

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 August 2023



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The Fund was up 0.4% for August which was in line with its benchmark. August saw continued volatility in the global interest rate markets to which it is exposed. Global bond yields rose in the first half of the month, before reversing much of that during the latter half of August as expectations of further central bank rate hikes were moderated. Global economic data provided mixed signals in August, but on balance it suggested that inflation is moderating, while recent jobs data indicates that the strength in labour markets may be beginning to weaken.

We entered the month with a small underweight exposure to credit spreads (the extra yield of corporate bonds versus government bonds) versus the benchmark. This supported Fund outperformance versus its benchmark as global credit spreads widened modestly. The aforementioned interest rate volatility and Northern Hemisphere summertime market illiquidity were a combined headwind for global corporate bonds. This outperformance was offset by underperformance of UK corporate bonds where we have retained an exposure, as they handed back some of their recent strength. That said, we retain an overweight in UK banks which is a position that is supported by cheaper valuations and in our view, their strong fundamentals.

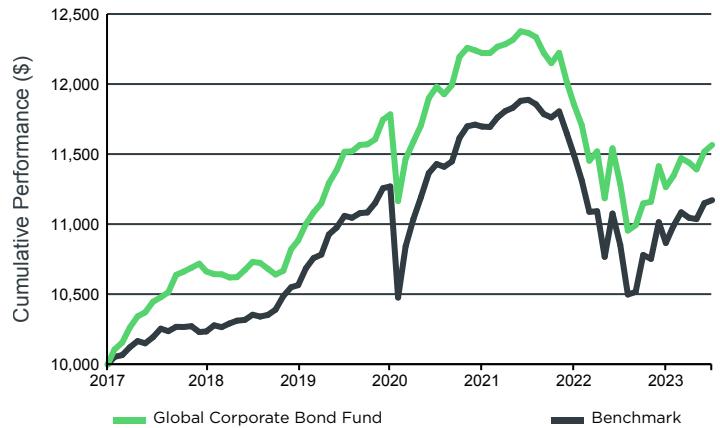
Expectations are for the global primary markets to experience an increase in activity at the beginning of September, as Northern Hemisphere countries return from summer holidays. With this in mind, we reduced our credit exposure further below the benchmark towards the end of the month. We believe this positioning provides the Fund with greater flexibility to participate in new primary market opportunities where we can capture attractive discounted prices. Positions that we have reduced during the month include Melbourne Airport, Rabobank, Bank of Ireland and Oracle. Nevertheless, we did initiate a position in a recently issued KBC Group Euro subordinated bond which we believe provides an opportunity to add an attractively priced risk from a high-quality bank. We also added to a position in US homebuilder Toll Brothers.

Our base case remains that while the central bank rate hiking cycle may not be finished, it is close to an end. The Fund's interest rate exposure therefore remains close to, but a little below, neutral. Looking forward, we believe the medium-term return outlook for the Fund is attractive, as what remain historically elevated market yields should provide a substantial cushion against all but extremely higher market interest rates.

To view Milford's August 2023 Market and Economic Review please see milfordasset.com/insights.

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)	\$463.0 M
Yield²	5.41%
Average Credit Rating	BBB
Duration	3.4 years
Rating Categories	Inv.Grade 68% / High Yield 13%
Inception Date	1 February 2017
Current Distribution	0.7 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 1 2 3 4 5 6 7 Higher risk </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 2023

Investment Performance after fees as at 31 August 2023⁵

Unit Price: \$0.9981

	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)	0.42%	1.10%	2.49%	-1.17%	1.51%	2.24%
After Tax 10.50%	0.40%	1.00%	2.24%	-1.04%	1.36%	2.01%
After Tax 17.50%	0.38%	0.93%	2.08%	-0.95%	1.26%	1.85%
After Tax 28.00%	0.36%	0.82%	1.84%	-0.82%	1.10%	1.62%
Benchmark	0.19%	1.14%	2.95%	-0.76%	1.53%	1.70%

Top Fixed Interest Holdings

Holdings	% of Fund
JPMorgan 1.578% 2027	2.15%
Toll Brother 4.35% 2028	2.05%
NBS 6.178% 2027	1.90%
CBA 5.398% 2027	1.83%
Berry 5.5% 2028	1.82%
HCA 5.875% 2026	1.82%
D.R. Horton 2.6% 2025	1.72%
Vodafone 3.00% 2080	1.71%
Goodman 1.375% 2025	1.68%
Asciano 4.75% 2028	1.67%
American Tower 3.8% 2029	1.65%
Discovery 3.625% 2030	1.61%
GEHC 5.857% 2030	1.61%
SBA Comms. 3.125% 2029	1.56%
Fiserv 4.5% 2031	1.48%
NBS 5.35% 2028	1.44%
VMware 2.2% 2031	1.42%
WFC 2.406 10/30/25 FRN MTN	1.40%
NXP BV 4.3% 2029	1.37%
JPMorgan 4.6% Perpetual	1.37%

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

Current Asset Allocation

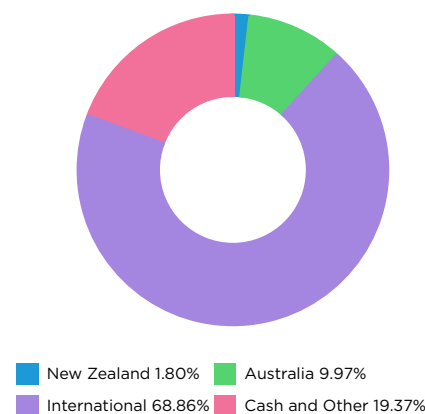
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	19.37%	5%
New Zealand Fixed Interest	0.00%	0.0%
International Fixed Interest	80.63%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 11.30%. 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	34.32%
Communication Services	11.16%
Materials	8.89%
Real Estate	5.65%
Consumer Discretionary	5.49%
Health Care	4.12%
Information Technology	3.54%
Industrials	2.76%
Other Sectors	4.70%
Cash and Other	19.37%

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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