

KiwiSaver Balanced Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 August 2019



Portfolio Managers



Mark Riggall
Portfolio Manager



Paul Morris
Co-Portfolio Manager

The Fund returned 1.0% in August, bringing the 1-year return to 8.1%. Fund returns continue to be boosted by the performance of bonds. Global economic growth is slowing and risks to the outlook are increasing via the escalating trade war and impending Brexit deadlines.

To combat this, central banks the world over have moved to cut interest rates. This is a significant shift in tone over the past nine months and investors have ratcheted up expectations of further rate cuts ahead. The impact has been twofold, firstly, bond prices move up when interest rates fall. Secondly, falling interest rates mean investors have rushed to buy higher yielding bonds, or assets such as company bonds and high dividend yielding shares to generate returns.

Within the Fund, this has been very beneficial for the income portfolio which remains heavily invested in company bonds. It has also benefited the share portfolio which is tilted towards higher dividend paying shares such as Contact Energy or Real Estate Investment Trusts. Although interest rates are unlikely to fall significantly further, the valuations of higher dividend shares remain attractive and so the Fund remains invested.

The outlook is uncertain, so we will continue to invest cautiously as the backdrop of low growth, but supportive interest rates provides a reasonable investment backdrop.

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

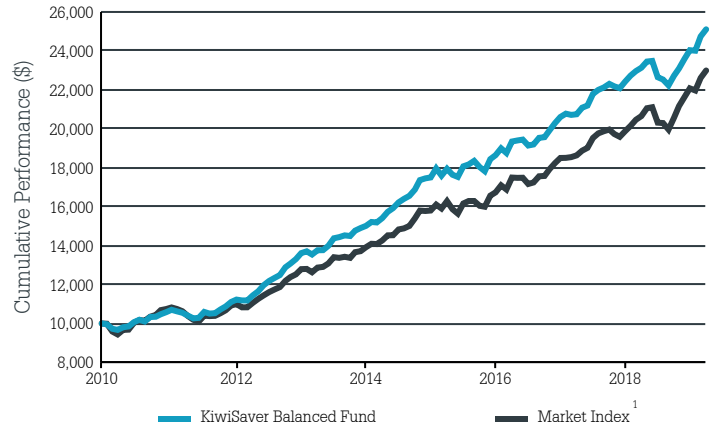
External Ratings



Milford KiwiSaver Balanced Fund received a Morningstar Analyst Rating™ of 'Silver' on 22-04-2019

Cumulative Fund Performance

(after fees and before tax)



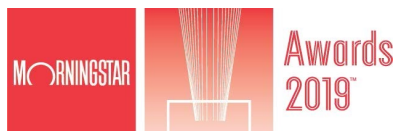
Assumes the growth of \$10,000 invested at the Fund's inception date.

Key Fund Facts

| | |
|------------------------------------|--|
| Objective² | Capital growth over a minimum of five years |
| Description | Diversified fund that primarily invests in equities, with a significant allocation to fixed interest securities |
| Target Allocation | 39% Income Assets / 61% Growth Assets |
| Neutral FX Exposure | 13.0% |
| Net Asset Value (NAV) | \$347.8 M |
| Buy-sell Spread | None |
| Inception Date | 1 April 2010 |
| Benchmark | Not applicable |
| Base Fund Fee³ | 1.07% |
| Performance Fee | The Fund may invest into related Milford funds that charge performance fees. |
| Total Fund Fees⁴ | 1.09% (includes an est. performance fee) |
| Risk Indicator | <div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="text-align: center;"> </div> <div style="display: flex; justify-content: space-between;"> Potentially lower returns Potentially higher returns </div> |



Consumer NZ People's Choice Award – KiwiSaver



Morningstar Fund Manager of the Year
- KiwiSaver Category, NZ



FundSource 2018 KiwiSaver Manager of the Year

Investment Performance after fees as at 31 August 2019⁵

Unit Price: \$2.4422

| | 1 Month | 3 Months | 1 year | 3 years (p.a.) | 5 years (p.a.) | Since inception (p.a.) |
|---|---------|----------|--------|----------------|----------------|------------------------|
| Milford KiwiSaver Balanced Fund (Gross Of Tax) | 0.96% | 5.58% | 8.09% | 9.33% | 10.01% | 10.38% |
| After Tax 10.50% | 0.97% | 5.47% | 7.75% | 8.91% | 9.48% | 9.80% |
| After Tax 17.50% | 0.97% | 5.40% | 7.52% | 8.63% | 9.14% | 9.41% |
| After Tax 28.00% | 0.98% | 5.30% | 7.19% | 8.21% | 8.62% | 8.84% |
| Market Index ¹ | 0.21% | 4.90% | 9.44% | 9.65% | 9.67% | 9.27% |

Top Equity Holdings

| Holdings | % of Fund's NAV |
|-------------------------------|-----------------|
| Contact Energy | 2.10% |
| Spark New Zealand | 1.90% |
| a2 Milk Company | 1.64% |
| Meridian Energy | 1.19% |
| Financial Select SPDR | 0.92% |
| Wellington Strategic Euro | 0.88% |
| Vontobel Sust. EM Leaders | 0.87% |
| Wellington Global Health Care | 0.86% |
| Transurban Group | 0.83% |
| Alphabet | 0.78% |

Current Asset Allocation

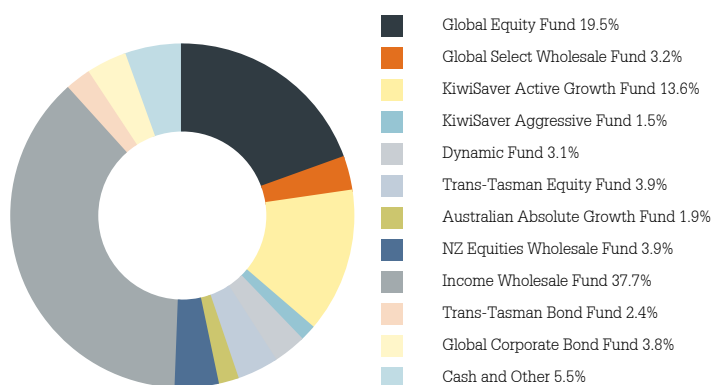
| | Actual Investment Mix | Neutral Investment Mix |
|------------------------------|-----------------------|------------------------|
| Cash and Cash Equivalents | 12.04% | 8.00% |
| New Zealand Fixed Interest | 6.71% | 8.00% |
| International Fixed Interest | 24.49% | 23.00% |
| New Zealand Equities | 13.15% | 15.00% |
| Australian Equities | 8.55% | 15.00% |
| International Equities | 26.10% | 25.00% |
| Listed Property | 8.96% | 6.00% |
| Other | 0.00% | 0% |

Top Fixed Interest Holdings

| Holdings | % of Fund's NAV |
|-----------------------------|-----------------|
| QBE 6.75% 2044 | 0.83% |
| JPMorgan 1.09% 2027 | 0.53% |
| Rabobank 4.625% 2025 | 0.51% |
| Mirvac Group 3.625% 2027 | 0.51% |
| ASB Bank 5.25% 2026 | 0.50% |
| Bank of America 3.458% 2025 | 0.48% |
| Westpac 2.22% 2024 | 0.44% |
| Westpac 4.695% 2026 | 0.44% |
| IAG Float 2045 | 0.43% |
| JPMorgan 5.15% 2023 | 0.41% |

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-ks for more information about the data published within this document.

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