

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2022



Portfolio Managers



Travis Murdoch
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The Fund returned 2.2% in the month, which was close to its benchmark's return. Returns benefitted from lower market expectations for interest rates (higher bond prices) as slowing growth reduced the extent to which the market perceived global and Australasian central banks may need to increase interest rates to bring down inflation. That said, in July the Reserve Bank of New Zealand and Reserve Bank of Australia maintained their focus on tightening monetary conditions, increasing their respective cash rates by 0.5 percentage points, and guiding to further hikes.

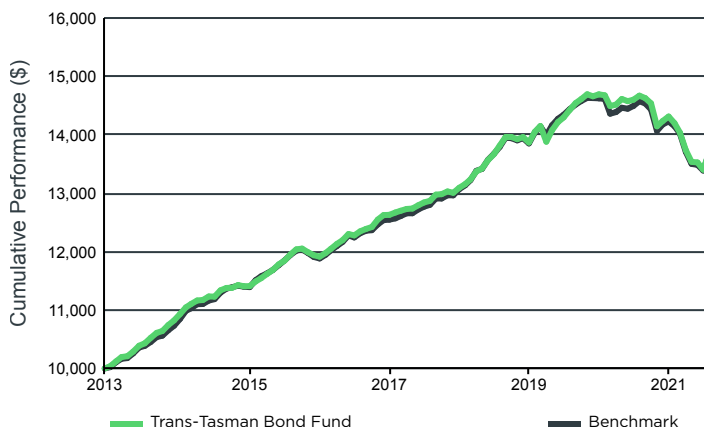
Relative to benchmark the Fund benefitted from its longer than neutral exposure to NZ Dollar interest rates, however, this was more than offset by having an exposure to rising US Dollar rates which fell. The Fund's larger than neutral exposure to corporate bonds was a very small positive contribution to performance relative to benchmark, albeit the Fund's Australian exposures were marginally weaker in the month. The Fund has maintained its overweight exposure to corporate bonds but has continued selling more expensive holdings in favour of new issuance last month, including from machinery manufacturer John Deere (in Australian Dollars) and subordinated issuance from ANZ Bank NZ and National Australia Bank.

We have a moderately cautious outlook in the near term as we expect ongoing volatility in bond interest rates. The slightly higher than neutral exposure to the outperformance of corporate bonds relative to benchmark is focused in NZ Dollars given their historic lower volatility. Overall Fund interest rate exposure remains close to neutral, but we retain the above neutral exposure to NZ Dollar interest rates offset by an exposure to rising US Dollar rates.

To view Milford's August 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)	\$1,180.0 M
Yield²	4.48%
Average Credit Rating	A
Duration	3.61 years
Rating Categories	Inv.Grade 87% / 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%



Trans-Tasman Bond Fund as at 31 July 2022

Investment Performance after fees as at 31 July 2022⁵

Unit Price: \$1.1056

	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)	2.21%	1.20%	-6.62%	-0.28%	2.10%	3.70%
After Tax 10.50%	1.98%	1.08%	-5.93%	-0.24%	1.89%	3.31%
After Tax 17.50%	1.82%	1.00%	-5.47%	-0.21%	1.74%	3.05%
After Tax 28.00%	1.59%	0.87%	-4.77%	-0.17%	1.53%	2.67%
Benchmark	2.25%	1.39%	-6.08%	-0.25%	2.14%	3.69%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 2.25% 2028	3.56%
NZLGFA 1.5% 2026	3.14%
NZLGFA 2.25% 2024	2.87%
NZLGFA 4.5% 2027	2.21%
NZLGFA 2.25% 2031	2.08%
Monash University 4.05% 2029	1.99%
Genesis 5.66% 2027	1.72%
Housing NZ 3.36% 2025	1.55%
Spark 4.37% 2028	1.46%
NZLGFA 1.5% 2029	1.46%
ANZ Float 2024	1.40%
Vector 3.69% 2027	1.35%
Macquarie Float 2025	1.32%
NZLGFA 3.5% 2033	1.29%
BNZ 3.63% 2024	1.28%
CBA 2.552% 2027	1.28%
IAG 5.32% 2038	1.25%
Mercury 2.918% 2028	1.25%
Stockland Trust 2.3% 2028	1.24%
CIBC Float 2026	1.22%

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

Current Asset Allocation

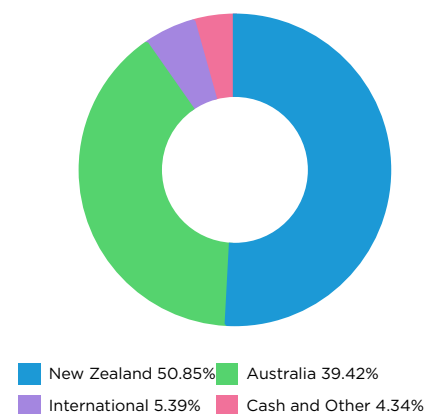
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	4.34%	3.0%
New Zealand Fixed Interest	50.25%	48.5%
International Fixed Interest	45.30%	48.5%
New Zealand Equities	0.11%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 3.69%. 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	24.65%
Financials	21.82%
Real Estate	13.55%
Utilities	12.61%
Industrials	8.68%
Consumer Discretionary	5.13%
Communication Services	3.90%
Consumer Staples	3.79%
Other Sectors	1.53%
Cash and Other	4.34%

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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