

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 March 2021



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

The Fund returned 0.8% in March, partially recovering weakness seen in the year to date. It is now up 10.6% over 1-year. Performance in the month was driven by its share exposure as bond returns were minimal due to the ongoing headwind of rising market interest rates.

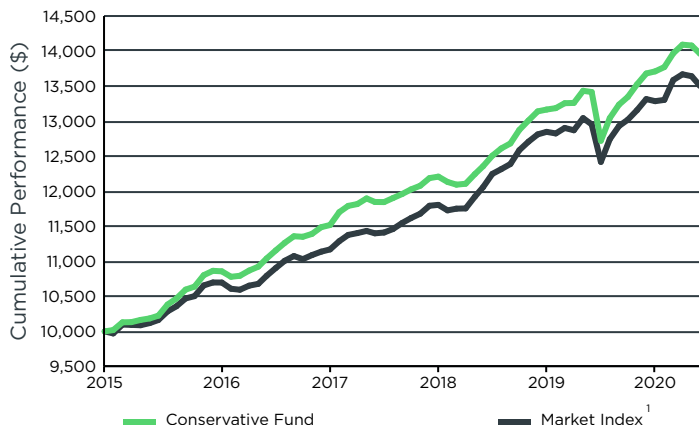
Global shares were the largest contributor. Australian shares were broadly stronger with notable gains from the Fund's property shares and Telstra (its largest Australian share holding). While the aggregate NZ share market was also higher, performance across Fund holdings were mixed; gains for Contact Energy (its largest NZ share holding) but weakness across shares including Meridian Energy, Chorus and Investore Property.

Looking ahead, our base case remains moderately optimistic. Supportive fiscal and monetary policy should boost activity and earnings, allowing share valuations to navigate likely rising interest rates. Overall share exposure is therefore close to long-run neutral. Bond exposure is still predominately to corporate bonds which we believe will outperform government bonds and cash over time. That said, we are acutely aware that inflation is a threat, for bonds but also many shares. This makes active management of the Fund's interest rate exposure critical to cushion returns from rising rates. To that end while market interest rate levels are less extreme, we retain interest rate exposure below the long-run neutral. In aggregate, this approach should underpin a moderate Fund return over the medium term although (i) near-term monthly returns could be more volatile and (ii) medium-term returns should moderate relative to recent years.

To view Milford's April 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)

\$552.3 M

Yield³

2.03%

Average Credit Rating

BBB+

Duration

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 Fee⁴

0.95%

Performance Fee

Not applicable

Total Fund Fees⁵

0.95%





Conservative Fund as at 31 March 2021

Investment Performance after fees as at 31 March 2021⁶

Unit Price: \$1.2297

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	0.78%	-0.14%	10.62%	5.91%	6.27%	6.31%
After Tax 10.50%	0.76%	-0.11%	9.86%	5.43%	5.72%	5.76%
After Tax 17.50%	0.75%	-0.09%	9.35%	5.11%	5.35%	5.40%
After Tax 28.00%	0.74%	-0.06%	8.59%	4.63%	4.81%	4.86%
Market Index ¹	0.91%	-0.30%	9.74%	6.09%	5.79%	5.70%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.67%
Spark	0.57%
Telstra	0.54%
NAB	0.48%
Goodman	0.39%
Meridian	0.38%
Woolworths	0.36%
Transurban	0.36%
Getlink	0.34%
Coles	0.28%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash [#]	9.28%	7.00%
New Zealand Fixed Interest	21.50%	25.00%
International Fixed Interest	51.62%	50.00%
New Zealand Equities	3.11%	1.50%
Australian Equities	3.58%	2.50%
International Equities	8.23%	9.00%
Listed Property	2.68%	5.00%
Other	0.00%	0%

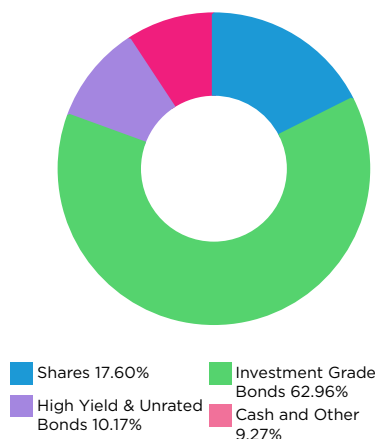
[#] The actual cash held by the Fund is 7.18%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

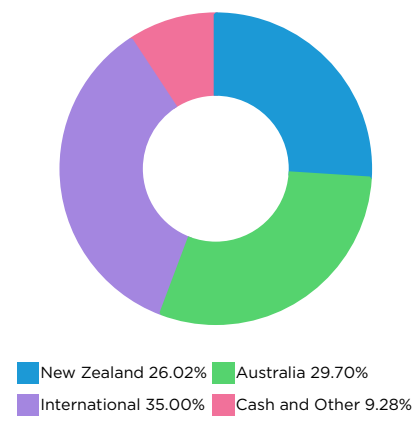
Holdings	% of Fund
NZLGFA 1.5% 2026	2.09%
Housing NZ 3.36% 2025	1.00%
NZLGFA 1.5% 2029	0.96%
NZLGFA 3.5% 2033	0.87%
Transpower 1.735% 2025	0.82%
ANZ Bank Float 2024	0.81%
Macquarie Float 2025	0.80%
Scentre Group 5.125% 2080	0.79%
John Deere 1.75% 2024	0.77%
Charter Hall 2.787% 2031	0.77%

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.

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.