

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 May 2021



Portfolio Managers



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Portfolio Manager



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Co-Portfolio Manager

Fixed income markets had a mixed performance in May. US government bond yields moved lower (prices higher) for the second month in a row despite economic data reported during the month which showed material inflationary pressures in the US economy. US corporate bonds had a constructive month, outperforming government bonds, while in Europe corporate bonds were slightly weaker, in part reflecting relative weakness in European government bonds where yields ended the month higher.

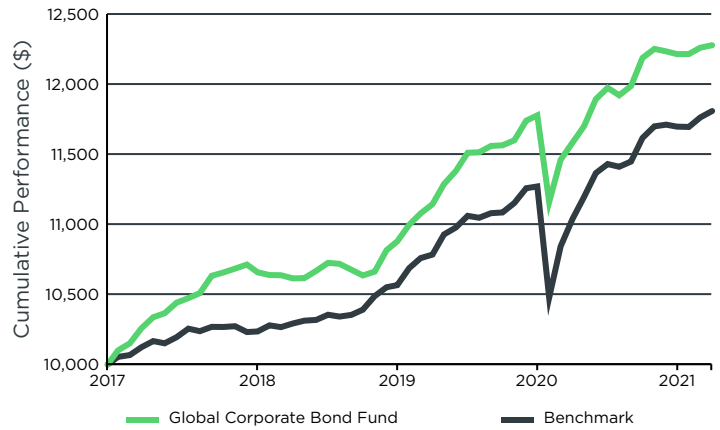
The Fund returned 0.1% in May but underperformed the benchmark due to its below neutral interest rate exposure and lower Fund exposure to the riskier parts of the high yield market which had a strong month. The Fund was positioned to benefit from a busy start to offshore bond issuance, participating in several new issues including from T-Mobile (US telco) and Deutsche Bank (German bank).

Looking forward, risks remain for interest rates to drift higher over time. Fund interest rate exposure remains below neutral but is higher than earlier in the month after reducing some of its hedges. The Fund also maintains less exposure to the weakest parts of the high yield market where further outperformance is limited due to valuations, retaining subordinated bonds of investment grade corporates (including banks) instead. We remain constructive on corporate bonds relative to government bonds as (i) the growth outlook is supportive of company balance sheets and (ii) we expect bond issuance volumes to moderate as we head into the northern hemisphere summer.

To view Milford's June 2021 Market and Economic Review please see 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

Objective¹	Protect capital and generate a positive NZD-hedged return that exceeds the relevant benchmark over a minimum of three years
Description	Primarily invests in global corporate fixed interest securities
Target Allocation	100% Income Assets / 0% Growth Assets
Neutral FX Exposure	0%
Net Asset Value (NAV)	\$844.8 M
Yield²	1.68%
Average Credit Rating	BBB+
Duration	3.14 years
Rating Categories	Inv.Grade 74% / High Yield 17%
Inception Date	1 February 2017
Current Distribution	0.45 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%



Global Corporate Bond Fund as at 31 May 2021

Investment Performance after fees as at 31 May 2021⁵

Unit Price: \$1.1088

	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)	0.14%	0.52%	6.00%	4.97%	-	4.87%
After Tax 10.50%	0.13%	0.47%	5.37%	4.44%	-	4.35%
After Tax 17.50%	0.12%	0.43%	4.95%	4.09%	-	4.01%
After Tax 28.00%	0.11%	0.38%	4.32%	3.57%	-	3.49%
Benchmark	0.39%	0.95%	6.98%	4.68%	-	3.92%

Top Fixed Interest Holdings

Holdings	% of Fund
Seagate 4.091% 2029	1.46%
Danaher Corp 0.45% 2028	1.45%
McDonald's 3% 2024	1.39%
NXP BV 4.3% 2029	1.32%
John Deere 1.75% 2024	1.30%
Macquarie 3.052% 2036	1.28%
John Deere 0.70% 2026	1.21%
Crown Castle 2.25% 2031	1.19%
Vantage Towers 0.75% 2030	1.18%
Bank of America 1.898% 2031	1.18%
Aroundtown 4.5% 2025	1.15%
Nordea Bank 0.5% 2027	1.13%
CBA 2.688% 2030	1.13%
Vodafone 4.2% 2027	1.13%
Alphabet 0.8% 2027	1.11%
United Utilities 0.875% 2029	1.10%
Masco 2% 2030	1.10%
Holcim 0.625% 2030	1.08%
AT&T 1.65% 2028	1.05%
Thermo Fisher 0.5% 2028	1.00%

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

Current Asset Allocation

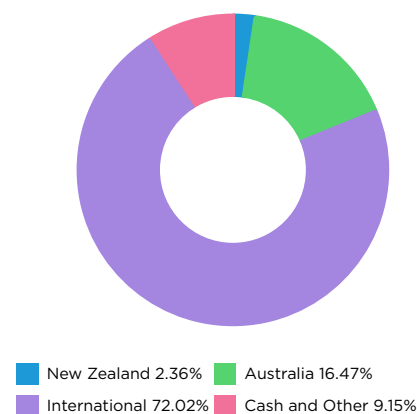
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	7.80%	5.00%
New Zealand Fixed Interest	0.88%	0%
International Fixed Interest	89.97%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	1.35%	0%

The actual cash held by the Fund is 5.56%. 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	29.28%
Communication Services	12.43%
Information Technology	9.33%
Real Estate	8.77%
Industrials	8.35%
Consumer Discretionary	6.66%
Materials	5.77%
Health Care	4.22%
Energy	2.56%
Consumer Staples	1.87%
Utilities	1.66%
Cash and Other	9.15%

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 for more information about the data published within this document.

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