

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 November 2019



Portfolio Managers



David Lewis
Portfolio Manager



Paul Morris
Co-Portfolio Manager

The Fund rose by 0.6% in November and is up by 14.1% in the past year. While we are very pleased with Fund performance this year, looking forward over the medium term we continue to emphasise that we expect notably lower returns. This reflects much lower interest rates, and therefore yields on fixed income securities, as well as higher valuations in share markets.

Returns this month were driven by our share holdings, with particular strength in growth-oriented companies, while returns in fixed income were lower (essentially flat for corporate bonds in NZ, Australia and globally).

At the company level, performance highlights this month were a2 Milk (+19.4% following strong earnings guidance), Origin Energy (+10.7%), and Australian diversified property company Mirvac (+5.0%, supported by improving sentiment and pricing in the Australian residential housing market). On the negative side, several of our Australian property holdings fell modestly (Charter Hall Group, Arena and Charter Hall Education Trust all 2-5% lower) as they gave back some of the strong gains seen earlier this year.

In terms of strategy, given strong recent market performance and general investor optimism about the trade war, we are taking an incrementally more cautious approach short term. This is reflected in the Fund's exposure to shares which is now at 29%, from 31% at the end of October.

To view Milford's December 2019 Market and Economic Review please see milfordasset.com/fact-sheet.

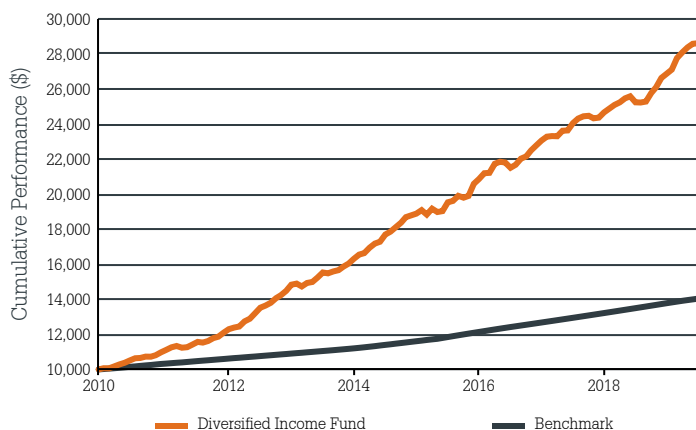
External Ratings



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)	\$2,395.9 M
Yield²	2.71%
Average Credit Rating	BBB+
Duration	1.07 years
Buy-sell Spread	None
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)
Risk Indicator	<div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div>

Investment Performance after fees as at 30 November 2019⁵

Unit Price: \$1.8194

	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)	0.58%	1.43%	14.07%	9.92%	10.01%	11.55%
After Tax 10.50%	0.54%	1.28%	13.41%	9.33%	9.36%	10.80%
After Tax 17.50%	0.51%	1.18%	12.98%	8.95%	8.93%	10.29%
After Tax 28.00%	0.47%	1.02%	12.32%	8.37%	8.28%	9.56%
Benchmark	0.28%	0.86%	3.95%	4.15%	4.25%	3.60%

Top Equity Holdings

Holdings	% of Fund's NAV
Spark New Zealand	2.14%
Contact Energy	1.55%
Mirvac Group	1.49%
Transurban Group	1.44%
Charter Hall Education Trust	1.25%
Charter Hall Long Wale REIT	1.17%
Kiwi Property Group	1.06%
Aventus Retail Property	1.05%
Arena REIT	1.04%
Goodman Group	0.96%

Current Asset Allocation

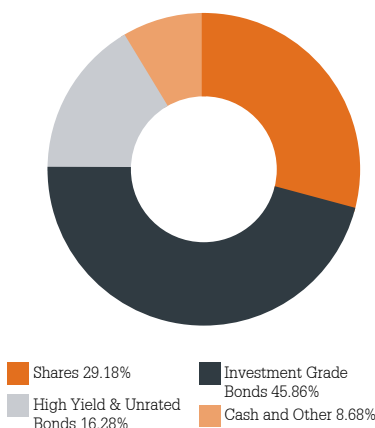
	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	8.08%	5.00%
New Zealand Fixed Interest	13.21%	15.00%
International Fixed Interest	48.93%	40.00%
New Zealand Equities	7.99%	13.00%
Australian Equities	6.45%	12.00%
International Equities	0.15%	0%
Listed Property	14.59%	15.00%
Other	0.60%	0%

Top Fixed Interest Holdings

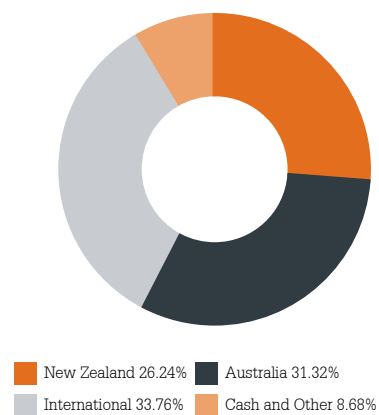
Holdings	% of Fund's NAV
OBE 6.75% 2044	1.62%
Bank of America 3.458% 2025	1.11%
JPMorgan 1.09% 2027	1.09%
Mirvac Group 3.625% 2027	1.06%
Rabobank 4.625% 2025	0.92%
JPMorgan 5.15% 2023	0.91%
ASB Bank 5.25% 2026	0.90%
Westpac 4.695% 2026	0.87%
HSBC 6% 2023	0.81%
Westpac 2.22% 2024	0.77%

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

Fund Portfolio Mix



Country 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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