

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

Strong contributions from corporate bonds and global shares drove a strong Fund return of 1.3% in July. Australasian share returns were also generally positive but more moderate than global shares. Australia faces the headwind of a resurgence of the virus while NZ share returns were negatively impacted by weakness in the NZ electricity sector due to the Tiwai aluminium smelter closure.

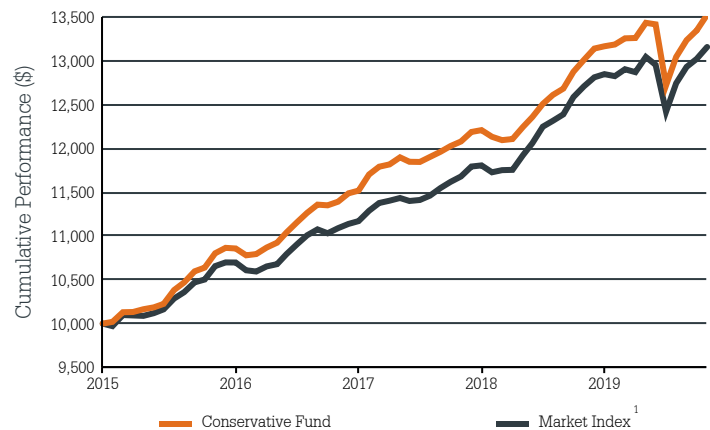
During July we further reduced the extent of the Fund's defensive positioning. This decision was predicated on (i) increased confidence fiscal and monetary policy makers are committed to unprecedented levels of support, albeit we acknowledge US fiscal negotiations are at time of writing uncertain, (ii) reduced probability of nationwide lock downs in reaction to virus surges and (iii) better than anticipated second quarter company results. Specifically, the Fund's above long-term neutral allocation to cash was reduced by increasing its global and Australasian share exposures and further increasing its allocation to investment grade corporate bonds.

Looking forward, we believe policy support should underpin Fund returns but given the extent of recent price appreciation across bonds and shares, near term we may see a period of consolidation which could translate into a moderation of returns. While Fund settings are now less defensive than in recent months, we believe it remains prudent to retain the exposure to shares slightly lower than the long-term neutral.

To view Milford's August 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)	\$444.8 M
Yield ³	1.81%
Average Credit Rating	A-
Duration	2.43 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 31 July 2020⁶

Unit Price: \$1.1923

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	1.34%	3.69%	3.96%	5.89%	-	6.33%
After Tax 10.50%	1.24%	3.39%	3.49%	5.38%	-	5.77%
After Tax 17.50%	1.17%	3.20%	3.18%	5.04%	-	5.39%
After Tax 28.00%	1.07%	2.90%	2.71%	4.53%	-	4.83%
Market Index ¹	1.04%	3.25%	3.54%	5.86%	-	5.74%

Top Equity Holdings

Holdings	% of Fund's NAV
Spark New Zealand	0.58%
Contact Energy	0.54%
Transurban Group	0.53%
Woolworths	0.46%
American Waters Works	0.40%
Telstra Corp	0.39%
Mirvac Group	0.30%
Apple	0.29%
Wesfarmers	0.28%
Amazon	0.27%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash [#]	7.39%	6.00%
New Zealand Fixed Interest	25.42%	35.00%
International Fixed Interest	52.20%	41.00%
New Zealand Equities	2.29%	3.00%
Australian Equities	2.82%	3.00%
International Equities	7.22%	8.00%
Listed Property	2.65%	4.00%
Other	0.01%	0%

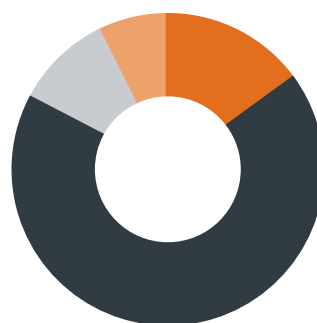
[#] The actual cash held by the Fund is 3.90%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
NZLGFA 1.5% 2029	1.47%
Housing NZ 3.36% 2025	1.27%
NZLGFA 3.5% 2033	1.15%
Westpac 2.22% 2024	1.13%
ASB Bank 1.83% 2024	1.12%
ANZ Bank 3.03% 2024	1.02%
Commonwealth of Australia 1.75% 2051	1.01%
ING Group 1.45% 2024	1.00%
UBS Float 2025	1.00%
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.

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