

# Milford Market & Economic Review

May 2023

## Still waters run deep

Both bonds and shares saw modest falls in May, but this masks significant moves under the surface. Funds largely outperformed underlying assets, delivering a slightly negative month but holding on to positive one-year returns.

Global shares ended the month slightly lower, and were it not for a handful of large technology stocks, the outcome would have been much worse. The current investor excitement around artificial intelligence (AI) has supported a small number of stocks. Some of our holdings are well positioned for this technological wave and this was reflected in the performance of Google (+14.5%), Microsoft (+7.1%) and Amazon (+14.4%) this month.

In local markets, stock picking opportunities abound. In Australia, we have been riding the lithium boom through a number of stocks. In May, we were rewarded by the performance of key pick Allkem (+21.2%) which is merging with a US competitor. Some of our other local holdings have reported results in the month; both Xero and Gentrack exceeded investor expectations which saw their stock prices rise 17.8% and 34.2% respectively.

The global bond market was weaker as investors reacted to better US data, illustrating the resilience of the US economy. Like shares, bonds also saw divergent performances. Notably, bank bonds are continuing to claw back the relative losses seen in the wake of the US/Swiss banking crises.

Last month saw the RBNZ surprise investors by signaling an end to its hiking cycle. This precipitated a sharp fall in the NZ dollar. Our Funds have been building foreign currency holdings recently, so this fall in the Kiwi was a welcome boost to Fund performance. We continue to think the NZ dollar can underperform global currencies.

Market dynamics in May neatly capture the opportunity set for an active, diversified manager like Milford. Broad market moves were muted but there are myriad opportunities for us to add value for investors. The outlook is predicated on a tug of war between central banks which are trying to slow inflation, and households whose spending has remained resilient in the face of building headwinds. No matter the outcome, we remain excited about the investment opportunities on offer.

# Milford Fund Performance as at 31 May 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*	0.00%	3.06%	2.00%	3.26%	4.48%	1.1781	570.7 M
Diversified Income Fund*	-0.72%	1.64%	4.47%	4.82%	9.10%	1.8115	2,749.9 M
Balanced Fund	-0.19%	3.70%	7.17%	6.68%	8.92%	2.9490	1,601.0 M
Active Growth Fund	-0.17%	4.19%	9.56%	8.04%	11.46%	5.0687	2,820.7 M
Australian Absolute Growth Fund	-0.36%	2.98%	10.82%	8.55%	8.63%	1.5340	594.2 M
Aggressive Fund	-0.03%	5.27%	—	—	0.59%	1.0086	1,119.2 M
<b>Cash and Fixed Income Funds</b>							
Trans-Tasman Bond Fund**	-0.37%	3.32%	-0.57%	1.78%	3.59%	1.1105	1,404.5 M
Global Corporate Bond Fund**	-0.27%	-0.69%	-0.43%	1.50%	2.15%	.9943	454.4 M
Cash Fund	0.47%	3.87%	1.68%	—	1.65%	1.0719	522.4 M
<b>Equity Funds</b>							
Global Equity Fund†	0.45%	8.08%	8.19%	8.59%	8.57%	2.2694	389.5 M
Trans-Tasman Equity Fund†	-0.14%	6.71%	9.09%	9.51%	10.73%	3.8693	665.2 M
Dynamic Fund#	-2.13%	5.43%	11.37%	9.12%	11.60%	2.8480	645.7 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)	20/07/2023
Diversified Income Fund	1.45 cents (Quarterly)	17/08/2023
Trans-Tasman Bond Fund	0.8 cents (Quarterly)	15/06/2023
Global Corporate Bond Fund	0.7 cents (Quarterly)	15/06/2023
Trans-Tasman Equity Fund	1.5 cents (Biannually)	14/09/2023

Milford, its staff and their families, have approx. \$117.6 million invested in Milford's Investment Funds as of May 2023.

# Milford Fund Performance as at 31 May 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	-0.10%	3.21%	2.03%	3.27%	6.68%	1.9583	211.7 M
KiwiSaver Moderate Fund	-0.18%	3.30%	4.29%	—	5.96%	1.1976	126.2 M
KiwiSaver Balanced Fund	-0.16%	3.71%	7.37%	6.85%	9.14%	3.0286	1,087.2 M
KiwiSaver Active Growth Fund <sup>^</sup>	0.05%	4.45%	10.13%	8.34%	11.63%	5.1864	3,754.8 M
KiwiSaver Aggressive Fund	-0.13%	5.27%	9.76%	—	9.49%	1.4078	969.7 M
KiwiSaver Cash Fund	0.47%	3.87%	1.68%	—	1.60%	1.0518	121.0 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)	-1.68%	5.36%	3.52%	7.26%	8.66%
S&P/ASX 200 Accumulation Index (AUD)	-2.53%	2.9%	11.43%	7.47%	8.29%
S&P/ASX 200 Accumulation Index (NZD)	-1.61%	0.84%	11.72%	7.5%	8.42%
MSCI World Index (local currency)*	-0.22%	3.17%	11.7%	8.53%	10.02%
MSCI World Index (NZD)*	2.02%	10.86%	12.19%	11.24%	11.43%
S&P/NZX 90-Day Bank Bill Rate	0.44%	3.8%	1.58%	1.61%	1.75%
Bloomberg Global Agg. Bond (USD-Hedged)	-0.39%	-0.95%	-2.7%	0.98%	1.12%
S&P/NZX NZ Government Bond Index	-0.9%	-0.18%	-4.65%	0.07%	0.72%

\*With net dividends reinvested

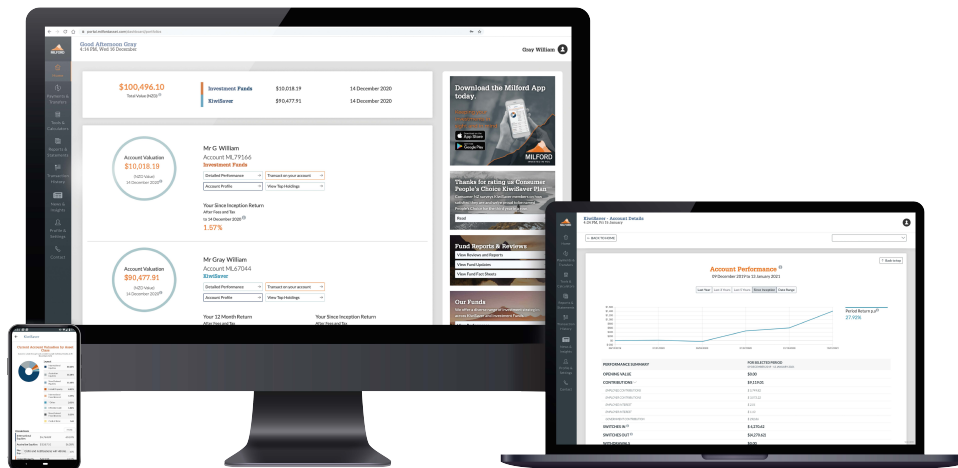
**Milford staff and their families have approx. \$30.3 million invested in Milford's KiwiSaver Plan as of May 2023.**

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

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