

KiwiSaver Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

The Fund returned 0.8% in December. Irrespective of the global COVID-19 case surge, market risk appetite was underpinned by expectations for the vaccine roll-out and further government spending. This drove strong contributions from the Fund's global and Australasian shares, with notable performance from NZ electricity 'gentailers'.

It was however a headwind for key government bond markets which were weaker. The impact was partially offset by the Fund's predominate bond exposure being to corporates, which continued to recover from the initial stages of the COVID crisis. The Fund's global corporate bonds delivered a moderate return, but its Australasian bonds were close to flat (these have more higher-rated bonds with generally closer performance to government bonds).

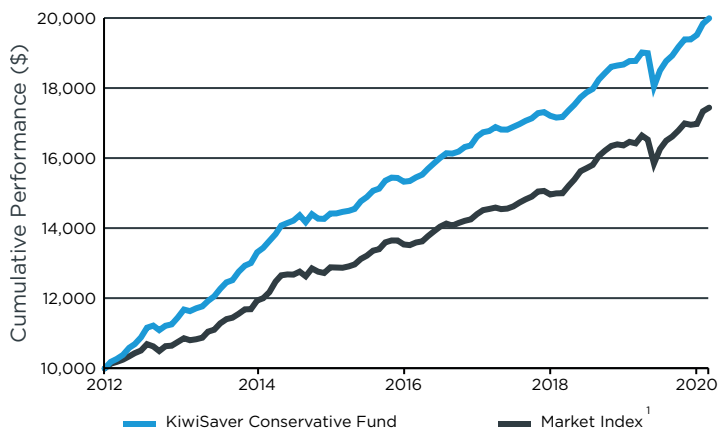
During the month we further increased the Fund's allocation to shares. While higher than in recent years at 19% it (i) remains consistent with the Fund's conservative risk profile and (ii) is predicated on a vaccine supported economic recovery and, considering prevailing valuations, ongoing low interest rates. Our base case expectation is for a moderate drift higher in longer dated market interest rates next year but we are wary that a larger move would be a negative for shares. Such an outcome would also be a negative for bonds where yields are likely close to their medium-term lows. Therefore we will limit Fund interest rate exposure.

Looking forward, the Fund's share exposure complemented by its corporate bond exposure should support moderate returns, but we reiterate these may be lower than in previous years.

To view Milford's January 2021 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.

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)	\$181.9 M
Yield ³	1.55%
Average Credit Rating	BBB+
Duration	2.42 years
Buy-sell Spread	None - swing pricing applies (See PDS for details)
Inception Date	1 October 2012
Benchmark	Not applicable
Base Fund Fee ⁴	0.95%
Performance Fee	Not applicable
Total Fund Fees ⁵	0.95%



External Ratings



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

KiwiSaver Conservative Fund as at 31 December 2020

Investment Performance after fees as at 31 December 2020⁶

Unit Price: \$1.9672

	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)	0.78%	3.11%	6.48%	6.02%	6.68%	8.76%
After Tax 10.50%	0.74%	2.92%	5.90%	5.51%	6.09%	8.11%
After Tax 17.50%	0.72%	2.79%	5.51%	5.16%	5.70%	7.68%
After Tax 28.00%	0.68%	2.60%	4.93%	4.65%	5.11%	7.04%
Market Index ¹	0.61%	2.89%	6.20%	6.23%	6.26%	6.98%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.76%
Spark	0.63%
Woolworths	0.48%
Wesfarmers	0.45%
Goodman	0.45%
Transurban	0.44%
Meridian	0.42%
Telstra	0.41%
Coles	0.38%
Mirvac	0.31%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	7.15%	7.00%
New Zealand Fixed Interest	23.89%	25.00%
International Fixed Interest	48.61%	50.00%
New Zealand Equities	3.22%	1.50%
Australian Equities	4.91%	2.50%
International Equities	7.72%	9.00%
Listed Property	3.18%	5.00%
Other	1.32%	0%

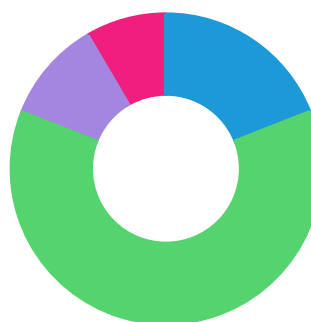
The actual cash held by the Fund is 5.96%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

Holdings	% of Fund
Scentre Group 5.125% 2080	1.20%
NZLGFA 1.5% 2029	1.11%
Housing NZ 3.36% 2025	1.06%
Westpac 2.22% 2024	1.01%
NZLGFA 3.5% 2033	1.01%
IBRD 0.625% 2027	0.94%
NAB Float 2030	0.88%
Kiwibank 2.36% 2030	0.88%
Transpower 1.735% 2025	0.87%
ASB Bank 1.83% 2024	0.86%

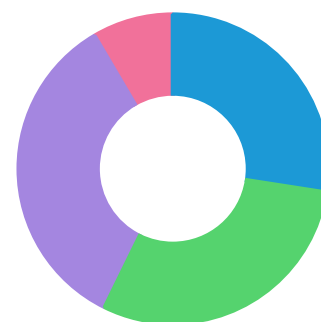
Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

Fund Portfolio Mix



Shares 19.03%
Investment Grade Bonds 61.89%
High Yield & Unrated Bonds 10.61%
Cash and Other 8.47%

Region Exposure



New Zealand 27.45%
Australia 29.82%
Global 34.26%
Cash and Other 8.47%



PROVIDER OF THE YEAR
KIWISAVER 2020



OUTSTANDING VALUE
KIWISAVER 2020

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.

Disclaimer: The Milford Fund Fact Sheet has been prepared by Milford Funds Limited. It is based on information believed to be accurate and reliable although no guarantee can be given that this is the case. No reproduction of any material either in part or in full is permitted without prior permission. For more information about the Fund, please refer to the Production Disclosure Statement or the latest Quarterly Fund Update.