

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

Irrespective of a reasonable fall in Australasian government bond prices, the Fund managed to eke out a return of 0.2% in December thanks to a higher proportion of corporate bond holdings, which outperformed. Fund performance was better than its benchmark due to a larger exposure to tightening credit spreads (the yield differential between corporate and government bonds) and less interest rate exposure.

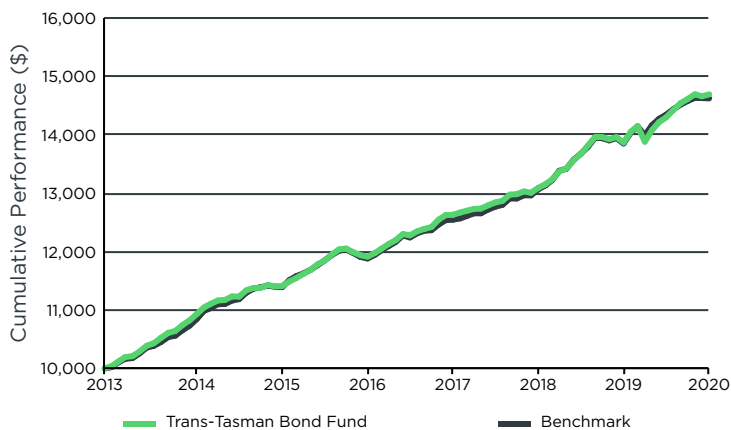
We remain constructive on Australasian corporate bonds due to the likely ongoing search by investors for income (noting further falls in term deposit rates). The Fund participated in new bonds from Kiwibank and Ryman Healthcare in NZ dollars, in addition to Australian dollar bonds from Macquarie Bank and Goodman Australia Industrial Partnership (Australian property). These purchases were funded from the sale of more expensive holdings, including taking profit on the Fund's Brisbane Airport bonds and some of its Scentre Group (Australian property) subordinated bonds which both performed strongly on Australian border reopenings and vaccine announcements.

Looking forward, the Fund retains an interest rate exposure below neutral as although shorter dated government bond yields are likely anchored by monetary policy, we remain wary longer dated yields may increase as economic conditions improve. We continue to believe corporate bond returns will outperform government bond returns, albeit as valuations become more expensive, we expect returns will continue to moderate.

To view Milford's January 2021 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

Objective¹	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)	\$847.1 M
Yield²	1.19%
Average Credit Rating	A
Duration	3.8 years
Rating Categories	Inv. Grade 87% / High Yield 4% / Unrated 3%
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 Fee³	0.65%
Performance Fee	Not applicable
Total Fund Fees⁴	0.65%



Trans-Tasman Bond Fund as at 31 December 2020

Investment Performance after fees as at 31 December 2020⁵

Unit Price: \$1.2137

	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)	0.23%	0.55%	5.95%	5.17%	5.19%	5.58%
After Tax 10.50%	0.22%	0.49%	5.32%	4.62%	4.63%	4.99%
After Tax 17.50%	0.21%	0.44%	4.89%	4.25%	4.26%	4.59%
After Tax 28.00%	0.20%	0.37%	4.26%	3.70%	3.72%	4.00%
Benchmark	-0.03%	0.31%	5.58%	5.24%	5.12%	5.51%

Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 1.5% 2029	2.43%
Housing NZ 3.36% 2025	2.43%
Westpac 2.22% 2024	2.31%
NZLGFA 3.5% 2033	2.30%
IBRD 0.625% 2027	2.14%
Transpower 1.735% 2025	2.00%
ASB Bank 1.83% 2024	1.97%
ANZ Bank Float 2024	1.90%
Macquarie Float 2025	1.90%
Macquarie Float 2025	1.80%
Kiwibank 2.36% 2030	1.74%
Ausgrid Finance 1.814% 2027	1.68%
B & A Bank Float 2025	1.65%
Chorus 1.98% 2027	1.61%
Woolworths 1.85% 2025	1.59%
Vector 1.575% 2026	1.46%
Vector 3.45% 2025	1.36%
SGSP 1.843% 2028	1.30%
NAB Float 2024	1.30%
Sumitomo Float 2022	1.29%

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

Current Asset Allocation

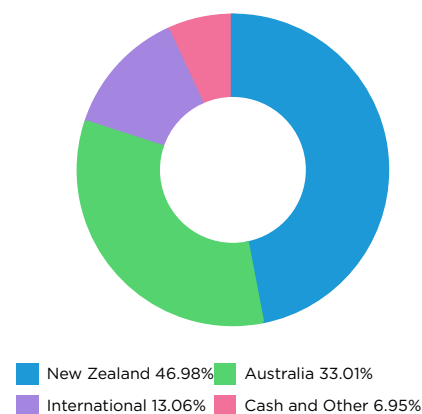
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	6.95%	3.00%
New Zealand Fixed Interest	47.92%	48.50%
International Fixed Interest	45.13%	48.50%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.00%	0%

The actual cash held by the Fund is 2.58%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

Sector Allocation

Allocation	Weight %
Financials	35.32%
Government	17.79%
Utilities	13.11%
Real Estate	8.16%
Industrials	6.42%
Communication Services	6.12%
Consumer Staples	3.43%
Energy	1.16%
Consumer Discretionary	0.97%
Health Care	0.67%
Cash and Other	6.95%

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.