

Diversified Income Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 June 2020



Portfolio Managers



David Lewis
Portfolio Manager



Paul Morris
Co-Portfolio Manager

The Fund gained 0.7% in June. It was a volatile month but gains generally continued across key asset classes in which the Fund invests - global bonds rose 0.5%, NZ shares 5.3%, and Australian shares 2.6%.

In our share portfolio, highlights were Collins Food (+17.8%, following strong performance for its KFC restaurants in Australia), and pleasingly recent portfolio additions Wesfarmers (+11.0%) and Coles supermarkets (+11.8%). On the negative side, listed property companies generally fell, partly due to spikes in virus cases - Vicinity Centres, which has 53% of its shopping mall portfolio in Victoria, fell 11.2%. It has a small weight in the Fund at 0.4%.

In fixed income the Fund was active in new issues offshore including Brisbane Airports and Nationwide Building Society (UK). We continue to see valuations in higher quality (investment grade) corporate bonds as attractive compared to cash and government bonds. In terms of strategy, key allocations were little changed this month, for example shares at 31% (from 28%), and bonds unchanged from 55%.

The past quarter has offered some excellent investment opportunities across both the share and bond portfolios, meaning that cash levels in the Fund are significantly lower than a couple of months ago. However, several key uncertainties cloud the outlook including accelerating second waves of the virus in some countries, geopolitics, higher valuations, and the medium-term strength of the economic recovery.

Consistent with the Fund's low-to-medium risk profile, our strategy looking ahead remains to "tread carefully"; focusing our investments on higher quality, more resilient companies, albeit these may not deliver the highest returns in the event of positive economic and virus news.

To view Milford's July 2020 Market and Economic Review please see milfordasset.com/fact-sheet.

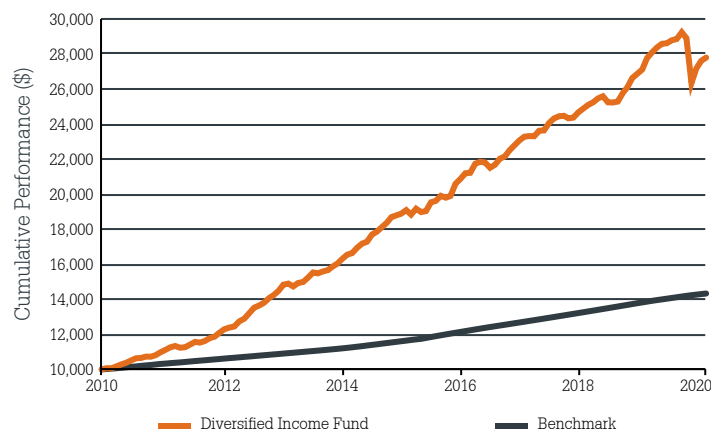
External Ratings



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)	\$2,256.5 M
Yield²	2.56%
Average Credit Rating	A-
Duration	1.06 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 June 2020⁵

Unit Price: \$1.7338

	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)	0.65%	5.51%	0.11%	6.03%	8.09%	10.48%
After Tax 10.50%	0.58%	5.25%	-0.35%	5.54%	7.46%	9.75%
After Tax 17.50%	0.53%	5.09%	-0.66%	5.22%	7.05%	9.26%
After Tax 28.00%	0.46%	4.83%	-1.12%	4.74%	6.43%	8.55%
Benchmark	0.22%	0.68%	3.34%	3.93%	4.17%	3.57%

Top Equity Holdings

Holdings	% of Fund's NAV
Spark New Zealand	2.01%
Transurban Group	2.01%
Woolworths	1.57%
Contact Energy	1.34%
GPT Group	1.24%
Mirvac Group	1.17%
Wesfarmers	1.11%
Telstra Corp	1.01%
American Waters Works	0.93%
Coles Group	0.83%

Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	13.69%	5.00%
New Zealand Fixed Interest	13.57%	15.00%
International Fixed Interest	41.16%	40.00%
New Zealand Equities	7.31%	13.00%
Australian Equities	9.08%	12.00%
International Equities	5.97%	0%
Listed Property	8.23%	15.00%
Other	0.99%	0%

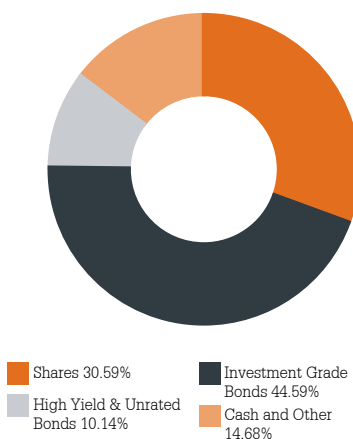
The actual cash held by the Fund is 8.53%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Top Fixed Interest Holdings

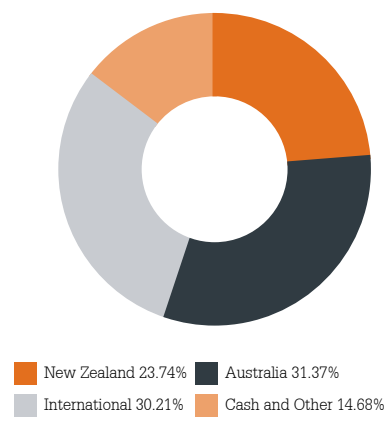
Holdings	% of Fund's NAV
NZ Government Bond 2.75% 2025	1.56%
NZLGFA 1.5% 2026	1.40%
Mirvac Group 3.625% 2027	1.13%
JPMorgan 1.09% 2027	1.11%
Lendlease 4.5% 2026	1.02%
ASB Bank 5.25% 2026	0.90%
Westpac 4.695% 2026	0.89%
ASB Bank 1.83% 2024	0.75%
Kerry Group 0.625% 2029	0.70%
Nordea Bank 0.5% 2027	0.69%

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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