

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2022



Portfolio Managers



Travis Murdoch
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The Fund returned 3.2% in the month, which was 0.3% ahead of its benchmark. Absolute returns were part driven by lower market expectations for interest rates (bond prices higher) as economic data weakened, reducing market expectations for the extent to which central banks may need to increase interest rates to bring down inflation. Nevertheless, global inflation data has thus far remained strong and central banks have maintained hawkish rhetoric, including the European Central Bank and the US Fed increasing interest rates by 0.5 percentage points and 0.75 percentage points respectively.

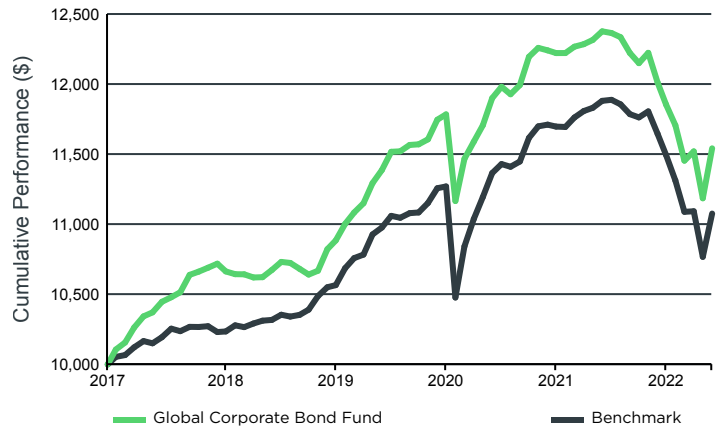
Absolute returns further benefitted from outperformance of corporate bonds over government bonds in the month. Corporate bond performance was supported by seasonal trends, including lower bond issuance into earnings season, but we remain wary of the impact that slowing economic momentum may have on corporate earnings. Although the Fund participated in a new subordinate bond from National Australia Bank, the focus was more on reducing some corporate bond exposure into the market strength. We sold a number of US Dollar and Euro holdings, including subordinate bank exposure from UBS, Deutsche Bank, and Barclays. Relative to benchmark the Fund benefitted from a slightly larger sensitivity to corporate bond outperformance versus its benchmark. Unfortunately, the positive contribution from the longer than neutral exposure to Australasian interest rates was more than offset by a below neutral exposure to US interest rates.

We maintain a cautious outlook over the near term amidst expectations for further volatility and uncertain economic growth and inflation. As mentioned above, we have moved to a moderately conservative corporate bond exposure versus the long run neutral. Further, following the recent market moves for lower interest rates, we see the risk for higher interest rates skewed to the upside and the Fund retains a slightly shorter than benchmark interest rate exposure - predominantly expressed in USD, part offset by a small longer than benchmark exposure to Australasia.

To view Milford's August 2022 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	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)	\$432.9 M
Yield²	4.32%
Average Credit Rating	BBB
Duration	3.24 years
Rating Categories	Inv.Grade 70% / High Yield 18%
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%
Risk Indicator	<div style="display: flex; justify-content: space-between; align-items: center;"> Lower risk Higher risk </div> <div style="display: flex; justify-content: center; align-items: center; gap: 10px;"> 1 2 3 4 5 6 7 </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 July 2022

Investment Performance after fees as at 31 July 2022⁵

Unit Price: \$1.0198

	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)	3.19%	0.77%	-6.74%	0.45%	2.01%	2.64%
After Tax 10.50%	2.86%	0.72%	-6.04%	0.42%	1.81%	2.37%
After Tax 17.50%	2.65%	0.68%	-5.58%	0.39%	1.67%	2.19%
After Tax 28.00%	2.32%	0.63%	-4.87%	0.35%	1.46%	1.91%
Benchmark	2.87%	-0.11%	-6.77%	0.30%	1.67%	1.88%

Top Fixed Interest Holdings

Holdings	% of Fund
Becton Dickinson Euro 0.334% 2028	2.61%
John Deere 1.75% 2024	2.47%
CSL 3.85% 2027	2.25%
JPMorgan 1.578% 2027	2.20%
AT&T 1.65% 2028	2.15%
HCA 5.875% 2026	1.95%
RBLN 2.75% 2024	1.91%
CBA 2.552% 2027	1.84%
Asciano 4.75% 2028	1.80%
Magallanes 3.755% 2027	1.80%
American Tower 3.8% 2029	1.79%
ANZ 2.166% 2025	1.79%
DR Horton 2.6% 2025	1.78%
Verizon Float 2023	1.71%
Lennar 4.5% 2024	1.69%
Goodman 1.375% 2025	1.66%
SBA Comms. 3.125% 2029	1.65%
Aroundtown 4.5% 2025	1.63%
Dell 6.1% 2027	1.59%
Seagate 4.091% 2029	1.58%

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

Current Asset Allocation

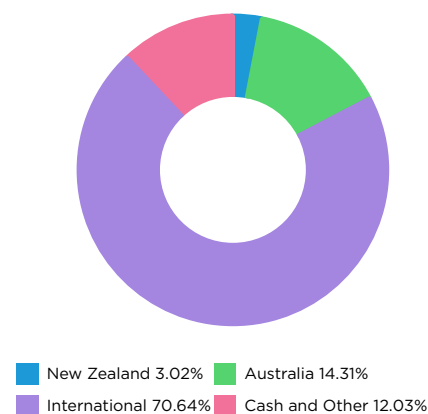
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	11.69%	5.0%
New Zealand Fixed Interest	1.22%	0.0%
International Fixed Interest	86.75%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.34%	0.0%

The actual cash held by the Fund is 8.06%. 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	22.32%
Communication Services	15.54%
Consumer Discretionary	9.74%
Information Technology	9.08%
Real Estate	7.75%
Health Care	6.95%
Industrials	6.32%
Materials	5.05%
Other Sectors	5.22%
Cash and Other	12.03%

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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