

Conservative Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2021



Portfolio Managers



Paul Morris
Portfolio Manager



Mark Riggall
Co-Portfolio Manager

Bonds and shares contributed positively again to a 0.2% return in July but, as per in June, beneath the surface performance was more mixed. Bonds did benefit from the tailwind of a further fall in market interest rates. Unfortunately, their contribution to the Fund's return was diminished by (i) its reduced exposure to interest rates (as we feared rates would rise) and (ii) a modicum of underperformance in some of its lower rated corporate bonds.

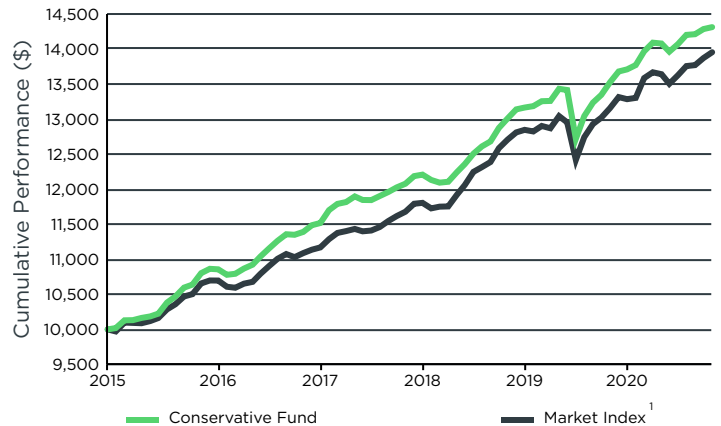
It was difficult to call out a clear trend across the Fund's shares. Company earnings have generally been strong although valuations are no longer cheap, however lower interest rates have helped. The Delta variant has been a headwind, notably for some Australian shares given lockdowns. Australian property companies Goodman Group (+6.9%) and Charter Hall (+5.0%) were however impressive exceptions. The Fund's global shares were generally stronger and included strong performance from US hospital HCA (+20.1%) post an impressive result, and its global water utilities (up over 10%). The Fund also had a small allocation to Sydney Airport which gained 34.9% after a takeover bid.

Looking forward, ongoing growth, historically low interest rates and excess cash liquidity support a reasonable outlook for returns, albeit short-term volatility may increase. We remain wary of bonds given elevated valuations and the risks of higher interest rates. While we anticipate higher interest rates, our base case sees a lower eventual peak to this interest cycle which should support shares. We therefore retain a higher allocation to shares than the long-term neutral.

To view Milford's August 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	To provide moderate returns and protect capital over the minimum recommended investment timeframe
Description	Diversified fund that primarily invests in fixed interest securities, with a moderate allocation to equities
Target Allocation	82% Income Assets / 18% Growth Assets
Minimum recommended investment timeframe	3 years
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$592.6 M
Yield³	1.92%
Average Credit Rating	A-
Duration	1.51 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%





Conservative Fund as at 31 July 2021

Investment Performance after fees as at 31 July 2021⁶

Unit Price: \$1.2406

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Conservative Fund (Gross Of Tax)	0.20%	0.78%	5.82%	5.82%	5.79%	6.25%
After Tax 10.50%	0.18%	0.78%	5.51%	5.35%	5.30%	5.72%
After Tax 17.50%	0.17%	0.77%	5.30%	5.03%	4.98%	5.38%
After Tax 28.00%	0.15%	0.77%	4.99%	4.56%	4.49%	4.86%
Market Index ¹	0.60%	1.43%	6.06%	6.11%	5.54%	5.79%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	0.66%
Telstra	0.53%
Spark	0.48%
Meridian	0.48%
Goodman	0.38%
NAB	0.36%
Transurban	0.34%
Alphabet	0.31%
HCA Holdings	0.31%
Microsoft	0.30%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash [#]	12.97%	7%
New Zealand Fixed Interest	19.39%	25%
International Fixed Interest	49.04%	50.00%
New Zealand Equities	2.97%	2%
Australian Equities	3.29%	3%
International Equities	9.24%	9%
Listed Property	2.86%	5%
Other	0.24%	0%

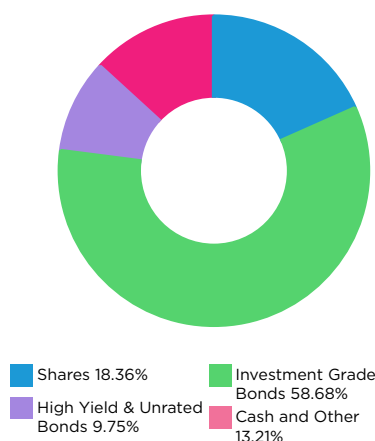
[#] The actual cash held by the Fund is 9.56%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

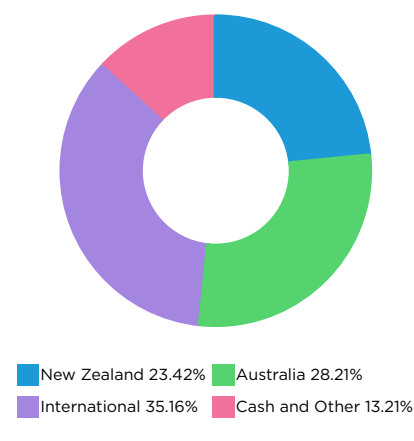
Holdings	% of Fund
NZLGFA 1.5% 2026	1.88%
Housing NZ 3.36% 2025	0.89%
NZLGFA 1.5% 2029	0.88%
Wesfarmers 1.941% 2028	0.83%
NZLGFA 3.5% 2033	0.82%
Transpower 1.735% 2025	0.74%
Charter Hall 2.787% 2031	0.71%
ANZ Bank Float 2024	0.71%
John Deere 1.75% 2024	0.68%
Macquarie Float 2025	0.67%

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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