

# Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 September 2019



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Mark Riggall**  
Co-Portfolio Manager

After recent strength, September saw the moderation of returns we had been anticipating and the Fund returned just 0.2%. It is however up 7.8% over the past year. This moderation was in large part due to a rise in market interest rates as the inexorable rise in global bond prices took a breather. That was a headwind for the Fund's fixed interest allocation. However through active management of this exposure, both global and Australasian bonds delivered a largely flat return in the month, including some notable outperformance from the European bank bond holdings.

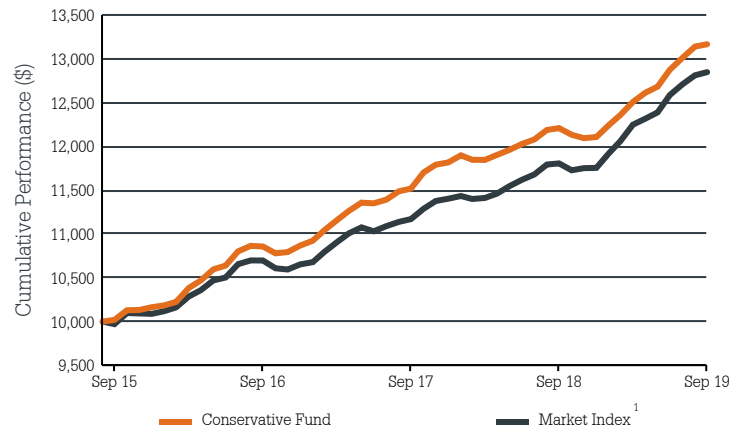
The performance of the Fund's share allocation was mixed. Its Australasian shares enjoyed a strong month, including a notable performance from Collins Foods (+16.0%) following its inclusion in the ASX 200 Index. In contrast, the Fund's global shares suffered a loss and underperformed the broader market, albeit after a period of strong outperformance.

Looking forward, we remain confident supportive monetary policy combined with active management should deliver a moderate return. Nevertheless, given the Fund's conservative risk profile and the ongoing uncertain economic backdrop we believe it remains prudent to retain the Fund's slightly cautious positioning. This means less shares and more corporate bonds, relative to the long run neutral, with a lower exposure to lower rated/high yield corporate bonds.

To view Milford's October 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, and assumes reinvestment of distribution.

## Key Fund Facts

<b>Objective <sup>2</sup></b>	Moderate returns and protect capital over a minimum of three years
<b>Description</b>	Diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities
<b>Target Allocation</b>	82% Income Assets / 18% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$358.2 M
<b>Yield <sup>3</sup></b>	2.76%
<b>Average Credit Rating</b>	A-
<b>Duration</b>	2.25 years
<b>Buy-sell Spread</b>	None
<b>Inception Date</b>	1 September 2015
<b>Current Distribution</b>	0.5 cents per unit (Quarterly)
<b>Benchmark</b>	Not applicable
<b>Base Fund Fee <sup>4</sup></b>	0.95%
<b>Performance Fee</b>	Not applicable
<b>Total Fund Fees <sup>5</sup></b>	0.95%
<b>Risk Indicator</b>	<div style="display: flex; justify-content: space-between;"> <span>Lower risk</span> <span>Higher risk</span> </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> <span>1</span> <span style="color: orange; font-weight: bold;">2</span> <span>3</span> <span>4</span> <span>5</span> <span>6</span> <span>7</span> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

## Investment Performance after fees as at 30 September 2019<sup>6</sup>

Unit Price: \$1.181

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	0.20%	2.26%	7.84%	6.64%	-	6.97%
After Tax 10.50%	0.18%	2.09%	7.20%	6.10%	-	6.38%
After Tax 17.50%	0.16%	1.98%	6.77%	5.74%	-	5.99%
After Tax 28.00%	0.14%	1.81%	6.13%	5.20%	-	5.41%
Market Index <sup>1</sup>	0.28%	2.08%	8.82%	6.29%	-	6.33%

### Top Equity Holdings

Holdings	% of Fund's NAV
Contact Energy	0.59%
Spark New Zealand	0.56%
Meridian Energy	0.44%
Mirvac Group	0.36%
Transurban Group	0.33%
Charter Hall Education Trust	0.31%
Charter Hall Long Wale REIT	0.31%
Arena REIT	0.27%
Aventus Retail Property	0.26%
Argosy Property	0.26%

### Current Asset Allocation

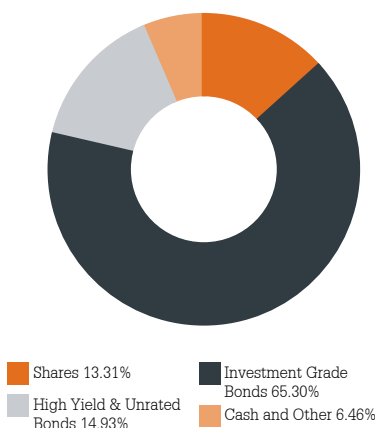
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	6.46%	6.00%
New Zealand Fixed Interest	26.84%	35.00%
International Fixed Interest	53.39%	41.00%
New Zealand Equities	2.56%	3.00%
Australian Equities	1.42%	3.00%
International Equities	5.32%	8.00%
Listed Property	4.01%	4.00%
Other	0.00%	0%

### Top Fixed Interest Holdings

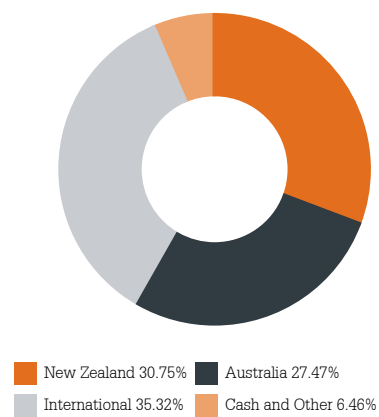
Holdings	% of Fund's NAV
Societe Generale 4.875% 2024	1.72%
Bank Of China 3% 2020	1.44%
QBE 6.75% 2044	1.43%
John Deere 1.75% 2024	1.35%
Vector 3.45% 2025	1.35%
ANZ Bank 3.03% 2024	1.30%
Westpac 2.22% 2024	1.23%
ANZ Bank Float 2024	1.22%
JPMorgan 5% 2024	1.21%
ING Group 1.45% 2024	1.18%

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](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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