

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 September 2024



Portfolio Managers



Anthony Ip
Portfolio Manager



Ian Robertson
Co-Portfolio Manager



Paul Morris
Co-Portfolio Manager

The Fund returned 1.0% in September, ahead of the benchmark return of 0.8%. In the past three months, the Fund has returned 4.3%, ahead of the benchmark return of 3.6%. Absolute returns in recent months have been boosted by expectations for lower monetary policy rates in key markets across the globe. Much of this expectation has been priced into interest rate markets, and hence the Fund maintains a small underweight to interest rate exposure.

Credit spreads (the extra yield of corporate bonds over government bonds) were largely stable in NZ, but have been grinding tighter in AU as a steady pipeline of bond supply has been met with continued strong investor demand. This benefited the Fund's returns, given its overweight exposure to AU corporate credit.

September saw a welcome re-opening of the NZ dollar corporate bond market, after a lengthy period of subdued issuance activity. Westpac NZ issued a 5-year senior bond at a yield of 4.3%, which the Fund participated in. The transaction was one of the largest corporate issuances in NZ dollars for at least 10 years. We also participated in a new subordinated capital bond from Contact Energy yielding 5.7%, the first of potentially several capital bonds that we expect in the near term from NZ issuers. Across the Tasman, we participated in several AU dollar deals.

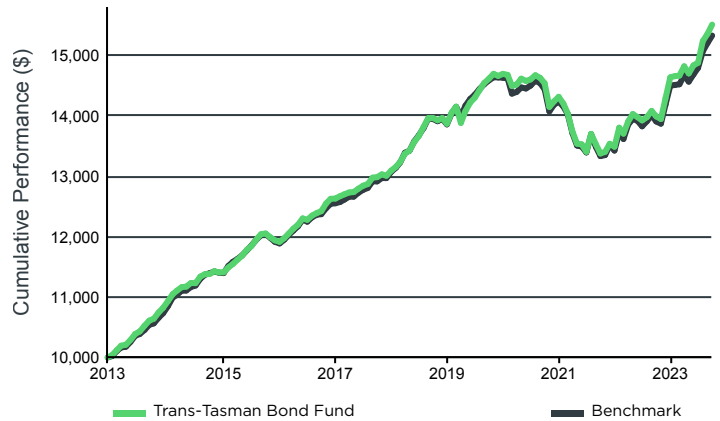
The most noteworthy deal was the inaugural ANZ New Zealand Holdings issuance, which came in the form of a perpetual subordinated note yielding 6.5% in NZ dollar terms. This was a landmark deal in that it alleviates the pressure for NZ major banks to issue hybrids in the NZ dollar market. Looking ahead, moderating inflation, slower growth, but no material recession, should support corporate bond returns. We reiterate our expectations for attractive, medium-term Fund returns.

To view Milford's September 2024 Market and Economic Review please see milfordasset.com/insights.

For previous fund reports see milfordasset.com/fund-reports.

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)	\$1,330.5 M
Yield²	4.33%
Average Credit Rating	A
Duration	2.79 years
Rating Categories	Inv.Grade 87% / High Yield 4% / Unrated 4%
Inception Date	2 December 2013
Current Distribution	0.95 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 2024

Investment Performance after fees as at 30 September 2024⁵

Unit Price: \$1.1744

	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)	0.99%	4.25%	10.86%	2.18%	2.12%	4.13%
After Tax 10.50%	0.90%	3.82%	9.70%	1.96%	1.91%	3.70%
After Tax 17.50%	0.84%	3.54%	8.92%	1.82%	1.77%	3.41%
After Tax 28.00%	0.75%	3.12%	7.77%	1.61%	1.55%	2.98%
Benchmark	0.80%	3.61%	10.23%	2.01%	1.90%	4.02%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 4.5% 2030	4.96%
NZGBI 2% 2025	3.99%
Origin Energy 5.35% 2031	3.27%
NZLGFA 1.5% 2026	2.92%
Westpac 5.1% 2029	2.86%
Housing NZ 3.42% 2028	2.81%
NZLGFA 1.5% 2029	2.70%
WBC Float 2029	2.42%
GTA Finance 2.2% 2027	2.40%
Westpac 4.337% 2029	2.19%
LB Baden-Württemberg 5.25% 2029	2.10%
NAB 4.85% 2029	2.06%
NZLGFA 4.5% 2027	1.95%
NZLGFA 2.00% 2037	1.67%
NBN Co 5% 2031	1.65%
Contact 6.398% 2030	1.51%
NZ Govt. 3.5% 2033	1.45%
Housing NZ 3.36% 2025	1.39%
ConnectEast 5.6% 2031	1.36%
Scentre Group Float 2054	1.33%

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

Current Asset Allocation

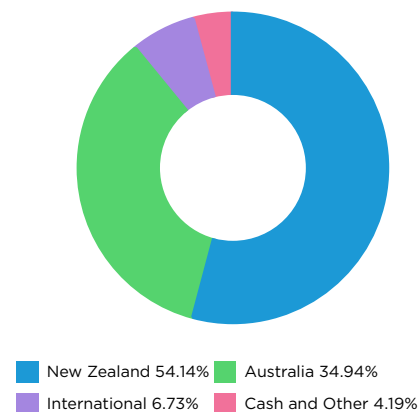
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	3.86%	3%
New Zealand Fixed Interest	51.41%	48.5%
International Fixed Interest	44.40%	48.5%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.33%	0.0%

The actual cash held by the Fund is 3.09%. 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	29.10%
Financials	21.99%
Utilities	15.96%
Real Estate	13.02%
Industrials	7.17%
Communication Services	4.40%
Energy	2.45%
Consumer Discretionary	1.20%
Other Sectors	0.52%
Cash and Other	4.19%

Region Exposure



1. After the Base Fund Fee but before tax. 2. The yield to maturity is not an indicator of future return, but reflects the current yield to maturity of the fund's underlying holdings (before tax and after the base fund fee). 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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