

# Conservative Fund

Portfolio Investment Entity

## Monthly Fact Sheet as at 30 November 2022



### Portfolio Managers



**Mark Riggall**  
Portfolio Manager



**Paul Morris**  
Co-Portfolio Manager

The Fund returned 1.2% in November, bringing the one year return to -3.2%. The bulk of returns in the month were delivered by holdings in corporate bonds. The Fund's small exposure to shares (around 11%) also helped deliver performance.

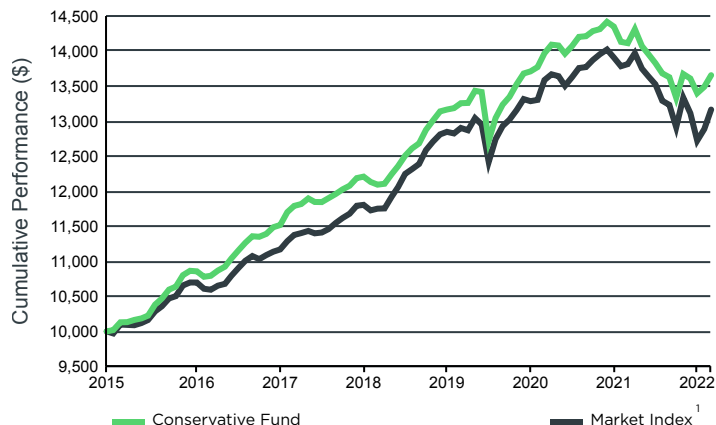
In November, signs that inflation has peaked and will start to ease, has implications for the future path of monetary policy. Investors are now expecting the US Federal Reserve to slow its pace of rate hikes. The Reserve Bank of NZ bucked the trend by delivering a 75 basis point hike and forecasting a recession next year. Nonetheless, NZ bonds performed reasonably well as bond investors are optimistic about falling inflation. Furthermore, an increase in risk appetite boosted corporate bonds, helping returns for the Fund.

Looking ahead, we are concerned about a slowdown in local and global growth. Additionally, there are big question marks around the sustainability of corporate profits that are already starting to fall. Consequently, the Fund retains only a small exposure to shares, preferring to lean on bonds for returns. Elevated cash holdings are earning a reasonable return and provide optionality to invest when more attractive opportunities arise.

To view Milford's December 2022 Market and Economic Review please see [milfordasset.com/investor-centre](https://milfordasset.com/investor-centre).

### 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</b> <sup>2</sup>	To provide moderate returns and protect capital over the minimum recommended investment timeframe
<b>Description</b>	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

<b>Minimum recommended investment timeframe</b>	3 years +
<b>Target Allocation</b>	82% Income Assets / 18% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$572.9 M
<b>Yield</b> <sup>3</sup>	5.42%
<b>Average Credit Rating</b>	BBB
<b>Duration</b>	1.74 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</b> <sup>4</sup>	0.95%
<b>Performance Fee</b>	Not applicable
<b>Total Fund Fees</b> <sup>5</sup>	0.95%

<b>Risk Indicator</b>	1	2	3	4	5	6	7
	Potentially lower returns			Potentially higher returns			

## Conservative Fund as at 30 November 2022

### Investment Performance after fees as at 30 November 2022<sup>6</sup>

Unit Price: \$1.1578

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	1.23%	0.35%	-3.24%	1.00%	2.98%	4.39%
After Tax 10.50%	1.14%	0.33%	-2.96%	0.95%	2.76%	4.04%
After Tax 17.50%	1.08%	0.31%	-2.78%	0.92%	2.62%	3.81%
After Tax 28.00%	0.98%	0.29%	-2.51%	0.88%	2.40%	3.46%
Market Index <sup>1</sup>	2.16%	0.40%	-4.69%	0.67%	2.96%	3.87%

### Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.80%
Elevance Health	0.58%
Origin Energy	0.54%
HCA Holdings	0.53%
Telstra	0.52%
Getlink	0.47%
Goodman	0.46%
Shell	0.43%
Ameren	0.42%
Natwest	0.42%

### Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash <sup>#</sup>	16.35%	7%
New Zealand Fixed Interest	22.58%	25%
International Fixed Interest	46.09%	50.0%
New Zealand Equities	2.18%	1.5%
Australian Equities	1.89%	2.5%
International Equities	6.65%	9%
Listed Property	2.64%	5%
Other	1.62%	0.0%

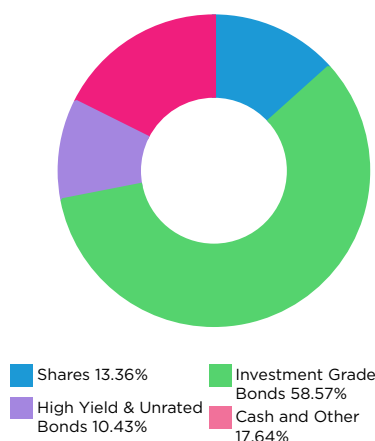
<sup>#</sup> The actual cash held by the Fund is 6.86%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### Top Fixed Interest Holdings

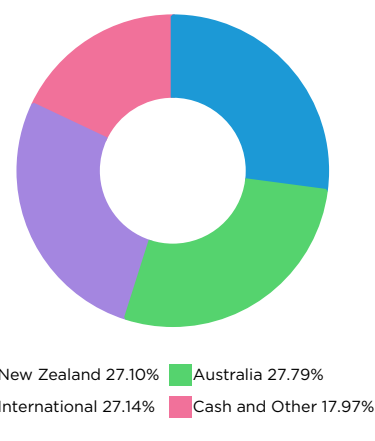
Holdings	% of Fund
NZLGFA 1.5% 2026	1.32%
NZGBI 2% 2025	1.23%
NZLGFA 2.25% 2024	1.23%
CBA 5.398% 2027	1.00%
GTAFC 2.2% 2027	0.95%
NZLGFA 4.5% 2027	0.92%
NAB 4.95% 2027	0.85%
NZLGFA 2.25% 2031	0.85%
Monash University 4.05% 2029	0.80%
ANZ Float 2027	0.75%

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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