

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 September 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

The Fund's strong recovery from the weakness seen in March paused in September and it was close to flat over the month. While Australasian bonds enjoyed a good month, benefitting from expectations of even more monetary policy stimulus, it was a more difficult month for many of the markets into which the Fund is invested.

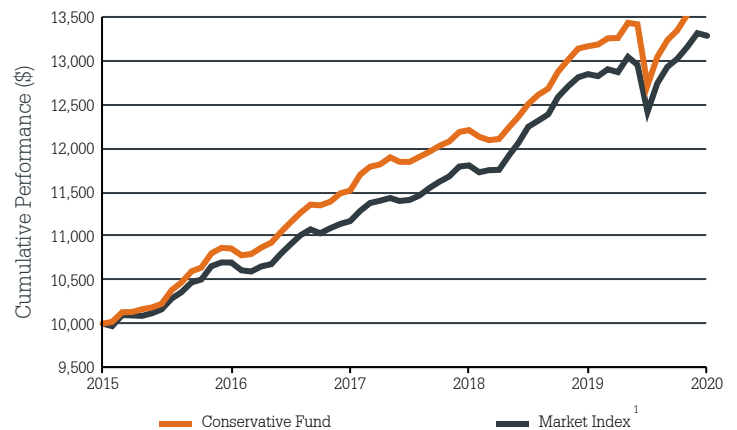
Global corporate bonds, global shares and most sectors of the Australasian share market were weaker. There were however some bright spots, notably NZ property shares and utilities, the latter benefitting from news the NZ government was negotiating for a postponement of the Tiwai smelter closure. Given elevated valuations across many share and bond markets the Fund went into the month with a slightly cautious setting, notably holding less shares than its long run neutral. While we have slightly increased this exposure, it remains below neutral as we remain wary of potential volatility around myriad risks; US elections, fading fiscal stimulus, a second wave of COVID-19 infections (already evident in Europe) and a slowdown in the pace of the economic recovery.

Nevertheless, looking ahead over the medium term we remain optimistic that ongoing support from governments and central banks should ultimately underpin the economic recovery and support both bond and share market returns. All the while, there is also the expectation that next year will bring an effective COVID-19 vaccine which would of course further support the recovery.

To view Milford's October 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

Objective²	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)	\$477.8 M
Yield³	1.94%
Average Credit Rating	A-
Duration	2.93 years
Buy-sell Spread	None - swing pricing applies (see PDS for details)
Inception Date	1 September 2015
Current Distribution	0.5 cents per unit (Quarterly)
Benchmark	Not applicable
Base Fund Fee⁴	0.95%
Performance Fee	Not applicable
Total Fund Fees⁵	0.95%
Risk Indicator	<div style="display: flex; justify-content: space-between; align-items: center;"> Lower risk Higher risk </div> <div style="display: flex; justify-content: center; align-items: center; margin: 10px 0;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; align-items: center;"> Potentially lower returns Potentially higher returns </div>

Investment Performance after fees as at 30 September 2020⁶

Unit Price: \$1.2083

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	0.22%	2.73%	4.14%	5.98%	6.47%	6.40%
After Tax 10.50%	0.21%	2.53%	3.66%	5.46%	5.90%	5.84%
After Tax 17.50%	0.20%	2.40%	3.34%	5.12%	5.52%	5.46%
After Tax 28.00%	0.18%	2.21%	2.87%	4.61%	4.96%	4.90%
Market Index ¹	-0.22%	2.03%	3.41%	5.95%	5.91%	5.75%

Top Equity Holdings

Holdings	% of Fund's NAV
Contact Energy	0.69%
Spark New Zealand	0.67%
Transurban Group	0.52%
Woolworths	0.48%
Goodman Group	0.42%
Coles Group	0.38%
Meridian Energy	0.35%
Mirvac Group	0.32%
Wesfarmers	0.29%
CX Corporation	0.28%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash [#]	7.20%	7.00%
New Zealand Fixed Interest	25.12%	25.00%
International Fixed Interest	52.27%	50.00%
New Zealand Equities	2.74%	1.50%
Australian Equities	2.80%	2.50%
International Equities	6.60%	9.00%
Listed Property	3.24%	5.00%
Other	0.03%	0%

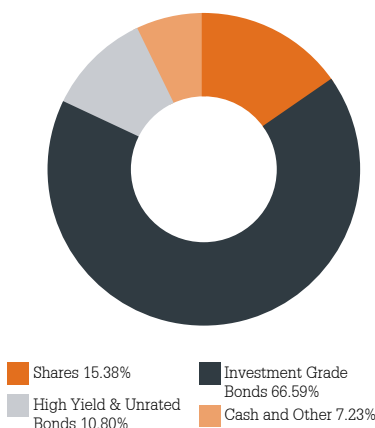
[#] The actual cash held by the Fund is 2.89%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

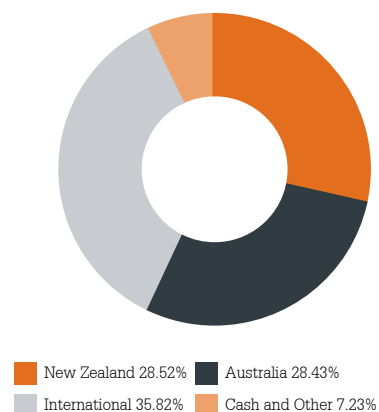
Holdings	% of Fund's NAV
NZLGFA 1.5% 2029	1.45%
Scentre Group 5.125% 2080	1.36%
Housing NZ 3.36% 2025	1.19%
NZLGFA 3.5% 2033	1.15%
Westpac 2.22% 2024	1.10%
CBA Float 2030	1.10%
AusNet Float 2080	0.98%
ING Group 1.45% 2024	0.97%
Transpower 1.735% 2025	0.96%
ASB Bank 1.83% 2024	0.94%

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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