

# Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 August 2022



## Portfolio Managers



**Mark Riggall**  
Portfolio Manager



**Paul Morris**  
Co-Portfolio Manager

The Fund returned -0.5% in the month with a one-year return of -5.6%. Weakness in global bond markets was once again the key performance drag on the Fund, although the Fund has held on to a large portion of the gains since June. Better global economic growth recently means investors are expecting central banks to have to raise interest rates further to combat inflation.

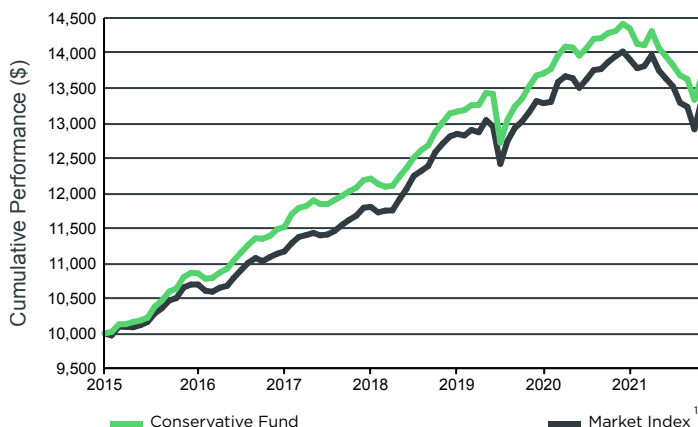
The Fund has a much-reduced exposure to bonds, helping cushion against these falls. The good news is that bonds have now largely made these adjustments and forward-looking returns look healthier. Share markets were volatile in August too, with global shares ending the month down 3.5%. The Fund has also held a much-reduced exposure to shares (around 8%) compared to normal (18%) and the types of shares have been more defensive. In August, strong performance from key holdings Contact Energy (+3.0%) and Spark (+6.3%) also helped Fund returns.

The outlook remains uncertain, economic growth has been resilient but a cost of energy crisis in Europe and an impaired Chinese economy threatens the momentum. With a lot of cash in the Fund (now earning over 3% interest thanks to higher bank rates), this provides plenty of dry powder to deploy if September heralds further market volatility (as it can often do).

To view Milford's September 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

<b>Objective</b> <sup>2</sup>	To provide moderate returns and protect capital over the minimum recommended investment timeframe
<b>Description</b>	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

<b>Minimum recommended investment timeframe</b>	3 years +
<b>Target Allocation</b>	82% Income Assets / 18% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$582.2 M
<b>Yield</b> <sup>3</sup>	4.38%
<b>Average Credit Rating</b>	BBB+
<b>Duration</b>	2.36 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</b> <sup>4</sup>	0.95%
<b>Performance Fee</b>	Not applicable
<b>Total Fund Fees</b> <sup>5</sup>	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 31 August 2022

### Investment Performance after fees as at 31 August 2022<sup>6</sup>

Unit Price: \$1.1591

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	-0.47%	-0.14%	-5.61%	1.18%	3.45%	4.50%
After Tax 10.50%	-0.44%	-0.14%	-5.14%	1.11%	3.19%	4.14%
After Tax 17.50%	-0.41%	-0.14%	-4.82%	1.07%	3.03%	3.90%
After Tax 28.00%	-0.37%	-0.15%	-4.35%	1.00%	2.77%	3.54%
Market Index <sup>1</sup>	-1.66%	-0.90%	-6.48%	0.78%	3.32%	3.95%

### Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.74%
Goodman	0.47%
Elevance Health	0.42%
Getlink	0.42%
HCA Holdings	0.42%
Telstra	0.35%
Santos	0.35%
Natwest	0.33%
Charter Hall Retail	0.33%
Transurban	0.33%

### Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash <sup>#</sup>	27.96%	7.0%
New Zealand Fixed Interest	22.23%	25.0%
International Fixed Interest	41.71%	50.0%
New Zealand Equities	2.09%	1.5%
Australian Equities	1.57%	2.5%
International Equities	1.57%	9.0%
Listed Property	2.87%	5.0%
Other	0.00%	0.0%

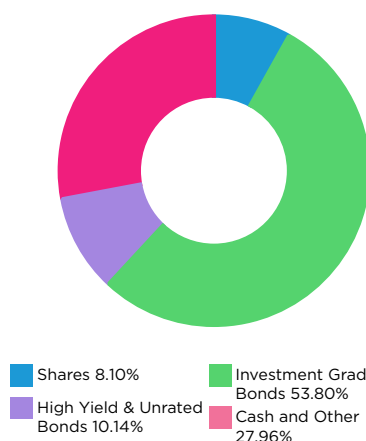
<sup>#</sup> The actual cash held by the Fund is 15.97%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### Top Fixed Interest Holdings

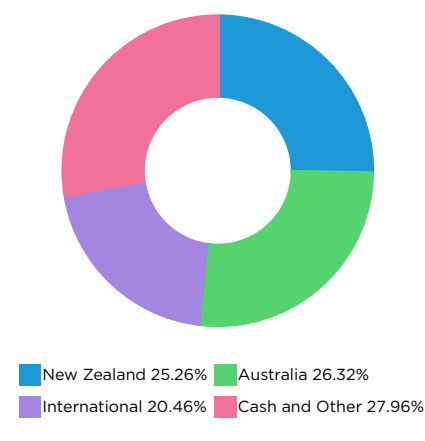
Holdings	% of Fund
NZLGFA 1.5% 2026	1.31%
NZLGFA 2.25% 2024	1.21%
NZGBI 2% 2025	1.19%
NZLGFA 4.5% 2027	0.92%
Genesis 5.66% 2027	0.85%
NZLGFA 2.25% 2031	0.85%
NZLGFA 2.25% 2028	0.82%
Monash University 4.05% 2029	0.82%
IAG 5.32% 2038	0.69%
John Deere 1.75% 2024	0.68%

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.

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