

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2023



Portfolio Managers



Mark Riggall
Portfolio Manager



Paul Morris
Co-Portfolio Manager

The Fund delivered 2.5% in December, bringing the one-year performance to 7.2%. A strong return over the last two months has rewarded investor patience after a choppy previous six months.

Performance was underpinned by a rally in shares, but more importantly it was the strong performance from bonds that delivered the bulk of the gains last month. Share market valuations have remained on the expensive side all year, meaning we have preferred to invest in corporate bonds to generate a return. Up until the end of October this had been a slow grind. But the last two months have seen a stunning rally in corporate bonds, helping deliver a 5.0% return for the Fund over this period. This is a welcome return on investment from these assets, but the magnitude and pace of the rally likely means we are in for a period of consolidation. With this in mind, we have reduced some bond exposure in recent weeks.

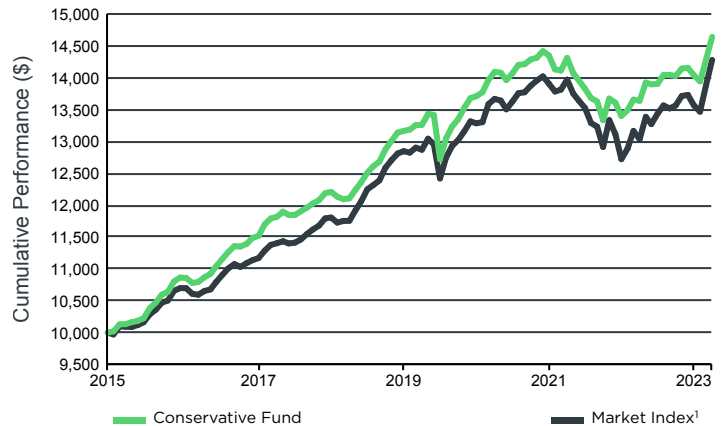
Medium term, the outlook remains reasonable, but both bonds and shares now look on the expensive side. With that in mind, exposure remains light in case we see the more negative outcomes of stronger inflation and or weaker economic growth eventuate.

To view Milford's December 2023 Market and Economic Review please see milfordasset.com/insights.

For previous fund reports see milfordasset.com/fund-reports.

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)	\$524.6 M
Yield ³	4.45%
Average Credit Rating	BBB+
Duration	1.53 years
Buy-sell Spread	None - swing pricing applies (See PDS for details)
Inception Date	1 September 2015
Current Distribution	0.7 cents per unit (Quarterly)
Benchmark	Not applicable
Base Fund Fee ⁴	0.95%
Performance Fee	Not applicable
Total Fund Fees ⁵	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 December 2023

Investment Performance after fees as at 31 December 2023⁶

Unit Price: \$1.213

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	2.53%	4.28%	7.35%	1.28%	3.87%	4.68%
After Tax 10.50%	2.36%	3.92%	6.70%	1.22%	3.58%	4.29%
After Tax 17.50%	2.25%	3.68%	6.27%	1.18%	3.38%	4.03%
After Tax 28.00%	2.08%	3.33%	5.62%	1.11%	3.09%	3.65%
Market Index ¹	2.89%	5.26%	9.55%	1.47%	3.97%	4.37%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.80%
Spark	0.69%
HCA Holdings	0.55%
Shell	0.55%
Telstra	0.54%
Goodman	0.54%
Coca-Cola Europacific Partners	0.47%
Fiserv	0.43%
Elevance Health	0.41%
Bank of Ireland Group	0.40%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	14.10%	7%
New Zealand Fixed Interest	26.65%	25%
International Fixed Interest	44.52%	50.0%
New Zealand Equities	2.72%	1%
Australian Equities	2.57%	3%
International Equities	6.49%	9%
Listed Property	1.81%	5%
Other	1.14%	0.0%

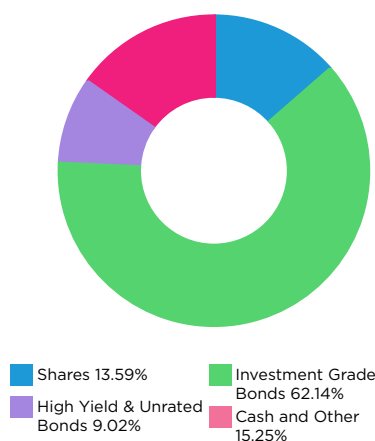
The actual cash held by the Fund is 6.44%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

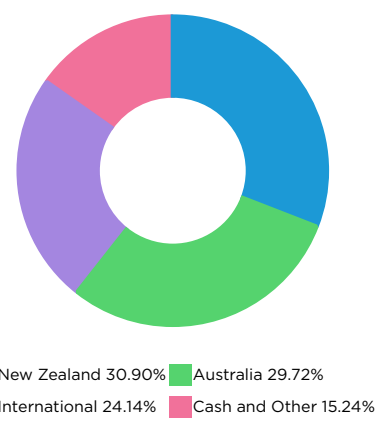
Holdings	% of Fund
NZGBI 2% 2025	4.75%
NZLGFA 4.5% 2030	1.64%
Westpac 7.199% 2038	1.55%
NZLGFA 1.5% 2026	1.25%
Housing NZ 3.42% 2028	1.20%
NZLGFA 1.5% 2029	1.15%
GTA Finance 2.2% 2027	1.07%
Contact 6.398% 2030	1.03%
NAB 5.4% 2028	0.96%
NZLGFA 4.5% 2027	0.84%

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. The yield to maturity is not an indicator of future return, but reflects the current yield to maturity of the fund's underlying holdings (before tax and after the base fund fee). 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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