

# KiwiSaver 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 5.0% 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](http://milfordasset.com/fact-sheet).

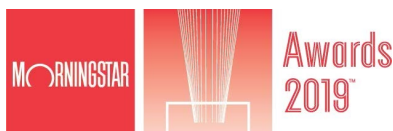
## External Ratings



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



Consumer NZ People's Choice Award – KiwiSaver



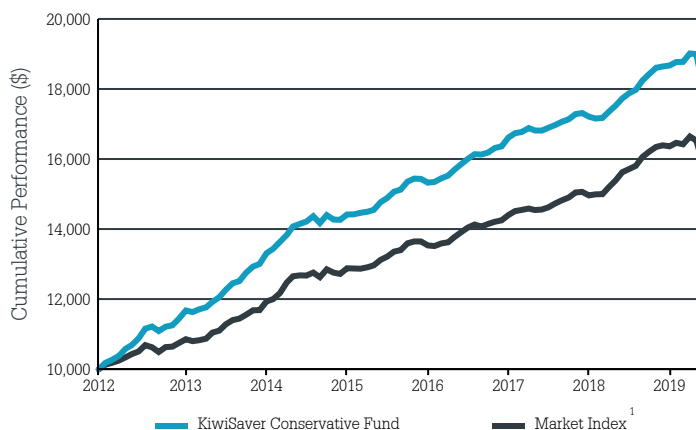
Morningstar Fund Manager of the Year - KiwiSaver Category, NZ



Zenith FundSource - Fund Manager of the Year 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

<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>	\$217.4 M
<b>Yield<sup>3</sup></b>	2.46%
<b>Average Credit Rating</b>	A-
<b>Duration</b>	2.78 years
<b>Buy-sell Spread</b>	None
<b>Inception Date</b>	1 October 2012
<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 style="font-size: 1.5em;">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 March 2020<sup>6</sup>

Unit Price: \$1.7761

	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)	-5.02%	-3.90%	1.75%	4.40%	4.98%	8.19%
After Tax 10.50%	-4.74%	-3.74%	1.46%	3.98%	4.49%	7.58%
After Tax 17.50%	-4.55%	-3.63%	1.28%	3.71%	4.16%	7.18%
After Tax 28.00%	-4.27%	-3.46%	0.99%	3.30%	3.68%	6.58%
Market Index <sup>1</sup>	-4.13%	-3.51%	1.40%	4.43%	4.55%	6.33%

### Top Equity Holdings

Holdings	% of Fund's NAV
Spark New Zealand	0.52%
Transurban Group	0.47%
Contact Energy	0.40%
American Waters Works	0.37%
Mirvac Group	0.33%
Microsoft Corp	0.23%
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 <sup>#</sup>	34.25%	6.00%
New Zealand Fixed Interest	24.47%	35.00%
International Fixed Interest	34.37%	41.00%
New Zealand Equities	1.59%	3.00%
Australian Equities	0.00%	3.00%
International Equities	3.79%	8.00%
Listed Property	1.53%	4.00%
Other	0.00%	0%

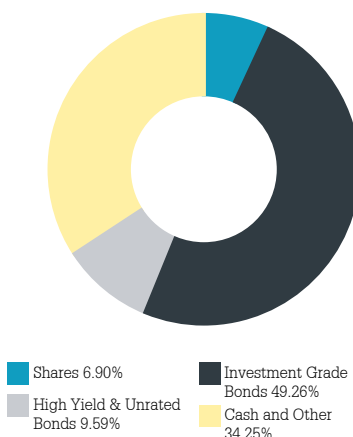
<sup>#</sup> The actual cash held by the Fund is 16.15%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### Top Fixed Interest Holdings

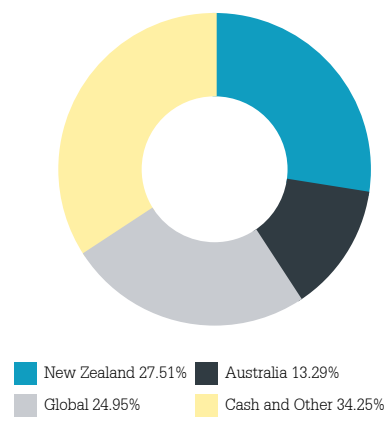
Holdings	% of Fund's NAV
Bank Of China 2.4% 2020	1.78%
NZLGFA 1.5% 2029	1.37%
John Deere 1.75% 2024	1.19%
Lendlease 4.5% 2026	1.09%
Vector 3.45% 2025	1.07%
ASB Bank 1.83% 2024	1.05%
Westpac 2.22% 2024	1.05%
ANZ Bank 3.03% 2024	0.95%
Synlait Milk 3.83% 2024	0.90%
ANZ Bank Float 2024	0.86%

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](http://milfordasset.com/fact-sheet-ks) for more information about the data published within this document.

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