

# Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 April 2020



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager

Global bond market functioning improved on the back of previously unimaginable levels of monetary policy intervention. This combined with a wave of government fiscal support programmes has removed much of the immediate liquidity crunch facing government and corporate borrowers. The result has been lower bond yields across most markets (lower yields mean higher prices) which supported a recovery in the Fund's value (2.7% in the month and now 3.5% over 1-year). That was a lower return than its benchmark this month, handing back some recent strong outperformance, as Fund positioning remains cautious given the extremely uncertain economic and company earnings outlook.

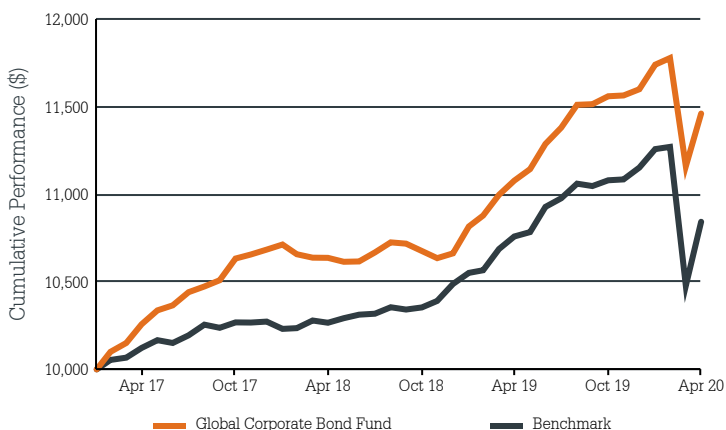
The Fund retains a lower than neutral (and benchmark) exposure to high-yield bonds as leverage generally remains high in the context of many challenged sectors (e.g. retail and energy) meaning defaults may be frequent. We have however added exposure to several attractively priced high-quality investment grade bonds which should see prices supported by central bank buying.

Looking forward, we retain cautious settings until there is more clarity on the medium and long term outlook for company earnings. Central bank support (zero or negative interest rates and bond buying) leads us to retain slightly longer than neutral interest rate exposure and should ensure corporate bonds of companies with resilient balance sheets will deliver a reasonable medium-term return.

To view Milford's May 2020 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>	Protect capital and generate a positive NZD-hedged return that exceeds the relevant benchmark over a minimum of three years
<b>Description</b>	Primarily invests in global corporate fixed interest securities
<b>Target Allocation</b>	100% Income Assets / 0% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$692.1 M
<b>Yield <sup>2</sup></b>	3.02%
<b>Average Credit Rating</b>	BBB+
<b>Duration</b>	3.67 years
<b>Rating Categories</b>	Inv. Grade 71% / High Yield 5% / Unrated 1%
<b>Inception Date</b>	1 February 2017
<b>Current Distribution</b>	0.45 cents per unit (Quarterly)
<b>Benchmark</b>	Bloomberg Barclays Global Corporate 3-5 Year Total Return Index Value Hedged USD (100% NZD-hedged)
<b>Base Fund Fee <sup>3</sup></b>	0.85%
<b>Performance Fee</b>	Not applicable
<b>Total Fund Fees <sup>4</sup></b>	0.85%
<b>Risk Indicator</b>	<div style="display: flex; justify-content: space-between;"> <span>Lower risk</span> <span>Higher risk</span> </div> <div style="text-align: center;"> <span>1</span> <span>2</span> <span style="color: orange;">3</span> <span>4</span> <span>5</span> <span>6</span> <span>7</span> </div> <div style="display: flex; justify-content: space-between;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>

Investment Performance after fees as at 30 April 2020<sup>5</sup>

Unit Price: \$1.0523

	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)	2.70%	-2.37%	3.46%	3.76%	-	4.31%
After Tax 10.50%	2.41%	-2.12%	3.09%	3.36%	-	3.85%
After Tax 17.50%	2.22%	-1.95%	2.84%	3.10%	-	3.54%
After Tax 28.00%	1.94%	-1.70%	2.48%	2.70%	-	3.09%
Benchmark	3.48%	-3.68%	0.78%	2.32%	-	2.53%

## Top Fixed Interest Holdings

Holdings	% of Fund's NAV
Seagate 4.75% 2025	1.95%
Rabobank 0.875% 2028	1.94%
John Deere 1.75% 2024	1.90%
Kerry Group 0.625% 2029	1.84%
Danaher Corp 0.45% 2028	1.81%
McDonald's 3% 2024	1.66%
Dell 5.85% 2025	1.54%
Citigroup 1.25% 2026	1.54%
FBG Finance 3.25% 2022	1.51%
Aroundtown 4.5% 2025	1.39%
Sprint Spectrum 4.738% 2025	1.38%
Lendlease 4.5% 2026	1.34%
American Tower 3.8% 2029	1.33%
Vodafone Group 4.2% 2027	1.32%
Downer Group 4.50% 2022	1.31%
RBLN 2.75% 2024	1.28%
S&P Global 2.5% 2029	1.27%
Westpac 2% 2021	1.24%
Belfius Bank 0.375% 2026	1.22%
Westpac 2.65% 2030	1.22%

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

## Current Asset Allocation

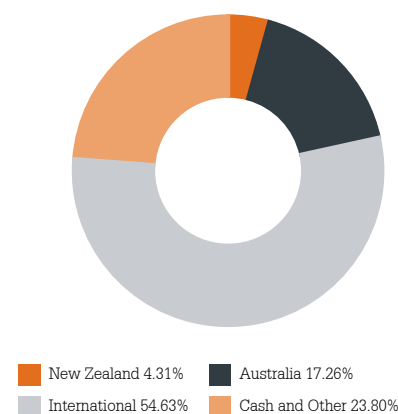
	Actual Investment Mix	Neutral Investment Mix
Effective Cash <sup>#</sup>	22.75%	5.00%
New Zealand Fixed Interest	2.05%	0%
International Fixed Interest	74.15%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	1.05%	0%

<sup>#</sup> The actual cash held by the Fund is 5.36%. Effective Cash reported above is adjusted to reflect the Fund's notional positions (e.g. derivatives used to increase or reduce market exposure).

## Sector Exposure

Allocation	Weight %
Financials	32.42%
Information Technology	9.12%
Communication Services	7.33%
Real Estate	7.04%
Industrials	5.93%
Consumer Discretionary	5.17%
Consumer Staples	3.77%
Materials	3.69%
Other Sectors	1.73%
Cash and Other	23.80%

## 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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