

# Milford Market & Economic Review

March 2023

## Resilience – the capacity to withstand difficulties

After a strong January, shares and bonds saw modest retracements in February. Despite this, Milford Funds largely delivered flat to positive returns for the month, holding on to the gains in January.

Investors had been cheering falls in global inflation, but recent data indicates that inflation isn't falling as fast as hoped. Furthermore, there is evidence of a resurgence in economic activity at the start of 2023. All of this means that central banks may have more work to do - the significant rise in interest rates over the past year seems to be having little impact *so far*. We had reduced our interest rate exposures in January and this cushioned against the recent falls in bonds.

Whilst stronger growth is usually good news for shares, the impact is more nuanced thanks to elevated valuations, the risk of higher interest rates and the potential for a deeper recession down the track. We had used the strength in shares early in the month to lighten our position, again cushioning Funds from the recent adverse moves. The NZ dollar was also much weaker for

the month, benefitting our increased holdings of US dollars.

Stock selection also helped performance last month. Origin Energy in Australia is widely held across our Funds; last month saw positive progress on the takeover bid for the company and the shares were up 10.4% accordingly. Elsewhere, in January we made our first investment in Tesla. Whilst it was a small position, we have been rewarded with a 80% return to the end of February.

The investment backdrop continues to favour a nimble approach. Share markets are likely to remain broadly volatile, different types of companies are likely to experience vastly different fortunes and we have already seen reasonable swings in bonds and currencies this year. All this is to point out that there is a rich opportunity set for an active manager like ourselves. Looking ahead, we're optimistic about the outlook for returns, even as we're cautious on the outlook for the share market.

# Milford Fund Performance as at 28 February 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*	-0.20%	-0.43%	1.18%	3.24%	4.49%	1.1730	575.4 M
Diversified Income Fund*	0.17%	2.03%	3.22%	5.49%	9.37%	1.8443	2,824.4 M
Balanced Fund	0.73%	1.88%	6.55%	7.09%	9.06%	2.9372	1,627.4 M
Active Growth Fund	0.25%	0.36%	8.44%	8.64%	11.61%	5.0360	2,793.4 M
Australian Absolute Growth Fund	2.27%	1.22%	10.14%	8.55%	8.55%	1.4972	594.7 M
Aggressive Fund	-0.10%	-0.76%	—	—	-1.09%	.9792	1,035.1 M
<b>Cash and Fixed Income Funds</b>							
Trans-Tasman Bond Fund**	-0.71%	-2.38%	-1.07%	1.53%	3.47%	1.0968	1,229.8 M
Global Corporate Bond Fund**	-1.31%	-4.97%	-1.49%	1.10%	1.98%	.9861	418.4 M
Cash Fund	0.34%	2.93%	1.32%	—	1.43%	1.0586	465.0 M
<b>Equity Funds</b>							
Global Equity Fund†	0.54%	-3.50%	8.86%	8.39%	8.41%	2.1914	387.4 M
Trans-Tasman Equity Fund*	-0.86%	1.56%	7.41%	9.52%	10.73%	3.7966	670.7 M
Dynamic Fund#	-0.87%	-2.13%	11.00%	9.60%	11.74%	2.8041	651.4 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)	20/04/2023
Diversified Income Fund	1.45 cents (Quarterly)	18/05/2023
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. \$117.0 million invested in Milford's Investment Funds as of February 2023.**

# Milford Fund Performance as at 28 February 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	-0.30%	-0.36%	1.26%	3.24%	6.74%	1.9381	207.5 M
KiwiSaver Moderate Fund	0.52%	0.65%	—	—	6.22%	1.1894	119.0 M
KiwiSaver Balanced Fund	0.91%	1.44%	6.67%	7.24%	9.28%	3.0119	1,047.4 M
KiwiSaver Active Growth Fund <sup>^</sup>	0.17%	0.25%	8.59%	8.87%	11.75%	5.1354	3,549.6 M
KiwiSaver Aggressive Fund	-0.20%	-0.55%	10.13%	—	9.27%	1.3670	896.4 M
KiwiSaver Cash Fund	0.34%	2.93%	—	—	1.31%	1.0387	110.5 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.

<sup>^</sup>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)	-0.61%	0.12%	2.54%	8.15%	10.7%
S&P/ASX 200 Accumulation Index (AUD)	-2.45%	7.16%	7.94%	7.9%	10.14%
S&P/ASX 200 Accumulation Index (NZD)	-2.6%	8.79%	9.59%	8.09%	10.22%
MSCI World Index (local currency)*	-1.57%	-4.9%	10.61%	7.88%	10.63%
MSCI World Index (NZD)*	1.8%	1.22%	9.95%	10.21%	11.28%
S&P/NZX 90-Day Bank Bill Rate	0.35%	2.83%	1.25%	1.46%	1.67%
Bloomberg Global Agg. Bond (USD-Hedged)	-1.6%	-7.97%	-3.35%	0.68%	0.99%
S&P/NZX NZ Government Bond Index	-1.86%	-7.17%	-4.56%	-0.15%	0.66%

\*With net dividends reinvested

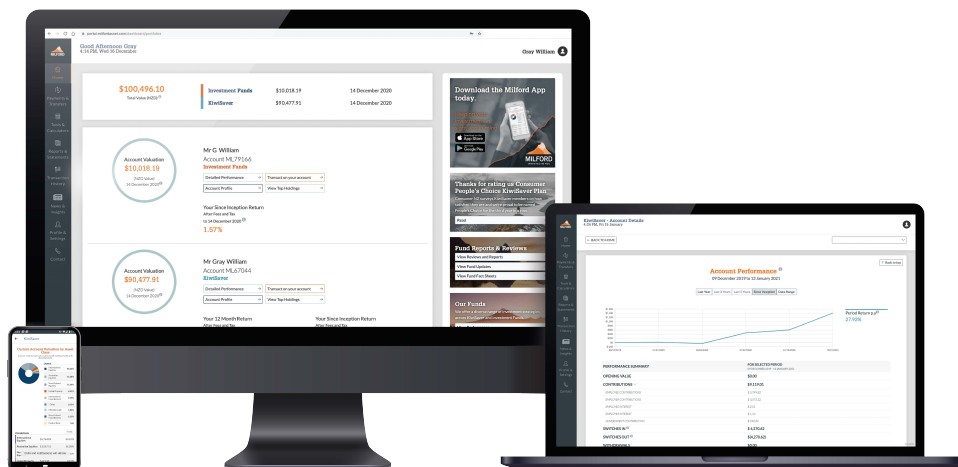
Milford staff have approx. \$29.4 million invested in Milford's KiwiSaver Plan as of February 2023.

# 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.

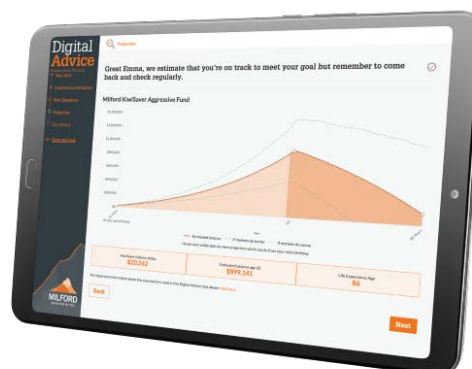


## Need help choosing the right fund?

### 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)

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