

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 June 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

The Fund returned 0.8% in June and is now up 3.7% over the past year, continuing a recovery from March's weakness. Market volatility remains elevated but supported by extraordinary levels of monetary and fiscal intervention. June was generally a positive month for both bonds and shares.

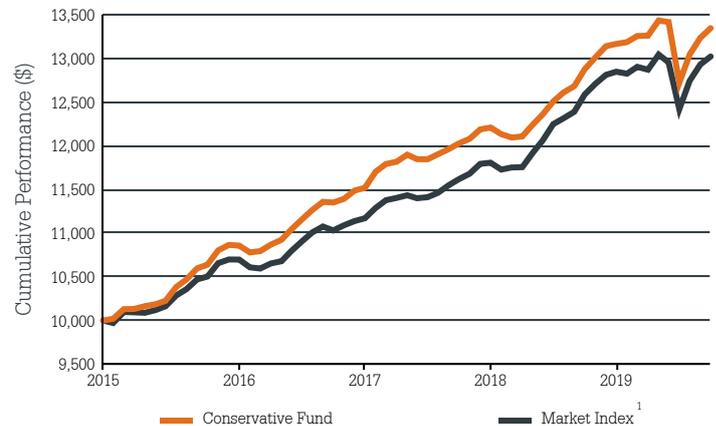
Bonds continue to benefit from central bank bond buying and an outlook for an extended period of extremely low interest rates. Corporate bonds, to which the Fund is more exposed than government bonds, have especially benefitted. June saw notably strong performance from Australian dollar and global corporate bonds. We have further increased this exposure as we believe valuations remain sufficiently attractive considering ongoing central bank support, especially for investment grade rated bonds.

The Fund's shares also contributed well to its return in June with global and Australasian shares extending gains. This included notable performance from Australian supermarkets Coles and Wesfarmers, recent portfolio additions. We have however marginally reduced the share allocation given valuation levels and earnings uncertainty. That said, we believe there remain opportunities to find attractively priced shares which should deliver reasonable but lower risk returns and allow the Fund to keep up with the broader market. In summary, we reiterate last month's message that an overall defensive Fund setting is appropriate; more cash, fewer bonds (especially lower rated bonds) and shares than the long run neutral.

To view Milford's July 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, and assumes reinvestment of distribution.

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)	\$437.4 M
Yield ³	1.97%
Average Credit Rating	A-
Duration	2.33 years
Buy-sell Spread	None
Inception Date	1 September 2015
Current Distribution	0.5 cents per unit (Quarterly)
Benchmark	Not applicable
Base Fund Fee ⁴	0.95%
Performance Fee	Not applicable
Total Fund Fees ⁵	0.95%
Risk Indicator	<div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div>

Investment Performance after fees as at 30 June 2020⁶

Unit Price: \$1.1815

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	0.84%	4.92%	3.66%	5.55%	-	6.15%
After Tax 10.50%	0.75%	4.56%	3.21%	5.05%	-	5.60%
After Tax 17.50%	0.69%	4.31%	2.91%	4.73%	-	5.23%
After Tax 28.00%	0.59%	3.95%	2.47%	4.24%	-	4.69%
Market Index ¹	0.71%	4.85%	3.46%	5.68%	-	5.62%

Top Equity Holdings

Holdings	% of Fund's NAV
Spark New Zealand	0.55%
Transurban Group	0.55%
Woolworths	0.43%
Contact Energy	0.37%
American Waters Works	0.35%
GPT Group	0.34%
Mirvac Group	0.32%
Wesfarmers	0.30%
Telstra Corp	0.28%
Amazon	0.26%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash [#]	11.50%	6.00%
New Zealand Fixed Interest	24.31%	35.00%
International Fixed Interest	49.81%	41.00%
New Zealand Equities	2.00%	3.00%
Australian Equities	2.48%	3.00%
International Equities	6.60%	8.00%
Listed Property	2.44%	4.00%
Other	0.86%	0%

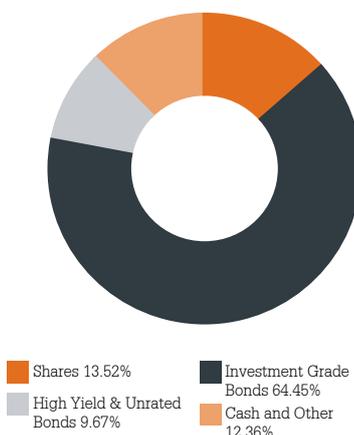
[#] The actual cash held by the Fund is 6.88%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

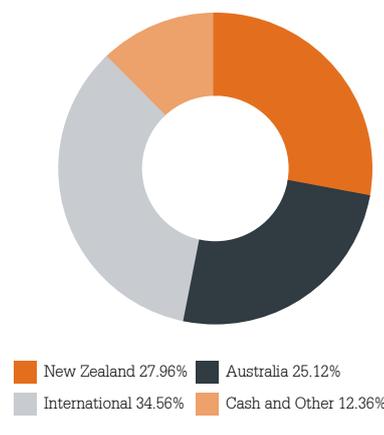
Holdings	% of Fund's NAV
NZLGFA 1.5% 2029	1.45%
Housing NZ 3.36% 2025	1.26%
John Deere 1.75% 2024	1.14%
NZLGFA 3.5% 2033	1.13%
Westpac 2.22% 2024	1.13%
ASB Bank 1.83% 2024	1.11%
ANZ Bank 3.03% 2024	1.01%
ING Group 1.45% 2024	0.98%
NHFIC 1.41% 2032	0.95%
NZLGFA 1.5% 2026	0.95%

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 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 662 345
milfordasset.com

