

The Milford Peak Fund

Client Update

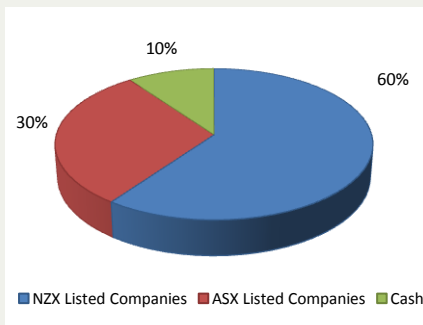
May 2011

Portfolio Manager



Jonathan Windust CFA

Portfolio Mix



Fund Size

\$35.8 million at 30/04/2011

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 data showed some improvement from relatively low levels during the month. The National Bank business outlook survey showed confidence rebounded from the lows experienced following the Christchurch earthquake. Confidence benefited from the previous reduction in the official cash rate and strong demand for New Zealand's exports. The Reserve Bank left the official cash rate unchanged at 2.5% during the month and stated that this rate is likely to remain appropriate for some time.

The New Zealand share market rose 2.3% during the month benefiting from positive sentiment from strong company earnings in the United States. In contrast the Australian share market fell 0.3% during the month largely in response to a sharp rise in the value of the \$A. A higher \$A reduces the offshore earnings of many large Australian companies and may lead to earnings downgrades in the upcoming reporting season.

Portfolio Review

The Milford Peak Fund rose 2.4% (after fees and before tax) during April. Key positives for performance were Diligent Board Member Services (+39.7%), Kathmandu (+10.0%) and Restaurant Brands (+9.2%). Diligent rose following a very strong quarterly sales report which showed a 70% increase in revenues and the addition of further high profile customers. Kathmandu continued to receive investor demand following a very strong first half investment result. Restaurant Brands benefited from a solid profit result and increase in its dividend.

Key negatives for performance were Aristocrat Leisure (-19.4%) and CSL (-3.9%). Both of these companies have a significant percentage of in offshore earnings and were negatively impacted by the sharp rise in the value of the \$A during the month. The Fund reduced the impact of these negatives by reducing its positions in both companies early in the month. However, the Fund continues to have a holding in both companies due to a positive medium-term outlook.

Market Outlook and Investment Strategy

The outlook for the New Zealand share market remains mixed. Positive factors include strong exports, low interest rates, the prospect of Christchurch rebuilding and strong global growth. Negative factors include a weak domestic economy, high oil prices and a high New Zealand dollar. Australian growth prospects remain robust although it has a two speed economy with strong growth from the resources sector on one hand and a relatively weak domestic economy on the other. In this environment the Fund's strategy is to remain active and invest in those companies which are well positioned to grow earnings are well managed and are undervalued by the market.

Disclosure of interest: Milford Staff have \$173,000 invested in the Fund at the 30 April unit price.

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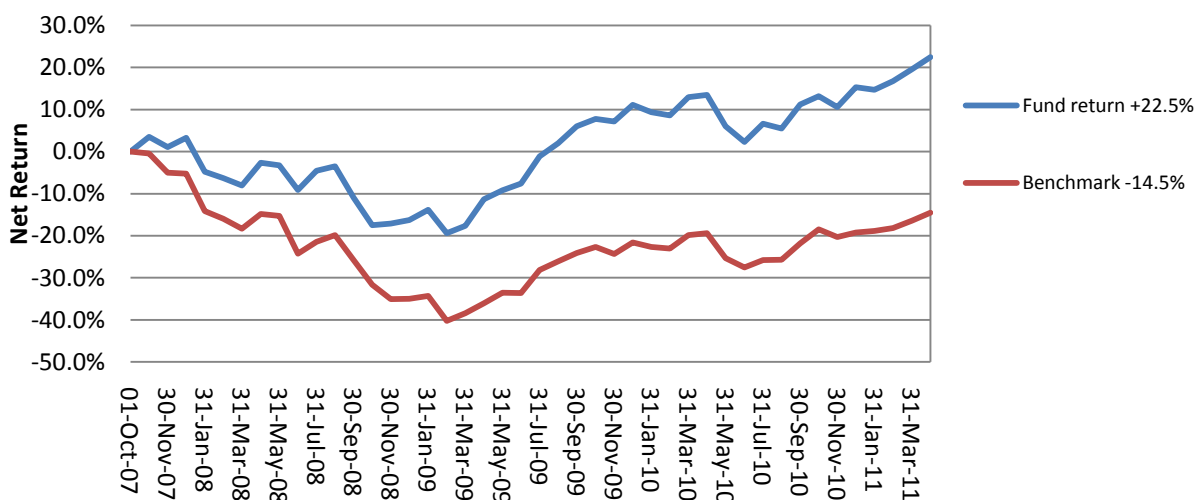
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Performance to 30 April 2011 (after fees and before tax)

	Past Month	Past 1 Year	Past 2 Years	Past 3 Years	Since Inception 1 October 2007
Milford Peak Fund	+2.4%	+7.9%	+38.1%	+25.8%	+22.5%
Benchmark (NZX 50 Portfolio Index)	+2.3%	+6.1%	+33.7%	+0.4%	-14.5%
Performance versus Benchmark	+0.1%	+1.8%	+4.4%	+25.4%	+37.0%

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



Holdings

Company	Holding	Company	Holding	Company	Holding
Ryman Healthcare	6.2%	Kathmandu	2.2%	Transfield	1.5%
Sky TV	6.0%	Beach Energy Ltd	2.1%	Santos	1.4%
Restaurant Brands	5.0%	Cromwell	1.9%	Myer	1.4%
Tower	4.5%	Telecom	1.8%	CSL	1.4%
Infratil	4.4%	Mainfreight	1.8%	Skellerup	1.3%
GPG	4.3%	Oroton	1.6%	Ramsay Healthcare	1.3%
Auckland Airport	3.6%	Seek	1.6%	Air New Zealand	1.2%
Fletcher Building	3.3%	Vector	1.5%	Nuplex	1.1%
Westpac	2.5%	NZ Oil & Gas	1.5%	Diligent	1.1%
Sky City	2.5%	AMP	1.5%	Various other holdings*	14.7%
Origin	2.3%	ANZ	1.5%	Cash	10.0%

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

