

# Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 August 2021



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Dan Simmonds**  
Co-Portfolio Manager

The Fund delivered a return of 1.6% in August. Bonds were mixed as market interest rates generally moved incrementally higher (bond prices lower). This was more than offset by a strong month for shares which continue to benefit from ongoing strong company earnings and historically low interest rates.

Of the Fund's larger share exposures there were notable gains from Australasian property shares with companies generally managing well through lockdowns. There was also strong performance from the Fund's NZ shares.

Mainfreight rose again, helped by inclusion in a global index, while our NZ retirement sector shares jumped after announcing their results. The Fund has retained some exposure to companies which benefit from higher inflation. This serves as diversification away from traditional income shares. It includes banks, which recovered from recent weakness, and a small exposure to commodities, primarily BHP and Santos, which were weaker.

The Fund holds a core exposure to infrastructure companies. This includes toll roads and airports which should benefit from reopening. Atlas Arteria is one of the larger holdings and the shares jumped on higher use of its roads in France. Fund positioning remains broadly unchanged. We remain wary of bonds given the risk of higher interest rates, retaining lower interest rate exposure. That said, our base case sees a lower eventual peak to this interest rate cycle. Combined with a supportive earnings outlook we maintain a slightly higher allocation to shares relative to the long-term neutral. The outlook for returns remains positive but ongoing risks from COVID-19 and the fact we are likely past peak monetary and fiscal stimulus may mean higher market volatility in the near term.

To view Milford's September 2021 Market and Economic Review please see [milfordasset.com/fact-sheet](http://milfordasset.com/fact-sheet).

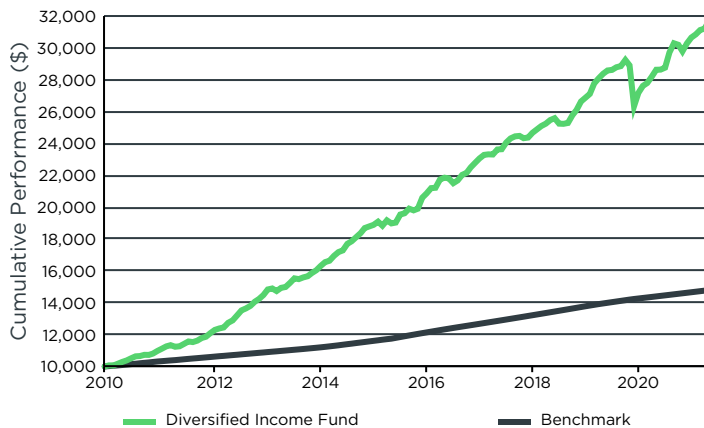
## External Ratings



Milford Diversified Income Fund received a Morningstar Analyst Rating™ of 'Silver' on 07-07-2020

## Cumulative Fund Performance

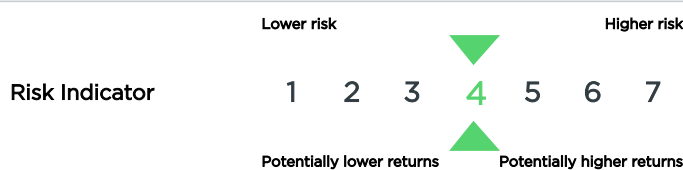
(after fees and before tax)



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>	\$2,789.4 M
<b>Yield<sup>2</sup></b>	2.65%
<b>Average Credit Rating</b>	BBB
<b>Duration</b>	0.36 years
<b>Buy-sell Spread</b>	None - swing pricing applies (See PDS for details)
<b>Inception Date</b>	1 April 2010
<b>Current Distribution</b>	1.1 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>	0.90% (includes an est. performance fee)





## Diversified Income Fund as at 31 August 2021

### Investment Performance after fees as at 31 August 2021<sup>5</sup>

Unit Price: \$1.916

	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)	1.62%	2.82%	10.80%	7.58%	7.74%	10.63%
After Tax 10.50%	1.59%	2.79%	10.41%	7.10%	7.19%	9.93%
After Tax 17.50%	1.57%	2.78%	10.16%	6.79%	6.82%	9.45%
After Tax 28.00%	1.54%	2.75%	9.77%	6.31%	6.27%	8.77%
Benchmark	0.23%	0.68%	2.75%	3.35%	3.71%	3.49%

### Top Equity Holdings

Holdings	% of Fund
Contact Energy	2.35%
Meridian	1.68%
Telstra	1.63%
Spark	1.54%
Transurban	1.39%
Charter Hall Retail	1.36%
Goodman	1.33%
NAB	1.10%
Charter Hall Long WALE	0.99%
Charter Hall	0.90%

### Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	7.64%	5%
New Zealand Fixed Interest	8.28%	10%
International Fixed Interest	42.44%	45.00%
New Zealand Equities	10.50%	7%
Australian Equities	10.38%	10%
International Equities	8.25%	5%
Listed Property	11.08%	19%
Other	1.43%	0%

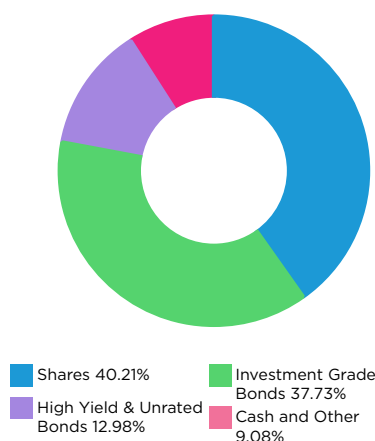
# The actual cash held by the Fund is 4.75%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### Top Fixed Interest Holdings

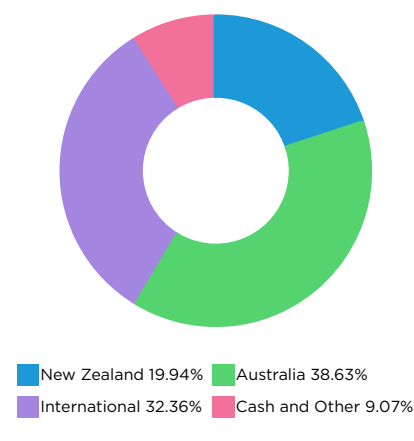
Holdings	% of Fund
Scentre Group 5.125% 2080	1.61%
NAB Float 2026	1.00%
Kiwibank 1.3% 2022	0.97%
CBA Float 2031	0.88%
Martin Marietta 3.2% 2051	0.84%
T-Mobile 3.375% 2029	0.78%
Mirvac Group 3.625% 2027	0.77%
ASB Bank 5.25% 2026	0.71%
Becton Dickinson Euro 0.334% 2028	0.71%
Wesfarmers 1.941% 2028	0.70%

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. 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](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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