

# Milford Market & Economic Review

February 2023

## A flurry of better news

Despite the turmoil in markets over the past year, our diversified funds have largely maintained their value. Our cautious approach over this period served us well in cushioning funds from participating in the falls across both bonds and shares over the past 12 months. But a cautious approach does not mean missing out on positive returns when they arrive. January saw strong gains in both shares and bonds, and our funds similarly delivered strong performance.

The end of zero-Covid policy in China, alongside softer energy prices in Europe has reduced fears of a drag on global growth from economic weakness in these regions. This is a clear positive and has resulted in strong returns from shares around the world in January, including Australia where shares rallied 6.2% to new all-time highs.

Whilst we have had lower than usual exposure to shares over the past year, we did use share market weakness at the start of this year to add some exposure. Furthermore, our decision to invest more heavily into corporate bonds over the past six months has also helped performance, and

these assets also delivered strong returns in January. Finally, our increased exposure to NZ bonds has started to pay off, particularly for our lower risk funds.

The start of 2023 illustrates the need to be nimble in this investment landscape. Markets have been very quick to price in good news and we are wary that over the course of this year we could yet see further volatility in shares as higher interest rates start to impinge on economies around the world. This is a particular concern for housing-sensitive economies such as NZ and to a lesser extent Australia.

Relative valuations continue to inform our positioning. Shares in general look less attractive, although we continue to like the companies we do own (see Fund commentaries for more details). Some corporate bonds still offer good returns although we have trimmed exposure after the recent strong performance. Overall, long term return prospects remain reasonable, and we are confident that we can continue to navigate these choppy markets going forward.

# Milford Fund Performance as at 31 January 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 \$
<b>Multi-Asset Funds</b>							
Conservative Fund*	2.10%	-1.04%	1.20%	3.20%	4.56%	1.1754	579.1 M
Diversified Income Fund*	1.95%	1.95%	2.76%	5.33%	9.41%	1.8560	2,825.3 M
Balanced Fund	2.78%	0.39%	5.36%	6.83%	9.06%	2.9163	1,615.5 M
Active Growth Fund	4.44%	-0.89%	7.14%	8.57%	11.65%	5.0240	2,799.2 M
Australian Absolute Growth Fund	0.31%	3.02%	7.66%	—	8.19%	1.4641	580.5 M
Aggressive Fund	4.06%	-4.46%	—	—	-1.08%	.9803	1,020.2 M
<b>Cash and Fixed Income Funds</b>							
Trans-Tasman Bond Fund**	2.34%	-2.79%	-0.60%	1.73%	3.58%	1.1047	1,235.6 M
Global Corporate Bond Fund**	2.27%	-4.97%	-0.95%	1.26%	2.23%	.9992	423.2 M
Cash Fund	0.38%	2.65%	1.24%	—	1.37%	1.0550	462.6 M
<b>Equity Funds</b>							
Global Equity Fund†	5.24%	-9.64%	7.03%	7.84%	8.42%	2.1799	387.8 M
Trans-Tasman Equity Fund*	4.81%	2.33%	5.78%	9.82%	10.85%	3.8296	682.0 M
Dynamic Fund#	4.94%	-1.27%	8.42%	10.02%	11.95%	2.8293	674.7 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](http://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

## Upcoming Distributions

Fund	Target	Payment Date
Conservative Fund	0.7 cents (Quarterly)	19/04/2023
Diversified Income Fund	1.45 cents (Quarterly)	16/02/2023
Trans-Tasman Bond Fund	0.8 cents (Quarterly)	16/03/2023
Global Corporate Bond Fund	0.7 cents (Quarterly)	16/03/2023
Trans-Tasman Equity Fund	1.5 cents (Biannually)	16/03/2023

**Milford, its staff and their families, have approx. \$97.9 million invested in Milford's Investment Funds as of January 2023.**

# Milford Fund Performance as at 31 January 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	2.18%	-0.85%	1.33%	3.22%	6.82%	1.9441	209.1 M
KiwiSaver Moderate Fund	2.22%	-0.64%	—	—	6.20%	1.1834	117.7 M
KiwiSaver Balanced Fund	2.58%	-0.21%	5.43%	6.92%	9.26%	2.9852	1,029.0 M
KiwiSaver Active Growth Fund*	4.46%	-0.87%	7.46%	8.82%	11.80%	5.1271	3,503.6 M
KiwiSaver Aggressive Fund	4.11%	-4.38%	8.42%	—	9.54%	1.3698	885.6 M
KiwiSaver Cash Fund	0.38%	2.64%	—	—	1.22%	1.0352	114.6 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](http://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: 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.

\*This is 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 - 2022



**OUTSTANDING VALUE**  
KIWISAVER SCHEME 2020 - 2022

## 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)	4.31%	1.49%	1.4%	8.1%	10.95%
S&P/ASX 200 Accumulation Index (AUD)	6.23%	12.21%	5.96%	8.51%	10.25%
S&P/ASX 200 Accumulation Index (NZD)	8.01%	14.02%	7.84%	8.44%	10.21%
MSCI World Index (local currency)*	6.5%	-5.94%	8.1%	7.45%	10.63%
MSCI World Index (NZD)*	4.79%	-5.95%	7.63%	9.43%	10.57%
S&P/NZX 90-Day Bank Bill Rate	0.36%	2.52%	1.18%	1.42%	1.65%
Bloomberg Global Agg. Bond (USD-Hedged)	2.3%	-7.72%	-2.43%	0.96%	1.36%
S&P/NZX NZ Government Bond Index	2.11%	-6.23%	-3.47%	0.25%	1.12%

\*With net dividends reinvested

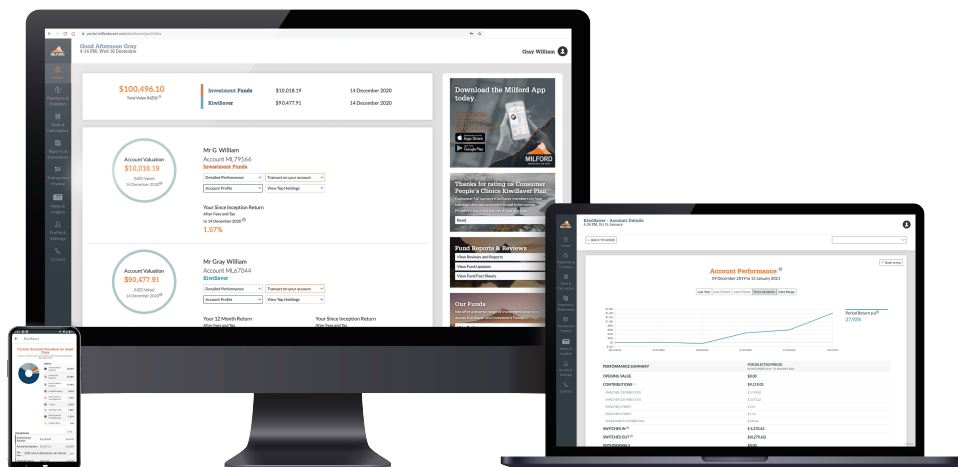
Milford staff have approx. \$23.0 million invested in Milford's KiwiSaver Plan as of January 2023.

# 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.

- ✓ 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](https://milfordasset.com/digital-adviser)

This digital advice tool is provided by Milford Private Wealth Limited, a licensed Financial Advice Provider (FSP391786), part of the Milford Group. For more information about our financial advice services, visit <https://milfordasset.com/getting-advice>. The tools' projections are estimates only and not a guaranteed outcome; projections are based on Milford's own fund return assumptions; projections are based on the information you provide. The advice wouldn't be suitable for other providers' products.

Disclaimer: This document has been prepared by Milford Funds Limited. It is based on information believed to be accurate and reliable although no guarantee can be given that this is the case. No reproduction of any material either in part or in full is permitted without prior permission. For more information about the Funds please refer to the Product Disclosure Statement or the latest Quarterly Fund Update.