

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 March 2024



Portfolio Managers



Anthony Ip
Portfolio Manager



Ian Robertson
Co-Portfolio Manager



Paul Morris
Co-Portfolio Manager

March continued to be a busy month for the Australasian bond market, characterised by a steady pipeline of corporate issuance and volatility in global interest rates. During the month, the Fund returned 1.1% which was slightly ahead of benchmark.

The first half of the month saw a continued tightening in credit spreads (the extra yield of corporate bonds versus government bonds), which has been the trend for much of 2024. The Fund was able to capitalise on this via its overweight duration position in Australian dollar corporate bonds, with a particular focus on the financial, infrastructure and utility sectors. Conscious of the tightening in credit spreads and ongoing high level of corporate issuance, during the month the Fund reduced the extent of its overweight duration, particularly in financials. The Fund's exposure to corporate bonds is now closer to neutral, comprising a smaller overweight duration position to Australian dollar corporate bonds, given the still reasonable valuation and yield, and a continued close to neutral position in NZ dollar corporate bonds.

Notable investments made during March include new Australian dollar issuances from Australian rail network owner Aurizon Network, Suncorp Metway (a regional bank in the process of being acquired by ANZ Bank) senior notes and Westpac subordinated notes. The Fund also invested in the recent Spark NZ dollar issuance.

The Fund maintains a moderately underweight interest rate position, relative to neutral. We remain wary that inflation may prove stickier than expected and that global growth may reaccelerate, which would put upward pressure on global but also Australasian market interest rates. If we gain further confidence in the timing and extent of future rate cuts, we may increase the Fund's interest rate exposure.

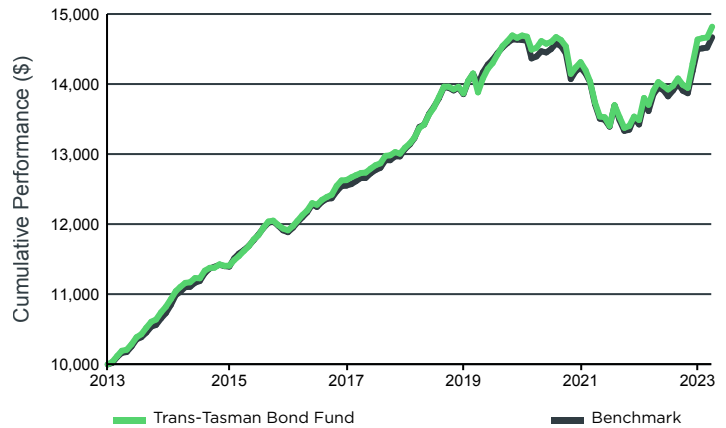
Despite the continued volatility in interest rate markets, historically attractive corporate bond yields in Australia and New Zealand provide a substantial return cushion against the risk of higher interest rates. While there are some signs of a slow economic outlook, Australasian corporate credit fundamentals remain in solid shape. Taken together, this underpins an attractive return outlook for the Fund.

To view Milford's March 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) \$1,351.8 M

Yield² 4.90%

Average Credit Rating A+

Duration 3.09 years

Rating Categories Inv.Grade 88% / High Yield 3% / 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

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 2024

Investment Performance after fees as at 31 March 2024⁵

Unit Price: \$1.1409

	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)	1.05%	1.25%	6.55%	0.69%	2.07%	3.88%
After Tax 10.50%	0.94%	1.11%	5.86%	0.63%	1.86%	3.47%
After Tax 17.50%	0.87%	1.01%	5.41%	0.59%	1.72%	3.20%
After Tax 28.00%	0.76%	0.87%	4.73%	0.53%	1.51%	2.79%
Benchmark	1.02%	1.18%	5.86%	0.63%	1.84%	3.78%

Top Fixed Interest Holdings

Holdings	% of Fund
NZGBI 2% 2025	7.93%
NZLGFA 4.5% 2030	3.64%
NZLGFA 1.5% 2026	2.78%
Housing NZ 3.42% 2028	2.67%
NZLGFA 1.5% 2029	2.54%
GTA Finance 2.2% 2027	2.32%
ANZ 4.95% 2029	2.02%
NAB 4.85% 2029	2.01%
NZLGFA 4.5% 2027	1.87%
Kiwibank Float 2027	1.78%
Monash University 4.05% 2029	1.67%
Rabobank 5.051% 2029	1.64%
Lonsdale Finance 2.1% 2027	1.64%
Contact 6.398% 2030	1.48%
Westpac 5.754% 2034	1.44%
NZ Govt. 3.5% 2033	1.39%
B & A Bank Float 2026	1.39%
AGI Finance 6.109% 2030	1.36%
Housing NZ 3.36% 2025	1.34%
Suncorp 4.75% 2029	1.30%

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

Current Asset Allocation

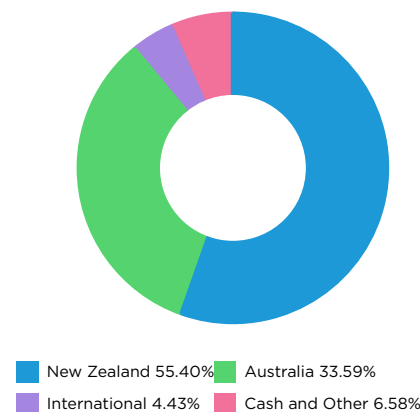
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	6.58%	3%
New Zealand Fixed Interest	52.21%	48.5%
International Fixed Interest	41.21%	48.5%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 6.13%. 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	30.83%
Financials	24.89%
Utilities	12.15%
Real Estate	9.99%
Industrials	6.05%
Communication Services	4.93%
Consumer Discretionary	2.34%
Energy	1.49%
Other Sectors	0.75%
Cash and Other	6.58%

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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