

# Trans-Tasman Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2021



## Portfolio Managers



**Travis Murdoch**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager

Fixed income markets had a mixed month in July. Australian government bond yields moved sharply lower (prices higher) as the outbreak of the COVID-19 Delta variant increased the likelihood that the Reserve Bank of Australia will be more patient in removing monetary stimulus and raising interest rates. Conversely, the Reserve Bank of New Zealand surprised markets by announcing the end of their bond purchase programme sooner than markets expected, causing a spike in shorter-dated NZ bond yields as markets priced in a higher probability of rate hikes in the near term. Corporate bonds, to which the Fund is mostly exposed, had a constructive month despite pockets of underperformance in Australia.

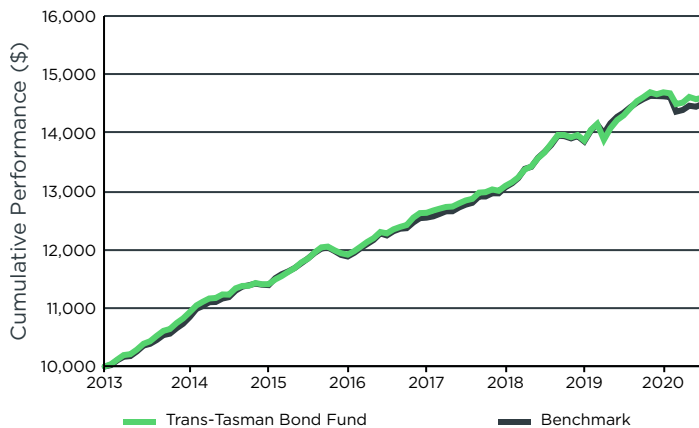
The Fund returned 0.5% on the month but underperformed its benchmark due largely to the drag from being underexposed to the fall in longer-dated bond yields driven by offshore markets. The Fund was active in primary markets where we added new bonds in companies including Edith Cowan University in Australia and Kiwi Property Group in New Zealand.

Looking forward, we remain constructive on corporate bonds versus government bonds as the outlook for economic growth is supportive of company balance sheets. The Fund retains below neutral interest rate exposure, focused on offshore markets, where risk remain skewed to a further move higher in interest rates.

To view Milford's August 2021 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>	To generate a positive, low volatility return that exceeds the relevant benchmark over the minimum recommended investment timeframe
<b>Description</b>	Primarily invests in trans-Tasman fixed interest securities
<b>Minimum recommended investment timeframe</b>	3 years
<b>Target Allocation</b>	100% Income Assets / 0% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$909.2 M
<b>Yield<sup>2</sup></b>	1.79%
<b>Average Credit Rating</b>	A
<b>Duration</b>	3.51 years
<b>Rating Categories</b>	Inv.Grade 85% / High Yield 1% /Unrated 4%
<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%



# Trans-Tasman Bond Fund as at 31 July 2021

## Investment Performance after fees as at 31 July 2021<sup>5</sup>

Unit Price: \$1.2028

	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)	0.48%	0.39%	1.71%	4.46%	4.18%	5.13%
After Tax 10.50%	0.43%	0.35%	1.55%	3.99%	3.74%	4.58%
After Tax 17.50%	0.39%	0.32%	1.44%	3.68%	3.45%	4.22%
After Tax 28.00%	0.34%	0.28%	1.27%	3.21%	3.01%	3.68%
Benchmark	0.56%	0.77%	0.95%	4.42%	4.06%	5.04%

## Top Fixed Interest Holdings

Holdings	% of Fund
NZLGFA 1.5% 2026	4.41%
Housing NZ 3.36% 2025	2.18%
NZLGFA 1.5% 2029	2.15%
NZLGFA 3.5% 2033	2.00%
Transpower 1.735% 2025	1.81%
ANZ Bank Float 2024	1.74%
Macquarie Float 2025	1.65%
Westpac 1.439% 2026	1.63%
B & A Bank Float 2025	1.51%
Ausgrid Finance 1.814% 2027	1.50%
Stockland Trust 2.3% 2028	1.44%
Woolworths 1.85% 2025	1.43%
Vector 1.575% 2026	1.33%
Vector 3.45% 2025	1.23%
Charter Hall 2.787% 2031	1.19%
NAB Float 2024	1.19%
Suncorp Float 2026	1.16%
Spark 3.37% 2024	1.16%
UBS Float 2025	1.07%
NZ Govt. 0.5% 2026	1.07%

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

## Current Asset Allocation

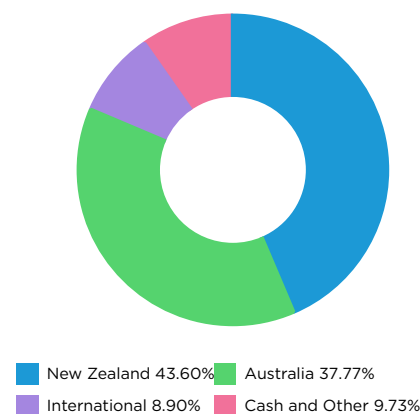
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	8.57%	3%
New Zealand Fixed Interest	42.21%	49%
International Fixed Interest	48.06%	49.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	1.16%	0%

# The actual cash held by the Fund is 4.07%. 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	28.96%
Government	19.22%
Utilities	12.43%
Real Estate	12.29%
Industrials	7.35%
Communication Services	4.65%
Consumer Staples	3.00%
Consumer Discretionary	1.95%
Energy	0.52%
Cash and Other	9.73%

## 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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