

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 March 2019



Portfolio Managers



David Lewis
Portfolio Manager



Jonathan Windust
Co-Portfolio Manager

The Fund returned 2.0% in March and 9.3% in the past year. March capped off a particularly strong quarter for the Fund, rising 5.3%.

There are a few key drivers we would highlight behind this quarter's return. Firstly, the US Federal Reserve moved to a more supportive monetary policy view - this helped push global interest rates lower, leading investors to rush towards the higher yields on offer from corporate bond markets and dividend oriented shares.

Secondly, the Fund enjoyed strong returns from some of its largest individual holdings, partly reflecting the tailwinds above. In particular, over the quarter Contact Energy rose 21.3%, Meridian 25.9%, and Charter Hall 38.4%.

Focusing on March, the Fund increased its risk exposure slightly, including adding to Australian share positions in Orora (packaging), Origin Energy (gas and electricity), and selected listed property companies. On the bond side, we added to several higher quality issues in NZ dollars including ANZ Bank.

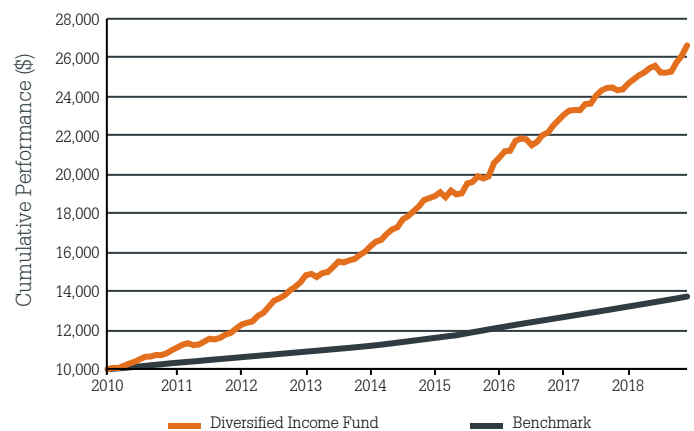
In terms of our strategic view, we retain a 'moderately cautious' approach. In the shorter term, markets may continue to push higher, supported by low interest rates and signs of improving economic data in the US and China. However, valuations in certain markets (high-yield bonds, for

example) remain elevated, and geopolitical risks are still present (for example trade negotiations and Brexit).

To view Milford's April 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)	\$2,073.8 M
Yield²	4.25%
Average Credit Rating	BBB+
Duration	1.46 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 31 March 2019⁵

Unit Price: \$1.7276

	3 Months	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Diversified Income Fund (Gross Of Tax)	5.33%	4.10%	9.29%	8.96%	10.67%	11.50%
After Tax 10.50%	5.09%	3.88%	8.91%	8.28%	9.99%	10.73%
After Tax 17.50%	4.93%	3.73%	8.66%	7.83%	9.54%	10.21%
After Tax 28.00%	4.70%	3.51%	8.29%	7.16%	8.87%	9.47%
Benchmark	1.05%	2.10%	4.25%	4.33%	4.21%	3.59%

Top Equity Holdings

Holdings	% of Fund's NAV
Contact Energy	3.34%
Meridian Energy	1.93%
Argosy Property	1.51%
Spark New Zealand	1.44%
Kiwi Property Group	1.43%
Charter Hall Education Trust	1.20%
Goodman Group	1.14%
Mirvac Group	1.13%
Charter Hall Long Wale REIT	1.09%
Precinct Properties NZ	1.03%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	8.31%	5.00%
New Zealand Fixed Interest	17.82%	15.00%
International Fixed Interest	43.51%	40.00%
New Zealand Equities	10.63%	13.00%
Australian Equities	4.43%	12.00%
International Equities	0.37%	0%
Listed Property	14.65%	15.00%
Other	0.28%	0%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
ASB Bank 5.25% 2026	1.85%
OBE 6.75% 2044	1.75%
ANZ Bank Float 2022	1.60%
Westpac 4.695% 2026	1.53%
ANZ 2.91% 2019	1.39%
ASB Bank Float 2022	1.18%
Aventus Capital Float 2025	1.17%
Mirvac Group 3.625% 2027	1.07%
Rabobank 4.625% 2025	1.04%
NAB Float 2024	1.02%

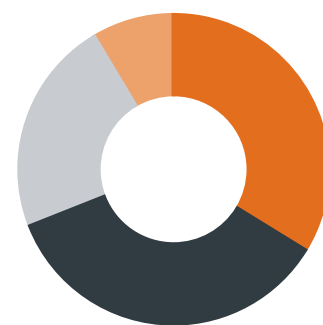
Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

Fund Portfolio Mix



Investment Grade Bonds 45.63%
High Yield & Unrated Bonds 15.70%
Shares 30.08%
Cash and Other 8.59%

Country Exposure



New Zealand 33.78%
Australia 35.21%
International 22.42%
Cash and Other 8.59%

1. After the base fund fee but before tax and before the performance fee. 2. Yield (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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