

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 March 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

The COVID-19 fallout precipitated unprecedented volatility across the markets into which the Fund invests, in many cases more extreme than during the GFC. Bond and share valuations adjusted over an extremely short timeframe to a swift deterioration in the economic situation. In such a unique backdrop there were few safe havens as bonds (including many government bonds) and shares both fell. Therefore, irrespective of entering the month with a very cautious setting (less shares, less lower rated bonds and more cash), it transpired Fund positioning was not defensive enough and it lost a disappointing 5.2% in March (but remains up 1.7% over 1 year).

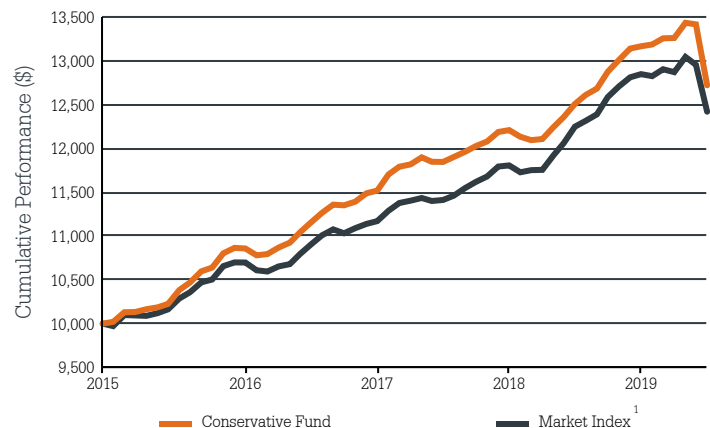
Positively, policy responses from governments (fiscal stimulus) and central banks (quantitative easing/bond buying, rate cuts and much more) have somewhat stabilised markets but we remain wary of the huge uncertainty ahead. Cognisant of the Fund's conservative risk profile, during the month we continued to focus on limiting more capital losses, reducing further the exposure to lower rated bonds and shares.

Looking forward, until there is more clarity as to the duration and impact of the shutdown the bar is reasonably high to materially add to the Fund's risk settings. There are however some lower risk opportunities which the Fund may consider, such as attractively priced high-quality bonds which benefit from the support of central bank buying.

To view Milford's April 2020 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)	\$451.1 M
Yield ³	2.46%
Average Credit Rating	A-
Duration	2.78 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="text-align: center;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between;"> Potentially lower returns Potentially higher returns </div>

Investment Performance after fees as at 31 March 2020⁶

Unit Price: \$1.1311

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	-5.19%	-4.07%	1.70%	4.47%	-	5.39%
After Tax 10.50%	-4.90%	-3.90%	1.41%	4.04%	-	4.89%
After Tax 17.50%	-4.71%	-3.79%	1.22%	3.76%	-	4.56%
After Tax 28.00%	-4.42%	-3.62%	0.93%	3.34%	-	4.07%
Market Index ¹	-4.13%	-3.51%	1.40%	4.43%	-	4.84%

Top Equity Holdings

Holdings	% of Fund's NAV
Spark New Zealand	0.53%
Transurban Group	0.48%
Contact Energy	0.41%
American Waters Works	0.38%
Mirvac Group	0.33%
Microsoft Corp	0.24%
Charter Hall Long Wale REIT	0.22%
Amazon	0.21%
Essential Utilities Inc	0.20%
Apple	0.20%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash [#]	33.38%	6.00%
New Zealand Fixed Interest	24.80%	35.00%
International Fixed Interest	34.83%	41.00%
New Zealand Equities	1.61%	3.00%
Australian Equities	0.00%	3.00%
International Equities	3.84%	8.00%
Listed Property	1.54%	4.00%
Other	0.00%	0%

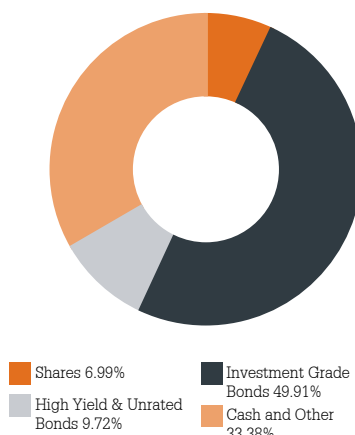
[#] The actual cash held by the Fund is 14.99%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

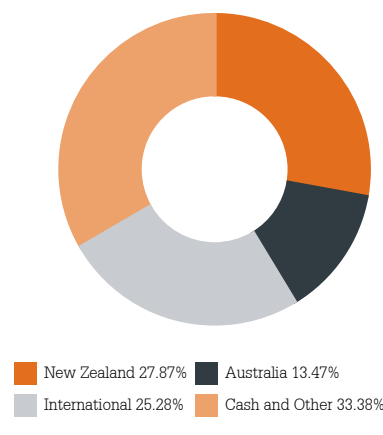
Holdings	% of Fund's NAV
Bank Of China 2.4% 2020	1.80%
NZLGFA 1.5% 2029	1.39%
John Deere 1.75% 2024	1.20%
Lendlease 4.5% 2026	1.11%
Vector 3.45% 2025	1.09%
ASB Bank 1.83% 2024	1.07%
Westpac 2.22% 2024	1.07%
ANZ Bank 3.03% 2024	0.96%
Synlait Milk 3.83% 2024	0.91%
ANZ Bank Float 2024	0.87%

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 for more information about the data published within this document.

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