

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 29 February 2024



Portfolio Managers



Anthony Ip
Portfolio Manager



Ian Robertson
Co-Portfolio Manager



Paul Morris
Co-Portfolio Manager

It was a busy month for the Australasian bond market which notched its highest level of AU dollar corporate bond issuance in any February on record. This was combined with continued interest rate volatility, particularly in NZ, and the rounding out of the AU/NZ corporate reporting season. During the month, the Fund returned 0.1% which was just under its benchmark.

The month saw a continuation of the narrowing in credit spreads (the extra yield of corporate bonds versus government bonds) which has characterised much of 2024. This was particularly evident in the AU dollar corporate bond market, where investors readily deployed capital into new issuances despite the abovementioned record levels of corporate bond supply. The Fund was able to capitalise on this trend via its overweight position in AU dollar corporate bonds, with a particular focus on the financial, infrastructure and utility sectors. Towards the end of the month, we used the strength in the market to trim exposure to AU corporate bonds. The Fund continues to run an overweight position to this sector, given the still reasonable valuation and yield. Notable investments made during the month included new issuances from Perth Airport, Region REIT, ASX Limited, French bank BNP Paribas, and Dutch bank Rabobank. NZ dollar positioning remains close to neutral.

The Fund continues to run a close-to-neutral interest rate position. While we acknowledge that it's likely both the Reserve Bank of New Zealand and Reserve Bank of Australia are at the end of the interest rate hiking cycle, we remain wary that above-target inflation may prove stickier than expected, and the global supply of government bonds is elevated. If we gain further confidence in the timing and extent of future rate cuts, we may extend the Fund's interest rate exposure.

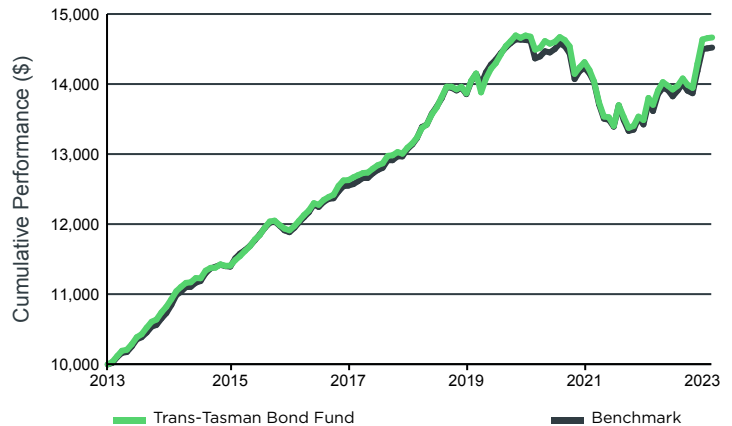
Despite the continued volatility in interest rate markets, attractive corporate bond yields in Australia and New Zealand provide a substantial return cushion against the risk of higher interest rates. While there is evidence to suggest we face a weaker economic outlook, corporate balance sheets remain in reasonable shape and corporate earnings outlooks are generally stable, which provide a buffer to an economic slowdown.

To view Milford's February 2024 Market and Economic Review please see milfordasset.com/insights.

For previous fund reports see milfordasset.com/fund-reports.

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)	\$1,343.0 M
Yield²	5.07%
Average Credit Rating	A
Duration	3.12 years
Rating Categories	Inv.Grade 86% / High Yield 7% / Unrated 4%
Inception Date	2 December 2013
Current Distribution	0.95 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 29 February 2024

Investment Performance after fees as at 29 February 2024⁵

Unit Price: \$1.1385

	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)	0.06%	2.62%	7.01%	0.40%	2.07%	3.81%
After Tax 10.50%	0.04%	2.34%	6.27%	0.36%	1.86%	3.41%
After Tax 17.50%	0.03%	2.16%	5.78%	0.34%	1.72%	3.14%
After Tax 28.00%	0.01%	1.88%	5.05%	0.30%	1.51%	2.74%
Benchmark	0.07%	2.37%	6.65%	0.36%	1.88%	3.71%

Top Fixed Interest Holdings

Holdings	% of Fund
NZGBI 2% 2025	7.97%
NZLGFA 4.5% 2030	3.60%
NZLGFA 1.5% 2026	2.78%
Housing NZ 3.42% 2028	2.65%
NZLGFA 1.5% 2029	2.52%
GTA Finance 2.2% 2027	2.28%
ANZ 4.95% 2029	1.97%
ASX Float 2027	1.87%
NZLGFA 4.5% 2027	1.86%
Contact 6.398% 2030	1.86%
Westpac 5% 2029	1.73%
Monash University 4.05% 2029	1.63%
Lonsdale Finance 2.1% 2027	1.60%
Rabobank 5.051% 2029	1.60%
NZ Govt. 3.5% 2033	1.38%
B & A Bank Float 2026	1.36%
Housing NZ 3.36% 2025	1.34%
AGI Finance 6.109% 2030	1.33%
Macquarie 5.953% 2034	1.28%
Spark 4.37% 2028	1.25%

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

Current Asset Allocation

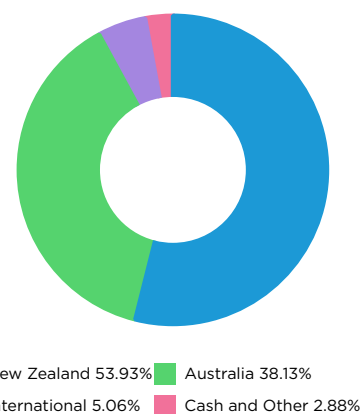
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	2.88%	3%
New Zealand Fixed Interest	52.11%	48.5%
International Fixed Interest	45.01%	48.5%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 2.16%. 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	30.98%
Financials	24.58%
Utilities	13.39%
Real Estate	11.21%
Industrials	6.92%
Communication Services	4.58%
Consumer Discretionary	2.32%
Energy	1.48%
Other Sectors	1.66%
Cash and Other	2.88%

Region Exposure



1. After the Base Fund Fee but before tax. 2. The yield to maturity is not an indicator of future return, but reflects the current yield to maturity of the fund's underlying holdings (before tax and after the base fund fee). 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.

Disclaimer: The Milford Fund Fact Sheet has been prepared by Milford Funds Limited. It is based on information believed to be accurate and reliable although no guarantee can be given that this is the case. No reproduction of any material either in part or in full is permitted without prior permission. For more information about the Fund, please refer to the Production Disclosure Statement or the latest Quarterly Fund Update.