

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 January 2022



Portfolio Managers



Travis Murdoch
Portfolio Manager



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Co-Portfolio Manager

Fixed income markets had a weak start to the year. Government bond yields moved materially higher (prices lower) as markets became increasingly concerned about persistent inflation pressures and the likelihood of aggressive monetary policy actions by central banks to combat it. Most notably, global markets were roiled as the Federal Reserve signalled an increased willingness to raise US interest rates and shrink its balance sheet at a faster pace than the market previously expected. Whilst the action was more focused offshore, Australasian markets were not immune with government bond yields on both sides of the Tasman moving materially higher. On a more constructive note, Australasian corporate bonds performed largely in line with government bonds, notably outperforming offshore markets.

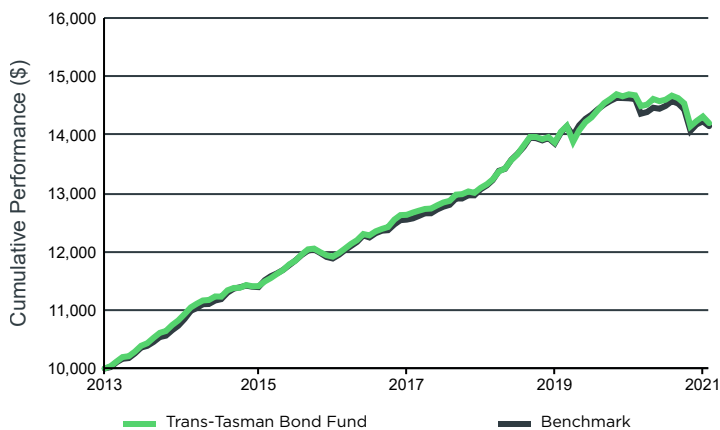
The Fund returned -0.8% in the month, which was 0.2% lower than its benchmark in part due to the drag from a small number of offshore corporate bond holdings which underperformed. Primary markets reopened in Australia with several local and offshore banks coming to market to issue bonds. The Fund bought new issues from National Australia Bank, Commonwealth Bank, Westpac and Bank of Nova Scotia (Canadian bank) and sold its holding in Waypoint REIT bonds.

Looking forward, volatility in fixed income markets is likely to remain elevated as persistently high inflation pushes central banks to react more aggressively. Nonetheless, solid economic growth continues to underpin company balance sheets and the Fund remains constructive on Australasian corporate bonds. The Fund maintains small above neutral exposure to New Zealand interest rates where we continue to believe expectations for future interest rate rises are most fully priced into bond yields and below neutral interest rate exposure to offshore markets where the risk of further moves higher in interest rates still appears less reflected in prices.

To view Milford's February 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)	\$1,021.3 M
Yield²	3.29%
Average Credit Rating	A+
Duration	3.74 years
Rating Categories	Inv. Grade 91% / 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%



Trans-Tasman Bond Fund as at 31 January 2022

Investment Performance after fees as at 31 January 2022⁵

Unit Price: \$1.1553

	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)	-0.80%	0.38%	-3.25%	2.58%	3.46%	4.39%
After Tax 10.50%	-0.73%	0.34%	-2.89%	2.31%	3.10%	3.92%
After Tax 17.50%	-0.68%	0.31%	-2.65%	2.13%	2.86%	3.61%
After Tax 28.00%	-0.60%	0.26%	-2.29%	1.86%	2.49%	3.15%
Benchmark	-0.57%	0.57%	-3.19%	2.50%	3.44%	4.34%

Top Fixed Interest Holdings

Holdings	% of Fund
NZ Govt. 0.5% 2026	7.68%
NZLGFA 1.5% 2026	3.72%
Government of Australia 0.5% 2026	2.48%
Housing NZ 3.36% 2025	1.84%
NZLGFA 1.5% 2029	1.77%
Vector 3.69% 2027	1.76%
NZLGFA 3.5% 2033	1.61%
NZLGFA 2.25% 2028	1.60%
ANZ Float 2024	1.56%
Transpower 1.735% 2025	1.54%
NAB Float 2026	1.49%
Macquarie Float 2025	1.49%
CIBC Float 2026	1.38%
Westpac 1.439% 2026	1.37%
McDonald's 3.45% 2026	1.36%
Woolworths 1.85% 2025	1.25%
Stockland Trust 2.3% 2028	1.23%
Asciano 5.25% 2025	1.22%
Shopping Centres 2.45% 2029	1.19%
Vector 1.575% 2026	1.12%

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

Current Asset Allocation

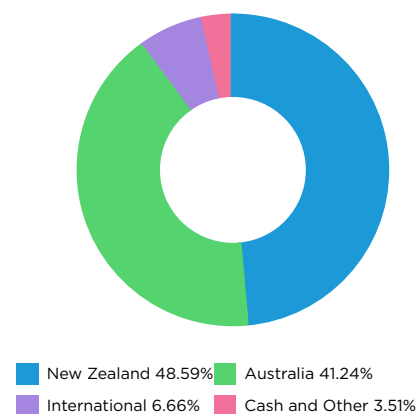
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	3.51%	3.0%
New Zealand Fixed Interest	46.77%	48.5%
International Fixed Interest	49.36%	48.5%
New Zealand Equities	0.36%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 3.14%. 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	28.89%
Financials	19.68%
Real Estate	14.17%
Utilities	11.87%
Industrials	8.65%
Consumer Staples	5.05%
Consumer Discretionary	2.95%
Communication Services	2.76%
Other Sectors	2.47%
Cash and Other	3.51%

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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