

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

Irrespective of the low interest rate environment the Fund posted a reasonable return of 0.6% in October. The return was driven by a rise in corporate bond prices, which generally outperformed government bonds.

Over the past couple of months the Fund has slightly increased its exposure to corporate bonds at the expense of government/ government related bonds. This continued in October as we added new corporate bond issues from Vector, Argosy Property and Lendlease. October was another strong month of Fund outperformance relative to its benchmark (+0.2%) as (i) a higher exposure to Australian credit spreads (the extra yield of corporate bonds over governments) and (ii) its ongoing exposure to Australasian issuers' offshore bonds both contributed strongly.

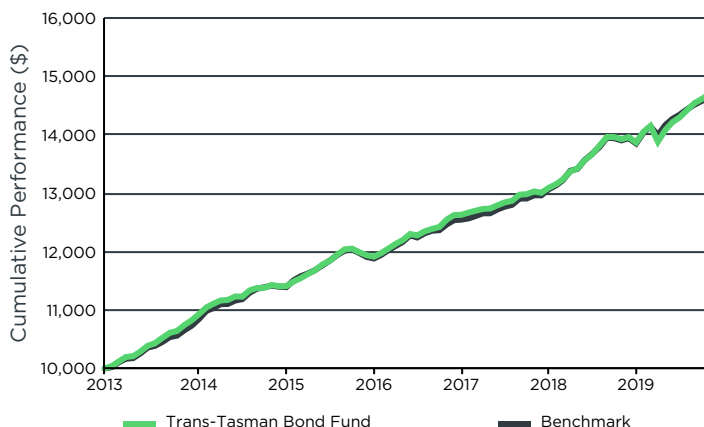
While the overall Fund interest rate exposure was (and remains) close to benchmark/ neutral, it benefitted from an exposure to rising longer-dated US interest rates (which rose more than Australasian interest rates). Australian interest rates have been capped by the Reserve Bank of Australia's indication that further monetary policy support was possible at its November meeting and NZ rates by the imminent introduction of the Reserve Bank of New Zealand's funding for lending programme, in addition to an ongoing expectation of a negative cash rate.

Looking forward, these policy developments should underpin further Fund returns, albeit given prevailing interest rates future returns are likely to continue to moderate.

To view Milford's November 2020 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	Positive, low volatility return that exceeds the relevant benchmark over a minimum of three years
Description	Primarily invests in trans-Tasman fixed interest securities
Target Allocation	100% Income Assets / 0% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$818.1 M
Unit Pricing	Swing pricing applies (see PDS for details)
Yield²	1.41%
Average Credit Rating	A
Duration	4.25 years
Rating Categories	Inv.Grade 86% /High Yield 3% /Unrated 4%
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 31 October 2020

Investment Performance after fees as at 31 October 2020⁵

Unit Price: \$1.2183

	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)	0.56%	1.88%	5.53%	5.40%	5.15%	5.72%
After Tax 10.50%	0.50%	1.69%	4.95%	4.83%	4.61%	5.11%
After Tax 17.50%	0.46%	1.57%	4.57%	4.45%	4.24%	4.71%
After Tax 28.00%	0.41%	1.38%	3.99%	3.88%	3.70%	4.10%
Benchmark	0.36%	1.35%	5.23%	5.49%	5.08%	5.66%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
Housing NZ 3.36% 2025	2.59%
NZLGFA 1.5% 2029	2.59%
NZLGFA 3.5% 2033	2.47%
Westpac 2.22% 2024	2.41%
IBRD 0.625% 2027	2.27%
Transpower 1.735% 2025	2.10%
ASB Bank 1.83% 2024	2.06%
ANZ Bank Float 2024	1.95%
Macquarie Group Float 2025	1.85%
Ausgrid Finance 1.814% 2027	1.70%
Woolworths 1.85% 2025	1.63%
Vector 1.575% 2026	1.54%
Vector 3.45% 2025	1.44%
Spark New Zealand 3.37% 2024	1.34%
NAB Float 2024	1.34%
Sumitomo Mitsui Float 2022	1.32%
SGSP 1.843% 2028	1.32%
NZLGFA 1.5% 2026	1.30%
Scentre Group 5.125% 2080	1.22%
Housing NZ 2.247% 2026	1.21%

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

Current Asset Allocation

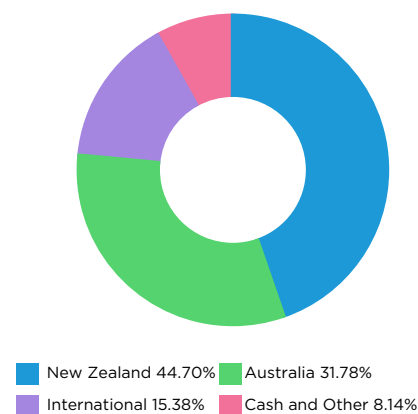
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	6.72%	3.00%
New Zealand Fixed Interest	45.64%	48.50%
International Fixed Interest	46.22%	48.50%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	1.42%	0%

The actual cash held by the Fund is 1.61%. 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	32.45%
Government	18.78%
Utilities	14.34%
Real Estate	10.57%
Industrials	8.49%
Cash and Other	8.14%
Communication Services	4.29%
Consumer Staples	3.51%
Consumer Discretionary	0.45%
Energy	0.05%

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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