

Balanced Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 May 2020



Portfolio Managers



Mark Riggall
Portfolio Manager



Paul Morris
Co-Portfolio Manager

The rebound in risky assets continued in May with strong performances from both shares and corporate bonds. This helped the Fund deliver a 3.3% return in the month, taking the 1-year return to 6.4%. The Fund has remained on a defensive footing during May, but some key changes helped performance in a month where it was important to be in the right assets.

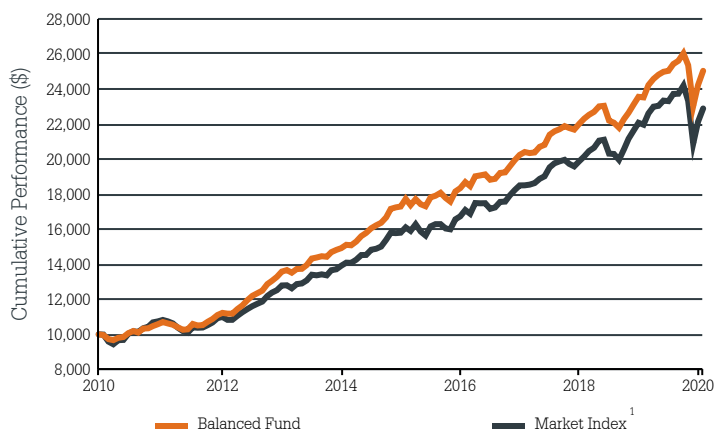
On the income side, the Fund increased its exposure to global corporate bonds. These are supported by monetary authorities and still offer a return that looks attractive compared to government bonds. The Global Corporate Bond Fund delivered a 1.1% return in the month. On the equity side, higher conviction in the recovery of the Australian economy and better relative value meant the Fund could increase its exposure to Australian shares, both large and small cap. Australian shares performed well in the month with the Dynamic Fund delivering a 10% return. The Global Equity Fund has been performing well lately so the increase in Australian shares was offset by a reduction in global shares late in the month to lock in some of those gains. The Fund also reduced foreign currency exposure, aiding performance as the NZ dollar appreciated.

Looking ahead, we believe share markets are too optimistic on the outlook and valuations are becoming stretched. Increasing geopolitical risks and chance of a second wave of the virus mean the Fund retains its cautious stance with a reduced exposure to shares in general.

To view Milford's June 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.

Key Fund Facts

Objective²	Capital growth over a minimum of five years
Description	Diversified fund that primarily invests in equities, with a significant allocation to fixed interest securities
Target Allocation	39% Income Assets / 61% Growth Assets
Neutral FX Exposure	13.0%
Net Asset Value (NAV)	\$768.3 M
Buy-sell Spread	None
Inception Date	1 April 2010
Benchmark	Not applicable
Base Fund Fee³	1.07%
Performance Fee	The Fund may invest into related Milford funds that charge performance fees.
Total Fund Fees⁴	1.10% (includes an est. performance fee)
Risk Indicator	<div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="text-align: center;"> </div> <div style="display: flex; justify-content: space-between;"> Potentially lower returns Potentially higher returns </div>

External Ratings



Milford Balanced Fund received a Morningstar Analyst Rating™ of 'Silver' on 22-04-2019

Investment Performance after fees as at 31 May 2020⁵

Unit Price: \$2.4092

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Balanced Fund (Gross Of Tax)	3.32%	-1.26%	6.45%	7.06%	7.14%	9.44%
After Tax 10.50%	3.30%	-1.23%	6.14%	6.76%	6.73%	8.91%
After Tax 17.50%	3.28%	-1.20%	5.94%	6.56%	6.46%	8.56%
After Tax 28.00%	3.26%	-1.17%	5.64%	6.27%	6.05%	8.04%
Market Index ¹	3.38%	-1.88%	4.21%	7.35%	7.29%	8.49%

Top Equity Holdings

Holdings	% of Fund's NAV
Spark New Zealand	1.62%
a2 Milk Company	1.58%
Fisher & Paykel Healthcare	1.30%
Alphabet	1.25%
Microsoft Corp	1.25%
Contact Energy	1.17%
Amazon	1.14%
Transurban Group	1.00%
Apple	0.95%
Woolworths	0.89%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash [#]	23.41%	8.00%
New Zealand Fixed Interest	6.73%	8.00%
International Fixed Interest	22.01%	23.00%
New Zealand Equities	10.44%	15.00%
Australian Equities	11.01%	14.00%
International Equities	20.77%	26.00%
Listed Property	5.40%	6.00%
Other	0.23%	0%

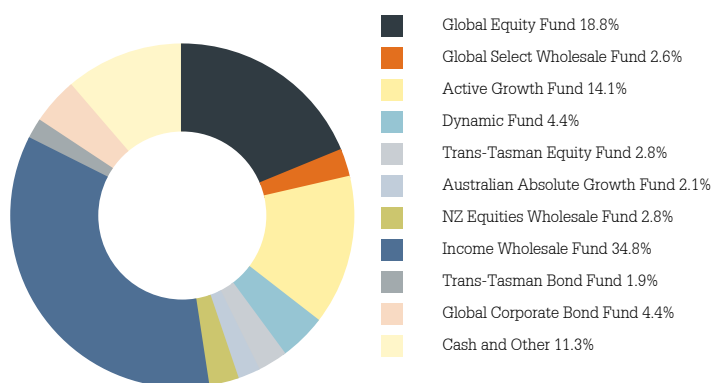
[#] The actual cash held by the Fund is 10.90%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
NZ Government Bond 2.75% 2025	0.61%
NZLGF 1.5% 2026	0.58%
United States Treasury 0% 2020	0.55%
Mirvac Group 3.625% 2027	0.49%
Lendlease 4.5% 2026	0.48%
JPMorgan 1.09% 2027	0.48%
ASB Bank 5.25% 2026	0.47%
Kerry Group 0.625% 2029	0.36%
Westpac 4.695% 2026	0.36%
Nordea Bank 0.5% 2027	0.34%

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

Fund Allocation



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 and before the performance fee. **3.** Where applicable, the Base Fund Fee includes an estimate of non-related underlying fund charges. **4.** 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. **5.** 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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