

# Milford Diversified Income Fund (AU)

December 2020



## Portfolio Managers



**David Lewis**  
Portfolio Manager



**Paul Morris**  
Co-Portfolio Manager



**Dan Simmonds**  
Co-Portfolio Manager

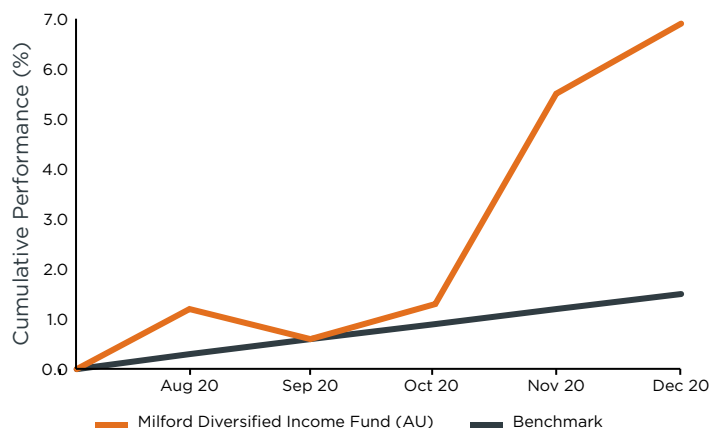
The Fund rose by 1.3% in December. Across the Fund's key asset classes, returns this month were driven by shares (5% globally, but lower in Australasia), with good gains in high-yield bonds (around 2%), and modest returns in investment grade corporate bonds (0-0.5%).

Within the Fund's share portfolio, our holdings in NZ electricity companies were particularly strong - Contact rose 14.2% and Meridian 15.4%. These companies are seeing growing support from international investors focusing on their clean energy credentials. Our recent investment in BHP also performed well (+11.5%) following strength in commodities. At the other end was a2 Milk, which fell 17.1% after downgrading forecast earnings. a2 is a small exposure at 0.4% of the Fund.

In fixed income, Fund activity was lower this month, partly due to the usual December slowdown in the new issue market. Changes included adding to Seagate, a US high yield issuer in the technology sector, and participating in NAB's new domestic AT1 issue.

In terms of strategy, we remain optimistic about prospects for economic growth this year as both fiscal and monetary policy support, and vaccines, should allow a rebound in growth globally from the depressed level of 2020. Valuations across the holdings in the Fund have moved notably higher in the past two months, but are still generally fair. This suggests a reasonably positive outlook for returns over the year, especially in shares and consistent with the 42% exposure to shares in the Fund currently.

## Investment Performance to December 2020\*



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

## Key Fund Facts

<b>Objective</b>	Provide a regular income as well as providing moderate capital growth, while seeking to preserve capital over rolling two-year periods.
<b>Description</b>	A diversified portfolio that primarily invests in fixed interest and equity income generating securities.
<b>Benchmark</b>	RBA Cash Rate + 3.5% p.a.
<b>APIR</b>	ETL1908AU
<b>mFund Code</b>	MFA03
<b>Redemption Price as at 31 Dec</b>	\$1.0595
<b>NAV as at 31 Dec</b>	\$12.7 Million
<b>Inception Date</b>	August 2020
<b>Minimum Investment</b>	\$20,000
<b>Recommended Investment Timeframe</b>	3 years +
<b>Buy-sell Spread</b>	+/-0.15%
<b>Entry/Exit Fee</b>	Nil
<b>Distribution Frequency*</b>	Monthly
<b>Running Yield</b>	1.2%
<b>Management Fee**</b>	0.70%
<b>Capped Expense Recovery**</b>	0.05%
<b>Fund Pricing</b>	Daily

\* Current monthly estimated distribution 0.18 cents per unit  
\*\* Fees are stated exclusive of GST.

## Investment Performance to December 2020\*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since Inception**
Milford Diversified Income Fund (AU)	1.30%	-	-	-	-	6.86%
Benchmark	0.30%	-	-	-	-	1.53%
Over/Underperformance	1.00%	-	-	-	-	5.33%

Past performance is not a 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.

## Top Equity Holdings

Holdings	% of Fund
Woolworths	2.50%
Wesfarmers	2.27%
Telstra	2.11%
Coles	2.05%
Goodman	2.01%
Transurban	1.97%
Aena SME	1.39%
Mirvac	1.37%
Contact Energy	1.36%
Getlink	1.35%

## Current Asset Allocation

	Actual	Neutral	Maximum Range
Cash and Other #	7.86%	5%	0-60%
International Fixed Interest	29.13%	35%	0-70%
Australian Fixed Interest	20.95%	20%	0-70%
Australian Equities	17.43%	20%	10-50%
Listed Property	11.50%	15%	0-30%
International Equities	13.13%	5%	0-40%

# Cash and Other reported above is adjusted to reflect the Fund's notional positions.

## Top Fixed Interest Holdings

Holdings	% of Fund
Scentre Group 5.125% 2080	2.15%
Westpac Float 2029	1.58%
CBA Float 2030	1.57%
HSBC Float 2024	1.55%
JPMorgan 1.09% 2027	1.30%
Vicinity 1.125% 2029	1.28%
Mirvac Group 3.625% 2027	1.26%
Coles 2.2% 2026	0.99%
AusNet Float 2080	0.96%
Verizon 4.5% 2027	0.94%

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

## Fund Changes

There have been no material changes to the Fund's risk profile or strategy since the last monthly report. There have been no changes to the key service providers or individuals playing a key role in investment since the PDS was issued.