

# Balanced Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2019



## Portfolio Managers



**Mark Riggall**  
Portfolio Manager



**Paul Morris**  
Co-Portfolio Manager

The Fund returned 1.4% in July, taking 1-year returns to 8.3%. Returns over the past few months have been generated by both share and bond investments in the Fund.

Lower interest rates around the world, coupled with a slow but not recessionary economic growth picture has pushed global investors to seek higher returns by investing into shares and company bonds. This process continued in July and better earnings from tech companies saw them lead the returns for global shares this month.

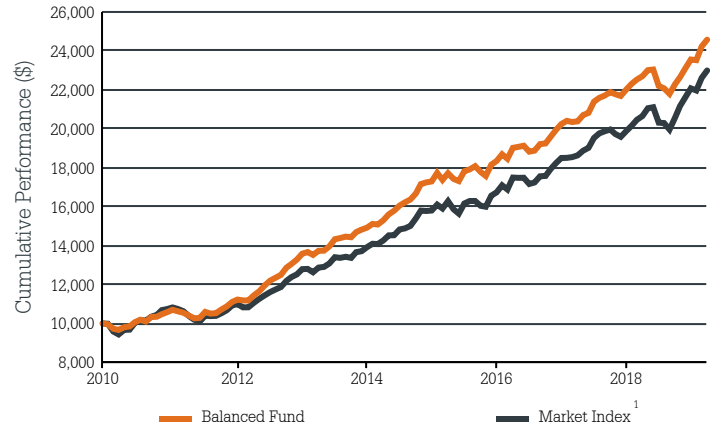
Recently the Fund has been increasing its exposure to NZ shares and small company Australian shares and this move was rewarded in July. In NZ, a2 Milk rose 22.8%, driving the index up 3.4%. Australian small companies (which are more growth orientated) also outperformed and the Dynamic Fund was up 4.9% in July. The bond portfolio also continues to deliver strong returns, exemplified by the Trans-Tasman Bond Fund which returned 1.1% in July and 7.3% over the past year.

Our outlook for shares and corporate bonds remains positive but given the stronger run in all assets since the beginning of the year, the Fund has reduced some exposure to shares. The Fund starts the month with a slightly elevated cash position, allowing for investments into shares or bonds at more attractive prices over the course of the next few weeks.

To view Milford's August 2019 Market and Economic Review please see [milfordasset.com/fact-sheet](http://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.

## Key Fund Facts

<b>Objective<sup>2</sup></b>	Capital growth over a minimum of five years
<b>Description</b>	Diversified fund that primarily invests in equities, with a significant allocation to fixed interest securities
<b>Target Allocation</b>	39% Income Assets / 61% Growth Assets
<b>Neutral FX Exposure</b>	12.50%
<b>Net Asset Value (NAV)</b>	\$691.5 M
<b>Buy-sell Spread</b>	None
<b>Inception Date</b>	1 April 2010
<b>Benchmark</b>	Not applicable
<b>Base Fund Fee<sup>3</sup></b>	1.07%
<b>Performance Fee</b>	The Fund may invest into related Milford funds that charge performance fees.
<b>Total Fund Fees<sup>4</sup></b>	1.10% (includes an est. performance fee)
<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;"> <span>1</span> <span>2</span> <span style="color: orange;">3</span> <span>4</span> <span>5</span> <span>6</span> <span>7</span> </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 July 2019<sup>5</sup>

Unit Price: \$2.3688

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Balanced Fund (Gross Of Tax)	1.45%	4.33%	8.27%	8.92%	9.95%	10.11%
After Tax 10.50%	1.44%	4.26%	7.94%	8.50%	9.45%	9.55%
After Tax 17.50%	1.44%	4.21%	7.73%	8.21%	9.12%	9.17%
After Tax 28.00%	1.43%	4.15%	7.40%	7.79%	8.63%	8.63%
Market Index <sup>1</sup>	1.70%	4.16%	11.34%	9.54%	10.02%	9.33%

## Top Equity Holdings

Holdings	% of Fund's NAV
Contact Energy	2.00%
a2 Milk Company	1.99%
Spark New Zealand	1.50%
Meridian Energy	1.05%
Financial Select SPDR	0.95%
Vontobel Sust. EM Leaders	0.85%
Wellington Strategic Euro	0.84%
Fisher & Paykel Healthcare	0.84%
Wellington Global Health Care	0.83%
Alphabet	0.75%

## Current Asset Allocation

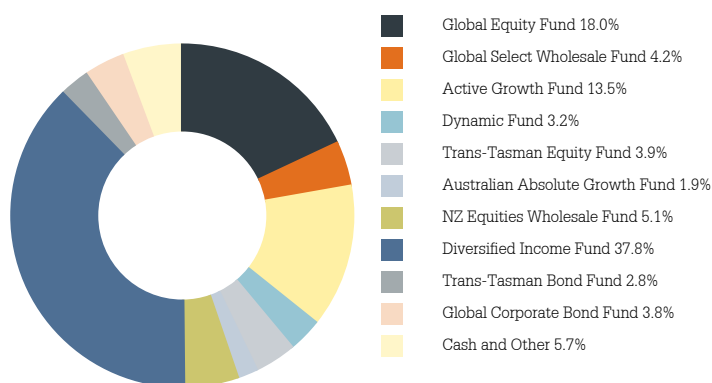
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	11.44%	8.00%
New Zealand Fixed Interest	7.92%	8.00%
International Fixed Interest	24.47%	23.00%
New Zealand Equities	14.08%	15.00%
Australian Equities	7.15%	15.00%
International Equities	25.11%	25.00%
Listed Property	9.44%	6.00%
Other	0.39%	0%

## Top Fixed Interest Holdings

Holdings	% of Fund's NAV
QBE 6.75% 2044	0.68%
ASB Bank 5.25% 2026	0.55%
Westpac 4.695% 2026	0.53%
JPMorgan 1.09% 2027	0.52%
Rabobank 4.625% 2025	0.50%
Mirvac Group 3.625% 2027	0.48%
Westpac 2.22% 2024	0.46%
Bank of America 3.458% 2025	0.46%
NAB Float 2029	0.43%
IAG Float 2045	0.43%

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

## Fund Allocation



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 and before the performance fee. 3. Where applicable, the Base Fund Fee includes an estimate of non-related underlying fund charges. 4. 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. 5. 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.

Level 28, 48 Shortland Street, Auckland  
PO Box 960, Shortland Street, Auckland 1140  
Free phone 0800 662 345  
[milfordasset.com](http://milfordasset.com)

