

# Trans-Tasman Bond Fund

## Portfolio Investment Entity

Monthly Fact Sheet as at 28 February 2025



### Portfolio Managers



**Anthony Ip**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager



**Paul Morris**  
Co-Portfolio Manager

The Fund returned 0.6% in February, which was broadly in line with its benchmark's return. Absolute returns were broadly supported by lower Australasian market interest rates as policy uncertainty and mixed economic data weighed on expectations of global growth.

While global market interest rates trended lower during the month, it was notable that the NZD market interest rates did not decrease to the same extent driven by nascent expectations that economic growth may stabilise following recent Reserve Bank of NZ OCR cuts. We are maintaining a small underweight in NZD market interest rates for now. Relative to the benchmark the Fund benefited from overweight positions in Local Government Funding Authority (LGFA) and NZ Government bonds. These bonds have outperformed, as the market begins to get more comfortable with the funding tasks of both issuers.

In Australia, the Fund benefited from an overall tightening in AUD credit spreads (the extra yield of corporate bonds over government bonds). In particular, Fund returns were supported by an overweight position in Bank subordinated notes, as well as overweight positions in AUD industrials/REITs. The Fund has been active in the primary AUD market, investing in new issuances from IAG Group (insurance), NBN Co (incumbent AU fibre network) and Rabobank (Dutch bank). However, towards the end of the month, the Fund began to trim exposures given the outperformance of AUD credit spreads relative to global credit. The Fund is comfortable maintaining a moderate overweight to AUD credit for now.

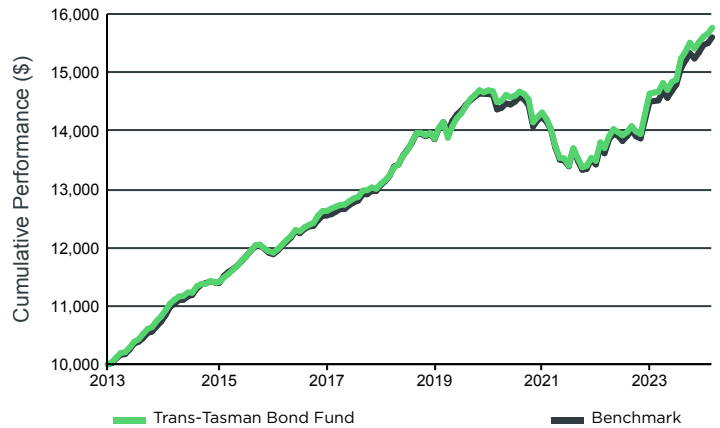
Looking ahead, we are cautiously optimistic on Fund returns. While global economic growth looks to be slowing, strong corporate fundamentals and still-attractive corporate bond yields should support Fund returns.

To view Milford's February 2025 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>	\$1,386.5 M
<b>Yield<sup>2</sup></b>	3.75%
<b>Average Credit Rating</b>	A+
<b>Duration</b>	2.9 years
<b>Rating Categories</b>	Inv.Grade 88% / 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="margin-left: 100px;">Higher risk</span> 1 2 <b>3</b> 4 5 6 7 Potentially lower returns <span style="margin-left: 100px;">Potentially higher returns</span>

## Trans-Tasman Bond Fund as at 28 February 2025

### Investment Performance after fees as at 28 February 2025<sup>5</sup>

Unit Price: \$1.184

	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)	0.64%	1.60%	7.50%	3.94%	2.18%	4.13%
After Tax 10.50%	0.56%	1.42%	6.70%	3.53%	1.96%	3.70%
After Tax 17.50%	0.51%	1.30%	6.17%	3.26%	1.81%	3.41%
After Tax 28.00%	0.43%	1.12%	5.37%	2.86%	1.59%	2.97%
Benchmark	0.65%	1.70%	7.44%	3.61%	1.98%	4.03%

### Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 4.5% 2030	4.73%
NZGBI 2% 2025	3.91%
Westpac 5.618% 2035	2.89%
Housing NZ 3.42% 2028	2.68%
Progress Trust RMBS 2050	2.67%
NZLGFA 1.5% 2029	2.61%
Origin Energy 5.35% 2031	2.44%
GTA Finance 2.2% 2027	2.36%
NAB 5% 2029	2.23%
ANZ Float 2030	2.09%
NZLGFA 2.25% 2031	1.92%
NZLGFA 4.5% 2027	1.86%
Westpac 4.95% 2030	1.79%
NBN Co 5.35% 2035	1.69%
NZLGFA 4.5% 2032	1.63%
NZ Govt. 4.5% 2035	1.61%
Iberdrola 5.87% 2034	1.50%
United Energy Distribution 5.417% 2032	1.47%
Contact 6.398% 2030	1.47%
NZLGFA 1.5% 2026	1.42%

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

### Current Asset Allocation

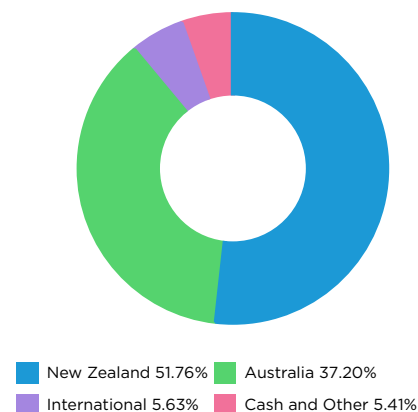
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	5.41%	3%
New Zealand Fixed Interest	49.10%	48.5%
International Fixed Interest	45.49%	48.5%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

# The actual cash held by the Fund is 4.54%. 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	29.52%
Financials	27.84%
Utilities	16.84%
Real Estate	11.05%
Industrials	3.73%
Communication Services	3.31%
Consumer Staples	1.35%
Energy	0.72%
Other Sectors	0.23%
Cash and Other	5.41%

### 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.

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.