

# Milford Diversified Income Fund (AU)

August 2021



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



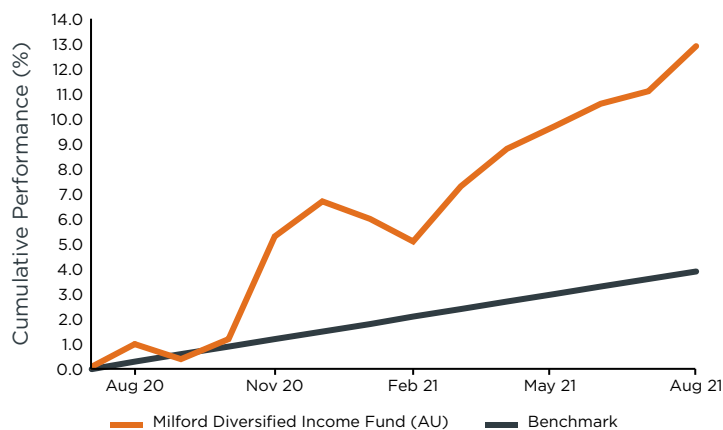
**Dan Simmonds**  
Portfolio Manager

The Fund delivered a return 1.7% in August. Bonds were mixed as market interest rates generally moved incrementally higher (bond prices lower). This was more than offset by a strong month for shares which continue to benefit from ongoing strong company earnings and historically low interest rates.

Of the Fund's larger share exposures there were notable contributions to performance from Australasian property shares with companies generally managing well through lockdowns (Arena up 17.8% and Irongate Group up 10.5%). Healthcare company EBOS was also up 18.9% after posting another strong result. The Fund has retained some exposure to companies which benefit from higher inflation. This serves as diversification away from traditional income shares. It includes banks, which recovered from recent weakness, and a small exposure to commodities, primarily BHP and Santos, which were weaker.

The Fund holds a core exposure to infrastructure companies. This includes toll roads and airports which should benefit from reopening. Atlas Arteria is one of the larger holdings and the shares jumped on higher use of its roads in France. Fund positioning remains broadly unchanged. We remain wary of bonds given the risk of higher interest rates, retaining lower interest rate exposure. That said, our base case sees a lower eventual peak to this interest rate cycle. Combined with a supportive earnings outlook we maintain a slightly higher allocation to shares relative to the long-term neutral. The outlook for returns remains positive but ongoing risks from COVID-19 and the fact we are likely past peak monetary and fiscal stimulus may mean higher market volatility in the near term.

## Investment Performance to August 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 31 Aug</b>	\$1.0624
<b>NAV as at 31 Aug</b>	\$13.6 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>	2.95%
<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.

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### Investment Performance to August 2021\*

	1 Month	6 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)**
Milford Diversified Income Fund (AU)	1.66%	7.41%	11.77%	-	-	12.07%
Benchmark	0.30%	1.80%	3.62%	-	-	3.65%
Over/Underperformance	1.36%	5.61%	8.15%	-	-	8.42%

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	2.07%
Goodman	1.93%
Transurban	1.82%
Contact Energy	1.65%
Charter Hall Retail	1.56%
NAB	1.44%
Spark	1.28%
Charter Hall	1.21%
Irongate	1.20%
Shopping Centres AU	1.15%

### Current Asset Allocation

	Actual	Neutral	Maximum Range
International Fixed Interest	29.21%	35%	0-70%
Australian Fixed Interest	22.16%	20%	0-70%
Australian Equities	13.86%	20%	0-50%
Listed Property	12.61%	15%	0-30%
International Equities	13.92%	5%	0-40%
Cash and Other #	8.24%	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	1.49%
Wesfarmers 1.941% 2028	1.48%
HSBC Float 2024	1.46%
Mirvac Group 3.625% 2027	1.37%
Downer Group 3.7% 2026	1.34%
Vicinity 1.125% 2029	1.23%
JPMorgan 1.09% 2027	1.22%
Ericsson 1% 2029	1.19%
Morgan Stanley 0.406% 2027	1.18%

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.

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