

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 June 2024



Portfolio Managers



Anthony Ip
Portfolio Manager



Ian Robertson
Co-Portfolio Manager



Paul Morris
Co-Portfolio Manager

During the month, the Fund returned 0.7%, marginally ahead of the benchmark return. June was marked by lower market interest rates across most of the major markets that the Fund invests in, notably the US, UK and Europe. The move lower was consistent with recent economic data which suggests that a mild slowing of global economies is underway. Indeed, the market expectation is that a number of developed market central banks will have either commenced or will commence cuts to policy rates by year end (with some notable exceptions such as Australia). In this context, we have run a broadly neutral interest rate exposure and intend to add to this exposure on any potential move higher in market interest rates or as we get further confidence in global interest rate cuts.

During the month, market fears emerged around the snap French election (although these fears have now partly reversed following the first round of the elections). The Fund does not have direct exposure to French companies (given the previously expensive valuations of French issuers), but we will be closely following the political developments as it may give rise to attractive investment opportunities in the near future.

The Fund's exposure to credit spreads (the additional yield of corporate bonds over government bonds) was slightly below neutral, which supported returns as credit spreads trended wider for much of June. Within this, the Fund ran a modest overweight exposure to financial subordinated paper and telcos – the former helping deliver outperformance relative to the benchmark. Our view is that global corporate credit remains expensive (i.e. credit spreads are too narrow) and better value can be found in higher credit quality issuers (i.e. BBB rated rather than sub-investment grade rated). During the month we increased our exposure to lower-beta, BBB rated issuers such as UK supermarket Tesco, US telco Verizon, and electronic payments company Fiserv. We also increased our exposure to Australian banks in US dollars, topping up the Fund's exposure to Westpac and ANZ subordinated bonds, which look attractive on relative value to the same banks' Australian dollar bonds.

Turning to the outlook, the Fund is moderately underweight on credit spreads and neutral on market interest rates. While some offshore central banks such as the European Central Bank, Bank of England and Bank of Canada may cut policy interest rates in the near future, the outlook globally continues to be clouded by sticky inflation numbers (particularly in services sectors) and large fiscal deficits which will result in a larger supply of government bonds. Notwithstanding that outlook, the current outright level of interest rates is attractive relative to history and provides a substantial return cushion for the Fund against potential market volatility.

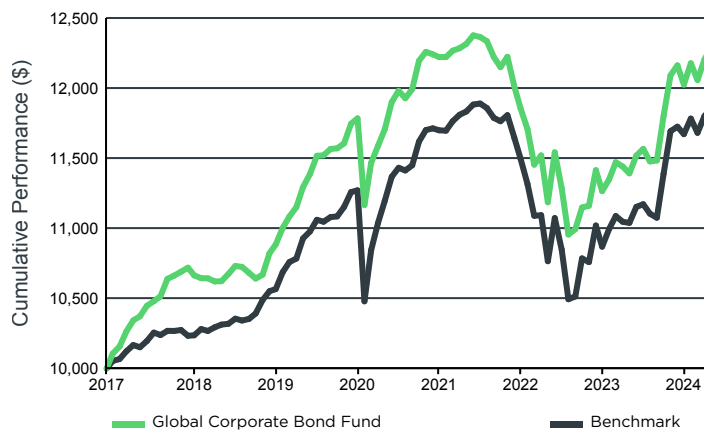
During the month, the Fund's benchmark has changed from the Bloomberg Global Corporate 3-5 Year Index (100% NZD-hedged) to the Bloomberg Global Aggregate Corporate Total Return Index (100% NZD-hedged), as previously communicated to unitholders. The new index remains a corporate bond-focused benchmark. Compared to the previous benchmark, the new index's interest rate duration is longer and the benchmark's average credit rating is higher.

To view Milford's June 2024 Market and Economic Review please see milfordasset.com/insights.

For previous fund reports see milfordasset.com/fund-reports.

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	To protect capital and generate a positive NZD hedged return that exceeds the relevant benchmark over the minimum recommended investment timeframe.
Description	Primarily invests in global corporate fixed interest securities
Minimum recommended investment timeframe	3 years +
Target Allocation	100% Income Assets / 0% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$325.0 M
Yield²	4.59%
Average Credit Rating	BBB
Duration	5.93 years
Rating Categories	Inv.Grade 66% / High Yield 21%
Inception Date	1 February 2017
Current Distribution	0.85 cents per unit (Quarterly)
Benchmark	Bloomberg Global Aggregate Corporate Total Return Index (100% NZD-hedged)
Base Fund Fee³	0.85%
Performance Fee	Not applicable
Total Fund Fees⁴	0.85%
Risk Indicator	<div style="display: flex; justify-content: space-between; align-items: center;"> 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>

Global Corporate Bond Fund as at 30 June 2024

Investment Performance after fees as at 30 June 2024⁵

Unit Price: \$1.0271

	1 Month	3 Months	1 year	3 years (p.a.)	5 years (p.a.)	Since inception (p.a.)
Milford Global Corporate Bond Fund (Gross Of Tax)	0.73%	0.94%	7.90%	-0.06%	1.71%	2.82%
After Tax 10.50%	0.64%	0.84%	7.05%	-0.05%	1.54%	2.53%
After Tax 17.50%	0.58%	0.78%	6.49%	-0.04%	1.42%	2.33%
After Tax 28.00%	0.49%	0.68%	5.65%	-0.03%	1.25%	2.04%
Benchmark	0.49%	0.63%	7.42%	0.07%	1.65%	2.32%

Top Fixed Interest Holdings

Holdings	% of Fund
Toll Brother 4.35% 2028	2.98%
Vodafone 3.00% 2080	2.66%
Close Brothers Group 5.5% 2029	2.59%
Smurfit Kappa 5.2% 2030	2.54%
Santos 5.25% 2029	2.51%
Asciano 4.75% 2028	2.43%
American Tower 3.8% 2029	2.39%
SBA Comms. 3.125% 2029	2.28%
CNH Industrial 3.75% 2031	2.14%
NAB 5.181% 2034	2.03%
NXP BV 4.3% 2029	1.94%
Morgan Stanley 3.79% 2030	1.92%
British Telecommunications 8.375% 2083	1.91%
Westpac 2.668% 2035	1.89%
Barclays 7.385% 2028	1.88%
TSB 6.625% 2029	1.86%
AIB Group 2.875% 2031	1.84%
APT Pipelines 7.125% 2083	1.79%
CRHSM 5.2% 21/05/2029	1.78%
KBC Group 4.75% 2035	1.77%

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

Current Asset Allocation

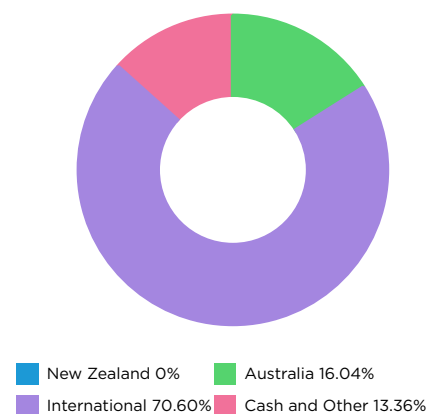
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	11.85%	5%
New Zealand Fixed Interest	0.00%	0.0%
International Fixed Interest	86.64%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	1.51%	0.0%

The actual cash held by the Fund is 3.76%. 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	32.35%
Communication Services	10.78%
Real Estate	9.23%
Industrials	8.22%
Materials	6.62%
Consumer Discretionary	6.09%
Energy	5.39%
Health Care	2.55%
Other Sectors	5.41%
Cash and Other	13.36%

Region Exposure



1. After the Base Fund Fee but before tax. 2. The yield to maturity is not an indicator of future return, but reflects the current yield to maturity of the fund's underlying holdings (before tax and after the base fund fee). 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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