

Conservative Fund

Portfolio Investment Entity

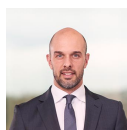
Monthly Fact Sheet as at 31 January 2021



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

January saw the Fund post its first down month since March, albeit just -0.1%. It has returned 4.8% over 1-year.

After recent strength there was close to zero return over the month from the Fund's (~73%) exposure to bonds as higher market interest rates/bond yields pushed bond prices lower. Performance across the Fund's (~19%) exposure to shares was mixed. Its global shares were generally weaker but performance across its Australasian shares was diverse, even among the same market sector as illustrated by the divergent performance between Contact Energy (-8.3%) and Mercury Energy (+9.1%).

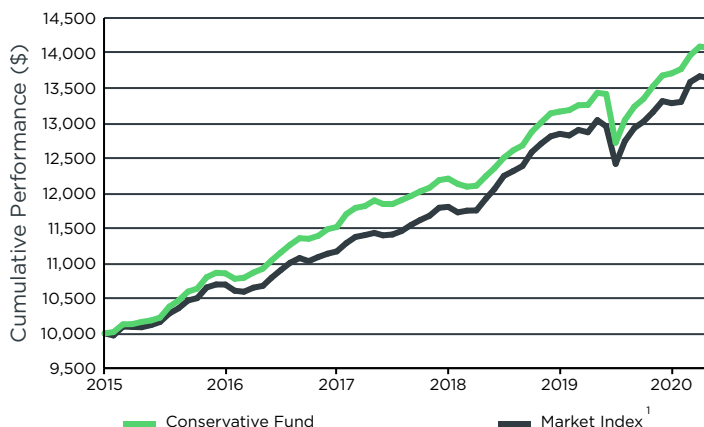
The Fund's exposure to shares remains close to unchanged over the month which we reiterate is higher than its long run neutral. We are closely monitoring the downside risks to shares, such as a disorderly move higher in market interest rates or a delay in effective vaccine deployment, given some share valuations are arguably elevated under certain scenarios. Nevertheless, our near-term base case remains constructive; a drift higher in longer-dated market interest rates (manageable for share valuations) and an eventual vaccine deployment supportive for increased economic activity and share valuations.

We believe Fund positioning in this context remains consistent with the Fund's conservative risk profile and objective of delivering moderate returns. Given we are wary of higher bond yields, we have continued to limit the Fund's 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 February 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, 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)	\$553.5 M
Yield³	1.79%
Average Credit Rating	BBB+
Duration	2.24 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%

	Lower risk	▼	Higher risk
Risk Indicator	1	2	3
	▲	4	5
	6	7	
	Potentially lower returns	Potentially higher returns	



Conservative Fund as at 31 January 2021

Investment Performance after fees as at 31 January 2021⁶

Unit Price: \$1.2306

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	-0.09%	2.23%	4.81%	5.77%	6.68%	6.51%
After Tax 10.50%	-0.09%	2.09%	4.30%	5.27%	6.09%	5.94%
After Tax 17.50%	-0.10%	2.00%	3.97%	4.95%	5.70%	5.57%
After Tax 28.00%	-0.11%	1.85%	3.47%	4.45%	5.12%	5.00%
Market Index ¹	-0.20%	2.54%	4.58%	6.06%	6.15%	5.90%

Top Equity Holdings

Holdings	% of Fund
Spark	0.61%
Contact Energy	0.56%
Woolworths	0.48%
Wesfarmers	0.47%
Telstra	0.42%
Transurban	0.41%
Goodman	0.41%
Coles	0.37%
Meridian	0.33%
American Water Works	0.33%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	7.73%	7.00%
New Zealand Fixed Interest	22.54%	25.00%
International Fixed Interest	50.55%	50.00%
New Zealand Equities	2.93%	1.50%
Australian Equities	5.03%	2.50%
International Equities	7.71%	9.00%
Listed Property	3.09%	5.00%
Other	0.42%	0%

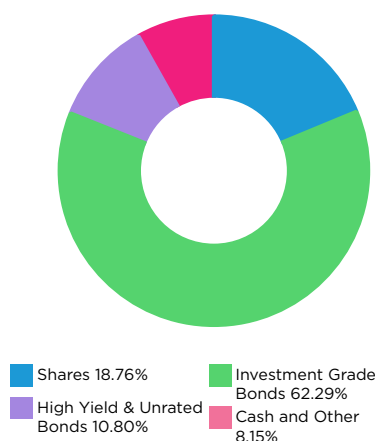
The actual cash held by the Fund is 6.64%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

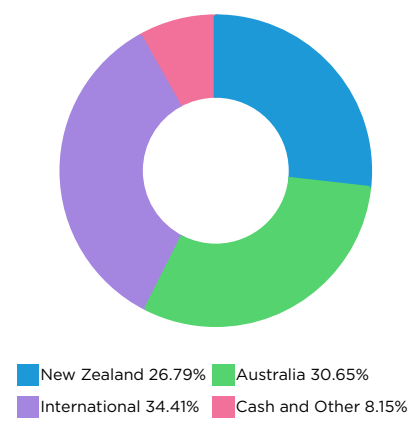
Holdings	% of Fund
Scentre Group 5.125% 2080	1.17%
NZLGFA 1.5% 2029	1.10%
Housing NZ 3.36% 2025	1.06%
Westpac 2.22% 2024	1.00%
NZLGFA 3.5% 2033	0.99%
Westpac Float 2031	0.91%
Transpower 1.735% 2025	0.88%
NAB Float 2030	0.87%
ASB Bank 1.83% 2024	0.86%
ANZ Bank Float 2024	0.83%

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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