

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 28 February 2022



Portfolio Managers



Paul Morris
Portfolio Manager



Dan Simmonds
Co-Portfolio Manager

The Fund retained a cautious stance (less bonds and shares, more cash), which developments in Ukraine further justified. In a volatile month for markets, the Fund delivered a modest gain of 0.1%. Bonds remained pressured by rising market interest rates. Performance across shares was mixed. Some sectors continue to see prices adjust lower to reflect less supportive policy outlooks and potentially lower earnings growth, but there were pockets of strength. Australasian utilities (e.g. Meridian Energy +14.6%) and banks (e.g. Westpac +12.4%) were generally stronger, while commodity related exposures benefitted from higher prices (e.g. US gas exporter Cheniere +19.1%).

Given ongoing volatility we held off from materially adding to the Fund's bonds. Recent price moves have however brought some bonds closer to prices which we think may offer attractive medium-term returns for their risk. Thus while patience has been rewarded, selectively adding to bonds less likely to be negatively impacted by higher interest rates may be timely.

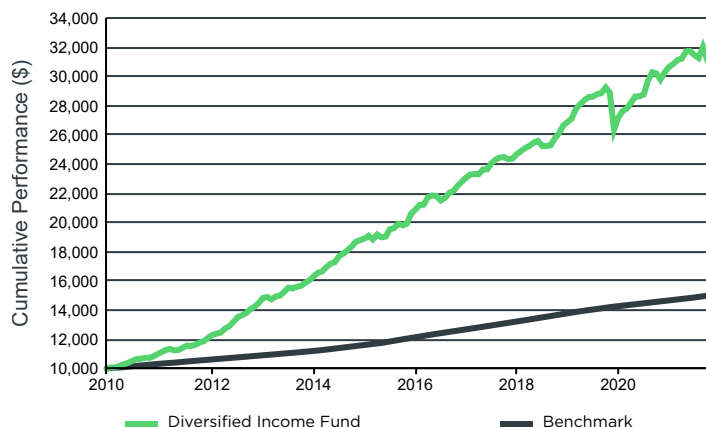
We remain wary of the risk for further share market weakness but increasingly find company level opportunities which may afford attractive medium-term returns. We will therefore look to opportunistically add such shares while continuing to limit broad share market exposure. To protect the Fund from higher market interest rates and ongoing elevated inflation, we continue to complement traditional income-oriented shares (which can suffer on higher market interest rates) with more cyclical and "value" oriented shares (such as banks, energy and resources).

Looking ahead, near-term returns may be lower and more volatile than in recent years but over the medium term, the recommended investment timeframe, the Fund is well placed to deliver moderate returns. For now, and until we get more clarity on the return outlook, we will retain a lower than long-run neutral exposure to interest rates, and a higher cash balance at the expense of less corporate bonds and shares. Nonetheless, as discussed above, we are primed to selectively deploy some cash into individual bonds and shares which provide attractive medium-term returns.

To view Milford's March 2022 Market and Economic Review please see milfordasset.com/fact-sheet.

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)	\$2,852.8 M
Yield²	4.13%
Average Credit Rating	BBB
Duration	1.04 years
Buy-sell Spread	None - swing pricing applies (See PDS for details)
Inception Date	1 April 2010
Current Distribution	1.1 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	0.90% (includes an est. performance fee)

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

External Ratings



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



Diversified Income Fund as at 28 February 2022

Investment Performance after fees as at 28 February 2022⁵

Unit Price: \$1.8584

	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)	0.08%	-0.34%	4.58%	6.07%	6.73%	10.00%
After Tax 10.50%	0.11%	-0.29%	4.63%	5.71%	6.30%	9.34%
After Tax 17.50%	0.12%	-0.25%	4.65%	5.48%	6.02%	8.90%
After Tax 28.00%	0.15%	-0.20%	4.69%	5.12%	5.60%	8.25%
Benchmark	0.25%	0.80%	2.92%	3.15%	3.59%	3.47%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	2.19%
Spark	1.56%
Telstra	1.37%
Charter Hall Retail	1.29%
Transurban	1.25%
Atlantia	1.14%
Getlink	1.11%
Cheniere Energy	1.06%
Charter Hall Long WALE	1.06%
NAB	1.05%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	16.67%	5.0%
New Zealand Fixed Interest	8.44%	10.0%
International Fixed Interest	41.23%	45.0%
New Zealand Equities	7.62%	6.5%
Australian Equities	9.86%	10.0%
International Equities	4.31%	5.0%
Listed Property	11.87%	18.5%
Other	0.00%	0.0%

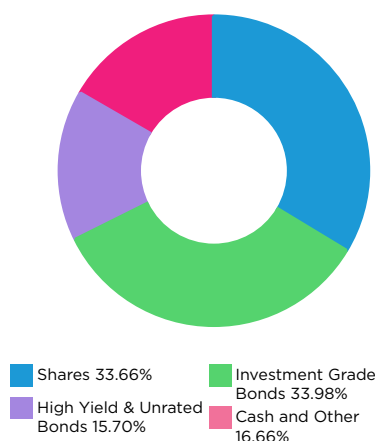
The actual cash held by the Fund is 6.20%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

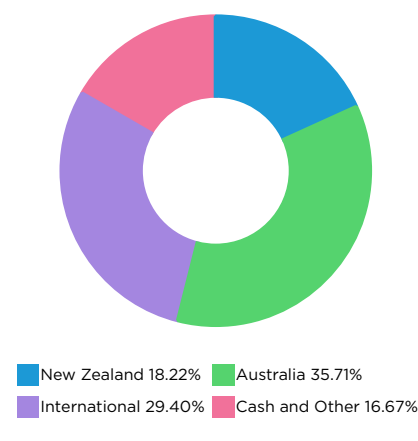
Holdings	% of Fund
NZGBI 2% 2025	2.52%
Scentre Group 5.125% 2080	0.96%
NAB 2.9% 2027	0.89%
NatWest 5.125% Perpetual	0.88%
CBA Float 2031	0.86%
Westpac 3.696% 2027	0.84%
GAIF 2.584% 2027	0.82%
T-Mobile 3.375% 2029	0.74%
Scentre Group 4.75% 2080	0.69%
Martin Marietta 2.4% 2031	0.68%

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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