

# Diversified Income Fund

## Portfolio Investment Entity

### Monthly Fact Sheet as at 31 May 2026



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Anthony Ip**  
Co-Portfolio Manager

Bonds and shares both contributed positively to May's 0.7% return, but below the surface returns varied a lot across the Fund's investments. Bonds had a rollercoaster month with prices initially falling on inflation concerns, before recovering. New all-time highs in global shares masked more mixed performance across many share markets, away from technology companies.

Expectations for higher central bank rates remain elevated due to the inflation impact from the war in Iran. Even so, market interest rates in most of the key currencies the Fund invests in ended lower this month, including in Australasia. This helped Fund returns, as bond prices rose slightly and we continue to benefit from their historically attractive income.

Expectations for further rate hikes in these countries have eased from arguably excessive levels, considering the growth impacts. The US was the exception this month. Because inflation stayed high and the economy remained strong, markets shifted to expecting interest rate rises. Before the war, they had been expecting several cuts.

The Fund's interest rate exposure remains mainly in Australasia and Europe, rather than the US, which helped limit negative impact. It also avoids longer dated bonds, meaning closer linkage to central bank cash rates where we can have greater confidence on the validity of market pricing.

May was one of the most disparate months of performance across the Fund's shares. The nature of the Fund leads to lower direct technology company exposure, but those in the Fund were the main positive contributors. These included New Zealand-based infrastructure investment company Infratil Limited (+28.8%), on new deal announcements from its CDC data centre subsidiary, and global infrastructure provider Goodman Group (+7.1%), which rallied on growing data centre buildout confidence.

Australasian shares delivered a positive return overall, while the contribution from global shares was muted. The benefit of owning call options on the broad US share market and a small number of winners was eroded by weakness in some key exposures. These included US income shares such as utilities, which were affected by higher interest rates, and UK electricity utilities, which were weaker because of political uncertainty in the UK. We believe both now look oversold.

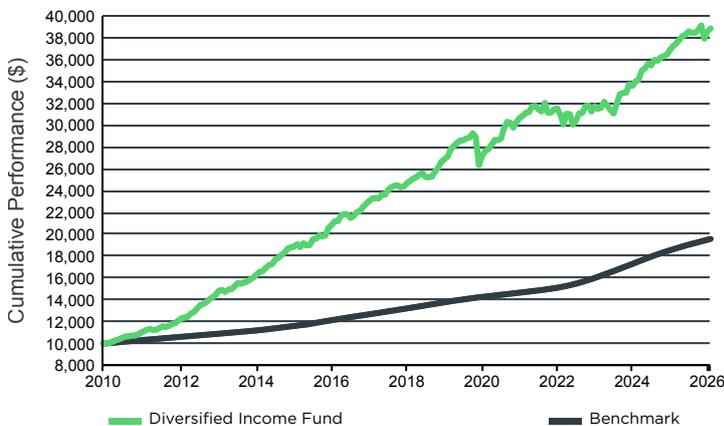
Looking ahead, we remain positive about the medium-term return outlook. We continue to utilise broad bond and share market options to manage risk, given the ongoing geopolitical uncertainty in the near term.

To view Milford's May 2026 Market and Economic Review please see [milfordasset.com/insights](http://milfordasset.com/insights).

For previous fund reports see [milfordasset.com/fund-reports](http://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

<b>Objective<sup>1</sup></b>	To provide income and capital growth over the minimum recommended investment timeframe
<b>Description</b>	Diversified fund that primarily invests in fixed interest and equity income-generating securities
<b>Minimum recommended investment timeframe</b>	4 years +
<b>Target Allocation</b>	60% Income Assets / 40% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$3,587.3 M
<b>Yield<sup>2</sup></b>	2.94%
<b>Average Credit Rating</b>	A
<b>Buy-sell Spread</b>	None - swing pricing applies (See PDS for details)
<b>Inception Date</b>	1 April 2010
<b>Current Distribution</b>	0.95 cents per unit (Quarterly)
<b>Benchmark</b>	OCR + 2.5% p.a.
<b>Base Fund Fee<sup>3</sup></b>	0.65%
<b>Performance Fee</b>	10% of the Fund's returns above the Benchmark <sup>1</sup> , subject to the high watermark.
<b>Total Fund Fees<sup>4</sup></b>	0.85% (includes an est. performance fee)
<b>Risk Indicator</b>	<div style="display: flex; justify-content: space-between; align-items: center;"> <span>Lower risk</span> <span style="text-align: center;"> <b>1</b>   <b>2</b>   <b>3</b>   <b>4</b>   <b>5</b>   <b>6</b>   <b>7</b> </span> <span>Higher risk</span> </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>



# Diversified Income Fund as at 31 May 2026

## Investment Performance after fees as at 31 May 2026<sup>5</sup>

Unit Price: \$2.0219

	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)	0.67%	-0.69%	4.37%	7.25%	4.72%	8.76%
After Tax 10.50%	0.58%	-0.68%	4.10%	6.70%	4.38%	8.16%
After Tax 17.50%	0.53%	-0.67%	3.91%	6.33%	4.15%	7.76%
After Tax 28.00%	0.44%	-0.66%	3.64%	5.78%	3.82%	7.17%
Benchmark	0.39%	1.18%	5.10%	6.71%	5.91%	4.24%

## Top Equity Holdings

Holdings	% of Fund
Goodman Group	1.23%
Contact Energy	1.21%
Transurban Group	0.96%
Infratil	0.95%
Microsoft	0.89%
Region Group	0.87%
SSE	0.86%
National Grid	0.84%
Precinct Properties	0.83%
Channel Infrastructure	0.80%

## Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	4.63%	5%
New Zealand Fixed Interest	22.50%	10%
International Fixed Interest	35.81%	45.0%
New Zealand Equities	4.42%	5%
Australian Equities	13.28%	11%
International Equities	11.05%	5.5%
Listed Property	7.74%	18.5%
Other	0.57%	0.0%

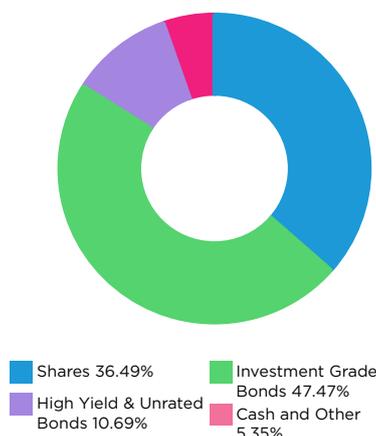
# The actual cash held by the Fund is 4.84%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

## Top Fixed Interest Holdings

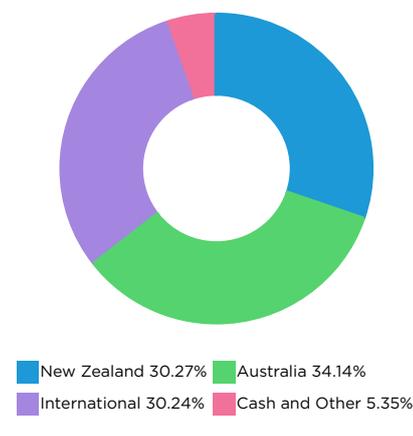
Holdings	% of Fund
NZ Govt. 4.5% 2035	2.33%
NZ Govt. 2.5% 2035	1.99%
NZ Govt. 3.5% 2033	1.98%
AU Govt. 2% 2035	1.58%
NZLGFA 3.5% 2033	1.43%
ASB Bank 4.1% 2030	1.06%
NZ Govt. 4.25% 2036	1.02%
Rabobank Float 2028	1.01%
Commerzbank 4.125% 2037	0.89%
Lloyds Bank 5.189% 2031	0.83%

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.

Please refer to the 'Glossary for the Monthly Fact Sheet' at [milfordasset.com/fact-sheet](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

Disclaimer: The Milford Fund Fact Sheet has been prepared by Milford Funds Limited. It is based on information believed to be accurate and reliable although no guarantee can be given that this is the case. No reproduction of any material either in part or in full is permitted without prior permission. For more information about the Fund, please refer to the Product Disclosure Statement or the latest Quarterly Fund Update.