

Milford Diversified Income Fund (AU)

March 2021



Portfolio Managers



David Lewis
Portfolio Manager



Paul Morris
Co-Portfolio Manager



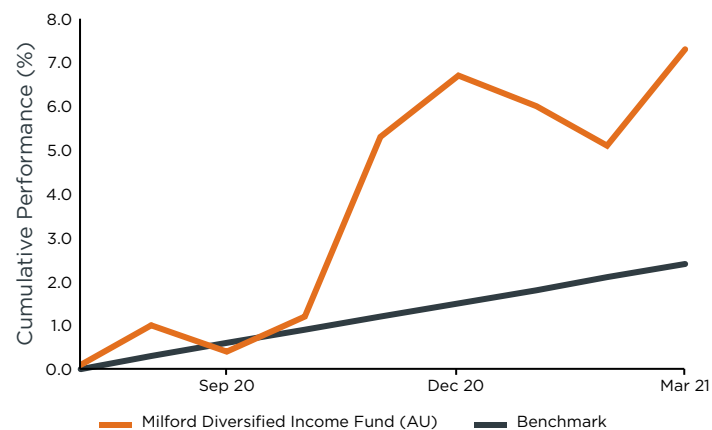
Dan Simmonds
Co-Portfolio Manager

The Fund had a strong month in March rising by 2.0%. Share markets performed well (-4% globally, and -2.5% in Australia), with higher dividend-paying shares outperforming following declines earlier this year. Similarly, the Australian bond market made a partial recovery from February's losses, rising 0.2% in March for corporate bonds, and 1.1% for government bonds. However, global bond markets remained soft (-0.4%) as economic strength in the US pushed market interest rates higher.

The Fund has continued to benefit from strategies (most notably, selling bond futures) to mitigate the impact of US bond market weakness. In the Fund's share portfolio, standout performers this month were Mirvac (+12.1%), which led broader gains in our Australian property holdings, and our largest share exposure Telstra (+10.4%). Telstra is benefitting from an improved competitive landscape, restructuring of the business, and offers an attractive valuation.

Looking ahead, we remain optimistic about prospects for economic growth this year as both fiscal and monetary policy support, and vaccines, should drive a rebound in activity globally. Alongside generally fair valuations for our holdings this suggests a reasonably positive outlook for shares. We are more cautious on the outlook for bonds. However, once the process of rising interest rates is over, returns for the Fund (and other income-oriented assets) will benefit from higher yields.

Investment Performance to March 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 31 Mar	\$1.0595
NAV as at 31 Mar	\$12.7 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	3.22%
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 March 2021*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since Inception**
Milford Diversified Income Fund (AU)	2.03%	6.79%	-	-	-	7.41%
Benchmark	0.30%	1.79%	-	-	-	2.42%
Over/Underperformance	1.73%	5.00%	-	-	-	4.99%

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
Telstra	2.91%
NAB	2.11%
Goodman	1.80%
Woolworths	1.78%
Transurban	1.58%
Contact Energy	1.57%
Coles	1.42%
Atlas Arteria	1.37%
Aena SME	1.34%
Spark	1.29%

Current Asset Allocation

	Actual	Neutral	Maximum Range
International Fixed Interest	29.60%	35.00%	0-70%
Australian Fixed Interest	20.65%	20.00%	0-70%
Australian Equities	18.72%	20.00%	0-50%
International Equities	14.36%	5.00%	0-40%
Listed Property	9.47%	15.00%	0-30%
Cash and Other #	7.20%	5.00%	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	2.15%
Westpac Float 2029	1.62%
CBA Float 2030	1.61%
HSBC Float 2024	1.58%
Mirvac Group 3.625% 2027	1.28%
JPMorgan 1.09% 2027	1.27%
Vicinity 1.125% 2029	1.25%
NAB Float Perpetual	1.05%
Coles 2.2% 2026	0.97%
Nationwide Building 5.75% Perpetual	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.