

# Trans-Tasman Bond Fund

## Portfolio Investment Entity

Monthly Fact Sheet as at 30 November 2023



### Portfolio Managers



**Anthony Ip**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager



**Paul Morris**  
Co-Portfolio Manager

The month of November saw global bond yields reverse much of their recent increases. This supported a Fund return of 2.5% which was 0.2% ahead of the benchmark. The Fund's positioning being overweight corporate bonds helped to deliver the outperformance versus benchmark.

We maintain a positive outlook on the Australian dollar corporate bond market, where there are opportunities to invest in high-quality investment grade bonds at attractive NZ dollar equivalent yields. Examples this month include two NZ companies, Contact Energy and Auckland Airport, which issued into the Australian market at NZ dollar equivalent yields of low 7 percents. These yields offer a significant yield pickup to the opportunities available in the NZ dollar corporate bond market. The Fund was also active in the financials space, investing in the Australian dollar issuances from Swiss bank UBS Group and subordinated notes from Australian bank Bendigo and Adelaide Bank at an attractive new issue discount.

The Fund's Interest rate exposures are close to, but slightly below, neutral. While we acknowledge the potential for slower global growth as previous rate hikes flow through to the real economy, we remain wary that above-target inflation may prove stickier than expected while the global supply of long bonds is elevated.

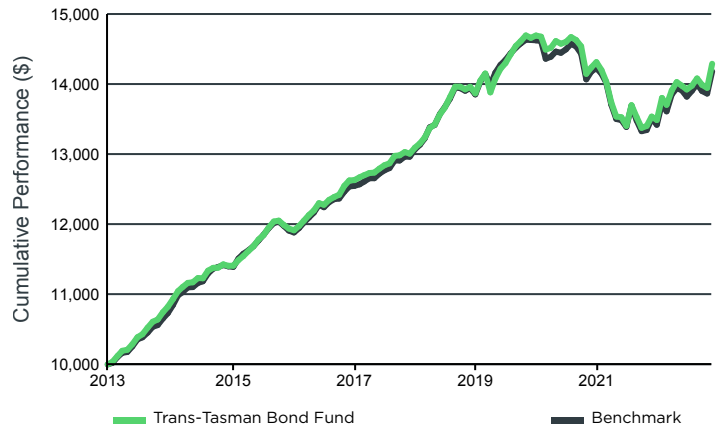
Despite the continued volatility in interest rate markets, attractive corporate bond yields provide a substantial return cushion. While there is evidence to suggest we face a weaker economic outlook, corporate balance sheets remain in reasonable shape and corporate earnings outlooks are generally stable, which provide a buffer to an economic slowdown. In this context, we are comfortable with running an above neutral exposure to credit spreads (the extra yield of corporate bonds versus government bonds).

To view Milford's November 2023 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>	\$1,410.3 M
<b>Yield<sup>2</sup></b>	5.20%
<b>Average Credit Rating</b>	A
<b>Duration</b>	2.96 years
<b>Rating Categories</b>	Inv.Grade 88% / High Yield 3% / Unrated 4%
<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	1	2	3	4	5	6	7	Higher risk
				Potentially lower returns					Potentially higher returns

## Trans-Tasman Bond Fund as at 30 November 2023

### Investment Performance after fees as at 30 November 2023<sup>5</sup>

Unit Price: \$1.1189

	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)	2.47%	1.49%	5.57%	-0.85%	1.90%	3.64%
After Tax 10.50%	2.22%	1.33%	4.99%	-0.74%	1.71%	3.25%
After Tax 17.50%	2.05%	1.23%	4.61%	-0.68%	1.58%	3.00%
After Tax 28.00%	1.80%	1.08%	4.03%	-0.57%	1.38%	2.62%
Benchmark	2.28%	1.28%	4.96%	-1.03%	1.81%	3.56%

### Top Fixed Interest Holdings

Holdings	% of Fund
NZGBI 2% 2025	7.49%
NZLGFA 4.5% 2030	3.37%
NZLGFA 1.5% 2026	2.61%
Housing NZ 3.42% 2028	2.48%
NZLGFA 1.5% 2029	2.36%
Westpac 7.199% 2038	2.34%
GTA Finance 2.2% 2027	2.14%
NAB 5.4% 2028	1.97%
NZLGFA 4.5% 2027	1.75%
Contact 6.398% 2030	1.71%
Monash University 4.05% 2029	1.51%
Lonsdale Finance 2.1% 2027	1.49%
BNZ Float 2026	1.42%
Network Finance 6.061% 2030	1.37%
Coles 5.8% 2031	1.33%
B & A Bank Float 2026	1.30%
Housing NZ 3.36% 2025	1.28%
Telstra 4.9% 2028	1.28%
NZ Govt. 3.5% 2033	1.28%
AGIFN 6.109% 28/06/2030	1.25%

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

### Current Asset Allocation

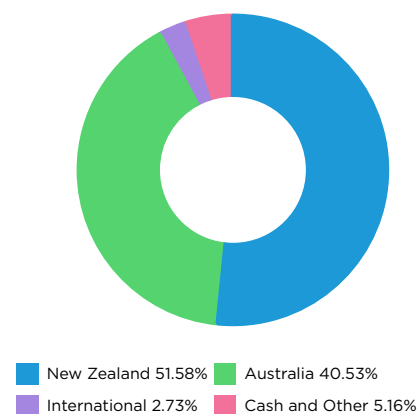
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	4.62%	3%
New Zealand Fixed Interest	48.38%	48.5%
International Fixed Interest	46.46%	48.5%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.54%	0.0%

# The actual cash held by the Fund is 3.92%. 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	26.51%
Financials	23.73%
Utilities	17.60%
Real Estate	9.31%
Industrials	6.77%
Communication Services	4.48%
Consumer Staples	2.66%
Consumer Discretionary	2.15%
Other Sectors	1.63%
Cash and Other	5.16%

### 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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