

Conservative Fund

Portfolio Investment Entity

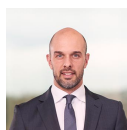
Monthly Fact Sheet as at 31 January 2022



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

There were few safe havens outside cash in January as a turbulent month for financial markets saw both bonds and shares broadly weaker, resulting in a negative Fund return of -1.7%. The move higher in market interest rates continues to be the predominant headwind to Fund returns, as it has been for the past year, pushing bond prices lower again. Combined with some moderation in company earnings growth expectations, albeit from elevated levels, this also precipitated a repricing lower of many share markets. Although the Fund retained a lower exposure to bonds, a reduced share exposure and more cash, it was insufficient to prevent a disappointing loss.

We have held off adding back to the Fund's lower than long run neutral exposure to bonds through this weakness, as valuations may still need to adjust further to waning central bank support. Ultimately however a higher interest rate backdrop should benefit future fund returns, even if for now we think patience is appropriate.

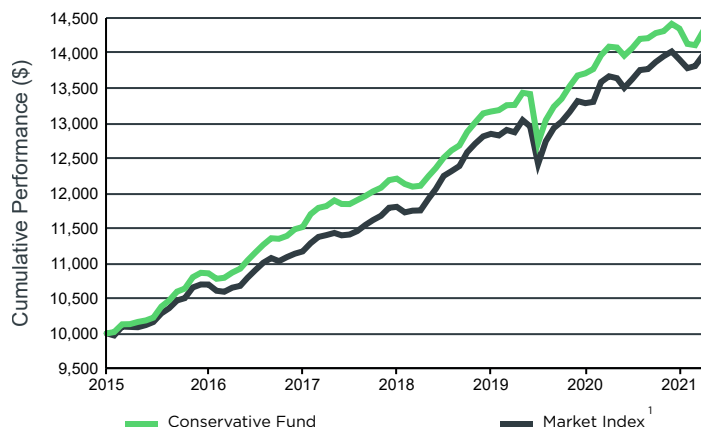
This approach also holds for the Fund's share allocation which remains lower than its long run neutral. We had been diversifying away from companies with more elevated valuations and companies more likely to be negatively impacted by higher interest rates. This has to an extent cushioned returns. It included a lower allocation to traditional income shares. Now however, given the adjustment lower in valuations, we may selectively look to reallocate to more defensive income-oriented shares.

Looking ahead, we think the Fund is well placed to deliver moderate returns over its recommended investment timeframe. The transition to a higher level of market interest rates is well progressed. For now, we will retain a lower than long term neutral exposure to interest rates, and a higher cash balance at the expense of less corporate bonds and shares. As discussed, we will look to invest some of this cash selectively should valuations at the individual bond and share level provide attractive medium-term returns.

To view Milford's February 2022 Market and Economic Review please see 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

Objective ²	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)	\$602.2 M
Yield ³	3.05%
Average Credit Rating	A-
Duration	2.2 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 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 January 2022

Investment Performance after fees as at 31 January 2022⁶

Unit Price: \$1.2093

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	-1.69%	-0.43%	-0.06%	4.74%	5.19%	5.46%
After Tax 10.50%	-1.60%	-0.36%	0.16%	4.42%	4.80%	5.02%
After Tax 17.50%	-1.55%	-0.31%	0.31%	4.20%	4.54%	4.73%
After Tax 28.00%	-1.46%	-0.24%	0.53%	3.88%	4.14%	4.29%
Market Index ¹	-1.59%	-0.25%	0.80%	4.87%	5.18%	5.09%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.57%
Spark	0.41%
Atlantia	0.39%
Goodman	0.37%
HCA Holdings	0.37%
Anthem	0.36%
Telstra	0.35%
Transurban	0.33%
Charter Hall Retail	0.33%
NAB	0.30%

Current Asset Allocation

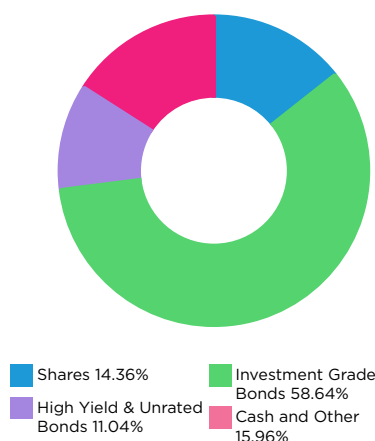
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	15.95%	7.0%
New Zealand Fixed Interest	24.56%	25.0%
International Fixed Interest	45.13%	50.0%
New Zealand Equities	2.37%	1.5%
Australian Equities	2.56%	2.5%
International Equities	5.98%	9.0%
Listed Property	3.45%	5.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 11.10%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

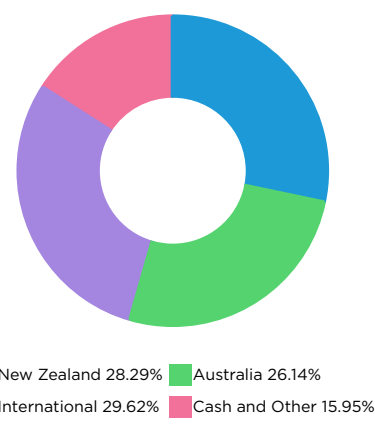
Top Fixed Interest Holdings

Holdings	% of Fund
NZ Govt. 0.5% 2026	2.89%
Kiwibank 1.3% 2022	2.26%
NZGBI 2% 2025	2.04%
ANZ 1.45% 2022	2.00%
NZLGFA 1.5% 2026	1.40%
ANZ 2.999% 2031	1.00%
Government of Australia 0.5% 2026	0.93%
Scentre Group 4.75% 2080	0.80%
Housing NZ 3.36% 2025	0.69%
NZLGFA 1.5% 2029	0.67%

Fund Portfolio Mix



Region Exposure



Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

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.

Disclaimer: The Milford Fund Fact Sheet has been prepared by Milford Funds Limited. It is based on information believed to be accurate and reliable although no guarantee can be given that this is the case. No reproduction of any material either in part or in full is permitted without prior permission. For more information about the Fund, please refer to the Production Disclosure Statement or the latest Quarterly Fund Update.