

# Milford Diversified Income Fund (AU)

ETL1908AU

August 2020



## Portfolio Managers



**David Lewis**  
Portfolio Manager



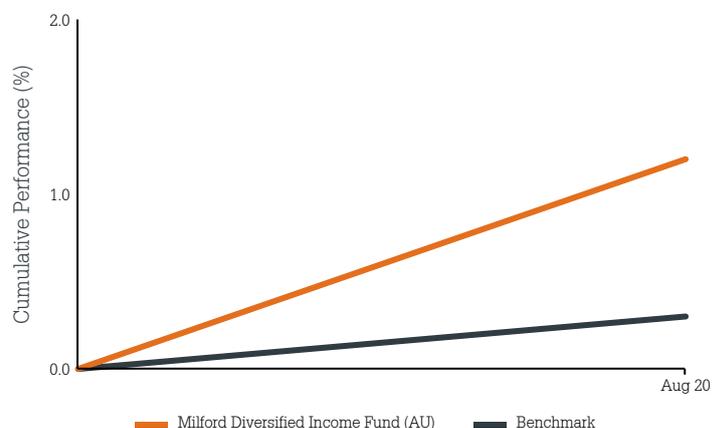
**Paul Morris**  
Portfolio Manager

The Fund opened with a solid month rising by 1.2%. Returns were positive across the Fund's key asset classes, led by Australian shares (+2.8%), with REITs a standout sector (+7.9%). Despite the bounce, REITs remain one of the most impacted sectors from the virus (down 14.5% year-to-date) due to the direct impact of social distancing.

Within our share portfolio, standout performers this month included REITs Charter Hall (+18.9%) and Arena (+14.2%), both supported by better-than-expected earnings announcements. Overseas, Spanish airport owner Aena (+13.4%) rose from a depressed level, partly on vaccine optimism, while NZ utility Contact (+11.9%) recovered following last month's news of pending closure for NZ's only aluminium smelter. In our fixed income portfolio, our corporate bond holdings continued strong performance relative to government bonds. European bank capital performed particularly well this month and we expect this to continue near term given regulatory support and attractive 4-6% yields on offer.

In terms of positioning, the Fund added to share holdings in US railways, NZ electricity companies (Contact and Meridian), and select property companies. In corporate bonds we reduced Euro-denominated bank senior holdings (Wells Fargo and Svenska Handelsbanken), making way for higher yielding additions in the Australian dollar new issue market (Suncorp and ANZ). The Fund's current asset allocation is 57.8% to fixed income (split 12.4% high-yield and 45.4% investment grade), 38.0% shares, and 4.1% cash.

## Investment Performance to August 2020\*



\* Cumulative performance since inception, after all fees and expenses, and assumes reinvestment of distributions.

## Key Fund Facts

Objective	Provide a regular income as well as providing moderate capital growth, while seeking to preserve capital over rolling two-year periods.
Description	A diversified portfolio that primarily invests in fixed interest and equity income generating securities.
Benchmark	RBA Cash Rate + 3.5% p.a.
Redemption Price <small>as at 31 Aug</small>	\$1.0102
NAV <small>as at 31 Aug</small>	\$10.7 Million
Inception Date	August 2020
Minimum Investment	\$20,000
Recommended Investment Timeframe	3 years +
Buy-sell Spread	+/-0.15%
Entry/Exit Fee	Nil
Distribution Frequency	Monthly
Management Fee*	0.70%
Capped Expense Recovery*	0.05%
Performance Fee	Not Applicable
Fund Pricing	Daily

\* Fees are stated exclusive of GST.

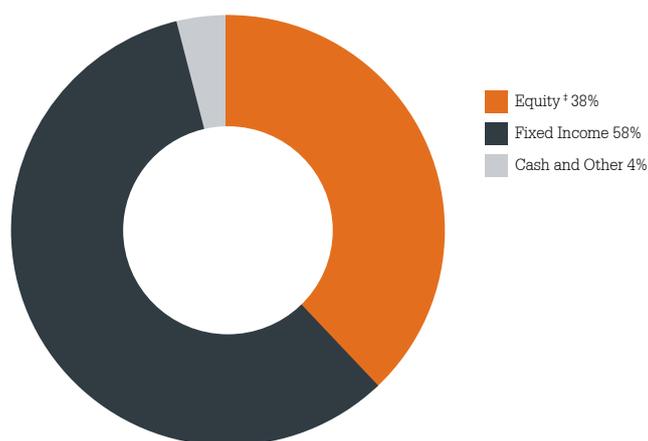
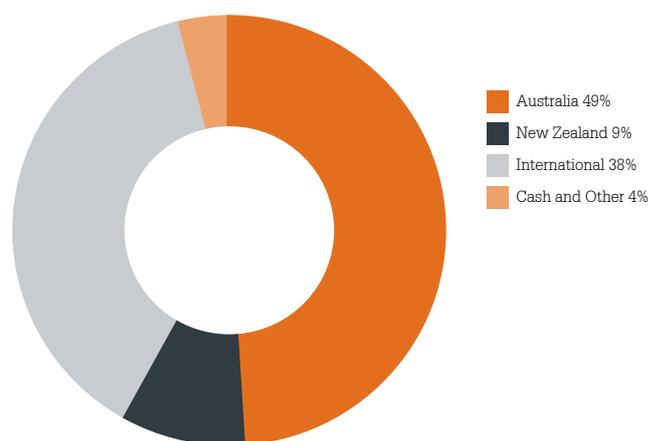
Investment Performance to August 2020<sup>\*</sup>

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since Inception <sup>**</sup>
Milford Diversified Income Fund (AU)	1.17%	-	-	-	-	1.17%
Benchmark	0.31%	-	-	-	-	0.31%

Past performance is not reliable indicator of future performance.

\* Net performance figures are shown after all fees and expenses, and assumes reinvestment of distributions.

\*\* Inception date of the Fund is 3 August 2020.

Current Asset Allocation<sup>1</sup>Current Country Allocation<sup>11</sup>

## Top Security Holdings

Holdings	% of Fund's NAV
Woolworths	2.40%
Transurban Group	1.99%
Goodman Group	1.91%
Citigroup Float 2024	1.86%
HSBC Float 2024	1.84%
Wesfarmers	1.71%
JPMorgan 1.09% 2027	1.55%
American Water Works	1.50%
Mirvac Group 3.625% 2027	1.49%
Vicinity Centres 1.125% 2029	1.45%

Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

<sup>1</sup> The actual investment mix incorporates the notional exposure value of equity derivatives and credit default swaps, where applicable.

<sup>11</sup> Equity will be the net amount, ie the total long less any shorts.

<sup>11</sup> Typically the country in which the company issuing the share/bond primarily operates

## Fund Changes

There have been no material changes to the below information since the last monthly report:

- The Fund's risk profile
- The Fund's strategy

There have been no changes to the below information since the PDS was issued:

- Key service providers
- Individuals playing a key role in investment

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