

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 August 2019



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

The Fund returned 1.0% in August, contributing to a strong 1-year return of 7.8%. Global and Australasian market interest rates (represented by bond yields) fell further in August on increased concern that geopolitical risks (most notably the US-China tariff war) will weigh on global growth and inflation.

This supported a strong return from the Fund's corporate bond holdings (bond prices rise when yields fall), albeit they underperformed government bonds. It also underpinned much of the Fund's Australasian share exposure which is oriented towards income shares and generally benefits from lower interest rates. Global share performance was more mixed but offset by the Fund's foreign currency exposure which benefited from a lower NZ dollar.

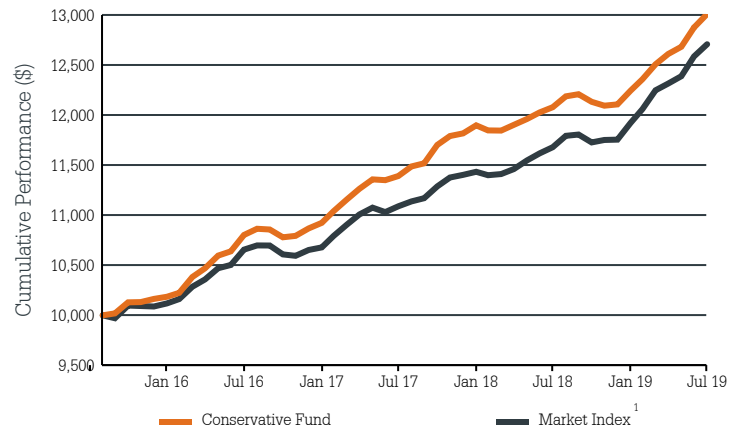
Given an ongoing uncertain economic backdrop and multiple known risks we believe it is prudent to retain slightly cautious positioning. We acknowledge likely supportive monetary policy but think this approach is consistent with the Fund's conservative risk profile. We believe through active management the Fund can still deliver reasonable returns, albeit with lower risk.

Near term, we also reiterate that after yet another month of strong gains (especially in bonds) returns should moderate. We note that the Fund will be reducing the level of its quarterly distributions to reflect lower yields available in the market. Milford has sent additional details to clients invested in the Fund.

To view Milford's September 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)	\$345.0 M
Yield ³	2.63%
Average Credit Rating	A-
Duration	2.03 years
Buy-sell Spread	None
Inception Date	1 September 2015
Current Distribution	0.5 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; gap: 10px;"> 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 August 2019⁶

Unit Price: \$1.1788

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	1.00%	3.60%	7.81%	6.54%	-	7.06%
After Tax 10.50%	0.93%	3.35%	7.17%	6.00%	-	6.47%
After Tax 17.50%	0.89%	3.19%	6.74%	5.64%	-	6.07%
After Tax 28.00%	0.83%	2.94%	6.10%	5.10%	-	5.48%
Market Index ¹	0.81%	3.41%	8.63%	6.19%	-	6.39%

Top Equity Holdings

Holdings	% of Fund's NAV
Spark New Zealand	0.61%
Contact Energy	0.60%
Meridian Energy	0.44%
Mirvac Group	0.39%
Charter Hall Long Wale REIT	0.37%
Charter Hall Education Trust	0.34%
Argosy Property	0.28%
Arena REIT	0.27%
Kiwi Property Group	0.27%
Aventus Retail Property	0.27%

Current Asset Allocation

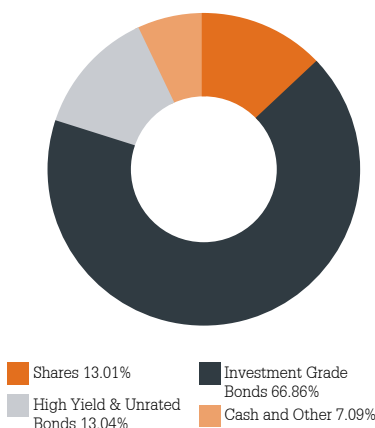
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	7.09%	6.00%
New Zealand Fixed Interest	26.37%	35.00%
International Fixed Interest	53.53%	41.00%
New Zealand Equities	2.64%	3.00%
Australian Equities	1.53%	3.00%
International Equities	4.69%	8.00%
Listed Property	4.15%	4.00%
Other	0.00%	0%

Top Fixed Interest Holdings

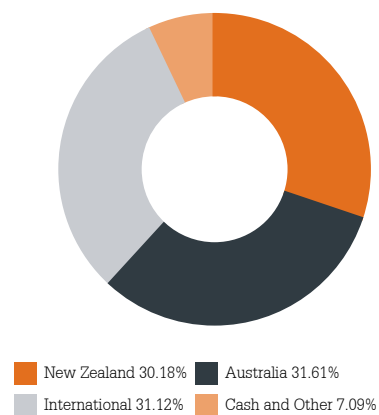
Holdings	% of Fund's NAV
Westpac 2.22% 2024	1.58%
NZ Govt. Inflation Indexed 2% 2025	1.49%
Bank Of China 3% 2020	1.48%
OBE 6.75% 2044	1.45%
Vector 3.45% 2025	1.38%
ING Group 1.45% 2024	1.36%
ANZ Bank 3.03% 2024	1.34%
JPMorgan 5% 2024	1.26%
Westpac Float 2029	1.24%
ANZ Bank Float 2024	1.22%

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.

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