

Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 January 2021



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

Australasian government bond prices took another leg lower in January (yields higher), driven as much by offshore weakness than local developments. The Fund return in the month was however close to flat, thanks in large part to (i) its higher proportion of corporate bonds which outperformed government bonds and (ii) a reduced interest rate exposure which cushioned the Fund from the increase in yields. This combination also delivered another month of outperformance relative to the benchmark.

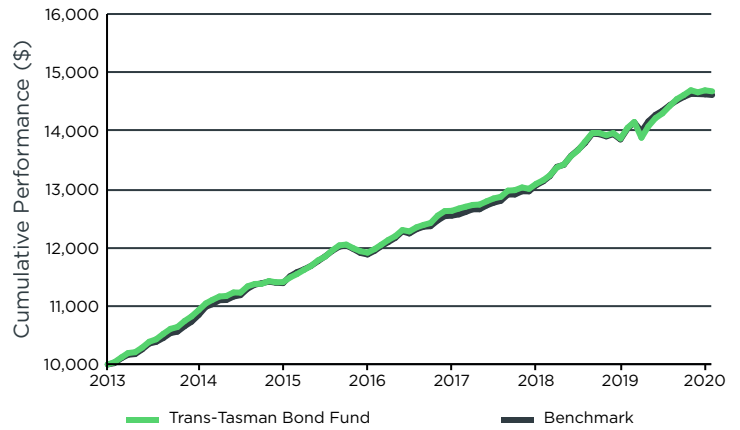
January is generally a quiet month for Australasian markets but the Fund still participated in a new Westpac subordinated Australian dollar bond issue. This was funded by selling NZ dollar subordinated bank and non-financial corporate bonds, where we think valuations are becoming elevated. We also reduced NZ dollar interest rate exposure further through selling World Bank NZ dollar bonds.

Looking forward, we continue to believe corporate bond returns will outperform government bonds but absolute returns may face a headwind of rising yields. Both Australasian central banks retain accommodative policy stances but face better economic outlooks than previously feared. Our base case sees shorter dated bond yields anchored by on hold policy/cash rates but we remain wary longer dated bond yields may increase as economic conditions continue to improve and/or offshore yields rise. Therefore, the Fund will retain an interest rate exposure below neutral/benchmark to cushion against this.

To view Milford's February 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)	\$848.9 M
Yield²	1.20%
Average Credit Rating	A
Duration	3.54 years
Rating Categories	Inv. Grade 85% / High Yield 3% / 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 January 2021

Investment Performance after fees as at 31 January 2021⁵

Unit Price: \$1.2123

	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)	-0.12%	-0.12%	4.44%	5.02%	5.01%	5.50%
After Tax 10.50%	-0.11%	-0.13%	3.96%	4.48%	4.48%	4.91%
After Tax 17.50%	-0.11%	-0.14%	3.64%	4.12%	4.12%	4.52%
After Tax 28.00%	-0.11%	-0.15%	3.16%	3.59%	3.59%	3.93%
Benchmark	-0.08%	-0.13%	4.09%	5.15%	4.89%	5.44%

Top Fixed Interest Holdings

Holdings	% of Fund
Housing NZ 3.36% 2025	2.42%
NZLGFA 1.5% 2029	2.40%
Westpac 2.22% 2024	2.28%
NZLGFA 3.5% 2033	2.26%
Transpower 1.735% 2025	1.99%
ASB Bank 1.83% 2024	1.97%
ANZ Bank Float 2024	1.89%
Macquarie Float 2025	1.88%
Macquarie Float 2025	1.79%
Ausgrid Finance 1.814% 2027	1.64%
B & A Bank Float 2025	1.63%
Chorus 1.98% 2027	1.61%
Woolworths 1.85% 2025	1.58%
Kiwibank 2.36% 2030	1.53%
Vector 1.575% 2026	1.45%
Vector 3.45% 2025	1.36%
NAB Float 2024	1.29%
SGSP 1.843% 2028	1.29%
Sumitomo Float 2022	1.28%
Spark 3.37% 2024	1.27%

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

Current Asset Allocation

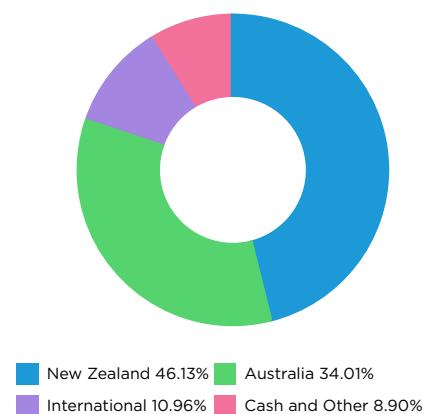
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	8.45%	3.00%
New Zealand Fixed Interest	44.96%	48.50%
International Fixed Interest	46.14%	48.50%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.45%	0%

The actual cash held by the Fund is 4.16%. 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	36.04%
Government	15.66%
Utilities	12.41%
Real Estate	8.35%
Industrials	6.40%
Communication Services	6.12%
Consumer Staples	3.42%
Energy	1.16%
Consumer Discretionary	0.97%
Health Care	0.67%
Cash and Other	8.90%

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.