

KiwiSaver Moderate Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2020



Portfolio Managers



Mark Riggall
Portfolio Manager



Paul Morris
Co-Portfolio Manager

The Fund returned 1.3% in December. The month saw continued strength from all the share markets the Fund invests into. Despite the surges of COVID-19 in the US and Europe, investors remain optimistic about further fiscal support in the US, a swift rollout of vaccines and a final resolution of the Brexit saga.

NZ shares performed particularly well, despite a profit warning from a2 Milk. Performance was helped by share gains in the NZ electricity sector, notably Contact and Meridian. These companies are increasingly attracting offshore investors focusing on the low carbon emissions from hydroelectric power stations.

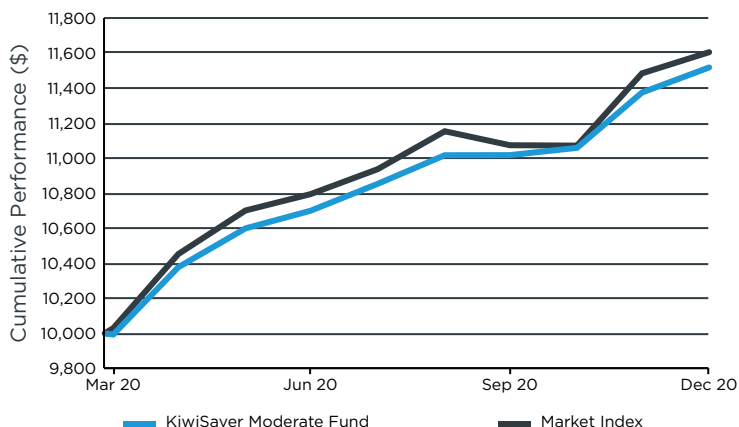
Whilst government bond markets were weaker in the month, the impact was partially offset by the Fund's predominate bond exposure being to corporates, which continued to recover from the initial stages of the COVID crisis. Our base case expectation is for a moderate drift higher in longer-dated market 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.

The medium-term outlook is one of improving economic growth (once vaccines have been deployed) married with continued policy support from central banks and governments. This is a favourable investment backdrop and justifies the moderately higher the neutral exposure to shares in the Fund.

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

Objective

Moderate returns and capital growth over a minimum of five years

Description

Diversified fund that primarily invests in fixed interest securities, with a significant allocation to equities

Target Allocation 60% Income Assets / 40% Growth Assets

Neutral FX Exposure 6.0%

Net Asset Value (NAV) \$30.0 M

Buy-sell Spread None - swing pricing applies (See PDS for details)

Inception Date 27 March 2020

Benchmark Not applicable

Base Fund Fee 0.95%

Performance Fee The Fund may invest into related Milford funds that charge performance fees.

Total Fund Fees 0.96% (includes an est. performance fee)





KiwiSaver Moderate Fund as at 31 December 2020

Investment Performance after fees as at 31 December 2020

Unit Price: \$1.1509

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since Inception
Milford KiwiSaver Moderate Fund (Gross Of Tax)	1.26%	4.54%	-	-	-	15.18%
After Tax 10.50%	1.24%	4.36%	-	-	-	14.61%
After Tax 17.50%	1.22%	4.24%	-	-	-	14.24%
After Tax 28.00%	1.20%	4.06%	-	-	-	13.68%
Market Index	1.05%	4.79%	-	-	-	16.04%

Top Equity Holdings

Holdings	% of Fund
Spark	1.18%
Contact Energy	1.18%
Fisher & Paykel	1.05%
Woolworths	0.68%
Telstra	0.64%
Meridian	0.63%
Microsoft	0.59%
Transurban	0.59%
Goodman	0.59%
Wesfarmers	0.58%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	11.47%	9.00%
New Zealand Fixed Interest	13.45%	15.00%
International Fixed Interest	33.22%	36.00%
New Zealand Equities	8.56%	7.00%
Australian Equities	9.14%	8.00%
International Equities	18.15%	19.00%
Listed Property	4.78%	6.00%
Other	1.23%	0%

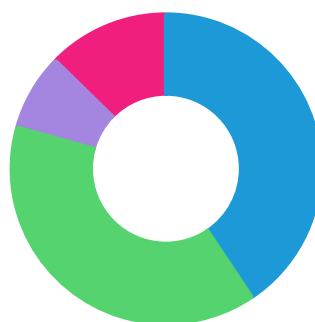
The actual cash held by the Fund is 11.08%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

Holdings	% of Fund
Scentre Group 5.125% 2080	1.10%
NZLGFA 1.5% 2029	0.60%
NAB Float 2030	0.60%
AusNet Float 2080	0.60%
ASB Bank 5.25% 2026	0.56%
Housing NZ 3.36% 2025	0.55%
Kiwibank 2.36% 2030	0.53%
Westpac 2.22% 2024	0.52%
NZLGFA 3.5% 2033	0.52%
IBRD 0.625% 2027	0.49%

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

Fund Portfolio Mix



Shares 40.63%
Investment Grade Bonds 38.66%
High Yield & Unrated Bonds 8.02%
Cash and Other 12.69%

Region Exposure



New Zealand 22.88%
Australia 27.35%
Global 37.07%
Cash and Other 12.70%



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 and before the performance fee. 3. Where applicable, the Base Fund Fee includes an estimate of non-related underlying fund charges. 4. 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. 5. 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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