

Milford Diversified Income Fund (AU)

April 2021



Portfolio Managers



Paul Morris
Portfolio Manager



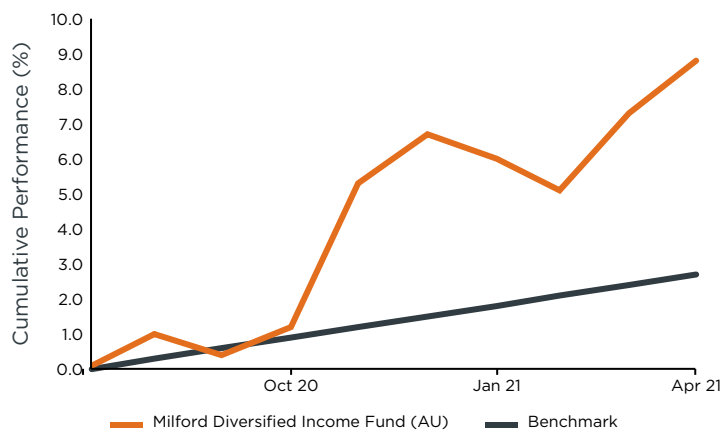
Dan Simmonds
Portfolio Manager

The Fund enjoyed another strong month in April with gains across both shares and bonds culminating in a return of 1.4%. April brought some respite away from the recent persistent rise in market interest rates. This allowed the Fund's Australasian and global bonds to post positive returns. It also supported many of the Fund's income-oriented shares. That included notable gains within the Fund's Australian property shares, several of which have continued to post improving results; e.g. Mirvac (+7.6%) which is benefiting from a recovery in the housing market.

The much-anticipated rebalancing of the Clean Energy exchange traded fund generated significant trading activity in the NZ electricity sector with Contact Energy (+7.6%), the Fund's third largest exposure, enjoying a strong month. Global shares also enjoyed a strong month running into an impressive reporting season while the ongoing reopening helped underpin strength in the Fund's Transurban shares (+6.4%). Among bond trading activity we reduced exposure to NAB subordinated bonds, adding better value new subordinated bonds from Bank of Queensland and bonds from Morgan Stanley and Victoria Power Networks.

Looking forward, we remain reasonably optimistic for Fund returns. That said, our base case remains for a gradual move higher in market interest rates which makes for a cautious outlook for bonds. To that end we used the opportunity provided by the recent fall in rates to further reduce interest rate exposure. Ongoing supportive central bank and government policy combined with reopening economies provides a supportive backdrop for shares however returns may moderate as valuations are high. Therefore we deemed it prudent to use the ongoing strength to 1) trim some exposure in more expensive holdings and 2) add some downside protection (via listed Australian and US equity index options) which should provide a modicum of cushioning to returns from any possible broad fall in share markets.

Investment Performance to April 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 Apr	\$1.0726
NAV as at 30 Apr	\$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 April 2021*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since Inception**
Milford Diversified Income Fund (AU)	1.41%	7.53%	-	-	-	8.93%
Benchmark	0.29%	1.77%	-	-	-	2.72%
Over/Underperformance	1.12%	5.76%	-	-	-	6.21%

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	2.88%
NAB	2.15%
Contact Energy	1.81%
Goodman	1.70%
Transurban	1.67%
Spark	1.39%
Aena SME	1.38%
Woolworths	1.38%
Atlas Arteria	1.34%
Ferrovial	1.27%

Current Asset Allocation

	Actual	Neutral	Maximum Range
International Fixed Interest	29.83%	35%	0-70%
Australian Fixed Interest	21.06%	20%	0-70%
Australian Equities	17.46%	20%	0-50%
Listed Property	8.94%	15%	0-30%
International Equities	13.79%	5%	0-40%
Cash and Other#	8.92%	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	2.14%
Westpac Float 2029	1.61%
CBA Float 2030	1.60%
HSBC Float 2024	1.57%
JPMorgan 1.09% 2027	1.27%
Mirvac Group 3.625% 2027	1.27%
Vicinity 1.125% 2029	1.26%
Morgan Stanley 0.406% 2027	1.22%
NAB Float Perpetual	1.05%
Coles 2.2% 2026	0.96%

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