



# Milford Unit Trust PIE Funds Milford Overview





# Letter from Brian Gaynor

## Dear Investor

We are delighted to offer you the opportunity to access the investment skills of Milford Asset Management Limited through Unit Trust PIE Funds designed to meet a wide range of investment needs.

These Funds include the Conservative, Diversified Income, Balanced, Active Growth, Global, Trans-Tasman and Dynamic Funds. Our Active Growth Unit Trust PIE Fund is not currently accepting new investors.

Our primary aim at Milford is to achieve superior investment returns for you – our clients. Our large and experienced investment team achieves this by identifying profitable opportunities, particularly in volatile economic and market conditions.

Milford has a number of core objectives, which apply to each Fund.

These include:

- We search for the best opportunities in all market conditions through extensive company visits and research;
- Milford has a fair and reasonable fee structure where performance fees are only payable when we exceed the investment benchmarks of our funds;

- We are committed to transparency so that our investors have clear visibility of the major investments of each fund; and
- Milford is a strong advocate on your behalf, particularly in terms of corporate governance of the entities we invest in.

The Milford Unit Trust PIE Funds are offered by Milford Funds Limited, a 100% owned subsidiary of Milford Asset Management Limited. Milford Asset Management is a well-established company that manages over \$4 billion on behalf of investors, as at the date of this Overview document.

We believe the Funds described in this Overview are suitable for medium to long-term investors. All the Milford Unit Trust PIE Funds are Portfolio Investment Entities ('PIEs') which means all the income is taxed within the Fund, at the tax rate applicable by you. The minimum initial investment for each Fund is \$10,000.

Please read this Overview and the Product Disclosure Statement in full to ensure that the approach and objectives for the Funds are consistent with your investment requirements. If you have any questions, visit our website [www.milfordasset.com](http://www.milfordasset.com) or call us on 09 921 4700 or 0800 662 345.

We are committed to delivering superior returns for investors and hope that our Funds will meet your investment requirements.

Yours sincerely,



**Brian Gaynor**  
**Director, Milford Funds Limited**





# Getting the most from this document

We have developed this Overview as a supplementary document to the Product Disclosure Statement ('PDS') to provide you with additional detail about Milford Funds Limited ('Milford') and the approach we take to investing.

Please make sure you read the PDS. It contains essential information on the Milford Unit Trust PIE ('Funds'), to assist you in making your investment decisions. This includes how the investment works, how you can access your investment, any significant risks and benefits, and the fees that can be charged. We also encourage you to seek independent financial advice from an Authorised Financial Adviser prior to making any investment decisions.

To view the full range of regulatory and product disclosure detail for any of our Funds you can go to [www.milfordasset.com/documents](http://www.milfordasset.com/documents). Alternatively, you can go directly to the Disclose register, maintained by the Registrar of Financial Service Providers which holds the offer documents for all regulated offers of financial products, on at [www.business.govt.nz/disclose](http://www.business.govt.nz/disclose).

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## About Milford

Our parent, Milford Asset Management Limited ('Milford Asset Management') was formed in 2003 by an experienced team of individuals who recognised the need for an investment company that New Zealanders can trust and which provides a premium service.

In 2007, Milford was created to enable investors to gain access to Milford Asset Management's investment expertise and experience through our family of funds. Milford is a wholly-owned subsidiary Milford Asset Management that, at the date of this document, had over \$4 billion funds under management.

For details of the current directors of Milford please go to the Companies Office website, [www.business.govt.nz/companies](http://www.business.govt.nz/companies).

Milford has been granted a Managed Investment Scheme ('MIS') manager licence by the Financial Markets Authority ('FMA').

Milford is the issuer of retail investment products. Milford Asset Management is an authorised body under Milford's MIS manager licence.

Milford is also an award winning fund manager. For more information on Milford or these awards please go to [www.milfordasset.com](http://www.milfordasset.com).

### Milford's core values are to:

- Operate with honesty and integrity
- Consistently seek to deliver superior investment returns
- Be client focused
- Strive for best practice in managing our clients' capital
- Remain majority New Zealand and employee owned

### We do this by:

- Attracting and retaining the best people
- Understanding our clients' needs and objectives
- Focusing our resources to generate the best returns for clients
- Reacting quickly to changing market conditions and new opportunities
- Aligning our success to the performance of our clients capital. We do this by investing alongside you and using a pay for performance philosophy.

# Your rights as an investor

We created 'The Investor's Rights' which detail fundamental rights that we believe every investor should expect from organisations who look after their money. The seven Investor's Rights are set out as follows.

## 1. The right to have someone you can trust looking after your money.

We have brought together some of the country's most experienced and respected investment experts, each with a track record for making quality financial decisions. Our investment team is committed to protecting and building the wealth of our clients.

## 2. The right to know your investment manager will act in your best interests.

Our investment focus is on entities that we believe demonstrate the highest levels of corporate governance and a strong commitment to their stakeholders. If we believe our standards are not being met, we will seek change or sell our shareholding in an effort to protect your investment in the process.

## 3. The right to know exactly where your money is being invested.

We provide quarterly Fund Updates which include details of a Fund's performance and market performance. We also provide online reports for your own investment.

## 4. The right to know the value of your investments at any time.

You are able to view the value of your investments, month end portfolio reports and a history of all transactions at any time online.

## 5. The right to your investment.

We understand that this is your money. Milford does not receive a fee if you move your investments from us.

## 6. The right to expect your investment manager to make decisions designed to protect and grow your investment.

We constantly assess factors that may affect the value of your investments. This includes proactively altering our investment strategy if our view of the market, a company's management or trading conditions change. Our policy of seeking to protect your capital means when we believe markets will fall significantly we endeavour to adjust portfolios in order to preserve your capital.

## 7. The right to fair and reasonable fees with a 'pay for performance' philosophy.

We charge a capped management fee which varies depending on the type of Fund. This fee covers the normal operating costs associated with managing a fund and making investment decisions (including audit, supervisor, and legal fees). It excludes brokerage, underlying external fund manager fees and any performance fee. A performance fee is only charged if a Fund exceeds its stated investment target.

# Our investment philosophy

## Investment philosophy

As investment markets are in a state of constant change, Milford adopts an active approach to investing.

This allows Milford to take advantage of investment opportunities as they arise, and seek to provide a level of capital protection when markets are less favourable.

### **The key principles that underpin our investment philosophy are:**

1. We adopt an active portfolio management approach.
2. We adopt a more defensive approach to seek to provide a degree of capital protection in less favourable markets and take a more aggressive investment approach when our view of markets is more positive.
3. We are committed to undertake investment research of the assets we invest in and conduct regular company visits.
4. We seek to understand the changes in the local and global economic environments and how these changes are likely to impact the markets in which our clients' assets are invested.
5. We seek to manage risk through appropriate portfolio diversification.
6. We focus on key competencies and in instances where we lack specific skills and knowledge, we engage with organisations that can provide these for us.
7. We view our role as partial 'owners' of the companies in which we invest on behalf of our clients. As such, we take an active interest in the corporate governance of many of these entities.

# Milford's investment process

## Investment process

Milford's Investment Team follows the process outlined on the right in developing and finalising investment decisions.

Milford's investment process involves conducting our own proprietary research. We undertake analysis of the macro-economic environment as well as a fundamental analysis of the industries and individual entities within our investment universe.

Our macro-economic analysis, via the monitoring and analysis of economic data, aims to identify changes to the prospects of particular asset classes and industries.

Our fundamental analysis aims to identify the best opportunities within identified asset classes and industries for investment. We aim to meet with a large number of companies each year across a wide range of industries to discuss with management their prospects.

When considering individual companies, we seek to understand key value drivers for investment including; the company's competitive position and industry structure, the quality and sustainability of earnings, and the quality and strength of the board and senior management.



## Meet your Investment Team



Brian Gaynor

### Head of Investments

Brian is an Executive Director of Milford Asset Management, Head of Investments, Chairman of Milford's Investment Forum and Private Equity Investment Committee.

Brian's career includes roles as a Partner and Head of Research at stockbrokers Jarden & Co, and a member of the New Zealand Stock Exchange. He has also been a board member of a number of listed and public owned entities, including the Guardians of the New Zealand Superannuation Fund.

He is also one of the original founders of Milford Asset Management and was Portfolio Manager of the Milford Active Growth funds (Unit Trust and KiwiSaver) from their establishment in 2007 until April 2017.



Jonathan Windust

### Portfolio Manager

Jonathan is the Deputy Head of Investments, Portfolio Manager of the Milford Active Growth funds (Unit Trust & KiwiSaver) and Co-Manager of the Milford Diversified Income Fund.

Prior to joining Milford in 2008, Jonathan worked for Gartmore Investment Management in London where he was Portfolio Manager for the Royal Bank of Scotland Pension scheme which had assets in excess of NZ\$25 billion.

While at Gartmore, Jonathan was also responsible for investment strategy and investments into individual private equity funds and companies across Europe and Asia. Prior to Gartmore, Jonathan worked for BT Funds Management, Frank Russell and the New Zealand Dairy Board (now Fonterra). Jonathan is a CFA Charterholder.



David Lewis

### Portfolio Manager

David is the Deputy Head of Investments and is the Portfolio Manager of the Milford Diversified Income Fund.

David joined Milford in 2013 from Merrill Lynch where he worked in Sydney and London for eight years in a variety of areas including credit research, emerging market research, and principal investments in high yield/distressed credit.

Prior to this, David spent four years as a fixed income analyst at BT Funds Management and Principal Global Investors, based in Sydney and London. David has a Bachelor of Commerce in Economics from the University of Canterbury, a Master of Commerce in Finance from the University of Sydney, and is a CFA Charterholder.



Wayne Gentle

### Head of Australian Investments

Wayne is the Head of Australian Investments and the Portfolio Manager of the Australian equities portion of the Milford Trans-Tasman Fund, based in the Sydney office.

He has over 20 years' experience in investment markets with a strong track record in managing a diverse range of Australian equities portfolios. Prior to joining Milford, Wayne held the position of Deputy Head of Australian Equities at Colonial First State Global Asset Management.

Previously, Wayne has held Senior Analyst and Deputy Head of Research roles at Allianz Global Investors and JP Morgan. Wayne holds a Bachelor of Economics degree from Sydney University, a Postgraduate Diploma in Applied Finance & Investment from the Securities Institute of Australia, and is a graduate of the Australian Institute of Company Directors.



**William Curtayne**

**Portfolio Manager**

William is the Deputy Head of Australian Investments and Portfolio Manager of the Milford Dynamic Fund and Co-Manager of the Milford Active Growth funds (Unit Trust & KiwiSaver), based in the Sydney office.

Since joining Milford Asset Management in early 2010, William has focused on selecting small and medium sized companies for Milford's Funds and has also covered the resource, energy, utility and property sectors.

William visits and speaks to hundreds of companies every year and conducts detailed investment analysis to uncover top class investments. William has a Bachelor of Commerce from the University of Auckland majoring in Finance and Economics, and is a CFA Charterholder.



**Felix Fok**

**Portfolio Manager**

Felix is the Portfolio Manager of the Milford Global Fund. He has a wide range of investment experience across global financial markets.

Prior to joining Milford in October 2012, Felix was a partner at equity research firm Ji Asia in Hong Kong, an associate of French bank Societe Generale, covering China focused medium sized companies across multiple sectors.

Felix began his career in London in 2004 with The Black Ant Group as an analyst, and later Junior Portfolio Manager, and helped manage a long/short global mandate that invested across the capital spectrum. He holds a Master of Arts from the University of Cambridge, where he studied chemical engineering. Felix is also a CFA Charterholder.



**Stephen Johnston**

**Portfolio Manager**

Stephen is the Co-Manager of the Milford Global Fund. He has a wide range of investment experience across global financial markets and different asset classes.

Prior to joining Milford in 2013, Stephen was a partner at London based Adelante Asset Management where he was a Senior Portfolio Manager, managing an Emerging Market Equity Fund. Prior to Adelante, Stephen was a Portfolio Manager in London at Threadneedle Investments and Convivo Capital Management, managing various Emerging Market Funds.

Stephen holds a Bachelor of Laws and a Bachelor of Commerce from the University of Otago and was admitted to the Bar as a Barrister and Solicitor of the High Court of New Zealand in 1995.



**Sam Trethewey**

**Portfolio Manager**

Sam is the Portfolio Manager of the New Zealand equities portion of the Milford Trans-Tasman Fund and the Milford New Zealand Equities Wholesale Fund.

Since joining Milford in 2014, Sam has focused on conducting research analysis across listed New Zealand equities. Sam previously worked for Craigs Investment Partners as an Associate in the Equity Capital Markets team advising on a wide range of equity issuance and was also an Analyst in the Corporate Finance team at PricewaterhouseCoopers.

Sam has a Master of Business (Dist) and Bachelor of Commerce majoring in Finance from the University of Otago.

## Meet your Investment Team



Paul Morris

### Portfolio Manager

Paul joined Milford in February 2016. He is the Portfolio Manager of the Milford Trans-Tasman Bond Wholesale Fund, the Milford Global Bond Wholesale Fund and the Milford Conservative funds (Unit Trust & KiwiSaver) as well as the Co-Manager of the Milford Balanced Funds (Unit Trust & KiwiSaver). Paul has over 20 years' experience in financial markets here and overseas. Paul held senior fixed income roles with investment banks including Merrill Lynch and ABN AMRO in London. His experience includes debt capital markets, credit trading and interest rate derivatives trading. Paul moved to New Zealand in 2009 and was Executive Director and Head of Debt Capital Markets at JBWere, before moving to Macquarie Private Wealth in 2010. Paul has a Masters in Aeronautical Engineering from Queens University in Belfast.



Mark Riggall

### Portfolio Manager

(asset allocation for the Balanced Fund)

Mark is the Portfolio Manager for the Balanced Fund (responsible for its asset allocation) in addition to responsibility for managing the Central Dealing Desk.

Prior to joining Milford in November 2014, Mark spent 11 years with Morgan Stanley in London and Hong Kong as an equity derivatives trader. In Hong Kong he had responsibility for the Asia ex-Japan index derivatives business, running multiple regional derivative portfolios.

Prior to that in London he ran a global equity derivatives portfolio in addition to a UK equity derivatives portfolio.

Mark has a Master of Engineering degree from the University of Bath, UK.



Brooke Bone

### Investment Director

Brooke is an Investment Director for Milford's Funds and co-manages the Milford Private Equity Fund II. He is currently a director of a number of companies on behalf of the Milford Active Growth Fund.

Brooke joined Milford in 2012 from Macquarie Securities in New Zealand where he was a Senior Research Analyst covering a variety of sectors including manufacturing, agriculture, mining and oil and gas.

Prior to that, Brooke was a Vice President at Morgan Stanley in London, covering Pan-European retail companies. Brooke also worked for the corporate finance and property team of Marks and Spencer in the UK. He qualified as a Chartered Accountant with Ernst & Young and is a CFA Charterholder.



John Johnston

### Investment Director

John is an Investment Director for Milford's Funds and co-manages the Milford Private Equity Fund II.

Prior to joining Milford in 2016, John spent four years at Fletcher Building, latterly managing the Firth Masonry, Dricon, and CSP Pacific businesses operating in the concrete and roading technology sectors. This followed stints in strategy and corporate finance at Fletcher Building and prior to that Air New Zealand. The first decade of John's experience was in principal equity investment and investment banking for Societe Generale and Macquarie Bank (in Sydney and London) working across a range of industry sectors.

John holds an LLB (Hons), BA and BCom from the University of Otago and an MBA from Oxford University.



Frances Sweetman

**Senior Analyst**

Frances joined Milford in early 2017 as a Senior Analyst focussed on New Zealand equities.

Prior to joining Milford, Frances was a Senior Research Analyst at Craigs Investment Partners, responsible for the New Zealand and Australian exposures of the Private Wealth division. Frances also previously worked as an Analyst at Brook Asset Management focussed on the property, finance and telecommunications sectors and as an Analyst at Macquarie Bank in Sydney, covering the property sector in the institutional equities research team.

She holds an MSc in Estate Management from South Bank University, a BA(Hons) in Economics and Business Management from Newcastle University and is a member of the Royal Institute of Chartered Surveyors.



David Rigby

**Senior Analyst**

David is a Senior Analyst, based in the Sydney office, with a particular emphasis on Australian equities, including IPOs.

Prior to joining Milford in March 2014, David was a senior equity research analyst with Goldman Sachs and Credit Suisse in London covering the support services sector. In his 10 years overseas his remit spanned small caps to FTSE100 firms in industries as diverse as recruitment, temporary power, equipment rental, distribution, testing & inspection, facilities management, BPO and credit analytics.

He holds a Master of Management Studies and a BSc from Victoria University of Wellington, where he studied Technology Management, Physics and Mathematics.



Greg Cassidy

**Senior Analyst**

Greg is a Senior Analyst based in the Sydney office focussing on Australian equities.

Prior to joining Milford in October 2016, Greg spent over a decade as a Senior Analyst at Tribeca Investment Partners in Sydney following two years at AMP Henderson. During his career, Greg has covered many sectors including resources, energy, banks, utilities, steels and building materials.

Greg has a Bachelor of Economics (Hons) from the University of Sydney, a Postgraduate Diploma in Applied Finance and Investment from the Securities Institute of Australia and is a CFA Charterholder.



Michael Higgins

**Senior Analyst**

Michael is a Senior Analyst in the Sydney office focusing on Australian equities and also Co-Manager of the Milford Dynamic Fund.

He joined Milford in January 2017 from Macquarie Securities where he spent four years as a Senior Analyst in the Emerging Leaders Research team. Prior to that, Michael was an Analyst at the Global Research House Morningstar. Over the past seven years, his coverage has been varied across a broad range of smaller technology and industrial companies.

Michael also worked as a Structural Engineer at Sinclair Knight Merz in Sydney before switching into the funds management industry. He holds a Masters of Commerce and a Bachelor of Engineering (Honours), both from the University of Sydney.

## Meet your Investment Team



Roland Houghton

### **Analyst**

Roland joined Milford in May 2016 as an Analyst in the Sydney office. His role at Milford is to research, meet and analyse a range of companies to identify potential opportunities.

Roland graduated from Victoria University of Wellington in 2014 with a Bachelor of Commerce, majoring in both Finance and Marketing.

During his studies he worked at GMI in their KiwiSaver department, and after completing his degree, Roland worked as a junior Portfolio Manager at a boutique funds management company based in Sydney.



Stephanie Perrin

### **Analyst**

Stephanie joined Milford in July 2016 as an Investment Analyst for the Global Fund. She is responsible for conducting research analysis across the portfolio of global listed equities as well as identifying new investment opportunities offshore.

Previously, Stephanie spent three years as an Analyst in the Goldman Sachs Investment Banking team and has advised on a range of transactions including the IPO of Evolve Education Group and the sale of Aspire2 Group to Archer Capital. Stephanie graduated from the University of Auckland with a Bachelor of Commerce and Science, majoring in Finance, Accounting and Pharmacology.



Brad Litt

### **Dealer**

Brad joined Milford in 2014 as a Business Analyst within the Operations team, responsible for the set-up of Milford's Charles River trading system. Following successful system implementation, Brad moved to the Investment team, where he has responsibility for trade execution on the Central Dealing Desk.

Prior to joining Milford, Brad was a Business Analyst at Standard Chartered Bank. Brad has a Bachelor of Commerce and Civil Engineering from the University of Canterbury.

# Milford's Managed Fund products

## Milford Unit Trust PIE Funds

### Conservative Fund

**Objective** - Moderate return and protect capital over the minimum recommended investment timeframe (3 years).  
**Description** - Diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities.

### Diversified Income Fund

**Objective** - Income and capital growth over the minimum recommended investment timeframe (3 years).  
**Description** - Diversified fund that primarily invests in fixed interest and equity income-generating securities.

### Balanced Fund

**Objective** - Capital growth over the minimum recommended investment timeframe (5 years).  
**Description** - Diversified fund that primarily invests in equities, with a significant allocation to fixed interest securities.

### Active Growth Fund (Not available to new investors)

**Objective** - Annual returns of 10% over the minimum recommended investment timeframe (5 years).  
**Description** - Diversified fund that primarily invests in Australasian equities, with a moderate allocation to international equities and fixed interest securities.

### Trans-Tasman Fund

**Objective** - Capital growth by out-performing a mix of two relevant share market indices over the minimum recommended investment timeframe (5 years).  
**Description** - Primarily invests in Australasian equities.

### Global Fund

**Objective** - Capital growth through global investments over the minimum recommended investment timeframe (5 years).  
**Description** - Primarily invests in international equities.

### Dynamic Fund

**Objective** - Capital growth by out-performing the relevant share market index over the minimum recommended investment timeframe (5 years).  
**Description** - Primarily invests in small to mid-cap Australasian equities.

## Milford KiwiSaver Plan

### Conservative Fund

**Objective** - Moderate return and protect capital over the minimum recommended investment timeframe (3 years).  
**Description** - Diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities.

### Balanced Fund

**Objective** - Capital growth over the minimum recommended investment timeframe (5 years).  
**Description** - Diversified fund that primarily invests in equities, with a significant allocation to fixed interest securities.

### Active Growth Fund

**Objective** - Annual returns of 10% over the minimum recommended investment timeframe (5 years).  
**Description** - Diversified fund that primarily invests in Australasian equities, with a moderate allocation to international equities and fixed interest securities.

Please see the PDS for more information on the Funds.

The latest Fund Updates can be found at [www.milfordasset.com/documents](http://www.milfordasset.com/documents)











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