

# Conservative Fund

## Portfolio Investment Entity

### Monthly Fact Sheet as at 31 October 2023



## Portfolio Managers



**Mark Riggall**  
Portfolio Manager



**Paul Morris**  
Co-Portfolio Manager

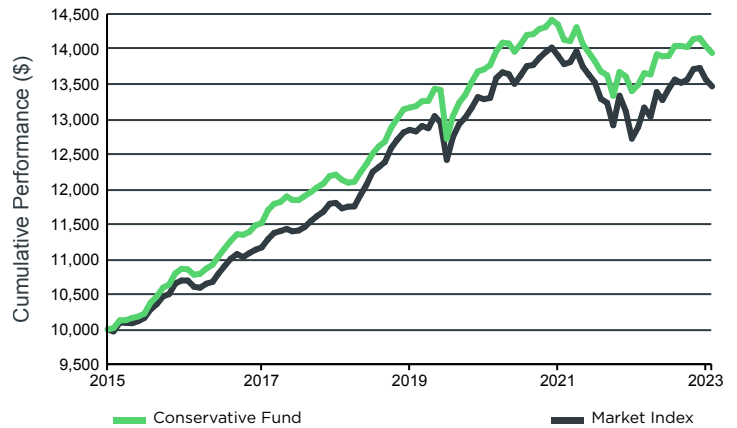
The Fund returned -0.7% in the month, bringing the one-year return to 3.4%. For the third month in a row, we had broadly weaker share markets, coupled with weaker bond markets – particularly long-term bonds. The Fund has been positioned to cushion against the risk of this type of price action, with a much-reduced exposure to shares and an aversion to owning longer-term bonds.

Whilst long-term government bond yields are no-longer heavily discounted to short term, we continue to prefer the higher yield on offer from short to intermediate term (2-5 year) corporate bonds. Yields of 7, 8 or 9% are the kind of long run returns that shares tend to offer (global shares have rallied 7% per year on average for the past 30 years). Yet, these bonds have much lower volatility compared to shares, and if we do have economic weakness, these bonds will likely fare much better as their performance is less tied to short-term earnings fluctuations. Cheaper share market valuations and strong return opportunities from bonds allowed for increasing exposure to risk assets in the month.

To view Milford's October 2023 Market and Economic Review please see [milfordasset.com/insights](http://milfordasset.com/insights).

For previous fund reports see [milfordasset.com/fund-reports](http://milfordasset.com/fund-reports).

## 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<sup>2</sup></b>	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>	\$521.8 M
<b>Yield<sup>3</sup></b>	5.55%
<b>Average Credit Rating</b>	BBB+
<b>Duration</b>	1.91 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>	0.7 cents per unit (Quarterly)
<b>Benchmark</b>	Not applicable
<b>Base Fund Fee<sup>4</sup></b>	0.95%
<b>Performance Fee</b>	Not applicable
<b>Total Fund Fees<sup>5</sup></b>	0.95%

<b>Risk Indicator</b>	<div style="display: flex; justify-content: space-around; align-items: center;"> <span>Lower risk</span> <span>1</span> <span>2</span> <span style="border: 2px solid green; border-radius: 50%; padding: 2px;">3</span> <span>4</span> <span>5</span> <span>6</span> <span>7</span> <span>Higher risk</span> </div>
	<div style="display: flex; justify-content: space-between; width: 100%;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

## Conservative Fund as at 31 October 2023

### Investment Performance after fees as at 31 October 2023<sup>6</sup>

Unit Price: \$1.1553

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	-0.69%	-1.42%	3.35%	0.41%	2.82%	4.15%
After Tax 10.50%	-0.67%	-1.43%	2.97%	0.43%	2.60%	3.81%
After Tax 17.50%	-0.67%	-1.44%	2.71%	0.43%	2.46%	3.57%
After Tax 28.00%	-0.65%	-1.45%	2.33%	0.44%	2.24%	3.23%
Market Index <sup>1</sup>	-0.73%	-1.80%	4.49%	0.41%	2.80%	3.71%

### Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.81%
Spark	0.70%
Shell	0.67%
Elevance Health	0.59%
HCA Holdings	0.55%
Coca-Cola Europacific Partners	0.52%
Goodman	0.49%
Bank of Ireland Group	0.47%
Fiserv	0.46%
Telstra	0.39%

### Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	13.79%	7%
New Zealand Fixed Interest	26.52%	25%
International Fixed Interest	46.06%	50.0%
New Zealand Equities	2.63%	1.5%
Australian Equities	2.43%	2.5%
International Equities	6.55%	9%
Listed Property	2.02%	5%
Other	0.00%	0.0%

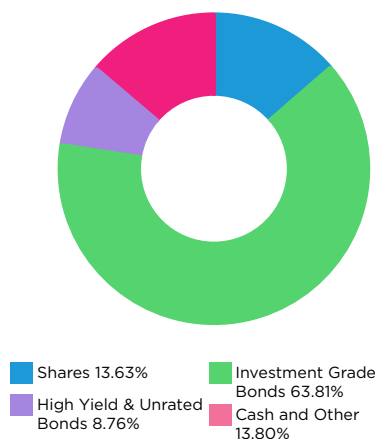
# The actual cash held by the Fund is 6.44%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### Top Fixed Interest Holdings

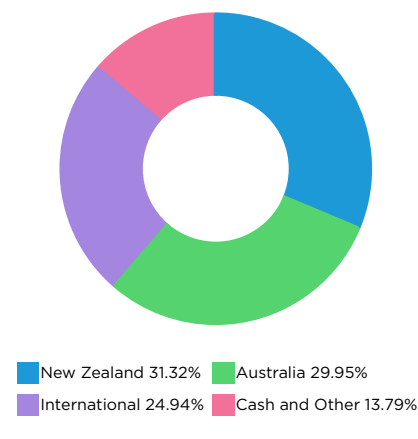
Holdings	% of Fund
NZGBI 2% 2025	4.70%
BNZ 5.87% 2028	1.72%
NZLGFA 4.5% 2030	1.54%
NZ Govt. 3.5% 2033	1.27%
NZLGFA 1.5% 2026	1.20%
Housing NZ 3.42% 2028	1.13%
NZLGFA 1.5% 2029	1.06%
Westpac 5% 2028	1.05%
GTA Finance 2.2% 2027	1.03%
CBA 5.398% 2027	0.93%

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. The yield to maturity is not an indicator of future return, but reflects the current yield to maturity of the fund's underlying holdings (before tax and after the base fund fee). 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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