

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 June 2022



Portfolio Managers



Travis Murdoch
Portfolio Manager



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Co-Portfolio Manager

In another extremely volatile month for bond markets, the Fund fell 0.9%, 0.2% below its benchmark. High inflation and tighter central bank monetary policy continued to push market interest rates higher (bond prices lower), albeit they closed well below mid-month highs. In June central banks continued to move policy away from emergency settings. The Reserve Bank of Australia increased its cash rate by 0.50 percentage points, while offshore the US Federal Reserve raised rates by 0.75 percentage points.

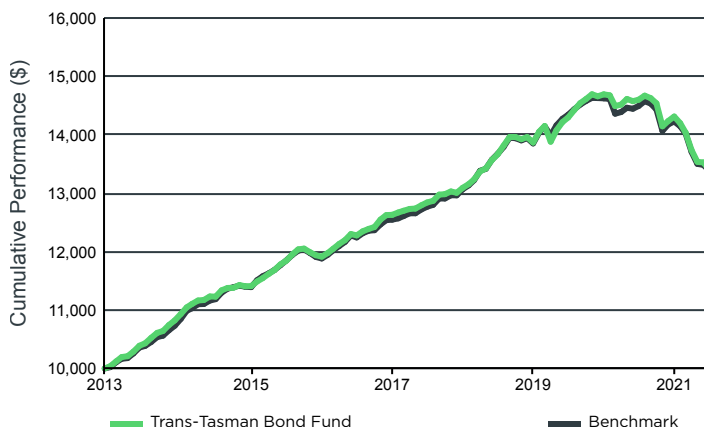
During June the Fund benefitted from a below neutral exposure to US interest rates but this was offset by a greater than benchmark exposure to NZ interest rates, which moved higher in sympathy with global interest rates. Corporate bonds, to which the Fund is most exposed, continued to weaken as a result of elevated interest rate volatility and increasing risks to global growth and earnings. The Fund's moderate overweight was therefore a small drag versus benchmark. The Fund remained active in primary markets, participating in new capital notes from Genesis Energy and Vector, as well as secondary markets – amongst others, adding Brisbane Airport and Coles (Australian supermarket) and reducing McDonalds (in Australian Dollars).

While stubbornly high global inflation is expected to keep risks skewed towards higher market interest rates, Australasian market interest rates have already moved a significant way towards long run fair value. Therefore with higher, and closer to fair value market interest rates, we see some pockets of value in corporate bonds. The Fund maintains its above neutral exposure to NZ interest rates where we continue to believe the market pricing more fully reflects the potential for interest rate moves given risks to NZ's growth outlook. This is offset by below neutral exposure to US interest rates meaning overall exposure is close to neutral.

To view Milford's July 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)	\$1,152.3 M
Yield²	4.98%
Average Credit Rating	A
Duration	3.61 years
Rating Categories	Inv.Grade 87% / High Yield 5% / Unrated 4%
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 30 June 2022

Investment Performance after fees as at 30 June 2022⁵

Unit Price: \$1.0817

	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)	-0.91%	-2.42%	-8.20%	-0.64%	1.77%	3.47%
After Tax 10.50%	-0.82%	-2.17%	-7.36%	-0.56%	1.59%	3.11%
After Tax 17.50%	-0.75%	-2.00%	-6.80%	-0.51%	1.47%	2.87%
After Tax 28.00%	-0.66%	-1.75%	-5.94%	-0.44%	1.29%	2.50%
Benchmark	-0.73%	-2.32%	-7.63%	-0.70%	1.80%	3.46%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 2.25% 2028	3.54%
NZLGFA 1.5% 2026	3.15%
NZLGFA 2.25% 2024	2.92%
NZLGFA 4.5% 2027	2.21%
NZLGFA 2.25% 2031	2.04%
Monash University 4.05% 2029	1.95%
Genesis 5.66% 2027	1.72%
Housing NZ 3.36% 2025	1.56%
NZLGFA 1.5% 2029	1.45%
Spark 4.37% 2028	1.45%
ANZ Float 2024	1.42%
NAB Float 2026	1.35%
Vector 3.69% 2027	1.35%
Macquarie Float 2025	1.34%
BNZ 3.63% 2024	1.30%
CBA 2.552% 2027	1.29%
NZLGFA 3.5% 2033	1.26%
IAG 5.32% 2038	1.25%
CIBC Float 2026	1.24%
Stockland Trust 2.3% 2028	1.22%

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

Current Asset Allocation

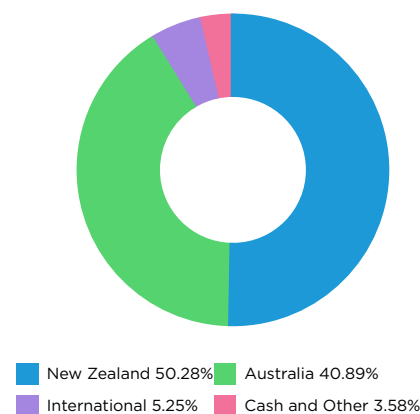
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	3.58%	3.0%
New Zealand Fixed Interest	49.68%	48.5%
International Fixed Interest	46.61%	48.5%
New Zealand Equities	0.13%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 2.89%. 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	24.64%
Financials	23.01%
Real Estate	13.52%
Utilities	12.72%
Industrials	8.27%
Consumer Discretionary	5.05%
Communication Services	3.91%
Consumer Staples	3.75%
Other Sectors	1.55%
Cash and Other	3.58%

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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