

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2019



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

The Fund faced a headwind of mixed performance across both its bonds and shares but still delivered a modest return of 0.2% in the month. This represents a continuation of the recent moderation in returns we have been signalling but the Fund is still up a strong 8.7% over the past year.

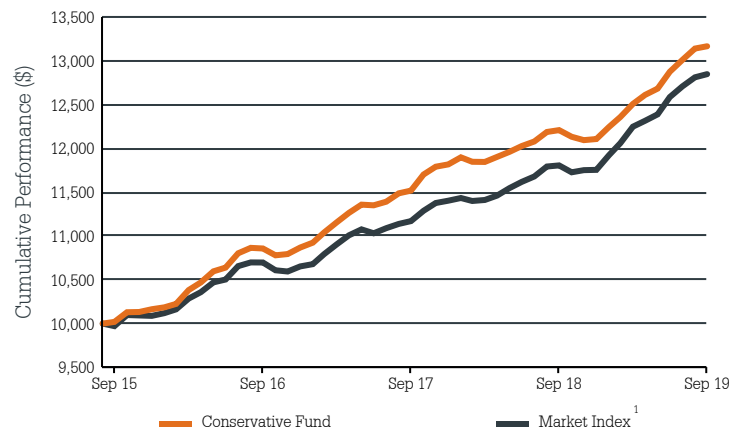
October saw slightly negative returns from the Fund's Australasian bonds but a small positive return from its global bonds. Market interest rates have risen on diminished expectations for near term cash rate cuts here and offshore. However, the Fund's corporate bond focus outperformed more pronounced weakness in government bonds. This outperformance was underpinned by an improving risk backdrop which also helped global shares, an exposure we have increased via buying call options on the S&P500 Index (for an upfront cost the Fund gets some benefit from a rise of the S&P500 but without the downside risk).

After recent strength, the Fund's Australasian share exposure was weaker, including a notable fall in NZ electricity shares related to news that the Tiwai Point aluminium smelter could potentially be closed. This was a small Fund exposure and was reduced due to the increased uncertainty. Looking forward, supportive monetary policy combined with recent increased confidence in the economic/company earnings outlook should help deliver moderate Fund returns.

To view Milford's November 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)	\$378.7 M
Yield ³	2.66%
Average Credit Rating	A-
Duration	2.37 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 October 2019⁶

Unit Price: \$1.1778

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	0.15%	1.35%	8.68%	6.95%	-	6.86%
After Tax 10.50%	0.12%	1.24%	8.01%	6.39%	-	6.28%
After Tax 17.50%	0.10%	1.16%	7.57%	6.01%	-	5.89%
After Tax 28.00%	0.07%	1.04%	6.90%	5.45%	-	5.31%
Market Index ¹	-0.18%	0.92%	9.36%	6.53%	-	6.15%

Top Equity Holdings

Holdings	% of Fund's NAV
Spark New Zealand	0.60%
Contact Energy	0.47%
Mirvac Group	0.42%
Charter Hall Education Trust	0.38%
Transurban Group	0.36%
Charter Hall Long Wale REIT	0.31%
Arena REIT	0.31%
Kiwi Property Group	0.31%
Meridian Energy	0.30%
Aventus Retail Property	0.30%

Current Asset Allocation

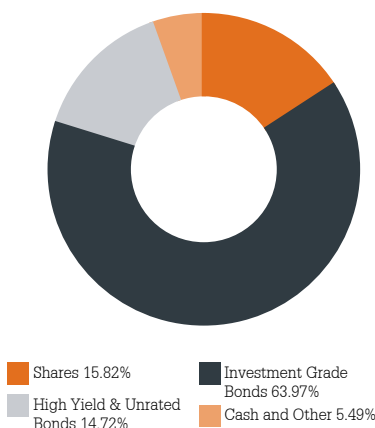
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	5.49%	6.00%
New Zealand Fixed Interest	26.93%	35.00%
International Fixed Interest	51.76%	41.00%
New Zealand Equities	2.34%	3.00%
Australian Equities	1.70%	3.00%
International Equities	7.42%	8.00%
Listed Property	4.36%	4.00%
Other	0.00%	0%

Top Fixed Interest Holdings

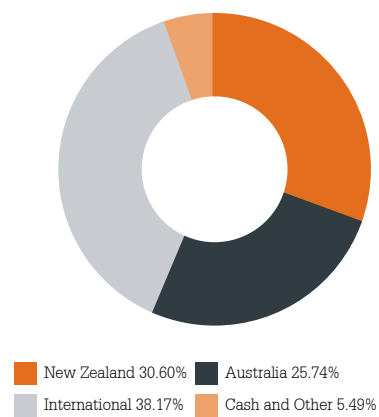
Holdings	% of Fund's NAV
Bank Of China 3% 2020	1.40%
John Deere 1.75% 2024	1.33%
Vector 3.45% 2025	1.30%
NZLGFA 1.5% 2029	1.28%
Westpac 2.22% 2024	1.21%
ANZ Bank Float 2024	1.20%
JPMorgan 5% 2024	1.17%
ANZ Bank 3.03% 2024	1.17%
ING Group 1.45% 2024	1.15%
ASB Bank 1.83% 2024	1.02%

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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