

# Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 June 2022



## Portfolio Managers



**Mark Riggall**  
Portfolio Manager



**Paul Morris**  
Co-Portfolio Manager

The Fund returned -2.2% in the month with a one-year return of -6.7%. June was a tough month for shares and bonds, with both falling sharply. The Fund has held significantly lower exposure to shares for much of this year. Shares comprised around 9% of the Fund at the end of June, meaning that the bulk of the losses have come from bonds, both last month and over the past year.

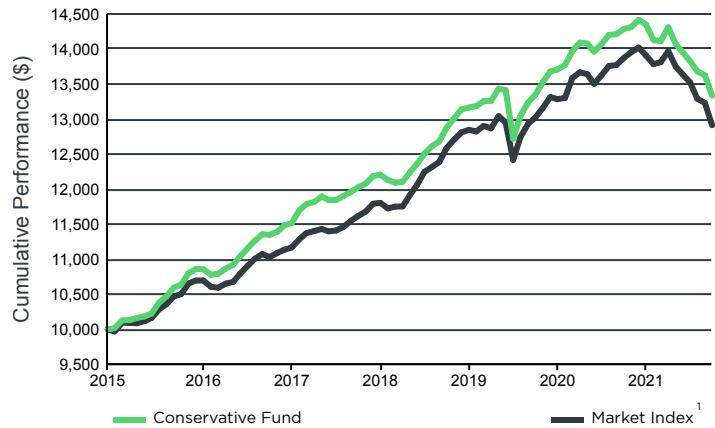
However, the outlook for different asset classes is changing. Recent data has confirmed that global growth is slowing much more quickly than previously thought; the headwinds of inflation, energy prices and higher interest rates are impacting consumer spending. Falling growth is not encouraging for the share market, given the implications for profits. However, it is more positive for bonds as falling growth should lead to lower inflation - this should enable central banks to slow their pace of interest rate hikes. A more positive outlook for bonds is encouraging for the Fund, given its significant exposure.

Furthermore, we have been selectively increasing our exposure to corporate bonds recently, given many of these are offering more attractive yields of between 5-10%. The path ahead is likely to remain bumpy. However, a more encouraging outlook for bonds coupled with some attractive returns offered on those bonds mean the prospect of future returns is improving.

To view Milford's July 2022 Market and Economic Review please see [milfordasset.com/fact-sheet](https://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 <sup>2</sup>

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)	\$565.4 M
Yield <sup>3</sup>	4.60%
Average Credit Rating	BBB+
Duration	2.67 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 <sup>4</sup>	0.95%
Performance Fee	Not applicable
Total Fund Fees <sup>5</sup>	0.95%

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

## Conservative Fund as at 30 June 2022

### Investment Performance after fees as at 30 June 2022<sup>6</sup>

Unit Price: \$1.1408

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	-2.15%	-3.57%	-6.66%	1.17%	3.27%	4.30%
After Tax 10.50%	-2.03%	-3.36%	-6.10%	1.10%	3.03%	3.95%
After Tax 17.50%	-1.96%	-3.22%	-5.72%	1.05%	2.87%	3.72%
After Tax 28.00%	-1.84%	-3.02%	-5.15%	0.98%	2.62%	3.37%
Market Index <sup>1</sup>	-2.42%	-4.53%	-6.92%	0.86%	3.20%	3.81%

### Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.66%
Getlink	0.46%
Goodman	0.42%
Elevance Health	0.38%
HCA Holdings	0.35%
Cheniere Energy	0.35%
Natwest	0.34%
Telstra	0.34%
Spark	0.33%
Santos	0.33%

### Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash <sup>#</sup>	22.15%	7.0%
New Zealand Fixed Interest	22.77%	25.0%
International Fixed Interest	45.89%	50.0%
New Zealand Equities	1.96%	1.5%
Australian Equities	1.76%	2.5%
International Equities	2.40%	9.0%
Listed Property	3.07%	5.0%
Other	0.00%	0.0%

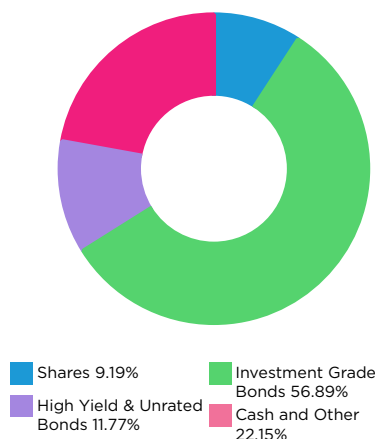
<sup>#</sup> The actual cash held by the Fund is 11.19%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### Top Fixed Interest Holdings

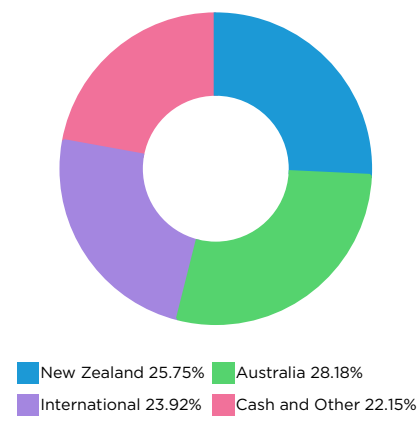
Holdings	% of Fund
NZLGFA 2.25% 2028	1.51%
NZLGFA 1.5% 2026	1.34%
NZLGFA 2.25% 2024	1.24%
NZGBI 2% 2025	1.22%
NZLGFA 4.5% 2027	0.94%
Genesis 5.66% 2027	0.89%
NZLGFA 2.25% 2031	0.87%
CBA 2.552% 2027	0.85%
Monash University 4.05% 2029	0.83%
Westpac 4.043% 2027	0.72%

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](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

Disclaimer: The Milford Fund Fact Sheet has been prepared by Milford Funds Limited. It is based on information believed to be accurate and reliable although no guarantee can be given that this is the case. No reproduction of any material either in part or in full is permitted without prior permission. For more information about the Fund, please refer to the Production Disclosure Statement or the latest Quarterly Fund Update.