

# Milford Diversified Income Fund (AU)

## November 2021

### Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Dan Simmonds**  
Co-Portfolio Manager

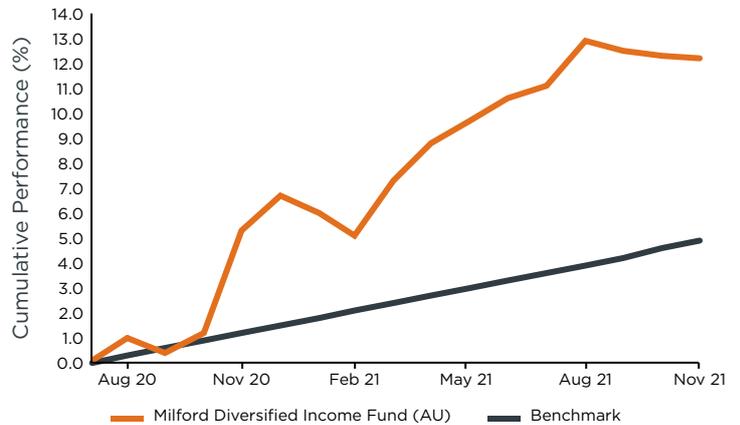
How to sum up November? In a word “volatile”, translating into a disappointing return of -0.1% (the Fund is up 6.5% over 1-year). Bonds and share prices whipsawed in a wide range, reacting to (i) likely monetary policy tightening and (ii) the developing threat from Omicron. Performance across the Fund’s broad asset classes was mixed and even more so at a bond and share level.

Global corporate bonds were generally weaker, underperforming safe haven government bonds, as heightened bond issuance met waning investor demand (likely until interest rate volatility settles). Australian corporate bond performance was better, benefitting from larger falls in market interest rates.

Of the Fund’s shares, its small NZ exposure was an underperformer with weakness across income and cyclical sectors. Australian shares generally performed well, including a strong month for property. The Fund’s largest property holding Goodman Group was up 12.7% after a strong trading update. Banks were a laggard however with Virgin Money (elevated restructuring costs) down 14.2% and Westpac (disappointing result) down 17.0%, albeit these are smaller holdings (0.5% and 0.4% respectively). Global shares were mixed with weakness in cyclical/reopening shares which fell due to Omicron. These holdings are to protect medium term returns from inflation and higher yield risks.

Looking ahead, many central banks are keen to remove loose settings and government bond yields (especially outside of Australasia) arguably remain too low when considered against all but a materially adverse Omicron outcome. Nevertheless, until we get more clarity on the virus the Fund has increased exposure to government bond yields (safe haven demand sees yields fall) and has a more conservative setting; holding more cash and less exposure to shares. Given the breadth of outcomes the share exposure remains well diversified, including retention of a mix of both income and cyclical shares.

### Investment Performance to November 2021\*



\* 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 30 Nov</b>	\$1.0502
<b>NAV as at 30 Nov</b>	\$14.8 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>Running Yield</b>	2.81%
<b>Management Fee*</b>	0.70%
<b>Capped Expense Recovery*</b>	0.05%
<b>Fund Pricing</b>	Daily
<b>Distribution Frequency**</b>	Monthly

\*Fees are stated exclusive of GST.

\*\*Current monthly estimated distribution 0.18 cents per unit.

## Milford Diversified Income Fund (AU) November 2021

### Investment Performance to November 2021\*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Diversified Income Fund (AU)	-0.10%	2.30%	6.51%	-	-	9.17%
Benchmark	0.29%	1.78%	3.59%	-	-	3.65%
Over/Underperformance	-0.39%	0.52%	2.92%	-	-	5.52%

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
Transurban	1.78%
Goodman	1.50%
Telstra	1.41%
Charter Hall Retail	1.41%
Contact Energy	1.34%
NAB	1.30%
Sydney Airport	1.24%
Shopping Centres AU	1.10%
Woolworths	1.00%
Charter Hall	1.00%

### Current Asset Allocation

	Actual	Neutral	Maximum Range
International Fixed Interest	30.92%	35%	0-70%
Australian Fixed Interest	23.82%	20%	0-70%
Australian Equities	11.48%	20%	0-50%
Listed Property	11.11%	15%	0-30%
International Equities	13.02%	5%	0-40%
Cash and Other #	9.65%	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	2.03%
Downer Group 3.7% 2026	1.68%
CBA Float 2030	1.36%
HSBC Float 2024	1.34%
Wesfarmers 1.941% 2028	1.30%
Mirvac Group 3.625% 2027	1.28%
Bank of Queensland Float 2026	1.20%
NatWest 5.125% Perpetual	1.19%
Qantas 3.15% 2028	1.17%
JPMorgan 5% 2024	1.12%

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 last monthly report.

Disclaimer: Equity Trustees Limited ("Equity Trustees") (ABN 46 004 031 298), AFSL 240975, is the responsible Entity for the Milford Diversified Income Fund (AU). Equity Trustees is a subsidiary of EQT Holdings Limited (ABN 22 607 797 615), a publicly listed company on the Australian Securities Exchange (ASX: EQT). This Monthly Fact Sheet has been prepared by Milford Australia Pty Ltd. as the Investment Manager, to provide you with general information only. In preparing this Monthly Fact Sheet, we did not take into account the investment objectives, financial situation or particular needs of any particular person. It is not intended to take the place of professional advice and you should not take action on specific issues in reliance on this information. Neither Milford Australia Pty Ltd., Equity Trustees nor any of their related parties, employees or directors, provide any warranty of accuracy or reliability in relation to such information or accepts any liability to any person who relies on it. Past performance is not a reliable indicator of future performance. You should obtain a copy of the Product Disclosure Statement before making a decision about whether to invest in this product.

Milford Diversified Income Fund (AU)'s Target Market Determination is available at <https://milfordasset.com.au/forms-documents.au>. The Target Market Determination is a document describing who this financial product is likely to be appropriate for (i.e. the target market), and any conditions around how the product can be distributed to investors. It also describes the events or circumstances where the Target Market Determination for this financial product may need to be reviewed.