

# Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 29 February 2020



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager

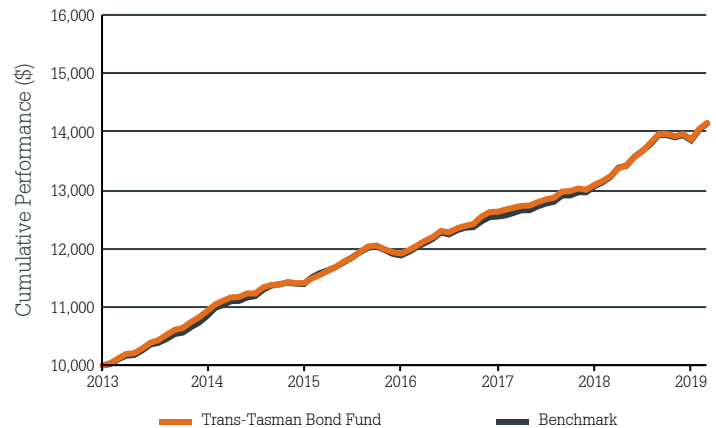
The negative economic impact of the coronavirus has overtaken cautiously optimistic Australasian central bank economic outlooks. Global and Australasian markets are now pricing emergency central bank rate cuts, resulting in materially lower market interest rates. That lifted prices across most of the Fund's bond holdings, albeit corporate bonds (to which the Fund is predominantly exposed) lagged the government/government related bond rally. This lag was most pronounced in lower rated bonds and in global bonds of Australasian issuers. Such underperformance is typical in periods of increased market uncertainty, but the Fund was positioned with lower allocations to both than its long run average. Therefore, coupled with an increased sensitivity to interest rates, it delivered a return of 0.7% in the month, a smidge behind its benchmark's return.

During the month we sold some of the Fund's less defensive corporate bond holdings and increased cash. Until we get better clarity on the economic outlook, we will refrain from increasing the corporate bond allocation, even with improved valuations relative to cash and government bonds. We will also retain the larger sensitivity to interest rates as protection from a further outlook deterioration. Looking forward, lower-for-longer interest rates and supportive monetary policy should underpin moderate returns but near-term uncertainty may see increased volatility.

To view Milford's March 2020 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>	\$732.3 M
<b>Yield<sup>2</sup></b>	1.83%
<b>Average Credit Rating</b>	A
<b>Duration</b>	3.75 years
<b>Rating Categories</b>	Inv. Grade 77% / High Yield 1% / 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="display: flex; justify-content: center; align-items: center; gap: 10px;"> <span>1</span> <span style="border: 1px solid black; border-radius: 50%; padding: 2px 5px;">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; margin-top: 5px;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

Investment Performance after fees as at 29 February 2020<sup>5</sup>

Unit Price: \$1.1867

	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)	0.70%	1.36%	6.92%	5.51%	4.96%	5.72%
After Tax 10.50%	0.63%	1.22%	6.17%	4.92%	4.43%	5.10%
After Tax 17.50%	0.58%	1.12%	5.68%	4.53%	4.08%	4.70%
After Tax 28.00%	0.51%	0.98%	4.94%	3.94%	3.56%	4.09%
Benchmark	0.74%	1.43%	6.95%	5.56%	5.09%	5.71%

## Top Fixed Interest Holdings

Holdings	% of Fund's NAV
NZLGFA 1.5% 2029	3.17%
ANZ Bank 3.03% 2024	2.34%
ASB Bank 1.83% 2024	2.19%
ANZ Bank Float 2024	2.10%
Macquarie Group CD 2025	1.99%
ANZ Bank 1.6743% 2025	1.91%
Westpac 2.22% 2024	1.87%
Housing NZ 3.36% 2025	1.82%
John Deere 1.75% 2024	1.81%
ING Group 1.45% 2024	1.78%
Spark New Zealand 3.37% 2024	1.46%
Sumitomo Mitsui Float 2022	1.45%
NAB Float 2024	1.44%
NAB 1.675% 2025	1.42%
Bank Of China 2.4% 2020	1.37%
BNZ 3.648% 2023	1.31%
Housing NZ 2.247% 2026	1.30%
Property for Industry 4.59% 2024	1.28%
Vector 3.45% 2025	1.24%
Suncorp-Metway 3% 2023	1.22%

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

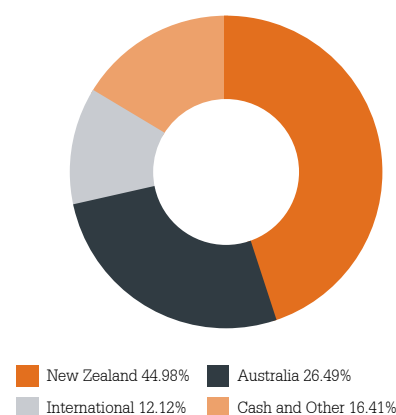
## Current Asset Allocation

	Actual Investment Mix	Neutral Investment Mix
Cash and Cash Equivalents	16.41%	3.00%
New Zealand Fixed Interest	44.23%	48.50%
International Fixed Interest	39.36%	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	37.25%
Government	13.10%
Industrials	9.71%
Real Estate	9.13%
Utilities	8.10%
Communication Services	5.19%
Consumer Staples	1.08%
Consumer Discretionary	0.53%
Other Sectors	-0.50%
Cash and Other	16.41%

## 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](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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