

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 April 2021



Portfolio Managers



Paul Morris
Portfolio Manager



Dan Simmonds
Co-Portfolio Manager

The Fund enjoyed another strong month in April with gains across both shares and bonds culminating in a return of 1.2%. April brought some respite away from the recent persistent rise in market interest rates. This allowed the Fund's Australasian and global bonds to post positive returns. It also supported many of the Fund's income-oriented shares. That included notable gains within the Fund's Australian property shares, several of which have continued to post improving results; e.g. Mirvac (+7.6%) which is benefitting from a recovery in the housing market.

The Fund's global shares enjoyed a strong month running into an impressive reporting season and we would also call out the Fund's largest exposure Contact Energy (+7.6%) which enjoyed a strong month post the much-anticipated rebalancing of the clean energy exchange traded fund. Among bond trading activity, we reduced exposure to selected, more expensive subordinated bank bonds, while adding new subordinated bonds with more attractive valuations from Bank of Queensland, Orange SA (European telco) and BP Energy.

Looking forward, we remain reasonably optimistic for Fund returns. That said, our base case remains for a gradual move higher in market interest rates which makes for a cautious outlook for near-term bond returns. To that end we are continuing to deploy strategies to help reduce the negative impact on the Fund from that potential headwind (specifically, selling interest rate futures).

Ongoing supportive central bank and government policy combined with reopening economies provides a supportive backdrop for shares, however returns may moderate as valuations are high. Therefore we deemed it prudent to use the ongoing strength to 1) trim some exposure in more expensive holdings and 2) add some downside protection (via listed Australian and US equity index options) which should provide a modicum of cushioning to returns from any possible broad fall in share markets.

To view Milford's May 2021 Market and Economic Review please see milfordasset.com/fact-sheet.

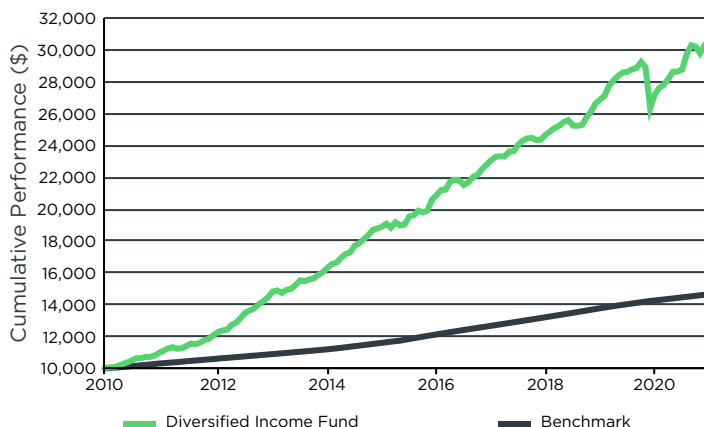
External Ratings



Milford Diversified Income Fund received a Morningstar Analyst Rating™ of 'Silver' on 17-04-2019

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

Objective¹	Income and capital growth over a minimum of three years
Description	Diversified fund that primarily invests in fixed interest and equity income-generating securities
Target Allocation	60% Income Assets / 40% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$2,550.7 M
Yield²	2.68%
Average Credit Rating	BBB
Duration	0.57 years
Buy-sell Spread	None - swing pricing applies (See PDS for details)
Inception Date	1 April 2010
Current Distribution	1.1 cents per unit (Quarterly)
Benchmark	OCR + 2.5% p.a.
Base Fund Fee³	0.65%
Performance Fee	10% of the Fund's returns above the Benchmark ¹ , subject to the high watermark.
Total Fund Fees⁴	0.95% (includes an est. performance fee)



Diversified Income Fund as at 30 April 2021

Investment Performance after fees as at 30 April 2021⁵

Unit Price: \$1.874

	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)	1.19%	1.51%	12.78%	7.50%	7.99%	10.63%
After Tax 10.50%	1.16%	1.43%	12.11%	7.01%	7.38%	9.91%
After Tax 17.50%	1.14%	1.37%	11.67%	6.69%	6.98%	9.42%
After Tax 28.00%	1.11%	1.29%	11.01%	6.21%	6.37%	8.72%
Benchmark	0.22%	0.66%	2.75%	3.51%	3.85%	3.51%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	2.76%
Spark	2.17%
Telstra	1.84%
NAB	1.72%
Meridian	1.71%
Transurban	1.33%
Goodman	1.26%
Woolworths	0.98%
Getlink	0.93%
Atlas Arteria	0.90%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	8.41%	5.00%
New Zealand Fixed Interest	9.42%	10.00%
International Fixed Interest	41.35%	45.00%
New Zealand Equities	11.87%	6.50%
Australian Equities	11.65%	10.00%
International Equities	8.44%	5.00%
Listed Property	8.83%	18.50%
Other	0.03%	0%

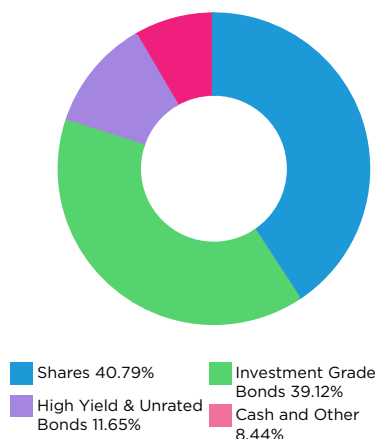
The actual cash held by the Fund is 6.25%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

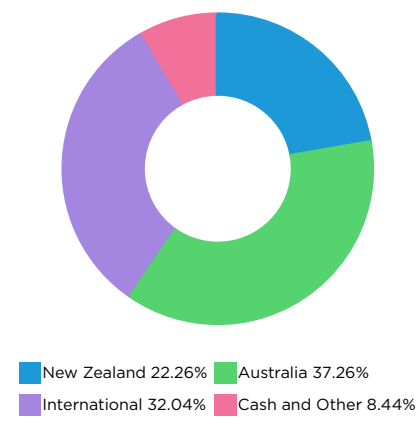
Holdings	% of Fund
Scentre Group 5.125% 2080	1.80%
Mirvac Group 3.625% 2027	0.83%
ASB Bank 5.25% 2026	0.82%
Aventus Float 2025	0.77%
Westpac 4.695% 2026	0.72%
AusNet Float 2080	0.66%
Victoria Power 1.603% 2026	0.64%
NZLGFA 1.5% 2026	0.60%
Westpac 5% 2027	0.60%
Ardagh Group 4.125% 2026	0.59%

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. Yield to maturity (before tax and fees) for underlying investments in the Fund. 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.