



# Trans-Tasman Bond Fund Introduction

## Fund Overview

The Milford Trans-Tasman Bond Fund is an actively managed NZ dollar hedged fixed interest fund. It primarily invests in a diversified portfolio of investment grade rated Australian and New Zealand corporate bonds. The Fund is managed by Milford's experienced fixed interest team and leverages the skills of the wider Milford investment team of over 20 investment professionals in Auckland and Sydney.

## Investment Objective

To generate a positive, low volatility return that exceeds the benchmark over the minimum recommended timeframe of three years.

## Investment Strategy

The Fund aims to achieve its objective through active management of a diversified portfolio of corporate bonds with an average credit rating of at least "A-".

The Fund can invest in a broad, liquid and diverse universe of Australian dollar and NZ dollar fixed interest securities, in addition to foreign currency fixed interest securities issued by Australian and New Zealand companies. This breadth and liquidity enables true active management.

The Fund targets its objective through seeking the highest NZ dollar hedged yield for comparable issuers across different markets. This includes active management of interest rate exposures in addition to asset allocation between New Zealand and Australian bond markets, and to industry sectors.

The Fund's neutral position is to fully hedge all foreign currency exposures back to NZ dollars.

## Who the Fund Suits

The Fund suits investors looking for:

- High grade New Zealand & Australian fixed interest exposure (NZ dollar-hedged)
- A truly active approach to fixed interest investing that targets:
  - Outperformance of its benchmark
  - Low volatility and absolute returns over the minimum recommended timeframe
  - Broader diversification of credit and interest rate risk outside the limitations of the New Zealand fixed interest market
- Access to offshore issuance of New Zealand & Australian companies
- Access to international companies issuing into New Zealand and Australian markets
- An investment with a time horizon of at least three years

## Key Fund Facts

Benchmark	50% S&P/NZX Investment Grade Corporate Bond Index; and 50% S&P/ASX Corporate Bond 0+ Index (hedged to NZD)
Inception date	3 December 2013
Minimum investment	\$10,000 / \$100,000 for Trusts, Partnerships and Companies
Recommended investment timeframe	3+ years
Base fund fee	0.75%
Entry/exit fee	Nil
Hedged to	NZD
Distribution	Quarterly - 0.75 cents per unit
Fund pricing	Daily



## Portfolio Manager Details

### Paul Morris – Portfolio Manager

Paul joined Milford in February 2016. He is the Portfolio Manager of the Milford Trans-Tasman Bond Fund, the Milford Global Bond Fund and the Milford Conservative Funds (Unit Trust & KiwiSaver) as well as the Co-Manager of the Milford Balanced Funds (Unit Trust & KiwiSaver). Paul has over 20 years' experience in financial markets here and overseas. Paul held senior fixed income roles with investment banks including Merrill Lynch and ABN AMRO in London. His experience includes debt capital markets, credit trading and interest rate derivatives trading. Paul moved to New Zealand in 2009 and was Executive Director and Head of Debt Capital Markets at JBWere, before moving to Macquarie Private Wealth in 2010. Paul has a Masters in Aeronautical Engineering from Queens University in Belfast.



### David Lewis – Co-Manager

David is Deputy Head of Investments and is the Portfolio Manager of the Milford Diversified Income Fund. He is also the Co-Manager of the Milford Trans-Tasman Bond & Global Bond Funds. David joined Milford in 2013 from Merrill Lynch where he worked in Sydney and London for eight years in a variety of areas including credit research, emerging market research, and principal investments in high yield/distressed credit. Prior to this, David spent four years as a fixed income analyst at BT Funds Management and Principal Global Investors, based in Sydney and London. David has a Bachelor of Commerce in Economics from the University of Canterbury, a Master of Commerce in Finance from the University of Sydney, and is a CFA Charterholder.



## Target Asset Allocation

	Target	Min	Max
Cash	3%	0%	50%
New Zealand Fixed Interest	48.5%	20%	80%
International Fixed Interest	48.5%	20%	80%

## Further Fund Parameters

	Min	Max
FX Exposure*	-5%	5%
Maximum Individual Exposure**^	0%	10%
Unrated / Non-IG^	0%	10%
Non-NZ / AU Issuers in NZD/ AUD^	0%	25%
Non-NZD / AUD bonds from NZ / AU Issuers^	0%	25%
Max Net Long	N/A	110%
Max Gross Exposure	N/A	150%
Average Credit Rating***^	A-	AAA

\*Target FX exposure 0% \*\* Average 50-70 holdings \*\*\* Target average credit rating is A

^These Fund Parameters do not form part of the Fund's formal Statement of Investment Policy & Objectives document (SIPO).

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