

# KiwiSaver 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 6.5%. 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 May 2020 Market and Economic Review please see [milfordasset.com/fact-sheet](http://milfordasset.com/fact-sheet).

## External Ratings



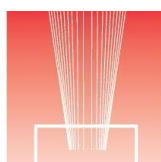
Milford KiwiSaver Balanced Fund received a Morningstar Analyst Rating™ of 'Silver' on 22-04-2019



Consumer NZ People's Choice Award – KiwiSaver



Morningstar Fund Manager of the Year -  
KiwiSaver Category, NZ



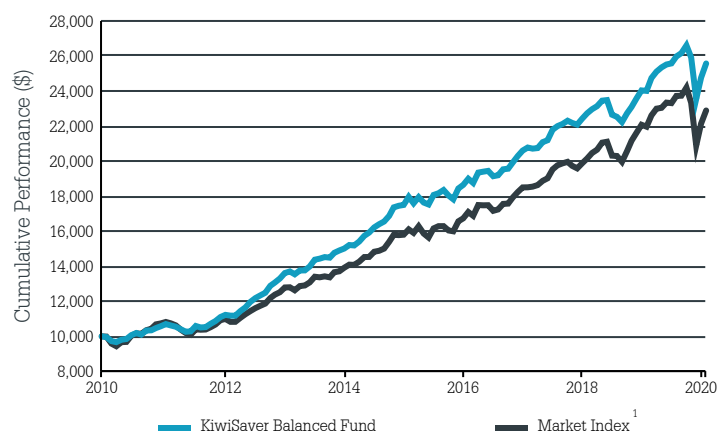
Awards  
2019™



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>	Capital growth over a minimum of five years
<b>Description</b>	Diversified fund that primarily invests in equities, with a significant allocation to fixed interest securities
<b>Target Allocation</b>	39% Income Assets / 61% Growth Assets
<b>Neutral FX Exposure</b>	13.0%
<b>Net Asset Value (NAV)</b>	\$400.0 M
<b>Buy-sell Spread</b>	None
<b>Inception Date</b>	1 April 2010
<b>Benchmark</b>	Not applicable
<b>Base Fund Fee<sup>3</sup></b>	1.07%
<b>Performance Fee</b>	The Fund may invest into related Milford funds that charge performance fees.
<b>Total Fund Fees<sup>4</sup></b>	1.09% (includes an est. performance fee)
<b>Risk Indicator</b>	<div><div>Lower risk</div><div>1 2 3 4 5 6 7</div><div>Potentially lower returns</div><div>Potentially higher returns</div><div>Higher risk</div></div>

Investment Performance after fees as at 31 May 2020<sup>5</sup>

Unit Price: \$2.4602

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford KiwiSaver Balanced Fund (Gross Of Tax)	3.28%	-1.32%	6.52%	7.17%	7.32%	9.67%
After Tax 10.50%	3.26%	-1.27%	6.22%	6.87%	6.89%	9.12%
After Tax 17.50%	3.25%	-1.23%	6.02%	6.67%	6.60%	8.75%
After Tax 28.00%	3.24%	-1.17%	5.73%	6.36%	6.17%	8.21%
Market Index <sup>1</sup>	3.38%	-1.88%	4.21%	7.35%	7.29%	8.49%

## Top Equity Holdings

Holdings	% of Fund's NAV
Spark New Zealand	1.63%
a2 Milk Company	1.59%
Fisher & Paykel Healthcare	1.31%
Microsoft Corp	1.27%
Alphabet	1.26%
Contact Energy	1.18%
Amazon	1.15%
Transurban Group	1.01%
Apple	0.95%
Woolworths	0.91%

## Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash <sup>#</sup>	22.14%	8.00%
New Zealand Fixed Interest	7.03%	8.00%
International Fixed Interest	22.41%	23.00%
New Zealand Equities	10.51%	15.00%
Australian Equities	11.20%	14.00%
International Equities	21.02%	26.00%
Listed Property	5.45%	6.00%
Other	0.24%	0%

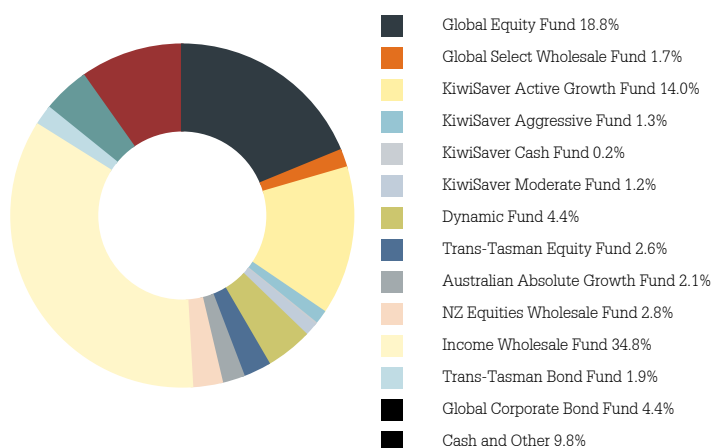
<sup>#</sup> The actual cash held by the Fund is 9.52%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

## Top Fixed Interest Holdings

Holdings	% of Fund's NAV
NZ Government Bond 2.75% 2025	0.61%
NZLGF 1.5% 2026	0.59%
United States Treasury 0% 2020	0.55%
Mirvac Group 3.625% 2027	0.50%
Lendlease 4.5% 2026	0.49%
JPMorgan 1.09% 2027	0.48%
ASB Bank 5.25% 2026	0.47%
Kerry Group 0.625% 2029	0.37%
Westpac 4.695% 2026	0.36%
ASB Bank 1.83% 2024	0.35%

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

Level 28, 48 Shortland Street, Auckland  
PO Box 960, Shortland Street, Auckland 1140  
Free phone 0800 662 346  
[milfordasset.com](http://milfordasset.com)

