

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 28 February 2022



Portfolio Managers



Travis Murdoch
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

Government bond yields continued to move higher (prices lower) as central banks around the world signalled ever-more aggressive actions to combat inflation. The Reserve Bank of New Zealand (RBNZ) raised the Official Cash Rate (OCR) by 0.25% to 1.00%, as largely expected, and announced that they would start selling down their holdings of government bonds. However, NZ government bond yields moved materially higher as the RBNZ revealed that it was a finely balanced decision whether to hike the OCR by 0.25% or 0.5%, that they are willing to move the OCR by more than 0.25% at future meetings and raised the forecast for where they expect the OCR to peak from 2.6% to 3.4%.

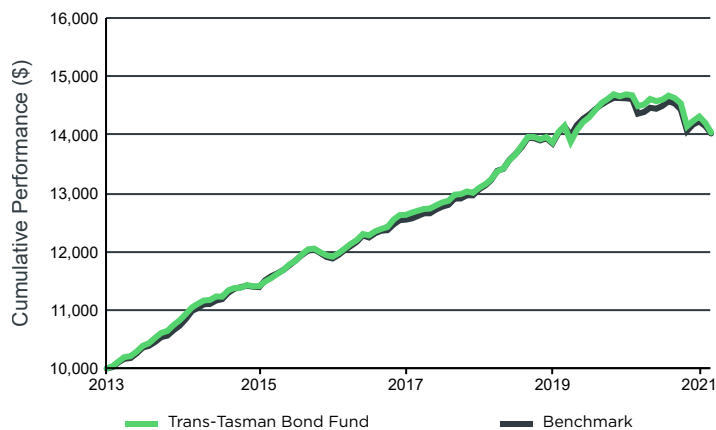
Australasian corporate bonds, to which the Fund is most exposed, had a mixed month but notably outperformed offshore markets. The Fund returned -1.1% in the month, which was 0.3% lower than its benchmark due in part to its above neutral exposure to NZ interest rates and the drag from a small number of bond holdings in Australasian companies that are denominated in offshore currencies. The Fund was active in primary markets where it bought bonds in new issues, including Westpac (NZ bank), Investore (NZ REIT) and CBA (Australian bank).

Looking forward, geopolitical events in Europe may add to global inflation pressures and could have implications for economic growth. Central banks across the world have an increasingly complicated path to navigate and volatility in fixed income markets is likely to remain elevated. The Fund maintains above neutral exposure to New Zealand interest rates where we increasingly think that expectations for future interest rate rises are most fully priced into bond yields and below neutral interest rate exposure to offshore markets where we think the risk of higher rates is less reflected in bond yields.

To view Milford's March 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)	\$1,089.3 M
Yield²	3.54%
Average Credit Rating	A+
Duration	3.98 years
Rating Categories	Inv. Grade 87% / 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%

	Lower risk					Higher risk	
Risk Indicator	1	2	3	4	5	6	7
	Potentially lower returns			Potentially higher returns			

Trans-Tasman Bond Fund as at 28 February 2022

Investment Performance after fees as at 28 February 2022⁵

Unit Price: \$1.1422

	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)	-1.13%	-1.39%	-3.13%	1.98%	3.10%	4.20%
After Tax 10.50%	-1.03%	-1.25%	-2.82%	1.77%	2.78%	3.75%
After Tax 17.50%	-0.95%	-1.16%	-2.61%	1.64%	2.56%	3.46%
After Tax 28.00%	-0.85%	-1.02%	-2.29%	1.43%	2.23%	3.01%
Benchmark	-0.88%	-1.10%	-2.36%	1.97%	3.13%	4.19%

Top Fixed Interest Holdings

Holdings	% of Fund
NZ Govt. 0.5% 2026	8.17%
NZLGFA 1.5% 2026	3.46%
Government of Australia 0.5% 2026	2.30%
Housing NZ 3.36% 2025	1.72%
Vector 3.69% 2027	1.64%
NZLGFA 1.5% 2029	1.64%
NZLGFA 3.5% 2033	1.48%
NZLGFA 2.25% 2028	1.48%
ANZ Float 2024	1.46%
Transpower 1.735% 2025	1.42%
NAB Float 2027	1.40%
NAB Float 2026	1.40%
Macquarie Float 2025	1.39%
Westpac 3.696% 2027	1.37%
CIBC Float 2026	1.29%
Westpac 1.439% 2026	1.27%
Housing NZ 2.183% 2030	1.27%
McDonald's 3.45% 2026	1.26%
Woolworths 1.85% 2025	1.16%
Stockland Trust 2.3% 2028	1.14%

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

Current Asset Allocation

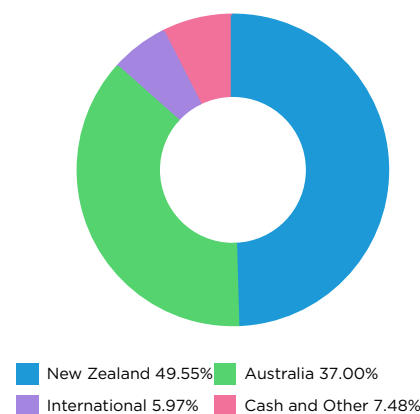
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	7.48%	3.0%
New Zealand Fixed Interest	47.85%	48.5%
International Fixed Interest	44.50%	48.5%
New Zealand Equities	0.17%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 7.00%. 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	28.97%
Financials	20.20%
Real Estate	13.04%
Utilities	10.62%
Industrials	8.00%
Consumer Staples	4.04%
Consumer Discretionary	2.72%
Communication Services	2.66%
Other Sectors	2.27%
Cash and Other	7.48%

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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