

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 June 2021



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

Bonds and shares contributed positively to a 0.5% Fund return in June but beneath the surface performance was more mixed. Shorter dated bonds were moderately weaker (their interest rates rose in expectation of higher cash rates) but longer dated bonds were stronger (their interest rates fell due to less perceived risk central banks will allow inflation to run too high). The latter supported the Fund's income-oriented shares but also its shares with high earnings growth which are predominately global shares.

Our base case remains for a renewed gradual move higher in market interest rates. Signals that central banks may be wary of inflation risks underpins our expectation that this rise may be more limited than previously feared. Nevertheless, we retain a cautious outlook for bonds in the near term and have left interest rate exposure below its long run neutral.

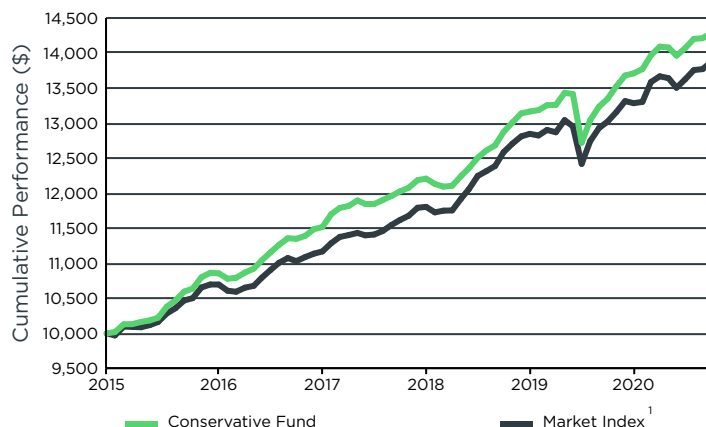
Across the month we did incrementally add to shares. Valuations may not be cheap historically but should be supported by ongoing supportive central bank and government policy, reopening economies and what are likely to remain historically low interest rates.

Looking forward, we remain optimistic for moderate Fund returns. We continue to identify bonds and shares that can offer a better return for their risk than the broader market and believe active management should help cushion the Fund's returns over the medium term from any headwind associated with what remains a possible further rise in market interest rates.

To view Milford's July 2021 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

| | |
|------------------------------|--|
| Objective² | Moderate returns and protect capital over a minimum of three years |
| Description | Diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities |

| | |
|------------------------------------|--|
| Target Allocation | 82% Income Assets / 18% Growth Assets |
| Neutral FX Exposure | 0% |
| Net Asset Value (NAV) | \$577.0 M |
| Yield³ | 1.98% |
| Average Credit Rating | A- |
| Duration | 1.67 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% |

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



Conservative Fund as at 30 June 2021

Investment Performance after fees as at 30 June 2021⁶

Unit Price: \$1.2432

| | 1 Month | 3 Months | 1 year | 3 years (p.a.) | 5 years (p.a.) | Since inception (p.a.) |
|---|---------|----------|--------|----------------|----------------|------------------------|
| Milford Conservative Fund (Gross Of Tax) | 0.51% | 1.52% | 7.03% | 5.90% | 6.07% | 6.30% |
| After Tax 10.50% | 0.53% | 1.48% | 6.63% | 5.42% | 5.56% | 5.78% |
| After Tax 17.50% | 0.54% | 1.46% | 6.36% | 5.10% | 5.23% | 5.43% |
| After Tax 28.00% | 0.55% | 1.42% | 5.95% | 4.62% | 4.73% | 4.90% |
| Market Index ¹ | 0.73% | 1.79% | 6.53% | 6.09% | 5.72% | 5.77% |

Top Equity Holdings

| Holdings | % of Fund |
|----------------|-----------|
| Contact Energy | 0.73% |
| Spark | 0.57% |
| Telstra | 0.54% |
| Meridian | 0.47% |
| NAB | 0.37% |
| Goodman | 0.37% |
| Transurban | 0.35% |
| Westpac | 0.32% |
| Microsoft | 0.30% |
| Alphabet | 0.30% |

Current Asset Allocation

| | Actual Investment Mix | Neutral Investment Mix |
|------------------------------|-----------------------|------------------------|
| Effective Cash # | 10.57% | 7.00% |
| New Zealand Fixed Interest | 20.32% | 25.00% |
| International Fixed Interest | 51.33% | 50.00% |
| New Zealand Equities | 3.05% | 1.50% |
| Australian Equities | 3.22% | 2.50% |
| International Equities | 8.92% | 9.00% |
| Listed Property | 2.59% | 5.00% |
| Other | 0.00% | 0% |

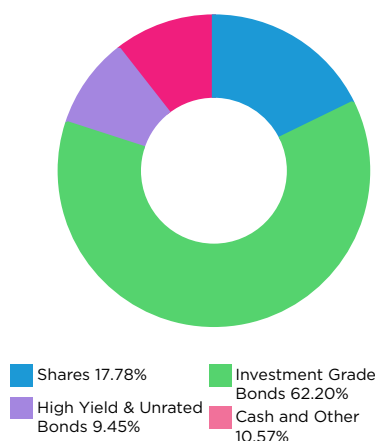
The actual cash held by the Fund is 7.66%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

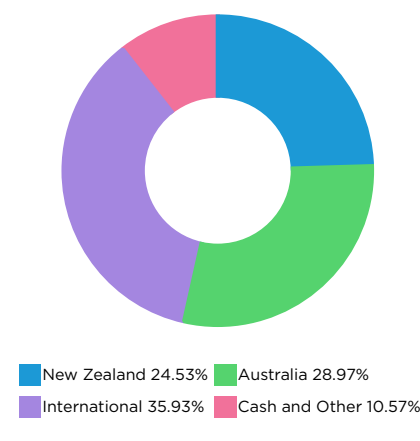
| Holdings | % of Fund |
|---------------------------|-----------|
| NZLGFA 1.5% 2026 | 1.94% |
| Scentre Group 5.125% 2080 | 1.04% |
| Housing NZ 3.36% 2025 | 0.92% |
| NZLGFA 1.5% 2029 | 0.90% |
| Wesfarmers 1.941% 2028 | 0.86% |
| NZLGFA 3.5% 2033 | 0.83% |
| Transpower 1.735% 2025 | 0.77% |
| ANZ Bank Float 2024 | 0.75% |
| Charter Hall 2.787% 2031 | 0.73% |
| John Deere 1.75% 2024 | 0.71% |

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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