

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 April 2022



Portfolio Managers



Travis Murdoch
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

April was yet another tough month for fixed income markets. Government bond yields moved aggressively higher (prices lower) extending one of their worst runs in history as central banks continue to signal ever-more aggressive policy tightening to minimise the risk of spiralling inflation. Corporate bonds were weak, underperforming government bonds and reversing the previous month's outperformance.

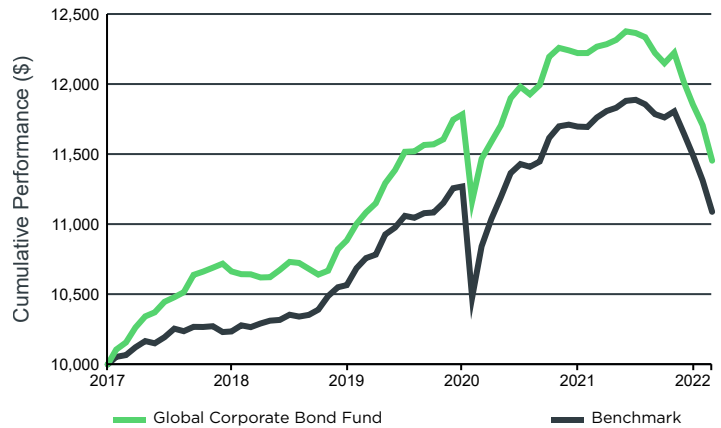
The Fund returned -2.2% in the month, which was -0.2% lower than its benchmark due in part to the Fund's above neutral exposure to corporate hybrids and subordinated financial bonds which underperformed. Trading activity in the Fund was muted in April as the Fund remained defensive and selective. In primary markets the Fund bought bonds from Australian biopharmaceuticals company CSL Limited, which issued bonds in US Dollars for the first time. In secondary markets the Fund bought the subordinated bonds of US Telecommunications company AT&T and sold several outperforming bonds including Eircom (European Telecommunications) and Infineon (European Semiconductor).

Looking forward, volatility is likely to remain elevated in fixed income markets as central banks move decisively to minimise the risk of spiralling inflation. Nonetheless, pockets of value are emerging in corporate bonds, underpinned by higher and closer to fair value market interest rates. The Fund maintains slightly below neutral interest rate exposure to the US offset by above neutral exposure to Australasia where we think market interest rates more fully reflect the impact of anticipated future central bank rate hikes.

To view Milford's May 2022 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 | 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) | \$513.6 M |
| Yield² | 4.19% |
| Average Credit Rating | BBB |
| Duration | 3.48 years |
| Rating Categories | Inv.Grade 74% / High Yield 19% |
| 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% |
| Risk Indicator | Lower risk Higher risk 1 2 3 4 5 6 7 Potentially lower returns Potentially higher returns |

Global Corporate Bond Fund as at 30 April 2022

Investment Performance after fees as at 30 April 2022⁵

Unit Price: \$1.0166

| | 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) | -2.16% | -4.64% | -6.63% | 1.10% | 2.22% | 2.62% |
| After Tax 10.50% | -1.93% | -4.17% | -5.97% | 0.98% | 1.98% | 2.34% |
| After Tax 17.50% | -1.78% | -3.86% | -5.52% | 0.91% | 1.83% | 2.16% |
| After Tax 28.00% | -1.55% | -3.38% | -4.86% | 0.79% | 1.59% | 1.88% |
| Benchmark | -1.97% | -4.78% | -5.72% | 1.01% | 1.84% | 1.99% |

Top Fixed Interest Holdings

| Holdings | % of Fund |
|-----------------------------------|-----------|
| BNZ 2.285% 2027 | 2.25% |
| McDonald's 3% 2024 | 2.20% |
| Becton Dickinson Euro 0.334% 2028 | 2.17% |
| Danaher Corp 0.45% 2028 | 2.10% |
| NXP BV 4.3% 2029 | 2.09% |
| John Deere 0.70% 2026 | 2.05% |
| John Deere 1.75% 2024 | 2.05% |
| NZLGFA 4.5% 2027 | 1.97% |
| Aroundtown 4.5% 2025 | 1.83% |
| CSL 3.85% 2027 | 1.79% |
| JPMorgan 1.578% 2027 | 1.78% |
| UBS 6.875% Perpetual | 1.73% |
| AT&T 1.65% 2028 | 1.71% |
| HCA 5.875% 2026 | 1.57% |
| RBLN 2.75% 2024 | 1.57% |
| CBA 2.552% 2027 | 1.48% |
| Toronto Dominion Bank 2.875% 2027 | 1.48% |
| Asciano 4.75% 2028 | 1.46% |
| Magallanes 3.755% 2027 | 1.46% |
| ANZ 2.166% 2025 | 1.45% |

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

Current Asset Allocation

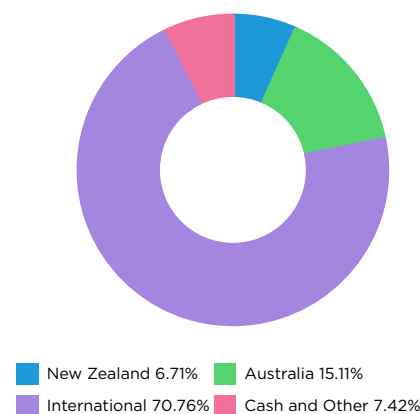
| | Actual Investment Mix | Neutral Investment Mix |
|------------------------------|-----------------------|------------------------|
| Effective Cash # | 7.42% | 5.0% |
| New Zealand Fixed Interest | 3.03% | 0.0% |
| International Fixed Interest | 89.55% | 95.0% |
| New Zealand Equities | 0.00% | 0.0% |
| Australian Equities | 0.00% | 0.0% |
| International Equities | 0.00% | 0.0% |
| Other | 0.00% | 0.0% |

The actual cash held by the Fund is 4.53%. 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 | 23.34% |
| Communication Services | 15.06% |
| Information Technology | 9.59% |
| Consumer Discretionary | 9.00% |
| Health Care | 8.76% |
| Real Estate | 8.24% |
| Industrials | 7.22% |
| Materials | 4.97% |
| Other Sectors | 6.40% |
| Cash and Other | 7.42% |

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.

Disclaimer: The Milford Fund Fact Sheet has been prepared by Milford Funds Limited. It is based on information believed to be accurate and reliable although no guarantee can be given that this is the case. No reproduction of any material either in part or in full is permitted without prior permission. For more information about the Fund, please refer to the Production Disclosure Statement or the latest Quarterly Fund Update.