

KiwiSaver Active Growth Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2019



Portfolio Managers



Jonathan Windust
Portfolio Manager



William Curtayne
Co-Portfolio Manager

The Fund rose 1.0% in December and 20.3% for 2019. During the month global shares rose 2.3% benefiting from reduced uncertainty after a strong election win by the Conservative Party in the UK and progress on trade between China and the US.

Key performers included NZ retirement village companies: Arvida (+19.7%), Metlifecare (+17.0%) and Summerset (+15.6%). Retirement villages rose following a takeover for Metlifecare for \$7.00 a share, a 38% premium to the price before the initial approach was announced. Given reduced risks the Fund increased its holdings in shares during the month. In particular we added to UK bank Virgin Money which we think is attractively valued and should benefit from greater certainty in the UK economy.

Looking into 2020 we believe shares remain attractive relative to low yields on cash and high rated fixed income investments. We believe economic growth, whilst not strong, should be broadly stable. After strong rises in 2019 the key headwind for shares is the starting point of relatively high valuations (particularly in New Zealand). Shares are also unlikely to receive further support from rate cuts in 2020 with most central banks on hold. The key risk for share markets is the resurfacing of political uncertainty and that growth and company earnings disappoint. Against this backdrop the investment team remains active to identify those companies which are attractively valued and which will exceed investor expectations.

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

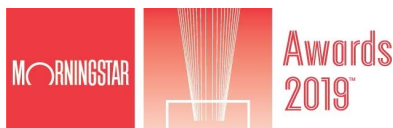
External Ratings



Milford KiwiSaver Active Growth Fund received a Morningstar Analyst Rating™ of 'Silver' on 29-05-2018



Consumer NZ People's Choice Award – KiwiSaver



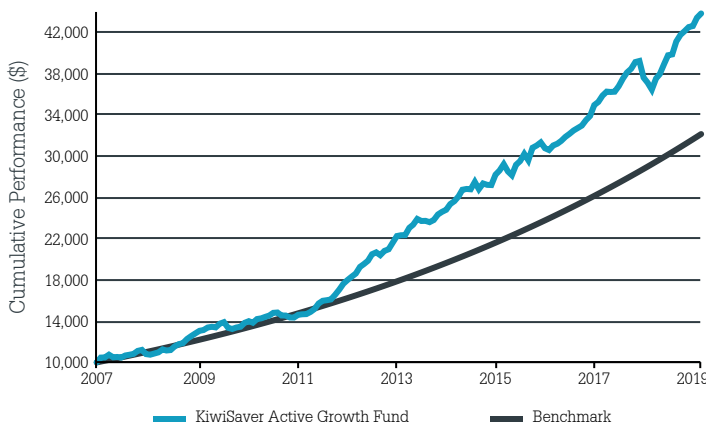
Morningstar Fund Manager of the Year -
KiwiSaver Category, NZ.



Zenith FundSource - Fund Manager of the Year
2019.

Cumulative Fund Performance

(after fees and before tax)



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

Key Fund Facts

| | |
|------------------------------------|---|
| Objective¹ | Annual returns of 10% over a minimum of five years |
| Description | Diversified fund that primarily invests in equities, with a moderate allocation to fixed interest securities |
| Target Allocation | 22% Income Assets / 78% Growth Assets |
| Neutral FX Exposure | 16.0% |
| Net Asset Value (NAV) | \$1,607.6 M |
| Buy-sell Spread | None |
| Inception Date | 1 October 2007 |
| Benchmark | 10% p.a. |
| Base Fund Fee² | 1.06% |
| Performance Fee | 15% of the Fund's returns above the Benchmark ¹ , subject to the high watermark. |
| Total Fund Fees³ | 1.28% (includes an est. performance fee) |
| Risk Indicator | <div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="text-align: center;"> 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 2019⁴

Unit Price: \$4.0943

| | 1 Month | 3 Months | 1 year | 3 years (p.a.) | 5 years (p.a.) | Since inception (p.a.) |
|---|---------|----------|--------|----------------|----------------|------------------------|
| Milford KiwiSaver Active Growth Fund (Gross Of Tax) | 0.96% | 3.11% | 20.26% | 12.21% | 11.33% | 12.82% |
| After Tax 10.50% | 0.82% | 2.91% | 19.82% | 11.83% | 10.95% | 12.26% |
| After Tax 17.50% | 0.73% | 2.78% | 19.52% | 11.58% | 10.69% | 12.05% |
| After Tax 28.00% | 0.60% | 2.59% | 19.07% | 11.21% | 10.32% | 11.60% |
| Benchmark | 0.81% | 2.43% | 9.99% | 9.99% | 10.00% | 10.00% |

Top Equity Holdings

| Holdings | % of Fund's NAV |
|-------------------------------|-----------------|
| Spark New Zealand | 3.35% |
| a2 Milk Company | 3.31% |
| Contact Energy | 3.16% |
| iShares MSCI EAFE Min Vol ETF | 2.63% |
| EBOS Group | 2.11% |
| Visa | 1.91% |
| Microsoft Corp | 1.83% |
| Summerset Group Holdings | 1.71% |
| HCA Holdings | 1.54% |
| Alphabet | 1.52% |

Current Asset Allocation

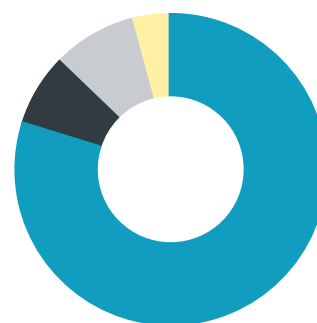
| | Actual Investment Mix | Neutral Investment Mix |
|------------------------------|-----------------------|------------------------|
| Cash and Cash Equivalents | 2.33% | 6.00% |
| New Zealand Fixed Interest | 1.76% | 4.00% |
| International Fixed Interest | 14.27% | 12.00% |
| New Zealand Equities | 26.72% | 26.00% |
| Australian Equities | 19.13% | 20.00% |
| International Equities | 33.92% | 32.00% |
| Other | 1.87% | 0% |

Top Fixed Interest Holdings

| Holdings | % of Fund's NAV |
|------------------------------|-----------------|
| CYBG 8% 2049 | 1.16% |
| Westpac 5% 2027 | 0.92% |
| Lloyds Bank 5.125% Perpetual | 0.70% |
| Crown Resorts 5.795% 2075 | 0.69% |
| Rabobank 4.625% 2025 | 0.63% |
| Vodafone Group 6.25% 2078 | 0.62% |
| CYBG 7.875% 2028 | 0.60% |
| IAG Float 2045 | 0.59% |
| Credit Suisse 7.5% 2023 | 0.57% |
| Barclays 5.875% 2024 | 0.56% |

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

Fund Portfolio Mix



■ Shares 79.77% ■ Investment Grade Bonds 7.41%
 ■ High Yield & Unrated Bonds 8.62% ■ Cash and Other 4.20%

1. After the base fund fee but before tax and before the performance fee. 2. Where applicable, the Base Fund Fee includes an estimate of non-related underlying fund charges. 3. 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. 4. This is based on the performance of the AonSaver AMT Milford Aggressive Fund until 31 March 2010 and the Milford KiwiSaver Active Growth Fund from 1 April 2010. 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-ks for more information about the data published within this document.

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