

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2025



Portfolio Managers



Paul Morris
Portfolio Manager



Anthony Ip
Co-Portfolio Manager

The Fund was close to flat in December. A modest return from its shares and an attractive income from its bonds were close to offset by generally lower bond prices. The Fund has however seen a strong 2025, returning 7.1% which was well above its target objective of the Reserve Bank of New Zealand Official Cash Rate plus 2.5%.

Most of the key bond markets to which the Fund is exposed were weaker in December. This weakness was most pronounced in longer-dated bonds (i.e. yield curves generally steepened). The negative impact was cushioned by the combination of (i) retaining a low interest rate exposure, and (ii) outperformance of its corporate bonds. The latter require less extra yield relative to government bonds than a month ago (i.e. credit spreads tightened). Weaker longer-dated Australasian bonds, on higher central bank policy rate expectations, was the main Fund headwind. Nevertheless, we retain this as the Fund's largest interest rate exposure given the attractive yields relative to both cash rates and to offshore alternatives which should help medium-term performance.

Per November there was disparate performance across the Fund's shares, but with aggregate returns close to flat. The largest single contributor was fuel import terminal Channel Infrastructure (+9.0%) which extended share price gains after the recent announcement of Australian growth opportunities. Property company Goodman Group (+4.9%) recovered some recent weakness after announcing a capital partner for its data centres in Europe. Of the Fund's global shares, banks continued to be notable performers, e.g. both Bank of America and UK bank NatWest Group up ~3%. There was some weakness in some of the Fund's more defensive and more interest rate sensitive global shares which offset these gains. That included US telecommunications towers and US electricity utilities, but we believe these remain attractive holdings.

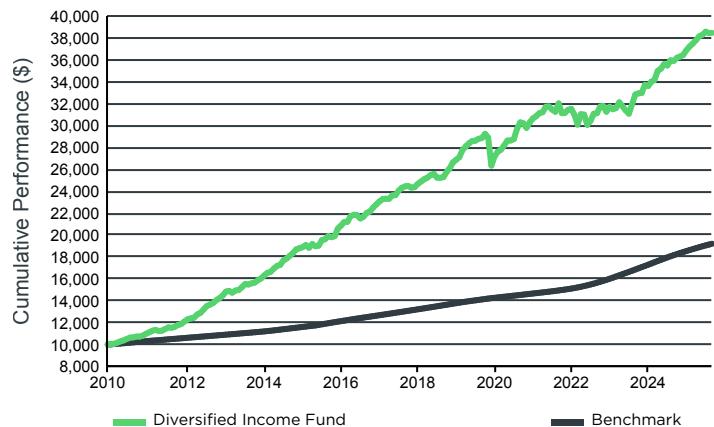
Looking forward, we continue to reiterate a favourable medium-term return outlook into 2026. The still historically attractive income from bonds, and an economic backdrop which should be constructive for company earnings outlooks are both supportive.

To view Milford's December 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) | \$3,497.5 M |
| Yield² | 2.73% |
| Average Credit Rating | A- |
| Duration | 2.03 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 Benchmark ¹ , subject to the high watermark. |
| Total Fund Fees⁴ | 0.85% (includes an est. performance fee) |
| Risk Indicator | 1 2 3 4 5 6 7 |
| | Potentially lower returns Potentially higher returns |

Diversified Income Fund as at 31 December 2025

Investment Performance after fees as at 31 December 2025⁵

Unit Price: \$2.0276

| | 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) | 0.05% | 0.45% | 7.12% | 7.31% | 4.89% | 8.93% |
| After Tax 10.50% | 0.06% | 0.46% | 6.77% | 6.78% | 4.56% | 8.32% |
| After Tax 17.50% | 0.07% | 0.46% | 6.54% | 6.43% | 4.33% | 7.91% |
| After Tax 28.00% | 0.07% | 0.47% | 6.20% | 5.91% | 3.99% | 7.32% |
| Benchmark | 0.39% | 1.22% | 5.75% | 7.06% | 5.74% | 4.23% |

Top Equity Holdings

| Holdings | % of Fund |
|---------------------|-----------|
| Contact Energy | 1.19% |
| AENA | 1.15% |
| Bank of America | 1.11% |
| NatWest Group | 1.06% |
| SSE | 1.04% |
| Goodman Group | 1.02% |
| Precinct Properties | 1.00% |
| Region Group | 0.89% |
| National Grid | 0.88% |
| Duke Energy | 0.86% |

Current Asset Allocation

| | Actual Investment Mix | Neutral Investment Mix |
|------------------------------|-----------------------|------------------------|
| Effective Cash # | 7.11% | 5% |
| New Zealand Fixed Interest | 19.71% | 10% |
| International Fixed Interest | 36.27% | 45.0% |
| New Zealand Equities | 4.33% | 5% |
| Australian Equities | 11.09% | 11% |
| International Equities | 12.97% | 5.5% |
| Listed Property | 8.52% | 18.5% |
| Other | 0.00% | 0.0% |

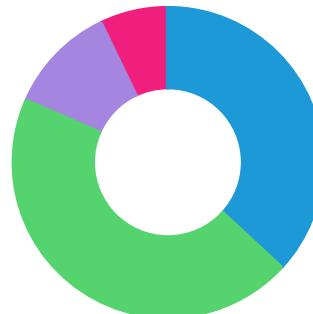
The actual cash held by the Fund is 6.89%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

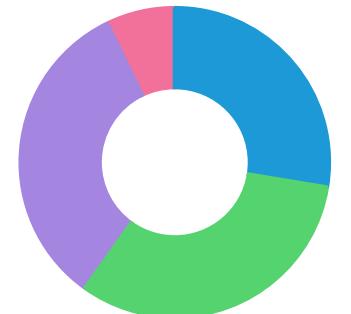
| Holdings | % of Fund |
|-------------------------|-----------|
| NZ Govt. 4.5% 2035 | 2.19% |
| NZ Govt. 3.5% 2033 | 2.01% |
| NZLGFA 3.5% 2033 | 1.45% |
| ASB Bank 4.1% 2030 | 1.12% |
| Rabobank Float 2028 | 1.05% |
| Commerzbank 4.125% 2037 | 0.95% |
| Westpac 5.754% 2034 | 0.89% |
| NZ Govt. 4.25% 2036 | 0.85% |
| Lloyds Bank 5.189% 2031 | 0.83% |
| EnBW 6.048% 2034 | 0.81% |

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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