

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 December 2023



Portfolio Managers



Anthony Ip
Portfolio Manager



Ian Robertson
Co-Portfolio Manager



Paul Morris
Co-Portfolio Manager

The rally in bonds and risk assets that commenced in late October continued in December, underpinning a Fund return of 2.5%. This was 0.2% below the benchmark.

A dovish shift from the Federal Reserve led investors to price in rate cuts across a number of bond markets in early 2024. This drove a strong performance in bonds, with corporate bond spreads (the extra yield of corporate bonds versus government bonds) finishing the month near its tightest levels of the year.

The Fund had a moderate underweight to corporate bonds in the month of December, which proved to be a drag in performance against the benchmark. There were positive contributions from the Fund's overweight exposure in bank subordinated paper and corporate hybrids. However, this was offset by the Fund's underweight in cyclical sectors such as energy, consumer discretionary and real estate, in addition to the Fund's holdings of broad market index credit spread hedges.

We maintain a modest underweight to market interest rates. In the near term, market interest rates may have become overbought as investors price in multiple rate cuts for 2024 and push longer-dated bond yields too low relative to shorter dated bonds. While we think there may be some rate cuts during the course of the year, this view is now excessively priced in. In the near term, we expect heavy issuance in global government bonds, which will also be a headwind to risk-free rates.

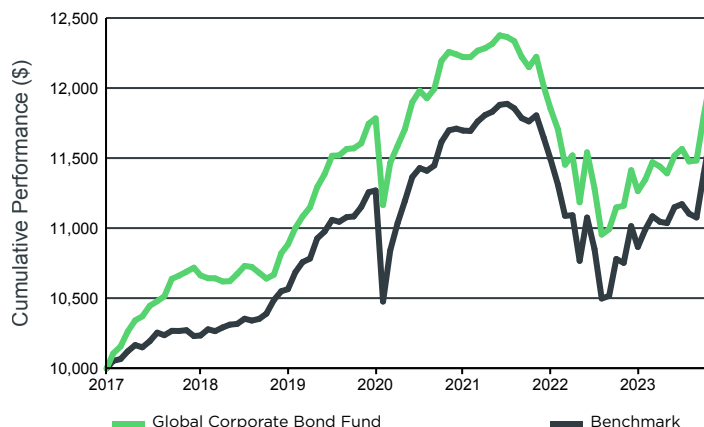
Looking ahead to 2024, we think corporate bond spreads will be largely rangebound. We expect January to be a busy month of new corporate bond issuance, which the Fund will invest in should they price cheap versus existing bonds. We will add back to our interest rate exposure on a pull back in valuations.

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

For previous fund reports see milfordasset.com/fund-reports.

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)	\$459.4 M
Yield²	4.44%
Average Credit Rating	BBB
Duration	3.12 years
Rating Categories	Inv.Grade 71% / High Yield 14%
Inception Date	1 February 2017
Current Distribution	0.85 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 December 2023

Investment Performance after fees as at 31 December 2023⁵

Unit Price: \$1.0273

	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)	2.46%	5.35%	8.33%	-0.46%	2.53%	2.78%
After Tax 10.50%	2.21%	4.80%	7.44%	-0.40%	2.27%	2.49%
After Tax 17.50%	2.04%	4.43%	6.86%	-0.37%	2.10%	2.30%
After Tax 28.00%	1.80%	3.89%	5.98%	-0.31%	1.84%	2.01%
Benchmark	2.66%	5.28%	8.71%	-0.02%	2.19%	2.28%

Top Fixed Interest Holdings

Holdings	% of Fund
JPMorgan 1.578% 2027	2.08%
Toll Brother 4.35% 2028	2.05%
GEHC 5.857% 2030	1.93%
UBS 6.246% 2029	1.82%
Vodafone 3.00% 2080	1.82%
NBS 6.178% 2027	1.81%
HCA 5.875% 2026	1.77%
Berry 5.5% 2028	1.76%
Santos 5.25% 2029	1.71%
Goodman 1.375% 2025	1.66%
American Tower 3.8% 2029	1.66%
Broadcom 4.15% 2032	1.64%
Asciano 4.75% 2028	1.63%
JPMorgan 4.457% 2031	1.61%
SBA Comms. 3.125% 2029	1.57%
Discovery 3.625% 2030	1.57%
Fiserv 4.5% 2031	1.52%
NBS 5.35% 2028	1.44%
Thermo Fisher 5% 2029	1.42%
NatWest 5.899% 2028	1.36%

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

Current Asset Allocation

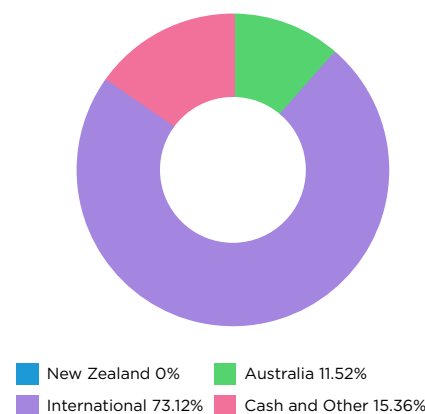
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	10.89%	5%
New Zealand Fixed Interest	0.00%	0.0%
International Fixed Interest	84.64%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	4.47%	0.0%

The actual cash held by the Fund is 2.98%. 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	42.96%
Communication Services	9.27%
Materials	6.19%
Real Estate	6.02%
Health Care	5.74%
Information Technology	3.52%
Energy	3.32%
Industrials	2.67%
Other Sectors	4.95%
Cash and Other	15.36%

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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