

# Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 28 February 2021



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Mark Riggall**  
Co-Portfolio Manager

The weakness in bonds which capped Fund returns in January accelerated during February. Global and Australasian bond prices fell on rising market interest rates as confidence increased in the growth outlook and markets pulled forward expectations for eventual monetary policy tightening. Irrespective of (i) interest rate exposure well below long-run neutral and (ii) a predominant bond exposure to corporate bonds (which outperformed government bonds), the Fund's bonds delivered a negative return.

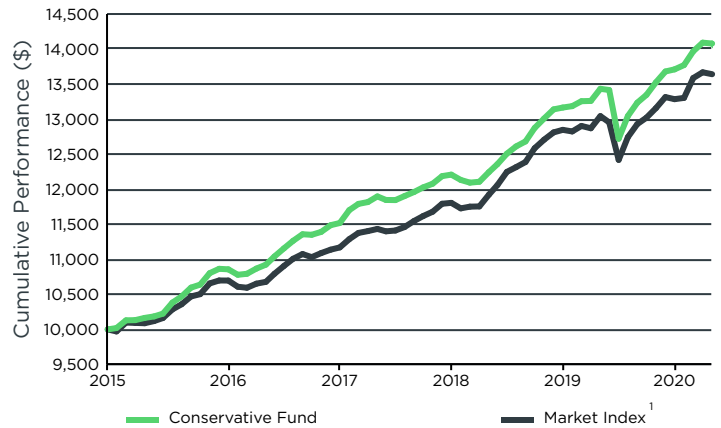
The move in bond yields also caused falls in many of the Fund's shares; notably Australasian income-oriented shares but it was also a headwind for many of the Fund's global growth-oriented shares. This culminated in a negative monthly Fund return of -0.8%, however it is up 4.1% over 1-year.

Looking ahead, our medium-term base case remains moderately optimistic. Reopening of economies combined with government and monetary policy support should boost activity and earnings. This may allow many company share valuations to navigate the likely rising interest rates and we are still finding attractive opportunities. Therefore, while we trimmed overall share exposure, it remains close to long run neutral. We continue to believe corporate bonds will outperform government bonds and cash over time, but we will actively manage interest rate exposure to cushion Fund returns from rising rates. In aggregate, this should underpin a moderate medium-term Fund return but we reiterate that as markets adjust to the risk of higher interest rates, (i) near-term monthly returns could be more volatile and (ii) medium-term returns may moderate relative to recent years.

To view Milford's March 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

<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>	\$549.5 M
<b>Yield<sup>3</sup></b>	1.55%
<b>Average Credit Rating</b>	BBB+
<b>Duration</b>	2.42 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 28 February 2021

### Investment Performance after fees as at 28 February 2021<sup>6</sup>

Unit Price: \$1.2204

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	-0.82%	-0.03%	4.08%	5.63%	6.43%	6.26%
After Tax 10.50%	-0.77%	-0.02%	3.68%	5.15%	5.86%	5.71%
After Tax 17.50%	-0.74%	-0.02%	3.42%	4.83%	5.48%	5.34%
After Tax 28.00%	-0.69%	-0.01%	3.03%	4.36%	4.92%	4.80%
Market Index <sup>1</sup>	-1.00%	-0.60%	4.25%	5.81%	5.85%	5.62%

### Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.65%
Spark	0.59%
Transurban	0.40%
Telstra	0.40%
Getlink	0.35%
Goodman	0.35%
Meridian	0.35%
Woolworths	0.35%
Charter Hall Social Infra.	0.27%
Coles	0.27%

### Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	8.97%	7.00%
New Zealand Fixed Interest	23.05%	25.00%
International Fixed Interest	49.64%	50.00%
New Zealand Equities	2.93%	1.50%
Australian Equities	4.38%	2.50%
International Equities	7.84%	9.00%
Listed Property	2.79%	5.00%
Other	0.40%	0%

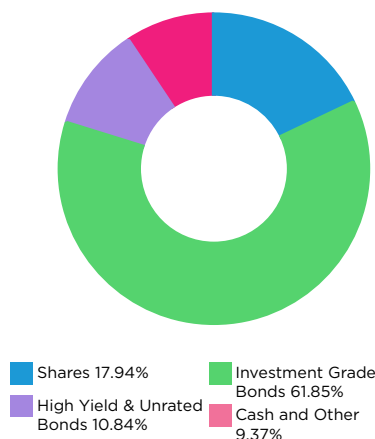
# The actual cash held by the Fund is 8.03%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### Top Fixed Interest Holdings

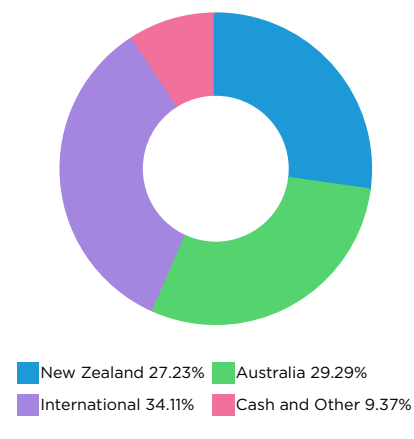
Holdings	% of Fund
NZLGFA 1.5% 2026	2.16%
Housing NZ 3.36% 2025	1.04%
NZLGFA 1.5% 2029	1.03%
NZLGFA 3.5% 2033	0.91%
Scentre Group 5.125% 2080	0.90%
Transpower 1.735% 2025	0.84%
Macquarie Float 2025	0.82%
ANZ Bank Float 2024	0.82%
AusNet Float 2080	0.80%
Macquarie Float 2025	0.78%

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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