

KiwiSaver 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 (9.5% 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.

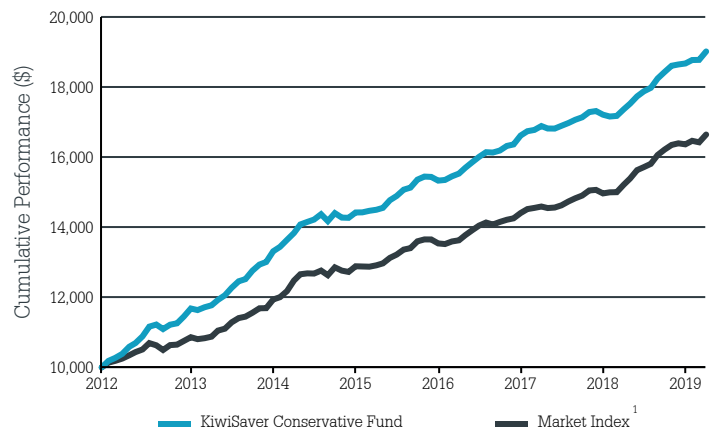
External Ratings



Milford KiwiSaver Conservative Fund received a FundSource Rating of 'AAA' in April 2019

Cumulative Fund Performance

(after fees and before tax)



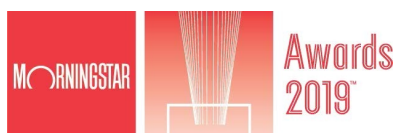
Assumes the growth of \$10,000 invested at the Fund's inception date.

Key Fund Facts

| | |
|-------------------------------------|--|
| 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) | \$130.5 M |
| Yield ³ | 2.42% |
| Average Credit Rating | A- |
| Duration | 2.12 years |
| Buy-sell Spread | None |
| Inception Date | 1 October 2012 |
| Benchmark | Not applicable |
| Base Fund Fee ⁴ | 0.95% |
| Performance Fee | Not applicable |
| Total Fund Fees ⁵ | 0.95% |
| Risk Indicator | <div> <div>Lower risk</div> <div>1 2 3 4 5 6 7</div> <div>Potentially lower returns</div> </div> <div> <div>Higher risk</div> <div></div> <div>Potentially higher returns</div> </div> |



Consumer NZ People's Choice Award – KiwiSaver



Morningstar Fund Manager of the Year
– KiwiSaver Category, NZ



Zenith FundSource - Fund Manager of the Year 2019

Investment Performance after fees as at 31 January 2020⁶

Unit Price: \$1.8721

| | 1 Month | 3 Months | 1 year | 3 years (p.a.) | 5 years (p.a.) | Since inception (p.a.) |
|---|---------|----------|--------|----------------|----------------|------------------------|
| Milford KiwiSaver Conservative Fund (Gross Of Tax) | 1.28% | 1.84% | 9.50% | 6.98% | 6.57% | 9.16% |
| After Tax 10.50% | 1.20% | 1.70% | 8.78% | 6.42% | 5.98% | 8.50% |
| After Tax 17.50% | 1.15% | 1.60% | 8.30% | 6.05% | 5.60% | 8.06% |
| After Tax 28.00% | 1.07% | 1.46% | 7.59% | 5.49% | 5.02% | 7.40% |
| Market Index ¹ | 1.35% | 1.71% | 9.41% | 6.89% | 5.93% | 7.20% |

Top Equity Holdings

| Holdings | % of Fund's NAV |
|------------------------------|-----------------|
| Spark New Zealand | 0.57% |
| Contact Energy | 0.45% |
| Transurban Group | 0.43% |
| Mirvac Group | 0.38% |
| Charter Hall Education Trust | 0.32% |
| Aventus Retail Property | 0.28% |
| Arena REIT | 0.28% |
| Kiwi Property Group | 0.27% |
| Charter Hall Group | 0.27% |
| Goodman Group | 0.25% |

Current Asset Allocation

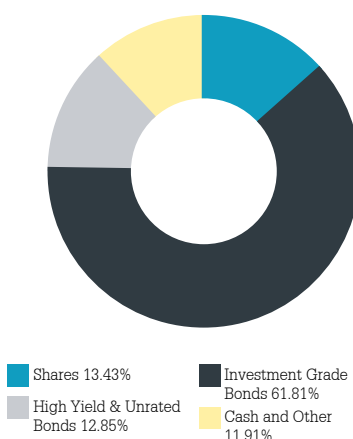
| | Actual Investment Mix | Neutral Investment Mix |
|------------------------------|-----------------------|------------------------|
| Cash and Cash Equivalents | 11.01% | 6.00% |
| New Zealand Fixed Interest | 25.86% | 35.00% |
| International Fixed Interest | 48.80% | 41.00% |
| New Zealand Equities | 2.10% | 3.00% |
| Australian Equities | 1.57% | 3.00% |
| International Equities | 5.60% | 8.00% |
| Listed Property | 4.16% | 4.00% |
| Other | 0.90% | 0% |

Top Fixed Interest Holdings

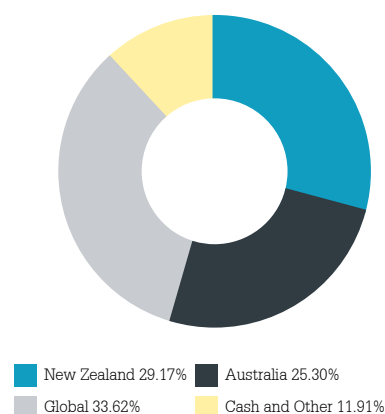
| Holdings | % of Fund's NAV |
|-----------------------|-----------------|
| NZLGFA 1.5% 2029 | 1.40% |
| ASB Bank 1.83% 2024 | 1.40% |
| Westpac 2.6% 2020 | 1.31% |
| BNZ 2.16% 2025 | 1.18% |
| Vector 3.45% 2025 | 1.17% |
| John Deere 1.75% 2024 | 1.16% |
| ANZ Bank 3.03% 2024 | 1.02% |
| ANZ Bank 1.6743% 2025 | 0.95% |
| Westpac 2.22% 2024 | 0.95% |
| ANZ Bank Float 2024 | 0.92% |

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 (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. 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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