

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 April 2023



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The Fund returned 0.9% in April which was in line with its benchmark. Market interest rates generally consolidated recent falls, enabling the Fund to harvest the income from what remain attractive Australasian bond yields. This was irrespective of the Reserve Bank of New Zealand (RBNZ) increasing its cash rate by a larger-than-expected 0.5 percentage points. Essentially the market now believes that this policy tightening will lead to an economic slowdown and eventual cash rate cuts. In Australia, expectations have increased that the cash rate may be close to its peak with the Reserve Bank of Australia (RBA) leaving rates unchanged in its meeting, and first quarter inflation falling.

We continue to think that market interest rates are closer to fair value. Over the month we incrementally added back more interest rate exposure. This is now close to, but just below, the benchmark. That said, we remain wary that inflation may prove stubbornly high, hence risks over the near term remain skewed to higher interest rates, especially as markets are now pricing in a possibility of rate cuts later this year. Therefore, we are unlikely to be adding any more interest rate exposure for now.

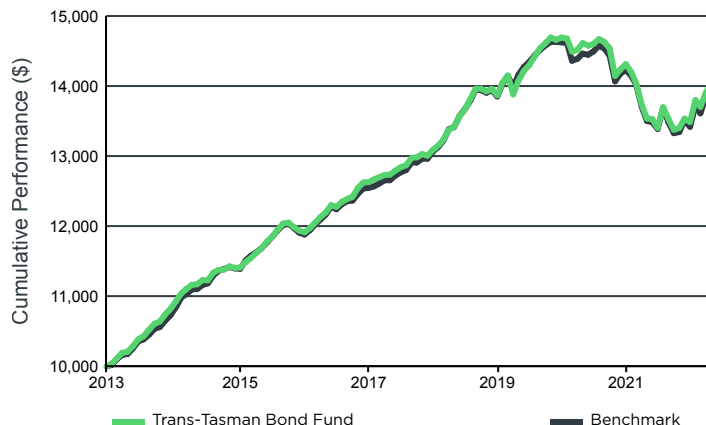
Over the month, credit spreads (the extra yield of corporate bonds over government bonds) were close to unchanged. While NZ spreads still look expensive, they should be supported by the credit quality of the issuers outstanding in the market and the fact that investor demand remains elevated versus supply. Australian spreads continue to screen attractive versus history and versus global peers. We have, however, been looking to trim some credit spread exposure in order to benefit from what would likely be cheaper primary issuance to come.

Looking forward, the medium term return available from Australasian corporate bonds remains attractive on an absolute basis as well as versus government bonds. Prevailing yields should provide a cushion against all but extremely higher market interest rates.

To view Milford's April 2023 Market and Economic Review please see milfordasset.com/insights.

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)	\$1,332.4 M
Yield²	5.50%
Average Credit Rating	A
Duration	3.45 years
Rating Categories	Inv.Grade 88% / High Yield 3% / Unrated 2%
Inception Date	2 December 2013
Current Distribution	0.8 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 1 2 3 4 5 6 7 Higher risk </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div>

Trans-Tasman Bond Fund as at 30 April 2023

Investment Performance after fees as at 30 April 2023⁵

Unit Price: \$1.1146

	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)	0.86%	1.64%	3.63%	-0.12%	1.95%	3.66%
After Tax 10.50%	0.80%	1.46%	3.26%	-0.09%	1.75%	3.28%
After Tax 17.50%	0.75%	1.35%	3.01%	-0.07%	1.62%	3.02%
After Tax 28.00%	0.69%	1.17%	2.63%	-0.05%	1.42%	2.64%
Benchmark	0.66%	1.60%	3.26%	-0.52%	1.95%	3.59%

Top Fixed Interest Holdings

Holdings	% of Fund
NZGBI 2% 2025	3.02%
NZLGFA 1.5% 2026	2.73%
Housing NZ 3.42% 2028	2.65%
NZLGFA 1.5% 2029	2.51%
GTA Finance 2.2% 2027	2.28%
Bank of Queensland Float 2027	2.01%
NZLGFA 4.5% 2027	1.87%
NZLGFA 4.5% 2030	1.85%
Contact 5.62% 2029	1.64%
Monash University 4.05% 2029	1.63%
CBA 5.398% 2027	1.52%
ANZ 5.22% 2028	1.51%
Svenska Handelsbanken 5% 2028	1.48%
Housing NZ 1.534% 2035	1.47%
TESAG 4.9% 2028	1.38%
Housing NZ 3.36% 2025	1.35%
ANZ Float 2026	1.33%
Spark 4.37% 2028	1.24%
Vector 3.69% 2027	1.18%
Lonsdale Finance 2.1% 2027	1.16%

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

Current Asset Allocation

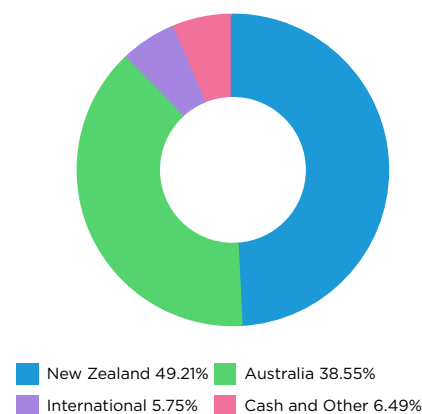
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	6.31%	3%
New Zealand Fixed Interest	46.33%	48.5%
International Fixed Interest	47.18%	48.5%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.18%	0.0%

The actual cash held by the Fund is 5.83%. 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 %
Financials	24.48%
Government	22.96%
Utilities	12.14%
Real Estate	10.79%
Industrials	10.20%
Consumer Discretionary	4.33%
Communication Services	4.28%
Consumer Staples	3.63%
Other Sectors	0.70%
Cash and Other	6.49%

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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