

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 May 2022



Portfolio Managers



Mark Riggall
Portfolio Manager



Paul Morris
Co-Portfolio Manager

The Fund returned -0.4% in the month with a one-year return of -4.1%. Share markets were volatile last month - although global shares finished the month unchanged it took a late month 7% rally off the lows to do so. This type of move has been commonplace this year and will likely persist in the coming months - big swings up and down.

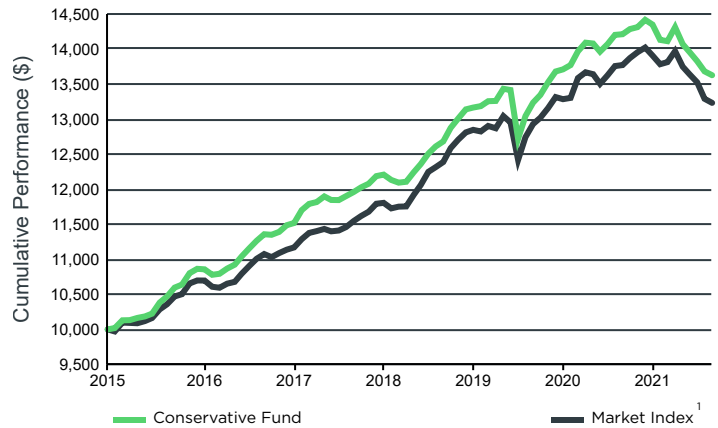
The Conservative Fund's small exposure to shares should help insulate the Fund from this volatility, with further defensive measures taking the Fund's share exposure even lower. In addition, the Fund has significantly reduced exposure to global growth companies as these are most likely to be at risk from further weakness in the months ahead. Encouragingly, last month saw a pause in the global bond sell-off that has been the source of weakness for the Fund.

With bond markets already pricing in many interest rate hikes, we are starting to invest more into bonds. This includes NZ bonds but also global corporate bonds that are offering high single digit returns. The bond market is likely to continue to be volatile, but future returns are looking much more attractive given the yields on offer. We continue to find good bonds and shares to invest in to deliver steady returns, but the Fund will retain a broadly defensive stance going forward, in the expectation of further volatility.

To view Milford's June 2022 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

To provide moderate returns and protect capital over the minimum recommended investment timeframe

Description

Diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities. While conservative in nature, the Fund may experience short term negative returns, particularly in times of heightened volatility

Minimum recommended investment timeframe	3 years +
Target Allocation	82% Income Assets / 18% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$573.1 M
Yield ³	4.26%
Average Credit Rating	A-
Duration	2.49 years
Buy-sell Spread	None - swing pricing applies (See PDS for details)
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	1 2 3 4 5 6 7
	Potentially lower returns Potentially higher returns

Conservative Fund as at 31 May 2022

Investment Performance after fees as at 31 May 2022⁶

Unit Price: \$1.1659

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	-0.40%	-2.37%	-4.12%	2.42%	3.71%	4.69%
After Tax 10.50%	-0.41%	-2.16%	-3.64%	2.28%	3.44%	4.32%
After Tax 17.50%	-0.41%	-2.02%	-3.32%	2.18%	3.25%	4.07%
After Tax 28.00%	-0.41%	-1.81%	-2.84%	2.03%	2.98%	3.69%
Market Index ¹	-0.44%	-2.99%	-3.92%	2.22%	3.62%	4.24%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.69%
Getlink	0.44%
Anthem	0.42%
Telstra	0.41%
Goodman	0.40%
HCA Holdings	0.38%
Santos	0.37%
Spark	0.37%
Natwest	0.36%
Charter Hall Retail	0.36%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash [#]	17.51%	7.0%
New Zealand Fixed Interest	21.93%	25.0%
International Fixed Interest	46.26%	50.0%
New Zealand Equities	2.16%	1.5%
Australian Equities	2.28%	2.5%
International Equities	6.51%	9.0%
Listed Property	3.35%	5.0%
Other	0.00%	0.0%

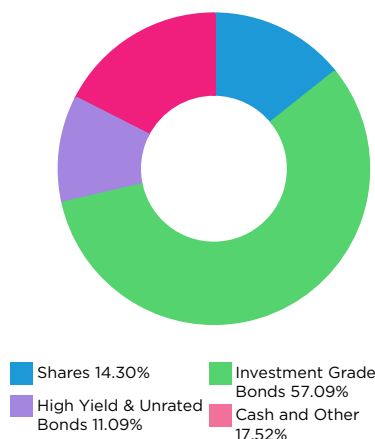
[#] The actual cash held by the Fund is 10.45%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

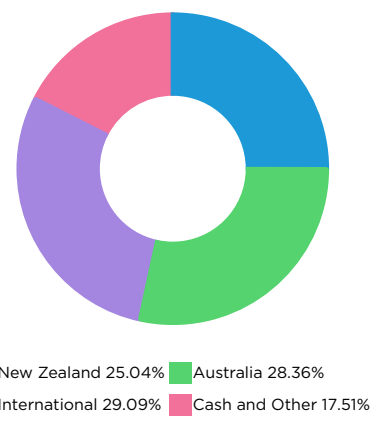
Holdings	% of Fund
NZLGFA 2.25% 2028	1.53%
NZLGFA 1.5% 2026	1.36%
NZLGFA 2.25% 2024	1.25%
NZGBI 2% 2025	1.22%
NZLGFA 4.5% 2027	0.95%
CBA 2.552% 2027	0.83%
IAG 5.32% 2038	0.73%
John Deere 1.75% 2024	0.72%
Westpac 4.043% 2027	0.70%
McDonald's 3.45% 2026	0.69%

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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