

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 January 2023



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The Fund returned 2.3% in January, slightly below benchmark. Strong absolute performance was supported by lower market interest rates (higher bond prices) which more than retraced their December increases. Market expectations for lower interest rates were driven by building evidence that inflation is peaking and may be falling back towards more acceptable levels for central banks. Although we perceive market interest rates are closer to fair value, over the short term they may be volatile until data and central bank actions confirm this.

The Fund had a moderate below neutral exposure to interest rates, primarily in US dollars, which was a small relative performance drag versus benchmark. This positioning has been retained into the start of February. Absolute performance benefitted from global corporate bonds outperforming the strength seen in government bonds, despite high levels of bond issuance. This reflected the strong start to the year for broader market risk appetite. Wary of elevated issuance and higher valuations (see below), the Fund had an exposure to corporate bonds slightly below neutral. This also weighed a little on performance relative to benchmark, however the extent was diminished by the strong performance of its subordinated corporate bonds.

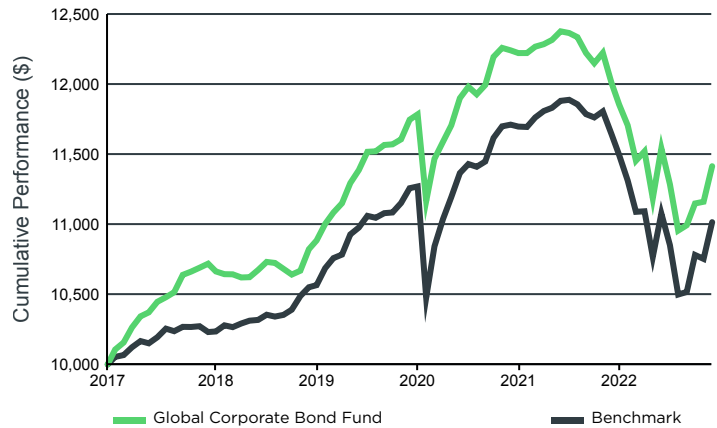
We have been and remain wary that corporate bond valuations are arguably approaching historically expensive valuations versus government bonds, especially in the context of tightening monetary conditions and slowing economic growth (falling earnings), and accordingly we will retain the below neutral exposure to corporate bonds. We had, however, further reduced the extent of this underweight throughout the month via participation in attractively priced new issues, including Bank of Ireland, BNP Paribas (French bank), Lloyds Bank (UK bank), and Spanish renewable energy company, Iberdrola.

Looking forward, we continue to see pockets of opportunities amongst corporate bond markets and believe corporate bonds can continue to offer a better return outlook versus government bonds despite a more moderate relative upside from here. Over the medium term, the absolute return available from corporate bonds remains attractive versus history, with current yields likely to cushion against any further moves higher in interest rates.

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

Cumulative Fund Performance

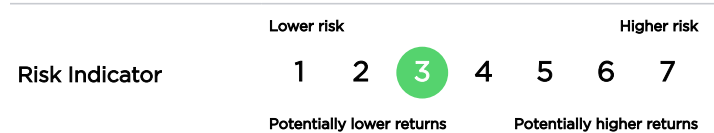
(after fees and before tax)



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)	\$423.2 M
Yield²	5.45%
Average Credit Rating	BBB
Duration	3.31 years
Rating Categories	Inv.Grade 70% / High Yield 17%
Inception Date	1 February 2017
Current Distribution	0.7 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 31 January 2023

Investment Performance after fees as at 31 January 2023⁵

Unit Price: \$0.9992

	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)	2.27%	3.83%	-4.97%	-0.95%	1.26%	2.23%
After Tax 10.50%	2.03%	3.42%	-4.45%	-0.84%	1.14%	2.00%
After Tax 17.50%	1.87%	3.15%	-4.10%	-0.77%	1.05%	1.84%
After Tax 28.00%	1.63%	2.74%	-3.57%	-0.66%	0.92%	1.61%
Benchmark	2.44%	4.73%	-5.41%	-0.72%	1.49%	1.62%

Top Fixed Interest Holdings

Holdings	% of Fund
John Deere 1.75% 2024	2.49%
JPMorgan 1.578% 2027	2.16%
CSL 3.85% 2027	2.15%
NatWest 7.416% 2033	2.06%
Vodafone 3.75% 2034	1.99%
HCA 5.875% 2026	1.91%
NBS 6.178% 2027	1.88%
CBA 5.398% 2027	1.88%
John Deere 4.55% 2024	1.76%
ANZ 2.166% 2025	1.75%
American Tower 3.8% 2029	1.74%
Magallanes 3.755% 2027	1.73%
DR Horton 2.6% 2025	1.73%
Asciano 4.75% 2028	1.72%
GE 5.857% 2030	1.66%
Goodman 1.375% 2025	1.66%
Lennar 4.5% 2024	1.65%
Oracle 2.95% 2030	1.59%
SBA Comms. 3.125% 2029	1.58%
Dell 6.1% 2027	1.53%

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

Current Asset Allocation

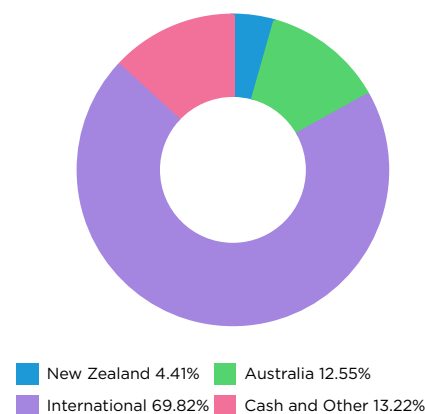
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	12.63%	5%
New Zealand Fixed Interest	0.78%	0.0%
International Fixed Interest	86.00%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.59%	0.0%

The actual cash held by the Fund is 4.95%. 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	32.00%
Communication Services	10.19%
Information Technology	8.71%
Consumer Discretionary	8.57%
Industrials	7.25%
Health Care	5.74%
Real Estate	5.00%
Materials	4.59%
Other Sectors	4.73%
Cash and Other	13.22%

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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