

# Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 March 2019



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**David Lewis**  
Co-Portfolio Manager

Global market interest rates continue to fall. Closer to home the market is pricing a material chance that both the Reserve Bank of New Zealand (RBNZ) and Australia (RBA) will cut their respective cash rates this year. This has benefited the Fund's interest rate exposure, which remained close to its benchmark, and was the major contributor to the March return of 1.0%.

The Fund remains primarily exposed to Australasian corporate bonds which in general moderately outperformed government bonds. An exception was New Zealand non-financial corporate bonds. Their interest rates did not fall as much, which weighed on performance relative to the benchmark, albeit we expect them to catch up in time given improved valuations.

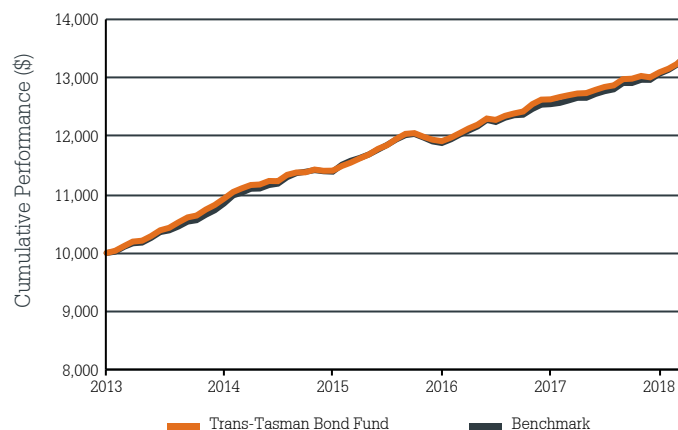
In March we benefited from attractively priced new bonds from the likes of IAG Insurance and ANZ Bank NZ to sell more expensive bond holdings. We also increased the weighting towards New Zealand corporate bonds given improved valuations relative to Australia and likely strong demand from several scheduled bond redemptions.

Looking forward, the lower interest rate outlook should support moderate returns, albeit lower than those in recent months. We will retain close to, but just below, benchmark interest rate exposure as interest rate markets may consolidate until economic data justifies, or central banks deliver, rate cuts.

To view Milford's April 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>	\$432.7 M
<b>Yield<sup>2</sup></b>	2.99%
<b>Average Credit Rating</b>	A
<b>Duration</b>	3.05 years
<b>Rating Categories</b>	Inv.Grade 90% / 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>4</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 31 March 2019<sup>5</sup>

Unit Price: \$1.1375

	3 Months	6 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%	3.00%	5.05%	4.80%	5.55%	5.61%
After Tax 10.50%	1.92%	2.68%	4.51%	4.29%	4.95%	5.01%
After Tax 17.50%	1.77%	2.47%	4.15%	3.95%	4.56%	4.61%
After Tax 28.00%	1.54%	2.15%	3.61%	3.44%	3.97%	4.01%
Benchmark	2.42%	3.67%	5.75%	4.80%	5.63%	5.62%

## Top Fixed Interest Holdings

Holdings	% of Fund's NAV
Christchurch City 3.58% 2024	3.35%
ASB Bank 6.65% 2024	2.99%
NZ Govt. Inflation Indexed 2% 2025	2.87%
ANZ Bank 3.03% 2024	2.57%
Spark New Zealand 3.37% 2024	2.38%
IBRD 2.5% 2024	2.36%
ASB Bank Float 2022	2.32%
BNZ 3.648% 2023	2.32%
ANZ Bank Float 2022	2.20%
Transpower 2.73% 2024	2.13%
NAB Float 2024	2.08%
ING Float 2021	2.01%
Suncorp-Metway 3% 2023	1.98%
Auckland Council 3.17% 2023	1.94%
ANZ 2.9% 2019	1.74%
Vector 4.996% 2024	1.74%
SGSP (Australia) 3.3% 2023	1.74%
Westpac Float 2024	1.59%
Housing NZ 2.247% 2026	1.50%
Lonsdale Finance 3.9% 2025	1.46%

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

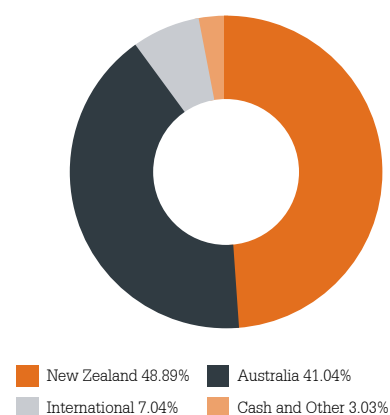
## Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	3.03%	3.00%
New Zealand Fixed Interest	53.66%	48.50%
International Fixed Interest	43.31%	48.50%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.00%	0%

## Sector Exposure

Allocation	Weight %
Financials	39.13%
Government	14.20%
Utilities	13.39%
Industrials	8.91%
Real Estate	8.80%
Communication Services	5.79%
Consumer Discretionary	2.52%
Energy	1.41%
Other Sectors	2.82%
Cash and Other	3.03%

## Country Exposure



1. After the base fund fee but before tax. 2. Yield (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.

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