

Milford Market & Economic Review

July 2023

The sun is shining (but not everywhere)

July saw continued strength in global share markets, helping deliver positive performance for the funds in the month and building on some solid year-long gains for high and low risk funds alike.

Global investors have been celebrating a heady mix of falling inflation, resilient growth (in the US) and optimism around an artificial intelligence (AI) led profitability boom for large technology companies. This backdrop has been delivering performance from our stock picks, as well as helping our corporate bond holdings to handily outperform government bonds.

We follow AI developments closely, and investments in Facebook owner Meta (up 11.0%) and chip maker Micron Technologies (up 13.3%) are expected to benefit from this trend. Some of our picks are also benefitting from the resiliency of consumer spending in the US. Wyndham Hotels (up 13.6%) and home improvement retailer Lowe's (up 4.3%) have delivered good share price performance over the past few months.

Australian share markets were buoyed by the announcement of further Chinese stimulus measures. This news and strength in commodity prices helped Santos (up 5.9%) and mining services company Monadelphous Group (up 16.2%) last month. We also invested in clothing

retailer Universal Store recently, and were rewarded with a 20.1% return last month.

Global government bond prices have remained under pressure from ongoing rate hikes and resilient growth, particularly in the US. But a more sanguine view on the prospect of recession saw corporate bonds perform well last month, in addition to strong performance from our lower risk bank, Aussie real estate, and global utility company holdings.

Interest rate rises don't impact all economies equally. NZ, Australia and parts of Europe are already showing signs of lower growth (or even recession). Meanwhile, the US economy's relative immunity to interest rates has allowed it to maintain solid economic growth. Inflation is falling but central banks remain vigilant and continue to hike rates. Different economies' sensitivities to interest rates mean that the economic cycle will likely see further global divergences going forward. These divergences offer plenty of opportunities to express views across currencies and interest rate markets, in addition to our active stock picking in what continues to be a very dynamic investment backdrop.

Milford Fund Performance as at 31 July 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*	0.83%	3.44%	1.50%	3.21%	4.48%	1.1793	567.3 M
Diversified Income Fund*	1.68%	3.49%	4.45%	4.94%	9.14%	1.8475	2,767.9 M
Balanced Fund	1.14%	5.99%	6.78%	6.76%	8.98%	3.0116	1,625.2 M
Active Growth Fund	1.49%	9.75%	9.24%	8.39%	11.63%	5.2797	2,914.4 M
Australian Absolute Growth Fund	1.28%	5.30%	10.48%	8.44%	8.73%	1.5634	608.7 M
Aggressive Fund	1.38%	9.70%	—	—	2.78%	1.0562	1,248.0 M
Cash and Fixed Income Funds							
Trans-Tasman Bond Fund**	0.39%	2.02%	-1.04%	1.66%	3.53%	1.1024	1,491.7 M
Global Corporate Bond Fund**	1.11%	-0.21%	-1.08%	1.53%	2.20%	.9940	461.1 M
Cash Fund	0.47%	4.45%	1.98%	—	1.80%	1.0819	539.3 M
Equity Funds							
Global Equity Fund†	0.50%	7.92%	7.97%	8.93%	8.86%	2.3652	412.7 M
Trans-Tasman Equity Fund*	2.27%	11.67%	8.22%	9.47%	10.87%	4.0162	673.6 M
Dynamic Fund#	3.29%	11.83%	11.87%	9.83%	11.95%	2.9898	675.9 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)	19/10/2023
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. \$122.3 million invested in Milford's Investment Funds as of July 2023.

Milford Fund Performance as at 31 July 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	0.93%	3.71%	1.62%	3.26%	6.67%	1.9763	214.6 M
KiwiSaver Moderate Fund	1.06%	5.06%	3.98%	—	6.12%	1.2153	134.4 M
KiwiSaver Balanced Fund	1.18%	6.06%	6.94%	6.90%	9.19%	3.0904	1,151.3 M
KiwiSaver Active Growth Fund [*]	1.29%	9.63%	9.79%	8.60%	11.76%	5.3784	4,037.6 M
KiwiSaver Aggressive Fund	1.27%	9.57%	9.47%	—	10.33%	1.4736	1,083.9 M
KiwiSaver Cash Fund	0.47%	4.45%	1.98%	—	1.80%	1.0616	114.9 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)	1.2%	5.79%	1.66%	7.05%	8.31%
S&P/ASX 200 Accumulation Index (AUD)	2.88%	11.67%	12%	7.47%	8.44%
S&P/ASX 200 Accumulation Index (NZD)	2.55%	8.67%	12.22%	7.3%	8.86%
MSCI World Index (local currency)*	2.92%	12.69%	12.73%	9.61%	10.92%
MSCI World Index (NZD)*	1.75%	14.34%	14.24%	11.1%	12.84%
S&P/NZX 90-Day Bank Bill Rate	0.48%	4.39%	1.89%	1.74%	1.83%
Bloomberg Global Agg. Bond (USD-Hedged)	0.03%	-1.95%	-3.22%	0.93%	0.76%
S&P/NZX NZ Government Bond Index	-0.18%	-3.73%	-5.31%	-0.49%	0.21%

*With net dividends reinvested

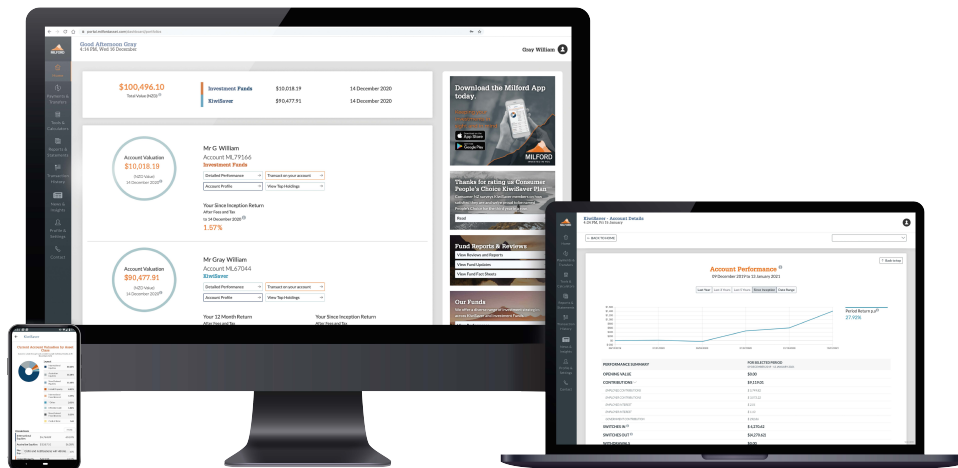
Milford staff and their families have approx. \$32.4 million invested in Milford's KiwiSaver Plan as of July 2023.

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
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