

# Trans-Tasman Bond Fund

## Portfolio Investment Entity

Monthly Fact Sheet as at 31 January 2025



### Portfolio Managers



**Anthony Ip**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager



**Paul Morris**  
Co-Portfolio Manager

The Fund returned 0.3% in January, which was slightly ahead of the benchmark, which was up 0.2%. The month was marked by a round trip in global market interest rates. Market interest rates in Australia and NZ were not immune to these moves but finished the month largely where they began. Heading into February, the Fund is modestly underweight NZD duration against an overweight to AUD duration.

AUD credit spreads (the excess yield of corporate bonds over government bonds) drifted wider, despite lower than expected primary issuance and firm credit markets offshore. During the month the Fund invested in new AUD issuances from ANZ Bank, Westpac and United Energy (an electric utility). The Fund trimmed some of its holdings in corporate hybrids from Scentre Group (retail landlord) in anticipation of new issuance opportunities from this market. We continue to favour AUD credit relative to most other markets, given still-attractive valuations and solid fundamentals.

Across the Tasman, NZ Government bonds had a relatively strong month, broadly outperforming corporate bonds and interest rate swaps, in a reversal of the trend from late last year. The Fund had a modest overweight position to NZ Government bonds (hedged against interest rate swaps), which was a small tailwind to the Fund's returns. We think this outperformance can continue into the upcoming syndication of the NZ Government's 2035 bond this month. In the NZD corporate space, activity has been relatively quiet, although we will be watching the upcoming syndication of the ANZ New Zealand NZD bond, which will effectively kick-off the domestic corporate primary market for 2025. We remain slightly underweight to the NZD fixed income market overall, mostly on valuation reasons.

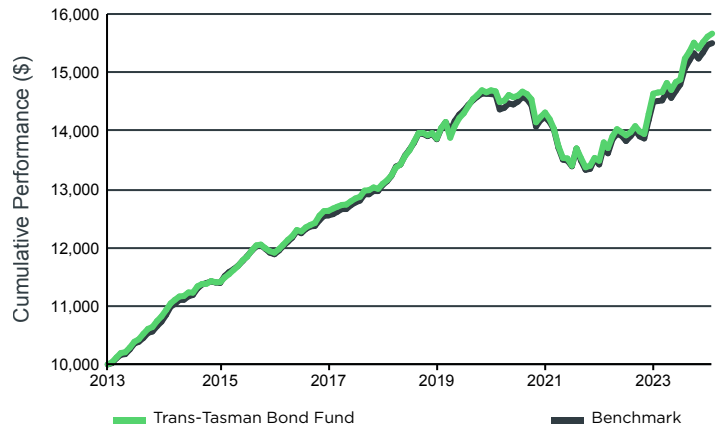
Looking ahead, higher market rates underpin an ongoing attractive medium-term return outlook for the Fund, with yields providing a material income cushion against most conceivable bond market weakness.

To view Milford's January 2025 Market and Economic Review please see [milfordasset.com/insights](http://milfordasset.com/insights).

For previous fund reports see [milfordasset.com/fund-reports](http://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>	\$1,409.8 M
<b>Yield<sup>2</sup></b>	4.03%
<b>Average Credit Rating</b>	A+
<b>Duration</b>	2.98 years
<b>Rating Categories</b>	Inv.Grade 90% / High Yield 5% / 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 31 January 2025

### Investment Performance after fees as at 31 January 2025<sup>5</sup>

Unit Price: \$1.1765

	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)	0.34%	1.66%	6.88%	3.33%	2.19%	4.10%
After Tax 10.50%	0.31%	1.51%	6.15%	2.99%	1.97%	3.67%
After Tax 17.50%	0.29%	1.41%	5.66%	2.76%	1.83%	3.38%
After Tax 28.00%	0.27%	1.26%	4.93%	2.42%	1.61%	2.95%
Benchmark	0.20%	1.73%	6.83%	3.08%	1.99%	4.00%

### Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 4.5% 2030	4.62%
Westpac 5.618% 2035	3.88%
NZGBI 2% 2025	3.83%
NZLGFA 1.5% 2026	2.78%
Progress Trust 5.29% 2050	2.63%
Housing NZ 3.42% 2028	2.63%
NZLGFA 1.5% 2029	2.55%
Origin Energy 5.35% 2031	2.36%
WBC Float 2029	2.33%
GTA Finance 2.2% 2027	2.32%
NAB 5% 2029	2.17%
ANZ 4.7% 2027	2.08%
NZLGFA 2.25% 2031	1.86%
NZLGFA 4.5% 2027	1.82%
Westpac 4.95% 2030	1.73%
EnBW International Finance 6.048% 2034	1.71%
Iberdrola 5.87% 2034	1.71%
NBN Co 5% 2031	1.60%
NZLGFA 4.5% 2032	1.58%
Contact 6.398% 2030	1.42%

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

### Current Asset Allocation

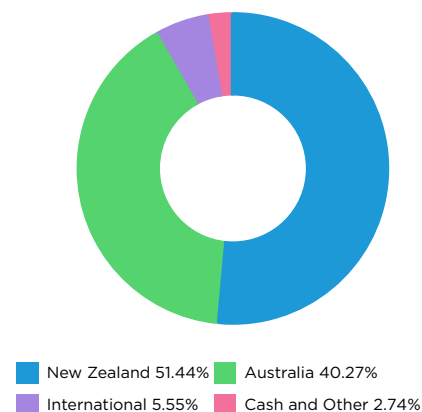
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	2.74%	3%
New Zealand Fixed Interest	48.87%	48.5%
International Fixed Interest	48.39%	48.5%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

# The actual cash held by the Fund is 2.01%. 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	30.08%
Financials	27.60%
Utilities	17.42%
Real Estate	12.46%
Industrials	3.98%
Communication Services	3.19%
Consumer Staples	1.30%
Energy	1.00%
Other Sectors	0.23%
Cash and Other	2.74%

### 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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