

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2022



Portfolio Managers



Mark Riggall
Portfolio Manager



Paul Morris
Co-Portfolio Manager

The Fund returned -0.1% in December, bringing the one year return to -4.7%. The Fund's majority exposure to cash and bonds (close to 90% of investments) is providing positive incremental returns as well as insulating the Fund from share markets that were generally weaker in December. This meant that the Fund preserved much of the modest gains of the past six months.

Central banks around the world slowed the pace of rate hikes in December, but surprised markets with their message of higher interest rates for longer. This backdrop of higher interest rates will be a headwind to the economy and financial markets for the foreseeable future. But higher rates also deliver much better returns on cash and bond investments which means the outlook for returns is improving despite the forecasts for recession in NZ and abroad.

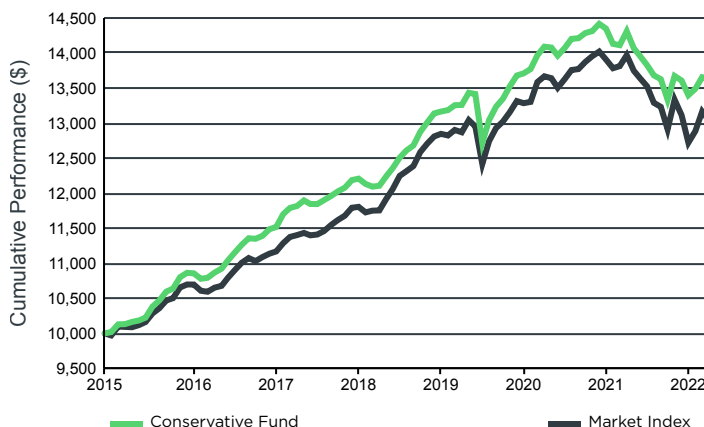
For the lower risk Fund, this means maintaining a reduced exposure to risky shares whilst also looking for opportunities to profit from repositioning the Fund. For example, the past few months have seen a strong run up in the NZ dollar. We think this is at odds with the relatively weaker outlook for the NZ economy and so the Fund has been increasing its foreign currency exposure accordingly.

Whatever surprises 2023 has in store, we continue to look for profitable investments to help deliver strong, long-term returns.

To view Milford's January 2023 Market and Economic Review please see milfordasset.com/investor-centre.

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	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)	\$572.0 M
Yield³	5.22%
Average Credit Rating	BBB
Duration	2.05 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%

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

Conservative Fund as at 31 December 2022

Investment Performance after fees as at 31 December 2022⁶

Unit Price: \$1.1562

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	-0.13%	1.78%	-4.71%	0.94%	2.91%	4.32%
After Tax 10.50%	-0.17%	1.68%	-4.43%	0.90%	2.69%	3.97%
After Tax 17.50%	-0.19%	1.61%	-4.25%	0.87%	2.54%	3.73%
After Tax 28.00%	-0.22%	1.51%	-3.97%	0.82%	2.33%	3.38%
Market Index ¹	-1.01%	2.46%	-6.70%	0.42%	2.71%	3.68%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.81%
Elevance Health	0.59%
Origin Energy	0.55%
HCA Holdings	0.53%
Telstra	0.52%
Getlink	0.46%
Ameren	0.43%
Natwest	0.42%
Shell	0.42%
Goodman	0.42%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	20.22%	7%
New Zealand Fixed Interest	21.81%	25%
International Fixed Interest	44.87%	50.0%
New Zealand Equities	1.88%	1.5%
Australian Equities	2.29%	2.5%
International Equities	4.50%	9%
Listed Property	2.53%	5%
Other	1.90%	0.0%

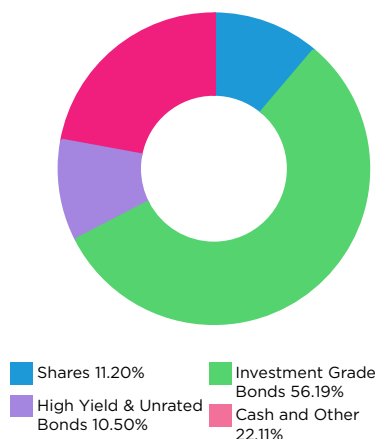
The actual cash held by the Fund is 9.43%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

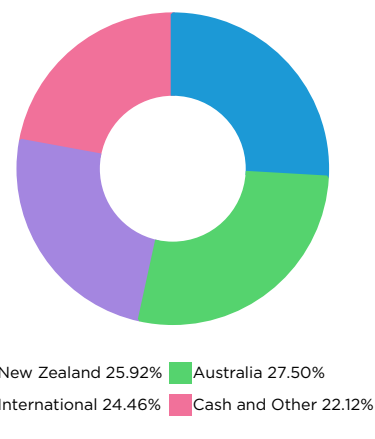
Holdings	% of Fund
NZLGFA 1.5% 2026	1.22%
NZGBI 2% 2025	1.22%
Housing NZ 3.42% 2028	1.19%
NZLGFA 1.5% 2029	1.11%
GTA Finance 2.2% 2027	1.04%
CBA 5.398% 2027	0.94%
NZLGFA 4.5% 2027	0.85%
NAB 4.95% 2027	0.78%
NZLGFA 2.25% 2031	0.77%
Monash University 4.05% 2029	0.73%

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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