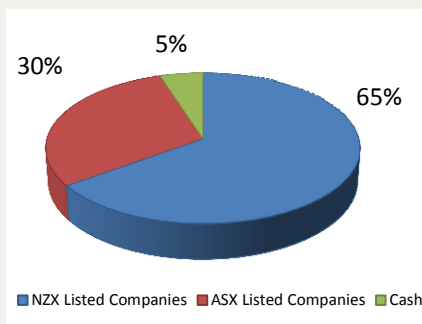
March 2011

Portfolio Manager



Jonathan Windust CFA

Portfolio Mix



Fund Size

\$33 million at 28/02/2011

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

New Zealand economic growth will be materially impacted by the devastating and tragic events of the Christchurch earthquake. The impact of the quake on the New Zealand share market has been relatively small to date with the market index up +0.9% during the month. Following the quake markets and economists now expect the Reserve Bank of New Zealand to reduce interest rates at its next meeting on the 10th of March. This has led to a sharp fall in the value of the \$NZ which boosted returns from Australian share market investments, which rose 7.4% when measured in New Zealand dollars. The other impact on markets during the month has been unrest in the middle east which has led to strong rises in the oil price. If sustained the rise in oil prices will be negative for markets.

Portfolio Review

The Milford Peak Fund rose 1.8% during the month with key positives being Beach Petroleum (+18.4%), Fletcher Building (+13.5%), and GPG (+11.6%). Beach Petroleum is an Australian Oil and Gas company and continued to benefit from positive news flow surrounding its exploration activities as well as an improving oil price. Fletcher Building rose following a solid first half earnings result and as a future beneficiary of the rebuild in Christchurch. GPG rose following the announcement that it would liquidate the majority of its investment portfolio in order to unlock value for its investors. The major negatives for performance were the Australian department store Myer (-9.9%) and Air New Zealand (-5.0%). Myer fell following a warning that its profit would be below its previous guidance due to weak consumer spending; in part due to wet weather in Australia. Air NZ fell in response to rising fuel prices and the possibility of reduced tourism following the Christchurch earthquake. During the month the fund added to oil and gas companies Santos and Beach Petroleum. The Fund's holding in GPG was also increased as the prospects of value being unlocked increased. During the month the Fund reduced holdings in PGG Wrightson as we felt a second bidder would not raise the price for the company.

Market Outlook and Investment Strategy

The outlook for share markets is generally positive with improving global growth and reasonable valuations. However, uncertainties have risen due to the Canterbury earthquake, rising oil prices and the prospect of rising rates and lower government spending in some countries. Despite these uncertainties we continue to believe there are attractive investments for the Fund which should deliver good returns for investors. The Fund's strategy is to remain active to invest in those companies which we believe have good management teams, strong competitive positions and that are undervalued by the market.

Disclosure of interest: Milford Staff have \$165,223 invested in the Fund at the 28 February unit price.

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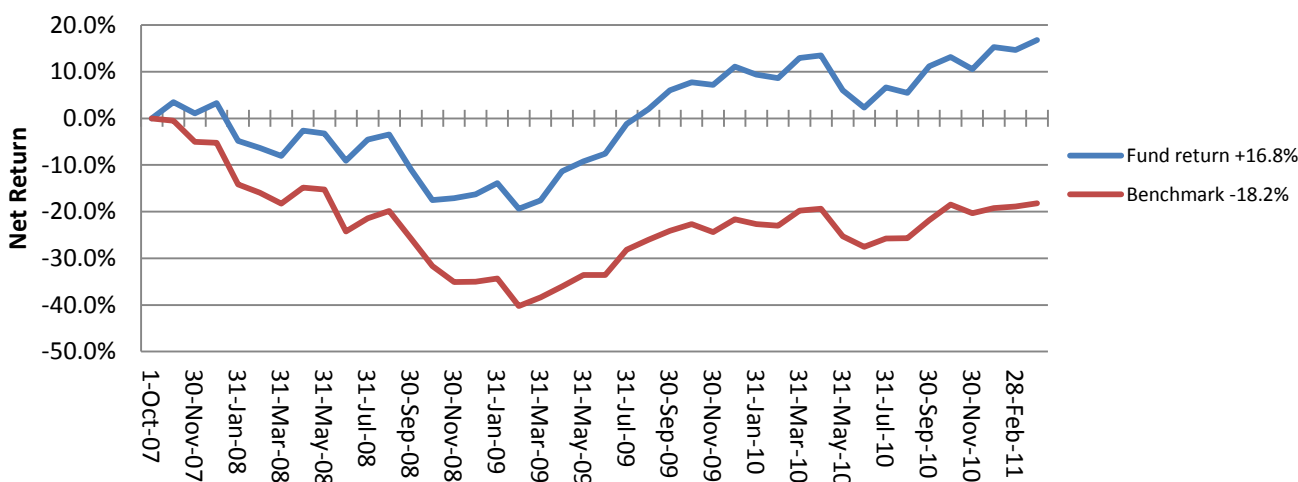
MilfordFundsLimited



Performance to 28 February 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	+1.8%	+7.5%	+44.8%	+24.7%	+16.8%
Benchmark (NZX 50 Portfolio Index)	+0.9%	+6.3%	+36.8%	-2.6%	-18.2%
Performance versus Benchmark	+0.9%	+1.2%	+8.0%	+27.3%	+35.0%

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



Holdings

Company	Holding	Company	Holding	Company	Holding
Sky TV	6.1%	Sky City	2.4%	Myer	1.6%
GPG	6.0%	CSL	2.1%	AMP	1.5%
Ryman Healthcare	6.0%	Santos	1.9%	NZ Oil & Gas	1.5%
Fletcher Building	5.8%	Westpac	1.8%	Beach Energy Ltd	1.4%
Tower	5.3%	APN	1.8%	Ramsay Healthcare	1.4%
Restaurant Brands	5.3%	Aristocrat Leisure	1.8%	Transfield	1.2%
Infratil	4.4%	Origin	1.8%	Telecom	1.1%
Auckland Airport	4.4%	Cromwell Group	1.6%	F&P Healthcare	1.1%
Air New Zealand	3.2%	Seek	1.6%	Various other holdings*	12.9%
Mainfreight	2.7%	ANZ	1.6%	Cash	4.6%
Kathmandu	2.5%	Skellerup Ltd	1.6%		

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