

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 May 2023



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

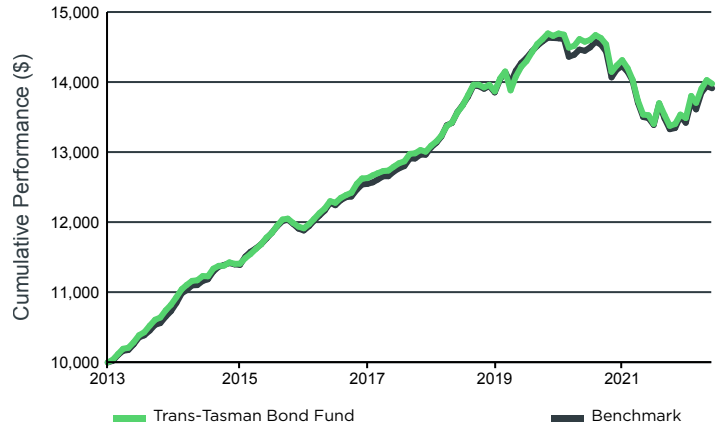
The Fund returned -0.4% in May but this was ahead of its benchmark. The negative absolute return was due to higher market interest rates in both NZ and Australia which pushed bond prices lower. The Reserve Bank of Australia (RBA) increased its cash rate by 0.25 percentage points but its commentary suggested further increases to come. The Reserve Bank of New Zealand (RBNZ) also increased the Official Cash Rate by 0.25 percentage points, but in contrast suggested that could be the end of the rate cycle. Much of the Australasian move was, however, attributable to offshore bond market weakness. Global economic data provided mixed signals, but there was sufficient evidence to suggest global inflation risks may require tighter and/or more prolonged monetary policy tightening.

Relative to benchmark, the Fund benefitted from its moderate below neutral exposure to interest rates which has been retained, albeit we were active in managing the extent of this during the month. We remain wary that inflation may prove stubbornly high. The Fund's allocation to corporate bonds, its predominant exposure, broadly performed in line with government bonds. We have continued our disciplined approach to recycling capital, particularly via primary opportunities where we see attractive valuations. In May the Fund participated in new bond issuance from Auckland Airport and Australian Postal Corporation, in addition to senior bank bonds from National Australia Bank, Bendigo and Adelaide Bank, French bank Crédit Agricole, and a subordinated ANZ Bank bond. These opportunities were funded by selling more expensive holdings, including some NZ Local Government Funding Agency. The latter has increased our small underweight exposure to government/government-related bonds, as we believe the opportunity in corporate bonds remains more attractive.

Looking forward, the global rate hiking cycle may not be finished but is arguably close to an end. The same can be said for Australasia. Therefore, while the risk of further cash rate hikes remains, prevailing bond market yields should provide a cushion against all but extremely higher market interest rates. This makes the medium term return available from Australasian corporate bonds attractive.

To view Milford's May 2023 Market and Economic Review please see milfordasset.com/insights.

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)	\$1,404.5 M
Yield²	5.77%
Average Credit Rating	A
Duration	3.29 years
Rating Categories	Inv.Grade 92% / High Yield 3% / Unrated 2%
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	1	2	3	4	5	6	7	Higher risk
				Potentially lower returns				Potentially higher returns	

Trans-Tasman Bond Fund as at 31 May 2023

Investment Performance after fees as at 31 May 2023⁵

Unit Price: \$1.1105

	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)	-0.37%	1.99%	3.32%	-0.57%	1.78%	3.59%
After Tax 10.50%	-0.35%	1.78%	2.96%	-0.50%	1.60%	3.21%
After Tax 17.50%	-0.34%	1.64%	2.72%	-0.46%	1.48%	2.96%
After Tax 28.00%	-0.32%	1.44%	2.35%	-0.40%	1.29%	2.58%
Benchmark	-0.22%	2.21%	3.15%	-0.85%	1.80%	3.54%

Top Fixed Interest Holdings

Holdings	% of Fund
NZGBI 2% 2025	7.44%
NZLGFA 1.5% 2026	2.59%
Housing NZ 3.42% 2028	2.51%
NZLGFA 1.5% 2029	2.37%
GTA Finance 2.2% 2027	2.16%
Bank of Queensland Float 2027	1.93%
NAB 4.2% 2026	1.87%
NZLGFA 4.5% 2027	1.77%
NZLGFA 4.5% 2030	1.71%
Contact 5.62% 2029	1.56%
Monash University 4.05% 2029	1.55%
CBA 5.398% 2027	1.44%
ANZ 5.22% 2028	1.43%
B & A Bank Float 2026	1.31%
TESAG 4.9% 2028	1.31%
Housing NZ 3.36% 2025	1.28%
ANZ Float 2026	1.28%
AST 6.134% 2033	1.24%
Spark 4.37% 2028	1.18%
Lonsdale Finance 2.1% 2027	1.10%

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

Current Asset Allocation

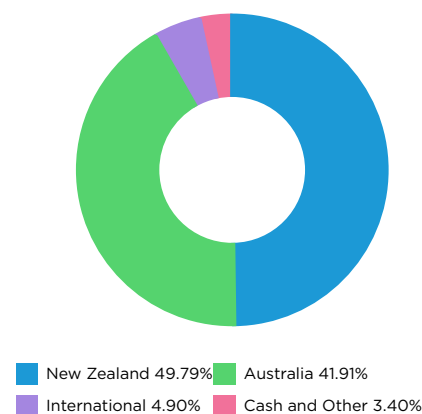
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	3.40%	3%
New Zealand Fixed Interest	47.09%	48.5%
International Fixed Interest	49.51%	48.5%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 2.67%. 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	27.09%
Government	25.43%
Utilities	11.42%
Industrials	10.31%
Real Estate	10.10%
Consumer Discretionary	4.10%
Communication Services	4.06%
Consumer Staples	3.41%
Other Sectors	0.68%
Cash and Other	3.40%

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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