

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 September 2022



Portfolio Managers



Paul Morris
Co-Portfolio Manager



Ian Robertson
Co-Portfolio Manager

Global and Australasian bonds were weak as market interest rates increased on expectations for an even higher path for central bank policy cash rates. The Fund benefitted from a below benchmark interest rate exposure. While this supported some outperformance relative to its benchmark, it was unfortunately insufficient to prevent a poor return of -1.1% over the month.

The month was a little quieter from a trading perspective, however we did participate in what we believe are attractively priced bonds from Westpac NZ (subordinated) and government owned Australian fibre company NBN. We remain slightly cautious on the outlook of Australasian corporate bond performance relative to government bonds but anticipate likely lower new bond issuance will be a significant offset to a possibly deteriorating economic backdrop.

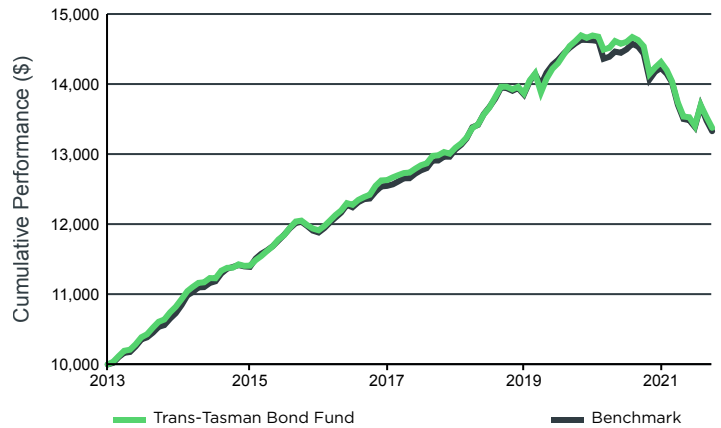
We continue to believe Australasian interest rates are closer to long run fair value, but we remain wary that to an extent they are hostage to global developments. Specifically, so long as global central banks are tightening policy it keeps pressure on the Australasian central banks to do the same. For now therefore the risks remain skewed towards higher market interest rates. For that risk to dissipate, or market rates to fall, we will need evidence of a sustained decline in both local and global inflationary pressures. Therefore, the Fund retains a below neutral exposure to interest rates, primarily via below benchmark exposure to Australian Dollar and US Dollar interest rates.

Looking ahead, while we remain cautious on the near-term outlook for returns, the prevailing yields to maturity of the Fund's bond holdings are at levels that can now act as a significant buffer to higher interest rates going forward.

To view Milford's October 2022 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)	\$1,152.6 M
Yield²	5.51%
Average Credit Rating	A
Duration	3.18 years
Rating Categories	Inv.Grade 86% / High Yield 3% / 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 30 September 2022

Investment Performance after fees as at 30 September 2022⁵

Unit Price: \$1.075

	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)	-1.13%	-0.21%	-8.00%	-1.42%	1.49%	3.35%
After Tax 10.50%	-1.03%	-0.21%	-7.19%	-1.27%	1.34%	3.00%
After Tax 17.50%	-0.95%	-0.20%	-6.64%	-1.17%	1.23%	2.76%
After Tax 28.00%	-0.85%	-0.20%	-5.82%	-1.01%	1.08%	2.41%
Benchmark	-1.14%	-0.45%	-7.66%	-1.49%	1.51%	3.31%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 1.5% 2026	3.11%
NZLGFA 2.25% 2024	2.91%
NBN Co 4.75% 2026	2.19%
NZLGFA 4.5% 2027	2.17%
NZLGFA 2.25% 2031	1.98%
NZLGFA 2.25% 2028	1.94%
Monash University 4.05% 2029	1.93%
Genesis 5.66% 2027	1.69%
Housing NZ 3.36% 2025	1.55%
ANZ Float 2024	1.46%
NZLGFA 1.5% 2029	1.41%
Spark 4.37% 2028	1.40%
Macquarie Float 2025	1.38%
Vector 3.69% 2027	1.33%
IAG 5.32% 2038	1.28%
CIBC Float 2026	1.28%
BNZ 3.63% 2024	1.28%
Mercury 2.918% 2028	1.25%
Stockland Trust 2.3% 2028	1.24%
NZLGFA 3.5% 2033	1.22%

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

Current Asset Allocation

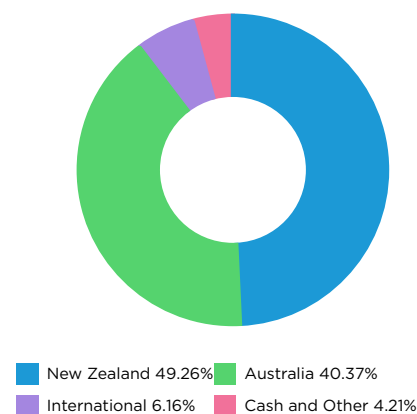
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	4.21%	3.00%
New Zealand Fixed Interest	47.92%	48.50%
International Fixed Interest	47.01%	48.5%
New Zealand Equities	0.86%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 3.55%. 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	22.69%
Government	22.53%
Real Estate	13.43%
Utilities	12.39%
Industrials	8.47%
Communication Services	6.02%
Consumer Discretionary	5.02%
Consumer Staples	3.81%
Other Sectors	1.43%
Cash and Other	4.21%

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.