

# Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 January 2022



## Portfolio Managers



**Travis Murdoch**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager

Fixed income markets had a weak start to the year. Government bond yields moved materially higher (prices lower) as markets became increasingly concerned about persistent inflation pressures and the likelihood of aggressive actions by central banks to combat it. Most notably, the Federal Reserve signalled a willingness to raise US interest rates at a faster pace than the market expected and confirmed that they were already having discussions about reducing their balance sheet by letting their bond holdings mature without reinvestment (so-called 'Quantitative Tightening'). Corporate bonds had a solid start to the month but eventually weakened with broader markets and underperformed government bonds.

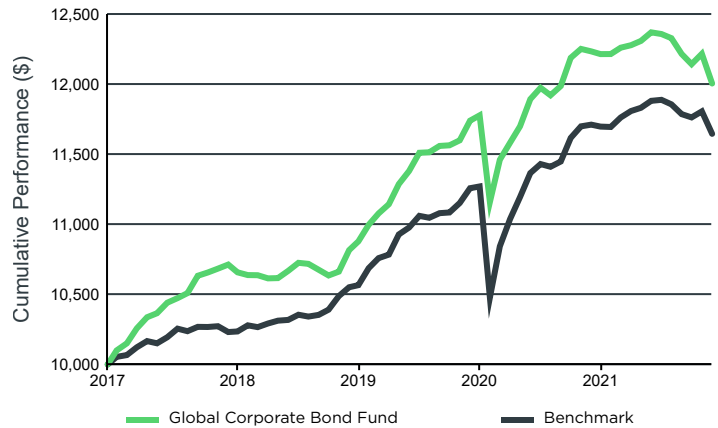
The Fund returned -1.7% in the month, which was 0.4% lower than its benchmark due in part to the Fund's overweight positions in corporate hybrids and subordinated financials which underperformed. The Fund was active in the primary market where it bought bonds from several bank issuers including UBS, Goldman Sachs, Morgan Stanley and Bank of New Zealand. Against this, the Fund sold bonds in several corporate issuers including longer dated bonds in Thermo Fisher and Kerry Group.

Looking forward, volatility is likely to remain elevated as persistently high inflation pushes central banks to act more aggressively in tightening monetary policy. This backdrop creates headwinds for corporate bonds, but solid economic growth continues to underpin company balance sheets. The Fund maintains a below neutral allocation to the weakest parts of the high yield market and below neutral interest rate positioning to cushion against the potential impact a move higher in interest rates may have on bond returns.

To view Milford's February 2022 Market and Economic Review please see [milfordasset.com/fact-sheet](http://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

<b>Objective<sup>1</sup></b>	To protect capital and generate a positive NZD hedged return that exceeds the relevant benchmark over the minimum recommended investment timeframe
<b>Description</b>	Primarily invests in global corporate fixed interest securities
<b>Minimum recommended investment timeframe</b>	3 years +
<b>Target Allocation</b>	100% Income Assets / 0% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$670.5 M
<b>Yield<sup>2</sup></b>	3.28%
<b>Average Credit Rating</b>	BBB
<b>Duration</b>	3.38 years
<b>Rating Categories</b>	Inv.Grade 68% / High Yield 24%
<b>Inception Date</b>	1 February 2017
<b>Current Distribution</b>	0.45 cents per unit (Quarterly)
<b>Benchmark</b>	Bloomberg Barclays Global Corporate 3-5 Year Total Return Index Value Hedged USD (100% NZD-hedged)
<b>Base Fund Fee<sup>3</sup></b>	0.85%
<b>Performance Fee</b>	Not applicable
<b>Total Fund Fees<sup>4</sup></b>	0.85%
<b>Risk Indicator</b>	<div style="display: flex; justify-content: space-between; align-items: center;"> <span>Lower risk</span> <span>1 2 <b>3</b> 4 5 6 7</span> <span>Higher risk</span> </div> <div style="display: flex; justify-content: space-between; align-items: center; margin-top: 5px;"> <span>Potentially lower returns</span> <span>Potentially higher returns</span> </div>



# Global Corporate Bond Fund as at 31 January 2022

## Investment Performance after fees as at 31 January 2022<sup>5</sup>

Unit Price: \$1.0708

	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)	-1.73%	-1.72%	-1.88%	3.53%	3.73%	3.73%
After Tax 10.50%	-1.56%	-1.55%	-1.67%	3.16%	3.34%	3.34%
After Tax 17.50%	-1.45%	-1.44%	-1.54%	2.91%	3.07%	3.07%
After Tax 28.00%	-1.28%	-1.27%	-1.34%	2.54%	2.68%	2.68%
Benchmark	-1.36%	-1.19%	-0.56%	3.34%	3.09%	3.09%

## Top Fixed Interest Holdings

Holdings	% of Fund
Credit Agricole 6.875% Perpetual	2.00%
Becton Dickinson Euro 0.334% 2028	1.89%
Danaher Corp 0.45% 2028	1.82%
BNZ 2.285% 2027	1.81%
NXP BV 4.3% 2029	1.74%
McDonald's 3% 2024	1.73%
John Deere 0.70% 2026	1.63%
Crown Euro. 3.375% 2025	1.61%
John Deere 1.75% 2024	1.61%
Morgan Stanley 2.475% 2028	1.59%
Seagate 4.091% 2029	1.51%
Alphabet 0.8% 2027	1.50%
JPMorgan 1.578% 2027	1.44%
T-Mobile 3.375% 2029	1.43%
Aroundtown 4.5% 2025	1.42%
AT&T 1.65% 2028	1.42%
UBS 6.875% Perpetual	1.38%
Scentre Group 4.75% 2080	1.37%
Vodafone 4.2% 2027	1.36%
Berry 5.625% 2027	1.29%

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

## Current Asset Allocation

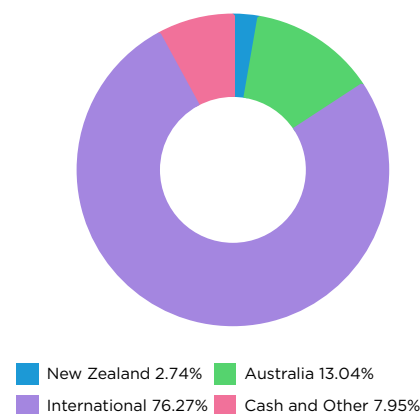
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	7.95%	5.0%
New Zealand Fixed Interest	0.95%	0.0%
International Fixed Interest	91.10%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

# The actual cash held by the Fund is 5.68%. 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	24.29%
Communication Services	15.09%
Information Technology	10.16%
Real Estate	8.50%
Consumer Discretionary	8.02%
Materials	7.63%
Industrials	7.03%
Health Care	6.24%
Other Sectors	5.09%
Cash and Other	7.95%

## 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](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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