

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2021



Portfolio Managers



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Portfolio Manager



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October was a very weak month for fixed income markets in Australasia. With inflation proving less transient than hoped, central banks on both sides of the Tasman continue to remove emergency monetary policy settings. As widely expected, the Reserve Bank of New Zealand (RBNZ) raised the Official Cash Rate (OCR) by 0.25% to 0.5%. In a less expected move, the Reserve Bank of Australia (RBA) appeared to abandon their yield curve control programme whereby they had been buying bonds maturities out to April 2024 to keep bond yields anchored at lower levels. In what was largely one-way traffic, government bond yields in both New Zealand and Australia closed the month significantly higher (prices lower), materially underperforming offshore markets.

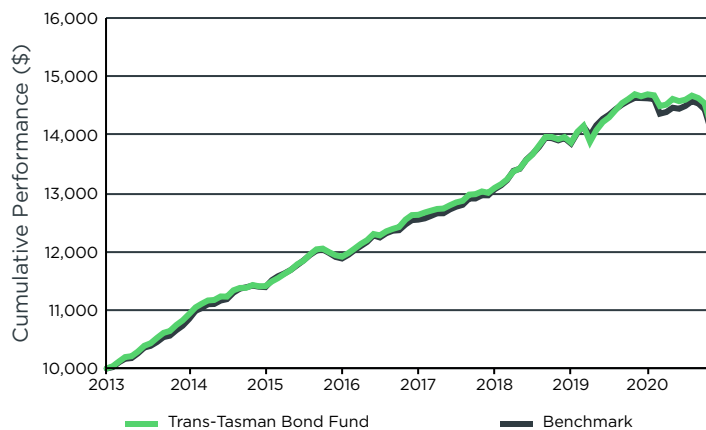
The Fund returned -2.7% in the month, underperforming its benchmark due in part to its above neutral exposure to New Zealand interest rates as well as the underperformance of Australian corporate bonds compared to government bonds. It was a quieter month in primary markets, but the Fund remained active buying bonds in issuers including Kiwibank in New Zealand and the Bank of Queensland in Australia.

Looking forward, waning monetary policy support is likely to see further periods of volatility, but Australasian bond yields have now reached levels that already anticipate a series of central bank rate hikes. As such, the Fund maintains overall interest rate exposure that is relatively neutral to the benchmark, with a small above neutral exposure in New Zealand where we think expectations for future OCR hikes are most fully priced into bond yields.

To view Milford's November 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)	\$865.9 M
Yield²	3.18%
Average Credit Rating	A
Duration	3.91 years
Rating Categories	Inv.Grade 91% / High Yield 1% / Unrated 5%
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%
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 October 2021

Investment Performance after fees as at 31 October 2021⁵

Unit Price: \$1.1554

	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)	-2.70%	-3.58%	-3.73%	2.77%	3.36%	4.48%
After Tax 10.50%	-2.41%	-3.21%	-3.34%	2.49%	3.01%	4.00%
After Tax 17.50%	-2.22%	-2.96%	-3.08%	2.30%	2.78%	3.69%
After Tax 28.00%	-1.93%	-2.59%	-2.69%	2.01%	2.42%	3.22%
Benchmark	-2.54%	-3.48%	-3.86%	2.76%	3.27%	4.41%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 1.5% 2026	4.37%
Housing NZ 3.36% 2025	2.20%
NZLGFA 1.5% 2029	2.08%
NZLGFA 2.25% 2028	1.90%
NZLGFA 3.5% 2033	1.89%
ANZ 2.999% 2031	1.83%
Transpower 1.735% 2025	1.81%
ANZ Float 2024	1.81%
NAB Float 2026	1.73%
Government of Australia 0.5% 2026	1.73%
Macquarie Float 2025	1.72%
Bank of Queensland Float 2026	1.67%
Westpac 1.439% 2026	1.62%
CIBC Float 2026	1.59%
Woolworths 1.85% 2025	1.45%
Stockland Trust 2.3% 2028	1.41%
Scentre Group 4.75% 2080	1.39%
Shopping Centres 2.45% 2029	1.36%
Vector 1.575% 2026	1.32%
Vector 3.45% 2025	1.24%

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

Current Asset Allocation

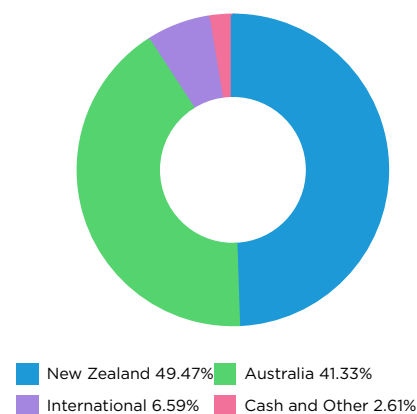
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	2.14%	3%
New Zealand Fixed Interest	46.37%	48.5%
International Fixed Interest	49.81%	48.5%
New Zealand Equities	1.21%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.47%	0%

The actual cash held by the Fund is 1.55%. 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	27.42%
Government	23.51%
Real Estate	14.18%
Utilities	11.15%
Industrials	8.49%
Consumer Staples	4.89%
Communication Services	3.82%
Consumer Discretionary	2.09%
Information Technology	0.76%
Energy	0.54%
Health Care	0.54%
Cash and Other	2.61%

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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