

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 November 2021



Portfolio Managers



Paul Morris
Portfolio Manager



Dan Simmonds
Co-Portfolio Manager

How to sum up November? In a word “volatile”, as the Fund returned -0.6% (the Fund is up 5.2% over 1-year). Bonds and shares whipsawed in a wide range, reacting to (i) likely monetary policy tightening and (ii) the developing threat from Omicron. Performance across the Fund’s broad asset classes was mixed and even more so at a bond and share level.

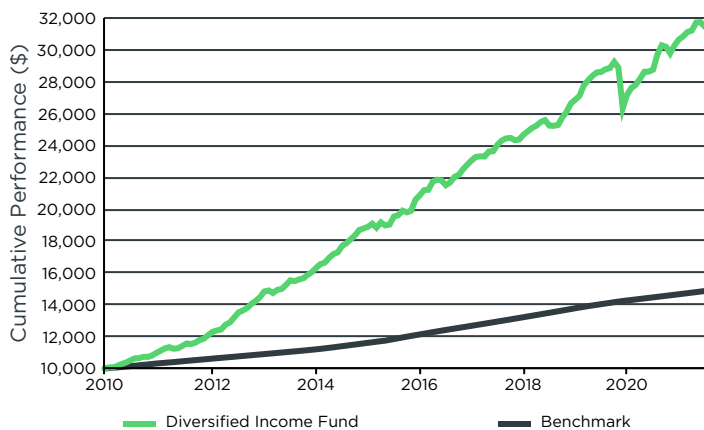
Global corporate bonds were generally weaker, underperforming safe haven government bonds, as heightened bond issuance met waning investor demand (likely until interest rate volatility settles). Australasian corporate bond performance was better, benefitting from larger falls in market interest rates. Of the Fund’s shares, NZ was the underperformer with weakness across income and cyclical sectors. Australian shares generally performed well, including a strong month for property. The Fund’s largest property holding Goodman Group was up 12.7% after a strong trading update. Banks were a laggard, including Virgin Money (restructuring costs) down 14.2% and Westpac (disappointing result) down 17.0%, albeit these are smaller holdings (0.5% and 0.4% respectively). Global shares were mixed with weakness in cyclical/reopening shares which fell due to the Omicron news. These holdings are to protect medium term returns from inflation and higher yield risks.

Looking ahead, many central banks are keen to remove loose settings and government bond yields (especially outside of Australasia) arguably remain too low when considered against all but a materially adverse Omicron outcome. Nevertheless, until we get more clarity on the virus the Fund has increased exposure to government bond yields (safe haven demand sees yields fall) and has a more conservative setting; holding more cash and less exposure to shares. Given the breadth of outcomes the share exposure remains well diversified, including retention of a mix of both income and cyclical shares.

To view Milford’s December 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	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)	\$2,839.3 M
Yield²	3.68%
Average Credit Rating	BBB-
Duration	1.76 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	0.90% (includes an est. performance fee)

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

External Ratings



Milford Diversified Income Fund received a Morningstar Analyst Rating™ of ‘Silver’ on 07-07-2020

Diversified Income Fund as at 30 November 2021

Investment Performance after fees as at 30 November 2021⁵

Unit Price: \$1.8764

	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)	-0.61%	-1.45%	5.21%	7.40%	7.59%	10.26%
After Tax 10.50%	-0.58%	-1.38%	5.11%	6.95%	7.11%	9.57%
After Tax 17.50%	-0.55%	-1.34%	5.05%	6.65%	6.78%	9.12%
After Tax 28.00%	-0.52%	-1.27%	4.95%	6.21%	6.30%	8.45%
Benchmark	0.25%	0.72%	2.79%	3.23%	3.64%	3.48%

Top Equity Holdings

Holdings	% of Fund
Contact Energy	2.00%
Sydney Airport	1.50%
Goodman	1.44%
Telstra	1.29%
Charter Hall Retail	1.29%
Transurban	1.28%
Spark	1.24%
NAB	1.08%
Charter Hall Long WALE	0.96%
Getlink	0.88%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	12.52%	5%
New Zealand Fixed Interest	6.67%	10%
International Fixed Interest	44.59%	45%
New Zealand Equities	8.48%	6.5%
Australian Equities	8.62%	10%
International Equities	7.60%	5%
Listed Property	11.52%	18.5%
Other	0.00%	0%

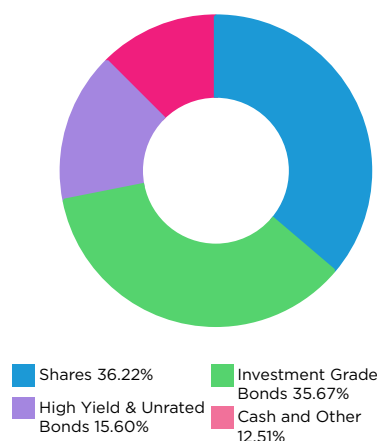
The actual cash held by the Fund is 5.64%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

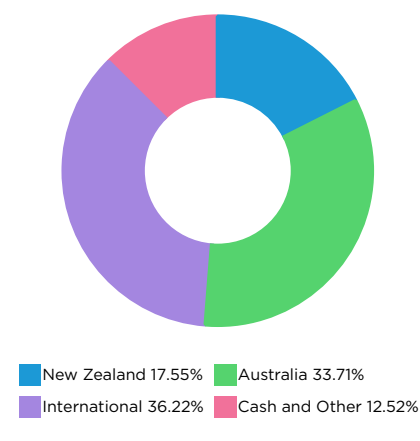
Holdings	% of Fund
Scentre Group 5.125% 2080	1.67%
Kiwibank 1.3% 2022	0.94%
NatWest 5.125% Perpetual	0.93%
CBA Float 2031	0.85%
GAIF 2.584% 2027	0.83%
Martin Marietta 2.4% 2031	0.82%
T-Mobile 3.375% 2029	0.79%
Mirvac Group 3.625% 2027	0.75%
ING Groep 4.25% Perpetual	0.72%
ASB 5.25% 2026	0.68%

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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