

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 July 2023



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

Supported by generally falling corporate bond yields, the Fund posted a strong return of 1.1% in July which was in excess of its benchmark. The key global interest rate markets to which it is exposed saw little change in longer dated interest rates, but there were some falls in shorter dated interest rates, as market expectations grow that we are reaching peak interest rate cycle. Corporate bonds continued their strong recovery post the March mini banking crisis, with credit spreads (the extra yield of corporate bonds versus government bonds) in many cases at the most expensive levels of the year. The performance was most notable in bank bonds, especially in subordinated bonds and in UK banks, where we had retained an exposure supported by cheap valuations and a belief in the companies' strong fundamentals.

We entered the month with a small overweight to credit spreads which supported outperformance versus the Fund's benchmark. The extent of this overweight was reduced later in the month as valuations started to look less cheap. This included selling Commerzbank subordinated bonds and selling senior bonds of Nationwide Building Society, Bank of America, HSBC, and EU telco Vodafone. Overall, credit spread exposure is now a little less than neutral/benchmark. Incoming economic data and company reporting suggest expectations for an economic/earnings slowdown are more manageable for corporate borrowers. Therefore, although credit spread valuations are less attractive, we plan to rebuild this exposure closer to neutral near term on credit spread weakness. Our target is primary market issuance post company reporting season and the Northern Hemisphere summer, to access bonds with some new issue discount.

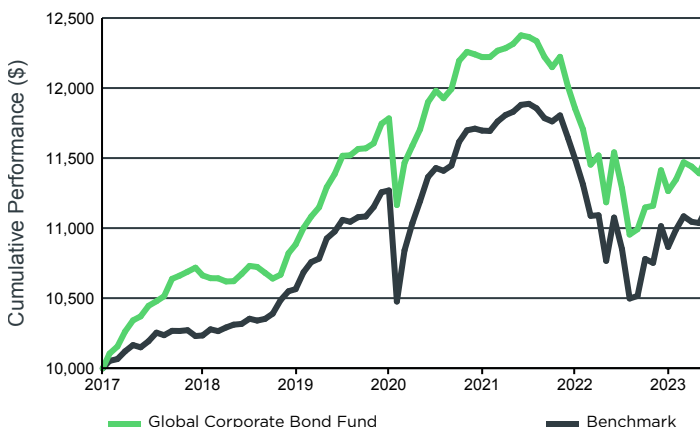
Our base view is that while the central bank rate hiking cycle may not be finished, it is close to an end. Interest rate markets are pricing in a conceivable path for rates. The Fund's interest rate exposure therefore remains close to, but a little below, neutral. Incoming data continues to suggest inflation has peaked and that economies are proving more resilient than expected to tighter monetary policy. The lagged impact of the latter is, however, starting to progressively impact, albeit to varying degrees and in an unsynchronised fashion across the economies to which the Fund has exposure. This will require Fund positioning to remain nimble and reactive to the evolving incoming information. To reflect this divergence in outlooks, we marginally added interest rate exposure to euros and reduced from US dollars.

Looking forward, we believe the medium-term return outlook for the Fund is attractive, as what remain historically elevated market yields should provide a substantial cushion against all but extremely higher market interest rates.

To view Milford's July 2023 Market and Economic Review please see milfordasset.com/insights.

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)	\$461.1 M
Yield²	6.20%
Average Credit Rating	BBB
Duration	3.29 years
Rating Categories	Inv.Grade 70% / High Yield 12%
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%
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; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div>



Global Corporate Bond Fund as at 31 July 2023

Investment Performance after fees as at 31 July 2023⁵

Unit Price: \$0.994

	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)	1.11%	0.41%	-0.21%	-1.08%	1.53%	2.20%
After Tax 10.50%	0.98%	0.35%	-0.20%	-0.96%	1.37%	1.97%
After Tax 17.50%	0.90%	0.30%	-0.19%	-0.89%	1.27%	1.82%
After Tax 28.00%	0.77%	0.24%	-0.19%	-0.77%	1.11%	1.58%
Benchmark	1.03%	0.59%	0.67%	-0.63%	1.56%	1.69%

Top Fixed Interest Holdings

Holdings	% of Fund
JPMorgan 1.578% 2027	2.06%
NBS 6.178% 2027	1.85%
HCA 5.875% 2026	1.79%
Berry 5.5% 2028	1.76%
CBA 5.398% 2027	1.76%
Vodafone 3.00% 2080	1.74%
D.R. Horton 2.6% 2025	1.66%
Goodman 1.375% 2025	1.64%
American Tower 3.8% 2029	1.63%
Asciano 4.75% 2028	1.60%
GEHC 5.857% 2030	1.55%
Discovery 3.625% 2030	1.55%
AU Pacific Airport 4.375% 2033	1.54%
Oracle 2.95% 2030	1.51%
SBA Comms. 3.125% 2029	1.51%
Fiserv 4.5% 2031	1.45%
NBS 5.35% 2028	1.42%
VMware 2.2% 2031	1.38%
JPMorgan 4.6% Perpetual	1.35%
WFC 2.406 10/30/25 FRN MTN	1.34%

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

Current Asset Allocation

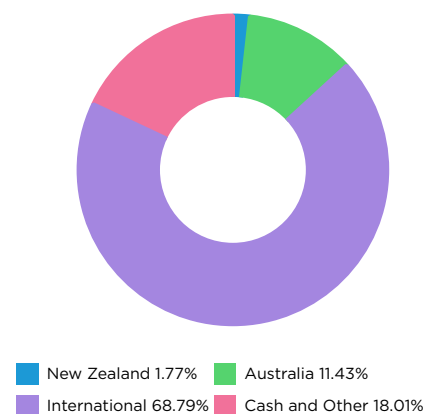
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	16.67%	5%
New Zealand Fixed Interest	0.01%	0.0%
International Fixed Interest	81.98%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	1.34%	0.0%

The actual cash held by the Fund is 8.20%. 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	34.31%
Communication Services	11.10%
Materials	8.76%
Real Estate	5.59%
Information Technology	5.00%
Consumer Discretionary	4.44%
Industrials	4.27%
Health Care	4.08%
Other Sectors	4.44%
Cash and Other	18.01%

Region Exposure



1. After the base fund fee but before tax. 2. The yield to maturity is not an indicator of future return, but reflects the current yield to maturity of the fund's underlying holdings (before tax and after the base fund fee). 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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