

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 June 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

Bonds remain supported by central bank bond buying and extremely low interest rates. This has offset the supply headwind required to fund fiscal stimulus. The result was close to no net change in Australian and global government bond yields in June. NZ government/local authority bonds did lag however, handing back some recent outperformance.

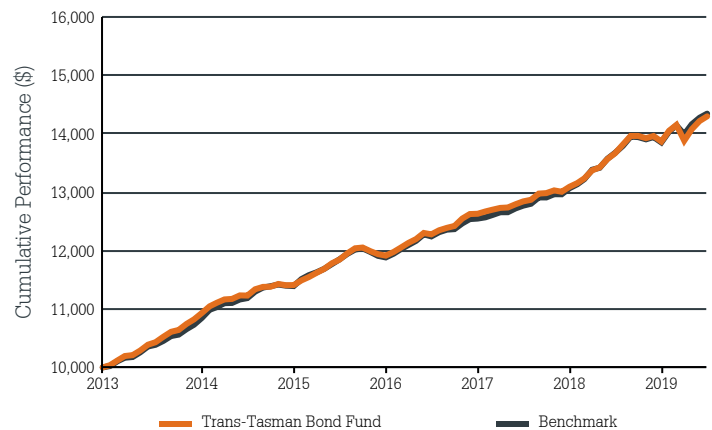
The Fund remains primarily exposed to corporate bonds which outperformed governments as credit spreads (the extra yield of corporate bonds over governments) tightened again. The result was a reasonable Fund return of 0.6% in the month. That was higher than the benchmark's return due to factors including (i) further price recovery in those corporate bond holdings which had lagged, (ii) the small holding of offshore bonds of Australasian issuers which outperformed domestic peers and (iii) performance from new bond issues from the likes of Singel Optus (Australain telecom) and Australian government guaranteed housing corporation NHFIC.

Looking forward, central bank support should underpin moderate Fund returns. Bond valuations may be less attractive but credit spreads for many issuers are wider than before the crisis (notable exceptions being bank and local authority issuers). Given the ongoing uncertain backdrop we will retain a cautious setting; lower exposure to lower rated bonds, subordinated bonds and offshore bonds of Australasian issuers. Fund interest rate exposure remains close to neutral given central banks targeting of bond yields.

To view Milford's July 2020 Market and Economic Review please see 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

Objective ¹	Positive, low volatility return that exceeds the relevant benchmark over a minimum of three years
Description	Primarily invests in trans-Tasman fixed interest securities
Target Allocation	100% Income Assets / 0% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$764.1 M
Yield ²	1.65%
Average Credit Rating	A
Duration	3.76 years
Rating Categories	Inv. Grade 87% / High Yield 1% / Unrated 4%
Inception Date	2 December 2013
Current Distribution	0.45 cents per unit (Quarterly)
Benchmark	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
Base Fund Fee ³	0.65%
Performance Fee	Not applicable
Total Fund Fees ⁴	0.65%
Risk Indicator	<div style="display: flex; justify-content: space-between;"> Lower risk Higher risk </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> 1 2 3 4 5 6 7 </div> <div style="display: flex; justify-content: space-between; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div>

Investment Performance after fees as at 30 June 2020⁵

Unit Price: \$1.1899

	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)	0.57%	3.00%	4.63%	5.21%	4.95%	5.58%
After Tax 10.50%	0.51%	2.68%	4.14%	4.65%	4.42%	4.99%
After Tax 17.50%	0.47%	2.47%	3.81%	4.28%	4.07%	4.59%
After Tax 28.00%	0.41%	2.16%	3.32%	3.73%	3.55%	4.00%
Benchmark	0.49%	2.53%	4.92%	5.42%	5.10%	5.64%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
NZLGFA 1.5% 2029	3.16%
Housing NZ 3.36% 2025	2.72%
NZLGFA 3.5% 2033	2.55%
Westpac 2.22% 2024	2.55%
ANZ Bank 3.03% 2024	2.28%
ING Group 1.45% 2024	2.21%
ASB Bank 1.83% 2024	2.18%
NHFIC 1.41% 2032	2.15%
ANZ Bank Float 2024	2.08%
Macquarie Group Float 2025	1.97%
John Deere 1.75% 2024	1.77%
Woolworths 1.85% 2025	1.70%
Vector 3.45% 2025	1.50%
BPCE Float 2025	1.49%
NAB Float 2024	1.43%
Spark New Zealand 3.37% 2024	1.42%
Sumitomo Mitsui Float 2022	1.41%
NZLGFA 1.5% 2026	1.36%
Housing NZ 2.247% 2026	1.28%
BNZ 3.648% 2023	1.27%

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

Current Asset Allocation

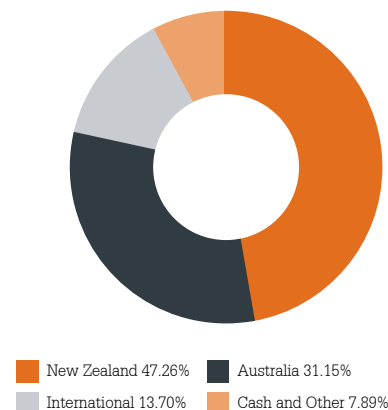
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	7.89%	3.00%
New Zealand Fixed Interest	46.23%	48.50%
International Fixed Interest	45.88%	48.50%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.00%	0%

The actual cash held by the Fund is 2.13%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Sector Exposure

Allocation	Weight %
Financials	35.57%
Government	21.27%
Industrials	8.50%
Utilities	8.13%
Real Estate	7.67%
Communication Services	6.25%
Consumer Staples	2.87%
Consumer Discretionary	1.28%
Other Sectors	0.57%
Cash and Other	7.89%

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 for more information about the data published within this document.

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