

# Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 August 2020



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Mark Riggall**  
Co-Portfolio Manager

The Fund posted another strong month, returning 1.1%, with bonds and shares both contributing positively. Shares were supported by better than expected second quarter results, and the improving economic backdrop.

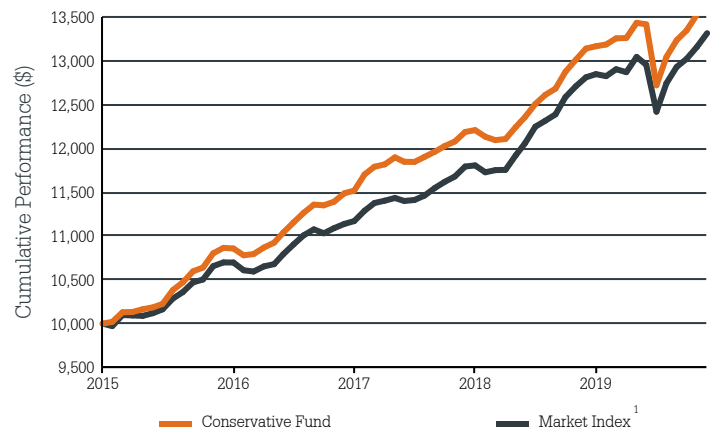
There was notable performance from the Fund's global shares which are weighted towards growth shares with many setting new record highs. There was also strong performance from its Australian property shares, while NZ utilities recovered from the news of the Tiwai smelter closure. Global government bond markets were weaker, but the Fund's exposure remains more towards corporate bonds which outperformed, recovering more of March's weakness. NZ bonds also materially outperformed thanks to a very supportive Reserve Bank of New Zealand. During the month we slightly increased exposure to shares as our confidence in the economic recovery has incrementally improved.

We do however remain wary that bond and share valuations are no longer cheap. Therefore, given the Fund's conservative risk profile and myriad prevailing uncertainties we have continued to hold a slightly cautious Fund setting, fewer shares than the long run neutral. That said, we reiterate previous commentary that there remain opportunities to find attractively priced shares which should deliver reasonable but lower risk returns and allow the Fund to keep up with the broader market. Moreover, we believe that given the extent of monetary and fiscal policy support there is still room for further, albeit more modest, gains from corporate bonds.

To view Milford's September 2020 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

<b>Objective <sup>2</sup></b>	Moderate returns and protect capital over a minimum of three years
<b>Description</b>	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>	\$459.1 M
<b>Yield <sup>3</sup></b>	1.83%
<b>Average Credit Rating</b>	A-
<b>Duration</b>	2.52 years
<b>Buy-sell Spread</b>	None
<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%
<b>Risk Indicator</b>	<div style="display: flex; justify-content: space-between; align-items: center;"> <span>Lower risk</span> <span style="text-align: center;"> </span> <span>Higher risk</span> </div> <div style="display: flex; justify-content: space-between; align-items: center; margin-top: 5px;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

## Investment Performance after fees as at 31 August 2020<sup>6</sup>

Unit Price: \$1.2058

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	1.14%	3.36%	4.11%	5.99%	6.46%	6.46%
After Tax 10.50%	1.07%	3.08%	3.63%	5.47%	5.89%	5.89%
After Tax 17.50%	1.02%	2.90%	3.31%	5.12%	5.51%	5.51%
After Tax 28.00%	0.94%	2.63%	2.82%	4.59%	4.94%	4.94%
Market Index <sup>1</sup>	1.20%	2.98%	3.93%	6.13%	5.89%	5.89%

### Top Equity Holdings

Holdings	% of Fund's NAV
Spark New Zealand	0.60%
Contact Energy	0.57%
Woolworths	0.54%
Transurban Group	0.52%
Goodman Group	0.44%
Mirvac Group	0.32%
Wesfarmers	0.32%
American Waters Works	0.31%
GPT Group	0.28%
Telstra Corp	0.28%

### Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash <sup>#</sup>	9.09%	7.00%
New Zealand Fixed Interest	24.36%	25.00%
International Fixed Interest	50.65%	50.00%
New Zealand Equities	2.40%	1.50%
Australian Equities	3.01%	2.50%
International Equities	7.01%	9.00%
Listed Property	3.27%	5.00%
Other	0.21%	0%

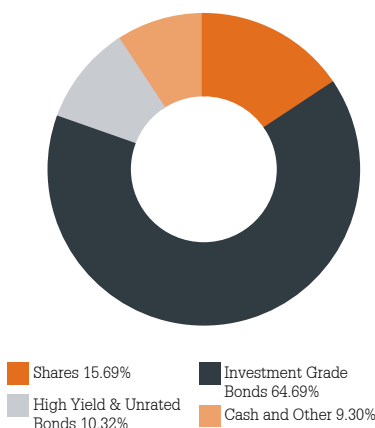
<sup>#</sup> The actual cash held by the Fund is 5.82%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### Top Fixed Interest Holdings

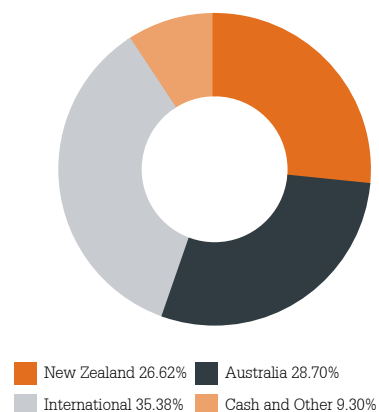
Holdings	% of Fund's NAV
NZLGFA 1.5% 2029	1.46%
Housing NZ 3.36% 2025	1.20%
NZLGFA 3.5% 2033	1.15%
Westpac 2.22% 2024	1.12%
ASB Bank 1.83% 2024	1.10%
ING Group 1.45% 2024	0.99%
ANZ 1.2% 2020	0.98%
Transpower 1.735% 2025	0.97%
NZLGFA 1.5% 2026	0.94%
ANZ Bank Float 2024	0.93%

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

Level 28, 48 Shortland Street, Auckland  
PO Box 960, Shortland Street, Auckland 1140  
Free phone 0800 662 345  
[milfordasset.com](http://milfordasset.com)

