

# Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 April 2019



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**David Lewis**  
Co-Portfolio Manager

Australasian government bond prices were generally range bound in April, consolidating recent strength. The Fund delivered a return of 0.4% in the month derived primarily from accrued interest from its bond holdings and outperformance of its corporate bonds (relative to government bonds).

The Fund is predominantly exposed to corporate bonds. This exposure increased in April at the expense of government related and local authority bonds. Corporate bond outperformance was more pronounced outside NZ, including for example notable positive Fund contributions from QBE Insurance US dollar bonds and Ausgrid (Australian utility) Australian dollar bonds.

That said, NZ corporate bonds now appear increasingly attractive. The Fund has a higher NZ exposure relative to Australia while its offshore holdings are still low versus previous years. The Fund retains close to benchmark interest rate exposure. Markets are pricing rate cuts which if not delivered by central banks may see higher market interest rates. If market interest rates drop, we may slightly reduce interest rate exposure.

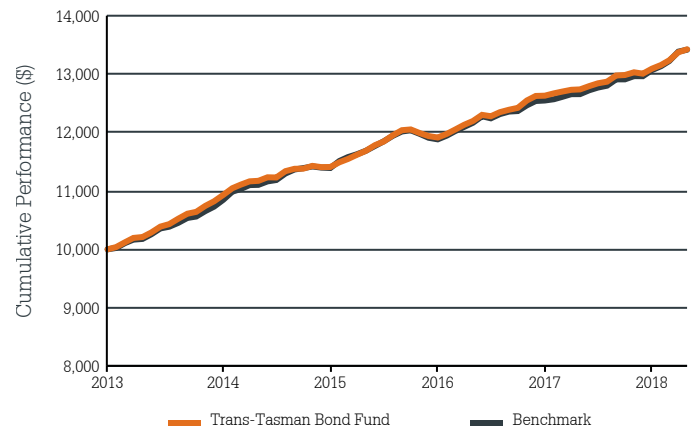
Looking forward, stable market interest rates (anchored by the possibility of rate cuts), strong investor demand

and reasonable earnings should all ensure ongoing moderate returns. We reiterate however that after recent strong returns these may be lower than recent months.

To view Milford's May 2019 Market and Economic Review please [click here](#).

## 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>	Positive, low volatility return that exceeds the relevant benchmark over a minimum of three years
<b>Description</b>	Primarily invests in trans-Tasman fixed interest securities
<b>Target Allocation</b>	100% Income Assets / 0% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$450.0 M
<b>Yield<sup>2</sup></b>	2.96%
<b>Average Credit Rating</b>	A
<b>Duration</b>	3 years
<b>Rating Categories</b>	Inv.Grade 88% / High Yield 1% / Unrated 6%

<b>Inception Date</b>	2 December 2013
<b>Current Distribution</b>	0.75 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>	0.75%
<b>Performance Fee</b>	Not applicable
<b>Total Fund Fees<sup>4</sup></b>	0.75%
<b>Risk Indicator</b>	<div style="display: flex; justify-content: space-between;"> <span>Lower risk</span> <span>Higher risk</span> </div> <div style="text-align: center;"> <p>1 2 3 4 5 6 7</p> </div> <div style="display: flex; justify-content: space-between;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

Investment Performance after fees as at 30 April 2019<sup>5</sup>

Unit Price: \$1.1418

	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)	0.38%	2.04%	5.39%	4.73%	5.46%	5.59%
After Tax 10.50%	0.34%	1.83%	4.81%	4.23%	4.88%	4.99%
After Tax 17.50%	0.31%	1.68%	4.43%	3.89%	4.49%	4.60%
After Tax 28.00%	0.27%	1.47%	3.86%	3.39%	3.91%	4.00%
Benchmark	0.26%	2.15%	6.01%	4.71%	5.52%	5.58%

## Top Fixed Interest Holdings

Holdings	% of Fund's NAV
ASB Bank 6.65% 2024	2.89%
NZ Govt. Inflation Indexed 2% 2025	2.75%
ANZ Bank 3.03% 2024	2.48%
Spark New Zealand 3.37% 2024	2.29%
BNZ 3.648% 2023	2.23%
ANZ Bank Float 2022	2.15%
Transpower 2.73% 2024	2.05%
NAB Float 2024	2.04%
ING Float 2021	1.96%
Suncorp-Metway 3% 2023	1.94%
Auckland Council 3.17% 2023	1.86%
Christchurch City 3.58% 2024	1.81%
SGSP (Australia) 3.3% 2023	1.69%
Vector 4.996% 2024	1.67%
ANZ 2.8% 2019	1.67%
Heartland Bank 3.55% 2024	1.56%
Westpac Float 2024	1.55%
Housing NZ 2.247% 2026	1.43%
Lonsdale Finance 3.9% 2025	1.41%
Sydney Airport 3.76% 2020	1.38%

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

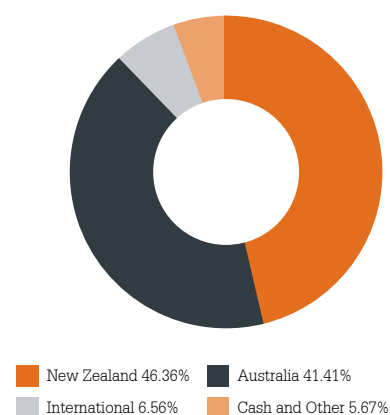
## Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	5.19%	3.00%
New Zealand Fixed Interest	48.67%	48.50%
International Fixed Interest	45.66%	0%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.48%	0%

## Sector Exposure

Allocation	Weight %
Financials	38.75%
Utilities	12.99%
Government	10.03%
Industrials	9.86%
Real Estate	9.59%
Communication Services	6.57%
Consumer Discretionary	2.40%
Energy	1.38%
Other Sectors	2.76%
Cash and Other	5.67%

## Country 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' [here](#) for more information about the data published within this document.

Level 28, 48 Shortland Street, Auckland  
PO Box 960, Shortland Street, Auckland 1140  
Free phone 0800 662 345  
milfordasset.com

