

Milford Diversified Income Fund (AU)

June 2021



Portfolio Managers



Paul Morris
Portfolio Manager



Dan Simmonds
Portfolio Manager

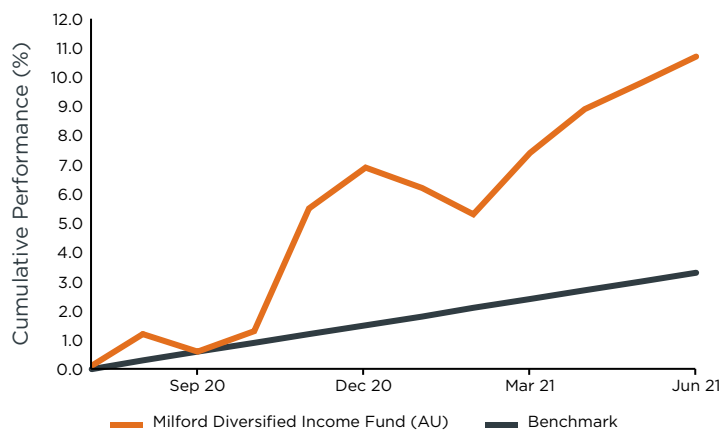
June saw the Fund up 0.8% with bonds and shares contributing positively to returns. There was however mixed performance across holdings within both. Shorter dated bonds were weaker (their interest rates rose in expectation of higher cash rates) but longer dated bonds were stronger (their interest rates fell due to less perceived risk central banks will allow inflation to run too high). The latter supported income-oriented shares.

Our Australasian property exposures made strong gains, including a notable 9.7% increase in Goodman Group (the Fund's biggest property exposure). Utilities were more mixed. The Fund's NZ electricity companies performed well, especially Contact Energy which was up 5.1%, but some of the smaller global utility exposures were weaker. Another larger holding, Telstra (the largest shareholding in the Fund) was a callout performer, gaining 6.8% on an improved competition backdrop and successful sale of part of its cell towers.

Underperforming shares were focused in the reopening beneficiary sectors (e.g. airports) as concerns weighed around the Delta variant of the virus, and in more cyclical exposures, predominantly bank shares, which gave back some recent gains.

Looking forward, we remain reasonably optimistic for Fund returns. We are aware of elevated bond and share market valuations but believe active management should allow us to (i) identify bonds and shares that can offer a better return for their risk than the market and (ii) cushion Fund returns over the medium term from any headwind associated with what remains a possible further rise in market interest rates.

Investment Performance to June 2021*



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

Key Fund Facts

Objective	Provide a regular income as well as providing moderate capital growth, while seeking to preserve capital over rolling two-year periods.
Description	A diversified portfolio that primarily invests in fixed interest and equity income generating securities.
Benchmark	RBA Cash Rate + 3.5% p.a.
APIR	ETL1908AU
mFund Code	MFA03
Redemption Price as at 30 Jun	\$1.0867
NAV as at 30 Jun	\$13.1 Million
Inception Date	August 2020
Minimum Investment	\$20,000
Recommended Investment Timeframe	3 years +
Buy-sell Spread	+/-0.15%
Entry/Exit Fee	Nil
Running Yield	2.92%
Management Fee*	0.70%
Capped Expense Recovery*	0.05%
Fund Pricing	Daily
Distribution Frequency**	Monthly

* Fees are stated exclusive of GST.

** Current monthly estimated distribution 0.18 cents per unit

Investment Performance to June 2021*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since Inception**
Milford Diversified Income Fund (AU)	0.82%	3.62%	-	-	-	10.73%
Benchmark	0.29%	1.77%	-	-	-	3.33%
Over/Underperformance	0.53%	1.85%	-	-	-	7.40%

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 03 August 2020.

Top Equity Holdings

Holdings	% of Fund
Telstra	2.95%
NAB	2.14%
Contact Energy	1.89%
Goodman	1.72%
Woolworths	1.59%
Transurban	1.58%
Spark	1.43%
Aena SME	1.24%
Atlas Arteria	1.23%
Ferrovial	1.17%

Current Asset Allocation

	Actual	Neutral	Maximum Range
International Fixed Interest	29.39%	35%	0-70%
Australian Fixed Interest	22.36%	20%	0-70%
Australian Equities	15.72%	20%	0-50%
Listed Property	10.28%	15%	0-30%
International Equities	15.32%	5%	0-40%
Cash and Other#	6.93%	5%	0-60%

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	2.18%
CBA Float 2030	1.56%
HSBC Float 2024	1.53%
Wesfarmers 1.941% 2028	1.52%
Downer Group 3.7% 2026	1.39%
Mirvac Group 3.625% 2027	1.28%
JPMorgan 1.09% 2027	1.25%
Vicinity 1.125% 2029	1.24%
Macquarie Float 2031	1.22%
Ericsson 1% 2029	1.21%

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. David Lewis has stepped down and from 1 April 2021 Paul Morris has assumed the Portfolio Manager role. There have been no changes to the key service providers since the PDS was issued.