

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 November 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

The Fund returned 1.4% in November. Positive vaccine news and a market favourable US election outcome supported investor risk appetite in November. This benefitted the Fund's increased share exposure, with notable gains from global and Australian shares, with NZ shares lagging somewhat.

Near term offshore economies need to navigate new lockdowns but looking medium term a likely vaccine deployment, combined with fiscal and monetary support, gave us confidence to increase share exposure. The improved outlook was a headwind for government bonds as markets contemplate an eventual, albeit distant, normalisation of monetary policy.

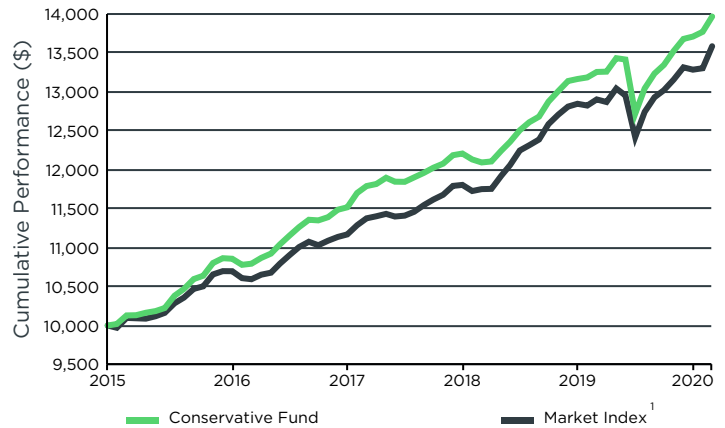
The Fund's global bonds did however contribute a strong return as the corporate bond focus significantly outperformed government bonds. Australian corporate bonds also delivered a reasonable return but NZ corporate and government bond prices generally fell as expectations for a negative Official Cash Rate receded.

Looking forward, the Fund's share exposure complemented by its corporate bond exposure should support moderate returns but given prevailing valuations we would reiterate these may be lower than in previous years. Valuations in corporate bonds are arguably fair but we still see some attractive opportunities, especially in some lower-rated and subordinated bonds. Valuations in parts of the equity market appear stretched but there remain myriad sectors (e.g. some income shares) where we believe they remain attractive and likely to benefit from the vaccine.

To view Milford's December 2020 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)

\$551.6 M

Yield³

1.61%

Average Credit Rating

BBB+

Duration

2.44 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 30 November 2020

Investment Performance after fees as at 30 November 2020⁶

Unit Price: \$1.2259

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	1.43%	2.10%	5.37%	5.81%	6.63%	6.57%
After Tax 10.50%	1.33%	1.93%	4.80%	5.29%	6.03%	5.99%
After Tax 17.50%	1.26%	1.82%	4.42%	4.94%	5.64%	5.61%
After Tax 28.00%	1.16%	1.66%	3.86%	4.43%	5.05%	5.03%
Market Index ¹	2.13%	2.04%	5.30%	6.09%	6.12%	6.01%

Top Equity Holdings

Holdings	% of Fund's NAV
Contact Energy	0.68%
Spark New Zealand	0.62%
Woolworths	0.45%
Transurban Group	0.45%
Goodman Group	0.44%
Telstra Corp	0.42%
Wesfarmers	0.42%
Meridian Energy	0.38%
Coles Group	0.37%
Mirvac Group	0.30%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	5.93%	7.00%
New Zealand Fixed Interest	23.88%	25.00%
International Fixed Interest	50.62%	50.00%
New Zealand Equities	2.85%	1.50%
Australian Equities	4.83%	2.50%
International Equities	7.04%	9.00%
Listed Property	3.20%	5.00%
Other	1.65%	0%

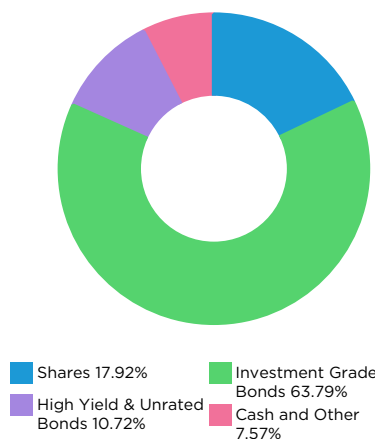
The actual cash held by the Fund is 4.53%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

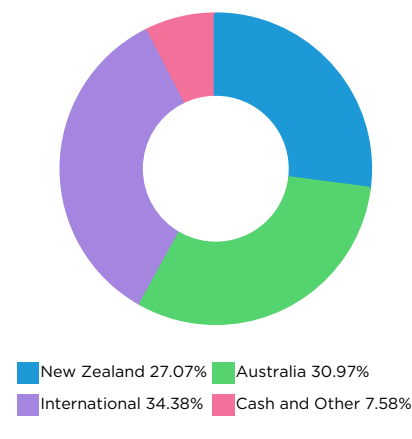
Holdings	% of Fund's NAV
Scentre Group 5.125% 2080	1.44%
NZLGFA 1.5% 2029	1.17%
Housing NZ 3.36% 2025	1.14%
NAB Float 18/11/2030	1.11%
NZLGFA 3.5% 2033	1.07%
Westpac 2.22% 2024	1.06%
IBRD 0.625% 2027	0.99%
AusNet Float 2080	0.95%
Transpower 1.735% 2025	0.92%
ASB Bank 1.83% 2024	0.91%

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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