

Milford Diversified Income Fund (AU)

November 2020

Portfolio Managers



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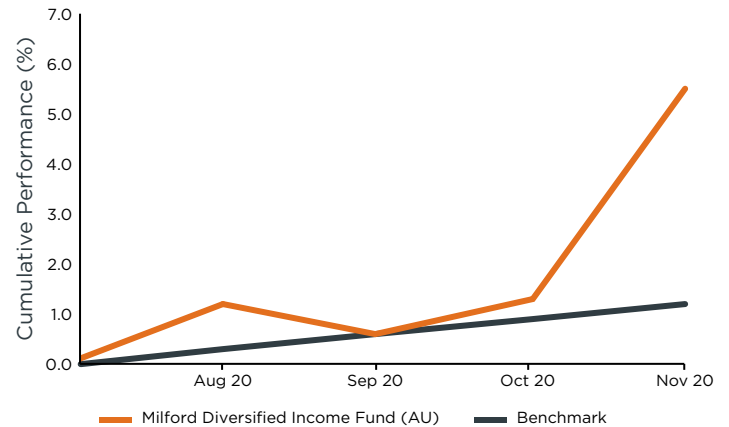
The Fund rose by 4.1% in November and is up by 5.5% since inception in August. Returns were very strong in share markets given positive vaccine news. Corporate bonds saw moderate gains in the US and Europe, and were close to flat in Australasia. Within the share portfolio, we saw very strong gains from companies in the property and travel sectors that stand to directly benefit from an eventual vaccine rollout. These included Australian property landlord and developer Mirvac (+22.3%), Sydney Airport (+23.1%), Getlink (owner of the Eurotunnel; +20.9%), and Atlas Arteria (owner of toll roads mainly in France; +14.9%).

On the weaker side, our two holdings in gold miners fell (by 10% and 16%) as investors moved away from perceived safer areas of the market. Together these two account for a modest 0.7% of the Fund.

In fixed income, we saw strong gains (3-6%) from bank hybrid securities (AT1; 6% portfolio allocation currently), and corporate high yield in the US. Activity this month included additions to Telstra, Santos, and IAG (via capital raise), as well as European bank hybrids. We remain active in new issues in the bond market, with new purchases this month including Chorus in NZD, and National Australia Bank subordinated paper in AUD. The Fund also initiated a position (via interest rate swaps) to benefit from a potential increase in market interest rates in NZ, as we felt that expectations of a negative official cash rate were misplaced. Looking into 2021 the economic growth outlook globally is promising given strong policy support and the expected vaccine.

Meanwhile we think valuations across the holdings in the Fund are fair to moderately attractive. This suggests a reasonably positive outlook for returns next year, especially in shares and consistent with the 44.6% exposure to shares currently. The biggest risk to the Fund, which we continue to monitor closely, is an unexpected jump in interest rates, albeit we currently see this as a low probability.

Investment Performance to November 2020*



* 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
Redemption Price as at 30 Nov	\$1.0477
NAV as at 30 Nov	\$11.8 Million
Inception Date	August 2020
Minimum Investment	\$20,000
Recommended Investment Timeframe	3 years +
Buy-sell Spread	+/-0.15%
Entry/Exit Fee	Nil
Distribution Frequency*	Monthly
Running Yield	2.6%
Management Fee**	0.70%
Capped Expense Recovery**	0.05%
Fund Pricing	Daily

* Current monthly estimated distribution 0.18 cents per unit

** Fees are stated exclusive of GST.

Investment Performance to November 2020*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since Inception**
Milford Diversified Income Fund (AU)	4.13%	-	-	-	-	5.49%
Benchmark	0.29%	-	-	-	-	1.23%
Over/Underperformance	3.84%	-	-	-	-	4.26%

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
Contact Energy	2.44%
Spark New Zealand	2.35%
Woolworths	1.82%
Transurban Group	1.82%
Goodman Group	1.69%
Coles Group	1.43%
Meridian Energy	1.29%
Telstra Corp	1.15%
Wesfarmers	1.12%
Mirvac Group	1.06%

Current Asset Allocation

	Actual	Neutral	Maximum Range
Cash and Other #	1.52%	5%	0-60%
Australian Fixed Interest	22.29%	20%	0-70%
International Fixed Interest	27.90%	35%	0-70%
Australian Equities	17.49%	20%	10-50%
International Equities	10.87%	5%	0-40%
Listed Property	11.98%	15%	0-30%

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	1.90%
UBS Float 2025	1.48%
NZLGFA 1.5% 2026	1.31%
AusNet Float 2080	1.08%
Mirvac Group 3.625% 2027	1.00%
ASB Bank 5.25% 2026	0.84%
Westpac 4.695% 2026	0.83%
Kerry Group 0.625% 2029	0.68%
JPMorgan 1.09% 2027	0.67%
Ball 1.5% 2027	0.65%

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.