

# Global Corporate Bond Fund

## Portfolio Investment Entity

### Monthly Fact Sheet as at 31 March 2023



## Portfolio Managers



**Paul Morris**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager

The Fund returned 0.7% in March, slightly behind its benchmark. The month was characterised by heightened volatility as markets focused on the financial sector and, in particular, US regional banks after the failure of Silicon Valley Bank, and in Europe Credit Suisse after it was acquired by Swiss peer UBS. Concerns for financial stability and accelerating tightening of credit conditions quickly shifted market expectations from anticipating interest rate hikes to expecting interest rate cuts in many countries in the second half of the year. The fall in market interest rates drove bond prices higher, supporting absolute Fund performance, however, this was in part offset by the underperformance of corporate bonds relative to government bonds as the events precipitated concerns for a sharper slowdown in economic growth.

The Fund's below benchmark exposure to interest rates was a headwind to performance versus benchmark as rates fell. We remain wary of the risk of rising interest rates. Incoming economic data will provide guidance as to whether current expectations for interest rate cuts are warranted. For now, we have retained below benchmark interest rate positioning, with a focus in US dollars and Euro.

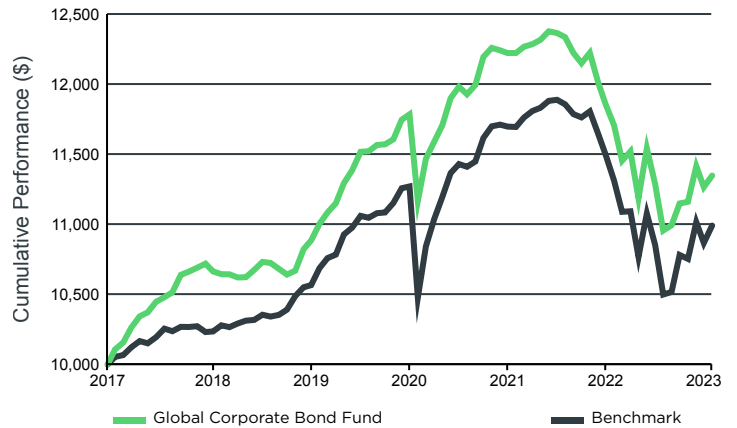
The Fund retains a lower than neutral exposure to credit spreads (the extra yield relative to government bonds). This helped cushion performance against benchmark as credit spreads widened during the month. The banking headlines precipitated a reversal of much of the outperformance of the Fund's bank bonds since late last year. Bank exposure was slightly larger than benchmark which weighed on performance in the month. We remain comfortable with the solvency and liquidity of our bank holdings and therefore have only slightly trimmed this exposure. Non-financial corporate bond performance proved more resilient, but here credit spreads were also wider in the month. Looking forward we remain wary that spreads could widen further should economies slow, and so we are likely to continue with cautious positioning. Irrespective of the volatility, the new issue market more broadly remains open and the Fund continues to rotate out of more expensive holdings into better value new issues, including from global packaging company Berry Global. We also took the opportunity to benefit from pockets of value caused by the market volatility to buy existing bonds from the likes of Coca-Cola Europacific Partners and payments company Fiserv.

Looking forward medium term, beyond likely ongoing near-term volatility, the Fund's return outlook remains attractive. The yields available from corporate bonds should prove more than sufficient to cushion against all but extremely higher market interest rates.

To view Milford's March 2023 Market and Economic Review please see [milfordasset.com/investor-centre](https://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

<b>Objective<sup>1</sup></b>	To protect capital and generate a positive NZD hedged return that exceeds the relevant benchmark over the minimum recommended investment timeframe.
<b>Description</b>	Primarily invests in global corporate fixed interest securities

<b>Minimum recommended investment timeframe</b>	3 years +
<b>Target Allocation</b>	100% Income Assets / 0% Growth Assets
<b>Neutral FX Exposure</b>	0%
<b>Net Asset Value (NAV)</b>	\$427.4 M
<b>Yield<sup>2</sup></b>	5.73%
<b>Average Credit Rating</b>	BBB
<b>Duration</b>	3.09 years
<b>Rating Categories</b>	Inv.Grade 70% / High Yield 14%
<b>Inception Date</b>	1 February 2017
<b>Current Distribution</b>	0.7 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%

	Lower risk						Higher risk
<b>Risk Indicator</b>	1	2	3	4	5	6	7
	Potentially lower returns			Potentially higher returns			



# Global Corporate Bond Fund as at 31 March 2023

## Investment Performance after fees as at 31 March 2023<sup>5</sup>

Unit Price: \$0.9863

	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)	0.73%	1.68%	-3.06%	0.54%	1.29%	2.07%
After Tax 10.50%	0.65%	1.49%	-2.73%	0.49%	1.15%	1.86%
After Tax 17.50%	0.59%	1.37%	-2.51%	0.45%	1.07%	1.71%
After Tax 28.00%	0.50%	1.18%	-2.18%	0.40%	0.93%	1.49%
Benchmark	1.14%	2.21%	-2.84%	1.61%	1.35%	1.55%

## Top Fixed Interest Holdings

Holdings	% of Fund
John Deere 1.75% 2024	2.43%
NBS 5.35% 2028	2.28%
JPMorgan 1.578% 2027	2.21%
NatWest 7.416% 2033	2.06%
Vodafone 3.75% 2034	2.01%
CBA 5.398% 2027	1.93%
NBS 6.178% 2027	1.91%
HCA 5.875% 2026	1.91%
Berry 5.5% 2028	1.86%
ANZ 2.166% 2025	1.78%
DR Horton 2.6% 2025	1.77%
Magallanes 3.755% 2027	1.76%
Asciano 4.75% 2028	1.74%
American Tower 3.8% 2029	1.74%
Lennar 4.5% 2024	1.69%
Goodman 1.375% 2025	1.69%
GE 5.857% 2030	1.67%
Oracle 2.95% 2030	1.64%
SBA Comms. 3.125% 2029	1.62%
Dell 6.1% 2027	1.59%

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

## Current Asset Allocation

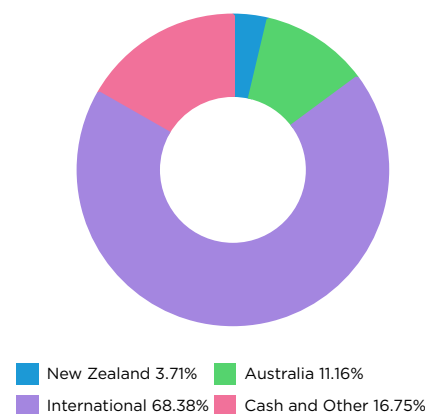
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	16.71%	5%
New Zealand Fixed Interest	0.01%	0.0%
International Fixed Interest	83.24%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.04%	0.0%

# The actual cash held by the Fund is 8.54%. 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	33.75%
Communication Services	8.90%
Consumer Discretionary	8.60%
Information Technology	7.03%
Materials	6.15%
Industrials	5.45%
Real Estate	5.07%
Health Care	3.60%
Other Sectors	4.70%
Cash and Other	16.75%

## 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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