

KiwiSaver Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 May 2021



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

Performance across the Fund's holdings was mixed in May. There were generally positive contributions from Australasian shares but many of the Fund's global shares were moderately weaker. Performance across bond holdings was also varied. Global and Australian investment grade rated (lower risk) bonds generally delivered positive returns but many of the Fund's New Zealand bonds were weaker after the Reserve Bank of New Zealand indicated it may increase interest rates next year. There was also a modicum of weakness across the Fund's lower rated bonds, especially in its exposure to US bank preference shares and subordinated bonds of European companies.

Across the month overall Fund settings were close to unchanged but the allocation to cash was increased slightly as we sold a number of the Fund's more expensive bond holdings. As per recent updates, our base case remains for a renewed gradual move higher in market interest rates, albeit the extent of this rise near term may be more limited than we previously feared. Nonetheless, the expectation underpins our slightly cautious outlook for bonds near term and therefore we retain Fund interest rate exposure below its long run neutral. Shares should be supported by ongoing supportive central bank and government policy, reopening economies and what are likely to remain historically low interest rates. Returns may however moderate as many share valuations are no longer cheap.

Therefore, while we have not reduced the Fund's share exposure any further (after having trimmed a bit in April) it remains close to, but just below, its long-run neutral. In aggregate looking forward, we believe Fund positioning should underpin moderate medium-term returns but as stated before i) near-term returns could be more volatile while ii) medium-term returns are likely to moderate relative to recent years.

To view Milford's June 2021 Market and Economic Review please see milfordasset.com/fact-sheet.

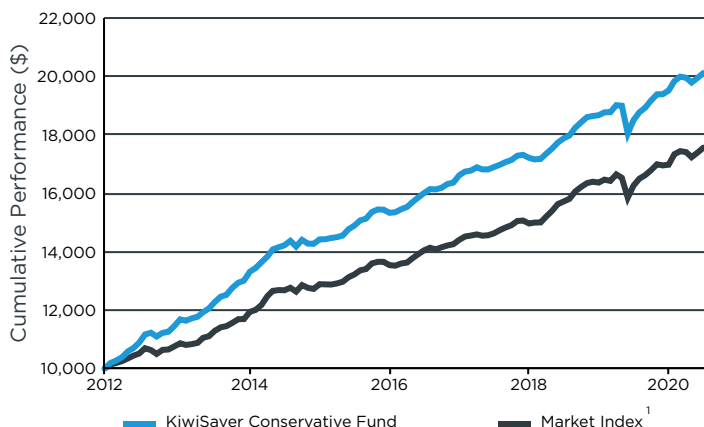
External Ratings



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

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)	\$171.7 M
Yield³	1.98%
Average Credit Rating	BBB+
Duration	1.98 years
Buy-sell Spread	None - swing pricing applies (See PDS for details)
Inception Date	1 October 2012
Benchmark	Not applicable
Base Fund Fee⁴	0.95%
Performance Fee	Not applicable
Total Fund Fees⁵	0.95%



KiwiSaver Conservative Fund as at 31 May 2021

Investment Performance after fees as at 31 May 2021⁶

Unit Price: \$1.9774

	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)	-0.04%	1.57%	7.08%	5.80%	5.93%	8.39%
After Tax 10.50%	-0.04%	1.51%	6.57%	5.31%	5.42%	7.77%
After Tax 17.50%	-0.04%	1.47%	6.23%	4.99%	5.08%	7.36%
After Tax 28.00%	-0.04%	1.41%	5.72%	4.51%	4.57%	6.75%
Market Index ¹	0.10%	1.97%	6.50%	6.05%	5.63%	6.72%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.76%
Spark	0.56%
Telstra	0.51%
Meridian	0.46%
NAB	0.46%
Transurban	0.34%
Goodman	0.34%
Woolworths	0.32%
Alphabet	0.27%
Microsoft	0.25%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	12.62%	7.00%
New Zealand Fixed Interest	21.10%	25.00%
International Fixed Interest	48.93%	50.00%
New Zealand Equities	3.08%	1.50%
Australian Equities	3.21%	2.50%
International Equities	7.65%	9.00%
Listed Property	2.44%	5.00%
Other	0.97%	0%

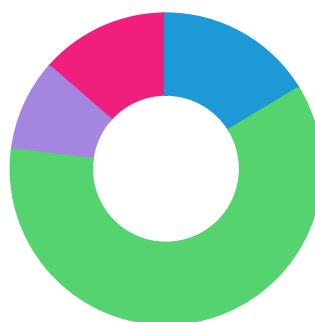
The actual cash held by the Fund is 9.64%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 1.5% 2026	1.98%
Scentre Group 5.125% 2080	1.00%
Housing NZ 3.36% 2025	0.96%
NZLGFA 1.5% 2029	0.91%
NZLGFA 3.5% 2033	0.83%
Transpower 1.735% 2025	0.78%
ANZ Bank Float 2024	0.75%
Charter Hall 2.787% 2031	0.73%
John Deere 1.75% 2024	0.72%
Macquarie Float 2025	0.71%

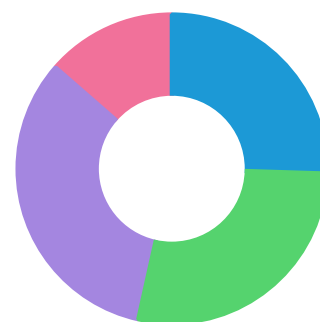
Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

Fund Portfolio Mix



Shares 16.38%
Investment Grade Bonds 60.52%
High Yield & Unrated Bonds 9.51%
Cash and Other 13.59%

Region Exposure



New Zealand 25.49%
Australia 28.00%
Global 32.92%
Cash and Other 13.59%



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.

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