

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 January 2025



Portfolio Managers



Paul Morris
Portfolio Manager



Anthony Ip
Co-Portfolio Manager

The Fund started the new year by delivering a respectable 0.8% in the month. It has returned 9.9% over one year. There were headlines galore for markets to navigate during January, on top of a raft of global company reporting. The most eye catching headlines were Trump's post inauguration policies (notably tariff threats), and the potentially negative impact on some companies from DeepSeek's AI innovations. Irrespective of the volatility surrounding these events, broadly speaking both bonds and shares contributed positively to Fund returns over the month.

January's fixed income return was modest, and came from the still historically attractive income from bonds. Market interest rates remained volatile but after the large adjustment higher late last year, the changes over the month in most key markets were modest. Questions remain as to the direction of longer dated interest rates given medium term inflation uncertainty and government deficits that need to be funded. Shorter dated interest rates remain anchored by central bank policy rates where cuts remain more likely than hikes. The Fund has therefore focused on short-dated exposure. This continues to be predominately via corporate bonds, which again outperformed lower income government bonds.

The Fund's global shares contributed to most of January's Fund return. Its European and UK holdings, which are predominately to defensive income-oriented sectors like utilities and infrastructure had a strong month, complementing the gains from US exposures. One of its best performing sectors however was banks, including NatWest (UK bank, +7.7%) and Bank of Ireland (+9.3%). Australian share contributions were in aggregate positive but a bit more mixed. Contrasting fortunes included suburban shopping mall landlord Region Group, which was up 5.8% on expectations of rate cuts, versus Origin Energy, which was down 4.1% after a downgrade in its natural gas business. The laggard was New Zealand where the broad share market was weaker, including most notably Infratil Limited (-11.3%) on fears for both its data centre business growth (from DeepSeek) and Trump policy impacts on its US renewables.

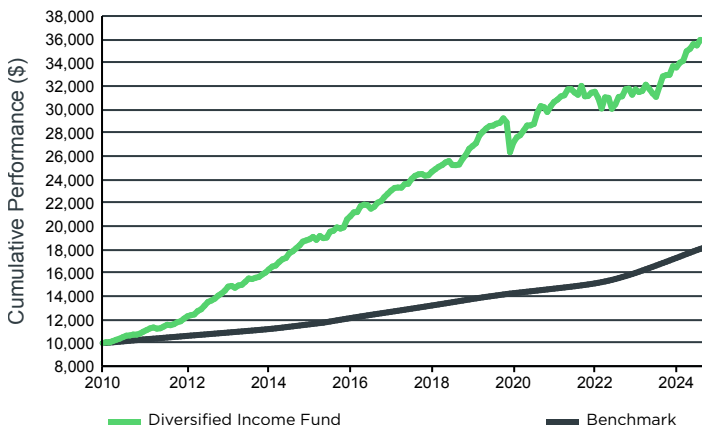
Looking ahead, an attractive interest rate backdrop supports medium term returns. Share market valuations are broadly elevated, but the reasonable earnings outlook should underpin their return. To manage market risk, we continue to utilise reasonably priced broad share market and bond options.

To view Milford's January 2025 Market and Economic Review please see milfordasset.com/insights.

For previous fund reports see milfordasset.com/fund-reports.

Cumulative Fund Performance

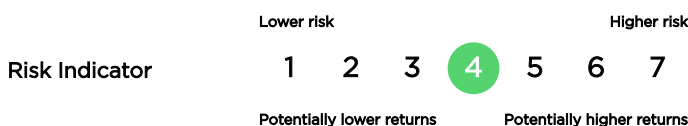
(after fees and before tax)



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)	\$2,856.5 M
Yield²	4.33%
Average Credit Rating	BBB
Duration	0.93 years
Buy-sell Spread	None - swing pricing applies (See PDS for details)
Inception Date	1 April 2010
Current Distribution	1.7 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)



Diversified Income Fund as at 31 January 2025

Investment Performance after fees as at 31 January 2025⁵

Unit Price: \$1.9713

	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)	0.81%	2.01%	9.87%	5.16%	4.36%	9.05%
After Tax 10.50%	0.76%	1.92%	9.18%	4.70%	3.97%	8.43%
After Tax 17.50%	0.73%	1.86%	8.73%	4.40%	3.72%	8.01%
After Tax 28.00%	0.68%	1.77%	8.05%	3.96%	3.34%	7.40%
Benchmark	0.56%	1.69%	7.65%	6.82%	5.22%	4.14%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	2.30%
Spark	1.59%
Infratil	1.51%
Telstra	1.48%
Bank of America	1.46%
Microsoft	1.30%
Natwest	1.14%
Precinct	1.03%
Aena SME	1.02%
Goodman	1.02%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	15.33%	5%
New Zealand Fixed Interest	9.66%	10%
International Fixed Interest	42.68%	45.0%
New Zealand Equities	6.39%	5%
Australian Equities	7.95%	11%
International Equities	10.71%	5.5%
Listed Property	7.08%	18.5%
Other	0.20%	0.0%

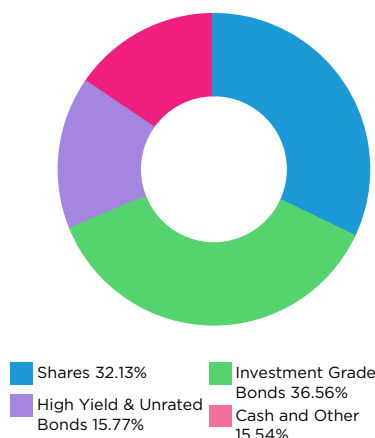
The actual cash held by the Fund is 7.11%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

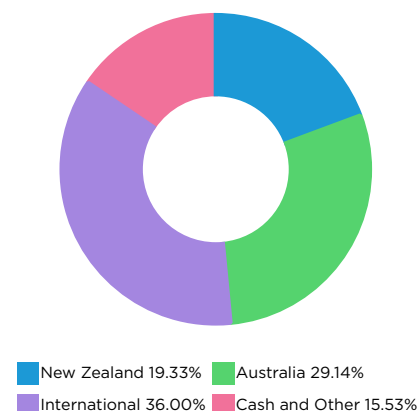
Holdings	% of Fund
Scentre Group 5.125% 2080	1.22%
Origin Energy 5.35% 2031	1.19%
EnBW International Finance 6.048% 2034	1.12%
Westpac 5.754% 2034	1.07%
PNF 7.75% 2054	0.97%
ANZ 5.545% 2035	0.87%
British Telecommunications 5.125% 2054	0.86%
Kinder Morgan 5.1% 2029	0.82%
Iberdrola 5.87% 2034	0.76%
Contact 6.398% 2030	0.72%

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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