

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 March 2021



Portfolio Managers



David Lewis
Portfolio Manager



Paul Morris
Co-Portfolio Manager

The Fund had a strong month in March rising by 1.7%. Share markets performed well (~4% globally, and 2-3% in Australasia), and income or dividend-oriented shares outperformed following declines earlier this year. Similarly, bond markets in Australasia made a partial recovery from February's losses (rising 0.2% in March for corporate bonds, and towards 1% for government bonds). However, global bond markets remained soft (-0.4%) as economic strength in the US pushed market interest rates higher.

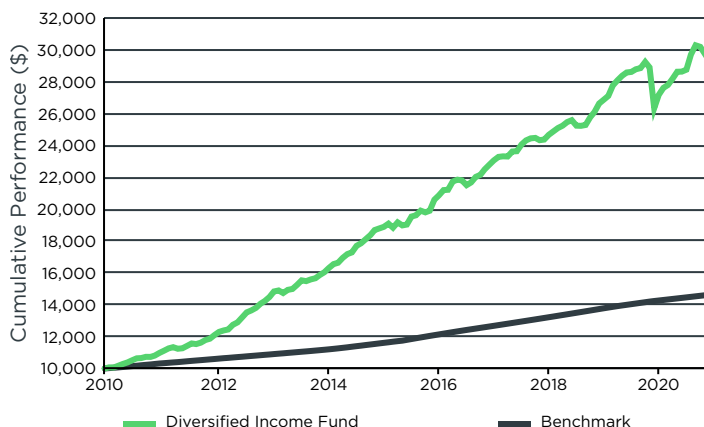
The Fund has continued to benefit from strategies (using bond futures, for example) to mitigate the impact of US bond market weakness. Standout performers this month were Mirvac (+12.1%), which led broader gains in the Fund's Australian property holdings, and Telstra (+10.4%). Telstra was added to the portfolio last year and is now the third largest share holding at 1.9%. It is benefitting from an improved competitive landscape, and offers an attractive valuation.

Looking ahead, we remain optimistic about prospects for economic growth this year as both fiscal and monetary policy support, and vaccines, should drive a rebound in activity globally. Alongside generally fair valuations for our holdings this suggests a reasonably positive outlook for shares. We are more cautious on the outlook for bonds. However, once the process of rising interest rates is over, returns for the Fund (and other income-oriented assets) will benefit from higher yields.

To view Milford's April 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 three 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)	\$2,507.3 M
Yield²	2.81%
Average Credit Rating	BBB
Duration	0.75 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	0.95% (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 31 March 2021

Investment Performance after fees as at 31 March 2021⁵

Unit Price: \$1.852

	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)	1.68%	-0.01%	14.96%	7.51%	8.02%	10.60%
After Tax 10.50%	1.66%	-0.08%	14.21%	7.02%	7.40%	9.87%
After Tax 17.50%	1.65%	-0.13%	13.71%	6.70%	6.99%	9.38%
After Tax 28.00%	1.64%	-0.21%	12.97%	6.22%	6.37%	8.68%
Benchmark	0.23%	0.67%	2.75%	3.56%	3.88%	3.52%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	2.43%
Spark	2.07%
Telstra	1.94%
NAB	1.75%
Goodman	1.41%
Meridian	1.37%
Woolworths	1.32%
Transurban	1.31%
Coles	1.02%
Getlink	0.98%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	6.77%	5.00%
New Zealand Fixed Interest	8.55%	10.00%
International Fixed Interest	41.87%	45.00%
New Zealand Equities	11.24%	6.50%
Australian Equities	12.98%	10.00%
International Equities	9.13%	5.00%
Listed Property	9.46%	18.50%
Other	0.00%	0%

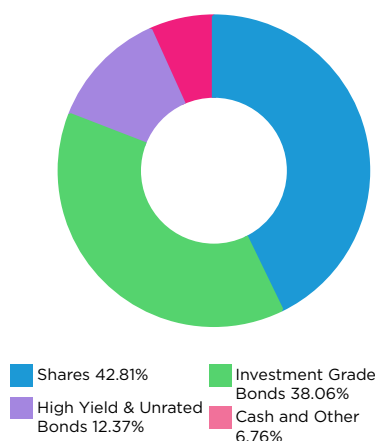
The actual cash held by the Fund is 6.13%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

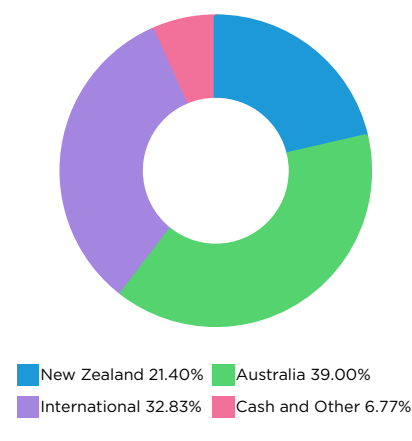
Holdings	% of Fund
Scentre Group 5.125% 2080	1.86%
Mirvac Group 3.625% 2027	0.87%
ASB Bank 5.25% 2026	0.84%
Aventus Float 2025	0.81%
Westpac 4.695% 2026	0.75%
AusNet Float 2080	0.69%
Westpac 5% 2027	0.63%
NZLGFA 1.5% 2026	0.62%
CBA Float 2030	0.61%
NAB Float 2030	0.60%

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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