

KiwiSaver 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.

External Ratings



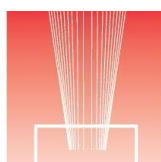
Milford KiwiSaver Conservative Fund received a FundSource Rating of 'AAA' in April 2019



Consumer NZ People's Choice Award – KiwiSaver



Morningstar Fund Manager of the Year -
KiwiSaver Category, NZ



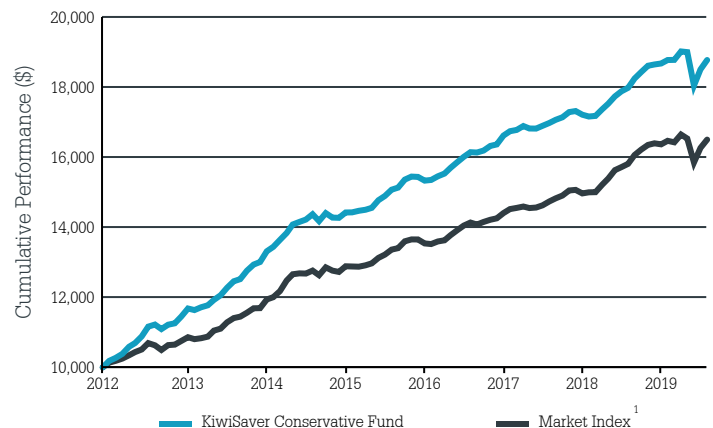
Awards
2019™



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

| | |
|------------------------------|---|
| 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) | \$186.9 M |
| Yield ³ | 2.21% |
| Average Credit Rating | A- |
| Duration | 2.48 years |
| Buy-sell Spread | None |
| Inception Date | 1 October 2012 |
| Benchmark | Not applicable |
| Base Fund Fee ⁴ | 0.95% |
| Performance Fee | Not applicable |
| Total Fund Fees ⁵ | 0.95% |
| Risk Indicator | <div>Lower risk<div>1234567</div>Higher risk</div> <div>Potentially lower returnsPotentially higher returns</div> |

Investment Performance after fees as at 31 May 2020⁶

Unit Price: \$1.8477

| | 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) | 1.46% | -1.18% | 4.42% | 5.16% | 5.48% | 8.56% |
| After Tax 10.50% | 1.37% | -1.15% | 3.96% | 4.70% | 4.96% | 7.93% |
| After Tax 17.50% | 1.30% | -1.12% | 3.66% | 4.40% | 4.62% | 7.51% |
| After Tax 28.00% | 1.21% | -1.09% | 3.20% | 3.95% | 4.10% | 6.89% |
| Market Index ¹ | 1.47% | -0.18% | 4.37% | 5.30% | 5.27% | 6.75% |

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 | 0.24% |
| Amazon | 0.24% |

Current Asset Allocation

| | Actual Investment Mix | Neutral Investment Mix |
|------------------------------|-----------------------|------------------------|
| Effective Cash [#] | 13.06% | 6.00% |
| New Zealand Fixed Interest | 27.03% | 35.00% |
| International Fixed Interest | 45.37% | 41.00% |
| New Zealand Equities | 1.96% | 3.00% |
| Australian Equities | 3.73% | 3.00% |
| International Equities | 6.45% | 8.00% |
| Listed Property | 2.32% | 4.00% |
| Other | 0.08% | 0% |

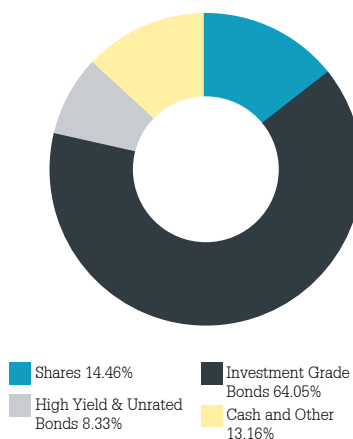
[#] The actual cash held by the Fund is 5.89%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

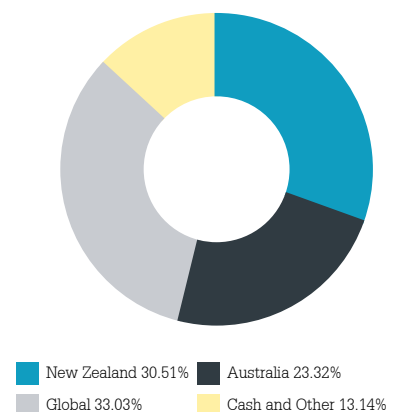
| Holdings | % of Fund's NAV |
|-------------------------|-----------------|
| Bank Of China 2.4% 2020 | 1.83% |
| NZLGFA 1.5% 2029 | 1.49% |
| Housing NZ 3.36% 2025 | 1.31% |
| Westpac 2.22% 2024 | 1.15% |
| John Deere 1.75% 2024 | 1.15% |
| ASB Bank 1.83% 2024 | 1.14% |
| ANZ Bank 3.03% 2024 | 1.03% |
| 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 (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 for more information about the data published within this document.

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