

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 April 2023



Portfolio Managers



Paul Morris
Portfolio Manager



Dan Simmonds
Co-Portfolio Manager

Positive contributions from bonds and shares meant the Fund recovered much of March's weakness (1.5% in April and 4.2% over six months). Bond returns were predominantly from earning what are historically attractive yields, as market interest rates were generally unchanged, consolidating the recent move lower. Share markets have thus far proven more resilient than expected. Lower interest rates and earnings that were not as bad as many anticipated, provided support to offset ongoing risks from a possible economic slowdown.

During April, many of the Fund's subordinated bank bonds continued to recover from March's mini banking crisis-inspired weakness. We used strength to further trim more expensive holdings. The overall bond exposure of the Fund was, however, increased a smidge with a focus to Australasia including shorter dated NZ government inflation-linked bonds. We also continued to incrementally add sensitivity to market interest rates. This remains lower than long run neutral but has been increased as confidence has grown that it will provide a diversification benefit if risk turns sour and/or the economy slows.

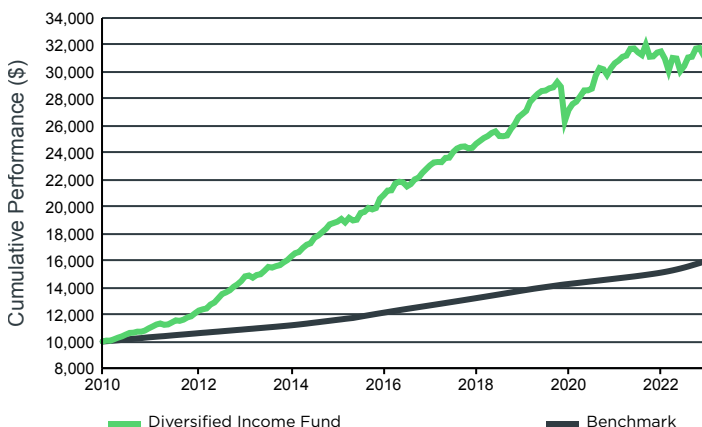
April saw positive contributions from most of the Fund's shares, but Australia was a standout, especially property as expectations build that (i) Australian cash rates may have peaked and (ii) immigration and low unemployment will drive strong housing demand. Two of the main beneficiaries were Mirvac (+15.9%) and Stockland (+11.8%). Both have diversified property portfolios but with large residential businesses. The lower interest rate environment has helped infrastructure, including Channel Tunnel owner Getlink (+11.7%), post strong results. Other defensive share exposures enjoyed good months, e.g. global bottler Coca-Cola Europacific Partners (+8.9%), post strong reporting. Aggregate share exposure remains similar to March, but we are finding myriad company-level opportunities.

The medium-term return outlook continues to look appealing, but patience is key as the risk remains for further near-term volatility in both bonds and shares. We remain defensively positioned in terms of share exposure, wary of adding more shares until we get more comfort on the earnings outlook, or if valuations adjust lower to reflect the earnings risk associated with slower economic growth. The bond exposure is closer to its long run neutral level, but with a more defensive construction in terms of the types of issuers. Corporate bonds still offer a better risk-adjusted return outlook versus government bonds and shares. Their prevailing yields should provide a cushion against all but extremely higher yields. While we may miss out on some near-term share market upside, this cautious approach is more consistent with the Fund's objective.

To view Milford's April 2023 Market and Economic Review please see milfordasset.com/insights.

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	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 recommended investment timeframe	4 years +
Target Allocation	60% Income Assets / 40% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$2,787.7 M
Yield²	6.53%
Average Credit Rating	BBB+
Duration	1.4 years
Buy-sell Spread	None - swing pricing applies (See PDS for details)
Inception Date	1 April 2010
Current Distribution	1.45 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	0.85% (includes an est. performance fee)

	Lower risk						Higher risk
Risk Indicator	1	2	3	4	5	6	7
	Potentially lower returns				Potentially higher returns		

Diversified Income Fund as at 30 April 2023

Investment Performance after fees as at 30 April 2023⁵

Unit Price: \$1.8395

	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)	1.45%	-0.05%	0.63%	5.29%	5.16%	9.22%
After Tax 10.50%	1.43%	0.01%	0.42%	5.06%	4.85%	8.61%
After Tax 17.50%	1.42%	0.06%	0.29%	4.90%	4.65%	8.20%
After Tax 28.00%	1.39%	0.12%	0.08%	4.66%	4.35%	7.60%
Benchmark	0.61%	1.73%	5.95%	3.91%	3.91%	3.66%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	2.13%
Ameren	2.11%
APA	1.71%
Spark	1.67%
Getlink	1.63%
Goodman	1.56%
Telstra	1.54%
Transurban	1.28%
Cheniere Energy	1.26%
Elevance Health	0.97%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	20.25%	5%
New Zealand Fixed Interest	12.59%	10%
International Fixed Interest	37.73%	45.0%
New Zealand Equities	5.07%	6.5%
Australian Equities	5.95%	10%
International Equities	10.73%	5%
Listed Property	7.68%	18.5%
Other	0.00%	0.0%

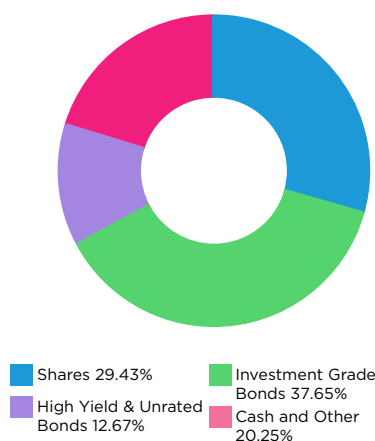
The actual cash held by the Fund is 5.50%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

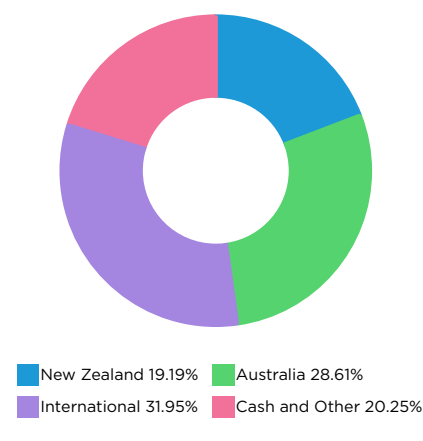
Holdings	% of Fund
NZGBI 2% 2025	4.48%
CBA 5% 2028	1.11%
Scentre Group 5.125% 2080	1.07%
TESAG 4.9% 2028	1.00%
NZGBI 2% 2035	0.90%
Holcim 0.5% 2030	0.82%
NBS 5.35% 2028	0.82%
NatWest 5.125% Perpetual	0.78%
BNP Paribas 5.75% 2032	0.77%
Voyage Float 2029	0.77%

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.

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

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