

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 September 2021



Portfolio Managers



Travis Murdoch
Portfolio Manager



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Co-Portfolio Manager

It was another eventful month in fixed income markets. Government bond yields moved higher (prices lower) across the board as inflation pressures remained elevated and offshore central banks in countries including the US and UK indicated they may tighten monetary policy sooner than previously expected. Closer to home, the Assistant Governor of the Reserve Bank of New Zealand delivered a speech that appeared to rule out a 0.5% rise in the Official Cash Rate (OCR) at the October meeting. Bond market expectations of a 0.5% hike were materially reduced post-speech; however the market remains fully priced for a 0.25% OCR rise in October.

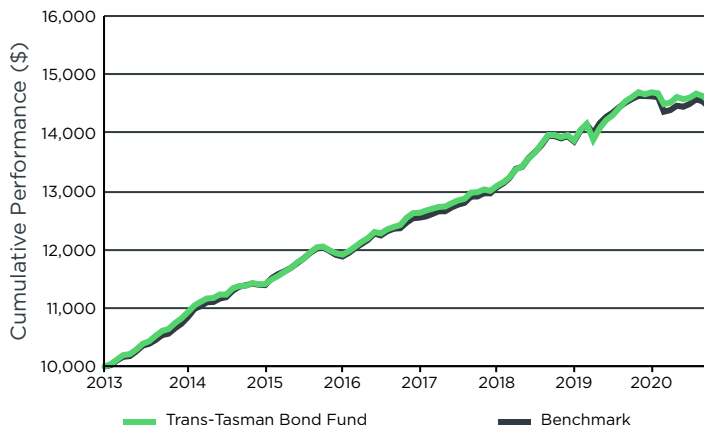
The Fund returned -0.6% in the month. This was 0.1% higher than its benchmark thanks in part to its lower than neutral interest rate exposure in offshore markets. The Fund took advantage of higher government bond yields to reduce this position during the month but retains a moderate below neutral positioning. It was another active month in primary markets. In Australia, the Fund added bonds in new issues from companies including Electranet (utility) and Woolworths (consumer staples). In New Zealand, the Fund participated in the new 30-year bond issued by the NZ government and added new bonds from ANZ Bank and Oceania Healthcare.

Looking forward, inflationary pressures, ongoing risks from Covid and the potential reduction of monetary and fiscal stimulus may keep market volatility elevated in the near term. Nonetheless, economic growth remains supportive of company balance sheets and the Fund maintains its above neutral exposure to corporate bonds.

To view Milford's October 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)	\$887.6 M
Yield²	2.31%
Average Credit Rating	A
Duration	3.81 years
Rating Categories	Inv. Grade 94% / 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%





Trans-Tasman Bond Fund as at 30 September 2021

Investment Performance after fees as at 30 September 2021⁵

Unit Price: \$1.1875

	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)	-0.61%	-0.43%	-0.50%	3.84%	3.82%	4.89%
After Tax 10.50%	-0.56%	-0.39%	-0.46%	3.43%	3.42%	4.37%
After Tax 17.50%	-0.52%	-0.37%	-0.43%	3.16%	3.15%	4.03%
After Tax 28.00%	-0.47%	-0.34%	-0.38%	2.76%	2.75%	3.51%
Benchmark	-0.70%	-0.41%	-0.99%	3.79%	3.70%	4.80%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 1.5% 2026	4.44%
NZ Govt. 0.5% 2026	2.48%
Housing NZ 3.36% 2025	2.20%
NZLGFA 1.5% 2029	2.14%
NZLGFA 3.5% 2033	1.96%
ANZ 2.999% 2031	1.84%
Transpower 1.735% 2025	1.82%
ANZ Float 2024	1.76%
NAB Float 2026	1.69%
Macquarie Float 2025	1.67%
Westpac 1.439% 2026	1.64%
NZ Govt. 1.5% 2031	1.63%
CIBC Float 2026	1.56%
Woolworths 1.85% 2025	1.46%
Stockland Trust 2.3% 2028	1.44%
Scentre Group 4.75% 2080	1.42%
Shopping Centres 2.45% 2029	1.39%
Vector 1.575% 2026	1.33%
Vector 3.45% 2025	1.24%
Spark 3.37% 2024	1.17%

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

Current Asset Allocation

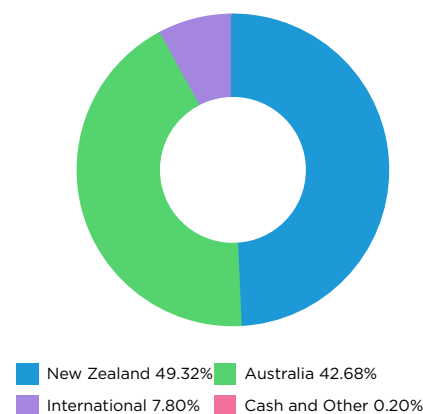
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	0.16%	3.00%
New Zealand Fixed Interest	47.43%	48.50%
International Fixed Interest	52.37%	48.50%
New Zealand Equities	0.00%	0.00%
Australian Equities	0.00%	0.00%
International Equities	0.00%	0.00%
Other	0.04%	0.00%

The actual cash held by the Fund is -0.16%. 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	29.31%
Government	22.58%
Real Estate	14.38%
Utilities	12.23%
Industrials	8.60%
Consumer Staples	4.94%
Communication Services	3.79%
Consumer Discretionary	2.11%
Information Technology	0.78%
Health Care	0.55%
Energy	0.53%
Cash and Other	0.20%

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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