

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 May 2021



Portfolio Managers



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Portfolio Manager



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Fixed income markets had a mixed performance in May. New Zealand government bonds yields ended the month materially higher (prices lower), markedly underperforming other government bond markets including the US and Australia whose yields moved lower. It was an eventful month in New Zealand. The government released its 2021 budget, which forecast higher government bond issuance than anticipated. The Reserve Bank of New Zealand (RBNZ) kept the Official Cash Rate (OCR) on hold at 0.25% at its Monetary Policy Statement, as expected. It was also notable, and less expected, that the RBNZ reintroduced its OCR forecast track which signalled the potential for rate hikes in the latter half of 2022.

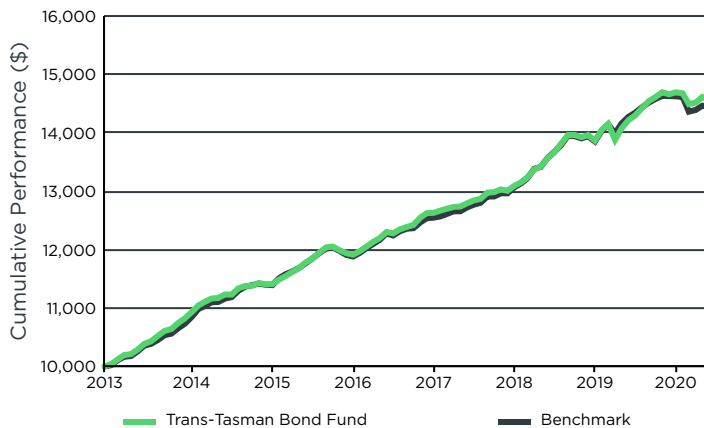
Corporate bonds, to which the Fund is mostly exposed, had a relatively constructive month overall. However, the Fund finished the month down 0.3%, underperforming its benchmark due largely to the drag from below neutral interest rate positioning in US and Australian government bonds where yields moved lower (prices higher). The Fund was active in new issues where we added new bonds from Precinct Properties (NZ property) and an Australian Dollar denominated issue from Barclays PLC (UK bank).

Looking forward, we remain constructive on corporate bonds versus governments as (i) the growth outlook is supportive of company balance sheets and (ii) corporate bond issuance volumes are expected to remain low in the near term. The Fund retains below neutral interest rate exposure as the risks, especially offshore, remain skewed to a further move higher in interest rates.

To view Milford's June 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)	\$889.1 M
Yield²	1.88%
Average Credit Rating	A
Duration	3.73 years
Rating Categories	Inv. Grade 89% / 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 31 May 2021

Investment Performance after fees as at 31 May 2021⁵

Unit Price: \$1.1995

	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)	-0.26%	0.58%	2.52%	4.44%	4.35%	5.15%
After Tax 10.50%	-0.23%	0.52%	2.27%	3.97%	3.89%	4.61%
After Tax 17.50%	-0.21%	0.48%	2.10%	3.66%	3.58%	4.24%
After Tax 28.00%	-0.18%	0.42%	1.85%	3.20%	3.13%	3.70%
Benchmark	-0.12%	0.59%	1.21%	4.33%	4.18%	5.03%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 1.5% 2026	4.52%
Housing NZ 3.36% 2025	2.27%
NZLGFA 1.5% 2029	2.17%
NZLGFA 3.5% 2033	1.97%
Transpower 1.735% 2025	1.86%
ANZ Bank Float 2024	1.79%
Macquarie Float 2025	1.70%
Westpac 1.439% 2026	1.66%
B & A Bank Float 2025	1.55%
Ausgrid Finance 1.814% 2027	1.54%
APT Pipelines 0.75% 2029	1.50%
Woolworths 1.85% 2025	1.47%
Stockland Trust 2.3% 2028	1.46%
Chorus 1.98% 2027	1.43%
Vector 1.575% 2026	1.35%
Vector 3.45% 2025	1.26%
NAB Float 2024	1.22%
Sumitomo Float 2022	1.22%
Suncorp Float 2026	1.20%
Spark 3.37% 2024	1.19%

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

Current Asset Allocation

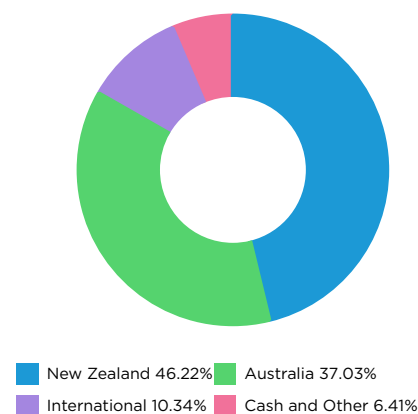
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	5.65%	3.00%
New Zealand Fixed Interest	44.67%	48.50%
International Fixed Interest	48.92%	48.50%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.76%	0%

The actual cash held by the Fund is 1.53%. 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	31.47%
Government	18.91%
Utilities	14.10%
Real Estate	12.06%
Industrials	7.19%
Communication Services	5.62%
Consumer Staples	3.07%
Consumer Discretionary	0.71%
Energy	0.55%
Cash and Other	6.41%

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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