

# Conservative Fund

Portfolio Investment Entity

## Monthly Fact Sheet as at 30 September 2021



### Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Mark Riggall**  
Co-Portfolio Manager

The market volatility we had been wary of duly arrived in September. Bonds were weaker as market interest rates rose while shares were generally weaker. This resulted in a 0.5% loss in the month but the Fund has returned 4.7% over 1-year.

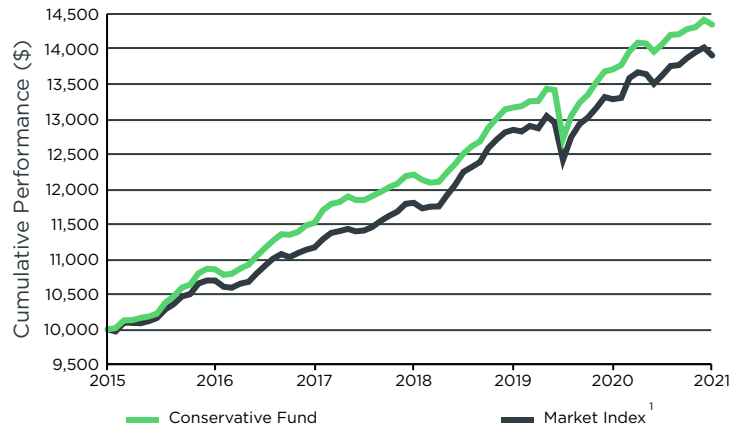
Market interest rates rose reflecting expectations that the removal of emergency monetary policy settings is approaching. This weighed on many income-oriented shares but also shares of high growth companies (which have benefitted from lower rates). There is also wariness that company earnings could be negatively impacted by supply shortages and higher input costs. To an extent we were able to cushion returns from these headwinds through a lower than long-term neutral exposure to bonds and interest rates, but also by progressively reducing share exposure during the month as it became clear risks were growing.

Looking forward, the medium-term economic and market outlook remains constructive but the reopening from Delta is proving complicated which (i) increases near-term company earnings risks and (ii) means labour and logistics issues keep inflation risks elevated. Markets also need to navigate likely waning monetary policy support, just as fiscal support also falls away. To traverse this tricky backdrop, we will for now retain what has become a more conservative setting, specifically with less shares but more bonds and cash than in recent months. We will also limit interest rate exposure to cushion from rising rates. We will however look for weakness in markets to add selectively to bonds and shares of those companies we believe will deliver attractive medium-term returns.

To view Milford's October 2021 Market and Economic Review please see [milfordasset.com/fact-sheet](http://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

<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
<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>	\$619.2 M
<b>Yield<sup>3</sup></b>	2.17%
<b>Average Credit Rating</b>	A-
<b>Duration</b>	1.94 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<sup>4</sup></b>	0.95%
<b>Performance Fee</b>	Not applicable
<b>Total Fund Fees<sup>5</sup></b>	0.95%





# Conservative Fund as at 30 September 2021

## Investment Performance after fees as at 30 September 2021<sup>6</sup>

Unit Price: \$1.2435

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	-0.47%	0.45%	4.66%	5.53%	5.74%	6.11%
After Tax 10.50%	-0.45%	0.45%	4.46%	5.09%	5.27%	5.61%
After Tax 17.50%	-0.44%	0.45%	4.33%	4.80%	4.97%	5.27%
After Tax 28.00%	-0.42%	0.45%	4.13%	4.37%	4.51%	4.77%
Market Index <sup>1</sup>	-0.81%	0.26%	4.69%	5.62%	5.39%	5.57%

## Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.63%
Transurban	0.42%
Telstra	0.40%
Spark	0.37%
Charter Hall Retail	0.35%
Goodman	0.34%
Meridian	0.33%
Sydney Airport	0.31%
Alphabet	0.30%
NAB	0.30%

## Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	13.22%	7.00%
New Zealand Fixed Interest	22.98%	25.00%
International Fixed Interest	48.47%	50.00%
New Zealand Equities	2.72%	2.00%
Australian Equities	2.69%	3.00%
International Equities	6.89%	9.00%
Listed Property	3.00%	5.00%
Other	0.03%	0.00%

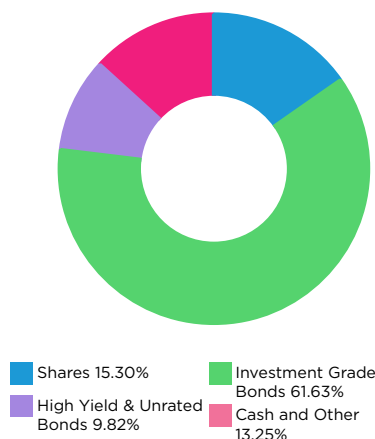
# The actual cash held by the Fund is 10.76%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

## Top Fixed Interest Holdings

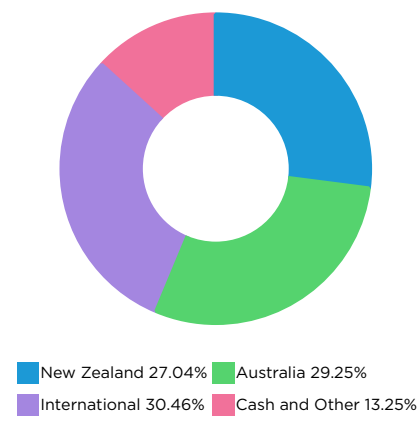
Holdings	% of Fund
Kiwibank 1.3% 2022	2.21%
NZLGFA 1.5% 2026	1.79%
ANZ 2.999% 2031	1.39%
NZ Govt. 0.5% 2026	0.96%
Housing NZ 3.36% 2025	0.85%
NZLGFA 1.5% 2029	0.83%
Scentre Group 4.75% 2080	0.82%
NZLGFA 3.5% 2033	0.76%
Wesfarmers 1.941% 2028	0.73%
Transpower 1.735% 2025	0.70%

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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