



The Milford Peak Fund

Client Update

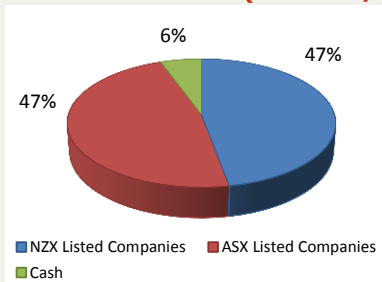
October 2011

Portfolio Manager



Jonathan Windust CFA

Portfolio Mix (as at 30/9/11)



Fund Size

\$35.7 million at 30/09/2011

Fees

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

Investment Objective

From 1 October 2011:

The Fund's objective is to outperform a 50/50 mix of the New Zealand and Australian sharemarkets.

Prior 1 October 2011:

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

Economic and Market Review

The New Zealand economy grew a disappointing 0.1% during the second quarter of 2011. However, business confidence and a boost from the Rugby World Cup point to stronger growth going forward. Australian economic data remains mixed with business and consumer confidence subdued in response to past increases in interest rates, the high Australian dollar and political uncertainty.

The New Zealand share market (NZX50 Portfolio Index) fell 0.7% during the month which was a strong result compared to global share markets which were negatively impacted by concerns over European sovereign debt and slowing global growth. The Australian market was less immune falling 6.1% (in \$A terms) and was negatively impacted by high weightings in Banks and Resource stocks which are linked to the global economic environment.

Portfolio Review

The Milford Peak Fund fell 0.9% during September (after fees but before tax). Key positives were Fisher and Paykel Healthcare (+13.5%), Diligent (+10.9%) and Kathmandu (+8.9%). FPH and Diligent both benefited from the fall in the value of the \$NZ whilst Kathmandu rose following a very strong full year result which saw its profit rise 55% on the previous year. Key negatives for performance were GPG (-13.2%), Flight Centre (-11.9%) and Restaurant Brands (-8.6%). GPG and Flight Centre had no specific news but were negatively impacted by negative sentiment surrounding a global economic slowdown in the case of GPG and Australian consumer spending in the case of Flight Centre. Restaurant Brands fell following its second quarter sales result which showed a 6.5% fall in sales versus the previous comparable period.

The Fund has transitioned to a higher weighting in Australian shares in order to match its new benchmark which is split evenly between the NZ and Australian share markets. At month end the Fund was 47% invested in both markets.

Market Outlook and Investment Strategy

The outlook for the global economy remains uncertain due to European sovereign debt issues, Chinese growth concerns and a possible renewed recession in the US. However, we believe share market valuations are attractive and have factored in these issues. Furthermore, Australia and to lesser extent New Zealand have room to reduce interest rates if economic conditions deteriorate.

The strategy of the Fund is to invest in companies which we believe have earnings momentum and the potential to surprise on the upside. The Fund is also invested in companies which we believe are defensive and have attractive dividend yields.

Disclosure of interest: Milford Staff have \$158,000 invested in the Fund at the 30 September 2011 unit price.

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www.milfordasset.com

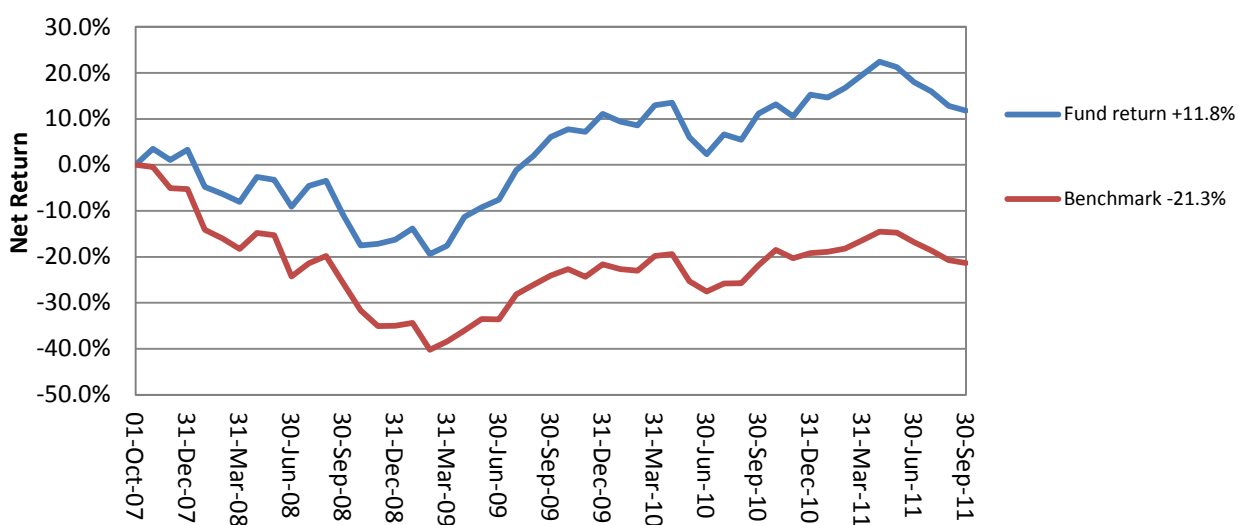
MilfordFundsLimited



Performance to 30 September 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	(0.9%)	+0.6%	+5.4%	+25.6%	+11.8%
Benchmark (NZX 50 Portfolio Index)	(0.7%)	+0.7%	+3.6%	+6.0%	(21.3%)
ASX 200 in \$NZ	(5.0%)	(12.0%)	(4.4%)	+7.0%	(21.0%)
Performance versus Benchmark	(0.2%)	(0.1%)	+1.8%	+19.6%	+33.1%

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



Holdings (as at 30/9/11)

Company	Holding	Company	Holding	Company	Holding
Sky TV	4.9%	Ancor	2.5%	Oil Search	1.5%
Ryman Healthcare	4.2%	Brambles	2.5%	Atlas Iron	1.5%
Fletcher Building	4.0%	Cromwell	2.4%	NRW Holdings	1.5%
Mainfreight	4.0%	Restaurant Brands	2.1%	Diligent	1.4%
ANZ	3.7%	Coca-Cola Amatil	2.0%	Technology One	1.4%
Sky City	3.7%	SAI Global	2.0%	Buccaneer	1.3%
Westpac	3.5%	Tower	1.9%	Delegats	1.3%
Spark Infrastructure	3.4%	Vector	1.9%	McMillian Shakespeare	1.3%
Infratil	3.1%	Automotive Holdings	1.9%	BHP Billiton	1.3%
Telecom	2.8%	Collins Food	1.8%	Skellerup	1.2%
Ramsay Health Care	2.8%	Invocare	1.8%	Air NZ	1.2%
Auckland Airport	2.7%	Oroton	1.7%	Various other holdings*	8.6%
Flight Centre	2.6%	GPG	1.5%	Cash	4.8%

*Holdings of 1.1% or less have been combined into 'Various other holdings'

