

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 May 2019



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

The Fund returned 0.6% in May, and is now up 6.0% over 1-year. The re-emergence of risks which had receded into the background (notably the US-China trade war and Brexit) and softer economic data has precipitated a drop in investor confidence.

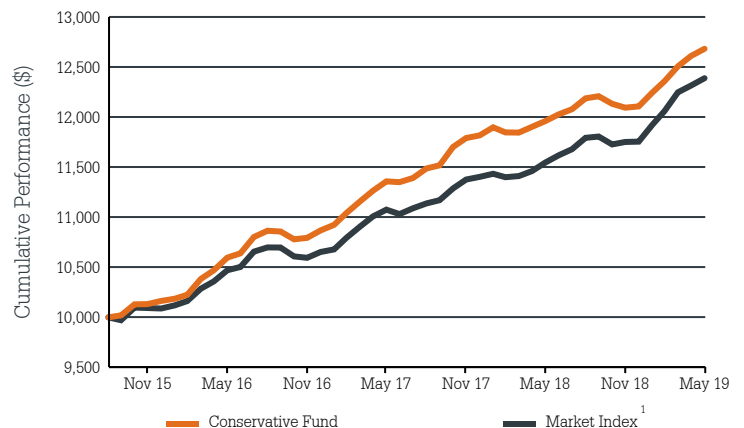
Expectations have risen that central bank monetary policy action will be needed to support economic growth and the market moved to price in an even lower path for interest rates. This supported the Fund's Australasian shares (given a weighting towards income shares) and both its Australasian and global corporate bonds (albeit global bonds underperformed government bonds). The small global share allocation was however a drag on returns as global shares were weak. We modestly increased this exposure in early May but as that was through options, the negative impact was limited.

We remain wary of valuations across parts of the financial markets and are cognisant of late cycle risks which have clearly increased in May. We hold a lower allocation to shares than the long run average but rather than increasing cash we stay invested in corporate bonds, with a focus on lower risk. For now, supportive monetary policy and reasonable corporate earnings should support returns. Nevertheless, given valuations (e.g. the market is already pricing in significant rate cuts), returns are likely to be lower than in recent months.

To view Milford's June 2019 Market and Economic Review please see milfordasset.com/fact-sheet.

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	Moderate returns and protect capital over a minimum of three years
Description	Diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities
Target Allocation	82% Income Assets / 18% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$260.9 M
Yield³	3.11%
Average Credit Rating	A-
Duration	2.13 years
Buy-sell Spread	None
Inception Date	1 September 2015
Current Distribution	0.75 cents per unit (Quarterly)
Benchmark	Not applicable
Base Fund Fee⁴	0.95%
Performance Fee	Not applicable
Total Fund Fees⁵	0.95%
Risk Indicator	<div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="text-align: center;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between;"> Potentially lower returns Potentially higher returns </div>

Investment Performance after fees as at 31 May 2019⁶

Unit Price: \$1.1454

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	0.57%	2.62%	6.03%	6.17%	-	6.54%
After Tax 10.50%	0.52%	2.44%	5.54%	5.63%	-	5.98%
After Tax 17.50%	0.49%	2.32%	5.21%	5.27%	-	5.61%
After Tax 28.00%	0.44%	2.13%	4.72%	4.73%	-	5.05%
Market Index ¹	0.60%	2.73%	7.29%	5.76%	-	5.88%

Top Equity Holdings

Holdings	% of Fund's NAV
Contact Energy	0.70%
Meridian Energy	0.44%
Spark New Zealand	0.42%
Argosy Property	0.36%
Kiwi Property Group	0.36%
Charter Hall Education Trust	0.30%
Mirvac Group	0.29%
Charter Hall Long Wale REIT	0.29%
Goodman Group	0.28%
Arena REIT	0.28%

Current Asset Allocation

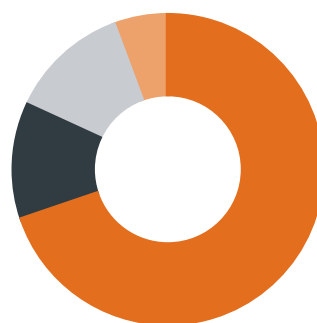
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	5.67%	6.00%
New Zealand Fixed Interest	32.30%	35.00%
International Fixed Interest	49.96%	41.00%
New Zealand Equities	2.66%	3.00%
Australian Equities	1.51%	3.00%
International Equities	3.28%	8.00%
Listed Property	4.62%	4.00%
Other	0.00%	0.00%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
ASB Bank 6.65% 2024	3.80%
NAB Float 2029	1.85%
VCTNZ 3.45% 2025	1.76%
NZ Govt. Inflation Indexed 2% 2025	1.64%
OBE 6.75% 2044	1.43%
ANZ 2.78% 2019	1.35%
ANZ Bank 3.03% 2024	1.25%
Investore Property 4.40% 2024	1.20%
IAG Float 2045	1.13%
BNZ 3.648% 2023	1.10%

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 to maturity (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' at milfordasset.com/fact-sheet for more information about the data published within this document.

Level 28, 48 Shortland Street, Auckland
 PO Box 960, Shortland Street, Auckland 1140
 Free phone 0800 662 345
milfordasset.com

