

# Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 29 February 2020



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Mark Riggall**  
Co-Portfolio Manager

Despite a weak market backdrop, the Fund lost only 0.1% in February and is still up 8.6% over the past year. Going into the month positioning was slightly cautious (with less shares) as we were mindful of elevated valuations and heightened uncertainty associated with the coronavirus.

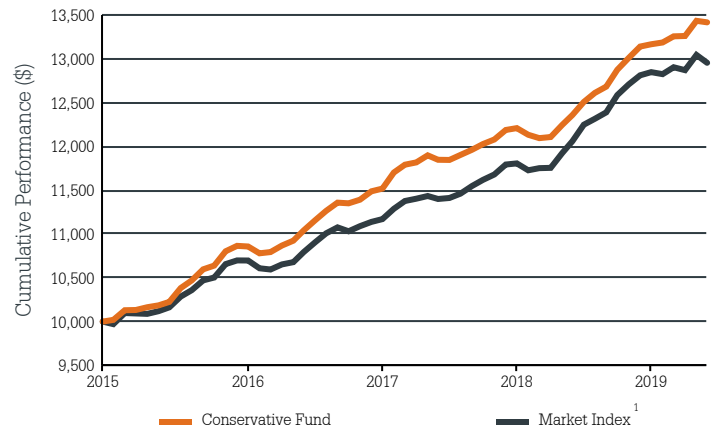
During February we further decreased the share allocation, reduced exposure to lower rated corporate bonds (which tend to underperform government bonds in uncertainty), increased sensitivity to interest rates (to benefit from falling rates) and increased cash. This served the Fund well as it reduced the impact of lower global and Australasian shares but increased the Fund's benefit from a fall in market interest rates associated with expectations for central bank rate cuts (as bond prices generally rose). The Fund also benefited from its small foreign currency exposure as the NZ dollar was weaker.

Until we get better clarity on the economic outlook we will retain this cautious positioning, even though we acknowledge improved valuations across some share and corporate bond markets. We will also retain the larger sensitivity to interest rates as protection against a further deterioration in the economic outlook, albeit rates are already very low. Looking forward, lower-for-longer interest rates, supportive monetary policy and possible government support should ultimately underpin bond and share markets but near-term uncertainty may see increased volatility.

To view Milford's March 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>	\$407.3 M
<b>Yield <sup>3</sup></b>	2.08%
<b>Average Credit Rating</b>	A-
<b>Duration</b>	2.51 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>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 29 February 2020<sup>6</sup>

Unit Price: \$1.1931

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	-0.13%	1.21%	8.56%	6.71%	-	6.75%
After Tax 10.50%	-0.18%	1.05%	7.84%	6.14%	-	6.16%
After Tax 17.50%	-0.21%	0.95%	7.36%	5.77%	-	5.78%
After Tax 28.00%	-0.26%	0.80%	6.65%	5.21%	-	5.20%
Market Index <sup>1</sup>	-0.69%	0.39%	7.42%	6.27%	-	5.93%

### Top Equity Holdings

Holdings	% of Fund's NAV
Spark New Zealand	0.62%
Transurban Group	0.58%
Mirvac Group	0.50%
Contact Energy	0.42%
Charter Hall Education Trust	0.36%
Charter Hall Group	0.32%
Arena REIT	0.29%
GPT Group	0.29%
Goodman Group	0.26%
Aventus Retail Property	0.26%

### Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	26.49%	6.00%
New Zealand Fixed Interest	25.31%	35.00%
International Fixed Interest	36.85%	41.00%
New Zealand Equities	2.09%	3.00%
Australian Equities	0.44%	3.00%
International Equities	4.13%	8.00%
Listed Property	4.69%	4.00%
Other	0.00%	0%

### Top Fixed Interest Holdings

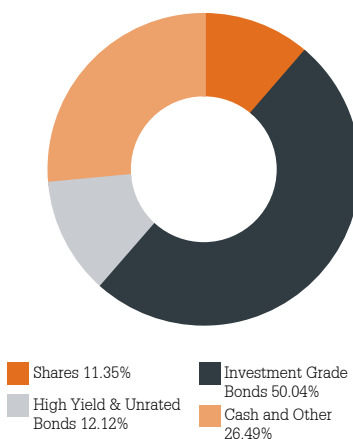
Holdings	% of Fund's NAV
NZLGFA 1.5% 2029	1.44%
Westpac 2.6% 2020	1.27%
John Deere 1.75% 2024	1.20%
Vector 3.45% 2025	1.17%
ASB Bank 1.83% 2024	1.11%
ANZ Bank 3.03% 2024	1.03%
Synlait Milk 3.83% 2024	1.01%
Lendlease 4.5% 2026	0.98%
ANZ Bank 1.6743% 2025	0.96%
ANZ Bank Float 2024	0.92%

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

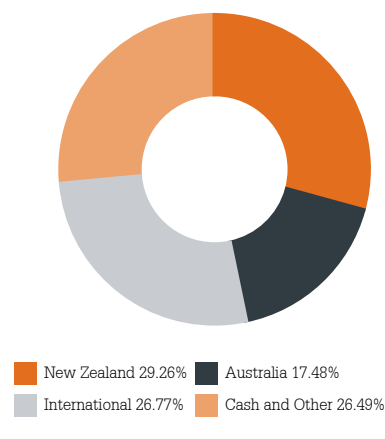
1. The Fund does not have a performance benchmark, hence a market index has been included for comparison purposes. See the Statement of Investment Policy and Objectives for more details on the market index. The market index is a blend of indices that represent the Fund's neutral asset allocation. Note 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.

### Fund Portfolio Mix



### Region Exposure



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