

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2022



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The Fund was close to flat over the month of December. Evidence continues to build that inflation has peaked but tight labour markets mean the risk for stubbornly elevated inflation remains. Hope for less aggressive global monetary policy tightening also diminished in December as myriad central banks reiterated hawkish intentions. This meant global government bonds were generally weaker, but price falls were less pronounced in the corporate bonds to which the Fund is primarily exposed. The Fund further benefitted from having retained a lower exposure to market interest rates which underpinned its 0.4% outperformance relative to benchmark. This rate exposure was, however, increased over the month as rates rose. It is now only moderately less than that of its benchmark, as we think rates are closer to fair value.

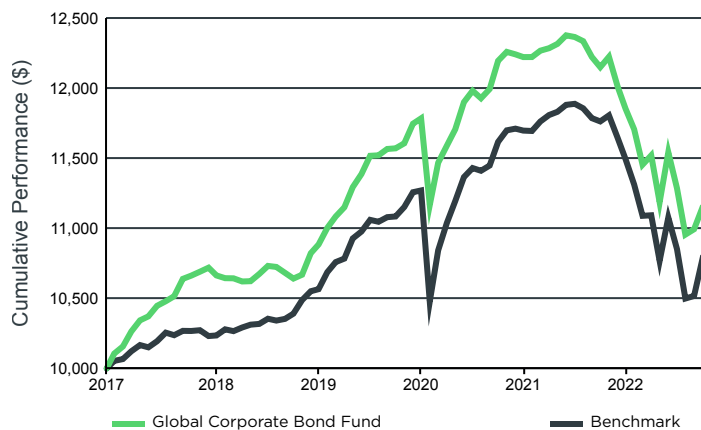
When measured on an absolute basis (but to a lesser extent versus government bonds) we continue to think that medium term corporate bond yields are looking attractive, especially shorter-dated bonds. The yields available provide a significant buffer from a move higher in market interest rates or a widening in credit spreads. That said, and considering the further extension of the tightening in credit spreads, we think credit spreads could be prone for some near term weakness/widening, especially as January is a busy month for new issue supply. We also remain wary as to how credit spreads may perform in a world where central banks continue to tighten policy and reverse quantitative easing.

The Fund therefore retains a lower exposure to credit spreads (the extra yield relative to government bonds). This was a drag on performance relative to benchmark in December as spreads generally tightened, however, the extent was minimised by strong performance of its subordinated bank bonds and its Australian corporate bonds. We retain this below neutral exposure to credit spreads and will also keep cash available to participate in what we believe will be cheaper new issues in January. Nonetheless, in December we did add subordinated bonds of NatWest Group (UK bank) and Vodafone (European telco), in addition to Santos (Australian oil and gas) and global packaging company Ardagh Metal Packaging.

To view Milford's January 2023 Market and Economic Review please see milfordasset.com/investor-centre.

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)	\$414.8 M
Yield²	5.56%
Average Credit Rating	BBB
Duration	3.26 years
Rating Categories	Inv.Grade 67% / 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%
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 31 December 2022

Investment Performance after fees as at 31 December 2022⁵

Unit Price: \$0.977

	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)	0.11%	1.88%	-8.69%	-1.30%	0.87%	1.87%
After Tax 10.50%	0.11%	1.68%	-7.81%	-1.15%	0.78%	1.68%
After Tax 17.50%	0.11%	1.55%	-7.23%	-1.06%	0.72%	1.55%
After Tax 28.00%	0.11%	1.35%	-6.34%	-0.91%	0.63%	1.35%
Benchmark	-0.26%	2.42%	-8.91%	-1.21%	0.92%	1.24%

Top Fixed Interest Holdings

Holdings	% of Fund
Becton Dickinson Euro 0.334% 2028	2.58%
John Deere 1.75% 2024	2.47%
CSL 3.85% 2027	2.20%
JPMorgan 1.578% 2027	2.20%
NatWest 7.416% 2033	2.01%
HCA 5.875% 2026	1.96%
Vodafone 3.75% 2034	1.92%
CBA 5.398% 2027	1.92%
NBS 6.178% 2027	1.85%
John Deere 4.55% 2024	1.83%
ANZ 2.166% 2025	1.80%
DR Horton 2.6% 2025	1.79%
American Tower 3.8% 2029	1.76%
Magallanes 3.755% 2027	1.74%
Lennar 4.5% 2024	1.71%
Asciano 4.75% 2028	1.71%
Goodman 1.375% 2025	1.69%
SBA Comms. 3.125% 2029	1.61%
Dell 6.1% 2027	1.61%
Oracle 2.95% 2030	1.61%

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

Current Asset Allocation

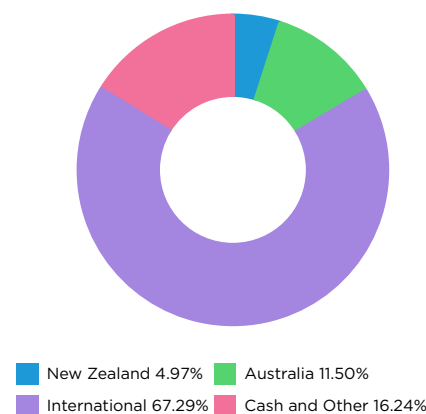
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	11.70%	5%
New Zealand Fixed Interest	1.25%	0.0%
International Fixed Interest	82.51%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	4.54%	0.0%

The actual cash held by the Fund is 3.64%. 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	28.39%
Communication Services	10.16%
Information Technology	8.87%
Consumer Discretionary	8.72%
Industrials	7.29%
Health Care	6.77%
Real Estate	5.08%
Materials	4.67%
Other Sectors	3.81%
Cash and Other	16.24%

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.