

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2019



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

The Fund returned 1.0% in July, contributing to 1-year return of 7.7%. Its bonds and shares continue to benefit from falling market interest rates on expectations for looser central bank monetary policy. A lower projected path for interest rates is driving investors to hunt for yield with an increasing proportion of global bonds now at negative or negligible interest rates.

This backdrop was notably supportive for the Fund's global and Australasian corporate bonds (its dominant exposure) which outperformed government bonds. The Fund's share exposure also benefited, especially Australasian shares. Looking forward, the economic backdrop remains uncertain as economic growth is slowing. Event risks are still elevated, most notably Brexit and tariff/trade wars.

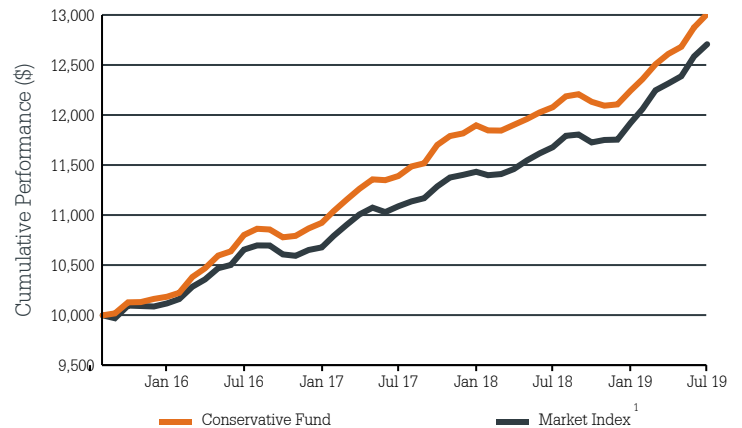
Mindful of the Fund's conservative risk profile, it will retain slightly cautious positioning, irrespective of a likely supportive monetary policy backdrop. This means holding less shares and more corporate bonds relative to the Fund's long run average and also a lower exposure to higher risk corporate bonds.

The outlook for returns remains positive but we would reiterate that after another month of strong gains across bonds and shares it may start to moderate. Through active management and security selection we have, and will aim to, deliver reasonable but lower risk returns.

To view Milford's August 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

Objective ²	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)	\$293.7 M
Yield ³	2.99%
Average Credit Rating	BBB+
Duration	2.28 years
Buy-sell Spread	None
Inception Date	1 September 2015
Current Distribution	0.75 cents per unit (Quarterly)
Benchmark	Not applicable
Base Fund Fee ⁴	0.95%
Performance Fee	Not applicable
Total Fund Fees ⁵	0.95%
Risk Indicator	<div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="display: flex; justify-content: center; align-items: center;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div>

Investment Performance after fees as at 31 July 2019⁶

Unit Price: \$1.1673

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	1.05%	3.17%	7.71%	6.40%	-	6.95%
After Tax 10.50%	0.97%	2.93%	7.07%	5.84%	-	6.36%
After Tax 17.50%	0.91%	2.78%	6.65%	5.48%	-	5.97%
After Tax 28.00%	0.83%	2.55%	6.02%	4.93%	-	5.38%
Market Index ¹	0.97%	3.19%	8.80%	6.04%	-	6.31%

Top Equity Holdings

Holdings	% of Fund's NAV
Contact Energy	0.60%
Spark New Zealand	0.47%
Meridian Energy	0.44%
Argosy Property	0.35%
Kiwi Property Group	0.32%
Mirvac Group	0.31%
Charter Hall Long Wale REIT	0.30%
Charter Hall Education Trust	0.30%
Arena REIT	0.28%
Precinct Properties NZ	0.27%

Current Asset Allocation

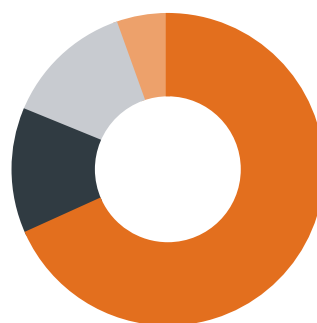
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	4.77%	6.00%
New Zealand Fixed Interest	27.60%	35.00%
International Fixed Interest	53.96%	41.00%
New Zealand Equities	2.65%	3.00%
Australian Equities	1.57%	3.00%
International Equities	4.05%	8.00%
Listed Property	4.67%	4.00%
Other	0.73%	0%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
Westpac 2.22% 2024	1.72%
NZ Govt. Inflation Indexed 2% 2025	1.60%
Vector 3.45% 2025	1.54%
ANZ Bank 3.03% 2024	1.45%
NAB Float 2024	1.43%
JPMorgan 5% 2024	1.37%
Transpower 2.73% 2024	1.35%
NAB Float 2029	1.31%
QBE 6.75% 2044	1.30%
BMO 4.8% 2024	1.15%

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

Fund Portfolio Mix



Investment Grade Bonds 68.23%
High Yield & Unrated Bonds 13.34%
Shares 12.93%
Cash and Other 5.50%

Country Exposure



New Zealand 31.85%
Australia 32.54%
International 30.11%
Cash and Other 5.50%

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.

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