



The Milford Peak Fund

Client Update

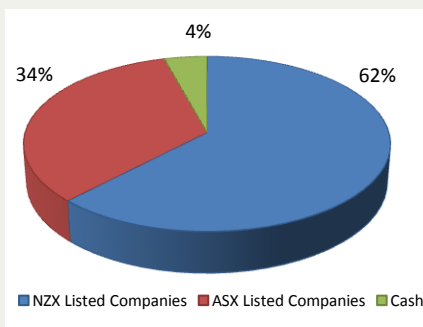
November 2010

Portfolio Manager



Jonathan Windust CFA

Portfolio Mix



Fund Size

\$22 million at 31/10/2010

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 markets returned +4.3% and +1.8% (-0.8% in \$NZ) during October. The New Zealand share market benefited from strong demand from offshore investors. The return of the Australian share market in \$NZ was negatively impacted by the 2.6% fall in the value of the \$A versus the \$NZ during October. This fall in the value of the \$A reversed strong gains in previous months.

New Zealand economic data released during October showed that economic activity remained subdued. New Zealand consumers remain cautious with a preference to repay debt rather than spend. Reflecting the low level of growth the RNBZ left the official cash rate at 3.0% at its October meeting although it stated that rates will probably need to rise in the future.

Portfolio Review

The Peak Fund returned 1.2% during the month. Key positives were Restaurant Brands (+9.5%), Fisher & Paykel Healthcare (+9.1%) and GPG (+7.5%). Restaurant Brands rose following its half year earnings result where it reported a 50% increase in earnings. The company continues to benefit from strong growth at KFC. Fisher and Paykel Healthcare rose despite a sharp rise in the value of the \$NZ on hopes that its new products will generate strong growth. The major negatives for the month were Kathmandu (-10.0%) and Pike River Coal (-8.0%). Pike River Coal fell following its announcement that it would not meet the level of production which it had previously forecast.

During the month the Fund added a holding in Diligent Board Member Services. Diligent provides software to company boards and is currently achieving strong demand for its product including some of the United States' biggest companies. We believe Diligent is well placed to continue this strong sales momentum.

Market Outlook and Investment Strategy

We expect Australian and New Zealand share markets to generate moderate returns over the next year given attractive valuations of many companies and improving growth prospects in New Zealand. Economic growth remains supported by strong demand for our exports from developing countries. However, growth remains fragile and we believe that share markets are likely to remain volatile reflecting the uncertain economic environment. The Fund's strategy is to remain active and we continue to look invest in those companies which we believe are well positioned to grow their earnings and are undervalued by the market. This strategy means that the Fund currently has a bias toward smaller capitalisation New Zealand companies.

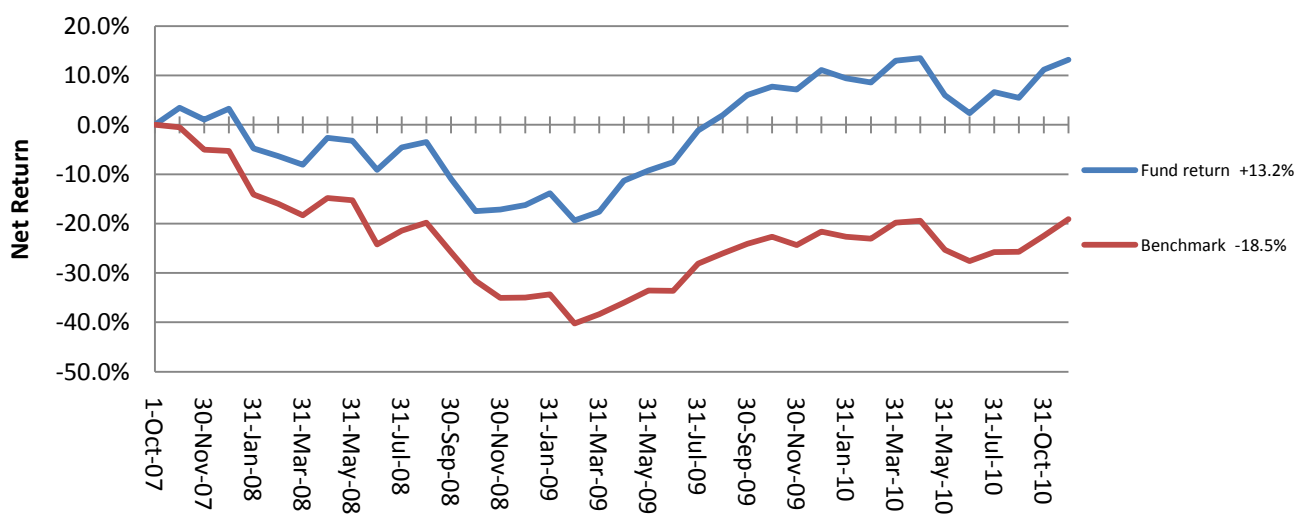
Disclosure of interest: Milford Staff have \$175,000 invested in the Fund at the 31 October unit price.



Performance to 31 October 2010 (after fees and before tax)

	Past Month	Past 1 Year	Past 2 Years	Past 3 Years	Since Inception
Milford Peak Fund	+1.8%	+5.0%	+37.2%	+9.4%	+13.2%
Benchmark (NZX 50 Portfolio Index)	+4.3%	+5.4%	+19.2%	-18.1%	-18.5%
Performance versus Benchmark	-2.5%	-0.4%	+18.0%	+27.5%	+31.7%

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



Holdings

Company	Holding	Company	Holding	Company	Holding
Tower	6.2%	APN	2.8%	QBE	1.3%
Restaurant Brands	6.0%	Abano	2.7%	Cromwell Group	1.3%
Ryman Healthcare	5.2%	Pumpkin Patch	2.7%	AMP	1.3%
Sky TV	4.9%	Westpac	2.5%	Delegat's	1.2%
Auckland Airport	3.8%	Kathmandu	2.5%	Sky City	1.2%
Air New Zealand	3.7%	CSL	2.4%	Ramsay Healthcare	1.1%
Mainfreight	3.5%	Origin	2.4%	Mirvac Group	1.1%
Myer	3.2%	NZ Oil and Gas	2.1%	F&P Healthcare	1.1%
Infratil	3.0%	GPG	1.9%	Diligent Board Services	1.0%
Downer EDI	3.0%	CSG	1.7%	Various other holdings*	10.3%
Fletcher Building	3.0%	ANZ	1.5%	Cash	4.3%
PGG Wrightson	2.9%	Spark Infrastructure	1.4%		

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

