Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2025



Portfolio Managers



Paul Morris Portfolio Manager



Anthony Ip Co-Portfolio Manager

October brought plenty of headlines to navigate, with tariffs, quarterly company results, and central bank interest rate cuts. By month end, the Fund's 0.7% return extended 2025's unbroken run of monthly positive returns. Positive contributions from bonds and shares were supported by generally lower market interest rates, and ongoing investor confidence in company earnings growth.

Market interest rates are moving lower on expectations for central bank rate cuts. NZ and the UK were standouts from this perspective, benefiting the Fund given elevated exposure to both.

Australian market interest rates bucked the trend as elevated inflation reduced near-term interest rate cut hopes. Global subordinated bonds were some of the best performing corporate bonds, however, as the extra yield from corporate bonds relative to government bonds is historically low, we continue tilting towards higher-rated bonds. Nevertheless, we continue to opportunistically add to attractive lower-rated bond opportunities such as Dutch telecommunications company Ziggo in October at a NZ hedged yield of ~6%.

While in aggregate shares contributed positively, beneath the surface returns were more mixed. The biggest contributors were global shares, especially the Fund's UK allocation, e.g. UK bank NatWest Group (+12.0%) and UK electricity company SSE plc (+10.0%). We would reiterate recent comments that most of the Fund's US shares remain in lower volatility sectors. This means that while they may not have benefited fully from the rally in AI growth shares, they should be more defensive and have a larger valuation cushion if that theme reverses. That said, we have moderate allocations to higher quality AI beneficiaries such as technology giants Microsoft (flat) and Amazon (+11.2%) who both reported strong results.

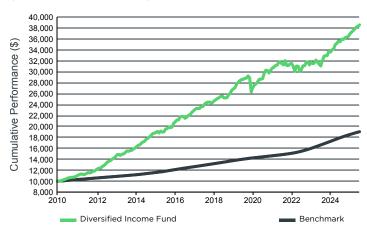
Looking forward, we reiterate a medium-term constructive return outlook. Still historically attractive interest rates, steeper yield curves (market interest rates are generally above cash rates), and reasonable medium-term company earnings outlooks remain supportive. But we remain cautious of elevated valuations in parts of share markets and in corporate bonds (versus government bonds). This means prudence, active management, and utilisation of bond and share market options remain appropriate.

To view Milford's October 2025 Market and Economic Review please see milfordasset.com/insights.

For previous fund reports see milfordasset.com/fund-reports.

Cumulative Fund Performance

(after fees and before tax)



Assumes the growth of \$10,000 invested at the Fund's inception date, and assumes reinvestment of distribution.

Key Fund Facts

	Objective ¹	To provide income and capital growth over the minimum recommended investment timeframe				
	Description	Diversified fund that primarily invests in fixed interest and equity income-generating securities				
	Minimum recominvestment time		4 years +			
	Target Allocation		60% Income Assets / 40% Growth Assets			
	Neutral FX Exposure		0%			
	Net Asset Value	(NAV)	\$3,362.5 M			
	Yield ²		2.66%			
	Average Credit	Rating	A-			
	Duration		2.01 years			
	Buy-sell Spread		None - swing pricing applies (See PDS for details)			
	Inception Date		1 April 2010			
	Current Distribu	tion	1 FF conta nor unit (Quarterly)			

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Inception Date	ception Date 1 April 2010				
Current Distribution	rrent Distribution 1.55 cents per unit (Quarterly)				
Benchmark	OCR + 2.5% p.a.				
Base Fund Fee ³	0.65%				
Performance Fee	10% of the Fund's returns above the Benchmark¹, subject to the high watermark.				
Total Fund Fees 4	0.85% (includes an est. performance fee)				
	Lower risk Higher risk				
Risk Indicator	1 2 3 4 5 6 7				
	Potentially lower returns Potentially higher returns				





Unit Price: \$2.0491

Investment Performance after fees as at 31 October 2025⁵

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Diversified Income Fund (Gross Of Tax)	0.74%	2.04%	8.71%	8.21%	6.05%	9.05%
After Tax 10.50%	0.72%	1.95%	8.28%	7.60%	5.67%	8.43%
After Tax 17.50%	0.70%	1.89%	8.00%	7.19%	5.43%	8.02%
After Tax 28.00%	0.67%	1.80%	7.57%	6.58%	5.05%	7.42%
Benchmark	0.43%	1.34%	6.10%	7.15%	5.67%	4.22%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	1.46%
Goodman	1.17%
Aena SME	1.16%
NatWest Group	1.09%
Precinct	1.07%
Bank of America	1.04%
National Grid	0.98%
Region RE	0.95%
SSE	0.95%
Infratil	0.87%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash#	7.71%	5%
New Zealand Fixed Interest	18.74%	10%
International Fixed Interest	34.33%	45.0%
New Zealand Equities	4.71%	5%
Australian Equities	12.01%	11%
International Equities	13.58%	5.5%
Listed Property	8.92%	18.5%
Other	0.00%	0.0%

The actual cash held by the Fund is 6.40%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

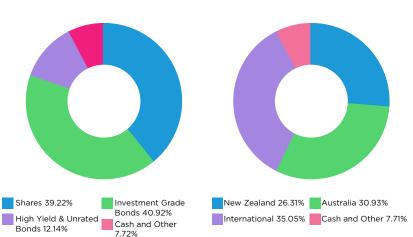
Top Fixed Interest Holdings

Holdings	% of Fund
NZ Govt. 3.5% 2033	2.13%
NZLGFA 3.5% 2033	1.48%
NZLGFA 2.25% 2031	1.34%
NZ Govt. 4.5% 2035	1.19%
ASB Bank 4.1% 2030	1.18%
Rabobank NZ Float 2028	1.11%
Commerzbank Aktiengesellsch 4.125% 2037	o.98%
EnBW International Finance 6.048% 2034	0.95%
Westpac 5.754% 2034	0.92%
Lloyds Banking Group 5.189% 2031	0.89%

Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

Fund Portfolio Mix

Region Exposure



^{1.} After the Base Fund Fee but before tax and before the performance fee. 2. The yield to maturity is not an indicator of future return, but reflects the current yield to maturity of the fund's underlying holdings (before tax and after the base fund fee). 3. Where applicable, the Base Fund Fee includes an estimate of non-related underlying fund charges. 4. The Total Fund Fees comprise the Base Fund Fee and any estimated Performance Fee. Please refer to the Product Disclosure Statement for more information as to how these are calculated. 5. Includes the reinvestment of distributions. Please note past performance is not a guarantee of future returns.