

# Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 January 2020



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Mark Riggall**  
Co-Portfolio Manager

The Fund returned 1.3% in January (9.7% over 1-year), supported by strong contributions from both its bond holdings and its Australasian shares. Australasian and global bonds benefited from a material fall in market interest rates which pushed their prices higher. Global shares were mixed, as despite an improving earnings backdrop, the developing coronavirus crisis weighed on risk sentiment.

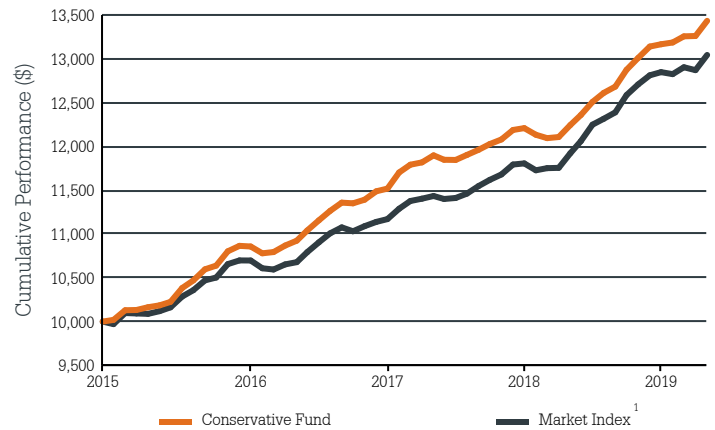
The Fund also benefitted from its small foreign currency exposure as the NZ dollar was weaker. Fund positioning had started the month less defensive relative to earlier last year, albeit still with less shares than the long run neutral. During the month we reduced this share exposure as valuations became stretched. We'll retain this slightly more cautious stance until we get some clarity on the coronavirus impact or valuations improve sufficiently. The Fund owns some protection via bond options to reduce the negative impact on capital from a move back up in market interest rates if the coronavirus crisis dissipates or if its economic impact is limited.

Looking forward, we remain cautiously optimistic on the outlook for returns, underpinned by low interest rates from accommodative central bank monetary policy. That said, we reiterate that given prevailing valuations across bonds and shares, medium-term returns are likely to be lower than seen last year.

To view Milford's February 2020 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>	\$379.2 M
<b>Yield <sup>3</sup></b>	2.42%
<b>Average Credit Rating</b>	A-
<b>Duration</b>	2.12 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="text-align: center;"> <span>1</span> <span style="color: orange;">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;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

## Investment Performance after fees as at 31 January 2020<sup>6</sup>

Unit Price: \$1.1947

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	1.31%	1.87%	9.71%	7.14%	-	6.90%
After Tax 10.50%	1.23%	1.73%	8.97%	6.56%	-	6.32%
After Tax 17.50%	1.17%	1.63%	8.49%	6.18%	-	5.93%
After Tax 28.00%	1.09%	1.49%	7.76%	5.61%	-	5.35%
Market Index <sup>1</sup>	1.35%	1.71%	9.41%	6.89%	-	6.20%

### Top Equity Holdings

Holdings	% of Fund's NAV
Spark New Zealand	0.60%
Contact Energy	0.47%
Transurban Group	0.45%
Mirvac Group	0.40%
Charter Hall Education Trust	0.34%
Aventus Retail Property	0.29%
Arena REIT	0.29%
Kiwi Property Group	0.28%
Charter Hall Group	0.28%
Goodman Group	0.26%

### Current Asset Allocation

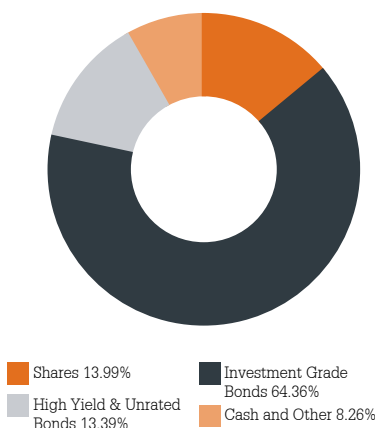
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	7.32%	6.00%
New Zealand Fixed Interest	26.93%	35.00%
International Fixed Interest	50.82%	41.00%
New Zealand Equities	2.19%	3.00%
Australian Equities	1.63%	3.00%
International Equities	5.83%	8.00%
Listed Property	4.34%	4.00%
Other	0.94%	0%

### Top Fixed Interest Holdings

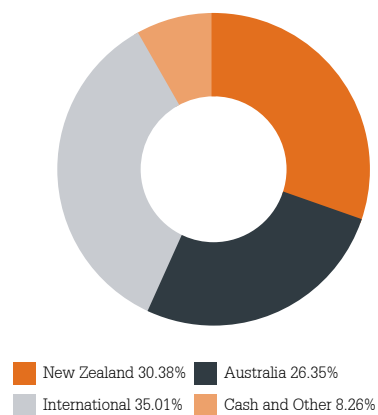
Holdings	% of Fund's NAV
NZLGF 1.5% 2029	1.46%
ASB Bank 1.83% 2024	1.46%
Westpac 2.6% 2020	1.36%
BNZ 2.16% 2025	1.22%
Vector 3.45% 2025	1.22%
John Deere 1.75% 2024	1.21%
ANZ Bank 3.03% 2024	1.06%
ANZ Bank 1.6743% 2025	0.99%
Westpac 2.22% 2024	0.99%
ANZ Bank Float 2024	0.96%

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

### Fund Portfolio Mix



### Region 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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