

# Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 May 2020



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Mark Riggall**  
Co-Portfolio Manager

The Fund posted a strong return of 1.5% in the month, further recovering from the weakness in March. It is now up 4.4% over 1-year. It benefitted from a strong month for both shares and bonds, specifically corporate bonds which is the predominant bond exposure.

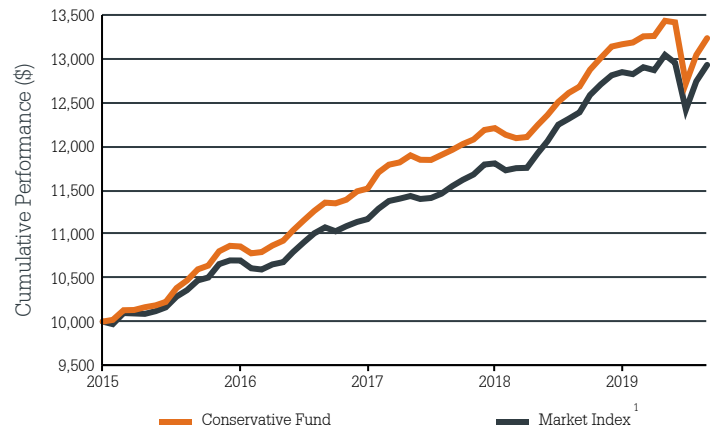
Cognisant of a conservative risk profile and with elevated economic uncertainty, the Fund came into the month with a very cautious setting. However, on increasing confidence that the more pessimistic economic forecasts were less likely to be realised, we did add back some bond and share exposure. The increase in shares was focused in Australia where a better than expected fiscal position, and improving economic outlook coming out of lockdown, was supportive for many sectors which had lagged. The increase in bonds remained in better credit rated bonds which are closer to central bank support.

All that said, we reiterate the overall Fund setting remains defensive; more cash, fewer bonds (especially lower-rated bonds) and shares than the long run neutral. Irrespective of this still lower market exposure the Fund succeeded in keeping up with the broad market strength by identifying outperforming bonds and shares. Looking forward, given the now more expensive market valuations and a broad range of economic scenarios the bar remains high to add any further to the Fund's risk settings. The focus will instead be on active management of the existing holdings to identify optimal bond and shareholdings.

To view Milford's June 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>	\$439.7 M
<b>Yield <sup>3</sup></b>	2.21%
<b>Average Credit Rating</b>	A-
<b>Duration</b>	2.48 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; align-items: center;"> <span>Lower risk</span> <span>Higher risk</span> </div> <div style="display: flex; justify-content: center; align-items: center; margin: 10px 0;"> <span>1</span> <span>2</span> <span style="color: orange; font-weight: bold;">3</span> <span>4</span> <span>5</span> <span>6</span> <span>7</span> </div> <div style="display: flex; justify-content: space-between; align-items: center;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

## Investment Performance after fees as at 31 May 2020<sup>6</sup>

Unit Price: \$1.1717

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	1.47%	-1.35%	4.36%	5.23%	-	6.08%
After Tax 10.50%	1.37%	-1.30%	3.90%	4.76%	-	5.54%
After Tax 17.50%	1.31%	-1.28%	3.59%	4.46%	-	5.18%
After Tax 28.00%	1.21%	-1.23%	3.14%	3.99%	-	4.64%
Market Index <sup>1</sup>	1.47%	-0.18%	4.37%	5.30%	-	5.56%

### Top Equity Holdings

Holdings	% of Fund's NAV
Transurban Group	0.59%
Spark New Zealand	0.56%
Contact Energy	0.40%
American Waters Works	0.37%
Mirvac Group	0.36%
Woolworths	0.35%
Alphabet	0.26%
Microsoft Corp	0.25%
Charter Hall Education Trust	0.25%
Amazon	0.24%

### Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash <sup>#</sup>	12.75%	6.00%
New Zealand Fixed Interest	27.12%	35.00%
International Fixed Interest	45.53%	41.00%
New Zealand Equities	1.97%	3.00%
Australian Equities	3.75%	3.00%
International Equities	6.47%	8.00%
Listed Property	2.33%	4.00%
Other	0.08%	0%

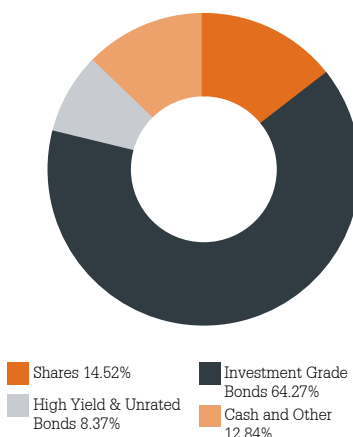
<sup>#</sup> The actual cash held by the Fund is 5.56%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### Top Fixed Interest Holdings

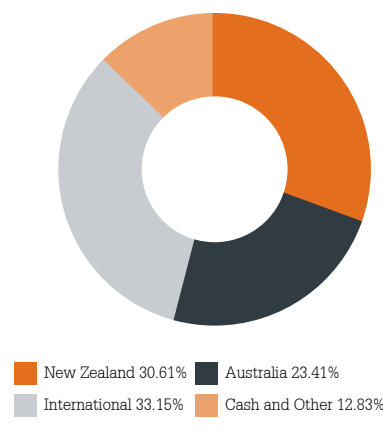
Holdings	% of Fund's NAV
Bank Of China 2.4% 2020	1.84%
NZLGFA 1.5% 2029	1.49%
Housing NZ 3.36% 2025	1.31%
Westpac 2.22% 2024	1.15%
John Deere 1.75% 2024	1.15%
ASB Bank 1.83% 2024	1.14%
ANZ Bank 3.03% 2024	1.03%
NZLGFA 1.5% 2026	0.98%
ANZ Bank Float 2024	0.94%
ING Group 1.45% 2024	0.91%

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

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