

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 November 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

Rising Australasian government bond yields (prices lower) were a headwind in the month as the Fund posted a return of -0.2% in November, broadly in line with its benchmark. NZ government bonds underperformed Australia as market expectations for a negative Official Cash Rate diminished post the Reserve Bank of New Zealand's (RBNZ) Monetary Policy Statement. This was irrespective of the announcement of the new Funding for Lending programme, designed to lower retail bank rates.

The increase in Australian government bond yield was less due to further loosening of monetary policy from the Reserve Bank of Australia, which cut their official cash rate and increased quantitative easing. Positively, the Fund is predominantly exposed to Australasian corporate bonds, rather than government bonds, which outperformed on promising announcements from COVID-19 vaccine trials and a more benign US election outcome.

We remain constructive on further outperformance of corporate bonds and participated in new issuance from Chorus, Bendigo & Adelaide Bank, as well as subordinated issuance from National Australia Bank and Ampol (Australian fuel & service stations).

Looking forward, monetary policy will likely remain accommodative but incremental support will depend on the path of the economy. We are less confident of material falls in interest rates near term and instead believe interest rates will remain range bound, and support more moderate returns.

To view Milford's December 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)	\$824.7 M
Unit Pricing	Swing pricing applies (see PDS for details)
Yield²	1.24%
Average Credit Rating	A
Duration	3.75 years
Rating Categories	Inv.Grade 87% / High Yield 4% / 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 30 November 2020

Investment Performance after fees as at 30 November 2020⁵

Unit Price: \$1.2154

	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)	-0.24%	0.80%	5.00%	5.10%	5.14%	5.62%
After Tax 10.50%	-0.24%	0.70%	4.45%	4.55%	4.59%	5.01%
After Tax 17.50%	-0.23%	0.63%	4.09%	4.19%	4.22%	4.61%
After Tax 28.00%	-0.23%	0.52%	3.55%	3.65%	3.68%	4.02%
Benchmark	-0.02%	0.77%	4.92%	5.27%	5.11%	5.59%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
Housing NZ 3.36% 2025	2.54%
NZLGFA 1.5% 2029	2.52%
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Westpac 2.22% 2024	2.37%
IBRD 0.625% 2027	2.21%
Transpower 1.735% 2025	2.06%
ASB Bank 1.83% 2024	2.03%
ANZ Bank Float 2024	1.91%
Macquarie Group Float 2025	1.81%
Ausgrid Finance 1.814% 2027	1.69%
BENX Float 02/12/2025	1.66%
CNUNZ 1.98% 02/12/27	1.64%
Woolworths 1.85% 2025	1.60%
Vector 1.575% 2026	1.50%
Vector 3.45% 2025	1.40%
NAB Float 18/11/2030	1.40%
SGSP 1.843% 2028	1.31%
Spark New Zealand 3.37% 2024	1.31%
NAB Float 2024	1.31%
Sumitomo Mitsui Float 2022	1.30%

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

Current Asset Allocation

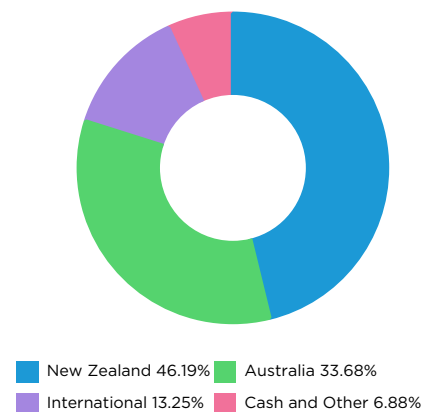
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	6.55%	3.00%
New Zealand Fixed Interest	47.18%	48.50%
International Fixed Interest	45.94%	48.50%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.33%	0%

The actual cash held by the Fund is 1.75%. 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	32.81%
Government	18.58%
Utilities	13.77%
Real Estate	8.86%
Industrials	7.30%
Cash and Other	6.88%
Communication Services	6.24%
Consumer Staples	3.47%
Energy	1.13%
Consumer Discretionary	1.08%

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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