

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 June 2021



Portfolio Managers



Paul Morris
Portfolio Manager



Dan Simmonds
Co-Portfolio Manager

June saw the Fund up 0.9% with bonds and shares contributing positively to returns. There was however mixed performance across holdings within both. Shorter dated bonds were weaker (their interest rates rose in expectation of higher cash rates) but longer dated bonds were stronger (their interest rates fell due to less perceived risk central banks will allow inflation to run too high). The latter supported income-oriented shares.

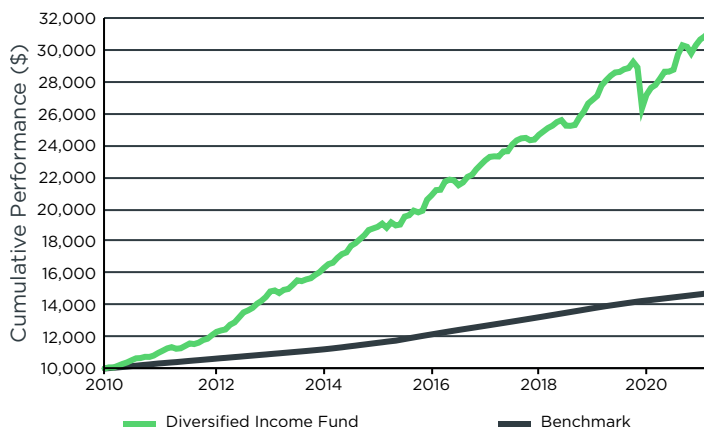
Our Australasian property exposures made strong gains, including a notable 9.7% increase in Goodman Group Australian (the Fund's biggest property exposure). Utilities were more mixed. The Fund's NZ electricity companies performed well with Contact Energy (the largest Fund exposure) up 5.1% but some of the smaller global utility exposures were weaker. Of the Fund's other larger share holdings Telstra (1.9% of the Fund) was a callout performer, gaining 6.8% on an improved competition backdrop and successful sale of part of its cell towers.

Underperforming shares were focused in reopening beneficiary sectors (e.g. airports) as concerns weighed around the Delta variant of the virus, and in more cyclical exposures, predominantly bank shares, which gave back some recent gains. Looking forward, we remain reasonably optimistic for Fund returns. We are aware of elevated bond and share market valuations but believe active management should allow us to (i) identify bonds and shares that can offer a better return for their risk than the market and (ii) cushion Fund returns over the medium term from any headwind associated with what remains a possible further rise in market interest rates.

To view Milford's July 2021 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	Income and capital growth over a minimum of four years
Description	Diversified fund that primarily invests in fixed interest and equity income-generating securities
Target Allocation	60% Income Assets / 40% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$2,687.0 M
Yield²	2.55%
Average Credit Rating	BBB
Duration	0.33 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)



External Ratings



Milford Diversified Income Fund received a Morningstar Analyst Rating™ of 'Silver' on 17-04-2019



Diversified Income Fund as at 30 June 2021

Investment Performance after fees as at 30 June 2021⁵

Unit Price: \$1.8913

	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)	0.88%	2.75%	11.96%	7.44%	7.96%	10.62%
After Tax 10.50%	0.89%	2.72%	11.46%	6.94%	7.38%	9.90%
After Tax 17.50%	0.90%	2.69%	11.12%	6.61%	6.99%	9.42%
After Tax 28.00%	0.91%	2.66%	10.62%	6.12%	6.41%	8.73%
Benchmark	0.22%	0.68%	2.75%	3.43%	3.78%	3.50%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	2.59%
Spark	2.01%
Telstra	1.92%
Meridian	1.66%
NAB	1.32%
Goodman	1.32%
Transurban	1.24%
Westpac	1.12%
Getlink	0.86%
Aena SME	0.84%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	9.25%	5.00%
New Zealand Fixed Interest	7.69%	10.00%
International Fixed Interest	43.13%	45.00%
New Zealand Equities	10.80%	6.50%
Australian Equities	11.38%	10.00%
International Equities	8.83%	5.00%
Listed Property	8.92%	18.50%
Other	0.00%	0%

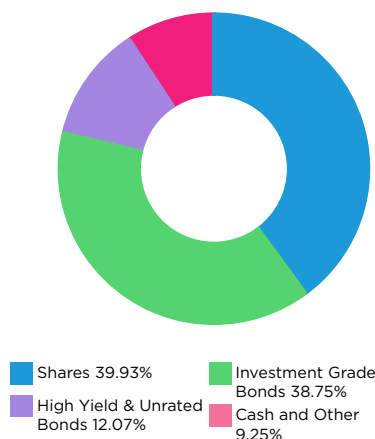
The actual cash held by the Fund is 7.08%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

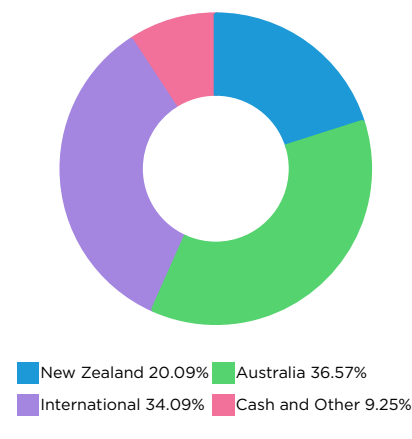
Holdings	% of Fund
Scentre Group 5.125% 2080	1.83%
Martin Marietta 3.2% 2051	0.88%
Mirvac Group 3.625% 2027	0.81%
Wesfarmers 1.941% 2028	0.79%
ASB Bank 5.25% 2026	0.76%
Aventus Float 2025	0.73%
Westpac 4.695% 2026	0.67%
AusNet Float 2080	0.62%
Victoria Power 1.603% 2026	0.60%
Ericsson 1% 2029	0.59%

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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