Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 August 2026

MILFORD
INVESTED IN YOU

Portfolio Managers

Paul Morris
Portfolio Manager

Anthony Ip
Co-Portfolio Manager

Despite ongoing weakness across several key bond markets, the Fund delivered a positive return of 0.1% in August, supported by the historically attractive income from its bonds. Shares only added a small positive contribution as the Fund's predominantly defensive or income-oriented exposures lagged the broader market rally.

Despite negative headlines on global bond markets, Australasian bonds were the nexus of the return headwind. Expectations for higher global central bank policy rates have been rising but the Fund has been cushioned from the resulting rise in market interest rates due to a lower-than-typical interest rate exposure there. The cushion was limited in Australasia however where we hold more exposure via a preference for New Zealand bonds due to their attractive income relative to New Zealand cash rates and to similar maturity instruments in offshore markets and Australia. The Fund's overall exposure to global corporate bonds is still smaller than typical while we will continue trimming the remaining larger-than-normal exposure to Australian corporate bonds. That said, we did participate in Alphabet's 20-year Australian bond at a New Zealand-equivalent interest rate of around 5.5%.

The aggregate return from the Fund's global and Australian shares was close to flat. This lagged the broader equity market. Market leading sectors in August fell outside of those we prefer for the Fund's risk profile. Nevertheless, negative headlines about tensions in Iran again resulted in notable contributions from the Fund's energy shareholdings (held as portfolio hedges against energy price rise risks). For example, US liquefied natural gas exporter Cheniere (+10.9%) contributed positively. August also saw the bulk of Australasian semi-annual company reporting. This was somewhat mixed as illustrated by New Zealand telco Spark rallying 11.5% on a reasonable result (a relief given recent disappointments) whereas Australian property company Goodman Group fell 6.9% on news of a slower data centre rollout.

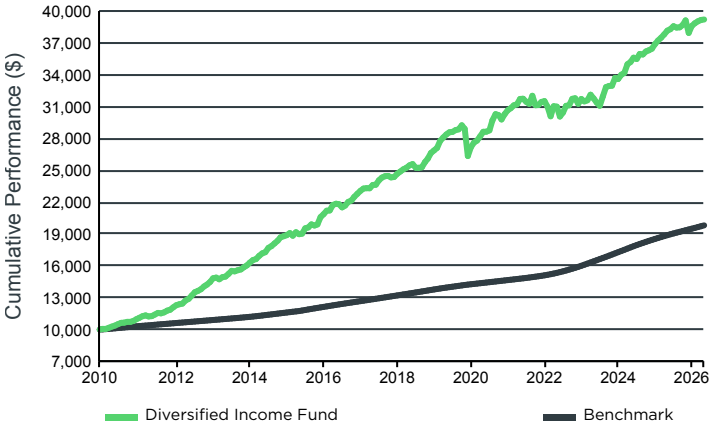
Looking ahead, we remain constructive on the medium-term return outlook. We have started cautiously adding back interest rate exposure on increases in market interest rates. Positive global earnings growth gives us some optimism to retain share market exposure. However, fast-shifting market narratives require careful use of broad bond and share market options to actively manage risk. That risk management should allow the Fund to benefit to the upside on stronger markets and to cushion returns in weaker markets.

To view Milford's August 2026 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

Objective [1]	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)	$3,685.5 M
Yield [2]	3.04%
Average Credit Rating	A
Buy-sell Spread	None - swing pricing applies (See PDS for details)
Inception Date	1 April 2010
Current Distribution	0.95 cents per unit (Quarterly)
Benchmark	OCR + 2.5% p.a.
Base Fund Fee [3]	0.65%
Performance Fee	10% of the Fund's returns above the Benchmark [1], subject to the high watermark.
Total Fund Fees [4]	0.85% (includes an est. performance fee)
Risk Indicator	Lower risk … Higher risk: 1 2 **3** 4 5 6 7 — Potentially lower returns … Potentially higher returns

Milford Asset Management
W milfordasset.com
T 0800 662 345
E info@milfordasset.com
Level 12, 50 Albert Street
Auckland 1010, New Zealand
PO Box 960, Shortland Street
Auckland 1140, New Zealand

Diversified Income Fund as at 31 August 2026

Investment Performance after fees as at 31 August 2026 [5]

Unit Price: $2.0299

	1 Month	1 year	3 years (p.a.)	5 years (p.a.)	10 years (p.a.)	Since inception (p.a.)
Milford Diversified Income Fund (Gross Of Tax)	0.12%	2.75%	7.26%	4.33%	6.02%	8.67%
After Tax 10.50%	0.08%	2.57%	6.73%	3.99%	5.58%	8.08%
After Tax 17.50%	0.06%	2.45%	6.37%	3.76%	5.28%	7.69%
After Tax 28.00%	0.03%	2.27%	5.84%	3.43%	4.84%	7.11%
Benchmark	0.41%	4.89%	6.45%	6.02%	4.86%	4.25%

Top Equity Holdings

Holdings	% of Fund
Goodman Group	0.95%
Contact Energy	0.92%
SSE	0.90%
Microsoft	0.90%
Infratil	0.85%
Channel Infrastructure	0.83%
National Grid	0.82%
NatWest Group	0.82%
Spark New Zealand	0.81%
Precinct Properties	0.80%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	12.23%	5%
New Zealand Fixed Interest	23.58%	10%
International Fixed Interest	34.56%	45.0%
New Zealand Equities	4.52%	4.5%
Australian Equities	9.94%	9.5%
International Equities	8.40%	7.5%
Listed Property	6.77%	18.5%
Other	0.00%	0.0%

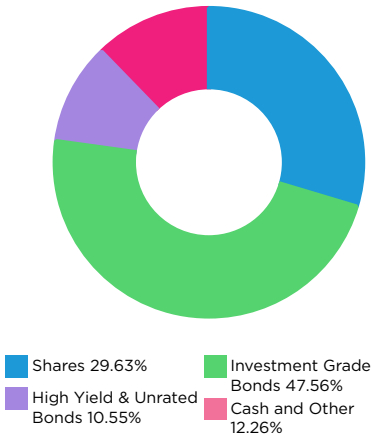
The actual cash held by the Fund is 7.98%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

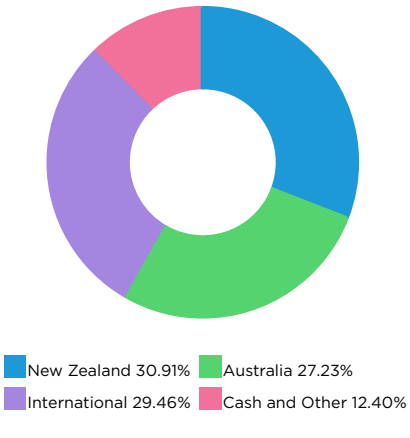
Holdings	% of Fund
NZ Govt. 4.5% 2035	2.27%
NZ Govt. 3.5% 2033	1.93%
NZ Govt. 2.5% 2035	1.93%
NZ Govt. 4.25% 2036	1.91%
AU Govt. 2% 2035	1.53%
NZLGFA 3.5% 2033	1.40%
NZ Govt. 1.5% 2031	1.06%
ASB Bank 4.1% 2030	1.02%
Rabobank Float 2028	0.98%
AU Govt. 2.5% 2030	0.97%

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.

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.