

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 November 2021



Portfolio Managers



Travis Murdoch
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

Fixed income markets in Australasia had a more constructive month in November. Government bond yields on both sides of the Tasman fell (bond prices higher). The Reserve Bank of New Zealand (RBNZ) raised the Official Cash Rate (OCR) by 25 basis points, which provided some relief to NZ government bond markets which had been pricing in a material probability of a 50 basis point hike. Further, the communications that accompanied the decision indicated that the RBNZ will continue to take a measured approach to further rate hikes which are likely to be gradual and dependent on incoming economic data. Corporate bonds in Australasia also had a better month, benefitting from lower interest rate volatility and notably outperforming offshore markets.

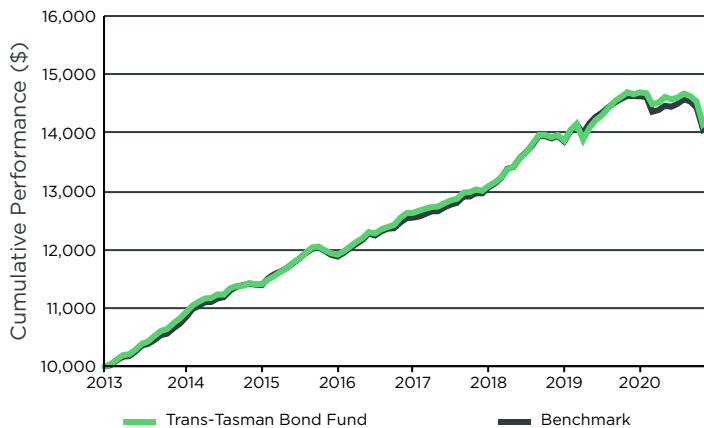
The Fund returned 0.6% in the month, slightly underperforming its benchmark due mainly to underperformance in the Fund's corporate hybrid and offshore corporate bond holdings, where the Fund has a small allocation in Australasian issuers. The Fund remained active in primary markets where after a weak month in October new deals came at attractive prices. The Fund was particularly active in New Zealand issuers, buying bonds in Auckland Airport, Contact Energy, Vector, Ports of Tauranga and Mercury Energy (in Australian Dollars).

Looking forward, the outlook for fixed income is once again clouded by Covid-19 uncertainty after the emergence of the Omicron variant. Nonetheless, we remain constructive on Australasian fixed income where we think bond markets have already been through a period of transition out of the low interest rate environment. The Fund maintains above neutral exposure in New Zealand where we continue to think expectations for future OCR hikes are most fully priced into bond yields, partially offset by below neutral interest rate exposure in offshore markets where the risk of moves higher in interest rates appear less reflected in prices.

To view Milford's December 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	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)	\$902.9 M
Yield²	3.25%
Average Credit Rating	A
Duration	3.96 years
Rating Categories	Inv. Grade 87% / High Yield 4% / 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%

	Lower risk						Higher risk
Risk Indicator	1	2	3	4	5	6	7
	Potentially lower returns			Potentially higher returns			



Trans-Tasman Bond Fund as at 30 November 2021

Investment Performance after fees as at 30 November 2021⁵

Unit Price: \$1.1628

	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)	0.64%	-2.68%	-2.88%	3.05%	3.58%	4.51%
After Tax 10.50%	0.57%	-2.41%	-2.57%	2.73%	3.20%	4.04%
After Tax 17.50%	0.52%	-2.23%	-2.36%	2.52%	2.95%	3.72%
After Tax 28.00%	0.44%	-1.95%	-2.04%	2.20%	2.58%	3.24%
Benchmark	0.79%	-2.46%	-3.08%	3.03%	3.55%	4.46%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 1.5% 2026	4.22%
NZ Govt. 0.5% 2026	4.12%
Vector 3.69% 2027	2.23%
Housing NZ 3.36% 2025	2.12%
NZLGFA 1.5% 2029	2.01%
NZLGFA 3.5% 2033	1.83%
NZLGFA 2.25% 2028	1.81%
Transpower 1.735% 2025	1.74%
ANZ Float 2024	1.72%
Government of Australia 0.5% 2026	1.65%
NAB Float 2026	1.64%
Macquarie Float 2025	1.63%
ANZ 2.999% 2031	1.59%
Westpac 1.439% 2026	1.56%
CIBC Float 2026	1.52%
Woolworths 1.85% 2025	1.39%
Stockland Trust 2.3% 2028	1.37%
Shopping Centres 2.45% 2029	1.33%
Vector 1.575% 2026	1.27%
GAIF 2.584% 2027	1.19%

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

Current Asset Allocation

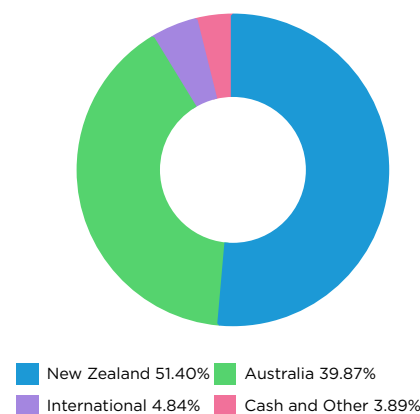
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	3.78%	3%
New Zealand Fixed Interest	49.16%	48.5%
International Fixed Interest	45.76%	48.5%
New Zealand Equities	1.19%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.11%	0%

The actual cash held by the Fund is 3.15%. 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	26.78%
Financials	21.00%
Real Estate	14.12%
Utilities	13.05%
Industrials	9.01%
Consumer Staples	4.72%
Communication Services	3.08%
Consumer Discretionary	1.55%
Information Technology	1.26%
Energy	1.02%
Health Care	0.52%
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.

Disclaimer: The Milford Fund Fact Sheet has been prepared by Milford Funds Limited. It is based on information believed to be accurate and reliable although no guarantee can be given that this is the case. No reproduction of any material either in part or in full is permitted without prior permission. For more information about the Fund, please refer to the Production Disclosure Statement or the latest Quarterly Fund Update.