

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 June 2021



Portfolio Managers



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Portfolio Manager



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Co-Portfolio Manager

It was another mixed month in Australasian fixed income markets. Shorter dated New Zealand government bond yields moved materially higher (prices lower), suggesting that bond markets are now expecting rate hikes to start significantly earlier than they did before the Reserve Bank of New Zealand (RBNZ) meeting in May. In Australia, shorter dated government bond yields moved higher to a lesser extent but longer dated yields moved materially lower, suggesting that bond markets expect the Reserve Bank of Australia to wait longer than the RBNZ before increasing interest rates.

Corporate bonds, to which the Fund is mostly exposed, had another constructive month and the Fund returned 0.2%. However, the Fund underperformed its benchmark due in part to the drag from being underexposed to the fall in longer dated bond yields. The Fund was active once again in primary markets where we added new bonds in companies including Bank of New Zealand and Wesfarmers (Australian retail/industrial). New issue supply of corporate bonds is likely to moderate further in the near term, which should be supportive of their prices relative to government bonds.

Looking forward, we remain wary of inflationary pressures building, especially in the New Zealand economy, and as such the Fund maintains below neutral interest rate exposure to cushion the potential impact on bond returns from higher government bond yields. With solid economic growth underpinning company balance sheets, we remain constructive on corporate bonds and continue to see good opportunities to optimise the Fund's holdings, particularly in the Australian corporate bond market.

To view Milford's July 2021 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	Positive, low volatility return that exceeds the relevant benchmark over a minimum of three years
Description	Primarily invests in trans-Tasman fixed interest securities
Target Allocation	100% Income Assets / 0% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$899.9 M
Yield²	1.97%
Average Credit Rating	A
Duration	3.7 years
Rating Categories	Inv. Grade 90% / High Yield 1% / 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 30 June 2021

Investment Performance after fees as at 30 June 2021⁵

Unit Price: \$1.1971

	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)	0.17%	0.58%	2.12%	4.37%	4.27%	5.12%
After Tax 10.50%	0.16%	0.54%	1.91%	3.91%	3.82%	4.58%
After Tax 17.50%	0.14%	0.51%	1.77%	3.60%	3.52%	4.21%
After Tax 28.00%	0.13%	0.48%	1.56%	3.15%	3.07%	3.67%
Benchmark	0.33%	0.73%	1.05%	4.31%	4.11%	5.02%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 1.5% 2026	4.47%
Housing NZ 3.36% 2025	2.21%
NZLGFA 1.5% 2029	2.16%
NZLGFA 3.5% 2033	1.98%
Transpower 1.735% 2025	1.83%
ANZ Bank Float 2024	1.79%
Macquarie Float 2025	1.69%
Westpac 1.439% 2026	1.65%
B & A Bank Float 2025	1.55%
Ausgrid Finance 1.814% 2027	1.54%
Woolworths 1.85% 2025	1.47%
Stockland Trust 2.3% 2028	1.46%
Chorus 1.98% 2027	1.41%
Vector 1.575% 2026	1.34%
Vector 3.45% 2025	1.25%
NAB Float 2024	1.22%
Charter Hall 2.787% 2031	1.20%
Suncorp Float 2026	1.20%
SGSP 1.843% 2028	1.18%
Spark 3.37% 2024	1.18%

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

Current Asset Allocation

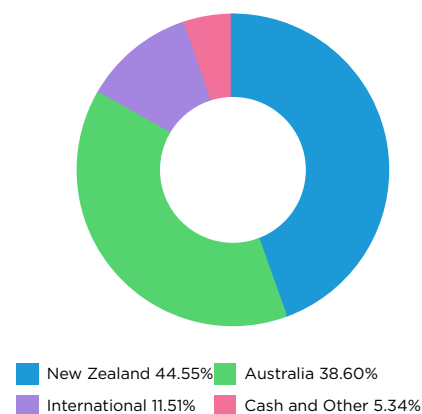
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	5.21%	3.00%
New Zealand Fixed Interest	43.50%	48.50%
International Fixed Interest	51.16%	48.50%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.13%	0%

The actual cash held by the Fund is 0.78%. 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 %
Financials	33.27%
Government	18.33%
Utilities	13.21%
Real Estate	12.09%
Industrials	7.18%
Communication Services	5.58%
Consumer Staples	3.08%
Consumer Discretionary	1.48%
Energy	0.54%
Cash and Other	5.34%

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.