



This fund update was first made publicly available on 1 May 2017.

What is the purpose of this update?

This document tells you how the Milford Conservative Fund ('Fund') has performed and what fees were charged. The document will help you to compare the fund with other funds.

Milford Funds Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this fund

The Fund's objective is to provide moderate returns and protect capital after management and administration charges but before tax over the minimum recommended investment timeframe of three years.

It is a diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities.

Total value of the fund	\$116,310,678
The date the fund started	1 September 2015

What are the risks of investing?

Risk indicator for the Milford Conservative Fund



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

The risk indicator is based on the returns data for the five years to 31 March 2017. Market index returns have been used for the period 1 April 2012 to 31 August 2015 as the Fund was launched on 1 September 2015. The risk indicator therefore reflects the Fund's actual returns only for the period 1 September 2015 to 31 March 2017. As a result, the risk indicator may provide a less reliable indicator of the potential volatility of the Fund. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates. See Note 1 at the end of this Fund Update.

See the Product Disclosure Statement ('PDS') for more information about the risks associated with investing in this fund.

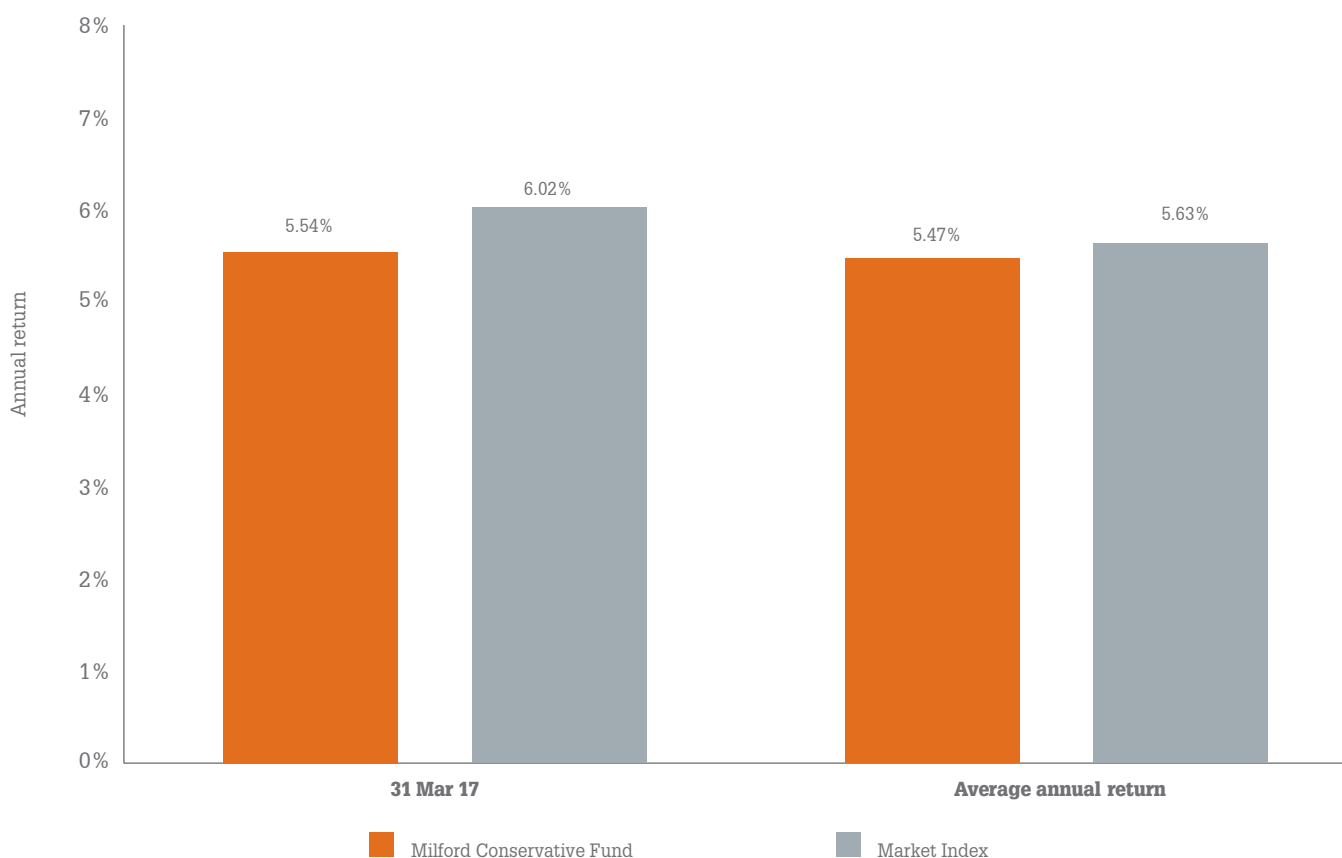
How has the fund performed?

	Past year
Annual return (after deductions for charges and tax)	5.54%
Annual return (after deductions for charges but before tax)	7.44%
Market index annual return (reflects no deduction for charges and tax)	6.02%

We are required to disclose an appropriate market index as comparison. The market index return is a composite of benchmark index returns weighted for the Fund's target investment mix. The market index return is before tax and fees. The objective of the Fund is to provide moderate returns and protect capital after management and administration charges but before tax. Therefore, the Fund's investment strategy will be designed to achieve this.

For more information on the market index, please refer to the Statement of Investment Policy and Objectives for the Milford Unit Trust PIE Funds, which can be found at www.milfordasset.com/documents or on the offer register at www.business.govt.nz/disclose.

Annual Return Graph



This shows the return after fund charges and tax for each year ending 31 March since the fund started. The last bar shows the average annual return since the fund started, up to 31 March 2017.

Important: This does not tell you how the fund will perform in the future.

Returns in this update are after tax at the highest prescribed investor rate (PIR) of tax for an individual New Zealand resident. Your tax may be lower.

What fees are investors charged?

Investors in the Fund are charged fund charges. In the year to 31 March 2017 these were:

	% of net asset value
Total fund charges	0.96%
<i>which are made up of:</i>	
Total management and administration charges	0.96%
<i>including:</i>	
Manager's basic fee ²	0.90%
Other management and administration charges (estimate) ³	0.06%
Total performance-based fees	N/A

Milford is unable to determine the fund charges charged by some non-related underlying funds within the 'other management and administration charges' so these charges have been estimated. It is not expected that these charges will be material. See Note 3 at the end of this Fund Update.

See the PDS for more information about the basis on which performance fees are charged.

Investors may also be charged individual action fees for specific actions or decisions (for example, for withdrawing from or switching funds) although these are not currently charged. See the PDS for the Milford Unit Trust PIE Funds on the offer register at www.business.govt.nz/disclose for more information about those fees.

Example of how this applies to an investor

Small differences in fees and charges can have a big impact on your investment over the long term.

Joshua had \$10,000 in the fund at the start of the year and did not make any further contributions. At the end of the year,

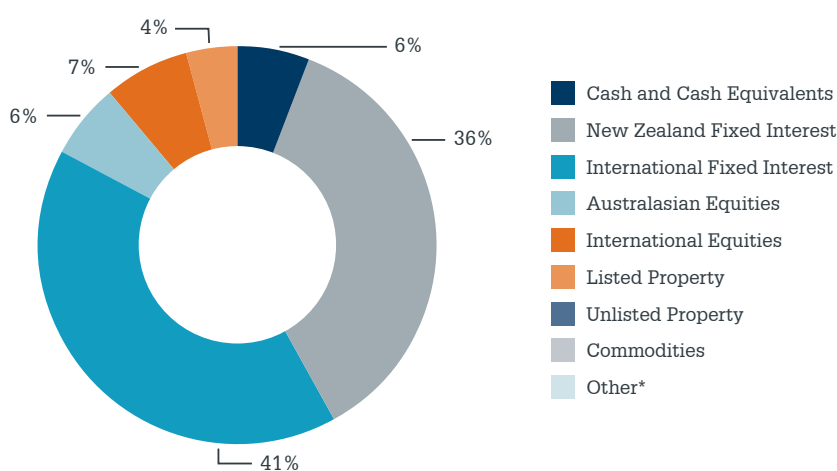
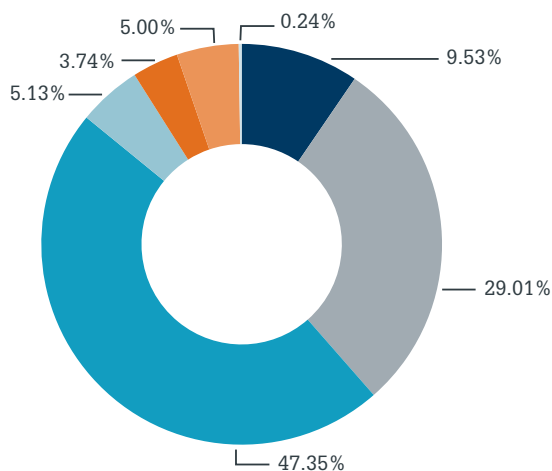
Joshua received a return after fund charges were deducted of \$554 (that is 5.54% of his initial \$10,000). Joshua did not have to pay other charges. This gives Joshua a total return after tax of \$554 for the year.

What does the Fund invest in?

This shows the types of assets that the Fund invests in.

Actual investment mix

Target investment mix⁴



* may include swaps, currency contracts and sundry items.

Currency hedging

The Fund's foreign currency exposure is actively managed, with the neutral currency exposure being 0%.

Top 10 Investments

Name	% of fund net assets	Type	Country	Credit rating (if applicable)
1 NZD Cash Current Account (NAB Bank)	4.15%	Cash and cash equivalents	New Zealand	
2 Kiwi Property Group 4.00% 07/09/2023	2.69%	New Zealand fixed interest	New Zealand	Unrated
3 ASB Bank 5.25% 15/12/2021	2.41%	New Zealand fixed interest	New Zealand	BBB+
4 BNZ Bank 4.102% 15/06/2023	2.17%	New Zealand fixed interest	New Zealand	AA-
5 USD Cash Current Account (Citibank)	2.11%	Cash and cash equivalents	United States	
6 QBE Insurance Group Ltd 6.115% 24/05/2042	2.03%	International fixed interest	Australia	BBB-
7 Clydesdale Bank 5% 09/02/2026	2.02%	International fixed interest	United Kingdom	BB
8 Westpac 4.695% 01/09/2026	1.99%	New Zealand fixed interest	New Zealand	BBB+
9 UBS 4.75% 12/02/2026	1.98%	International fixed interest	Switzerland	BBB+
10 ANZ Bank 5.28% 29/10/2049	1.85%	New Zealand fixed interest	New Zealand	BBB+

The total value of the 10 individual assets as a percentage of the net asset value of the Fund is 23.40%.

Key personnel

Name	Current position	Time in current position	Previous or other current* position	Time in previous or other current position
David Lewis [^]	Portfolio Manager	3 years, 4 months	Senior Analyst at Milford Asset Management, New Zealand	9 months
Paul Morris [^]	Portfolio Manager	1 year, 2 months	Head of Portfolio Strategy and Fixed Income at Macquarie Private Wealth, New Zealand	4 years, 6 months

[^]On 1 April 2017, Paul Morris took over from David Lewis as the Portfolio Manager of the Fund, and Mark Riggall was appointed as the Co-Manager.

Further information

You can also obtain this information, the PDS for the Milford Unit Trust PIE Funds and some additional information from the offer register at www.business.govt.nz/disclose.

Have any questions? If so, please visit www.milfordasset.com or phone 0800 662 345.

Notes

1. The risk indicator has been calculated on the basis of five years of historic fund returns where available, and market index returns where required. Hence, the returns data used may not represent a full investment cycle for the Fund and the risk category may be different if calculated using a longer timeframe. If the period of returns used reflected an environment of unusually low or unusually high volatility, the risk indicator may not reflect the Fund's future volatility.
2. Milford charges a capped management fee that covers normal fund operating costs such as investment management, supervisor, custodial, fund accounting, audit and legal costs. For disclosure requirements, supervisor, audit and legal costs have been removed from the capped management fees to provide the manager's basic fee. These have been included in other management and administration charges.
3. If Milford is unable to determine the non-related underlying fund charges, these have been estimated from recent financial statements based on the actual costs as a percentage of the average net asset value that were charged for the fund's previous financial year. These are reflected in the prices of the external funds that are used in the calculation of the unit price of the Fund.
4. The target investment mix indicates what are expected to apply over the course of an economic cycle, and should be considered as general only. Milford is an active manager and may at times deploy investment strategies that differ (within the allowable minimum and maximum bounds) materially from the targets.