

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 March 2021



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

March was another volatile month for bond markets. Australian government bond yields fell from February highs while New Zealand government bond yields plunged after the government announced new measures to address rising house prices that went further than most market participants expected. Nonetheless, both markets saw yields ending the month well above their lows, dragged higher by US government bond yields which continued to rise. The Fund remains predominantly exposed to corporate bonds and we continue to think they will outperform government bonds in the near-term as stronger economic growth keeps government bond yields elevated and company balance sheets continue to strengthen.

Many of the Fund's NZ dollar corporate bonds outperformed both government and government related bonds. On the other hand, Australian dollar corporate bonds generally moderately underperformed government bonds as buyers remained wary of longer-dated bonds and increased new issuance from companies. The Fund still had a constructive month finishing up 0.2%, which exceeded its benchmark, in large part due to a lower than neutral exposure to interest rates.

During March we increased Australian dollar corporate bond exposure as valuations improved; adding new bonds from Stockland and BWP (both property companies) and Aurizon (rail). We also added a new Euro bond from APA Pipelines. The Fund retains lower interest rate exposure relative to the benchmark. While short-dated bond yields are likely anchored by central bank cash rates, longer-dated bond yields may still be pushed higher by offshore market moves.

To view Milford's April 2021 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)	\$880.9 M
Yield²	1.83%
Average Credit Rating	A
Duration	3.67 years
Rating Categories	Inv.Grade 88% / High Yield 3% / Unrated 2%
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 March 2021

Investment Performance after fees as at 31 March 2021⁵

Unit Price: \$1.1947

	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)	0.18%	-1.19%	4.58%	4.47%	4.55%	5.22%
After Tax 10.50%	0.14%	-1.08%	4.08%	3.99%	4.07%	4.66%
After Tax 17.50%	0.11%	-1.00%	3.75%	3.68%	3.74%	4.29%
After Tax 28.00%	0.07%	-0.89%	3.26%	3.20%	3.26%	3.73%
Benchmark	0.20%	-1.60%	2.86%	4.37%	4.36%	5.09%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 1.5% 2026	4.61%
Housing NZ 3.36% 2025	2.30%
NZLGFA 1.5% 2029	2.20%
NZLGFA 3.5% 2033	2.01%
Transpower 1.735% 2025	1.88%
ANZ Bank Float 2024	1.85%
Macquarie Float 2025	1.85%
Macquarie Float 2025	1.75%
Westpac 1.439% 2026	1.69%
B & A Bank Float 2025	1.60%
Ausgrid Finance 1.814% 2027	1.57%
Woolworths 1.85% 2025	1.53%
APT Pipelines 0.75% 2029	1.52%
Stockland Trust 2.3% 2028	1.47%
Chorus 1.98% 2027	1.42%
Vector 1.575% 2026	1.36%
Vector 3.45% 2025	1.30%
NAB Float 2024	1.26%
Sumitomo Float 2022	1.26%
Suncorp Float 2026	1.23%

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

Current Asset Allocation

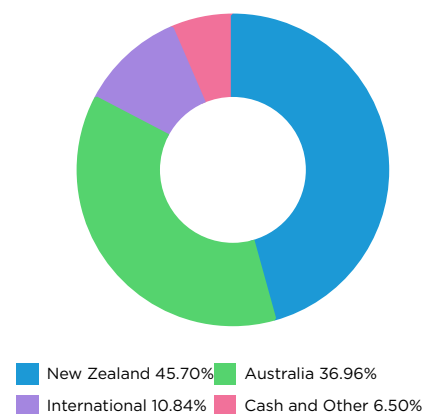
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	6.50%	3.00%
New Zealand Fixed Interest	44.09%	48.50%
International Fixed Interest	49.41%	48.50%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.00%	0%

The actual cash held by the Fund is 2.38%. 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	34.17%
Government	18.96%
Utilities	12.27%
Real Estate	10.50%
Industrials	6.94%
Communication Services	5.70%
Consumer Staples	3.21%
Consumer Discretionary	0.91%
Energy	0.55%
Health Care	0.40%
Cash and Other	6.50%

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.