

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 March 2023



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The Fund enjoyed a strong return of 1.5% in the month. The fallout from the US regional bank and Credit Suisse headlines dominated market attention. Markets began the month anticipating a higher peak in global interest rates but after these issues surfaced, moved to price interest rate cuts in many countries in the second half of the year. This was net positively impactful for the Fund, as most of its bonds saw higher prices with falling market interest rates. After a run of strong outperformance, the Fund slightly underperformed its benchmark this month due predominantly to its slightly lower interest rate exposure. It also held a moderate overweight to corporate bonds, which was a relative headwind as they retraced some recent outperformance versus government and government-related bonds.

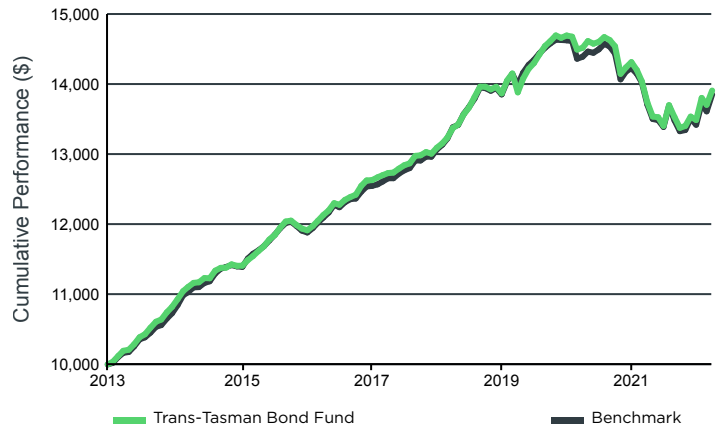
During the month we increased exposure to NZ dollar interest rates which is now closer to, but below, the benchmark. We do retain a below benchmark exposure to AU dollar interest rates where we see current market expectations for cash rates as too low. While the higher than benchmark exposure to corporate bonds was a headwind to performance versus benchmark in March, we remain constructive on the outlook for corporate bonds, including bonds of bank and insurance companies. We remain comfortable on company solvency and liquidity, even in an economic downturn. During the month we slightly increased the modestly above benchmark exposure to credit spreads (the excess yield of corporate bonds over government bonds). This included a new AU dollar bond issuance from Telstra and Australian banks NAB, CBA and ANZ, as well as a NZ dollar issuance from Mercury, Kiwi Property Group and Contact Energy. Against this we continue to ensure appropriate sector exposures, by selling more expensive holdings against buying these new issues when they offer better value.

Looking forward, we expect market volatility to persist near term but continue to see the medium term return available from Australasian corporate bonds as attractive on an absolute basis, as well as versus government bonds. The yields available should be sufficient to provide a cushion against all but extremely higher market interest rates. Near term, market interest rates may have fallen but we will look for economic data to confirm whether expectations for interest rate cuts are warranted. Until then we are likely to retain the moderate below neutral interest rate exposure.

To view Milford's March 2023 Market and Economic Review please see milfordasset.com/investor-centre.

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)	\$1,242.6 M
Yield²	5.68%
Average Credit Rating	A
Duration	3.05 years
Rating Categories	Inv.Grade 90% / High Yield 3% / Unrated 3%
Inception Date	2 December 2013
Current Distribution	0.8 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 31 March 2023

Investment Performance after fees as at 31 March 2023⁵

Unit Price: \$1.1051

	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)	1.49%	3.12%	1.25%	0.06%	1.79%	3.60%
After Tax 10.50%	1.33%	2.78%	1.11%	0.06%	1.60%	3.22%
After Tax 17.50%	1.23%	2.55%	1.01%	0.06%	1.48%	2.97%
After Tax 28.00%	1.07%	2.21%	0.86%	0.06%	1.29%	2.59%
Benchmark	1.77%	3.22%	1.06%	-0.33%	1.82%	3.55%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 1.5% 2026	2.93%
Housing NZ 3.42% 2028	2.86%
NZLGFA 1.5% 2029	2.67%
GTA Finance 2.2% 2027	2.43%
Bank of Queensland Float 2027	2.17%
NZLGFA 4.5% 2027	1.98%
Monash University 4.05% 2029	1.75%
Contact 5.62% 2029	1.73%
ANZ 5.22% 2028	1.60%
CBA 5.398% 2027	1.59%
Svenska Handelsbanken 5% 2028	1.58%
Housing NZ 1.534% 2035	1.54%
TESAG 4.9% 2028	1.47%
Housing NZ 3.36% 2025	1.44%
ANZ Float 2026	1.42%
Spark 4.37% 2028	1.32%
Lonsdale Finance 2.1% 2027	1.26%
Vector 3.69% 2027	1.25%
Auckland Airport Float 2025	1.22%
Macquarie Float 2025	1.21%

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

Current Asset Allocation

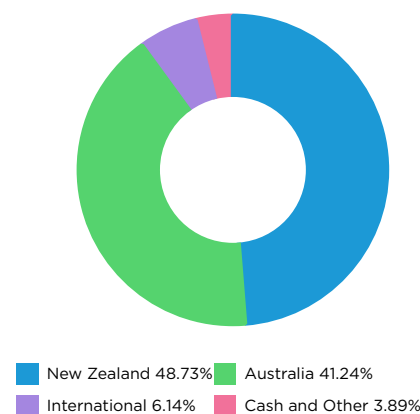
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	3.73%	3%
New Zealand Fixed Interest	45.68%	48.5%
International Fixed Interest	50.43%	48.5%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.16%	0.0%

The actual cash held by the Fund is 3.26%. 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	26.13%
Government	19.95%
Utilities	13.40%
Real Estate	11.85%
Industrials	10.94%
Consumer Discretionary	4.64%
Communication Services	4.57%
Consumer Staples	3.88%
Other Sectors	0.75%
Cash and Other	3.89%

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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