

# Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 March 2019



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Mark Riggall**  
Co-Portfolio Manager

The Fund benefited in March from another fall in market interest rates, culminating in a return of 1.2% in the month. Many developed world economies are pricing rate cuts for this year, including NZ, Australia and the US.

There remains concern for the slowdown in global economic growth. Brexit and trade negotiations have also dragged on. Markets have however focused on further evidence global central bank monetary policy has shifted to a more supportive stance.

The ensuing hunt for yield has benefited the Fund's corporate bond holdings, and helped its income focused share exposure outperform the broader share market. It also helped global shares shrug off slowing earnings growth. Noting the Fund's conservative risk profile we retained moderately defensive positioning; a lower exposure to shares and high-yield corporate bonds than the long term normal.

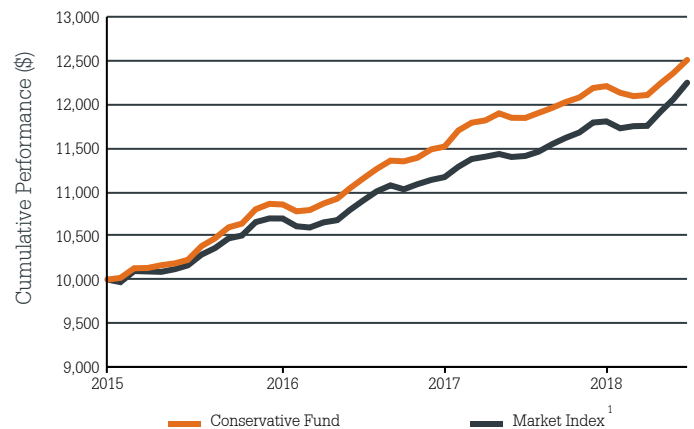
Looking forward, the lower interest rate outlook should support bonds and income shares, supporting Fund returns, if not as high as last month. Supportive demand for Australasian, but especially New Zealand, income shares means we will likely increase this exposure.

For now, we prefer not to increase high-yield bond exposure, given valuations are generally no longer cheap, but will deploy opportunistically in NZ corporate bonds. The Fund's interest rate exposure remains higher than last year but is still low.

To view Milford's April 2019 Market and Economic Review please [click here](#).

## 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>	Moderate returns and protect capital over a minimum of three years
<b>Description</b>	Diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities
<b>Target Allocation</b>	82% Income Assets / 18% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$242.1 M
<b>Yield<sup>3</sup></b>	3.45%
<b>Average Credit Rating</b>	A-
<b>Duration</b>	1.98 years
<b>Buy-sell Spread</b>	None

<b>Inception Date</b>	1 September 2015
<b>Current Distribution</b>	0.75 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%
<b>Risk Indicator</b>	<div style="display: flex; justify-content: space-between;"> <span>Lower risk</span> <span>Higher risk</span> </div> <div style="text-align: center;"> <p>1 2 3 4 5 6 7</p> </div> <div style="display: flex; justify-content: space-between;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

## Investment Performance after fees as at 31 March 2019<sup>6</sup>

Unit Price: \$1.1372

	3 Months	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	3.31%	2.45%	5.59%	6.40%	-	6.44%
After Tax 10.50%	3.08%	2.21%	5.18%	5.83%	-	5.89%
After Tax 17.50%	2.92%	2.05%	4.91%	5.45%	-	5.51%
After Tax 28.00%	2.69%	1.81%	4.50%	4.89%	-	4.96%
Market Index <sup>1</sup>	4.19%	3.74%	7.33%	5.99%	-	5.83%

### Top Equity Holdings

Holdings	% of Fund's NAV
Contact Energy	0.76%
Meridian Energy	0.44%
Argosy Property	0.34%
Spark New Zealand	0.33%
Kiwi Property Group	0.33%
Charter Hall Education Trust	0.27%
Goodman Group	0.26%
Mirvac Group	0.26%
Charter Hall Long Wale REIT	0.25%
Precinct Properties NZ	0.24%

### Current Asset Allocation

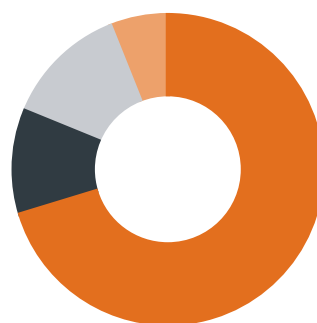
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	6.06%	6.00%
New Zealand Fixed Interest	37.20%	35.00%
International Fixed Interest	45.86%	41.00%
New Zealand Equities	2.42%	3.00%
Australian Equities	1.01%	3.00%
International Equities	3.69%	8.00%
Listed Property	3.76%	4.00%
Other	0.00%	0%

### Top Fixed Interest Holdings

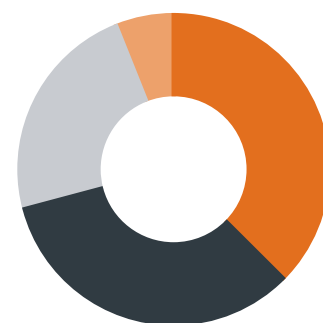
Holdings	% of Fund's NAV
ASB Bank 6.65% 2024	4.10%
ANZ 2.9% 2019	3.06%
NAB Float 2024	3.00%
Christchurch City 3.58% 2024	1.59%
OBE 6.75% 2044	1.39%
ANZ Bank Float 2022	1.39%
NZ Govt. Inflation Indexed 2% 2025	1.37%
ASB Bank Float 2022	1.35%
ANZ Bank 3.03% 2024	1.35%
Investore Property 4.40% 2024	1.28%

Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

### Fund Portfolio Mix



### Country 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 (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' [here](#) for more information about the data published within this document.

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