Milford Investment Funds
Monthly Review November 2022

Opportunity knocks

Fund performance was broadly positive in October, building on the positive returns seen since mid-year. This performance has come despite ongoing weakness in financial markets over the past few months.

October returns were boosted by strong returns from our key stock picks. The global healthcare and energy sectors have been key areas for investment this year. October's earnings releases saw healthcare stocks deliver strong stock price gains, with notable performances from Elevance Health (+20.4%), HCA Healthcare (+18.3%) and Intuitive Surgical (+31.5%). The energy sector also continued its strong year to date performance, with returns from EOG Resources (+22.9%) and Occidental (+18.1%) also helping performance. Technology stocks have been weak this year and our decision to reduce exposure to companies such as Amazon (-9.3%) and Alphabet (-1.5%) was validated as earnings released from these companies in the month disappointed expectations.

Australian shares also had a good month, with the large cap market up 6%. NZ shares were more muted in comparison but still delivered modest gains.

Our bond funds have weathered the generational bond bear market this year and delivered positive returns in October, helped by the more attractive yields now on offer.

Ten months into a protracted negative return period in bonds and shares, many are asking when will this be over? The honest answer is we don't know, there are a range of potential outcomes. We are monitoring the signals closely. We think the risks still skew to the downside, hence our cautious positioning where we own less shares than we otherwise would. We think this is a prudent approach, but this prudence is tempered by a growing set of investment opportunities.

Valuation starting points now for bonds and shares are broadly more attractive than at any point since the global financial crisis. This augurs well for longer-term returns. Yields available on much of the bond universe are higher than at any time since 2009. Share market valuations have fallen, but more importantly there are a large number of themes such as climate change and deglobalisation that offer up a vast array of durable investment opportunities for us to tap into.

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Conservative Fund

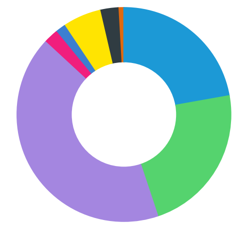
Portfolio Manager: Mark Riggall

The Fund returned 0.7% in the month bringing the one-year return to -4.5%. The Fund has delivered positive returns since mid-June, helped by rising share markets (notably in Australia), and a weaker NZ Dollar that has cushioned some of the weakness in US shares.

Bond markets continue to sell-off, but our income portfolios have been aided by the higher yields we now earn on our bond holdings. We continue to think that the risks for shares skew to the downside, based on relative attractiveness vs other assets such as bonds, but also a wariness about the economic impact of the global interest rate rises. This means we continue to hold a reduced position in shares at around 10% of the Fund. Furthermore, we have been diversifying the Fund's share exposure by investing in the Milford Active Growth Fund, an absolute return fund that can capture upside but cushion the downside in shares.

Corporate bonds are currently offering attractive yields, with hold to maturity yields of between 5 and 10%. We will be looking to patiently increase our exposure to these assets in the coming months. The attractive yields on offer bode well for the longer-term return outlook for the Conservative Fund.

Actual investment mix[1]



The actual cash held by the Fund is 12.31%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Diversified Income Fund

Portfolio Manager: Paul Morris

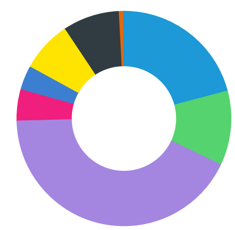
October was another rollercoaster for markets, however, supported by a late month recovery in many shares and corporate bonds, the Fund delivered a return of 1.3% in the month. Near term volatility may persist but given the adjustment in bond and share market valuations, the medium-term Fund return outlook has improved.

The Fund's bond exposure remains focused in corporate bonds where we believe the medium-term return outlook is attractive. We added several attractively priced bonds over the month, including an unsubordinated 5yr Barclays Bank bond at a NZ Dollar equivalent yield to maturity of over 7.0%. All that said, over the month there was mixed performance from the Fund's bond holdings. Australasian corporate bonds delivered a small, positive return but underperformed government bonds. On the other hand, global corporate bonds recovered some of the recent weakness, delivering a moderate positive return which outperformed weakness in global government bonds.

There were positive contributions from the majority of the Fund's shares, albeit with some weakness across its NZ listed property companies. Australian and global property stocks posted a strong bounce back from recent weakness as valuations had perhaps overshot to the downside. Shopping Centres Australia was up 15.7% as the market thinks a potentially less hawkish Reserve Bank of Australia may support valuations. The biggest contribution came from global companies where strong third quarter reporting lifted prices. That included US healthcare exposures with insurer Elevance up 20.4% and hospital operator HCA up 18.3%. Global infrastructure holdings also enjoyed a strong month, including Spanish airport operator Aena (+11.5%) after reporting increased travel activity.

Irrespective of the improvement in market risk sentiment, and the resilience in many earnings, we remain wary that central banks have yet to defeat inflation and may want to slow the growth outlook further. Therefore, while we have made small additions to both bond and share exposures, we retain cautious positioning; high levels of cash, a share exposure significantly lower than long run neutral, and limited exposure to higher market interest rates.

We remain alert for signals the foundations are in place for a sustained recovery in risk appetite. This will require clarity on the extent of central bank inflation-fighting tightening needed, and its impact. For now, we repeat our recent messaging that the outlook for medium term returns has improved but the caveat remains that near term volatility is likely to remain elevated. Active management and our ongoing cautious positioning should enable us to best navigate these risks.



The actual cash held by the Fund is 3.60%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

*Other includes currency derivatives used to manage foreign exchange risk.

[1]The actual investment mix incorporates the notional exposure value of equity derivatives and credit default swaps, where applicable.

Balanced Fund

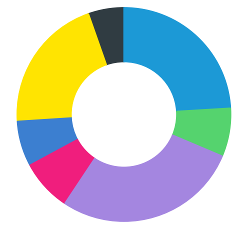
Portfolio Manager: Mark Riggall

The Fund returned 1.7% in the month bringing the one-year return to -4.8%. The Fund has delivered positive returns since mid-June, helped by rising share markets (notably in Australia), and a weaker NZ Dollar that has cushioned some of the weakness in US shares. Bond markets continue to sell-off, but our income portfolios have been aided by the higher yields we now earn on our bond holdings. This all serves to illustrate the benefits of a diversified portfolio, coupled with an active approach that can tilt the Fund appropriately, given the outlook.

We continue to think that the risks for shares skew to the downside, based on relative attractiveness vs other assets such as bonds, but also a wariness about the economic impact of the global interest rate rises. This means we continue to hold a reduced position in shares at around 40% of the Fund. However, we maintain conviction in the shares that we do own and some of these delivered strong returns in October, for example Elevance Health (+20.4%) and EOG Resources (+22.9%).

Corporate bonds are currently offering attractive yields, with hold to maturity yields of between 5 and 10%. We have been patiently building exposure in this space for the past few months and the Fund now holds around 36% in bonds, 4% above neutral and over 10% more than we held at the start of the year.

Actual investment mix[1]



- Effective Cash# 24.05%
- New Zealand Fixed Interest 7.32%
- International Fixed Interest 27.97%
- New Zealand Equities† 7.79%
- Australian Equities 6.85%
- International Equities 20.63%
- Listed Property 5.39%
- Other* 0%

The actual cash held by the Fund is 9.07%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

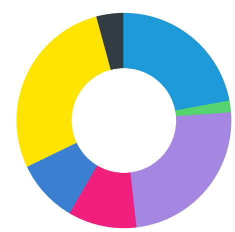
Active Growth Fund

Portfolio Manager: Jonathan Windust

The Fund rose 3.3% during October benefitting from a strong rebound in share market indices; New Zealand (+2.5%), Australia (+6.0%) and global (+7.1%). Share markets rebounded after sharp falls in September as investors became less risk averse and looked to take advantage of lower valuations. Relatively cautious positioning meant the Fund did not match share market returns, but good company selection meant returns were not far behind. Strong returns from fixed income were also helpful for performance.

There were some very strong company performances during the month including US Bank JP Morgan (+20.5%), US health insurer Elevance (+20.4%) and US payments company Visa (+16.6%). JP Morgan is benefitting from rising interest rates which allow it to increase its margins. We believe JP Morgan is very well managed and is in a strong position to manage a more difficult economic environment. Elevance reported earnings growth of 10.9%, driven by increased membership and rising premiums. Visa reported strong earnings growth of 19% and benefitted from strong payments volumes and a return to cross border travel (+49%) where it makes higher margins.

Looking forward, the outlook for shares remains uncertain with higher inflation and higher interest rates likely to slow economic growth and company earnings prospects. The positive is that lower valuations on shares and higher returns on fixed income securities boost future return prospects. Within shares we continue to believe that there remain attractive opportunities for active management, with some shares reflecting a more difficult environment than others. Given the uncertain environment, the Fund has a lower weight towards shares and a higher weight towards company bonds (fixed income). We believe yields on select fixed income investments offer attractive returns with relatively low risk versus shares.



- Effective Cash# 22.10%
- New Zealand Fixed Interest 1.77%
- International Fixed Interest 24.35%
- New Zealand Equities‡ 10.12%
- Australian Equities 9.49%
- International Equities 27.93%
- Listed Property 4.24%
- Other* 0%

The actual cash held by the Fund is 13.14%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

†Includes unlisted equity holdings of 0.12% ‡Includes unlisted equity holdings of 0.48%

*Other includes currency derivatives used to manage foreign exchange risk.

[1]The actual investment mix incorporates the notional exposure value of equity derivatives and credit default swaps, where applicable.

Australian Absolute Growth Fund

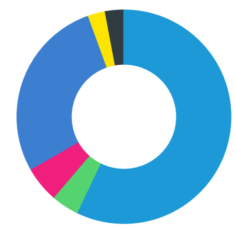
Portfolio Manager: William Curtayne & Wayne Gentle

Markets recovered in October as once again investors prepared for central banks to back off interest rate hikes. This saw the ASX 200 increase 6.0% for the month. The Fund returned -0.5% as we had very little in banking shares, which drove much of the ASX rally, and our overall cautious positioning. The cautious positioning has served the Fund well this year with the Fund only down -1.8% year to date in difficult markets, and we believe this remains the correct approach for the uncertain near term.

Our best performers for the month were Smartpay (+15.6%) which reported a strong quarter, Suncorp (+13.8%) which rallied on better bank margins and Santos (+8.6%) on the back of higher energy prices. Our worst performer was Ampol which fell 5.3% after reporting a disappointing earnings update on some surprise logistic cost issues. These issues are relatively short term in nature and Ampol has very attractive cash flows looking forward.

Economies have been robust for 2022 but are beginning to slow and company earnings are just starting to falter. This is due to high inflation and interest rates hurting the financial position of both households and businesses. We are approaching the point where central banks will reduce the size of their interest rate hikes but continue to raise rates as the job market remains tight and inflation has not slowed enough. Markets tend to bottom before earnings hit their lows, but we are very early in the earnings downgrade cycle and intend to remain cautious until earnings declines are further progressed, and interest rates are closer to being cut.

Actual investment mix[1]



Effective Cash# 57.09%
New Zealand Fixed Interest 4.15%
New Zealand Equities 5.42%
Australian Equities 27.79%
International Equities 2.59%
Listed Property 2.96%
Other* 0%

The actual cash held by the Fund is 37.43%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Aggressive Fund

Portfolio Manager: Stephen Johnston

The Fund gained 4.1% in October. Despite the uncertain backdrop, share markets globally rebounded strongly in October.

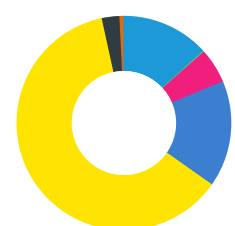
In our international portfolio, our healthcare holdings continue to be a bright spot, posting strong returns in October. Healthcare is one of our favoured sectors, offering attractive valuations and compelling long-term growth opportunities, benefitting from the rapidly ageing global population.

The top contributor in October was US health insurer Elevance (+20.4%). Business fundamentals remain strong at Elevance with strong growth in members. Given its defensive business model, its earnings can still grow even in a recessionary environment. US private hospital HCA (+18.3%) also outperformed in October, after reporting solid third quarter earnings. We remain constructive on HCA, given its dominant market position in key states and a strong management team. Medical devices company Boston Scientific (+11.3%) posted strong gains, benefitting from strong procedure volume growth, as we come out of the pandemic. We added to our position in October.

Underperformers in October were predominately large cap technology stocks, as third quarter earnings disappointed. Both Amazon (-9.3%) and Meta (-31.3%) were a drag on performance in October. We are currently reviewing both positions to ensure our long-term investment thesis is still intact.

Closer to home, Australasian markets bounced back in October. Australian miner IGO (+11.6%), continued its terrific run. IGO is a key beneficiary of one of the strongest trends globally, the transition to electric vehicles. In the NZ market, Mainfreight (+12.8%) bounced back from a weak September, after providing a solid first half trading update, with management upbeat about the outlook.

Looking ahead, the economic outlook remains uncertain, and we will retain higher levels of cash, until we see a sustained decline in inflation.



Effective Cash# 13.30%
New Zealand Fixed Interest 0.15%
New Zealand Equities 5.28%
Australian Equities 16.07%
International Equities 61.78%
Listed Property 2.65%
Other* 0.77%

The actual cash held by the Fund is 13.26%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

*Other includes currency derivatives used to manage foreign exchange risk.

[1]The actual investment mix incorporates the notional exposure value of equity derivatives and credit default swaps, where applicable.

Trans-Tasman Bond Fund

Portfolio Manager: Paul Morris

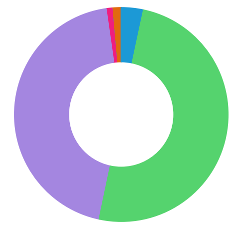
The Fund closed the month close to flat as Australasian corporate bonds generally slightly underperformed a modicum of strength in government bonds. This strength in Australasian government bonds was at odds with weakness in most major global government bond markets. It was also irrespective of ongoing evidence of stubbornly high inflation. Instead, NZ government bonds benefitted from inclusion in a major global bond index, which precipitated demand from major offshore investors. In Australia, government bonds benefitted from a smaller than expected Reserve Bank of Australia (RBA) cash rate hike (0.25% versus a market expectation of 0.5%) as the RBA suggested a more moderate approach to the path of future hikes.

During the month, a focus was in reducing some of the holdings where we believe future outperformance may be limited. That included some of the smaller NZ Dollar corporate bonds which had more materially outperformed, such as several lower-rated or unrated bonds which are predominantly held by retail investors who have less sensitivity to market interest rates. These were partially replaced by new issuance from the likes of Auckland International Airport, CBA, and ANZ. Considering the elevated extent of market pricing for the path of central bank cash rates, we did increase the Fund's interest rates exposure slightly during the month, but it remains less than that of its benchmark.

Per above, we believe shorter dated Australasian interest rates are closer to long run fair value, but longer dated bond yields will remain to an extent a hostage to where global bond yields go. For now, therefore, the risks still remain skewed towards higher market interest rates. For that risk to dissipate, or market rates to fall, we will need evidence of a sustained decline in both local and global inflationary pressures.

Looking ahead, while we remain cautious on the near-term outlook for returns and anticipate further volatility, the medium-term return outlook looks reasonable. Moreover, prevailing market yields to maturity of the Fund's bond holdings are now at levels that can act as a significant buffer to the most likely extent of higher interest rates going forward.

Actual investment mix[1]



Effective Cash# 3.36%
New Zealand Fixed Interest 49.94%
International Fixed Interest 44.43%
New Zealand Equities 0.88%
Other* 1.39%

The actual cash held by the Fund is 2.50%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

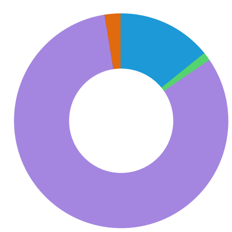
Global Corporate Bond Fund

Portfolio Manager: Paul Morris

The Fund returned 0.4% in the month which was 0.2% ahead of its benchmark. Corporate bonds have been facing myriad headwinds; (i) elevated volatility in interest rate markets, (ii) ongoing increased expectations for the peak in the path of central bank cash rates which have pushed prices lower, and (iii) underperformance versus government bonds on increased recession risk. Pleasingly in October, global corporate bonds recovered some of their recent underperformance relative to government bonds on improved risk sentiment predicated by hopes central banks may not need to push economies into recession to dampen inflation.

The recovery was most pronounced in those corporate bonds which had been most negatively impacted by concerns of a hard economic landing and/or a central bank liquidity squeeze. That included our UK exposures as the government returned to fiscal prudence. It was also notable across some of our lower rated corporate bonds in Europe and the US, notably in our subordinated bank exposures post a reasonable third quarter reporting season. In October the Fund also continued to be cushioned relative to its benchmark from the negative impact of higher interest rates.

When measured on an absolute basis and versus government bonds, we continue to think that medium term corporate bond yields are looking attractive as they provide a significant buffer from a move higher in market interest rates or a widening in credit spreads (the extra yield available from corporate bonds relative to government bonds). Near term however, irrespective of the recent improvement in market risk sentiment, we remain wary that central banks have yet to defeat inflation and may want to slow the growth outlook further. Therefore, over the month we further trimmed the Fund's exposure to corporate bond yields. We will look to add some of this exposure back on weakness or if we get confidence in an inflation moderation and a soft economic landing.



Effective Cash# 14.23%
New Zealand Fixed Interest 1.26%
International Fixed Interest 81.92%
Other* 2.59%

The actual cash held by the Fund is 5.48%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

*Other includes currency derivatives used to manage foreign exchange risk.

[1]The actual investment mix incorporates the notional exposure value of equity derivatives and credit default swaps, where applicable.

Cash Fund

Portfolio Manager: Katlyn Parker

In October, the Fund generated a return of 0.3%, in line with its objective to deliver a return in excess of the Reserve Bank of New Zealand (RBNZ) Official Cash Rate (OCR) after fees.

The RBNZ Monetary Policy Review in October saw the OCR increased by 0.5 percentage points to 3.5 percentage points. Short-dated NZ Dollar bank bills, a reflection of interbank funding levels, continued their move higher throughout the month driven by heightened market expectations of faster paced OCR increases in the near term. Looking forward, this should continue to benefit the Fund by increasing the interest rates into which it can progressively reinvest maturing holdings. Our base case remains for higher interest rates from here, albeit as it stands, elevated market expectations seem higher than what may be realised if inflation moderates and/or growth slows.

The portfolio management of the Fund remains focused on maintaining its low-risk strategy which is built on a diversified portfolio of cash, short-dated debt securities, and term deposits, to protect capital.

Actual investment mix[1]

The actual cash held by the Fund is 23.09%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Global Equity Fund

Portfolio Manager: Felix Fok & Alex Whight

The Fund rebounded 4.7% in October. Over four years, the Fund is up 43.4% (cumulative) compared to the market index which is up 43.1%.

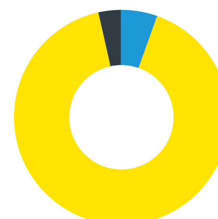
Positive contributors included Intuitive Surgical (+31.5%) which surged after earnings showed progress in robot-assisted surgery adoption. Intuitive Surgical is well placed to benefit from ageing populations and innovations that improve patient outcomes.

Wyndham Hotels (+23.8%) also announced strong earnings, reflecting good demand trends and impressive profit growth. Wyndham will not be immune to a recession, but we are attracted to its strong value proposition and its franchise business model and believe its long-term growth potential is undervalued.

Detractors included Meta Platforms (-31.3%) which fell after guiding to significant cost growth in 2023. Advertising demand is slowing and prospects for rising costs and investments with an uncertain payoff have disappointed investors. The position is under review.

Silicon Valley Bank (-31.2%) dropped as results showed slower funding for start-ups. In the near term, higher interest rates and slowing economies are pressuring less established businesses. The Fund is managing this risk with appropriate position sizing.

The Fund is actively upgrading the portfolio with attractive opportunities across investment styles, balancing quality, growth and value.



The actual cash held by the Fund is 5.51%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

*Other includes currency derivatives used to manage foreign exchange risk.

[1]The actual investment mix incorporates the notional exposure value of equity derivatives and credit default swaps, where applicable.

Trans-Tasman Equity Fund

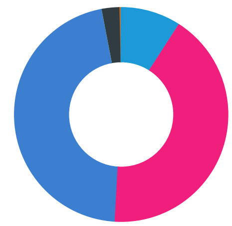
Portfolio Manager: Sam Trethewey

The Fund rallied 3.2% in October compared to a 2.5% increase in the NZX 50 index and a 6.0% in the ASX 200. The NZX performance was in sharp contrast to major global equity markets which moved significantly higher. The S&P 500 rallied 8.1%. This divergence in performance was primarily due to global markets anticipating a potential slowdown in interest rate hikes by central banks, while locally a very strong inflation print reinforced the need for further tightening of financial conditions in New Zealand and forward expectations for the RBNZ's official cash rate increased.

Performance was led this month by HUB24 (+21.5%), Mainfreight (+12.8%) and energy companies Santos (+8.6%) and Woodside (+13.6%). HUB24, an investment platform for financial advisers, surprised the market with a strong quarterly update that demonstrated market share gains. Mainfreight provided a trading update at an investor day which demonstrated resilience to falling global freight rates and calmed market concerns. Over the medium term we expect Mainfreight to continue to deliver strong earnings growth via its impressive runway of network expansion and strong culture. Santos and Woodside benefitted from higher energy prices. More broadly, energy companies are a key exposure in the Fund at present due to their high cashflow yields and the positive outlook for energy prices on a multi-year view. Over the month, the Fund reduced interest rate sensitive names including Spark and Auckland Airport while adding to EBOS Group and Woolworths on share price weakness.

Looking ahead, uncertainty is elevated in the short term. Economies and company earnings have generally been robust so far in 2022 but are beginning to slow. We are beginning to see cracks appear across company engagements and updates. This is due to high inflation and interest rates hurting the financial position of both households and businesses. The Fund is positioned defensively with cash levels elevated. We intend to remain cautious until earnings pressure subsides, and interest rates are closer to being cut. We hold limited exposure to companies with a high degree of sensitivity to interest rates or uncertain earnings, and we are invested in holdings that we believe have strong valuation support or a high degree of confidence in earnings.

Actual investment mix[1]



- Effective Cash# 9.13%
- Listed Property 2.68%
- New Zealand Equities 41.76%
- Other* 0.35%
- Australian Equities 46.08%

The actual cash held by the Fund is 9.79%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

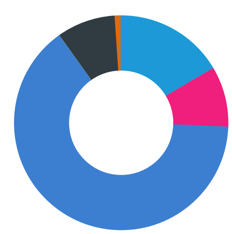
Dynamic Fund

Portfolio Manager: William Curtayne & Michael Higgins

Global equity markets bounced in October on the prospect that peak inflation and a weaker US reporting season will encourage a Federal Reserve pivot. The Dynamic Fund returned 5.3% for the month, behind the benchmark which rallied 6.3%.

Performance was led by service station and convenience retailer Waypoint REIT (WPR) which rallied 15.2%. WPR has been one of our preferred defensive exposures with an under-geared balance sheet, asset divestment programme underway and active buyback. Fuel retailer Viva Energy Group's (+8.4%) quarterly results indicated volumes remain robust in line with the domestic reopening. Global refining margins are also improving, reflecting the recovery in global fuel demand, allowing better profits in its Geelong refinery. Investment platform HUB24 (+21.5%) reported excellent quarterly results with strong flows despite the market volatility. Detractors included gold miner Silver Lake Resources (-5.9%) and Macquarie Telecom (-3.9%), which struggled to keep up with buoyant markets.

Our decision over the past two months to selectively establish longer-term buy and hold opportunities at attractive prices has worked well. We enter the back-end of the year with a diversified portfolio given the wide array of potential outcomes.



- Effective Cash# 16.56%
- Listed Property 8.81%
- New Zealand Equities 9.09%
- Other* 1.08%
- Australian Equities 64.46%

The actual cash held by the Fund is 16.56%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

*Other includes currency derivatives used to manage foreign exchange risk.

[1]The actual investment mix incorporates the notional exposure value of equity derivatives and credit default swaps, where applicable.

Fund Performance

	Past month	1 year	3 years (p.a.)	5 years (p.a.)	Since Fund inception (p.a.)	Unit price $	Fund size $
Multi-Asset Funds							
Conservative Fund*	0.68%	-4.53%	0.76%	2.89%	4.26%	1.1438	579.2 M
Diversified Income Fund*	1.25%	-3.22%	2.08%	4.82%	9.25%	1.7916	2,747.3 M
Balanced Fund	1.70%	-4.76%	5.46%	6.54%	8.94%	2.8134	1,602.0 M
Active Growth Fund	3.26%	-7.32%	6.75%	8.13%	11.44%	4.7493	2,667.6 M
Australian Absolute Growth Fund	-0.48%	0.00%	8.18%	—	8.52%	1.4562	573.0 M
Aggressive Fund	4.07%	-10.36%	—	—	-3.93%	.9449	944.3 M
Cash and Fixed Income Funds							
Trans-Tasman Bond Fund*^	0.21%	-5.25%	-1.26%	1.33%	3.34%	1.0772	1,130.4 M
Global Corporate Bond Fund*^	0.35%	-10.05%	-1.68%	0.66%	1.66%	.9669	407.5 M
Cash Fund	0.30%	1.83%	1.02%	—	1.19%	1.0443	385.7 M
Equity Funds							
Global Equity Fund†	4.65%	-14.73%	8.05%	7.62%	8.23%	2.1014	375.7 M
Trans-Tasman Equity Fund*	3.24%	-11.43%	6.26%	8.92%	10.55%	3.5811	709.1 M
Dynamic Fund#	5.30%	-12.66%	7.82%	10.0%	11.63%	2.6800	652.9 M

For details of how investment performance is calculated, and returns at each PIR please see www.milfordasset.com/funds-performance/view-performance#tab-performance.
Performance figures are after total Fund charges have been deducted and at 0% PIR.
Please note past performance is not a guarantee of future returns.
Inception dates for the Funds: Active Growth Fund: 1 October 2007, Trans-Tasman Equity Fund: 1 October 2007, Balanced Fund: 1 April 2010, Diversified Income Fund: 1 April 2010, Global Equity Fund: 12 April 2013, Dynamic Fund: 1 October 2013, Trans-Tasman Bond Fund: 2 December 2013, Conservative Fund: 1 September 2015, Global Corporate Bond Fund: 1 February 2017, Australian Absolute Growth Fund: 1 March 2018, Cash Fund: 1 March 2019, Aggressive Fund: 21 June 2021.
*Performance figures include the reinvestment of the Funds' distribution.
^Returns prior to 1 March 2018 are from when the Fund was previously offered to wholesale investors only and have been adjusted for current Fund charges.
†Returns prior to 1 October 2018 are from when the Fund was structured to achieve an absolute return.
#Closed to new investment.

Key Market Indices

	Past month	1 year	3 years (p.a.)	5 years (p.a.)	7 years (p.a.)
S&P/NZX 50 Gross Index (with imputation credits)	2.46%	-12.7%	2.38%	7.71%	10.58%
S&P/ASX 200 Accumulation Index (AUD)	6.04%	-2.01%	4.82%	7.18%	8.26%
S&P/ASX 200 Accumulation Index (NZD)	2.74%	2.82%	5.7%	6.84%	8.93%
MSCI World Index (local currency)*	7.14%	-14.2%	7.56%	7.4%	8.49%
MSCI World Index (NZD)*	4.36%	0.42%	9.66%	9.94%	10.17%
S&P/NZX 90-Day Bank Bill Rate	0.3%	1.69%	0.94%	1.32%	1.61%
Bloomberg Barclays Global Agg. Bond (USD-Hedged)	-0.34%	-12.1%	-3.12%	0.16%	1.02%
S&P/NZX NZ Government Bond Index	0.93%	-6.94%	-3.82%	0.14%	1.12%

*With net dividends reinvested

Upcoming Distributions

Fund	Target	Payment Date
Conservative Fund	0.5 cents (Quarterly)	19/01/2023
Diversified Income Fund	1.1 cents (Quarterly)	17/11/2022
Trans-Tasman Bond Fund	0.45 cents (Quarterly)	15/12/2022
Global Corporate Bond Fund	0.45 cents (Quarterly)	15/12/2022
Trans-Tasman Equity Fund	1.5 cents (Biannually)	16/03/2023

Top Security Holdings (as a percentage of the Fund's Net Asset Value)

Multi-Asset Funds

Conservative Fund	Diversified Income Fund	Balanced Fund
NZLGFA 1.5% 2026 1.25%	NZGBI 2% 2025 3.26%	Contact Energy 2.25%
NZGBI 2% 2025 1.20%	Contact Energy 2.14%	NZGBI 2% 2025 1.35%
NZLGFA 2.25% 2024 1.17%	Getlink 1.59%	Elevance Health 1.33%
NZLGFA 4.5% 2027 0.86%	Goodman 1.42%	HCA Holdings 1.32%
CBA 6.86 2032 0.82%	Computershare 1.22%	Boston Scientific 1.19%
NZLGFA 2.25% 2031 0.80%	Telstra 1.20%	Santos 1.02%
Contact Energy 0.79%	Transurban 1.15%	Bristol-Myers Squibb 0.97%
NZLGFA 2.25% 2028 0.79%	Elevance Health 1.14%	Telstra 0.95%
Monash University 4.05% 2029 0.77%	Cheniere Energy 1.08%	Natwest 0.92%
ANZ Float 2027 0.72%	Santos 1.08%	Charter Hall Retail 0.88%

Active Growth Fund	Australian Absolute Growth Fund	Aggressive Fund
Contact Energy 3.70%	CSL 5.94%	Boston Scientific 2.90%
Shell 2.87%	Telstra 4.48%	Elevance Health 2.59%
JPMorgan 2.34%	Contact Energy 3.32%	Shell 2.55%
Boston Scientific 2.06%	Santos 3.20%	HCA Holdings 2.26%
CRH 2.06%	Computershare 2.93%	Bristol-Myers Squibb 2.03%
HCA Holdings 1.79%	Resmed 2.61%	Microsoft 2.00%
NatWest 5.125% Perpetual 1.78%	Ampol 2.40%	Charles Schwab 1.83%
Natwest 1.77%	Origin Energy 2.35%	EOG Resources 1.78%
Santos 1.65%	Suncorp Group 2.35%	Intuit 1.77%
Virgin Money 1.55%	BHP 2.20%	Aon 1.77%

Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon) rate, maturity year, size of fund holding (as % of total portfolio).

Top Security Holdings (as a percentage of the Fund's Net Asset Value)

Cash and Fixed Income Funds

Trans-Tasman Bond Fund	Global Corporate Bond Fund	Cash Fund
NZLGFA 1.5% 2026 3.14%	Becton Dickinson Euro 0.334% 2028 2.63%	Westpac 45 Day WND 15.01%
NZLGFA 2.25% 2024 2.93%	John Deere 1.75% 2024 2.55%	Auckland Airport CD 2023 5.14%
NZLGFA 4.5% 2027 2.16%	CSL 3.85% 2027 2.39%	Mercury CD 2023 3.60%
NZLGFA 2.25% 2031 2.01%	JPMorgan 1.578% 2027 2.38%	Port of Tauranga CD 2022 3.22%
NZLGFA 2.25% 2028 1.98%	AT&T 1.65% 2028 2.28%	Fonterra CD 2022 3.11%
Monash University 4.05% 2029 1.93%	RBLN 2.75% 2024 2.14%	SBS CD 2023 2.82%
ANZ Float 2027 1.76%	HCA 5.875% 2026 2.12%	Fonterra CD 2022 2.59%
Housing NZ 3.36% 2025 1.58%	John Deere 4.55% 2024 2.00%	Heartland CD 2022 2.58%
Spark 4.37% 2028 1.43%	ANZ 2.166% 2025 1.97%	Spark CD 2022 2.58%
NZLGFA 1.5% 2029 1.42%	DR Horton 2.6% 2025 1.94%	Auckland Airport CD 2022 2.58%

Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon) rate, maturity year, size of fund holding (as % of total portfolio).

Equity Funds

Global Equity Fund	Trans-Tasman Equity Fund	Dynamic Fund
Elevance Health 3.95%	CSL 6.41%	Viva Energy Group 4.40%
Boston Scientific 3.33%	BHP 4.73%	IPH 4.17%
HCA Holdings 3.24%	EBOS Group 4.27%	Collins Foods 3.84%
Microsoft 3.15%	Infratil 4.05%	Contact Energy 3.78%
Alphabet 3.08%	Fisher & Paykel 4.03%	Resmed 3.39%
Ametek 3.00%	Contact Energy 3.78%	Waypoint REIT 3.05%
Intuit 2.82%	Spark 3.73%	Carsales.Com 2.98%
Bristol-Myers Squibb 2.74%	CBA 3.72%	oOh!media 2.82%
Charles Schwab 2.69%	Mainfreight 3.65%	EBOS Group 2.25%
Analog Devices 2.66%	Auckland Airport 3.26%	Neuren Pharmaceuticals 2.22%

Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon) rate, maturity year, size of fund holding (as % of total portfolio).

Milford and Milford staff have approximately $41.7 million invested across our Investment Funds as at the end of October 2022.

Michael Higgins
Portfolio Manager

Investment Highlight: Intellectual Property Holdings

Betting on innovation

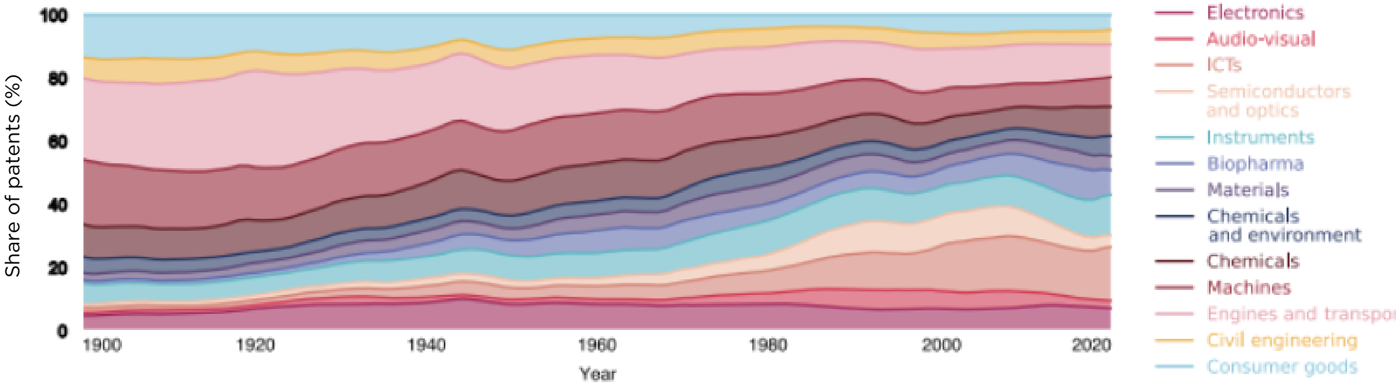
The world is at the start of a promising new chapter of innovation that will no doubt transform the global economy. Digital technologies such as artificial intelligence, big data, cloud computing and the internet of things are booming. Our challenge as investors is to discover the most promising of these companies, avoiding the many with unrealistic ambitions and business models.

While we are busy trying to find the next 'unicorn' (a term used for companies that grow rapidly to a $1b+ valuation) to add to the portfolio, we're currently invested in a company that is also a beneficiary of technological innovation, albeit with less glamour. IPH, or Intellectual Property Holdings is one of the leading Intellectual Property (IP) firms in the Asia Pacific region. It provides services for the protection, commercialisation and enforcement of all forms of IP including patents, trademarks and designs. IPH operates across nine jurisdictions in APAC and North America, servicing more than 26 countries across the region.

The demand for patents is leveraged to innovation and over time, irrespective of changing world powers and geopolitical events, innovation has remained constant. Whether it was the invention of the steam engine, the combustion engine, the 1930s pharmaceuticals boom or the internet revolution of the 90s and 2000s, we have experienced and should continue to expect significant innovation. The more innovation, the more patents are required to be filed and the more firms like IPH benefit.

A century's shift from engines toward ICT innovation

Shares of patents by technological field, 1900-2020



Source: European Patent Office (EPO) Worldwide Patent Statistical Database (PATSTAT, October 2021).

There are a number of other attractive characteristics underpinning our investment view on IPH:

i) **A diverse top tier client base with established long-term relationships.** Of the top 35 clients for the group, all had been clients for more than 10 years. Helping to ensure a diversified client base, no single client represents more than 3% of IPH's revenue.

ii) **Incredibly cash generative.** The nature of IPH's billing cycle (a large number of relatively low value invoices) results in low working capital requirements and high cashflow conversion.

iii) **Leveraged to a falling Australian Dollar.** With 80% of the revenue base in currencies other than Australian Dollars, IPH's profits are highly leveraged to a falling Australian Dollar.

iv) **Upside from acquisitions.** The recent acquisition of the leading Canadian IP firm Smart & Biggar unlocks a new region. Smart & Biggar was founded in 1890, and files over 6,000 patents a year. We believe there is a considerable scope for consolidation in Canada given a highly fragmented market consisting of a long tail of smaller/mid-sized firms.

IPH has superior financial characteristics to peers which include high margins, a capital light balance sheet, strong cashflows and M&A opportunities. We believe the outlook is bright for IPH, and the share market is in the process of recognising the opportunity.