

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 May 2022



Portfolio Managers



Travis Murdoch
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

It continues to be a challenging start to the year for bond funds but there are signs that interest rate market volatility is falling with the Fund close to flat over the month, slightly ahead of its benchmark. During the month central banks continued to increase their respective cash rates in response to elevated inflation. The Reserve Bank of Australia increased their cash rate by 0.25 percentage points to 0.35% and the Reserve Bank of NZ (RBNZ) increased the official cash rate (OCR) by 0.50 percentage points to 2.00%. Both central banks signalled further cash rate increases to come, with the RBNZ now forecasting a higher OCR than previously guided.

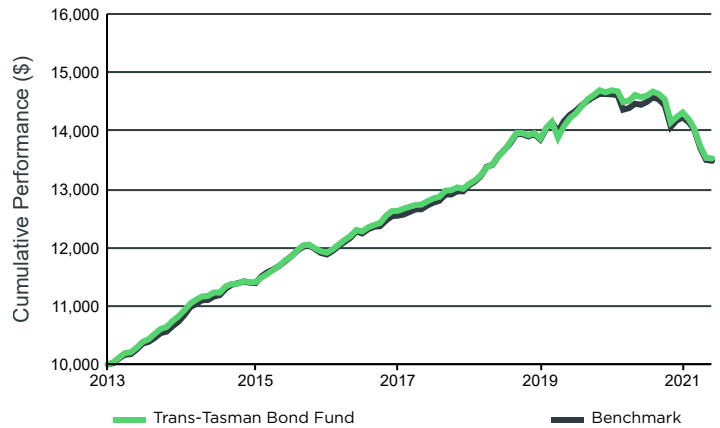
Corporate bonds, to which the Fund is most exposed, also had a difficult month, particularly in Australia. Fund performance benefitted from relatively better performance of NZ corporate bonds. We believe corporate bond valuations are approaching levels that are attractive on a medium-term basis and the Fund remained active in primary markets. Amongst others, the Fund bought new issues from Mercury NZ, Christchurch International Airport, ANZ, and Westpac.

Looking forward, we expect volatility to continue to remain elevated in fixed income markets as central banks react to persistently high levels of inflation. Although we see risks skewed towards higher market interest rates, Australasian market interest rates have already moved a significant way towards long run fair value. The Fund therefore maintains above neutral exposure to NZ interest rates where we believe near-term risks to economic growth may lead to a lower OCR than is currently priced into the market, albeit this is offset by having sold US bond futures (which benefits the Fund if US interest rates rise).

To view Milford's June 2022 Market and Economic Review please see milfordasset.com/fact-sheet.

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)	\$1,141.1 M
Yield²	4.85%
Average Credit Rating	A
Duration	3.62 years
Rating Categories	Inv.Grade 86% / High Yield 3% / Unrated 5%
Inception Date	2 December 2013
Current Distribution	0.45 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	<div style="display: flex; justify-content: space-between; align-items: center;"> Lower risk Higher risk </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; align-items: center; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div>

Trans-Tasman Bond Fund as at 31 May 2022

Investment Performance after fees as at 31 May 2022⁵

Unit Price: \$1.0962

	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)	-0.07%	-3.64%	-7.20%	-0.10%	1.92%	3.62%
After Tax 10.50%	-0.06%	-3.24%	-6.45%	-0.08%	1.72%	3.24%
After Tax 17.50%	-0.06%	-2.97%	-5.95%	-0.06%	1.59%	2.99%
After Tax 28.00%	-0.05%	-2.57%	-5.20%	-0.04%	1.40%	2.61%
Benchmark	-0.12%	-3.82%	-6.65%	-0.21%	1.89%	3.58%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 2.25% 2028	3.59%
NZLGFA 1.5% 2026	3.19%
NZLGFA 2.25% 2024	2.94%
NZLGFA 4.5% 2027	2.24%
Housing NZ 3.36% 2025	1.60%
NZLGFA 1.5% 2029	1.47%
Spark 4.37% 2028	1.46%
ANZ Float 2024	1.42%
Vector 3.69% 2027	1.37%
NAB Float 2026	1.36%
Macquarie Float 2025	1.35%
NZLGFA 2.25% 2031	1.33%
Monash University 4.05% 2029	1.33%
IAG 5.32% 2038	1.32%
BNZ 3.63% 2024	1.31%
NZLGFA 3.5% 2033	1.28%
Stockland Trust 2.3% 2028	1.27%
Mercury 2.918% 2028	1.26%
CBA 2.552% 2027	1.26%
Precinct 5.25% 2028	1.26%

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

Current Asset Allocation

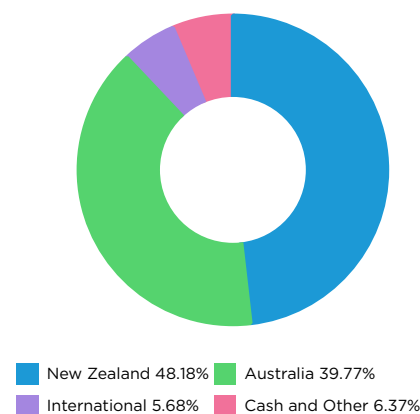
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	6.37%	3.0%
New Zealand Fixed Interest	47.59%	48.5%
International Fixed Interest	45.88%	48.5%
New Zealand Equities	0.16%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 5.39%. 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	23.86%
Financials	22.29%
Real Estate	14.83%
Utilities	10.54%
Industrials	7.97%
Consumer Discretionary	4.98%
Communication Services	3.96%
Consumer Staples	3.61%
Other Sectors	1.59%
Cash and Other	6.37%

Region Exposure



1. After the base fund fee but before tax. 2. Yield to maturity (before tax and fees) for underlying investments in the Fund. 3. Where applicable, the Base Fund Fee includes an estimate of non-related underlying fund charges. 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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