

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 August 2022



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The Fund returned -1.3% in the month which was 0.3% ahead of its benchmark. Negative absolute returns were primarily driven by increased expectations for higher interest rates, and this pushed bond prices lower. In August the Reserve Banks of New Zealand and Australia both raised their cash rates by a further 0.5 percentage points, and both expect to tighten policy further over the coming months.

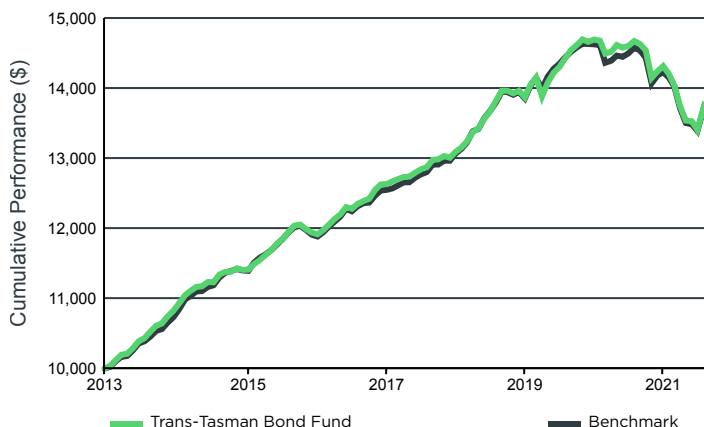
The Fund went into the month with slightly below neutral interest rate exposure and further reduced this, notably in NZ Dollars, early in the month. This provided some cushion from the negative impact of higher market interest rates and benefitted performance relative to benchmark. Performance versus the benchmark was also supported by trading activity. Over the month the Fund reduced its exposure to corporate bond credit spreads (the extra yield available from corporate bonds relative to government bonds) through (i) selling holdings which had outperformed but (ii) also participating in attractive new issues, including a new issue from UK bank Natwest Markets (in Australian Dollars). Notably, the Fund now has near zero exposure to foreign currency bonds, where we see greater risk of underperformance.

Looking ahead, we remain wary that near-term risks remain skewed towards higher interest rates and higher volatility in credit spreads. Therefore the Fund has a below neutral exposure to interest rates. Its exposure to credit spreads is focused in lower volatility NZ Dollar exposures. Medium term, post these near-term risks, we think the higher interest rate environment should underpin attractive returns.

To view Milford's September 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)	\$1,159.5 M
Yield²	5.19%
Average Credit Rating	A
Duration	3.35 years
Rating Categories	Inv.Grade 84% / 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	Lower risk Higher risk 1 2 3 4 5 6 7 Potentially lower returns Potentially higher returns



Trans-Tasman Bond Fund as at 31 August 2022

Investment Performance after fees as at 31 August 2022⁵

Unit Price: \$1.0918

	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)	-1.25%	0.01%	-7.51%	-1.05%	1.77%	3.51%
After Tax 10.50%	-1.13%	0.01%	-6.75%	-0.93%	1.59%	3.15%
After Tax 17.50%	-1.05%	0.00%	-6.23%	-0.85%	1.47%	2.90%
After Tax 28.00%	-0.92%	-0.01%	-5.46%	-0.73%	1.29%	2.53%
Benchmark	-1.52%	-0.04%	-7.26%	-1.13%	1.75%	3.47%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 1.5% 2026	3.13%
NZLGFA 2.25% 2024	2.91%
NZLGFA 4.5% 2027	2.20%
NZLGFA 2.25% 2031	2.03%
NZLGFA 2.25% 2028	1.98%
Monash University 4.05% 2029	1.96%
Genesis 5.66% 2027	1.70%
Housing NZ 3.36% 2025	1.56%
Spark 4.37% 2028	1.45%
NZLGFA 1.5% 2029	1.44%
ANZ Float 2024	1.43%
Macquarie Float 2025	1.35%
Vector 3.69% 2027	1.34%
BNZ 3.63% 2024	1.29%
IAG 5.32% 2038	1.28%
NZLGFA 3.5% 2033	1.26%
CIBC Float 2026	1.25%
Stockland Trust 2.3% 2028	1.25%
Mercury 2.918% 2028	1.24%
Precinct 5.25% 2028	1.23%

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

Current Asset Allocation

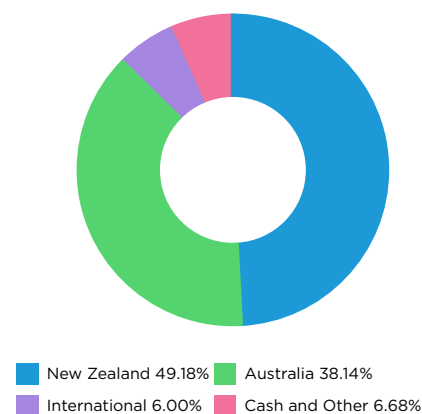
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	6.68%	3.0%
New Zealand Fixed Interest	47.85%	48.5%
International Fixed Interest	44.60%	48.5%
New Zealand Equities	0.87%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 5.86%. 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	22.86%
Financials	21.17%
Real Estate	13.58%
Utilities	12.57%
Industrials	8.76%
Consumer Discretionary	5.11%
Communication Services	3.90%
Consumer Staples	3.80%
Other Sectors	1.57%
Cash and Other	6.68%

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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