

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 March 2026



Portfolio Managers



Paul Morris
Portfolio Manager



Anthony Ip
Co-Portfolio Manager

The sell-off in bonds and shares in reaction to the Middle East conflict has weighed on Fund returns. Irrespective of the cautious positioning going into the month, the Fund lost 3.0%. Even more than normal, near-term returns are likely to remain uncertain (both up and down) until there is a resolution of the conflict. Over the medium term, however, we are more confident about returns, given now more reasonable valuations across the Fund's shares, and especially its bonds.

Bond returns were negatively impacted by a spike higher in market interest rates, as expectations ramped that central banks will hike policy rates to combat higher inflation risks (due to higher energy prices). For context, it was the weakest month for Australasian bonds since October 2021. The Fund was cushioned to some extent by a lower than long-run neutral interest rate exposure, combined with a reduced and higher quality corporate bond exposure (with weaker rated corporate bonds underperforming).

Share returns were also materially negative. We had a defensive orientation coming into March. A lower than long-run neutral aggregate share exposure helped to limit losses, but the Fund's defensive shares, which typically outperform in periods of uncertainty, suffered with higher market interest rates. Ultimately, there were few winners in the Fund's shares outside of energy related shares such as LNG exporter Cheniere (+20.4%) and Shell (+16.6%), which were held to provide some protection from higher energy prices.

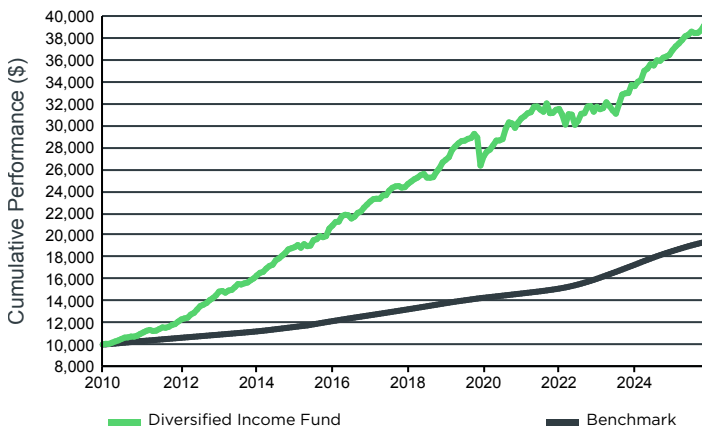
Looking ahead, the reset lower in bond and share valuations offers an improved medium-term risk-reward return outlook. Crisis resolution or stability is likely needed for market volatility to abate. However, whether the conflict extends or is resolved, expectations for interest rate hikes (represented by high market interest rates) appear overdone. This makes the returns from bonds, and defensive income-oriented (less cyclical) shares, attractive and will provide a strong underpinning for medium-term Fund returns.

To view Milford's March 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)	\$3,496.4 M
Yield²	3.17%
Average Credit Rating	A
Duration	2.35 years
Buy-sell Spread	None - swing pricing applies (See PDS for details)
Inception Date	1 April 2010
Current Distribution	0.95 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 March 2026

Investment Performance after fees as at 31 March 2026⁵

Unit Price: \$1.9839

	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)	-3.03%	-1.37%	4.07%	6.66%	4.61%	8.69%
After Tax 10.50%	-2.89%	-1.37%	3.85%	6.14%	4.29%	8.09%
After Tax 17.50%	-2.79%	-1.37%	3.70%	5.80%	4.07%	7.70%
After Tax 28.00%	-2.65%	-1.37%	3.48%	5.29%	3.75%	7.11%
Benchmark	0.39%	1.15%	5.31%	6.88%	5.84%	4.24%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	1.29%
SSE	1.02%
Goodman Group	0.97%
National Grid	0.95%
Region Group	0.90%
Precinct Properties	0.87%
Spark New Zealand	0.84%
Ameren	0.80%
Microsoft	0.80%
AENA	0.76%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	10.63%	5%
New Zealand Fixed Interest	22.37%	10%
International Fixed Interest	37.25%	45.0%
New Zealand Equities	4.56%	5%
Australian Equities	10.64%	11%
International Equities	7.29%	5.5%
Listed Property	7.26%	18.5%
Other	0.00%	0.0%

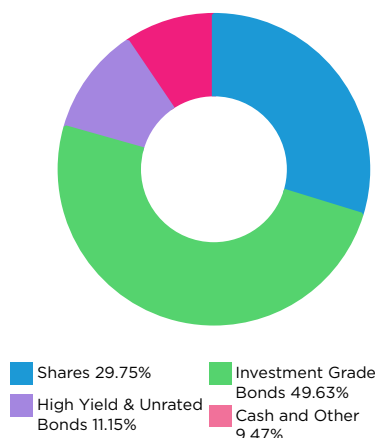
The actual cash held by the Fund is 4.73%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

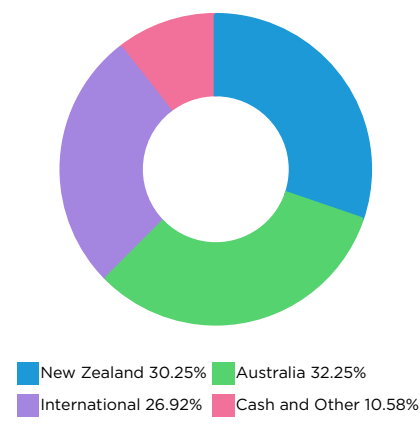
Holdings	% of Fund
NZ Govt. 4.5% 2035	2.42%
NZ Govt. 3.5% 2033	2.06%
NZ Govt. 2.5% 2035	2.04%
AU Govt. 2% 2035	1.60%
NZLGFA 3.5% 2033	1.48%
ASB Bank 4.1% 2030	1.08%
NZ Govt. 4.25% 2036	1.06%
Rabobank Float 2028	1.04%
Commerzbank 4.125% 2037	0.93%
Westpac 6.085% 2041	0.92%

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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