

# Diversified Income Fund

## Portfolio Investment Entity

### Monthly Fact Sheet as at 30 June 2025



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Anthony Ip**  
Co-Portfolio Manager

Bonds and shares both contributed positively over the month to a Fund return of 0.7%, continuing the recent trend of above benchmark returns, as illustrated by a 1-year return of 9.7%.

Interest rates fell as pricing of key central bank policy rates moved lower on more benign inflation views. The resulting lift in bond prices complemented still attractive income from the Fund's bonds. Prices were further supported by lower bond supply concerns as several governments indicated lower longer dated bond issuance plans. We added some attractive bonds in June and continued selling expensive holdings. Additions included (i) KBC (Belgium bank) subordinated bonds at a ~7.3% NZ equivalent yield and (ii) NZ Local Government Funding Agency bonds at ~4.8%. Fund interest rate exposure was kept similar, but we added more US treasury bond put options (which increase in value as yields rise) to provide portfolio protection.

Most of the geographies and sectors to which the Fund has share exposure contributed positively. There were a few stand out performers, notably Bank of America (+7.8%), Spark NZ (+9.0%), and UK electricity utility provider SSE (+4.0%). Another call out was Australian energy company Santos which we sold post a takeover offer that pushed the price up 16.2%. There were detractors however, especially in a few strong performers over recent months, such as Spanish airport operator Aena which was down 4.4% in June but is up 20.1% year to date.

Slightly cautious positioning going into June (still less shares than long run neutral) meant we didn't capture as much of the share rally as we could have. This was due to our assessment that the potential rewards were not worth the risks at that time. The Fund's objective/ benchmark of Reserve Bank of New Zealand Official Cash Rate plus 2.50% means we generally don't chase markets if conviction is moderate. We did however add to share exposure over the month, as we became incrementally more confident in the near-term return outlook. But per the bond exposure we have maintained broad share market put options to cushion against a sell-off as these have cheapened.

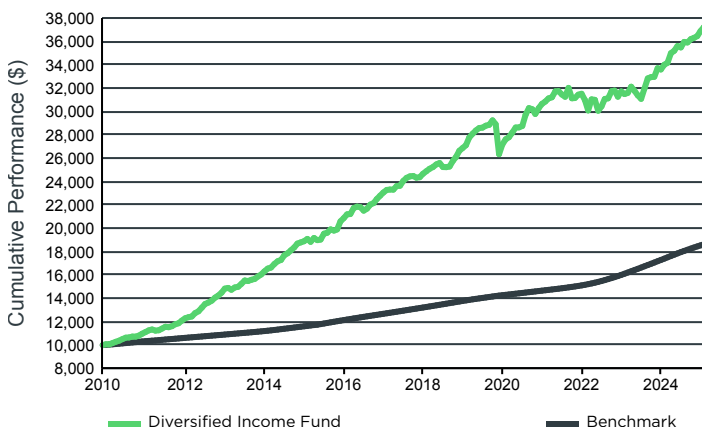
Looking ahead, medium term historically attractive bond yields and active management should underpin an attractive return profile.

To view Milford's June 2025 Market and Economic Review please see [milfordasset.com/insights](https://milfordasset.com/insights).

For previous fund reports see [milfordasset.com/fund-reports](https://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

<b>Objective<sup>1</sup></b>	To provide income and capital growth over the minimum recommended investment timeframe
<b>Description</b>	Diversified fund that primarily invests in fixed interest and equity income-generating securities
<b>Minimum recommended investment timeframe</b>	4 years +
<b>Target Allocation</b>	60% Income Assets / 40% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$2,999.5 M
<b>Yield<sup>2</sup></b>	3.64%
<b>Average Credit Rating</b>	BBB+
<b>Duration</b>	1.86 years
<b>Buy-sell Spread</b>	None - swing pricing applies (See PDS for details)
<b>Inception Date</b>	1 April 2010
<b>Current Distribution</b>	1.55 cents per unit (Quarterly)
<b>Benchmark</b>	OCR + 2.5% p.a.
<b>Base Fund Fee<sup>3</sup></b>	0.65%
<b>Performance Fee</b>	10% of the Fund's returns above the Benchmark <sup>1</sup> , subject to the high watermark.
<b>Total Fund Fees<sup>4</sup></b>	0.85% (includes an est. performance fee)

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

## Diversified Income Fund as at 30 June 2025

### Investment Performance after fees as at 30 June 2025<sup>5</sup>

Unit Price: \$2.0077

	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)	0.70%	2.83%	9.71%	7.60%	6.16%	9.05%
After Tax 10.50%	0.65%	2.70%	9.09%	7.01%	5.77%	8.43%
After Tax 17.50%	0.62%	2.61%	8.68%	6.62%	5.50%	8.01%
After Tax 28.00%	0.57%	2.47%	8.07%	6.04%	5.11%	7.41%
Benchmark	0.46%	1.45%	6.86%	7.14%	5.48%	4.19%

### Top Equity Holdings

Holdings	% of Fund
Contact Energy	1.64%
E.ON	1.08%
Bank of America	1.04%
Aena SME	1.01%
National Grid	1.00%
SSE	0.99%
Fiserv	0.97%
NatWest Group	0.95%
Precinct	0.93%
Region RE	0.90%

### Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	10.89%	5%
New Zealand Fixed Interest	16.24%	10%
International Fixed Interest	38.67%	45.0%
New Zealand Equities	5.26%	5%
Australian Equities	11.89%	11%
International Equities	10.96%	5.5%
Listed Property	6.05%	18.5%
Other	0.04%	0.0%

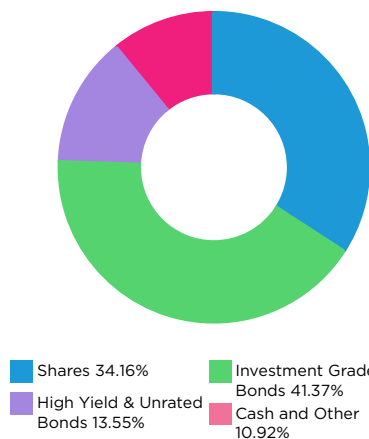
# The actual cash held by the Fund is 9.68%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### Top Fixed Interest Holdings

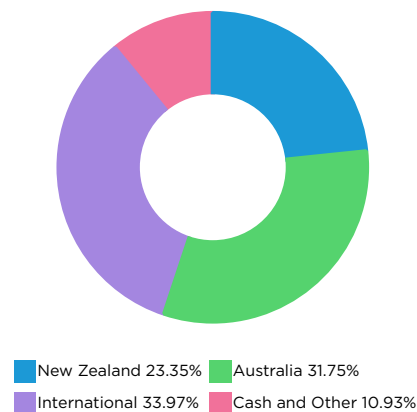
Holdings	% of Fund
NZ Govt. 3.5% 2033	2.27%
NZLGFA 3.5% 2033	1.40%
NZ Govt. 4.5% 2035	1.25%
NZLGFA 2.25% 2031	1.24%
Rabobank Float 2028	1.19%
Scentre Group 5.125% 2080	1.06%
Origin Energy 5.35% 2031	1.03%
Commerzbank Aktiengesellschaft 4.125% 2037	1.00%
EnBW International Finance 6.048% 2034	0.98%
Westpac 5.754% 2034	0.98%

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](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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