

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 April 2019



Portfolio Managers



David Lewis
Portfolio Manager



Jonathan Windust
Co-Portfolio Manager

The Fund returned 0.9% in April, to give a 1-year return of 8.9%. It was a solid month across the Fund's key asset classes, with gains in NZ shares, Australian shares, and in both Australasian and international bonds.

Our interest rate strategy was also supportive - the Fund has been positioned to benefit from the Reserve Bank of Australia moving to reduce interest rates. This month's weak inflation data in Australia and the resulting fall in market interest rates therefore led to gains on this position.

In our share portfolio, key positives in April were a2 Milk (+17.2%), and Unibail-Rodamco-Westfield (+4.9%). Our holdings in Australian childcare landlords Charter Hall Education Trust (+7.2%) and Arena (+5.4%) also performed well as the sector continues to benefit from more supportive government funding. Of note, the Fund increased its position in Charter Hall Education in late March following a capital raising to support the company's growth. On the negative side, Summerset fell 15.0% following a soft sales update. This is a small position at 0.3% of the Fund.

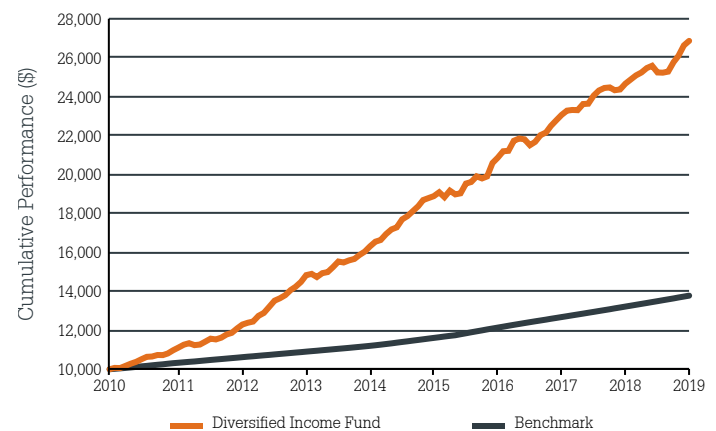
In trading activity, we added modestly to shares in Australian property, and were active in managing international bond holdings including profit taking in

European bank bonds. Our strategic view remains 'moderately cautious', but in the shorter term we think many of the Fund's holdings should be supported by likely interest rate reductions in both Australia and New Zealand.

To view Milford's May 2019 Market and Economic Review please [click here](#).

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)	\$2,136.2 M
Yield²	4.16%
Average Credit Rating	BBB+
Duration	1.51 years
Buy-sell Spread	None

Inception Date	1 April 2010
Current Distribution	1.6 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	1.04% (includes an est. performance fee)
Risk Indicator	<div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="text-align: center;"> </div> <div style="display: flex; justify-content: space-between;"> Potentially lower returns Potentially higher returns </div>

Investment Performance after fees as at 30 April 2019⁵

Unit Price: \$1.7425

	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)	0.87%	4.24%	8.92%	8.80%	10.50%	11.49%
After Tax 10.50%	0.81%	4.05%	8.51%	8.13%	9.81%	10.72%
After Tax 17.50%	0.77%	3.93%	8.23%	7.69%	9.36%	10.21%
After Tax 28.00%	0.71%	3.74%	7.82%	7.03%	8.68%	9.46%
Benchmark	0.34%	1.02%	4.25%	4.31%	4.23%	3.59%

Top Equity Holdings

Holdings	% of Fund's NAV
Contact Energy	3.08%
Meridian Energy	1.73%
Argosy Property	1.50%
Kiwi Property Group	1.44%
Mirvac Group	1.40%
Spark New Zealand	1.36%
Charter Hall Education Trust	1.28%
Goodman Group	1.11%
Charter Hall Long Wale REIT	1.09%
Aventus Retail Property	1.04%

Current Asset Allocation

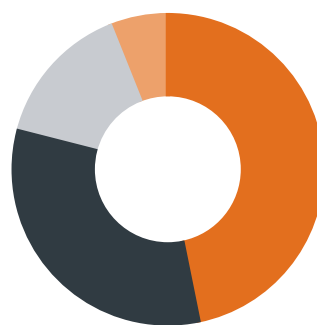
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	6.06%	5.00%
New Zealand Fixed Interest	17.25%	15.00%
International Fixed Interest	44.53%	40.00%
New Zealand Equities	10.44%	13.00%
Australian Equities	5.66%	12.00%
International Equities	0.39%	0%
Listed Property	15.67%	15.00%
Other	0.00%	0%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
ASB Bank 5.25% 2026	1.80%
OBE 6.75% 2044	1.79%
ANZ Bank Float 2022	1.59%
Westpac 4.695% 2026	1.49%
ANZ 2.91% 2019	1.35%
Aventus Capital Float 2025	1.15%
ASB Bank Float 2022	1.11%
Rabobank 4.625% 2025	1.08%
Mirvac Group 3.625% 2027	1.08%
HSBC 6% 2023	1.00%

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

Fund Portfolio Mix



Investment Grade Bonds 46.82%
High Yield & Unrated Bonds 14.96%
Shares 32.16%
Cash and Other 6.06%

Country Exposure



New Zealand 33.07%
Australia 37.90%
International 22.97%
Cash and Other 6.06%

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' [here](#) for more information about the data published within this document.

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