

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 August 2022



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The Fund returned -2.2% in the month, which was marginally behind its benchmark. Negative absolute returns were primarily driven by increased expectations for higher interest rates (which pushed bond prices lower) as relatively resilient economic data supported central bank rhetoric for tighter monetary conditions. Members of the US Federal Reserve and European Central Bank were particularly vocal in communicating their commitment to further tightening monetary policy to lower inflation.

Relative to benchmark the Fund saw some benefit from a below neutral exposure to interest rates. Although the Fund remains open minded to attractively priced new issues, e.g. participating in UK building society Nationwide's senior Euro bond, this has been more than offset by reducing holdings in Seagate (hard drive manufacturer), Ardagh Packaging, Crown Castle (US telecommunication towers), T Mobile (US telco), and National Australia Bank. While government bonds may remain under pressure from expectations of higher central bank rates, we are wary that corporate bonds could further underperform as corporate earnings wane on slower economic growth and increased supply of new issuance. Thus far this progressively lower corporate bond exposure has not led to outperformance versus benchmark, but we think the cautious approach is warranted for now.

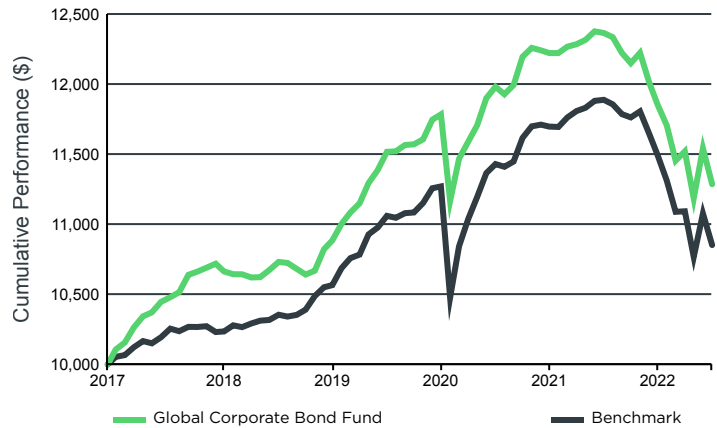
As alluded to above, we maintain a cautious outlook over the near term amidst expectations for further volatility and uncertain economic growth and inflation.

As noted above, the Fund increased its underweight to corporate bonds versus its benchmark. We continue to see risks skewed towards higher interest rates and hence the Fund maintains a below neutral exposure to interest rates predominantly via US Dollars.

To view Milford's September 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)	\$415.4 M
Yield²	4.79%
Average Credit Rating	BBB
Duration	3.24 years
Rating Categories	Inv.Grade 68% / High Yield 16%
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	<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; align-items: center; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div>



Global Corporate Bond Fund as at 31 August 2022

Investment Performance after fees as at 31 August 2022⁵

Unit Price: \$0.9971

	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)	-2.22%	-2.04%	-8.72%	-0.67%	1.49%	2.19%
After Tax 10.50%	-2.00%	-1.83%	-7.84%	-0.60%	1.34%	1.96%
After Tax 17.50%	-1.85%	-1.70%	-7.25%	-0.54%	1.24%	1.81%
After Tax 28.00%	-1.63%	-1.49%	-6.36%	-0.47%	1.08%	1.58%
Benchmark	-2.03%	-2.17%	-8.71%	-0.63%	1.14%	1.48%

Top Fixed Interest Holdings

Holdings	% of Fund
John Deere 1.75% 2024	2.57%
Becton Dickinson Euro 0.334% 2028	2.56%
CSL 3.85% 2027	2.35%
JPMorgan 1.578% 2027	2.32%
AT&T 1.65% 2028	2.21%
RBLN 2.75% 2024	2.02%
HCA 5.875% 2026	2.01%
Asciano 4.75% 2028	1.87%
Magallanes 3.755% 2027	1.87%
DR Horton 2.6% 2025	1.87%
ANZ 2.166% 2025	1.87%
American Tower 3.8% 2029	1.83%
Lennar 4.5% 2024	1.80%
Verizon Float 2023	1.78%
Goodman 1.375% 2025	1.70%
Aroundtown 4.5% 2025	1.69%
Dell 6.1% 2027	1.67%
Lennar 5.875% 2024	1.64%
SBA Comms. 3.125% 2029	1.64%
Bank of America 4.376% 2028	1.56%

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

Current Asset Allocation

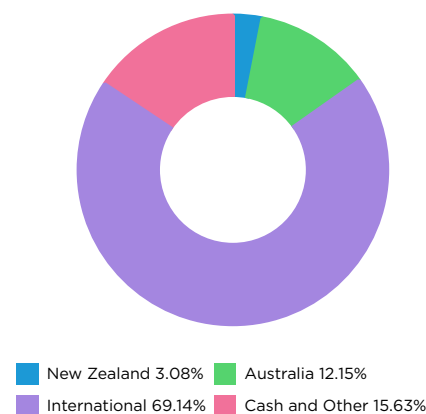
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	15.63%	5.0%
New Zealand Fixed Interest	1.23%	0.0%
International Fixed Interest	83.14%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 11.73%. 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	20.45%
Communication Services	14.73%
Consumer Discretionary	10.07%
Information Technology	9.09%
Health Care	6.97%
Real Estate	6.84%
Industrials	6.46%
Materials	4.53%
Other Sectors	5.23%
Cash and Other	15.63%

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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