

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 September 2023



Portfolio Managers



Mark Riggall
Portfolio Manager



Paul Morris
Co-Portfolio Manager

The Fund returned -0.8% in September, bringing the one-year return to 4.8%.

September was a weak month for all assets, with bonds and shares falling and continuing the trend of the quarter. Investors are coming to terms with a normalisation in interest rates after an abnormal post-GFC period where interest rates were kept extraordinarily low.

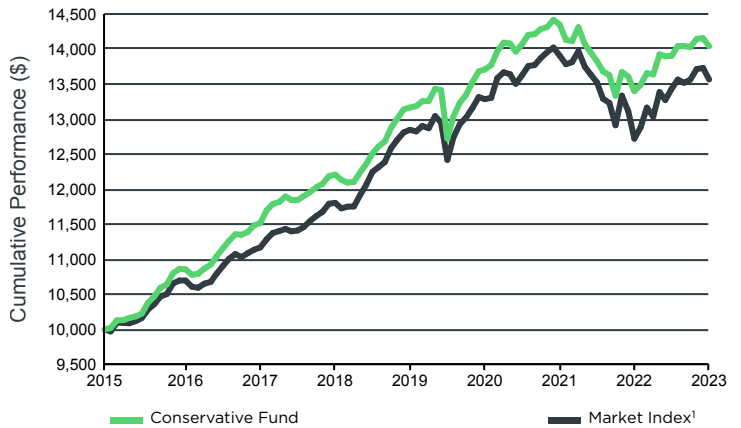
In bonds, the falls were concentrated in longer-dated bonds, an area where we don't have a lot of exposure. Our cash holdings are also offering attractive fixed returns of close to 0.5% per month. When asset prices are falling, this return is especially valued. Falling bond prices increases the future returns and higher yields on our shorter-term bond holdings increases our conviction in their returns going forward. The Fund has, accordingly, been increasing exposure to these assets. The Fund only has a modest exposure to shares, and thus avoided much of the weakness in these assets.

The outlook is complicated. The US economy is very resilient and this is driving higher long-term interest rates. In turn, this is weighing on activity in the rest of the world that is a lot more interest-rate sensitive. The outlook for returns continues to be boosted by the strong returns available from the bonds we hold. The outlook for shares is more mixed, but we continue to have conviction in the companies we own.

To view Milford's September 2023 Market and Economic Review please see milfordasset.com/insights. For previous fund reports see 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

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)	\$519.1 M
Yield³	5.25%
Average Credit Rating	BBB+
Duration	2.5 years
Buy-sell Spread	None - swing pricing applies (See PDS for details)
Inception Date	1 September 2015
Current Distribution	0.7 cents per unit (Quarterly)
Benchmark	Not applicable
Base Fund Fee⁴	0.95%
Performance Fee	Not applicable
Total Fund Fees⁵	0.95%

Risk Indicator	1	2	3	4	5	6	7
	Potentially lower returns			Potentially higher returns			

Conservative Fund as at 30 September 2023

Investment Performance after fees as at 30 September 2023⁶

Unit Price: \$1.1703

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	-0.82%	0.09%	4.78%	0.79%	2.83%	4.29%
After Tax 10.50%	-0.80%	-0.01%	4.40%	0.78%	2.61%	3.93%
After Tax 17.50%	-0.79%	-0.08%	4.15%	0.78%	2.46%	3.70%
After Tax 28.00%	-0.77%	-0.18%	3.77%	0.76%	2.24%	3.35%
Market Index ¹	-1.20%	0.02%	6.64%	0.70%	2.82%	3.84%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.73%
Shell	0.60%
Spark	0.60%
Elevance Health	0.54%
Coca-Cola Europacific Partners	0.49%
APA	0.49%
HCA Holdings	0.48%
Bank of Ireland Group	0.45%
Fiserv	0.41%
Goodman	0.39%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	12.50%	7%
New Zealand Fixed Interest	26.52%	25%
International Fixed Interest	45.99%	50.0%
New Zealand Equities	2.41%	1.5%
Australian Equities	2.07%	2.5%
International Equities	7.50%	9%
Listed Property	2.06%	5%
Other	0.95%	0.0%

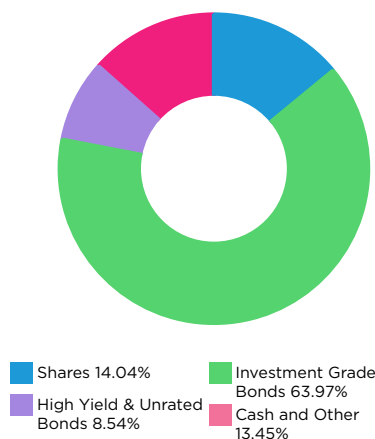
The actual cash held by the Fund is 5.42%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

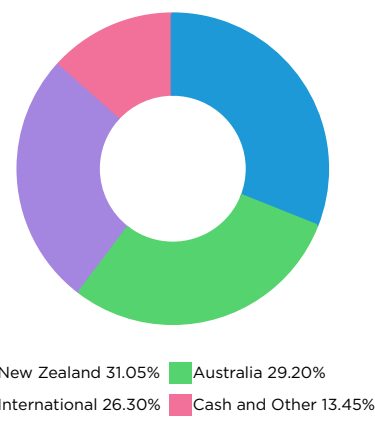
Holdings	% of Fund
NZGBI 2% 2025	4.50%
BNZ 5.87% 2028	1.68%
NZLGFA 4.5% 2030	1.53%
NZ Govt. 3.5% 2033	1.29%
NZLGFA 1.5% 2026	1.19%
Housing NZ 3.42% 2028	1.13%
NZLGFA 1.5% 2029	1.06%
Westpac 5% 2028	1.02%
GTA Finance 2.2% 2027	1.01%
CBA 5.398% 2027	0.93%

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 for more information about the data published within this document.

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