

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 November 2020



Portfolio Managers



David Lewis
Portfolio Manager



Paul Morris
Co-Portfolio Manager

The Fund rose by 3.3% in November and is up by 3.3% in the past year. Returns were very strong in share markets given positive vaccine news. Corporate bonds saw moderate gains in the US and Europe (c1-2%), and were close to flat in Australasia.

Within the share portfolio, we saw very strong gains from a number of companies in the property and travel sectors that stand to directly benefit from an eventual vaccine rollout. These included Australian property landlord and developer Mirvac (+22.3%), Sydney Airport (+23.1%), Getlink (owner of the Eurotunnel; +20.9%), and Atlas Arteria (owner of toll roads mainly in France; +14.9%). On the weaker side, our two holdings in gold miners fell (by 10.3% and 16.5%) as investors moved away from perceived safer areas of the market. Together they form a modest 0.5% of the Fund.

In fixed income, we saw strong gains (3-6%) from European bank hybrids (similar to preference shares), and corporate high yield in the US. Portfolio activity this month included several changes in our NZ share portfolio (reducing Meridian and Z Energy, while adding Ryman and a2 Milk), and additions to Telstra, Santos, and European bank hybrids. We remain active in new issues in the bond market, with new purchases this month including Chorus and National Australia Bank.

Looking into 2021 the economic growth outlook globally is promising given strong policy support and the expected vaccines. This suggests a reasonably positive outlook for returns next year, especially in shares and consistent with the 42.1% exposure to shares in the Fund currently. The biggest risk next year, which we continue to monitor closely, is an unexpected jump in interest rates, albeit we currently see this as a low probability.

To view Milford's December 2020 Market and Economic Review please see milfordasset.com/fact-sheet.

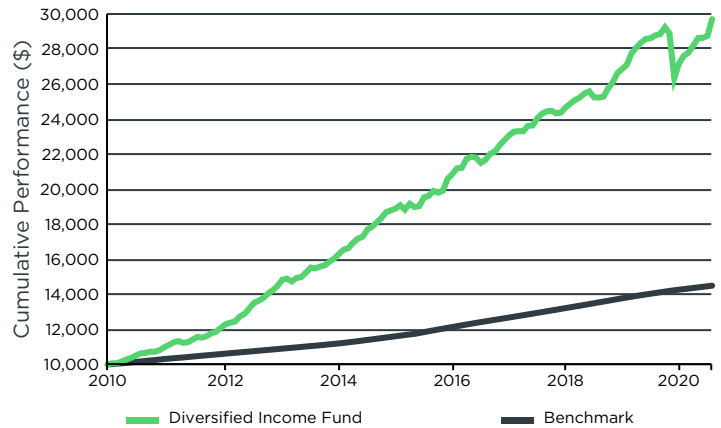
External Ratings



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

Cumulative Fund Performance

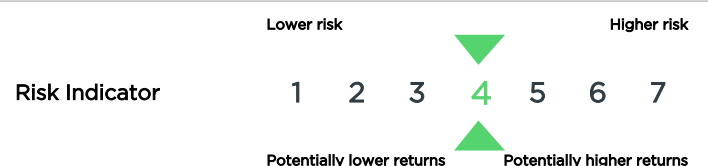
(after fees and before tax)



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)	\$2,431.7 M
Yield²	2.37%
Average Credit Rating	BBB+
Duration	1.14 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)



Diversified Income Fund as at 30 November 2020

Investment Performance after fees as at 30 November 2020⁵

Unit Price: \$1.829

	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)	3.31%	3.78%	3.21%	6.90%	8.65%	10.74%
After Tax 10.50%	3.20%	3.59%	2.62%	6.38%	8.01%	10.00%
After Tax 17.50%	3.13%	3.46%	2.23%	6.03%	7.58%	9.51%
After Tax 28.00%	3.03%	3.27%	1.64%	5.51%	6.95%	8.79%
Benchmark	0.22%	0.68%	2.97%	3.72%	4.03%	3.54%

Top Equity Holdings

Holdings	% of Fund's NAV
Contact Energy	2.47%
Spark New Zealand	2.27%
Woolworths	1.64%
Transurban Group	1.64%
Goodman Group	1.62%
Telstra Corp	1.53%
Wesfarmers	1.53%
Meridian Energy	1.39%
Coles Group	1.37%
Mirvac Group	1.09%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	5.26%	5.00%
New Zealand Fixed Interest	9.19%	10.00%
International Fixed Interest	41.76%	45.00%
New Zealand Equities	10.39%	6.50%
Australian Equities	11.96%	10.00%
International Equities	8.40%	5.00%
Listed Property	11.30%	18.50%
Other	1.74%	0%

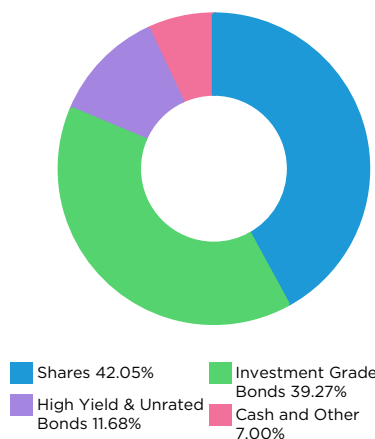
The actual cash held by the Fund is 4.30%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

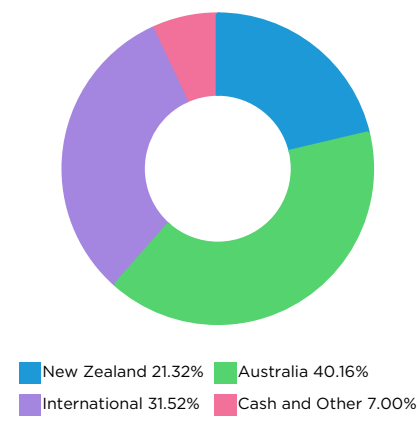
Holdings	% of Fund's NAV
Scentre Group 5.125% 2080	2.18%
AusNet Float 2080	1.03%
ASB Bank 5.25% 2026	0.91%
Mirvac Group 3.625% 2027	0.91%
NAB Float 18/11/2030	0.82%
Westpac 4.695% 2026	0.79%
Kerry Group 0.625% 2029	0.63%
JPMorgan 1.09% 2027	0.63%
Ball 1.5% 2027	0.62%
CBA Float 2030	0.61%

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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