

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 August 2021



Portfolio Managers



Travis Murdoch
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

Fixed income markets had another mixed month in August. Government bond yields generally ended the month higher (bond prices lower) with the notable exception of Australia. In New Zealand, the market was expecting the Reserve Bank of NZ (RBNZ) to raise the Official Cash Rate by at least 25bps, but in light of the move to level 4 lockdown they opted to keep rates unchanged. Nonetheless, subsequent commentary from RBNZ decision makers made it clear that higher interest rates remain likely, and NZ government bond yields closed the month higher. Corporate bonds, to which the Fund is mostly exposed, generally had a constructive month in Australasia, despite the adverse Delta news flow.

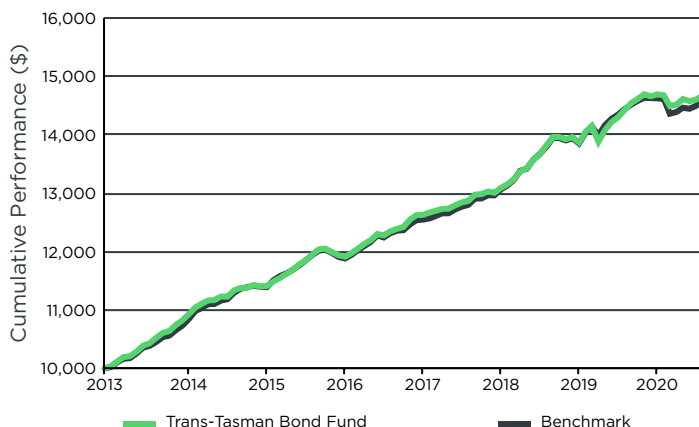
The Fund returned -0.3% over the month which was in line with its benchmark. The Fund was active in primary markets in Australia where it added new bonds in companies including Commonwealth Bank of Australia and National Australia Bank. The Fund also took advantage of market strength to trim existing holdings. In aggregate, the Fund made a small reduction in its overweight in corporate bonds.

Looking forward, the outlook for economic growth remains constructive and supportive of company balance sheets, although ongoing risks from the virus and the potential reduction of monetary and fiscal stimulus could result in periods of higher market volatility. The Fund maintains its below neutral interest rate exposure which is focused in offshore markets where the risk of moves higher in interest rates are less reflected in prices than is the case in NZ bonds.

To view Milford's September 2021 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)	\$896.6 M
Yield²	1.93%
Average Credit Rating	A
Duration	3.6 years
Rating Categories	Inv.Grade 87% / High Yield 1% / 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%





Trans-Tasman Bond Fund as at 31 August 2021

Investment Performance after fees as at 31 August 2021⁵

Unit Price: \$1.1993

	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)	-0.29%	0.36%	0.59%	4.07%	3.97%	5.03%
After Tax 10.50%	-0.26%	0.32%	0.53%	3.65%	3.55%	4.50%
After Tax 17.50%	-0.24%	0.30%	0.49%	3.36%	3.27%	4.14%
After Tax 28.00%	-0.21%	0.26%	0.43%	2.94%	2.86%	3.61%
Benchmark	-0.27%	0.62%	0.13%	4.03%	3.88%	4.95%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 1.5% 2026	4.44%
NZ Govt. 0.5% 2026	2.47%
Housing NZ 3.36% 2025	2.19%
NZLGFA 1.5% 2029	2.16%
NZLGFA 3.5% 2033	1.99%
Transpower 1.735% 2025	1.81%
ANZ Bank Float 2024	1.74%
NAB Float 2026	1.66%
Macquarie Float 2025	1.65%
Westpac 1.439% 2026	1.63%
B & A Bank Float 2025	1.51%
Stockland Trust 2.3% 2028	1.44%
Woolworths 1.85% 2025	1.44%
Scentre Group 4.75% 2080	1.39%
Vector 1.575% 2026	1.34%
Vector 3.45% 2025	1.24%
Charter Hall 2.787% 2031	1.18%
Spark 3.37% 2024	1.16%
Suncorp Float 2026	1.16%
UBS Float 2025	1.07%

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

Current Asset Allocation

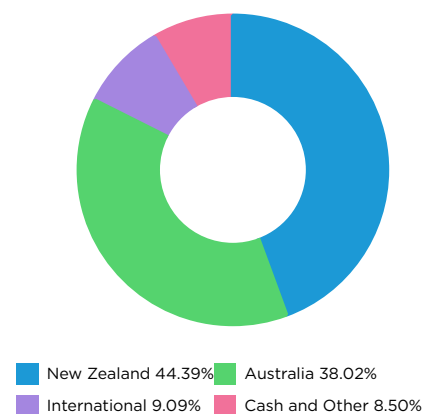
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	8.03%	3%
New Zealand Fixed Interest	42.53%	48.5%
International Fixed Interest	48.97%	48.5%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.47%	0%

The actual cash held by the Fund is 3.74%. 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	30.10%
Government	20.91%
Real Estate	12.52%
Utilities	10.96%
Industrials	8.26%
Communication Services	4.08%
Consumer Staples	2.99%
Consumer Discretionary	1.95%
Energy	0.21%
Cash and Other	8.50%

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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