

Milford Market & Economic Review

June 2023

Halfway to a soft landing

Inflation is falling whilst economic growth looks to be resilient, delivering what investors have termed a “soft landing”. Last month, markets continued to unwind the scarring effects of the US regional banking crisis. Global shares rallied sharply whilst bonds were modestly lower. Overall, Milford’s funds delivered a positive performance for the month.

The strength in global shares was delivered by a broader set of companies in June, with US shares notable outperformers. Many of our key holdings enjoyed strong gains in June and they came from a range of industries. Key healthcare pick HCA Healthcare was up 15.1%, industrials company Wesco rallied 30.6%, home improvement store Lowe’s was up 12.2% and Facebook owner Meta continued its strong run with an 8.4% gain.

New Zealand and Australian shares were underperformers in June. Chinese growth impulse is waning, although Australian resource companies were strong on hopes of stimulus measures. In NZ, Infratil undertook a capital raise in June, allowing us to add to our holdings at a reasonable discount.

Bond markets were modestly lower in June as a stronger than expected global economy increased expectations for further rate hikes. We continue to think that elevated yields on short-term cash and bond investments can provide a solid anchor for portfolios going forward.

The soft landing outcome illustrates the resilience of global economies to the sharp interest rate hikes over the past 18 months. However, there is evidence that the global economy is on a slowing trajectory. New Zealand is arguably ahead in the cycle and data released in June revealed that we have already had two quarters of negative GDP growth. To a degree, economic growth and inflation go hand in hand. Will inflation fall sufficiently before the tightening in monetary policy does too much harm to the economy? The answer will likely reveal itself over the next six months, and chances are we will have some false signals along the way.

We retain a healthy scepticism around the outlook, with a diversified approach to delivering future returns whilst managing the risks. A nimble approach will be key as the cycle unfolds.

Milford Fund Performance as at 30 June 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*	-0.12%	5.20%	1.67%	3.13%	4.42%	1.1766	563.3 M
Diversified Income Fund*	0.33%	5.00%	4.36%	4.71%	9.07%	1.8171	2,734.2 M
Balanced Fund	0.99%	9.14%	7.07%	6.68%	8.95%	2.9777	1,617.5 M
Active Growth Fund	2.67%	13.72%	9.81%	8.27%	11.59%	5.2027	2,877.8 M
Australian Absolute Growth Fund	0.64%	7.38%	10.37%	8.34%	8.62%	1.5437	599.9 M
Aggressive Fund	3.32%	15.64%	—	—	2.21%	1.0419	1,189.7 M
Cash and Fixed Income Funds							
Trans-Tasman Bond Fund**	-0.39%	3.87%	-0.88%	1.63%	3.52%	1.0982	1,446.3 M
Global Corporate Bond Fund**	-0.42%	1.84%	-0.90%	1.41%	2.05%	.9831	453.7 M
Cash Fund	0.45%	4.16%	1.82%	—	1.72%	1.0768	539.2 M
Equity Funds							
Global Equity Fund†	3.73%	18.23%	9.12%	9.07%	8.89%	2.3536	406.9 M
Trans-Tasman Equity Fund*	1.53%	15.59%	8.20%	9.09%	10.77%	3.9278	659.6 M
Dynamic Fund#	1.65%	17.45%	11.76%	9.15%	11.69%	2.8947	656.8 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.

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)	20/07/2023
Diversified Income Fund	1.45 cents (Quarterly)	17/08/2023
Trans-Tasman Bond Fund	0.8 cents (Quarterly)	14/09/2023
Global Corporate Bond Fund	0.7 cents (Quarterly)	14/09/2023
Trans-Tasman Equity Fund	1.5 cents (Biannually)	14/09/2023

Milford, its staff and their families, have approx. \$120.1 million invested in Milford's Investment Funds as of June 2023.

Milford Fund Performance as at 30 June 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	0.00%	5.30%	1.75%	3.16%	6.63%	1.9581	212.9 M
KiwiSaver Moderate Fund	0.43%	7.08%	4.11%	—	5.94%	1.2026	128.6 M
KiwiSaver Balanced Fund	0.87%	9.19%	7.22%	6.82%	9.16%	3.0544	1,115.0 M
KiwiSaver Active Growth Fund [^]	2.41%	13.86%	10.35%	8.52%	11.73%	5.3101	3,907.4 M
KiwiSaver Aggressive Fund	3.39%	15.47%	10.37%	—	10.21%	1.4552	1,030.7 M
KiwiSaver Cash Fund	0.46%	4.17%	1.82%	—	1.70%	1.0566	118.5 M

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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)	0.93%	10.57%	2.08%	6.75%	9.11%
S&P/ASX 200 Accumulation Index (AUD)	1.76%	14.78%	11.13%	7.16%	8.95%
S&P/ASX 200 Accumulation Index (NZD)	2.36%	12.72%	11.7%	7.06%	9.55%
MSCI World Index (local currency)*	5.69%	18.23%	12.9%	9.66%	11.1%
MSCI World Index (NZD)*	3.75%	20.27%	14.05%	11.27%	13.03%
S&P/NZX 90-Day Bank Bill Rate	0.46%	4.11%	1.74%	1.68%	1.79%
Bloomberg Global Agg. Bond (USD-Hedged)	-0.06%	0.52%	-2.88%	0.93%	0.84%
S&P/NZX NZ Government Bond Index	-1.61%	-0.79%	-4.97%	-0.37%	0.36%

*With net dividends reinvested

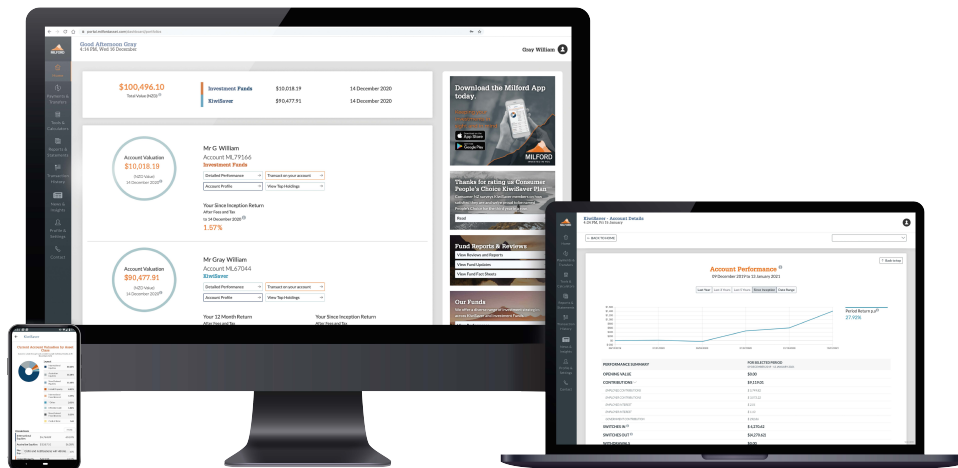
Milford staff and their families have approx. \$31.7 million invested in Milford's KiwiSaver Plan as of June 2023.

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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