

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2022



Portfolio Managers



Mark Riggall
Portfolio Manager



Paul Morris
Co-Portfolio Manager

The Fund returned 0.7% in the month bringing the one-year return to -4.5%. The Fund has delivered positive returns since mid-June, helped by rising share markets (notably in Australia), and a weaker NZ Dollar that has cushioned some of the weakness in US shares.

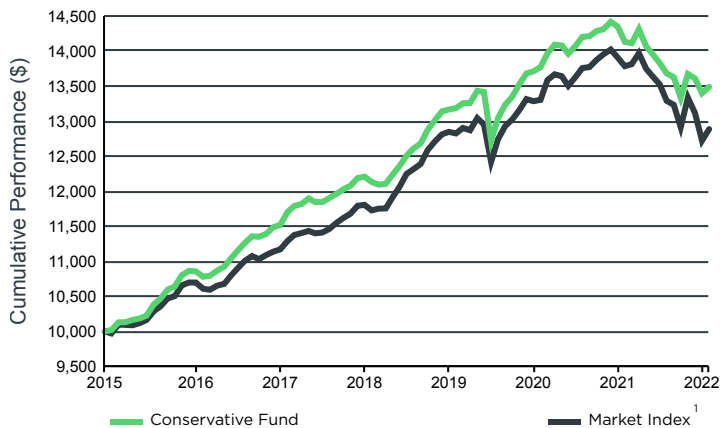
Bond markets continue to sell-off, but our income portfolios have been aided by the higher yields we now earn on our bond holdings. We continue to think that the risks for shares skew to the downside, based on relative attractiveness vs other assets such as bonds, but also a wariness about the economic impact of the global interest rate rises. This means we continue to hold a reduced position in shares at around 10% of the Fund. Furthermore, we have been diversifying the Fund's share exposure by investing in the Milford Active Growth Fund, an absolute return fund that can capture upside but cushion the downside in shares.

Corporate bonds are currently offering attractive yields, with hold to maturity yields of between 5 and 10%. We will be looking to patiently increase our exposure to these assets in the coming months. The attractive yields on offer bode well for the longer-term return outlook for the Conservative Fund.

To view Milford's November 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

Objective²

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)	\$579.2 M
Yield ³	4.90%
Average Credit Rating	A-
Duration	1.91 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	1	2	3	4	5	6	7	Higher risk
Risk Indicator				3					
		Potentially lower returns						Potentially higher returns	

Conservative Fund as at 31 October 2022

Investment Performance after fees as at 31 October 2022⁶

Unit Price: \$1.1438

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	0.68%	-1.33%	-4.53%	0.76%	2.89%	4.26%
After Tax 10.50%	0.71%	-1.23%	-4.15%	0.74%	2.68%	3.92%
After Tax 17.50%	0.72%	-1.16%	-3.89%	0.72%	2.54%	3.69%
After Tax 28.00%	0.75%	-1.06%	-3.51%	0.70%	2.33%	3.35%
Market Index ¹	1.30%	-3.36%	-6.50%	0.16%	2.69%	3.60%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.79%
Elevance Health	0.61%
HCA Holdings	0.51%
Getlink	0.46%
Shell	0.42%
Goodman	0.41%
Santos	0.39%
Telstra	0.39%
Natwest	0.38%
Boston Scientific	0.37%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	22.20%	7%
New Zealand Fixed Interest	22.68%	25%
International Fixed Interest	42.00%	50.0%
New Zealand Equities	2.20%	1.5%
Australian Equities	1.53%	2.5%
International Equities	5.76%	9%
Listed Property	2.73%	5%
Other	0.90%	0.0%

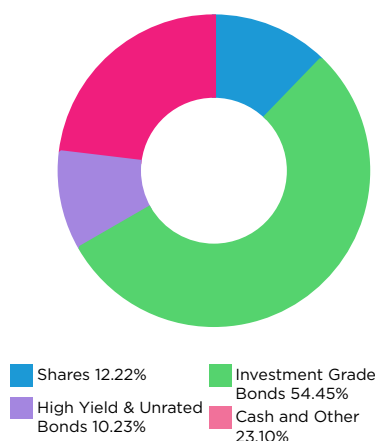
The actual cash held by the Fund is 12.31%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

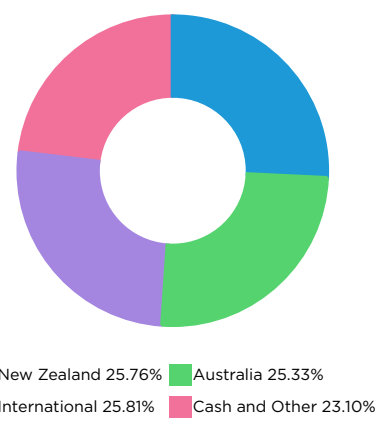
Holdings	% of Fund
NZLGFA 1.5% 2026	1.25%
NZGBI 2% 2025	1.20%
NZLGFA 2.25% 2024	1.17%
NZLGFA 4.5% 2027	0.86%
CBA 6.86 2032	0.82%
NZLGFA 2.25% 2031	0.80%
NZLGFA 2.25% 2028	0.79%
Monash University 4.05% 2029	0.77%
ANZ Float 2027	0.72%
NBN Co 4.75% 2026	0.71%

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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