

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2021



Portfolio Managers



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Portfolio Manager



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Co-Portfolio Manager

Fixed income markets had another mixed month. Australasian bond markets generally outperformed offshore markets where interest rates moved materially higher (prices lower) in comparison as major central banks became more proactive in tightening monetary policy to tackle persistent inflation. The emergence of Omicron appeared to have a limited impact on markets as early signs of lower severity suggest it may have less economic impact than first feared. Corporate bonds, to which the Fund is most exposed, had a mixed month with New Zealand corporate bonds outperforming.

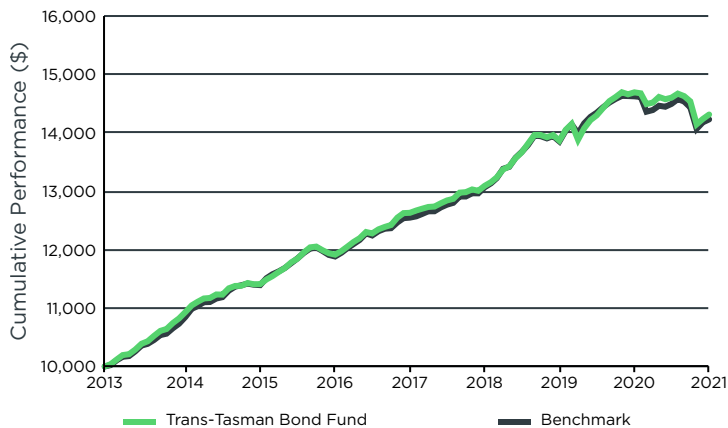
The Fund returned 0.5% in the month, outperforming its benchmark due mainly to the Fund's above neutral allocation to New Zealand corporate bonds. It was a quieter month in primary markets as the year drew to a close. The Fund bought new issues from CIP (Australian industrial REIT) and GMT (NZ industrial REIT). The Fund also added to existing bond holdings in Waypoint REIT, McDonalds and Coles.

The Fund enters 2022 with a constructive outlook on Australasian fixed income markets. The Fund retains above neutral exposure in New Zealand where we continue to think expectations for future interest rate rises are most fully priced into bond yields and below neutral interest rate exposure in offshore markets where the risk of moves higher in interest rates appear less reflected in prices.

To view Milford's January 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) \$986.7 M

Yield² 3.09%

Average Credit Rating A+

Duration 3.8 years

Rating Categories Inv.Grade 90% / High Yield 2% / 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 December 2021

Investment Performance after fees as at 31 December 2021⁵

Unit Price: \$1.1646

	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)	0.54%	-1.55%	-2.58%	3.02%	3.74%	4.54%
After Tax 10.50%	0.50%	-1.37%	-2.29%	2.71%	3.35%	4.06%
After Tax 17.50%	0.47%	-1.25%	-2.10%	2.50%	3.09%	3.74%
After Tax 28.00%	0.43%	-1.07%	-1.81%	2.19%	2.69%	3.26%
Benchmark	0.36%	-1.42%	-2.70%	2.88%	3.67%	4.46%

Top Fixed Interest Holdings

Holdings	% of Fund
NZ Govt. 0.5% 2026	6.41%
NZLGFA 1.5% 2026	3.88%
Government of Australia 0.5% 2026	2.57%
Housing NZ 3.36% 2025	1.92%
NZLGFA 1.5% 2029	1.85%
Vector 3.69% 2027	1.84%
NZLGFA 3.5% 2033	1.69%
NZLGFA 2.25% 2028	1.67%
Transpower 1.735% 2025	1.60%
ANZ Float 2024	1.60%
NAB Float 2026	1.53%
Macquarie Float 2025	1.52%
Westpac 1.439% 2026	1.43%
CIBC Float 2026	1.41%
McDonald's 3.45% 2026	1.40%
Woolworths 1.85% 2025	1.29%
Stockland Trust 2.3% 2028	1.28%
Asciano 5.25% 2025	1.26%
Shopping Centres 2.45% 2029	1.24%
Vector 1.575% 2026	1.17%

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

Current Asset Allocation

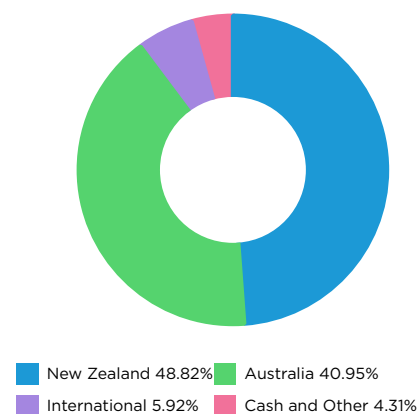
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	4.31%	3.0%
New Zealand Fixed Interest	47.05%	48.5%
International Fixed Interest	47.98%	48.5%
New Zealand Equities	0.66%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 3.98%. 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	28.35%
Financials	17.80%
Real Estate	15.07%
Utilities	11.91%
Industrials	8.92%
Consumer Staples	5.20%
Consumer Discretionary	3.03%
Communication Services	2.84%
Other Sectors	2.57%
Cash and Other	4.31%

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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