

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2020



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The Fund posted a return of 0.5% in December. Corporate bonds generally outperformed weakness across many key government bond markets as markets looked through the near-term global surge in COVID-19 cases to vaccine roll-outs and further fiscal stimulus, notably in the US. The Fund was positioned to benefit from this with less interest rate exposure but more exposure to tightening credit spreads (the yield differential between corporate and government bonds) than its benchmark.

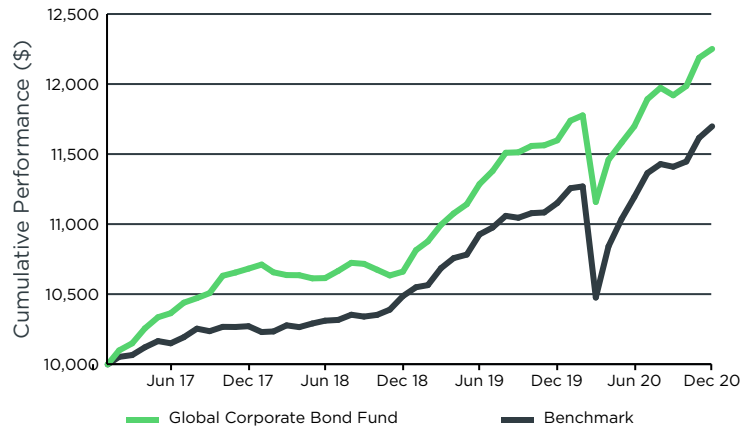
Irrespective of this it still slightly underperformed its benchmark, in large part due to (i) a fall in Seagate bond prices (a data storage company) post a credit rating downgrade after the company raised debt for shareholder returns (we believe the bonds will recover) and (ii) less exposure to the weaker parts of the high-yield (HY) market. The latter had a stronger month than both higher rated HY sectors and subordinated bonds of investment grade corporates (including banks) where the Fund holds more exposure. We believe the latter exposures should outperform over time so these were retained.

Looking forward, the Fund retains a duration position shorter than benchmark to mitigate potential headwinds from our expectation for a drift higher in government bond yields. We believe current positioning should deliver moderate Fund returns, supported by investors' search for yield and an abundance of liquidity provided by central banks. We will closely monitor central banks for any change in their accommodative stance.

To view Milford's January 2021 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)	\$815.9 M
Yield²	1.61%
Average Credit Rating	BBB+
Duration	3.29 years
Rating Categories	Inv. Grade 73% / High Yield 17%
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 December 2020

Investment Performance after fees as at 31 December 2020⁵

Unit Price: \$1.111

	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)	0.52%	2.77%	5.62%	4.67%	-	5.34%
After Tax 10.50%	0.47%	2.49%	5.04%	4.17%	-	4.77%
After Tax 17.50%	0.43%	2.31%	4.65%	3.84%	-	4.39%
After Tax 28.00%	0.38%	2.03%	4.07%	3.35%	-	3.83%
Benchmark	0.71%	2.53%	4.90%	4.43%	-	4.09%

Top Fixed Interest Holdings

Holdings	% of Fund
Kerry Group 0.625% 2029	1.62%
American Tower 3.8% 2029	1.60%
Seagate 4.091% 2029	1.60%
Danaher Corp 0.45% 2028	1.55%
Scentre Group 5.125% 2080	1.52%
McDonald's 3% 2024	1.48%
NAB Float 2030	1.43%
NXP BV 4.3% 2029	1.42%
John Deere 1.75% 2024	1.38%
Crown Castle 2.25% 2031	1.34%
Bank of America 1.898% 2031	1.30%
Masco 2% 2030	1.22%
Aroundtown 4.5% 2025	1.21%
Vodafone 4.2% 2027	1.21%
Nordea Bank 0.5% 2027	1.20%
Alphabet 0.8% 2027	1.19%
AT&T 1.65% 2028	1.14%
AusNet Float 2080	1.09%
Belfius Bank 0.375% 2026	1.06%
Macquarie 0.35% 2028	1.05%

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

Current Asset Allocation

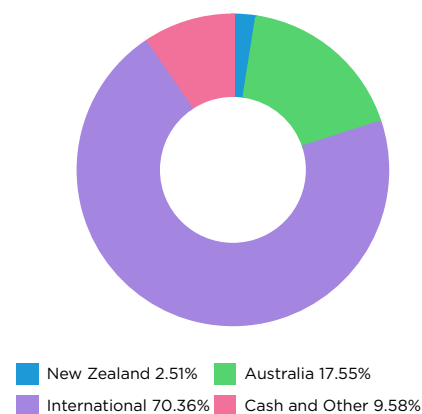
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	4.19%	5.00%
New Zealand Fixed Interest	1.31%	0%
International Fixed Interest	89.11%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	5.39%	0%

The actual cash held by the Fund is 2.03%. 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	29.36%
Communication Services	12.42%
Information Technology	9.64%
Consumer Discretionary	8.20%
Real Estate	8.01%
Industrials	6.69%
Materials	4.72%
Health Care	3.78%
Utilities	2.81%
Consumer Staples	2.62%
Energy	2.09%
Government	0.08%
Cash and Other	9.58%

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.

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.