

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 January 2026



Portfolio Managers



Paul Morris
Portfolio Manager



Anthony Ip
Co-Portfolio Manager

The Fund delivered a return of 0.6% in January and is now up 6.9% over one year. January saw moderate returns from both its bonds and shares, including the ongoing reasonable income provided by bonds compared to that available since the Global Financial Crisis.

January saw continued weakness in Australasian government bonds as expectations for rate hikes increased. Elsewhere global government bond prices were closer to unchanged. The negative impact on the Fund was again cushioned by the outperformance of its corporate bonds (notably global and Australian), as their extra yield versus government bonds reduced further. Irrespective of recent weakness, Australasian bonds remain the Fund's largest interest rate exposure. Over time we believe their attractive yields relative to both cash rates and to offshore alternatives will deliver medium term performance. We are wary of US dollar bonds due to the risk of higher market interest rates should the US economy accelerate as we anticipate.

The disparate performance across the Fund's shares that has prevailed over recent months continued in January. NZ shares were somewhat of a laggard, bogged down by the move higher in market interest rates. Performance across sectors in Australia was mixed with materials and energy strong, helped by a rally in commodities, but financial and real estate companies were weak (again market interest rates not helping). Performance across the Fund's global shares was also mixed but UK and European income shares continued to post strong gains. These included UK electricity company SSE (+11.2%) which benefited from winning new UK renewable electricity contracts, Spanish airport operator Aena (+10.1%) which continues to deliver growth, while UK retailer Marks and Spencer (+10.9%) was up on a strong trading update.

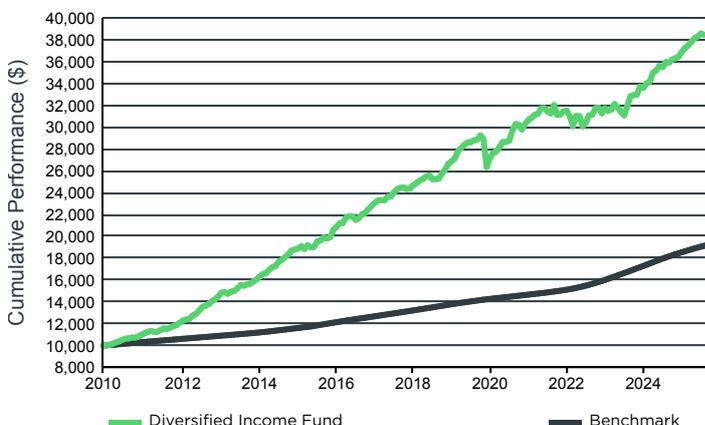
Looking forward, we reiterate a favourable medium-term return outlook through 2026. The still historically attractive income from bonds, and an economic backdrop which should be constructive for company earnings' outlooks are supportive of bond and share returns. We do remain cautious of elevated valuations in parts of the share and corporate bond markets. Pockets of value remain, but it means prudence, active management, and utilisation of bond and share market options remain appropriate.

To view Milford's January 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

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)	\$3,556.0 M
Yield²	2.60%
Average Credit Rating	A-
Duration	1.8 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)



Diversified Income Fund as at 31 January 2026

Investment Performance after fees as at 31 January 2026⁵

Unit Price: \$2.0396

	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)	0.59%	0.31%	6.89%	6.83%	5.09%	8.92%
After Tax 10.50%	0.50%	0.24%	6.50%	6.31%	4.73%	8.31%
After Tax 17.50%	0.44%	0.20%	6.24%	5.97%	4.50%	7.90%
After Tax 28.00%	0.34%	0.14%	5.84%	5.45%	4.15%	7.30%
Benchmark	0.39%	1.19%	5.58%	7.01%	5.77%	4.23%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	1.19%
SSE	1.11%
National Grid	1.03%
Bank of America	1.01%
Goodman Group	0.97%
Precinct Properties	0.96%
NatWest Group	0.90%
Spark New Zealand	0.87%
Region Group	0.87%
AENA	0.86%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	4.16%	5%
New Zealand Fixed Interest	20.35%	10%
International Fixed Interest	37.58%	45.0%
New Zealand Equities	4.51%	5%
Australian Equities	13.03%	11%
International Equities	11.33%	5.5%
Listed Property	7.97%	18.5%
Other	1.07%	0.0%

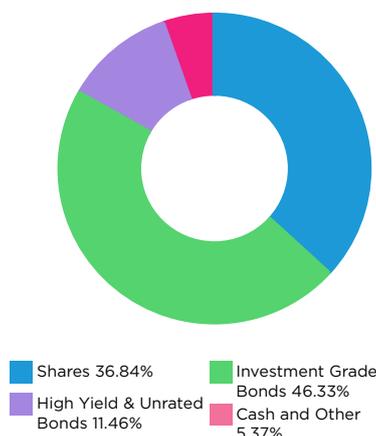
The actual cash held by the Fund is 5.54%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

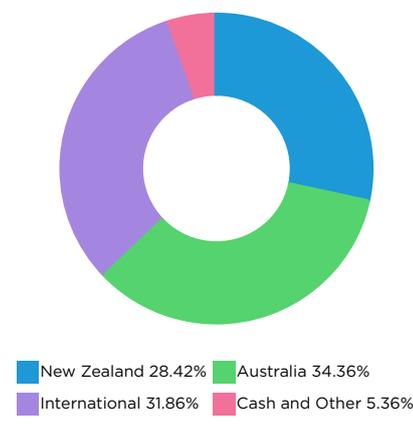
Holdings	% of Fund
NZ Govt. 4.5% 2035	2.38%
NZ Govt. 3.5% 2033	2.04%
NZLGFA 3.5% 2033	1.41%
ASB Bank 4.1% 2030	1.10%
NZ Govt. 4.25% 2036	1.05%
Rabobank Float 2028	1.04%
Commerzbank 4.125% 2037	0.91%
Westpac 5.754% 2034	0.88%
AU Govt. 2% 2035	0.84%
Lloyds Bank 5.189% 2031	0.83%

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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