

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 28 February 2021



Portfolio Managers



Paul Morris
Portfolio Manager



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Weakness in global bond markets accelerated in February. Economic growth forecasts rose on a combination of vaccine deployments and increases to the size of expected fiscal stimulus. Market pricing for future inflation has increased this year but in February markets also began bringing forward pricing for an earlier reduction in monetary policy stimulus. This led to a volatile month as government bond yields moved higher (prices lower).

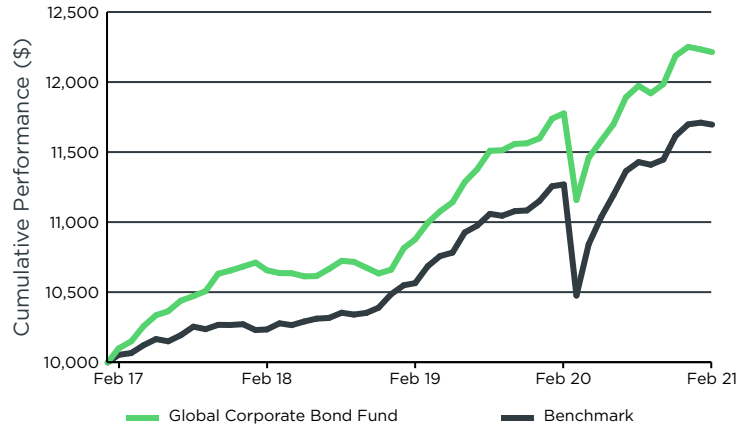
The Fund's allocation to corporate bonds (corporate bonds again generally outperformed) and its lower than neutral interest rate exposure cushioned returns somewhat. Unfortunately, it was insufficient to prevent a negative return of 0.2% in the month. The Fund used the relative corporate bond strength to reduce its above neutral exposure to further outperformance of corporate bonds relative to governments. It retains less exposure to the weakest parts of the high yield market where further outperformance is less likely due to valuations, retaining subordinated bonds of investment grade corporates (including banks) instead.

Looking forward, risks remain for a further move higher in interest rates over time. Fund interest rate exposure remains below neutral but is greater than earlier in the month after taking some profit on hedges. We wait for better levels to reduce this exposure again. Over coming months corporate bonds should continue to outperform governments but again we wait for cheaper opportunities in periods of higher volatility to add. Active management of the Fund should underpin moderate medium-term returns, albeit likely lower than in recent years.

To view Milford's March 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)	\$828.0 M
Yield²	1.61%
Average Credit Rating	BBB+
Duration	3.29 years
Rating Categories	Inv. Grade 72% / High Yield 19%
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 28 February 2021

Investment Performance after fees as at 28 February 2021⁵

Unit Price: \$1.1075

	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)	-0.16%	0.22%	3.71%	4.65%	-	5.04%
After Tax 10.50%	-0.13%	0.20%	3.34%	4.15%	-	4.51%
After Tax 17.50%	-0.11%	0.18%	3.09%	3.83%	-	4.15%
After Tax 28.00%	-0.08%	0.16%	2.71%	3.34%	-	3.62%
Benchmark	-0.12%	0.69%	3.79%	4.55%	-	3.92%

Top Fixed Interest Holdings

Holdings	% of Fund
Seagate 4.091% 2029	1.52%
Kerry Group 0.625% 2029	1.52%
American Tower 3.8% 2029	1.47%
Danaher Corp 0.45% 2028	1.47%
McDonald's 3% 2024	1.44%
NXP BV 4.3% 2029	1.34%
John Deere 1.75% 2024	1.34%
Macquarie 3.052% 2036	1.31%
John Deere 0.70% 2026	1.22%
Crown Castle 2.25% 2031	1.22%
Bank of America 1.898% 2031	1.20%
Aroundtown 4.5% 2025	1.19%
Nordea Bank 0.5% 2027	1.15%
Masco 2% 2030	1.14%
Vodafone 4.2% 2027	1.14%
Alphabet 0.8% 2027	1.12%
United Utilities 0.875% 2029	1.11%
AusNet Float 2080	1.09%
AT&T 1.65% 2028	1.06%
TMO 0.5% 2028	1.02%

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

Current Asset Allocation

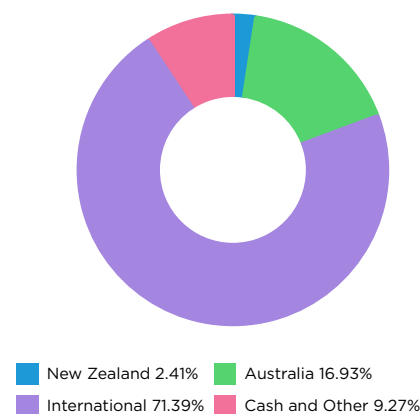
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	9.27%	5.00%
New Zealand Fixed Interest	1.30%	0%
International Fixed Interest	89.43%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.00%	0%

The actual cash held by the Fund is 7.41%. 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	29.75%
Communication Services	10.83%
Real Estate	9.57%
Information Technology	8.96%
Industrials	7.64%
Consumer Discretionary	6.93%
Materials	4.82%
Health Care	4.29%
Utilities	3.36%
Consumer Staples	2.50%
Energy	1.66%
Government	0.42%
Cash and Other	9.27%

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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