

# Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 April 2021



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Mark Riggall**  
Co-Portfolio Manager

The Fund enjoyed a strong month in April, up 0.9%, with broad gains across both its bond and share exposures. Bonds were supported by a fall in market interest rates, offering some respite away from the headwind of rising rates they have been facing since the fourth quarter of last year. The Fund's predominate exposure to corporate bonds also outperformed government bonds with decent contributions from global and Australasian holdings.

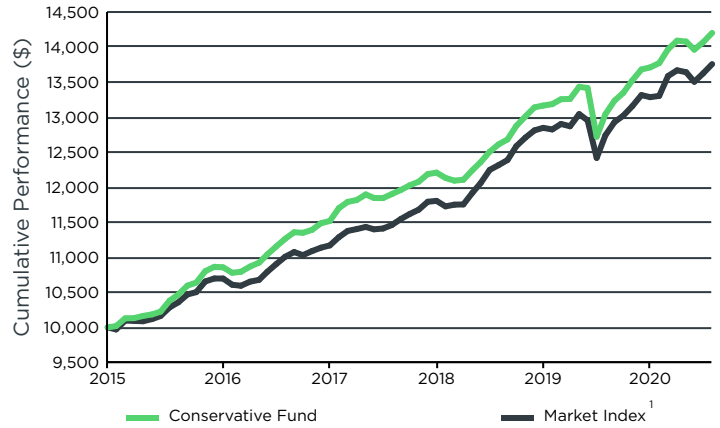
This more supportive interest rate backdrop also helped the Fund's income-oriented shares, including notable gains within the Fund's Australian property shares. Global shares posted another strong month helped by what has thus far been an impressive reporting season. Looking forward, ongoing supportive central bank and government policy combined with reopening economies should support shares, however returns may moderate as valuations are high. Therefore, given the Fund's conservative risk profile we deemed it prudent to use ongoing strength to reduce some share exposure and added some downside protection (via listed equity index options) which should provide a modicum of cushioning to returns from any possible broad fall in share markets.

On the interest rate outlook, our base case remains for a renewed gradual move higher in market interest rates. This underpins the rationale for continuing our slightly cautious outlook for bonds and therefore we retain interest rate exposure below long run neutral. In aggregate however, we believe Fund positioning should underpin moderate medium-term returns but as stated before 1) near-term returns could be more volatile while 2) medium-term returns are likely to moderate relative to recent years.

To view Milford's May 2021 Market and Economic Review please see [milfordasset.com/fact-sheet](http://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>** 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

<b>Target Allocation</b>	82% Income Assets / 18% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$554.7 M
<b>Yield<sup>3</sup></b>	1.98%
<b>Average Credit Rating</b>	A-
<b>Duration</b>	1.94 years
<b>Buy-sell Spread</b>	None - swing pricing applies (See PDS for details)
<b>Inception Date</b>	1 September 2015
<b>Current Distribution</b>	0.5 cents per unit (Quarterly)
<b>Benchmark</b>	Not applicable
<b>Base Fund Fee<sup>4</sup></b>	0.95%
<b>Performance Fee</b>	Not applicable
<b>Total Fund Fees<sup>5</sup></b>	0.95%

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

## Conservative Fund as at 30 April 2021

### Investment Performance after fees as at 30 April 2021<sup>6</sup>

Unit Price: \$1.2361

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	0.93%	0.88%	8.88%	6.06%	6.29%	6.39%
After Tax 10.50%	0.88%	0.87%	8.25%	5.57%	5.74%	5.84%
After Tax 17.50%	0.85%	0.86%	7.83%	5.24%	5.38%	5.48%
After Tax 28.00%	0.80%	0.85%	7.21%	4.75%	4.84%	4.94%
Market Index <sup>1</sup>	0.95%	0.85%	7.96%	6.28%	5.84%	5.79%

### Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.77%
Spark	0.60%
Telstra	0.51%
NAB	0.48%
Meridian	0.48%
Transurban	0.37%
Goodman	0.35%
Getlink	0.29%
Alphabet	0.28%
Woolworths	0.27%

### Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	10.19%	7.00%
New Zealand Fixed Interest	21.94%	25.00%
International Fixed Interest	51.11%	50.00%
New Zealand Equities	3.30%	1.50%
Australian Equities	3.05%	2.50%
International Equities	7.89%	9.00%
Listed Property	2.52%	5.00%
Other	0.00%	0%

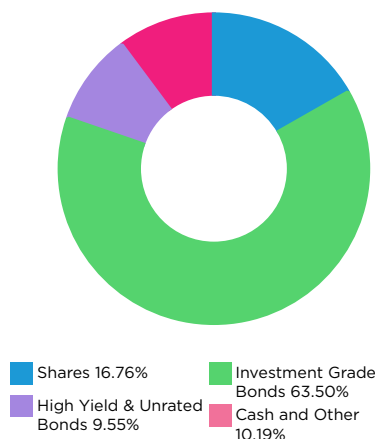
# The actual cash held by the Fund is 6.82%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### Top Fixed Interest Holdings

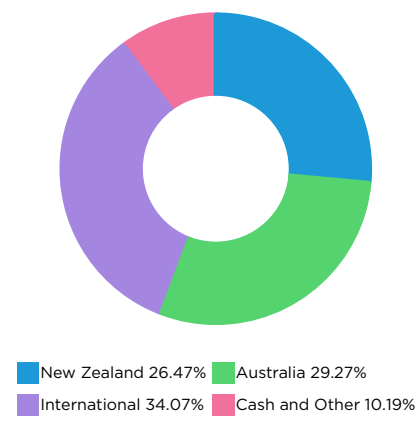
Holdings	% of Fund
NZLGFA 1.5% 2026	2.08%
Housing NZ 3.36% 2025	1.00%
NZLGFA 1.5% 2029	0.96%
NZLGFA 3.5% 2033	0.87%
Transpower 1.735% 2025	0.82%
ANZ Bank Float 2024	0.80%
Scentre Group 5.125% 2080	0.78%
Charter Hall 2.787% 2031	0.77%
John Deere 1.75% 2024	0.75%
Macquarie Float 2025	0.75%

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.