

# Global Corporate Bond Fund

## Portfolio Investment Entity

### Monthly Fact Sheet as at 31 March 2024



## Portfolio Managers



**Anthony Ip**  
Portfolio Manager



**Ian Robertson**  
Co-Portfolio Manager



**Paul Morris**  
Co-Portfolio Manager

March was an active month for the Fund, as we turned over a number of positions and participated in several new issuances, against a backdrop of continued interest rate volatility. During the month, the Fund returned 1.3% which was ahead of the benchmark return of 1.0%.

There were a couple of factors which contributed to the Fund's relative outperformance. Firstly, the Fund ran an overweight position to bank subordinated bonds. This sector bounced back strongly during the month, as fears over commercial real estate exposures subsided and investors locked in the additional yield that these securities offer. On a separate but related note, the Fund had a long position in Virgin Money UK, which was the subject of an acquisition proposal by Nationwide Building Society, a higher-quality, higher-rated UK bank. We expect the acquisition to proceed as planned but have begun to take profit on some of the Fund's Virgin Money UK exposure which, in our view, has fully priced in the acquisition. Thirdly, the Fund's holdings in a number of telecommunications and media issuers outperformed the market during March, including global media company Warner Bros Discovery on reduced concerns around the health of the advertising market, global payment services company Worldpay, US financial services company Fiserv, and US telco AT&T. It was pleasing to see the solid performance of these telecommunications and media names after mixed performance the previous month.

The above tailwinds were partially offset by a small group of laggards, most notably the Fund's holdings in Ardagh Group. While we are comfortable with the long-term fundamentals of the company, the Fund has exited its small holdings to reduce volatility in this issuer going forward.

The Fund's current interest rate positioning is close to neutral as we see the opposing forces of still-high inflation and high government bond supply, offset by gradually slowing global economic growth. We will increase the Fund's relative interest rate positioning if we develop higher conviction around the easing of global inflation pressures.

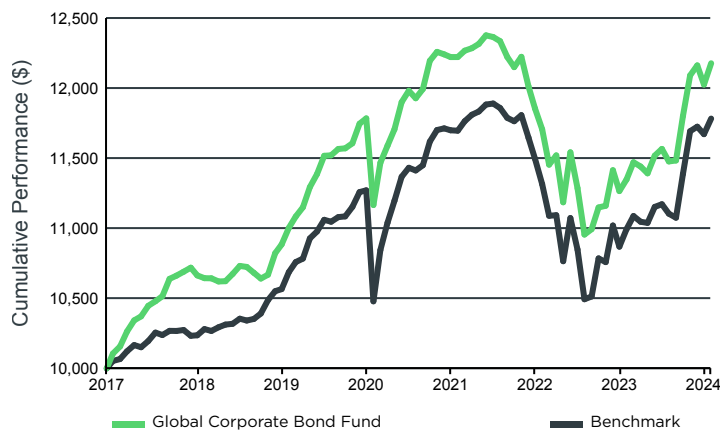
In the immediate term, despite our caution around expensive valuations for parts of the global corporate bond market, we'd highlight that global corporate bond yields are at historically attractive levels. This should support an attractive return profile for the Fund and provide a substantial cushion against further interest rate volatility.

To view Milford's March 2024 Market and Economic Review please see [milfordasset.com/insights](https://milfordasset.com/insights).

For previous fund reports see [milfordasset.com/fund-reports](https://milfordasset.com/fund-reports).

## 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>	\$367.5 M
<b>Yield<sup>2</sup></b>	4.86%
<b>Average Credit Rating</b>	BBB
<b>Duration</b>	3.45 years
<b>Rating Categories</b>	Inv. Grade 69% / High Yield 20% / Unrated 1%
<b>Inception Date</b>	1 February 2017
<b>Current Distribution</b>	0.85 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 31 March 2024

## Investment Performance after fees as at 31 March 2024<sup>5</sup>

Unit Price: \$1.0261

	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)	1.27%	0.72%	7.31%	-0.12%	2.05%	2.79%
After Tax 10.50%	1.14%	0.63%	6.54%	-0.10%	1.84%	2.50%
After Tax 17.50%	1.06%	0.58%	6.03%	-0.09%	1.70%	2.30%
After Tax 28.00%	0.94%	0.49%	5.27%	-0.07%	1.49%	2.01%
Benchmark	0.95%	0.77%	7.17%	0.25%	1.97%	2.32%

## Top Fixed Interest Holdings

Holdings	% of Fund
JPMorgan 1.578% 2027	2.78%
Toll Brother 4.35% 2028	2.66%
Vodafone 3.00% 2080	2.40%
NBS 6.178% 2027	2.40%
Berry 5.5% 2028	2.35%
Abbvie 4.95% 2031	2.31%
Close Brothers Group 5.5% 2029	2.31%
HCA 5.875% 2026	2.30%
Santos 5.25% 2029	2.22%
Asciano 4.75% 2028	2.16%
Goodman 1.375% 2025	2.15%
American Tower 3.8% 2029	2.14%
SBA Comms. 3.125% 2029	2.02%
Fiserv 4.5% 2031	1.96%
Air Products 4.85% 2034	1.82%
NXP BV 4.3% 2029	1.78%
Barclays 7.385% 2028	1.74%
Morgan Stanley 3.79% 2030	1.74%
AIBG 2.875% 30/05/2031	1.70%
British Telecommunications 8.375% 2083	1.70%

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

## Current Asset Allocation

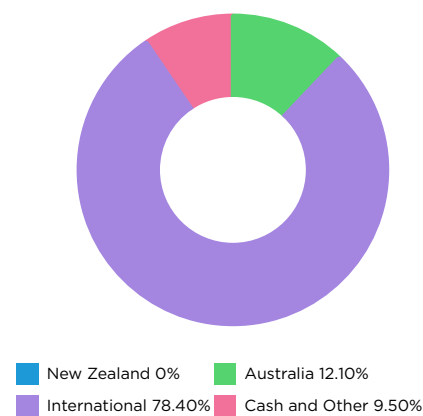
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	9.50%	5%
New Zealand Fixed Interest	0.00%	0.0%
International Fixed Interest	90.50%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

# The actual cash held by the Fund is 1.97%. 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	35.53%
Communication Services	12.15%
Real Estate	10.04%
Materials	7.25%
Health Care	6.80%
Industrials	6.07%
Energy	4.77%
Consumer Discretionary	3.72%
Other Sectors	4.17%
Cash and Other	9.50%

## 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](http://milfordasset.com/fact-sheet) for more information about the data published within this document.

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