

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 April 2025



Portfolio Managers



Paul Morris
Portfolio Manager



Anthony Ip
Co-Portfolio Manager

Retention of the Fund's cautious positioning cushioned returns during the month from the market volatility unleashed by the US administration's tariff announcements. By month end, active management and less exposure to tariff and economic growth exposed sectors helped the Fund return 1.2% and benefit disproportionately from the broader market recovery on more conciliatory tones from the US president.

The Fund's bonds contributed a moderate return over the month, but that conceals a rollercoaster ride to get there. The market had to navigate cross currents of higher inflation risks from tariffs (which typically lower bond prices) and economic growth risks (which typically lift bond prices).

The Fund's reduced corporate bond exposure helped mitigate their underperformance versus government bonds in April as company earnings uncertainty increased. We used mid-month volatility in market interest rates to further add to government bonds, notably in NZ where valuations became attractive. For example, at one point in April the market interest rate (yield to maturity) on the 10 year NZ government bond reached -4.85%, which compares to the current NZ Official Cash Rate (OCR) of 3.5%, and market expectations for the OCR to fall significantly below 3.0% this year.

Share markets took an even wilder rollercoaster journey, but also broadly recovered. In aggregate, Fund shareholdings contributed positively over the month, albeit performance was disparate across sectors and countries. Reflecting our cautious stance, the exposure had moved increasingly to defensive sectors, which also tend to be more insulated from tariffs.

The month saw stand-out returns from many of our global infrastructure/ utility shares, e.g. German electricity utility E.ON (+10.4%), US telecommunication towers company SBA Communications (+10.6%). The broad Australian share market was an outperformer, including defensive Fund holdings like Australian suburban shopping centre owner Region Group (+12.1%). Conversely, the broad NZ share market had a disappointing month (down ~3%), however we think many of its headwinds should dissipate with OCR cuts.

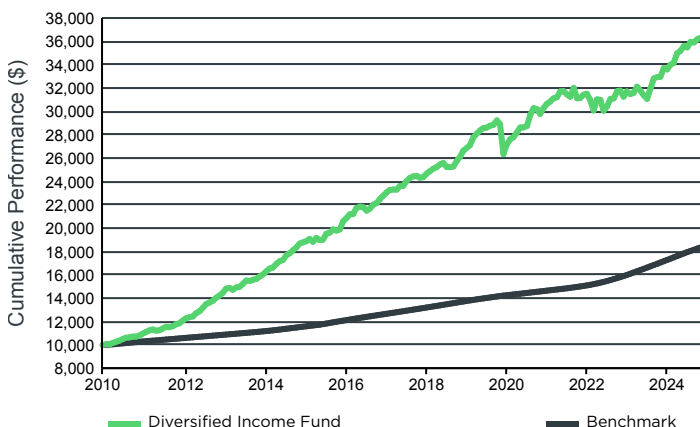
Active management has allowed the Fund to navigate market volatility with the 1 year return now 9.8%. Looking ahead, we think returns will likely moderate somewhat from this elevated level, but the attractive interest rate environment, combined with now more reasonable valuations of many of the Funds' shares, should support a decent medium term return commensurate with the Fund's return objective.

To view Milford's April 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

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)

\$2,861.0 M

Yield²

3.99%

Average Credit Rating

BBB+

Duration

2.27 years

Buy-sell Spread

None - swing pricing applies (See PDS for details)

Inception Date

1 April 2010

Current Distribution

1.55 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 Benchmark¹, subject to the high watermark.

Total Fund Fees⁴

0.85% (includes an est. performance fee)



Diversified Income Fund as at 30 April 2025

Investment Performance after fees as at 30 April 2025⁵

Unit Price: \$1.9914

	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)	1.18%	1.89%	9.78%	5.38%	6.30%	9.04%
After Tax 10.50%	1.10%	1.75%	9.06%	4.85%	5.88%	8.41%
After Tax 17.50%	1.05%	1.66%	8.59%	4.50%	5.60%	8.00%
After Tax 28.00%	0.98%	1.52%	7.88%	3.98%	5.19%	7.39%
Benchmark	0.49%	1.50%	7.22%	7.05%	5.37%	4.18%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	1.68%
Bank of America	1.20%
E.ON	1.13%
Spark	1.10%
National Grid	1.09%
Aena SME	1.05%
Region RE	1.00%
Goodman	0.98%
NatWest Group	0.93%
SSE	0.91%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	15.03%	5%
New Zealand Fixed Interest	14.67%	10%
International Fixed Interest	38.71%	45.0%
New Zealand Equities	5.01%	5%
Australian Equities	6.91%	11%
International Equities	11.22%	5.5%
Listed Property	7.20%	18.5%
Other	1.25%	0.0%

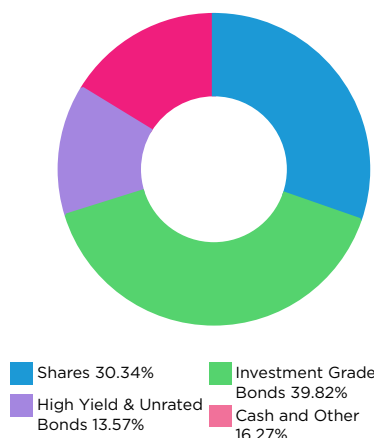
The actual cash held by the Fund is 6.79%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

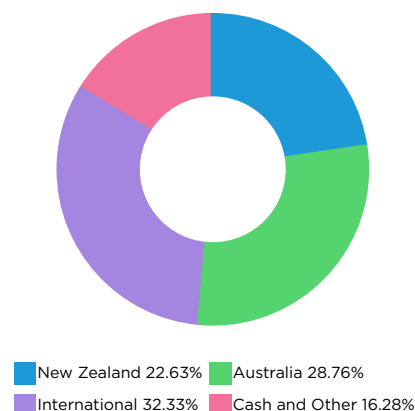
Holdings	% of Fund
NZ Govt. 3.5% 2033	2.40%
NZ Govt. 4.5% 2035	1.47%
NZLGFA 2.25% 2031	1.33%
Scentre Group 5.125% 2080	1.13%
Origin Energy 5.35% 2031	1.13%
EnBW 6.048% 2034	1.02%
Westpac 5.754% 2034	1.01%
ANZ 5.545% 2035	0.85%
Kinder Morgan 5.1% 2029	0.76%
ANZ 4.63% 2030	0.70%

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 for more information about the data published within this document.

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