

Milford

Monthly Fund Overview

September 2023

Higher for longer

It was a difficult month for both share and bond markets with sharp falls across both. Despite this, Milford's diversified funds had more modest losses, outperforming underlying markets and passive peers. Expectations that interest rates will stay elevated for longer periods drove global bonds* to lose 1.7% in September. The move in interest rates also weighed on shares, with broad losses across global, Australian and NZ shares (down 3.7%, 2.8% and 1.9% respectively)^.

The falls in bond prices in the month were predominantly in longer maturity bonds, reflecting changing expectations of how long interest rates would have to remain around current levels. Milford's bond holdings are concentrated in shorter maturities, and we have maintained a reduced exposure to longer-dated interest rates. This cushioned our funds from falling bond prices and we reiterate our conviction that our bond holdings offer attractive risk-reward at this juncture.

Share market losses were broad, and there were few companies that delivered positive performance last month. Nonetheless, there are a number of areas we are invested in that performed well. Higher energy prices have benefited a number of

our holdings in September, including Shell (+8.1%) and Santos (+3.0%). European banks have depressed valuations, and higher interest rates should boost earnings. In September, Bank of Ireland and NatWest Group bucked the global slide in shares to end up 1.0% and 2.3% respectively. Of course, many of our holdings lost value last month as they were buffeted by macro headwinds. In many cases, this offered opportunity to add to these holdings at cheaper prices where we retain conviction in the company outlook.

When broad asset prices fall, increased cash holdings that deliver positive returns (around 0.5% per month) provide a solid anchor for funds, in addition to being able to deploy that cash at lower asset prices. We continue to be optimistic on the outlook for returns, but caution that the road will be windy. Lower asset prices today across bonds, and the companies we own, bode well for future returns. Furthermore, a complex macro-economic environment will continue to provide a fertile ground for an active manager such as ourselves to invest and outperform.

*Bloomberg Global Aggregate Index
^MSCI world, ASX200, NZX50 indices

Milford Fund Performance as at 30 September 2023

Milford Investment Funds

	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*	-0.82%	4.78%	0.79%	2.83%	4.29%	1.1703	519.1 M
Diversified Income Fund*	-1.21%	4.39%	3.10%	4.17%	8.84%	1.7895	2,684.7 M
Balanced Fund	-1.51%	6.84%	5.29%	6.01%	8.70%	2.9498	1,591.0 M
Active Growth Fund	-2.22%	11.74%	7.31%	7.35%	11.30%	5.1263	2,863.2 M
Australian Absolute Growth Fund	-2.23%	3.51%	9.01%	7.51%	7.84%	1.5131	595.5 M
Aggressive Fund	-3.44%	10.21%	—	—	0.12%	.9991	1,259.9 M
Cash and Fixed Income Funds							
Trans-Tasman Bond Fund**	-0.65%	4.58%	-1.44%	1.50%	3.47%	1.0954	1,452.9 M
Global Corporate Bond Fund**	-0.77%	4.76%	-1.28%	1.37%	2.09%	.9834	452.0 M
Cash Fund	0.46%	4.86%	2.26%	—	1.93%	1.0917	596.8 M
Equity Funds							
Global Equity Fund†	-4.19%	11.04%	4.17%	7.29%	8.09%	2.2268	386.9 M
Trans-Tasman Equity Fund*	-2.54%	10.01%	5.93%	7.76%	10.35%	3.7704	638.9 M
Dynamic Fund#	-0.95%	15.86%	9.01%	8.57%	11.57%	2.9442	654.6 M

For details of how investment performance is calculated, and returns at each PIR please see www.milfordasset.com/funds-performance/view-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.

Upcoming Distributions

Fund	Target	Payment Date
Conservative Fund	0.7 cents (Quarterly)	19/10/2023
Diversified Income Fund	1.45 cents (Quarterly)	16/11/2023
Trans-Tasman Bond Fund	0.8 cents (Quarterly)	14/12/2023
Global Corporate Bond Fund	0.7 cents (Quarterly)	14/12/2023

Milford, its staff and their families, have approx. \$116.4 million invested in Milford's Investment Funds as of September 2023.

Milford Fund Performance as at 30 September 2023

Milford KiwiSaver Plan

	Past month	1 year	3 years (p.a.)	5 years (p.a.)	Since Fund Inception (p.a.)	Unit price \$	Fund size \$
KiwiSaver Conservative Fund	-0.88%	4.69%	0.90%	2.84%	6.46%	1.9557	217.2 M
KiwiSaver Moderate Fund	-1.11%	6.06%	2.94%	—	5.37%	1.1965	136.3 M
KiwiSaver Balanced Fund	-1.68%	7.14%	5.33%	6.12%	8.90%	3.0222	1,173.0 M
KiwiSaver Active Growth Fund [^]	-2.39%	11.27%	7.73%	7.53%	11.42%	5.2163	4,097.7 M
KiwiSaver Aggressive Fund	-3.49%	10.22%	6.04%	—	8.47%	1.3948	1,084.8 M
KiwiSaver Cash Fund	0.46%	4.86%	2.26%	—	1.98%	1.0713	119.1 M

For details of how investment performance is calculated, and returns at each PIR please see www.milfordasset.com/funds-performance/view-performance#tabperformance. 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: KiwiSaver Active Growth Fund: 1 October 2007, KiwiSaver Balanced Fund: 1 April 2010, KiwiSaver Conservative Fund: 1 October 2012, KiwiSaver Aggressive Fund: 1 August 2019, KiwiSaver Cash Fund: 27 March 2020, KiwiSaver Moderate Fund: 27 March 2020. [^]Based on the performance of the AonSaver AMT Milford Aggressive Fund until 31 March 2010 and the Milford KiwiSaver Active Growth Fund from 1 April 2010.

Milford KiwiSaver Plan is the proud winner of multiple awards:



PROVIDER OF THE YEAR
KIWISAVER 2020 - 2023



OUTSTANDING VALUE
KIWISAVER SCHEME 2020 - 2023

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)	-1.87%	3.01%	-0.53%	4.68%	7.27%
S&P/ASX 200 Accumulation Index (AUD)	-2.84%	13.46%	11%	6.67%	8.05%
S&P/ASX 200 Accumulation Index (NZD)	-4.08%	7.18%	10.66%	6.33%	8.36%
MSCI World Index (local currency)*	-3.69%	20.44%	9.51%	7.96%	9.95%
MSCI World Index (NZD)*	-5.17%	14.81%	11.58%	9.39%	12.34%
S&P/NZX 90-Day Bank Bill Rate	0.46%	4.89%	2.19%	1.86%	1.91%
Bloomberg Global Agg. Bond (USD-Hedged)	-1.72%	2.1%	-3.71%	0.57%	0.5%
S&P/NZX NZ Government Bond Index	-2.02%	-1.69%	-6.64%	-1.23%	-0.17%

*With net dividends reinvested

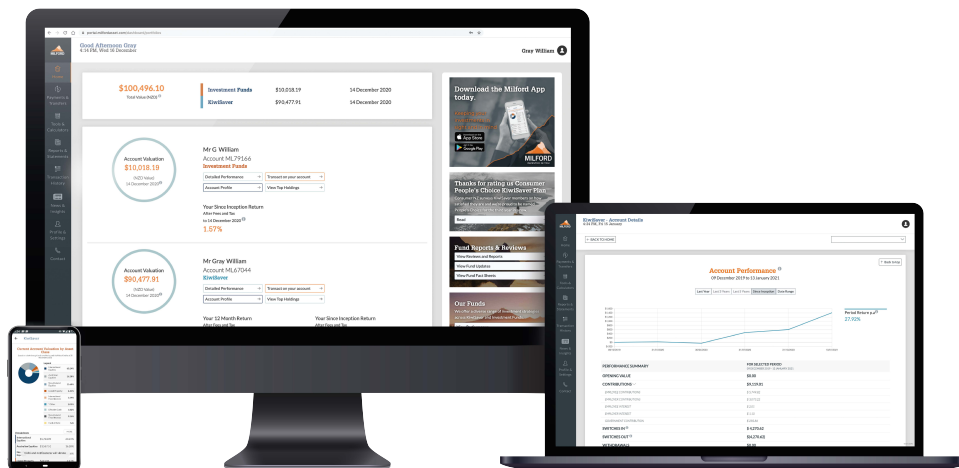
Milford staff and their families have approx. \$32.8 million invested in Milford's KiwiSaver Plan as of September 2023.

Milford Digital Tools

The Milford client portal & app

We understand that transparency is important because it's your money

Clients have access to a dedicated Milford mobile app and online portal that gives full visibility over where your money is invested and how it is performing at all times.



Need help choosing the right fund?

Access our expert digital advice to help guide you on your way

Whether you're saving for your first home, building your savings or about to retire, our digital advice can help you invest with confidence.

- ✓ Understand your risk tolerance
- ✓ Estimate your future balance
- ✓ Choose the right Milford Fund for you
- ✓ Estimate how much future income your investment could provide
- ✓ Free to use, no financial advice fee
- ✓ No obligation to invest with us.



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