

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 28 February 2023



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The Fund returned -1.3% in the month, close to its benchmark. Absolute performance was negatively impacted by higher market interest rates which pushed bond prices lower. Incoming data now suggests central banks may need to raise interest rates higher than previously feared, as inflation remains stubbornly high. The Fund's lower than neutral exposure to interest rates helped to cushion returns from this recent downturn. This helped performance relative to benchmark, but was offset by relative weakness in some of its recently outperforming overweight sectors, such as subordinated bank bonds. We reiterate our expectation that market interest rates may be approaching fair value which should be good for medium-term returns, but we expect continued interest rate volatility in the near term until there is clearer evidence that inflation is trending towards central bank targets.

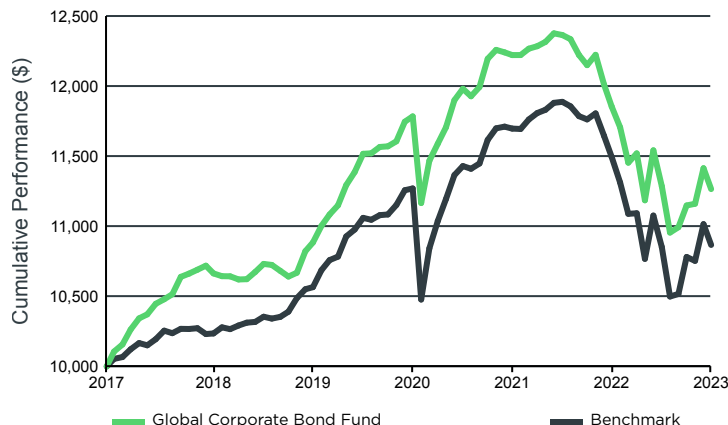
The performance of corporate bonds relative to government bonds was mixed in the month, but in aggregate close to unchanged. Some outperformance from the Fund's Euro and small Australian dollar exposures was offset by pockets of underperformance, including bank subordinated bonds per above. Near term we remain somewhat wary that corporate bond valuations are approaching historically expensive valuations versus government bonds. Therefore we further trimmed our exposure by selling more expensive holdings. The Fund has, however, remained active in new issue markets when we saw attractively priced opportunities. During the month, the Fund participated in new issues from UK bank Virgin Money, telecommunications supplier Nokia, and Swedish bank Svenska Handelsbanken.

Looking forward, while we believe corporate bonds continue to offer a better return outlook versus government bonds, to protect against further near-term weakness the Fund retains its below neutral exposure. It also maintains a below neutral exposure to interest rates, primarily in US dollars and Euros. Overall, we remain constructive on the medium-term outlook for returns, with the absolute return available from corporate bonds attractive versus history, and current yields likely to cushion against any further moves higher in interest rates.

To view Milford's March 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)	\$418.4 M
Yield²	6.04%
Average Credit Rating	BBB
Duration	3.04 years
Rating Categories	Inv.Grade 66% / High Yield 14%
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%

	Lower risk						Higher risk
Risk Indicator	1	2	3	4	5	6	7
	Potentially lower returns			Potentially higher returns			



Global Corporate Bond Fund as at 28 February 2023

Investment Performance after fees as at 28 February 2023⁵

Unit Price: \$0.9861

	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)	-1.31%	1.05%	-4.97%	-1.49%	1.10%	1.98%
After Tax 10.50%	-1.17%	0.95%	-4.44%	-1.33%	0.99%	1.77%
After Tax 17.50%	-1.08%	0.89%	-4.08%	-1.22%	0.92%	1.64%
After Tax 28.00%	-0.94%	0.79%	-3.55%	-1.05%	0.80%	1.43%
Benchmark	-1.35%	0.79%	-5.46%	-1.21%	1.20%	1.38%

Top Fixed Interest Holdings

Holdings	% of Fund
John Deere 1.75% 2024	2.50%
JPMorgan 1.578% 2027	2.25%
NatWest 7.416% 2033	2.09%
Vodafone 3.75% 2034	1.98%
CBA 5.398% 2027	1.95%
HCA 5.875% 2026	1.93%
NBS 6.178% 2027	1.93%
John Deere 4.55% 2024	1.85%
ANZ 2.166% 2025	1.81%
DR Horton 2.6% 2025	1.81%
Asciano 4.75% 2028	1.81%
Magallanes 3.755% 2027	1.80%
American Tower 3.8% 2029	1.74%
Lennar 4.5% 2024	1.74%
GE 5.857% 2030	1.70%
Goodman 1.375% 2025	1.70%
Oracle 2.95% 2030	1.63%
Dell 6.1% 2027	1.60%
SBA Comms. 3.125% 2029	1.59%
Lennar 5.875% 2024	1.57%

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

Current Asset Allocation

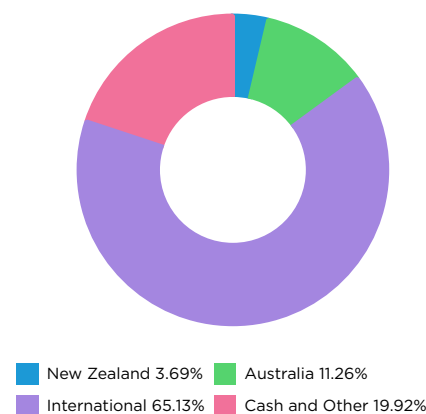
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	19.92%	5%
New Zealand Fixed Interest	0.01%	0.0%
International Fixed Interest	80.07%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 12.36%. 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	28.72%
Communication Services	10.19%
Information Technology	8.71%
Consumer Discretionary	8.64%
Industrials	7.30%
Real Estate	4.94%
Materials	4.19%
Health Care	3.57%
Other Sectors	3.82%
Cash and Other	19.92%

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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