

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The Fund posted a moderate return of 0.6% in October, 0.2% more than its benchmark. Returns were bolstered by a tightening in global corporate bond credit spreads (the extra yield of corporate bonds over governments).

The Fund has a greater exposure to credit spread tightening than its benchmark which helped relative performance. Much of this extra exposure is in attractively valued Australian dollar bonds of global issuers which performed strongly. The Fund has also benefitted from an underweight exposure to longer-dated US interest rates which moved higher.

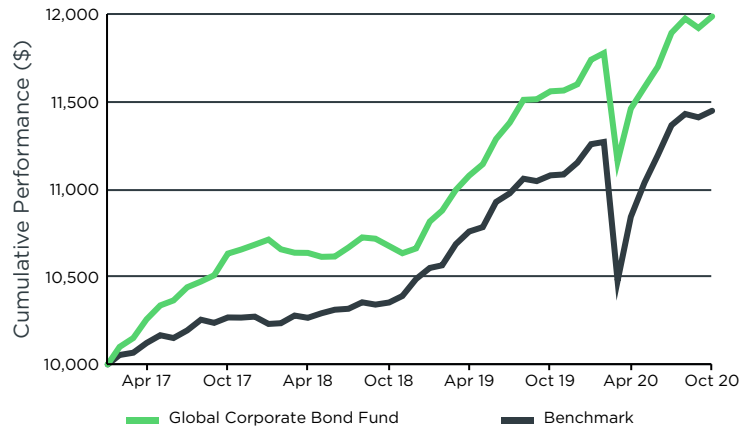
Due to valuations and an ongoing uncertain economic backdrop, we retained a small underweight to high yield (HY) bonds of non-bank corporates. We preferred instead an overweight to (i) investment grade (IG) bonds where ongoing policy support should limit price weakness, (ii) subordinated bonds of better capitalised US and European banks which even accounting for a challenging operating environment arguably remain attractively priced, and (iii) subordinated bonds of IG rated non-bank corporates. The latter exposure is focused on companies with strong IG rated balance sheets, even if the actual subordinated bonds may be HY rated. We believe this offers an attractive risk reward with the subordinated new issue from Orange (European telco) added in the month an example.

Looking forward, volatility is likely to remain elevated in the near term but monetary and fiscal policy support, combined with lower levels of issuance, should help deliver moderate medium-term corporate bond returns.

To view Milford's November 2020 Market and Economic Review please see milfordasset.com/fact-sheet.

Cumulative Fund Performance

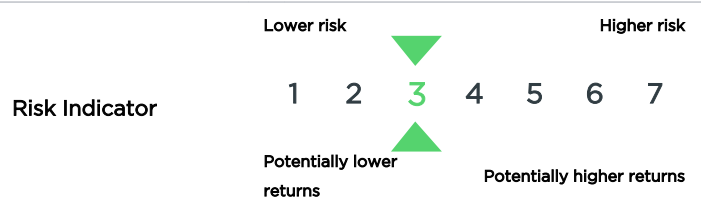
(after fees and before tax)



Assumes the growth of \$10,000 invested at the Fund's inception date, and assumes reinvestment of distribution.

Key Fund Facts

Objective¹	Protect capital and generate a positive NZD-hedged return that exceeds the relevant benchmark over a minimum of three years
Description	Primarily invests in global corporate fixed interest securities
Target Allocation	100% Income Assets / 0% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$793.4 M
Unit Pricing	Swing pricing applies (see PDS for details)
Yield²	2.04%
Average Credit Rating	BBB
Duration	3.55 years
Rating Categories	Inv. Grade 77% / High Yield 16% / Unrated 1%
Inception Date	1 February 2017
Current Distribution	0.45 cents per unit (Quarterly)
Benchmark	Bloomberg Barclays Global Corporate 3-5 Year Total Return Index Value Hedged USD (100% NZD-hedged)
Base Fund Fee³	0.85%
Performance Fee	Not applicable
Total Fund Fees⁴	0.85%



Global Corporate Bond Fund as at 31 October 2020

Investment Performance after fees as at 31 October 2020⁵

Unit Price: \$1.0914

	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)	0.55%	0.79%	3.70%	4.07%	-	4.97%
After Tax 10.50%	0.49%	0.71%	3.31%	3.64%	-	4.44%
After Tax 17.50%	0.46%	0.65%	3.05%	3.35%	-	4.08%
After Tax 28.00%	0.40%	0.57%	2.67%	2.92%	-	3.56%
Benchmark	0.33%	0.73%	3.32%	3.69%	-	3.67%

Top Fixed Interest Holdings

Holdings	% of Fund's NAV
Seagate 4.091% 2029	1.83%
Kerry Group 0.625% 2029	1.72%
Danaher Corp 0.45% 2028	1.63%
Scentre Group 5.125% 2080	1.58%
NXP BV 4.3% 2029	1.57%
McDonald's 3% 2024	1.49%
Crown Castle 2.25% 2031	1.45%
Bank of America 1.898% 2031	1.43%
John Deere 1.75% 2024	1.39%
Masco 2% 2030	1.34%
Alphabet Inc 0.8% 2027	1.32%
Nordea Bank 0.5% 2027	1.28%
AT&T 1.65% 2028	1.24%
Vodafone Group 4.2% 2027	1.23%
Aroundtown 4.5% 2025	1.23%
Woolworths 2.8% 2030	1.20%
Downer Group 4.50% 2022	1.15%
Sprint Spectrum 4.738% 2025	1.15%
Belfius Bank 0.375% 2026	1.12%
American Tower 3.8% 2029	1.09%

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

Current Asset Allocation

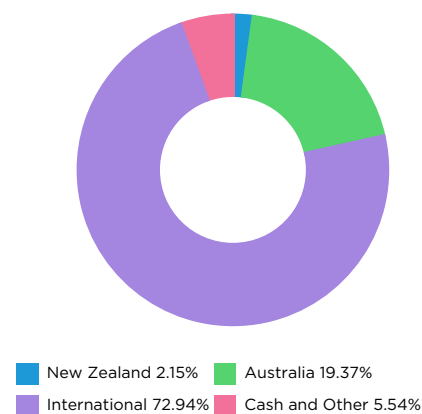
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	4.59%	5.00%
New Zealand Fixed Interest	0.85%	0%
International Fixed Interest	93.61%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.95%	0%

The actual cash held by the Fund is 0.00%. 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	29.40%
Communication Services	11.87%
Information Technology	10.04%
Consumer Discretionary	8.89%
Industrials	8.79%
Real Estate	7.76%
Cash and Other	5.54%
Materials	5.24%
Health Care	4.52%
Consumer Staples	3.93%
Utilities	3.45%
Energy	0.58%

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 for more information about the data published within this document.

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