

# Conservative Fund

## Portfolio Investment Entity

### Monthly Fact Sheet as at 30 September 2024



## Portfolio Managers



**Mark Riggall**  
Portfolio Manager



**Paul Morris**  
Co-Portfolio Manager

The Fund returned 1.0% in September, taking the 1-year return to 11.8%. Last month continued the string of solidly positive returns. Both stocks and bonds contributed to the move, as policy-maker actions continue to support markets. A 0.5% cut to the US interest rate, alongside cuts from other central banks, is supporting bond prices.

For the past 18 months, bond markets have consistently priced more rate cuts than have been delivered (thus far). We have seen the UK, Europe, NZ and US all start a cutting cycle, and bond prices have continued to rally in the expectation of an increasing pace of cuts in the near future. At current pricing, bonds look unattractive unless we see a US recession – something we think is unlikely. In fact, our view is the opposite – US and global growth is supported by a globally correlated cutting cycle. For that reason, the Fund has been gradually reducing its exposure to interest rates, particularly in longer maturity bonds. Corporate bonds (that the Fund typically invests in), offer a greater yield (than government bonds) and whilst valuations of corporate bonds are modestly expensive, the investment backdrop remains supportive for these.

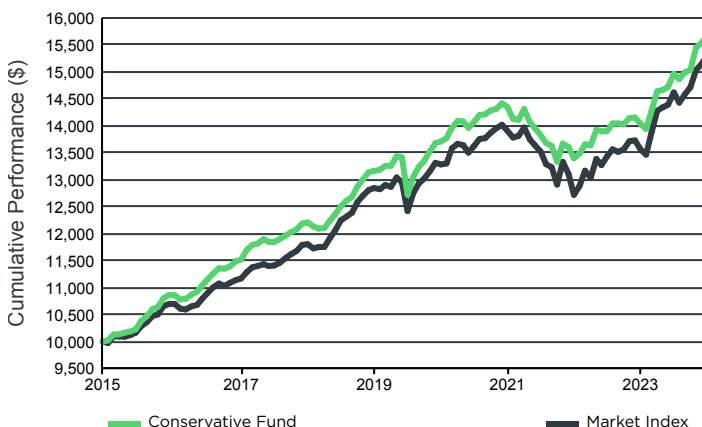
Shares in the Fund have also performed well and have contributed to performance. Falling interest rates should also be supportive of these, but with rising geopolitical risks and the looming US election, chances are that the coming months will be choppy. Accordingly, the Fund has been reducing exposure to shares and will remain nimble over the coming period.

To view Milford's September 2024 Market and Economic Review please see [milfordasset.com/insights](https://milfordasset.com/insights).

For previous fund reports see [milfordasset.com/fund-reports](https://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>	\$579.6 M
<b>Yield<sup>3</sup></b>	4.15%
<b>Average Credit Rating</b>	BBB+
<b>Duration</b>	1.78 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>	0.95 cents per unit (Quarterly)
<b>Benchmark</b>	Not applicable
<b>Base Fund Fee<sup>4</sup></b>	0.85%
<b>Performance Fee</b>	Not applicable
<b>Total Fund Fees<sup>5</sup></b>	0.85%

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



# Conservative Fund as at 30 September 2024

## Investment Performance after fees as at 30 September 2024<sup>6</sup>

Unit Price: \$1.2688

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	0.95%	4.35%	11.75%	3.02%	3.57%	5.08%
After Tax 10.50%	0.87%	3.98%	10.76%	2.77%	3.28%	4.66%
After Tax 17.50%	0.82%	3.73%	10.10%	2.60%	3.09%	4.38%
After Tax 28.00%	0.75%	3.36%	9.12%	2.35%	2.80%	3.97%
Market Index <sup>1</sup>	1.07%	4.06%	12.88%	3.26%	3.57%	4.80%

## Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.98%
Infratil	0.72%
Telstra	0.66%
Microsoft	0.62%
CRH	0.56%
Coca-Cola Europacific Partners	0.54%
Shell	0.53%
Spark	0.51%
Aena SME	0.48%
SSE	0.44%

## Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	15.63%	7%
New Zealand Fixed Interest	22.98%	25%
International Fixed Interest	38.91%	50.0%
New Zealand Equities	2.97%	1%
Australian Equities	5.73%	3%
International Equities	10.41%	9%
Listed Property	2.71%	5%
Other	0.66%	0.0%

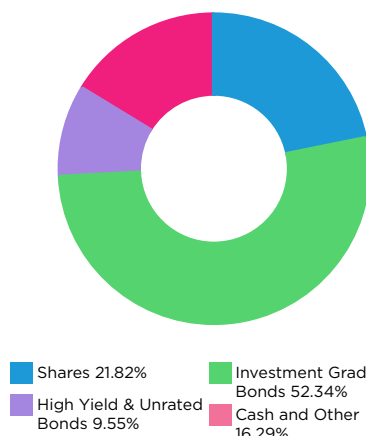
# The actual cash held by the Fund is 12.10%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

## Top Fixed Interest Holdings

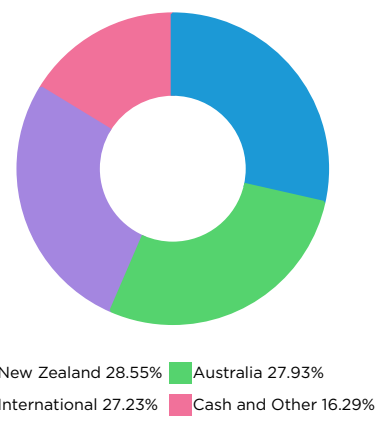
Holdings	% of Fund
NZLGFA 4.5% 2030	1.93%
NZGBI 2% 2025	1.92%
Origin Energy 5.35% 2031	1.72%
Westpac 5.1% 2029	1.28%
NZLGFA 1.5% 2026	1.14%
Housing NZ 3.42% 2028	1.09%
NZLGFA 1.5% 2029	1.05%
GTA Finance 2.2% 2027	0.97%
WBC Float 2029	0.94%
Westpac 4.337% 2029	0.85%

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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