

# Trans-Tasman Bond Fund

## Portfolio Investment Entity

Monthly Fact Sheet as at 30 November 2024



### Portfolio Managers



**Anthony Ip**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager



**Paul Morris**  
Co-Portfolio Manager

The Fund returned 0.7% during November which was in line with its benchmark. It was a volatile month for global interest rate and credit markets, partly driven by the US election, and the AU and NZ dollar fixed income markets were not immune to this volatility.

Australian and NZ credit spreads (the extra yield of corporate bonds over government bonds) generally tracked wider during the month, which created a headwind to returns for the Fund. November saw a number of corporates and banks access debt capital markets on both sides of the Tasman. While the majority of this issuance was well absorbed by the market, there were signs of fatigue in the latter half of the month, with new primary issuance leading secondary market credit spreads wider. The Fund used the opportunity to trim more expensive holdings to redeploy into better value opportunities. New investments this month included subordinated notes from Commonwealth Bank of Australia, as well as Scentre Group (retail landlord in Australia) and Iberdrola (European utility) senior AU dollar bonds at yields of around 6%.

The Fund maintains an underweight NZ dollar and AU dollar interest rate exposure, which was a headwind to relative returns as market interest rates generally fell during the month. Ongoing high government bond supply and the inflation risks associated with a potential economic reacceleration means there is still some uncertainty as to the direction of medium and longer term market interest rates.

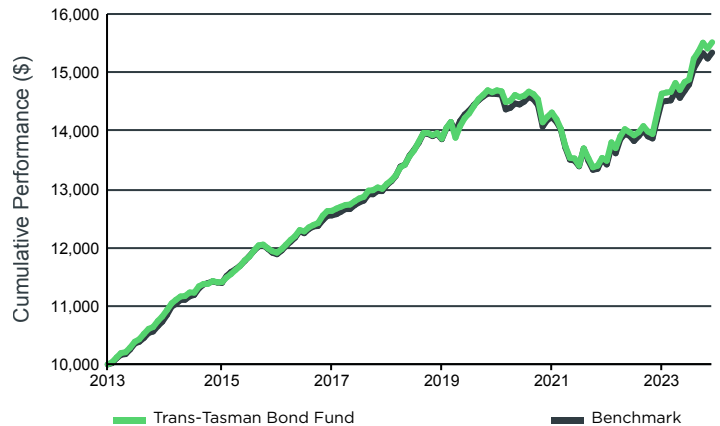
Looking ahead, higher market rates underpin an ongoing attractive medium-term return outlook for the Fund, with bonds providing a material income cushion against most conceivable bond market weakness. We remain constructive on AU dollar credit markets on valuation and fundamental reasons. We are cautious on NZ dollar fixed income, due to our view on increased supply (both corporate and government) in future.

To view Milford's November 2024 Market and Economic Review please see [milfordasset.com/insights](https://milfordasset.com/insights).

For previous fund reports see [milfordasset.com/fund-reports](https://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

<b>Objective<sup>1</sup></b>	To generate a positive, low volatility return that exceeds the relevant benchmark over the minimum recommended investment timeframe
<b>Description</b>	Primarily invests in trans-Tasman fixed interest securities
<b>Minimum recommended investment timeframe</b>	3 years +
<b>Target Allocation</b>	100% Income Assets / 0% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$1,353.2 M
<b>Yield<sup>2</sup></b>	4.16%
<b>Average Credit Rating</b>	A+
<b>Duration</b>	2.81 years
<b>Rating Categories</b>	Inv.Grade 89% / High Yield 4% / Unrated 3%
<b>Inception Date</b>	2 December 2013
<b>Current Distribution</b>	0.95 cents per unit (Quarterly)
<b>Benchmark</b>	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
<b>Base Fund Fee<sup>3</sup></b>	0.65%
<b>Performance Fee</b>	Not applicable
<b>Total Fund Fees<sup>4</sup></b>	0.65%
<b>Risk Indicator</b>	Lower risk <span style="float: right;">Higher risk</span> 1 2 <b>3</b> 4 5 6 7 Potentially lower returns Potentially higher returns

# Trans-Tasman Bond Fund as at 30 November 2024

## Investment Performance after fees as at 30 November 2024<sup>5</sup>

Unit Price: \$1.1749

	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)	0.70%	1.04%	8.58%	2.91%	2.13%	4.07%
After Tax 10.50%	0.65%	0.95%	7.67%	2.62%	1.92%	3.65%
After Tax 17.50%	0.62%	0.88%	7.07%	2.42%	1.78%	3.36%
After Tax 28.00%	0.57%	0.79%	6.17%	2.13%	1.56%	2.94%
Benchmark	0.67%	0.88%	8.14%	2.65%	1.92%	3.97%

## Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 4.5% 2030	4.76%
NZGBI 2% 2025	3.97%
Westpac 5.618% 2035	3.92%
NZLGFA 1.5% 2026	2.86%
Housing NZ 3.42% 2028	2.71%
NZLGFA 1.5% 2029	2.63%
Origin Energy 5.35% 2031	2.43%
WBC Float 2029	2.43%
GTA Finance 2.2% 2027	2.40%
NAB 5% 2029	2.23%
ANZ 4.7% 2027	2.18%
LB Baden-Württemberg 5.25% 2029	2.08%
NZLGFA 2.25% 2031	1.93%
NZLGFA 4.5% 2027	1.88%
Iberdrola 5.87% 2034	1.76%
NBN Co 5% 2031	1.65%
NZLGFA 4.5% 2032	1.64%
NAB Float 2027	1.64%
NZLGFA 2.00% 2037	1.62%
EnBW International Finance 6.048% 2034	1.50%

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

## Current Asset Allocation

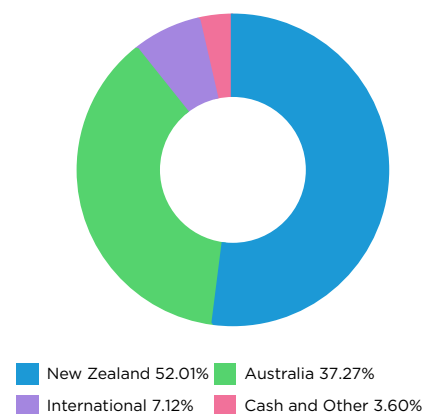
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	3.54%	3%
New Zealand Fixed Interest	49.39%	48.5%
International Fixed Interest	47.01%	48.5%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.06%	0.0%

# The actual cash held by the Fund is 2.54%. 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	30.74%
Financials	24.82%
Utilities	15.80%
Real Estate	13.28%
Industrials	5.72%
Communication Services	3.29%
Consumer Discretionary	1.18%
Energy	1.05%
Other Sectors	0.52%
Cash and Other	3.60%

## 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](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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