

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2019



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

The Fund returned just 0.03% in December but has delivered a strong 1-year return of 9.5%.

During December the Fund's exposure to global corporate bonds and shares contributed positively to returns. Global shares performed well into year-end as a result of positive developments in US-China trade negotiations and the UK election result. Global corporate bonds outperformed some moderate weakness in government bond prices.

Australasian market returns were more mixed. NZ shares generated a positive return, with the Fund benefitting from gains in the retirement sector as a result of a takeover bid for Metlifecare. These positive returns were offset by a weak month for Australian shares and lower bond prices in both NZ and Australia as a result of higher market interest rates.

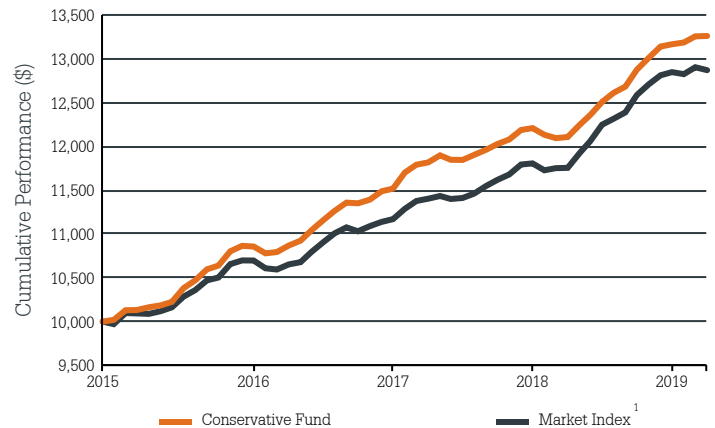
The Fund maintains slightly less defensive positioning relative to earlier in the year, but still with less shares than the long run neutral. The risk of a further adjustment higher in market interest rates means we retain below long run neutral interest rate exposure.

We remain cautiously optimistic on the outlook for returns, underpinned by accommodative central bank monetary policy and an improving economic outlook. We do, however, reiterate that the price gains already posted by bonds and shares mean the recent moderation in Fund returns may continue in the near term.

To view Milford's January 2020 Market and Economic Review please see milfordasset.com/fact-sheet.

Cumulative Fund Performance

(after fees and before tax)



Assumes the growth of \$10,000 invested at the Fund's inception date, and assumes reinvestment of distribution.

Key Fund Facts

Objective ²	Moderate returns and protect capital over a minimum of three years
Description	Diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities
Target Allocation	82% Income Assets / 18% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$371.8 M
Yield ³	2.62%
Average Credit Rating	A-
Duration	2.12 years
Buy-sell Spread	None
Inception Date	1 September 2015
Current Distribution	0.5 cents per unit (Quarterly)
Benchmark	Not applicable
Base Fund Fee ⁴	0.95%
Performance Fee	Not applicable
Total Fund Fees ⁵	0.95%
Risk Indicator	<div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div>

Investment Performance after fees as at 31 December 2019⁶

Unit Price: \$1.1843

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	0.03%	0.72%	9.52%	6.86%	-	6.72%
After Tax 10.50%	0.00%	0.62%	8.78%	6.29%	-	6.15%
After Tax 17.50%	-0.01%	0.56%	8.29%	5.91%	-	5.77%
After Tax 28.00%	-0.04%	0.46%	7.55%	5.35%	-	5.20%
Market Index ¹	-0.26%	0.18%	9.48%	6.50%	-	6.00%

Top Equity Holdings

Holdings	% of Fund's NAV
Spark New Zealand	0.65%
Contact Energy	0.46%
Transurban Group	0.45%
Mirvac Group	0.39%
Charter Hall Education Trust	0.32%
Aventus Retail Property	0.29%
Kiwi Property Group	0.29%
Arena REIT	0.28%
Precinct Properties NZ	0.26%
Charter Hall Long Wale REIT	0.26%

Current Asset Allocation

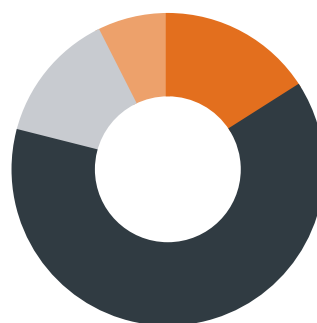
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	5.39%	6.00%
New Zealand Fixed Interest	28.05%	35.00%
International Fixed Interest	48.48%	41.00%
New Zealand Equities	2.41%	3.00%
Australian Equities	1.73%	3.00%
International Equities	7.52%	8.00%
Listed Property	4.34%	4.00%
Other	2.08%	0%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
Westpac 2.22% 2024	1.66%
ANZ Bank Float 2024	1.53%
ASB Bank 1.83% 2024	1.46%
NZLGFA 1.5% 2029	1.43%
Westpac 2.6% 2020	1.38%
Bank Of China 3% 2020	1.37%
NAB Float 2024	1.37%
Vector 3.45% 2025	1.21%
John Deere 1.75% 2024	1.21%
ANZ Bank 3.03% 2024	1.06%

Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

Fund Portfolio Mix



Region Exposure



1. The Fund does not have a performance benchmark, hence a market index has been included for comparison purposes. See the Statement of Investment Policy and Objectives for more details on the market index. The market index is a blend of indices that represent the Fund's neutral asset allocation. Note the Fund's investment strategy is designed to achieve its objective, which may mean that at times, the returns of the market index may not be an appropriate measure. 2. After the base fund fee but before tax. 3. Yield to maturity (before tax and fees) for underlying investments in the Fund. 4. Where applicable, the Base Fund Fee includes an estimate of non-related underlying fund charges. 5. The Total Fund Fees comprise the Base Fund Fee and any estimated Performance Fee. Please refer to the Product Disclosure Statement for more information as to how these are calculated. 6. Includes the reinvestment of distributions. Please note past performance is not a guarantee of future returns.

Please refer to the 'Glossary for the Monthly Fact Sheet' at milfordasset.com/fact-sheet for more information about the data published within this document.

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