

# Balanced Fund

## Portfolio Investment Entity

### Monthly Fact Sheet as at 31 December 2022



## Portfolio Managers



**Mark Riggall**  
Portfolio Manager



**Paul Morris**  
Co-Portfolio Manager

The Fund returned -0.6% in December, bringing the one year return to -6.1%. Although share markets were generally weaker in December, the Fund's defensive positions meant that much of the gains of the past six months were preserved.

Central banks around the world slowed the pace of rate hikes in December, but surprised markets with their message of higher interest rates for longer. This backdrop of higher interest rates will be a headwind to the economy and financial markets for the foreseeable future. But higher rates also deliver much better returns on cash and bond investments, which means the outlook for returns is improving despite the forecasts for recession in NZ and abroad.

Ongoing uncertainty regarding the outlook demands a flexible approach, and market volatility provides opportunities to reposition the Fund. For example, the past few months have seen a strong run up in the NZ dollar. We think this is at odds with the relatively weaker outlook for the NZ economy and so the Fund has been increasing its foreign currency exposure accordingly.

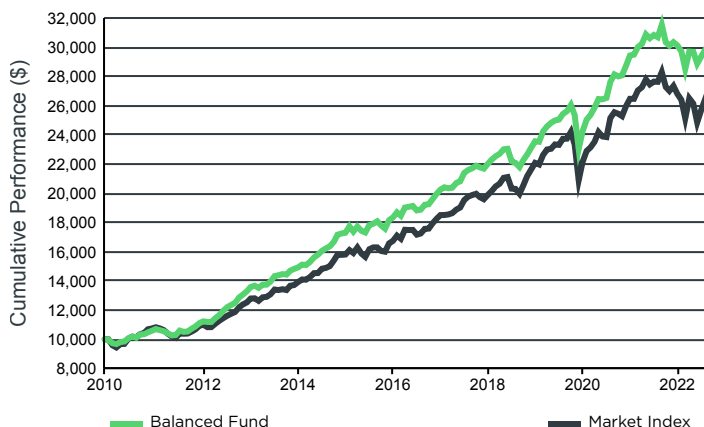
The Fund also further reduced exposure to shares, taking advantage of market strength in November. This helped cushion against the falls seen into year end.

Whatever surprises 2023 has in store, we continue to look for profitable investments to help deliver strong, long-term returns.

To view Milford's January 2023 Market and Economic Review please see [milfordasset.com/investor-centre](http://milfordasset.com/investor-centre).

## Cumulative Fund Performance

(after fees and before tax)



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

## Key Fund Facts

<b>Objective 2</b>	To provide capital growth over the minimum recommended investment timeframe
<b>Description</b>	Diversified fund that primarily invests in equities, with a significant allocation to fixed interest securities

<b>Minimum recommended investment timeframe</b>	5 years +
<b>Target Allocation</b>	39% Income Assets / 61% Growth Assets
<b>Neutral FX Exposure</b>	13.0%
<b>Net Asset Value (NAV)</b>	\$1,599.8 M
<b>Buy-sell Spread</b>	None - swing pricing applies (See PDS for details)
<b>Inception Date</b>	1 April 2010
<b>Benchmark</b>	Not applicable
<b>Base Fund Fee 3</b>	1.05%
<b>Performance Fee</b>	The Fund may invest into related Milford funds that charge performance fees.
<b>Total Fund Fees 4</b>	1.06% (includes an est. performance fee)

	Lower risk			Higher risk			
<b>Risk Indicator</b>	1	2	3	4	5	6	7
	Potentially lower returns				Potentially higher returns		

## External Ratings



Milford Balanced Fund received a Morningstar Analyst Rating™ of 'Silver' on 13-07-2020

## Balanced Fund as at 31 December 2022

### Investment Performance after fees as at 31 December 2022<sup>5</sup>

Unit Price: \$2.8376

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Balanced Fund (Gross Of Tax)	-0.62%	2.60%	-6.05%	4.98%	6.42%	8.89%
After Tax 10.50%	-0.72%	2.62%	-6.26%	4.77%	6.14%	8.41%
After Tax 17.50%	-0.78%	2.63%	-6.40%	4.63%	5.95%	8.09%
After Tax 28.00%	-0.88%	2.64%	-6.61%	4.42%	5.67%	7.62%
Market Index <sup>1</sup>	-2.36%	3.89%	-8.75%	2.84%	5.37%	7.72%

### Top Equity Holdings

Holdings	% of Fund
Contact Energy	2.19%
HCA Holdings	1.33%
Origin Energy	1.31%
Elevance Health	1.26%
Telstra	1.12%
Boston Scientific	1.02%
Natwest	1.01%
Santos	1.01%
Spark	0.97%
Bristol-Myers Squibb	0.87%

### Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	23.42%	8%
New Zealand Fixed Interest	6.76%	6%
International Fixed Interest	28.66%	25.0%
New Zealand Equities	7.87%	11%
Australian Equities	8.20%	13%
International Equities	18.65%	30%
Listed Property	4.77%	7%
Other	1.67%	0.0%

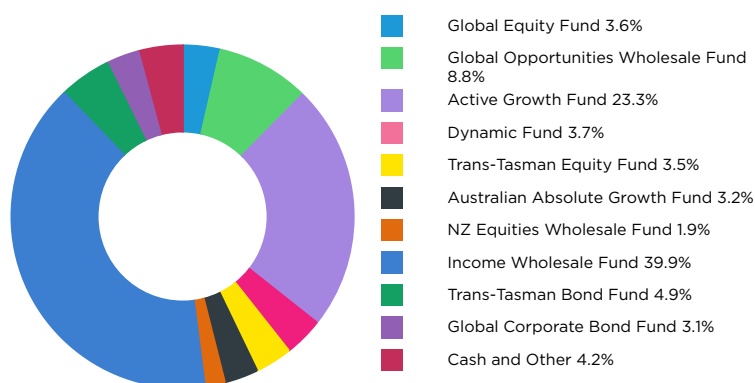
# The actual cash held by the Fund is 6.54%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### Top Fixed Interest Holdings

Holdings	% of Fund
NZGBI 2% 2025	1.34%
Scentre Group 5.125% 2080	0.75%
NatWest 5.125% Perpetual	0.74%
CBA 6.86 2032	0.64%
ING Groep 4.25% Perpetual	0.51%
NBN Co 4.75% 2026	0.44%
Voyage Float 2029	0.44%
AT&T 2.875% Perpetual	0.43%
NAB 6.322% 2032	0.40%
Bank of Ireland 7.594% 2032	0.38%

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

### Fund Allocation



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 and before the performance fee. 3. Where applicable, the Base Fund Fee includes an estimate of non-related underlying fund charges. 4. 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. 5. 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](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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