

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

The Fund returned a reasonable 0.4% in the month. Australasian shares generally posted positive returns, with notably strong performance from NZ property and utility exposures. After a strong start to the month global shares ended the month down as rising uncertainty (US election, lack of US fiscal package, resurgence of the virus) weighed on demand.

Global bonds did however contribute positively, and the Fund benefitted from its greater weight in corporate bonds, which outperformed government bonds. Australasian bonds also delivered a reasonable return supported by the expectation of yet further monetary policy stimulus.

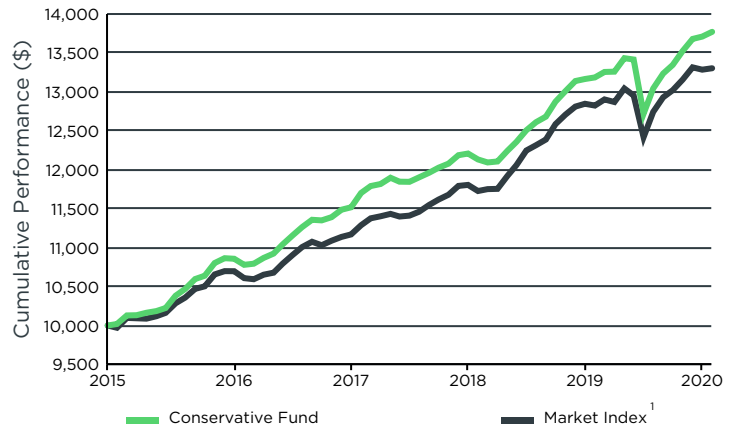
Recognising the increasing uncertainty the Fund continued with its slightly cautious positioning, notably holding slightly less shares (specifically global shares) than its long run neutral. In lieu of this, the Fund has been happy to hold more (i) lower rated corporate bonds, which we think offer a better risk-adjusted return given monetary and fiscal policy support and (ii) subordinated bonds (lower ranking in a liquidation) of companies with strong balance sheets.

Looking ahead, a global resurgence of the virus is a clear risk but over the medium term we remain optimistic that a combination of vaccine developments and further government and central bank stimulus will ultimately underpin the economic recovery and support both bond and share market returns.

To view Milford's November 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

Objective²	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)	\$546.0 M
Yield³	1.85%
Average Credit Rating	BBB+
Duration	2.92 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 Fee⁴	0.95%
Performance Fee	Not applicable
Total Fund Fees⁵	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 31 October 2020

Investment Performance after fees as at 31 October 2020⁶

Unit Price: \$1.2087

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	0.45%	1.82%	4.44%	5.58%	6.33%	6.38%
After Tax 10.50%	0.39%	1.67%	3.94%	5.08%	5.76%	5.82%
After Tax 17.50%	0.36%	1.58%	3.60%	4.75%	5.38%	5.44%
After Tax 28.00%	0.30%	1.43%	3.10%	4.25%	4.82%	4.88%
Market Index ¹	0.14%	1.11%	3.73%	5.63%	5.67%	5.68%

Top Equity Holdings

Holdings	% of Fund's NAV
Contact Energy	0.65%
Spark New Zealand	0.62%
Woolworths	0.48%
Transurban Group	0.48%
Goodman Group	0.45%
Coles Group	0.38%
Meridian Energy	0.34%
Telstra Corp	0.30%
Wesfarmers	0.30%
CX Corporation	0.29%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	7.57%	7.00%
New Zealand Fixed Interest	24.30%	25.00%
International Fixed Interest	51.32%	50.00%
New Zealand Equities	2.73%	1.50%
Australian Equities	3.00%	2.50%
International Equities	7.05%	9.00%
Listed Property	3.07%	5.00%
Other	0.96%	0%

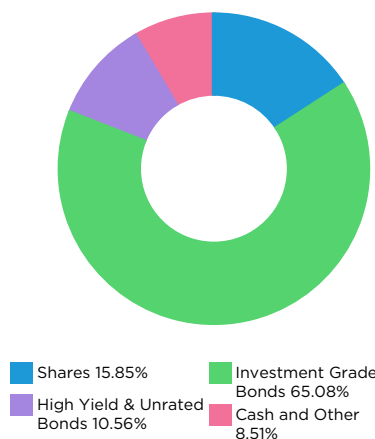
The actual cash held by the Fund is 4.03%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

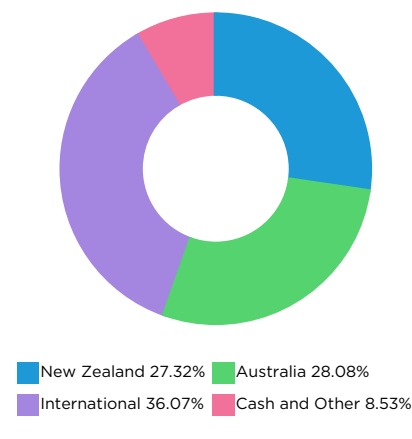
Holdings	% of Fund's NAV
Scentre Group 5.125% 2080	1.36%
NZLGFA 1.5% 2029	1.22%
Housing NZ 3.36% 2025	1.17%
NZLGFA 3.5% 2033	1.12%
Westpac 2.22% 2024	1.09%
UBS Float 2025	1.08%
IBRD 0.625% 2027	1.03%
AusNet Float 2080	0.96%
Transpower 1.735% 2025	0.95%
ASB Bank 1.83% 2024	0.93%

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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