

Milford KiwiSaver Plan

Milford KiwiSaver Cash

Fund update for the quarter ended 30 September 2020

This fund update was first made publicly available on 27 October 2020.



What is the purpose of this update?

This document tells you how the Milford KiwiSaver Cash ('Fund') has performed and what fees were charged. The document will help you to compare the fund with other funds.

Milford Funds Limited prepared this update in accordance with the Financial Markets Conduct Act 2013. This information is not audited and may be updated.

Description of this fund

The Fund's objective is to target a return above the New Zealand Official Cash Rate after the base fund fee but before tax.

It primarily invests in New Zealand cash, short-dated debt securities and term deposits.

| | |
|--|----------------------|
| Total value of the fund | \$21,250,459 |
| Number of investors in the fund | 380 |
| The date the fund started | 27 March 2020 |

What are the risks of investing?

Risk indicator for the Milford KiwiSaver Cash



The risk indicator is rated from 1 (low) to 7 (high). The rating reflects how much the value of the fund's assets goes up and down. A higher risk generally means higher potential returns over time, but more ups and downs along the way.

To help you clarify your own attitude to risk, you can seek financial advice or work out your risk profile at www.sorted.org.nz/tools/investor-kickstarter.

Note that even the lowest category does not mean a risk-free investment, and there are other risks that are not captured by this rating.

This risk indicator is not a guarantee of a fund's future performance. The risk indicator is based on the returns data for the five years to 30 September 2020. Market index returns have been used for the period 1 October 2015 to 26 March 2020 as the Fund was launched on 27 March 2020. The risk indicator therefore reflects the Fund's actual returns only for the period 27 March 2020 to 30 September 2020. As a result, the risk indicator may provide a less reliable indicator of the potential volatility of the Fund. While risk indicators are usually relatively stable, they do shift from time to time. The risk indicator will continue to be updated in future fund updates. See Note 1 at the end of this Fund Update.

See the Product Disclosure Statement ('PDS') for more information about the risks associated with investing in this fund.

How has the fund performed?

| | Past year |
|--|----------------|
| Annual return (after deductions for charges and tax) | Not Applicable |
| Annual return (after deductions for charges but before tax) | Not Applicable |
| Market index annual return (reflects no deduction for charges and tax) | 0.60% |

We are required to disclose an appropriate market index as comparison. The market index return is a composite of benchmark index returns weighted for the Fund's target investment mix. The market index return is before tax and fees.

For more information on the market index, please refer to the Statement of Investment Policy and Objectives for the Milford Investment Funds, which can be found at www.milfordasset.com/forms-documents or on the offer register at www.disclose-register.companiesoffice.govt.nz.

What fees are investors charged?

Investors in the Fund are charged fund charges. Based on the PDS as at 23 July 2020 - these are estimated to be:

| | % of net asset value |
|---|-----------------------------|
| Total fund charges | 0.20% |
| <i>which are made up of:</i> | |
| Total management and administration charges (Base fund fee) | 0.20% |
| <i>including:</i> | |
| Manager's basic fee ² | 0.15% |
| Other management and administration charges (estimate) ³ | 0.05% |
| Total performance-based fees | N/A |

| Other Charges | \$ amount per investor |
|--|-------------------------------|
| Administration and registry charges | \$36 |

Milford is unable to determine the fund charges charged by some non-related underlying funds within the 'other management and administration charges' so these charges have been estimated. It is not expected that these charges will be material. See Note 3 at the end of this Fund Update.

example, for withdrawing from or switching funds) although these are not currently charged. See the PDS for the Milford KiwiSaver Plan on the offer register at www.disclose-register.companiesoffice.govt.nz for more information about those fees.

See the PDS for more information about the basis on which performance fees are charged. Investors may also be charged individual action fees for specific actions or decisions (for

Example of how this applies to an investor

Small differences in fees and charges can have a big impact on your investment over the long term.

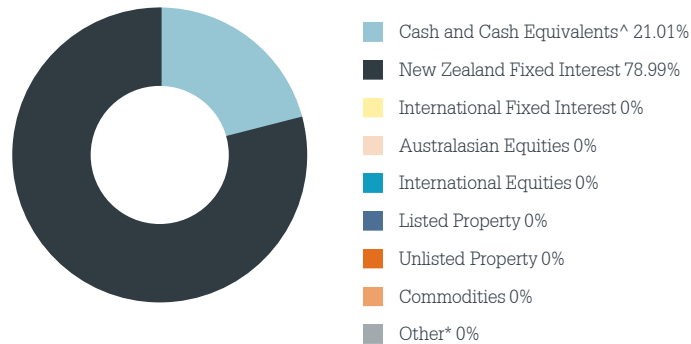
Joshua had \$10,000 in the fund since its inception on 27 March 2020 and did not make any further contributions.

At the end 30 September 2020, Joshua received a return after fund charges were deducted but before tax of \$19 (that is 0.19% of his initial \$10,000). Joshua also had to pay other charges of \$21. This gives Joshua a total loss after fund charges and tax of \$7 for the year.

What does the Fund invest in?

This shows the types of assets that the Fund invests in as at 30 September 2020.

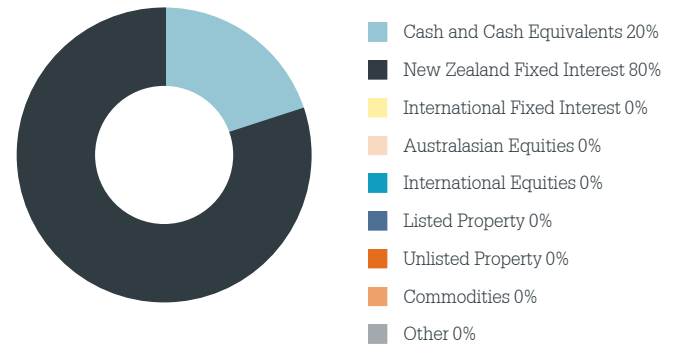
Actual Investment Mix⁴



[^] The actual cash held by the Fund is 21.01%.

* includes currency derivatives used to manage foreign exchange risk.

Target investment mix⁵



Currency hedging

The Fund's foreign currency exposure is actively managed, with the neutral currency exposure being 0%.

Top 10 Investments⁶

| | Name | % of fund net assets | Type | Country | Credit rating (if applicable) |
|----|--|----------------------|----------------------------|-------------|-------------------------------|
| 1 | NZD Cash Current Account (NAB Bank) | 21.21% | Cash and cash equivalents | New Zealand | AA- |
| 2 | Westpac 32 Day Constant Maturity Deposit 2020 | 9.14% | New Zealand fixed interest | New Zealand | AA- |
| 3 | ANZ Bank 1.21% 05/11/2020 | 5.29% | New Zealand fixed interest | New Zealand | AA- |
| 4 | Housing New Zealand 0% 03/11/2020 | 4.96% | New Zealand fixed interest | New Zealand | AA+ |
| 5 | ANZ Bank 1.2% 08/10/2020 | 3.95% | New Zealand fixed interest | New Zealand | AA- |
| 6 | ANZ Bank 1.15% 30/12/2020 | 3.94% | New Zealand fixed interest | New Zealand | AA- |
| 7 | Christchurch City Holdings 0% 20/10/2020 | 3.94% | New Zealand fixed interest | New Zealand | AA- |
| 8 | Auckland International Airport Certificate of Deposit 19/10/2020 | 3.94% | New Zealand fixed interest | New Zealand | A- |
| 9 | Contact Energy Certificate of Deposit 06/11/2020 | 3.94% | New Zealand fixed interest | New Zealand | BBB |
| 10 | Port of Tauranga Ltd Certificate of Deposit 16/12/2020 | 3.93% | New Zealand fixed interest | New Zealand | A- |

The total value of the 10 individual assets as a percentage of the net asset value of the Fund is 64.24%.

Key personnel

| Name | Current position | Time in current position | Previous or other current position | Time in previous or other current position |
|---------------|-------------------|--------------------------|--|--|
| Paul Morris | Portfolio Manager | 4 years, 8 months | Head of Portfolio Strategy and Fixed Income at Macquarie Private Wealth, New Zealand | 4 years, 6 months |
| Ian Robertson | Senior Analyst | 3 years, 5 months | Associate Director Leverage Finance at ANZ Bank, New Zealand | 2 years, 8 months |

Further information

You can also obtain this information, the PDS for the Milford KiwiSaver Plan and some additional information from the offer register at www.disclose-register.companiesoffice.govt.nz.

Have any questions? If so, please visit www.milfordasset.com or phone 0800 662 346.

Notes

1. The risk indicator has been calculated on the basis of five years of historic fund returns where available, and market index returns where required. Hence, the returns data used may not represent a full investment cycle for the Fund and the risk category may be different if calculated using a longer timeframe. If the period of returns used reflected an environment of unusually low or unusually high volatility, the risk indicator may not reflect the Fund's future volatility.
2. Milford charges a capped management fee that covers normal fund operating costs such as investment management, supervisor, custodial, fund accounting, audit and legal costs. For disclosure requirements, supervisor, audit and legal costs have been removed from the capped management fees to provide the manager's basic fee. These have been included in other management and administration charges.
3. If Milford is unable to determine the non-related underlying fund charges, these have been estimated from recent financial statements based on the actual costs as a percentage of the average net asset value that were charged for the fund's previous financial year. These are reflected in the prices of the external funds that are used in the calculation of the unit price of the Fund.
4. The target investment mix indicates what are expected to apply over the course of an economic cycle, and should be considered as general only. Milford is an active manager and may at times deploy investment strategies that differ (within the allowable minimum and maximum bounds) materially from the targets.
5. If we invest into any non-related underlying funds, the Top 10 Investments will only show the total investment in those funds, not the individual assets it holds.