



Milford Unit Trust PIE Funds Milford Overview



Letter from Brian Gaynor

Dear Investor

We are delighted to offer you the opportunity to access the investment skills of Milford Asset Management Limited through our Unit Trust PIE Funds that are designed to meet a wide range of investment needs.

These Funds include the Trans-Tasman Bond, Global Bond, Conservative, Diversified Income, Balanced, Active Growth, Australian Absolute Growth, Global Equity, Trans-Tasman Equity and Dynamic Funds. Please note our Active Growth Fund is not currently accepting new investors.

Our primary aim at Milford is to achieve superior investment returns for you – our clients. Our large and experienced investment team achieves this by identifying profitable opportunities, particularly in volatile economic and market conditions.

Milford has a number of core objectives, which apply to each Fund.

These include:

- We search for the best opportunities in all market conditions through extensive company visits and research;
- Milford has a fair and reasonable fee structure where performance fees are only payable when we exceed the investment benchmarks of our funds;

- We are committed to transparency so that our investors have clear visibility of the major investments of each Fund; and
- Milford is a strong advocate on your behalf, particularly in terms of corporate governance of the entities we invest in as well as environmental and social factors.

The Milford Unit Trust PIE Funds are offered by Milford Funds Limited, a 100% owned subsidiary of Milford Asset Management Limited. We are a well-established company that manages over \$6 billion on behalf of investors, as at the date of this Overview document.

We believe the Funds described in this Overview are suitable for medium to long-term investors. All the Milford Unit Trust PIE Funds are Portfolio Investment Entities ('PIEs') which means all the income is taxed within the Fund, at the tax rate applicable to you. The minimum initial investment for each individual investor per Fund is \$10,000.

Please read this Overview and the Product Disclosure Statement in full to ensure that the approach and objectives for the Funds are consistent with your investment requirements. If you have any questions, visit our website www.milfordasset.com or call us on 09 921 4700 or 0800 662 345.

We are committed to delivering superior returns for investors and hope that our Funds will meet your investment requirements.

Yours sincerely,

Brian Gaynor
Director, Milford Funds Limited





Getting the most from this document

We have developed this Overview as a supplementary document to the Product Disclosure Statement ('PDS') to provide you with additional detail about Milford Funds Limited ('Milford') and the approach we take to investing.

Please make sure you read the PDS. It contains essential information on the Milford Unit Trust PIE Funds ('Funds'), to assist you in making your investment decision. This includes how the investment works, how you can access your investment, any significant risks and benefits, and the fees that can be charged. We also encourage you to seek independent financial advice from an Authorised Financial Adviser prior to making any investment decision.

To view the full range of regulatory and product disclosure detail for any of our Funds you can go to www.milfordasset.com/forms-documents. Alternatively, you can go directly to the Disclose register, maintained by the Registrar of Financial Service Providers which holds the offer documents for all regulated offers of financial products, at www.disclose-register.companiesoffice.govt.nz.

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About Milford

Our parent, Milford Asset Management Limited ('Milford Asset Management') was formed in 2003 by an experienced team of individuals who recognised the need for an investment company that New Zealanders can trust and which provides a premium service.

In 2007, Milford was created to enable investors to gain access to Milford Asset Management's investment expertise and experience through our family of funds. Milford is a wholly-owned subsidiary Milford Asset Management that, at the date of this document, had over \$6 billion funds under management.

For details of the current directors of Milford please go to the Companies Office website, www.companies-register.companiesoffice.govt.nz/.

Milford has been granted a Managed Investment Scheme ('MIS') manager licence by the Financial Markets Authority ('FMA').

Milford is the issuer of retail investment products. Milford Asset Management is an authorised body under Milford's MIS manager licence.

Milford is also an award winning fund manager. For more information on Milford or these awards please go to www.milfordasset.com/about-us.

Milford's core values are to:

- Operate with honesty and integrity
- Consistently seek to deliver superior investment returns
- Be client focused
- Strive for best practice in managing our clients' capital
- Remain majority New Zealand and employee owned

We do this by:

- Attracting and retaining the best people
- Understanding our clients' needs and objectives
- Focusing our resources to generate the best returns for clients
- Reacting quickly to changing market conditions and new opportunities
- Aligning our success to the performance of our clients capital. We do this by investing alongside you and using a pay for performance philosophy.

Your rights as an investor

We created 'Investor Rights' which detail fundamental rights that we believe every investor should expect from organisations who look after their money. These are your right to:

1. Trust someone to look after your money.

Milford has brought together some of the country's most experienced and respected investment experts, with a track record for making quality financial decisions. Our investment team is committed to building and protecting the wealth of our clients.

2. Know we will act in your best interests.

Milford's focus is on enterprises that we believe demonstrate the highest levels of corporate governance and a strong commitment to their stakeholders. If our standards are not being met, we will seek change or sell our shareholding in an effort to protect your investment in the process.

3. Know where your money is being invested.

Milford provides Monthly Reviews and quarterly Fund Updates which include details of each funds' top holdings. We also make available monthly online reports for your own investment holdings.

4. Know the value of your investment.

Milford investors are able to view the value of their investments, end of month portfolio reports and a history of all their transactions at any time online.

5. Access your investment.

Milford understands that this is your money. We do not receive any fees if you sell or move your investments from us.

6. Seek growth and protection for your investment.

Milford constantly assesses factors that influence the value of your investments. We will proactively alter our investment strategy if our view of the market, a company's management, or trading conditions change. Milford's policy of seeking to protect investors' capital means when we believe markets will fall significantly, we don't expect our clients to simply weather the storm. We will actively seek to preserve our investors' capital.

7. Fair and reasonable fees.

Milford charges a base fund fee which varies depending on the type of investment fund. The fee covers the normal operating costs associated with Milford managing the fund and making investment decisions, including audit, supervisor, registry and legal fees as well as any external fund charges. It excludes brokerage and any performance fees. A performance fee is only charged if a fund exceeds its stated performance target. Please refer to the Product Disclosure Statement for more details.

Our investment philosophy

Investment philosophy

As investment markets are in a state of constant change, Milford adopts an active approach to investing.

This allows Milford to take advantage of investment opportunities as they arise, and seek to provide a level of capital protection when markets are less favourable.

The key principles that underpin our investment philosophy are:

1. We adopt an active portfolio management approach.
2. We adopt a more defensive approach to seek to provide a degree of capital protection in less favourable markets and take a more aggressive investment approach when our view of markets is more positive.
3. We are committed to undertake investment research of the assets we invest in and conduct regular company visits.
4. We seek to understand the changes in the local and global economic environments and how these changes are likely to impact the markets in which our clients' assets are invested.
5. We seek to manage risk through appropriate portfolio diversification.
6. We focus on key competencies and in instances where we lack specific skills and knowledge, we engage with organisations that can provide these for us.
7. Milford is a strong advocate on your behalf, particularly in terms of corporate governance of the entities we invest in as well as environmental and social factors.

Milford's investment process

Investment process

Milford's Investment Team follows the process outlined on the right in developing and finalising investment decisions. Milford's investment process involves conducting our own proprietary research. We undertake analysis of the macro-economic environment as well as a fundamental analysis of the industries and individual entities within our investment universe.

Our macro-economic analysis, via the monitoring and analysis of economic data, aims to identify changes to the prospects of particular asset classes and industries, including the direction of interest rates.

Our fundamental analysis aims to identify the best opportunities within identified asset classes and industries for investment. We aim to meet with a large number of companies each year across a wide range of industries to discuss with management their prospects.

When considering individual companies, we seek to understand key value drivers for bond and share investments including; the company's competitive position and industry structure, the strength of its balance sheet, the quality and sustainability of earnings as well as the board and senior management, and ESG factors.

Milford's Investment Forum meetings bring together all of our research where investment ideas are formally presented and debated for potential implementation by the Portfolio Managers. The Investment Forum aims to promote collaboration on investment decisions and leverage the extensive industry experience and knowledge, both in New Zealand and overseas, held amongst the team. The Portfolio Managers are responsible for final selection of the securities to include within a portfolio.





Michael Luke

Investment Analyst

Michael joined Milford in November 2016. His role at Milford is to research, meet and analyse a range of companies to identify potential investment opportunities. Michael graduated from the University of Auckland in 2018 with a Bachelor of Commerce, double majoring in Finance & Accounting. Having purchased his first shares at the age of 14, Michael previously managed a private portfolio and investment blog, specialising in small cap stocks across Australia and New Zealand.



Katlyn Parker

Investment Analyst

Katlyn is an Investment Analyst. Her primary role is to conduct fixed income research, focused on corporate bond markets. Katlyn joined Milford in September 2015 after relocating to New Zealand from Ireland, initially as a Private Wealth Associate and most recently as an Authorised Financial Adviser. Prior to joining Milford she was employed by Davy Stockbrokers in Dublin. Katlyn graduated with a first class honours degree in Actuarial Mathematics from Dublin City University (DCU).

Brad Litt

Dealer

Brad joined Milford in 2014 as a Business Analyst within the Operations team, responsible for the set-up of Milford's Charles River trading system. Following successful system implementation, Brad moved to the Investment team, where he has responsibility for trade execution on the Central Dealing Desk. Prior to joining Milford, Brad was a Business Analyst at Standard Chartered Bank. Brad has a Bachelor of Commerce and Civil Engineering from the University of Canterbury.

Kristen Yong

Investment Performance and Risk Manager

Kristen is responsible for running a centre of excellence for all performance, attribution and risk analytics, plus a wide range of internal and external investment reporting. She primarily evaluates and presents key statistics to the Investment Committee. She also has oversight of fees, key regulatory documents and investment mandate compliance. Prior to joining Milford in August 2015, she was an Associate at Redward Associates, conducting macroeconomic and foreign currency research, as well as financial and econometric modelling. Kristen graduated from the University of Auckland in 2011 with a Bachelor of Commerce (First Class Honours in Finance). During her undergraduate studies, she double majored in Accounting and Finance. Kristen is a CFA Charterholder.

Milford's Managed Fund products

Milford Unit Trust PIE Funds

Trans-Tasman Bond Fund

Objective - Generate a positive, low volatility return that exceeds the relevant benchmark over the minimum recommended investment timeframe (3 years).
Description - Primarily invests in Trans-Tasman fixed interest securities.

Global Bond Fund

Objective - Protect capital and generate a positive NZD hedged return that exceeds the relevant benchmark over the minimum recommended investment timeframe (3 years)
Description - Primarily invests in global fixed interest securities.

Conservative Fund

Objective - Moderate returns and protect capital over the minimum recommended investment timeframe (3 years).
Description - Diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities.

Diversified Income Fund

Objective - Income and capital growth over the minimum recommended investment timeframe (3 years).
Description - Diversified fund that primarily invests in fixed interest and equity income-generating securities.

Balanced Fund

Objective - Capital growth over the minimum recommended investment timeframe (5 years).
Description - Diversified fund that primarily invests in equities, with a significant allocation to fixed interest securities.

Active Growth Fund

(Not available to new investors)*

Objective - Annual returns of 10% over the minimum recommended investment timeframe (5 years).
Description - Diversified fund that primarily invests in Australasian equities, with a moderate allocation to international equities and fixed interest securities.

Australian Absolute Growth Fund

Objective - Absolute return with an annualised return objective of 5% above the NZ OCR while seeking to protect capital over a rolling three year period (minimum recommended investment timeframe 5 years).
Description - Diversified fund that primarily invests in Australasian equities complemented by selective exposure to international equities, fixed interest securities and cash.

Trans-Tasman Equity Fund

Objective - Capital growth by out-performing a mix of two relevant share market indices over the minimum recommended investment timeframe (5 years).
Description - Primarily invests in Australasian equities.

Global Equity Fund

Objective - Capital growth by out-performing the relevant share market index over the minimum recommended investment timeframe (5 years).
Description - Primarily invests in international equities.

Dynamic Fund

Objective - Capital growth by out-performing the relevant share market index over the minimum recommended investment timeframe (5 years).
Description - Primarily invests in small to mid-cap Australasian equities.

*The Manager may consider a new direct wholesale investor at its discretion from time to time.

Milford KiwiSaver Plan

Conservative Fund

Objective - Moderate returns and protect capital over the minimum recommended investment timeframe (3 years).

Description - Diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities.

Balanced Fund

Objective - Capital growth over the minimum recommended investment timeframe (5 years).

Description - Diversified fund that primarily invests in equities, with a significant allocation to fixed interest securities.

Active Growth Fund

Objective - Annual returns of 10% over the minimum recommended investment timeframe (5 years).

Description - Diversified fund that primarily invests in Australasian equities, with a moderate allocation to international equities and fixed interest securities.

Please see the PDS for more information on the Funds. The latest Fund Updates can be found at www.milfordasset.com/forms-documents.



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