

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2024



Portfolio Managers



Anthony Ip
Portfolio Manager



Ian Robertson
Co-Portfolio Manager



Paul Morris
Co-Portfolio Manager

The Fund returned -0.6% in October, marginally ahead of the benchmark. In the past three months, the Fund has returned 1.1%, in line with the benchmark. The rise in market bond yields during October was a headwind to absolute returns. However, on the positive side it has reset corporate bond yields to higher levels, which support the Fund's medium term return outlook.

Market yields drifted higher during October, as investors digested stronger jobs data and business confidence surveys in Australia and NZ respectively, as well as strong activity data in key offshore markets such as the United States. The Fund continues to run a modest underweight to interest rate exposure, which provided some protection to returns during the month.

Credit spreads (the extra yield of corporate bonds over government bonds) were largely stable in NZ in October. The Fund reduced its exposure to corporate bonds in NZ, preferring to rotate into higher grade exposures (e.g. the NZ Local Government Funding Authority) given improved valuations in that sector. In contrast, AU dollar credit spreads continued to grind tighter, which benefited the Fund's overweight exposure to Australian corporate bonds. Towards the end of the month, the Fund reduced the extent of its overweight exposure, ahead of a number of potential risk events in the near term (e.g. US election). The Fund holds a higher-than-typical level of cash as of month end, but will redeploy that capital as these near-term risk events pass or as opportunities arise.

The Fund made a number of investments during October, including AU dollar issuances from EnBW (a state government-owned German utility, NZ dollar hedged yield 6%), Shinhan Card (largest credit card company in Korea, yield 5.2%) and AMP Limited (a financial services provider in Australia, yield 5.9%). These positions offer attractive valuations and diversification.

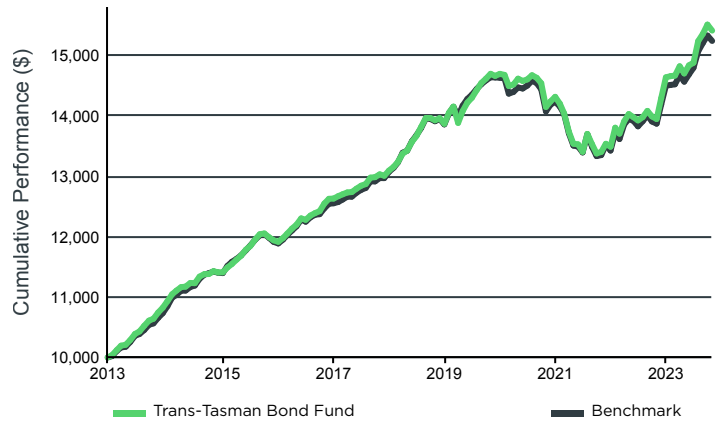
Looking ahead, moderating inflation, slower growth but no material recession, should support corporate bond returns. We reiterate our expectations for attractive, medium-term Fund returns.

To view Milford's October 2024 Market and Economic Review please see milfordasset.com/insights.

For previous fund reports see milfordasset.com/fund-reports.

Cumulative Fund Performance

(after fees and before tax)



Assumes the growth of \$10,000 invested at the Fund's inception date, and assumes reinvestment of distribution.

Key Fund Facts

Objective¹	To generate a positive, low volatility return that exceeds the relevant benchmark over the minimum recommended investment timeframe
Description	Primarily invests in trans-Tasman fixed interest securities

Minimum recommended investment timeframe	3 years +
Target Allocation	100% Income Assets / 0% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$1,331.3 M
Yield²	4.13%
Average Credit Rating	A+
Duration	2.96 years
Rating Categories	Inv.Grade 85% / High Yield 4% / Unrated 3%
Inception Date	2 December 2013
Current Distribution	0.95 cents per unit (Quarterly)
Benchmark	50% x S&P/ASX Corporate Bond 0+ Total Return Index (100% NZD-hedged) + 50% x S&P/NZX Investment Grade Corporate Bond Total Return Index
Base Fund Fee³	0.65%
Performance Fee	Not applicable
Total Fund Fees⁴	0.65%

Risk Indicator	Lower risk	1	2	3	4	5	6	7	Higher risk
				Potentially lower returns					Potentially higher returns



Trans-Tasman Bond Fund as at 31 October 2024

Investment Performance after fees as at 31 October 2024⁵

Unit Price: \$1.1668

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Trans-Tasman Bond Fund (Gross Of Tax)	-0.64%	1.14%	10.49%	2.89%	2.05%	4.04%
After Tax 10.50%	-0.60%	1.00%	9.35%	2.59%	1.84%	3.61%
After Tax 17.50%	-0.57%	0.90%	8.60%	2.39%	1.70%	3.33%
After Tax 28.00%	-0.53%	0.76%	7.48%	2.08%	1.49%	2.91%
Benchmark	-0.58%	1.14%	9.87%	2.69%	1.84%	3.93%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 4.5% 2030	4.92%
NZGBI 2% 2025	4.01%
Origin Energy 5.35% 2031	3.25%
NZLGFA 1.5% 2026	2.90%
Housing NZ 3.42% 2028	2.75%
NZLGFA 1.5% 2029	2.66%
WBC Float 2029	2.46%
GTA Finance 2.2% 2027	2.40%
Westpac 4.337% 2029	2.17%
LB Baden-Württemberg 5.25% 2029	2.09%
NZLGFA 2.25% 2031	1.97%
NZLGFA 4.5% 2027	1.90%
EnBW International Finance 6.048% 2034	1.89%
Shinhan 5.05% 2027	1.73%
NZLGFA 4.5% 2032	1.69%
NAB Float 2027	1.66%
NBN Co 5% 2031	1.65%
NZLGFA 2.00% 2037	1.62%
Contact 6.398% 2030	1.50%
NZ Govt. 3.5% 2033	1.41%

Note: Fixed interest securities are reported in the following format: Issuer name, interest (coupon rate), maturity year.

Current Asset Allocation

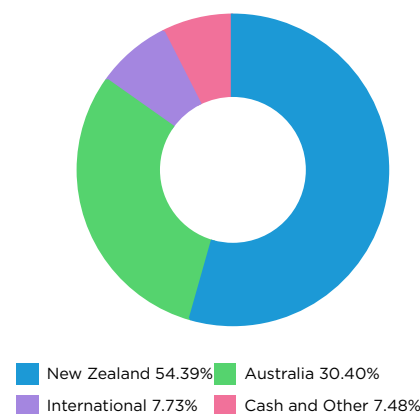
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	7.48%	3%
New Zealand Fixed Interest	51.69%	48.5%
International Fixed Interest	40.83%	48.5%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 6.77%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Sector Allocation

Allocation	Weight %
Government	31.25%
Financials	20.07%
Utilities	17.02%
Real Estate	12.08%
Industrials	5.64%
Communication Services	3.29%
Energy	1.23%
Consumer Discretionary	1.19%
Other Sectors	0.75%
Cash and Other	7.48%

Region Exposure



1. After the Base Fund Fee but before tax. 2. The yield to maturity is not an indicator of future return, but reflects the current yield to maturity of the fund's underlying holdings (before tax and after the base fund fee). 4. The Total Fund Fees comprise the Base Fund Fee and any estimated Performance Fee. Please refer to the Product Disclosure Statement for more information as to how these are calculated. 5. Includes the reinvestment of distributions. Returns prior to 1 March 2018 are from when the Fund was previously offered to wholesale investors only and have been adjusted for the current Total Fund Fees. Please note past performance is not a guarantee of future returns.

Please refer to the 'Glossary for the Monthly Fact Sheet' at milfordasset.com/fact-sheet for more information about the data published within this document.

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