

Milford

Monthly Fund Overview

October 2023

Laying the foundations

Financial markets continue to adjust to the reality of “higher for longer” interest rates. Over the past three months this has seen both bond and share markets adjust lower. Our funds have held cautious investment stances for a while now, and the experience of the past three months - including October - illustrate why. Whilst falling assets have not been helpful for recent performance, a cheaper asset valuation starting point is a prerequisite for strong, long-term future returns.

October returns were negative, driven by falling share and bond markets, but higher risk funds fell more as higher yields are cushioning the price falls in bonds (that lower risk funds hold more of). Illustrative of this, our bond funds were close to unchanged for the month. A lower exposure to shares helped cushion against the broader falls and a weaker NZ dollar also helped performance as we have maintained an increased exposure to foreign currencies.

With a broad fall in shares, many of our preferred holdings fell over the month. However, it was pleasing to see some notable exceptions. We have been increasing our investment in insurance broker Arthur J. Gallagher and have been

rewarded with gains of 3.3% in October, building on strong stock performance over the past year. Elsewhere, strong results from Microsoft (+7.1%) and Amazon (+4.7%) helped propel their shares to gains in October.

New Zealand and Australian shares were broadly weak in October, and NZ shares have been persistently weak over the past three years. But our NZ holdings have performed much better than the broader market, for example large holding Spark rallied 3.3% against the NZ market which was down 4.8%.

A disparity in asset valuations and outlooks dictate how we are tilting our investment mix. Many company shares are now cheap, but they also face the uncertainty of a slowing global economy. Meanwhile, our corporate bond positions offer the kind of forward-looking returns that you would normally expect from shares, but with a much lower volatility and a muted impact from weaker economic growth. Furthermore, increasing divergences in economic outlooks for various economies is fertile ground for investment opportunities in currencies, interest rates and stock selection.

Milford Fund Performance as at 31 October 2023

Milford Investment Funds

Click on Fund name below for the latest Fund information	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*	-0.69%	3.35%	0.41%	2.82%	4.15%	1.1553	521.8 M
Diversified Income Fund*	-0.96%	2.11%	2.62%	4.25%	8.70%	1.7723	2,546.4 M
Balanced Fund	-1.76%	3.20%	4.55%	6.43%	8.50%	2.8978	1,551.1 M
Active Growth Fund	-2.19%	5.84%	6.24%	7.88%	11.08%	5.0137	2,831.1 M
Australian Absolute Growth Fund	-2.22%	1.70%	8.07%	8.17%	7.29%	1.4794	580.1 M
Aggressive Fund	-2.59%	3.16%	—	—	-0.99%	.9732	1,251.4 M
Cash and Fixed Income Funds							
Trans-Tasman Bond Fund**	-0.31%	4.05%	-1.73%	1.37%	3.41%	1.0920	1,430.7 M
Global Corporate Bond Fund**	0.06%	4.46%	-1.44%	1.46%	2.07%	.9840	439.5 M
Cash Fund	0.51%	5.07%	2.42%	—	2.01%	1.0972	611.8 M
Equity Funds							
Global Equity Fund†	-2.27%	3.70%	4.20%	8.25%	7.79%	2.1762	376.1 M
Trans-Tasman Equity Fund*	-4.06%	2.24%	3.50%	8.45%	10.01%	3.6173	614.4 M
Dynamic Fund#	-4.61%	4.96%	6.43%	9.75%	10.95%	2.8084	622.0 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	0.7 cents (Quarterly)	18/01/2024
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. \$114.2 million invested in Milford's Investment Funds as of October 2023.

Milford Fund Performance as at 31 October 2023

Milford KiwiSaver Plan

Click on Fund name below for the latest Fund information	Past month	1 year	3 years (p.a.)	5 years (p.a.)	Since Fund Inception (p.a.)	Unit price \$	Fund size \$
KiwiSaver Conservative Fund	-0.75%	3.19%	0.42%	2.81%	6.34%	1.9409	219.2 M
KiwiSaver Moderate Fund	-1.30%	3.12%	2.36%	—	4.85%	1.1809	136.9 M
KiwiSaver Balanced Fund	-1.56%	3.25%	4.68%	6.56%	8.71%	2.9751	1,178.5 M
KiwiSaver Active Growth Fund [^]	-2.00%	5.48%	6.82%	8.00%	11.22%	5.1118	4,092.0 M
KiwiSaver Aggressive Fund	-2.54%	2.96%	5.45%	—	7.64%	1.3593	1,074.7 M
KiwiSaver Cash Fund	0.51%	5.08%	2.42%	—	2.08%	1.0767	127.5 M

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Closed to new investment.

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)	-4.77%	-4.26%	-3.05%	5.03%	7.37%
S&P/ASX 200 Accumulation Index (AUD)	-3.78%	2.95%	8.89%	7.18%	7.79%
S&P/ASX 200 Accumulation Index (NZD)	-2.48%	1.74%	9.76%	7.24%	8.15%
MSCI World Index (local currency)*	-2.63%	9.46%	9.67%	8.91%	9.63%
MSCI World Index (NZD)*	0.3%	10.35%	12.86%	10.8%	12.44%
S&P/NZX 90-Day Bank Bill Rate	0.49%	5.09%	2.35%	1.93%	1.95%
Bloomberg Global Agg. Bond (USD-Hedged)	-0.71%	1.72%	-3.94%	0.47%	0.54%
S&P/NZX NZ Government Bond Index	-0.47%	-3.06%	-6.72%	-1.41%	-0.04%

*With net dividends reinvested

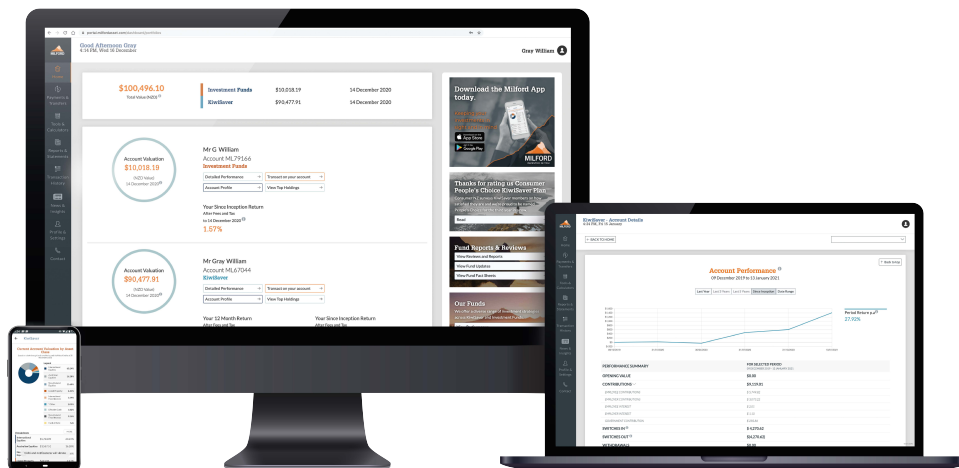
Milford staff and their families have approx. \$32.3 million invested in Milford's KiwiSaver Plan as of October 2023.

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.



Get digital advice at milfordasset.com/digital-adviser

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