

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 28 February 2025



Portfolio Managers



Paul Morris
Portfolio Manager



Anthony Ip
Co-Portfolio Manager

February was a messy month for markets as global growth expectations moderated. Broadly speaking bond markets were stronger and share markets weaker. Beneath the surface however performance was disparate across countries and industries. The Fund navigated this complex backdrop reasonably well, with both its bonds and shares in aggregate contributing positively to a return of 0.3% in the month.

Led by the US, global market interest rates fell on tempering growth expectations, exacerbated by trade/tariff war risks. The fall was more pronounced in longer dated interest rates as the new US administration communicated lower longer dated rates as a priority. This all lifted bond prices, adding to the return from their historically attractive income. We have further increased the Fund's interest rate exposure but it is still focused on shorter dated bonds anchored by central bank policy rates, as cuts remain more likely than hikes. The Fund's fixed income holdings are predominantly to corporate bonds. Their valuations versus government bonds are not historically cheap, but ever increasing government bond supply means corporate bonds can continue to outperform.

The broad share markets to which the Fund is exposed were weaker in February, with this most notable in Australasia. We retained a lower than typical exposure to shares which helped mitigate this headwind. We also benefited by having increased exposure to areas of share markets that outperformed; (i) defensive and interest rate sensitive shares, and (ii) Europe/UK where valuations are cheaper and rate cuts may help earnings. Examples included telecom tower companies such as American Tower (+11.2%) and utilities such as German electricity transmission E.ON (+7.4%). But there were also more stock specific wins like Bank of Ireland (+17.8%) which has increased profit guidance for next year, and Australian energy infrastructure company APA (+8.2%) where the share price recovered as it outlined business plans which reduce the need for more capital.

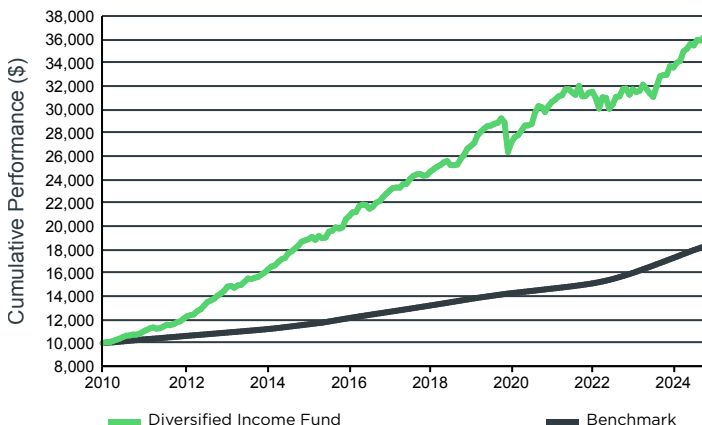
Looking ahead, the attractive interest rate backdrop supports medium-term returns while credit quality in our corporate bonds remains good. Share market valuations are broadly elevated but the reasonable earnings outlook should underpin their return. Moreover, we are still finding interesting shares to buy where valuations are more moderate. To manage market risk, we will continue to utilise reasonably priced broad share and bond market options.

To view Milford's February 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)	\$2,849.7 M
Yield²	4.22%
Average Credit Rating	BBB
Duration	1.6 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)

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

Diversified Income Fund as at 28 February 2025

Investment Performance after fees as at 28 February 2025⁵

Unit Price: \$1.9609

	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)	0.28%	0.95%	10.10%	5.23%	4.66%	9.03%
After Tax 10.50%	0.25%	0.88%	9.42%	4.76%	4.28%	8.40%
After Tax 17.50%	0.24%	0.83%	8.96%	4.44%	4.03%	7.99%
After Tax 28.00%	0.21%	0.76%	8.29%	3.98%	3.66%	7.38%
Benchmark	0.49%	1.61%	7.52%	6.90%	5.26%	4.15%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	1.77%
Bank of America	1.39%
Spark	1.30%
Microsoft	1.25%
Goodman	1.08%
NatWest Group	1.07%
Aena SME	1.04%
Infratil	1.01%
Duke Energy	0.98%
APA	0.96%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	15.82%	5%
New Zealand Fixed Interest	9.89%	10%
International Fixed Interest	43.04%	45.0%
New Zealand Equities	5.36%	5%
Australian Equities	6.69%	11%
International Equities	11.39%	5.5%
Listed Property	7.81%	18.5%
Other	0.00%	0.0%

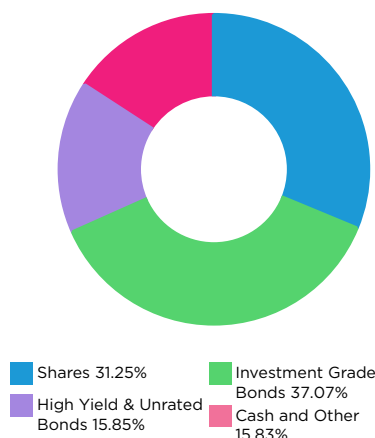
The actual cash held by the Fund is 6.93%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

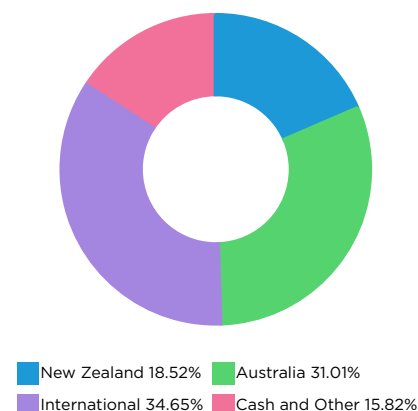
Holdings	% of Fund
Scentre Group 5.125% 2080	1.24%
Origin Energy 5.35% 2031	1.19%
EnBW International Finance 6.048% 2034	1.09%
Westpac 5.754% 2034	1.08%
ANZ 5.545% 2035	0.88%
British Telecommunications 5.125% 2054	0.88%
Kinder Morgan 5.1% 2029	0.81%
ANZ 4.63% 2030	0.77%
Iberdrola 5.87% 2034	0.74%
PNF 7.75% 2054	0.73%

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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