

# Diversified Income Fund

## Portfolio Investment Entity

### Monthly Fact Sheet as at 31 March 2025



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Anthony Ip**  
Co-Portfolio Manager

The Fund's cautious stance offered protection from another messy month for markets. It eked out a positive return of 0.4%, now 8.1% over 1 yr. An escalating global trade war kept market volatility elevated. Global growth expectations were reduced, while near term inflation risks increased. This "stagflationary" combination may limit the extent central banks can cut interest rates to offset any growth slowdown. The suboptimal backdrop brought an extension of the share market weakness seen in February. Bond market performance was mixed, but corporate bonds were generally weaker than government bonds in a risk averse backdrop.

There was a minimal return contribution this month from the Fund's fixed income. While yields (market interest rates) on government bonds generally closed the month close to unchanged, the yields on corporate bonds (the Fund's main exposure) generally rose to reflect a less optimistic company earnings backdrop. Our policy over recent months to sell more expensive corporate bond holdings on increasingly expensive valuations versus government bonds helped cushion returns. Over the month we further increased the Fund's interest rate exposure via adding NZ and AU government bonds which had cheapened. We did however trim European interest rate exposure post announcements of plans to materially increase their government spending (to counter US foreign and tariff policy shifts) as this may mean higher long term European growth and structurally higher interest rates.

It was a very poor month for share markets. The good news is the Fund was defensively positioned aware of elevated risks. The weakness was less pronounced in the defensive sectors to which we had moved much of the Fund's exposure. Furthermore, the share market put options we had held to protect from a sell off came into their own and increased in value as markets fell. Good stock selection also helped. Standout contributors in the month included German electricity utility E.ON (+13.7%) which will be a beneficiary from large German government infrastructure spending plans, energy company Shell (+7.2%) post a capital markets day that underpinned its strong capital return runway, and Australian energy infrastructure company APA Group (+7.0%) on increasing confidence it can deliver on myriad growth opportunities. The biggest losers included Bank of America (-8.9%) on lower growth risks, and Goodman Group (-9.2%) as the market frets its data centre plans can be realised.

Looking ahead, the attractive interest rate backdrop supports medium term returns. Credit quality in our corporate bonds should be resilient to any growth slowdown. Share market valuations have improved, but we can remain patient before moving from our defensive positioning. To manage market risk, we continue to utilise broad share and bond market options.

To view Milford's March 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).

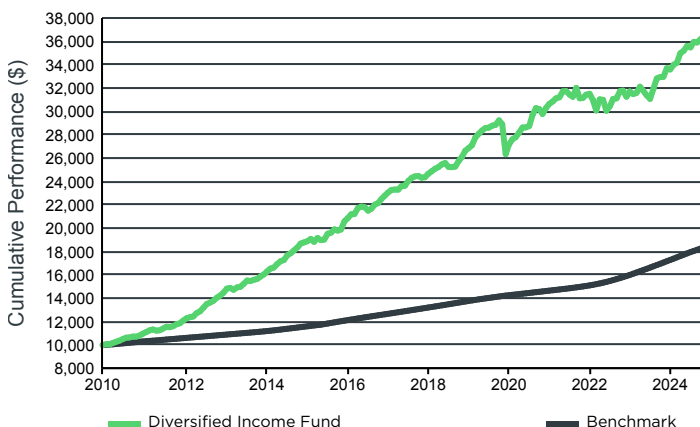
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## Cumulative Fund Performance (after fees and before tax)



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>	\$2,848.2 M
<b>Yield<sup>2</sup></b>	4.11%
<b>Average Credit Rating</b>	BBB
<b>Duration</b>	1.85 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		
Risk Indicator <sup>6</sup>	1	2	3	4	5	6	7
	Potentially lower returns				Potentially higher returns		

## Diversified Income Fund as at 31 March 2025

### Investment Performance after fees as at 31 March 2025<sup>5</sup>

Unit Price: \$1.9684

	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)	0.42%	1.52%	8.14%	5.05%	6.71%	9.00%
After Tax 10.50%	0.39%	1.41%	7.51%	4.56%	6.29%	8.38%
After Tax 17.50%	0.36%	1.33%	7.10%	4.24%	6.01%	7.97%
After Tax 28.00%	0.32%	1.22%	6.48%	3.75%	5.59%	7.36%
Benchmark	0.52%	1.57%	7.37%	6.98%	5.32%	4.17%

### Top Equity Holdings

Holdings	% of Fund
Contact Energy	1.75%
Microsoft	1.16%
Bank of America	1.10%
Aena SME	1.06%
E.ON	1.04%
Spark	1.02%
Shell	0.97%
Goodman	0.96%
APA	0.93%
Precinct	0.92%

### Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	20.10%	5%
New Zealand Fixed Interest	11.82%	10%
International Fixed Interest	40.69%	45.0%
New Zealand Equities	5.03%	5%
Australian Equities	7.01%	11%
International Equities	7.69%	5.5%
Listed Property	7.66%	18.5%
Other	0.00%	0.0%

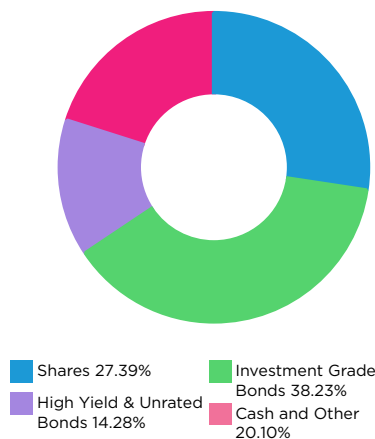
# The actual cash held by the Fund is 7.92%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

### Top Fixed Interest Holdings

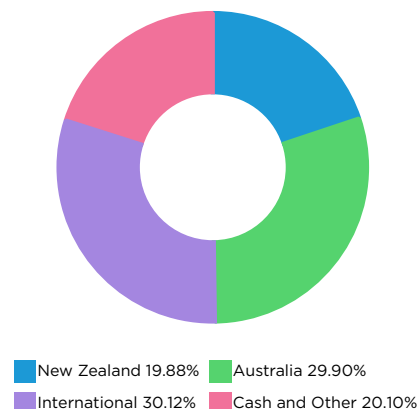
Holdings	% of Fund
NZLGFA 2.25% 2031	1.33%
Scentre Group 5.125% 2080	1.19%
Origin Energy 5.35% 2031	1.14%
EnBW International Finance 6.048% 2034	1.07%
Westpac 5.754% 2034	1.03%
ANZ 5.545% 2035	0.86%
Kinder Morgan 5.1% 2029	0.80%
ANZ 4.63% 2030	0.77%
NZ Govt. 3.5% 2033	0.73%
Contact 6.398% 2030	0.70%

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. 6. The risk indicator shown is as per the latest Quarterly Fund Update, which can be found at [milfordasset.com/fund-reports](https://milfordasset.com/fund-reports).

Please refer to the 'Glossary for the Monthly Fact Sheet' at [milfordasset.com/fact-sheet](https://milfordasset.com/fact-sheet) for more information about the data published within this document.

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