

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 June 2023



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

June saw global market interest rates continue to rise back towards levels prevailing before the mini US banking crisis in March. This move continued to weigh on bond prices even though the Fund impact was less, as corporate bonds outperformed government bonds. It meant the Fund fell 0.4% in the month. Incoming economic data continues to suggest that while inflation has peaked, economies are proving more resilient than expected to tighter monetary policy. Therefore, while we may be close to the peak in the rate cycle, key offshore global central banks continue to guide that some further policy tightening may be required.

Fund performance has somewhat lagged its benchmark. A positive has been the cushioning of returns from the move higher in market interest rates by retaining below neutral exposure to interest rates. However, our retention of a more conservative lower exposure to credit spreads (the extra yield of corporate relative to government bonds) meant we missed out on some of the recent spread tightening, which was a drag relative to benchmark. This conservative positioning reflected wariness that we are late in the economic and credit cycle, where credit risks tend to rise. That said, as our near-term confidence in the resilience of economies increased, we extended this credit spread exposure with a focus on higher rated companies. There was also a small relative headwind from some underperformance of UK credit where we have an overweight exposure, but we believe that should be recovered over coming months.

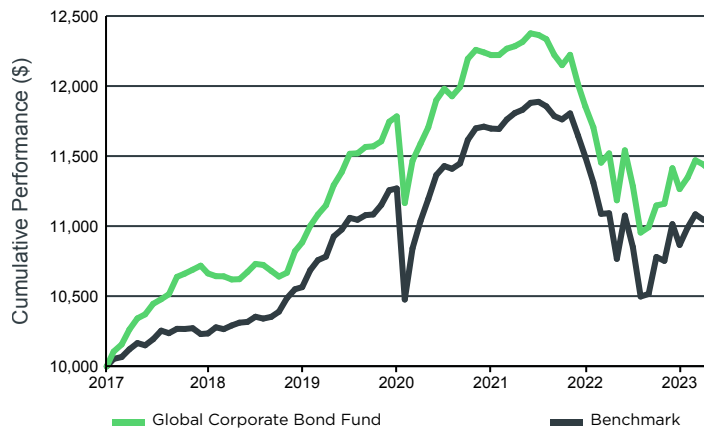
Additional credit exposure in June was via new issuance from financial services company NASDAQ, UK teleco BT Group, Bank of Ireland, Norwegian bank DNB Bank, HSBC and Irish bank Permanent TSB. We also added via existing bonds from the likes of industrial gases company Linde, US homebuilders Toll Brothers and building materials company Holcim. We will likely retain this larger credit exposure for the early part of the US and European summer where a lack of new issuance means corporate bonds tend to outperform, but we plan to use any material strength to resume a slightly more defensive position as we get closer to the Northern Hemisphere autumn.

Looking forward, our base case remains that the global rate hiking cycle may not be finished but is arguably close to an end. For this reason we had previously marginally extended the Fund's interest rate exposure, as market pricing now reflects a more appropriate path for future interest rates. We believe the medium-term return outlook for the Fund should therefore be attractive, as what remains historically-elevated market yields should provide a substantial cushion against all but extremely higher market interest rates.

To view Milford's June 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)	\$453.7 M
Yield²	5.64%
Average Credit Rating	BBB
Duration	3.23 years
Rating Categories	Inv.Grade 75% / High Yield 14%
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; align-items: center; margin-top: 5px;"> Potentially lower returns Potentially higher returns </div>



Global Corporate Bond Fund as at 30 June 2023

Investment Performance after fees as at 30 June 2023⁵

Unit Price: \$0.9831

	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)	-0.42%	0.39%	1.84%	-0.90%	1.41%	2.05%
After Tax 10.50%	-0.38%	0.36%	1.66%	-0.80%	1.26%	1.84%
After Tax 17.50%	-0.35%	0.34%	1.54%	-0.73%	1.17%	1.70%
After Tax 28.00%	-0.31%	0.31%	1.35%	-0.63%	1.02%	1.48%
Benchmark	-0.08%	0.42%	2.50%	-0.47%	1.37%	1.55%

Top Fixed Interest Holdings

Holdings	% of Fund
NBS 5.35% 2028	2.14%
JPMorgan 1.578% 2027	2.12%
Vodafone 3.75% 2034	1.95%
HCA 5.875% 2026	1.84%
NBS 6.178% 2027	1.84%
CBA 5.398% 2027	1.80%
Berry 5.5% 2028	1.79%
Vodafone 3.00% 2080	1.73%
DR Horton 2.6% 2025	1.69%
American Tower 3.8% 2029	1.67%
Asciano 4.75% 2028	1.65%
Goodman 1.375% 2025	1.65%
GEHC 5.857% 2030	1.59%
Discovery 3.625% 2030	1.59%
AU Pacific Aiport 4.375% 2033	1.57%
SBA Comms. 3.125% 2029	1.55%
Oracle 2.95% 2030	1.55%
HSBC 6.547% 2034	1.52%
Fiserv 4.5% 2031	1.46%
Lennar 5.875% 2024	1.45%

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

Current Asset Allocation

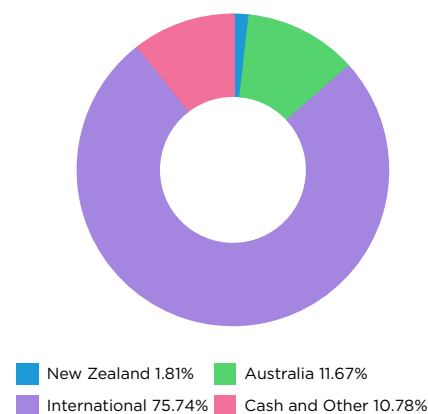
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	10.47%	5%
New Zealand Fixed Interest	0.01%	0.0%
International Fixed Interest	89.21%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.31%	0.0%

The actual cash held by the Fund is 1.64%. 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	38.18%
Communication Services	13.23%
Materials	8.06%
Consumer Discretionary	5.97%
Real Estate	5.71%
Information Technology	5.14%
Industrials	4.35%
Health Care	4.18%
Other Sectors	4.40%
Cash and Other	10.78%

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.

Disclaimer: The Milford Fund Fact Sheet has been prepared by Milford Funds Limited. It is based on information believed to be accurate and reliable although no guarantee can be given that this is the case. No reproduction of any material either in part or in full is permitted without prior permission. For more information about the Fund, please refer to the Production Disclosure Statement or the latest Quarterly Fund Update.