

Milford Monthly Fund Overview

December 2023

A fast finish

Funds delivered strong performances in December, building on the positive November to finish the year with solid gains. This performance was driven by broad rallies across shares and bonds as investors fully embrace the soft-landing outcome of falling inflation and positive economic growth.

The last two months of the year were characterised by a rally in all assets. That is illustrated by the fact that in December, *both* global shares and global bonds* rallied by 4.2%. Milford funds have tended to be more cautious on shares over the past year, with a preference for bonds, and particularly corporate bonds. This has rewarded us with strong performance, coupled with lower volatility than seen in the share markets.

The rally in shares has been broad based with strong performance from regions, sectors and styles. For highlights of stock performance see individual fund reports. Regionally, we have recently increased exposure to Australia. In December, the Australian market was an outperformer, with the larger cap ASX200 index up 7.3% in the month. NZ shares rallied 4.0% in December, lagging other shares. We continue to have reduced exposure to the local market.

The strong performance of the bond market has been underpinned by an expectation that the inflation battle has been won and central banks will move to unwind the interest rate hikes of the past two years. On top of the move in interest rate expectations, corporate bonds continue to rally even more, delivering strong price performance from these assets. Whilst we still favour corporate bonds, the strong rally has facilitated a reduction in exposure recently.

After such a strong run in asset prices over a short period, it is natural to expect some consolidation (some of which has already been seen early in 2024). Market pricing across bonds and shares reflects a high degree of optimism around the path of inflation (stable at lower levels) and growth (modestly positive), enabling rate cuts from central banks (sooner rather than later). The path of inflation is key, and we would be wary of any signs of acceleration.

*MSCI world share index in local currency and Barclays Global Aggregate Bond index

Milford Fund Performance as at 31 December 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 [*]	2.53%	7.35%	1.28%	3.87%	4.68%	1.2130	524.6 M
Diversified Income Fund [*]	2.75%	5.49%	2.73%	5.36%	9.03%	1.8569	2,654.5 M
Balanced Fund	3.19%	9.09%	4.73%	8.20%	8.90%	3.0898	1,635.6 M
Active Growth Fund	4.89%	14.05%	7.30%	10.48%	11.56%	5.4726	3,072.0 M
Australian Absolute Growth Fund	6.62%	11.49%	9.08%	10.48%	8.82%	1.6256	695.8 M
Aggressive Fund	4.33%	14.23%	—	—	3.04%	1.0745	1,438.5 M
Cash and Fixed Income Funds							
Trans-Tasman Bond Fund ^{**}	2.42%	8.52%	-0.13%	2.25%	3.85%	1.1363	1,398.9 M
Global Corporate Bond Fund ^{**}	2.46%	8.33%	-0.46%	2.53%	2.78%	1.0273	459.4 M
Cash Fund	0.45%	5.35%	2.71%	—	2.13%	1.1073	619.5 M
Equity Funds							
Global Equity Fund [†]	3.54%	15.88%	5.22%	11.77%	8.64%	2.3974	406.3 M
Trans-Tasman Equity Fund [†]	6.08%	11.23%	3.67%	11.08%	10.62%	4.0161	650.8 M
Dynamic Fund [#]	6.43%	16.76%	7.19%	13.23%	11.99%	3.1431	687.7 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: 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	0.95 cents (Quarterly)	18/01/2024
Diversified Income Fund	1.7 cents (Quarterly)	15/02/2024
Trans-Tasman Equity Fund	1.5 cents (Biannually)	14/03/2024
Trans-Tasman Bond Fund	0.95 cents (Quarterly)	14/03/2024
Global Corporate Bond Fund	0.85 cents (Quarterly)	14/03/2024

Milford, its staff and their families, have approx. \$121.8 million invested in Milford's Investment Funds as of December 2023.

Milford Fund Performance as at 31 December 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	2.08%	7.17%	1.25%	3.85%	6.70%	2.0374	230.7 M
KiwiSaver Moderate Fund	2.45%	7.92%	2.86%	—	6.18%	1.2478	149.2 M
KiwiSaver Balanced Fund	3.12%	9.05%	4.74%	8.31%	9.10%	3.1679	1,294.1 M
KiwiSaver Active Growth Fund [†]	4.43%	13.69%	7.46%	10.56%	11.68%	5.5669	4,615.0 M
KiwiSaver Aggressive Fund	4.29%	14.13%	6.08%	—	9.76%	1.4995	1,233.7 M
KiwiSaver Cash Fund	0.45%	5.36%	2.71%	—	2.23%	1.0866	125.2 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)	3.96%	3.51%	-2.72%	6.79%	8.94%
S&P/ASX 200 Accumulation Index (AUD)	7.26%	12.42%	9.25%	10.28%	8.52%
S&P/ASX 200 Accumulation Index (NZD)	7.65%	13%	9.46%	10.86%	9.09%
MSCI World Index (local currency)*	4.16%	23.12%	8.68%	13.15%	10.69%
MSCI World Index (NZD)*	2.34%	23.65%	11.98%	14.11%	12.27%
S&P/NZX 90-Day Bank Bill Rate	0.48%	5.39%	2.65%	2.05%	2.04%
Bloomberg Global Agg. Bond (USD-Hedged)	3.2%	7.15%	-2.11%	1.4%	1.68%
S&P/NZX NZ Government Bond Index	3.6%	5.42%	-3.5%	-0.13%	1.33%

*With net dividends reinvested

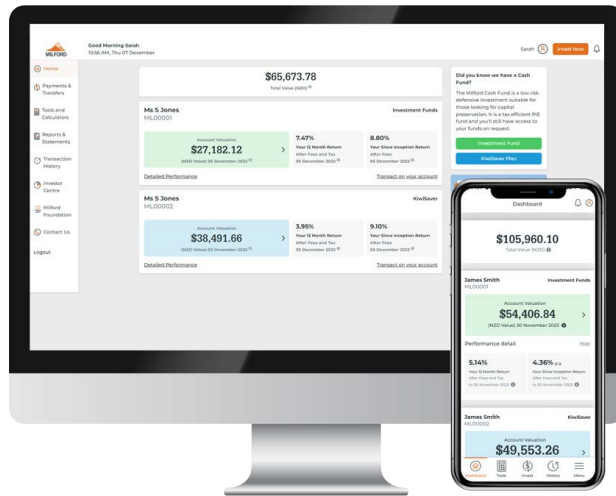
Milford staff and their families have approx. **\$35.7 million** invested in Milford's KiwiSaver Plan as of December 2023.

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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