

# Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 June 2021



## Portfolio Managers



**Travis Murdoch**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager

Fixed income markets generally had a positive month in June. There was a clear shift in tone from the US Federal Reserve (the Fed) at their mid-month monetary policy meeting. Reflecting increased optimism on the US economy, the Fed's median staff forecast for first rate hikes moved from 2024 to 2023 and discussions started on when they may begin tapering asset purchases. Shorter dated US government bond yields moved higher (prices lower) suggesting markets expect rates hikes to start earlier than previously expected, while longer dated yields resumed their move lower. Corporate bond markets took the Fed's hawkish pivot in their stride, with prices broadly moving higher.

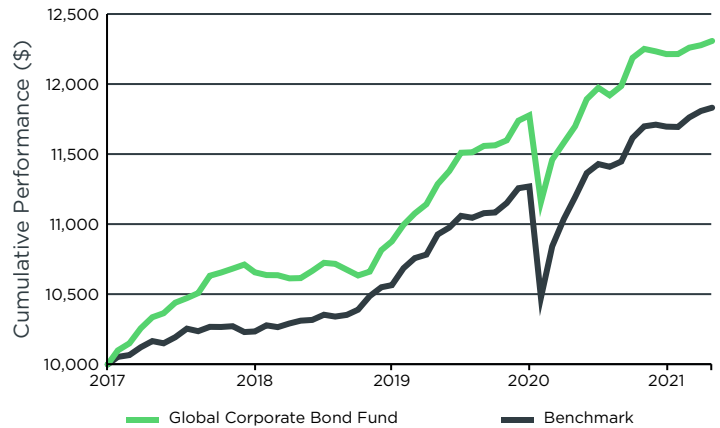
The Fund returned 0.3% in June and outperformed its benchmark due to its above neutral allocation to corporate bonds. The Fund was active in the primary market where it bought bonds in new issues from companies including Nestle (consumer staples), and rare issuers such as Wesfarmers (retail/industrial) and Salesforce.com (information technology). The Fund took advantage of market strength to reduce some longer maturity corporate bond exposures which may be more sensitive to interest rate increases.

We remain constructive on corporate bonds as we head into the northern hemisphere summer when issuance in the primary market is seasonally lower. Whilst central banks are shifting their focus to when they might hike interest rates, monetary policy remains supportive for corporate bond markets in the near-term and strong global growth continues to underpin company balance sheets. Nonetheless, higher interest rates remain a potential headwind and the Fund maintains below neutral interest rate positioning to cushion against potential impact a move higher may have on bond returns.

To view Milford's July 2021 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>	Protect capital and generate a positive NZD-hedged return that exceeds the relevant benchmark over a minimum of three years
<b>Description</b>	Primarily invests in global corporate fixed interest securities
<b>Target Allocation</b>	100% Income Assets / 0% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$854.4 M
<b>Yield<sup>2</sup></b>	1.67%
<b>Average Credit Rating</b>	BBB+
<b>Duration</b>	3.09 years
<b>Rating Categories</b>	Inv.Grade 78% / High Yield 16%
<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%



# Global Corporate Bond Fund as at 30 June 2021

## Investment Performance after fees as at 30 June 2021<sup>5</sup>

Unit Price: \$1.107

	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)	0.25%	0.77%	5.20%	5.05%	-	4.83%
After Tax 10.50%	0.22%	0.69%	4.66%	4.51%	-	4.32%
After Tax 17.50%	0.20%	0.63%	4.30%	4.16%	-	3.98%
After Tax 28.00%	0.18%	0.55%	3.76%	3.62%	-	3.47%
Benchmark	0.20%	1.17%	5.69%	4.68%	-	3.88%

## Top Fixed Interest Holdings

Holdings	% of Fund
Seagate 4.091% 2029	1.51%
Danaher Corp 0.45% 2028	1.45%
McDonald's 3% 2024	1.39%
NXP BV 4.3% 2029	1.35%
John Deere 1.75% 2024	1.30%
Crown Castle 2.25% 2031	1.26%
John Deere 0.70% 2026	1.25%
Bank of America 1.898% 2031	1.23%
Vantage Towers 0.75% 2030	1.19%
CBA 2.688% 2030	1.18%
Masco 2% 2030	1.15%
Aroundtown 4.5% 2025	1.15%
Alphabet 0.8% 2027	1.14%
Nordea Bank 0.5% 2027	1.13%
United Utilities 0.875% 2029	1.11%
Vodafone 4.2% 2027	1.11%
Wesfarmers 1.941% 2028	1.11%
Holcim 0.625% 2030	1.09%
AT&T 1.65% 2028	1.09%
UBS 6.875% Perpetual	1.09%

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

## Current Asset Allocation

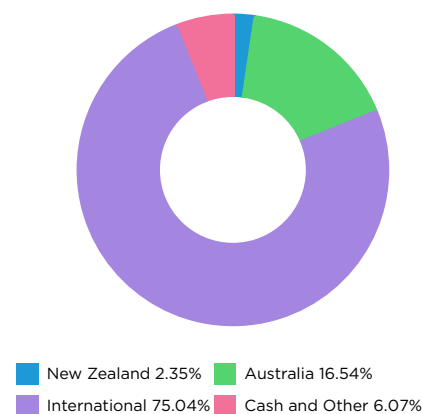
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	6.07%	5.00%
New Zealand Fixed Interest	0.85%	0%
International Fixed Interest	93.08%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	0.00%	0%

# The actual cash held by the Fund is 3.62%. 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	28.20%
Communication Services	13.01%
Information Technology	10.23%
Real Estate	8.95%
Industrials	8.43%
Consumer Discretionary	7.81%
Materials	7.30%
Health Care	4.25%
Energy	2.58%
Consumer Staples	1.87%
Utilities	1.66%
Cash and Other	6.07%

## 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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