

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2024



Portfolio Managers



Anthony Ip
Portfolio Manager



Ian Robertson
Co-Portfolio Manager



Paul Morris
Co-Portfolio Manager

The Fund returned 2.4% in July, compared with the benchmark's return of 1.9%. The outsized absolute returns this month were largely reflective of the move lower in market interest rates on both sides of the Tasman. This reflected several factors, including similar moves in offshore markets (especially the US), softer economic activity data (particularly in NZ), and weaker-than-expected inflation data in Australia. The Fund was able to take advantage of these moves via its interest rate positioning, which helped deliver its outperformance versus the benchmark.

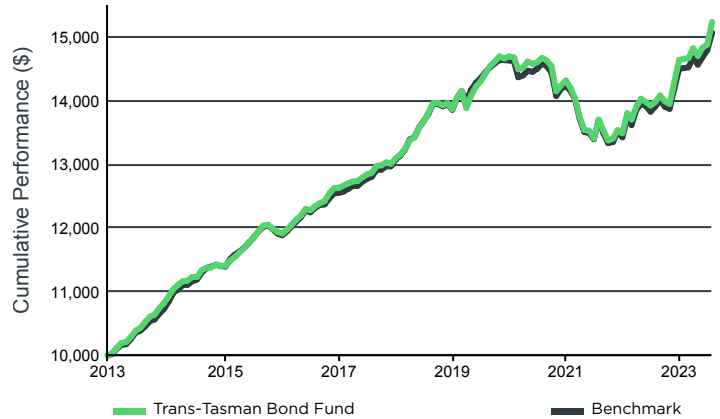
The Fund maintains an overweight position to AU and NZ credit spreads (the extra yield of corporate bonds over government bonds) and was able to capitalise on the tightening in these spreads during the month. While spreads on NZ government-linked notes widened during July, spreads on corporate names generally trended tighter. During the month, we invested in the new AU dollar subordinated issuances from ANZ bank and Spanish bank Santander. We continue to have a positive view on AU and NZ credit spreads going forward, given the relatively constrained supply of corporate bonds vis-à-vis demand, and still attractive relative valuations compared to some offshore markets.

Turning to the outlook, while we are constructive on market interest rates in the medium term, reflecting our view that global central bank interest rate cuts are likely (including in NZ), the market has now moved quickly to price this expectation into interest rate curves. As such we are taking a close-to-neutral positioning in market interest rates for now. We will continue to evaluate the incoming flow of data and will be flexible with respect to our interest rate exposure. Nevertheless, we believe that the combination of moderating inflation, high all-in yields and the prospect of central bank interest rate cuts on the horizon, should underpin returns in the medium term.

To view Milford's July 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)	\$1,313.4 M
Yield²	4.70%
Average Credit Rating	A+
Duration	3.09 years
Rating Categories	Inv.Grade 89% / High Yield 4% / Unrated 3%
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	<div style="display: flex; justify-content: space-between; align-items: center;"> Lower risk Higher risk </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div>
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Trans-Tasman Bond Fund as at 31 July 2024

Investment Performance after fees as at 31 July 2024⁵

Unit Price: \$1.1631

	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)	2.41%	3.64%	9.01%	1.27%	1.98%	4.03%
After Tax 10.50%	2.18%	3.27%	8.06%	1.15%	1.78%	3.60%
After Tax 17.50%	2.03%	3.02%	7.43%	1.06%	1.65%	3.32%
After Tax 28.00%	1.80%	2.65%	6.50%	0.94%	1.45%	2.90%
Benchmark	1.85%	3.45%	8.32%	1.10%	1.78%	3.92%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 4.5% 2030	4.93%
NZGBI 2% 2025	4.04%
NZLGFA 1.5% 2026	2.91%
Westpac 5.1% 2029	2.87%
Housing NZ 3.42% 2028	2.79%
NZLGFA 1.5% 2029	2.68%
GTA Finance 2.2% 2027	2.44%
Origin Energy 2.65% 2027	2.34%
Auckland Airport 5.452% 2031	2.14%
NAB 4.85% 2029	2.12%
LB Baden-Württemberg 5.25% 2029	2.11%
NAB 5.181% 2034	2.11%
Toronto-Dominion Bank CP 2029	2.10%
NZLGFA 4.5% 2027	1.94%
ANZ 6.124% 2039	1.84%
Suncorp 4.75% 2029	1.72%
NZLGFA 2.00% 2037	1.66%
Contact 6.398% 2030	1.52%
NZ Govt. 3.5% 2033	1.45%
Housing NZ 3.36% 2025	1.39%

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

Current Asset Allocation

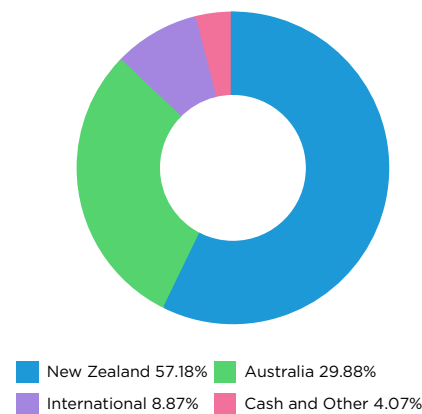
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	4.07%	3%
New Zealand Fixed Interest	53.33%	48.5%
International Fixed Interest	42.60%	48.5%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 3.42%. 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	29.57%
Financials	26.80%
Utilities	13.19%
Real Estate	10.06%
Industrials	9.92%
Communication Services	2.81%
Energy	1.58%
Consumer Discretionary	1.23%
Other Sectors	0.77%
Cash and Other	4.07%

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.

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