

# Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 March 2022



## Portfolio Managers



**Travis Murdoch**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager

March was another tough month for fixed income markets. Government bond yields moved aggressively higher (prices lower) as markets continue to adjust to ever higher inflation and the prospect of more aggressive central bank action. Offshore central banks were a big driver of higher yields. In particular, the Federal Reserve raised the US benchmark interest rate by 0.25% and indicated a strong willingness to raise rates faster than they had previously indicated. New Zealand government bonds outperformed US and Australian bonds, but yields were still dragged materially higher despite clear signs of weakness in local economic data including housing and consumer confidence.

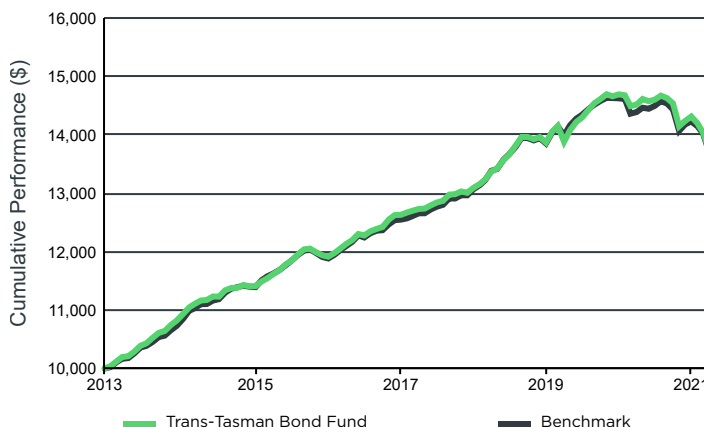
Australasian corporate bonds, to which the Fund is most exposed, underperformed offshore markets, reversing some of the outperformance year-to-date. The Fund returned -2.2% over the month, which was roughly in line with the benchmark. The Fund remained active in primary markets where it bought new issues from companies including Genesis and Spark in New Zealand, University of Tasmania and Monash University in Australia, and an issuance in US Dollars from Commonwealth Bank and Macquarie Bank.

Looking forward, uncertainty remains high as events in Ukraine continue to unfold and inflationary pressures remain high, which is likely to keep volatility in fixed income markets elevated. The Fund maintains above neutral exposure to interest rates. This is primarily through New Zealand interest rates; where we are wary of signs of weakness in economic data that may mean that rates rise less than is currently priced into bond yields. This is partially offset by a below neutral exposure to US interest rates. The Fund also maintains moderate above neutral exposure to corporate bonds where valuations have improved in recent weeks.

To view Milford's April 2022 Market and Economic Review please see [milfordasset.com/fact-sheet](https://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

<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>	\$1,096.1 M
<b>Yield<sup>2</sup></b>	4.43%
<b>Average Credit Rating</b>	A
<b>Duration</b>	3.98 years
<b>Rating Categories</b>	Inv. Grade 88% / High Yield 2% / Unrated 5%
<b>Inception Date</b>	2 December 2013
<b>Current Distribution</b>	0.45 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>	1	2	3	4	5	6	7
	Potentially lower returns			Potentially higher returns			

# Trans-Tasman Bond Fund as at 31 March 2022

## Investment Performance after fees as at 31 March 2022<sup>5</sup>

Unit Price: \$1.1132

	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)	-2.15%	-4.03%	-5.38%	0.90%	2.52%	3.88%
After Tax 10.50%	-1.90%	-3.61%	-4.79%	0.81%	2.26%	3.48%
After Tax 17.50%	-1.74%	-3.33%	-4.40%	0.76%	2.08%	3.20%
After Tax 28.00%	-1.49%	-2.91%	-3.81%	0.67%	1.82%	2.80%
Benchmark	-2.25%	-3.67%	-4.75%	0.80%	2.53%	3.86%

## Top Fixed Interest Holdings

Holdings	% of Fund
NZ Govt. 0.5% 2026	3.91%
NZLGFA 1.5% 2026	3.38%
Housing NZ 3.36% 2025	1.68%
Vector 3.69% 2027	1.58%
NZLGFA 1.5% 2029	1.58%
Spark 4.37% 2028	1.56%
ANZ Float 2024	1.46%
NZLGFA 2.25% 2028	1.43%
NZLGFA 3.5% 2033	1.42%
IAG 5.32% 2038	1.40%
Transpower 1.735% 2025	1.39%
NAB Float 2027	1.39%
NAB Float 2026	1.39%
Monash University 4.05% 2029	1.39%
Macquarie Float 2025	1.38%
BNZ 3.63% 2024	1.36%
Mercury 2.918% 2028	1.35%
Westpac 3.696% 2027	1.34%
CIBC Float 2026	1.28%
CBA 2.552% 2027	1.25%

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

## Current Asset Allocation

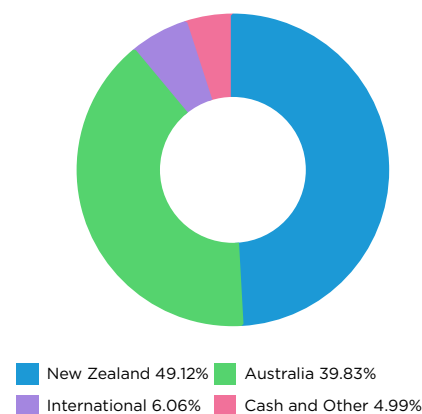
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	4.73%	3.0%
New Zealand Fixed Interest	48.49%	48.5%
International Fixed Interest	46.35%	48.5%
New Zealand Equities	0.17%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.26%	0.0%

# The actual cash held by the Fund is 4.19%. 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	25.74%
Government	22.30%
Real Estate	12.81%
Utilities	11.81%
Industrials	7.74%
Consumer Discretionary	4.90%
Communication Services	4.18%
Consumer Staples	3.87%
Other Sectors	1.66%
Cash and Other	4.99%

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

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