

# Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 November 2019



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**David Lewis**  
Co-Portfolio Manager

Australasian bonds were mixed in November, limiting the Fund's return to 0.3% in the month. NZ dollar rate cut expectations fell but in Australia they increased, resulting in outperformance of Australian dollar bonds relative to NZ dollar bonds.

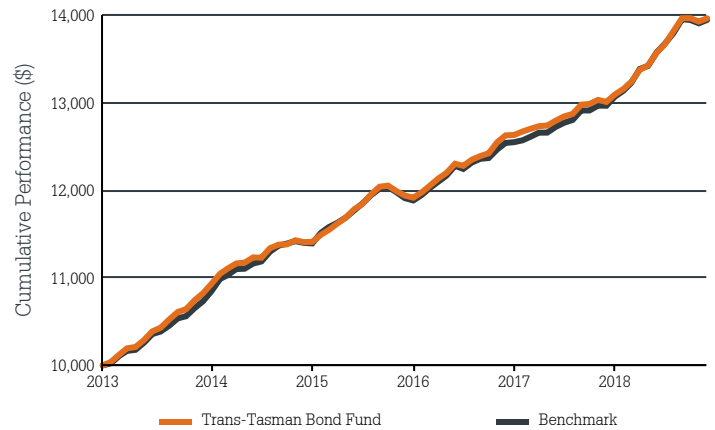
Exposure to government/local authority bonds was increased slightly again (closer to the neutral exposure) but the Fund remains focused on corporate bonds which outperformed in November. November was a busy month for new bond issuance, especially in Australia, and the Fund participated in offers from Housing NZ, Vicinity Centres (property), Macquarie University, Ports of Melbourne, ANZ and Qantas. Against this we continued to sell expensive holdings but retained a similar average credit rating. The impact to the Fund from the AUSTRAC proceedings against Westpac was limited by a below neutral exposure and the fact that the Australasian bond market price reaction has been small.

Looking forward, the outlook remains for moderate returns, but lower than those realised over the past year. Central bank policy should remain supportive but in the near term another significant fall in market interest rates is unlikely. For now, we retain interest rate exposure close to neutral. Corporate bond valuations are not cheap on an absolute basis or versus government bonds, but Australasian bonds look reasonably attractive versus offshore.

To view Milford's December 2019 Market and Economic Review please see [milfordasset.com/fact-sheet](http://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>	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>	\$631.5 M
<b>Yield <sup>2</sup></b>	2.26%
<b>Average Credit Rating</b>	A
<b>Duration</b>	3.4 years
<b>Rating Categories</b>	Inv. Grade 84% / 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>	<div style="display: flex; justify-content: space-between;"> <span>Lower risk</span> <span>Higher risk</span> </div> <div style="text-align: center;"> <span>1</span> <span>2</span> <span>3</span> <span>4</span> <span>5</span> <span>6</span> <span>7</span> </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 November 2019<sup>5</sup>

Unit Price: \$1.1753

	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)	0.26%	-0.01%	7.34%	5.36%	5.23%	5.72%
After Tax 10.50%	0.24%	-0.01%	6.54%	4.78%	4.67%	5.11%
After Tax 17.50%	0.22%	-0.01%	6.02%	4.40%	4.30%	4.70%
After Tax 28.00%	0.19%	0.00%	5.23%	3.83%	3.74%	4.10%
Benchmark	0.28%	-0.05%	7.56%	5.40%	5.38%	5.70%

## Top Fixed Interest Holdings

Holdings	% of Fund's NAV
NZLGFA 1.5% 2029	2.80%
Westpac 2.22% 2024	2.70%
ANZ Bank 3.03% 2024	2.66%
ASB Bank 1.83% 2024	2.53%
ANZ Bank Float 2024	2.34%
Housing NZ 3.36% 2025	2.11%
John Deere 1.75% 2024	2.10%
ING Group 1.45% 2024	2.09%
NZ Government Bond 3% 2024	1.83%
Sumitomo Mitsui Float 2022	1.69%
Spark New Zealand 3.37% 2024	1.67%
BNZ 3.648% 2023	1.49%
Housing NZ 2.247% 2026	1.48%
Property for Industry 4.59% 2024	1.47%
Suncorp-Metway 3% 2023	1.42%
Vector 3.45% 2025	1.41%
Optus 3.25% 2023	1.39%
Downer Group 3.7% 2026	1.37%
Sun Group Finance 4.9% 2021	1.35%
Auckland Council 3.17% 2023	1.35%

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

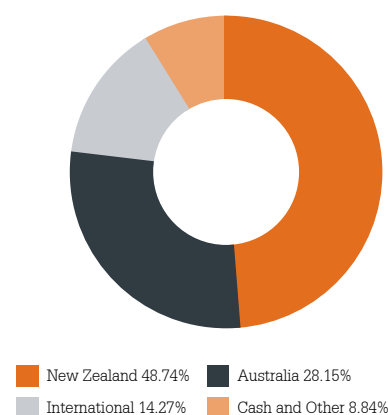
## Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	8.33%	3.00%
New Zealand Fixed Interest	49.48%	48.50%
International Fixed Interest	41.68%	48.50%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.51%	0%

## Sector Exposure

Allocation	Weight %
Financials	36.73%
Government	16.02%
Industrials	11.31%
Real Estate	9.47%
Utilities	9.07%
Communication Services	5.93%
Consumer Discretionary	1.28%
Energy	0.77%
Other Sectors	0.58%
Cash and Other	8.84%

## 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' at [milfordasset.com/fact-sheet](http://milfordasset.com/fact-sheet) 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

