

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 May 2023



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

The Fund returned 0.3% in the month which was ahead of its benchmark. Global economic data may have provided mixed signals, but there was sufficient evidence to suggest inflation risks may require tighter and/or more prolonged monetary policy tightening. This pushed market interest rates higher which negatively impacted bond returns as bond prices fell. Relative to benchmark, the Fund benefitted from its below neutral interest rate exposure. While we have added back interest rate exposure over recent months, on signs that the global rate hiking cycle may be close to an end, the Fund retains its slightly below neutral interest rate exposure.

The Fund also benefitted from a slightly lower exposure to credit spreads (the yield differential between corporate and government bonds) which marginally widened, with corporate bonds slightly underperforming. A notable exception was the Fund's subordinated bonds, in particular subordinated bank bonds, as prices continued to recover from the mini banking crisis in March.

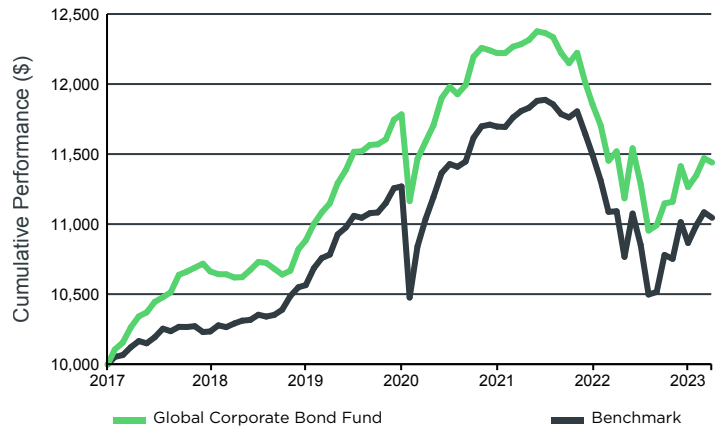
The Fund remained active in recycling capital, in particular seeking opportunities amongst a seasonally busy period for new bond issuance where attractive discounts were available. Amongst others, the Fund participated in issuance from defensive sectors such as telecommunications (T-Mobile, AT&T, subordinated Vodafone bonds, American Tower), global packaging (Crown Holdings), infrastructure (Melbourne Airport), payments services (Fiserv), and pharmaceuticals (Pfizer). These opportunities were funded by selling more expensive holdings and deploying some cash which the Fund had been maintaining in anticipation of these opportunities. The Fund net added exposure to corporate bonds but retains the slightly below neutral exposure to credit spreads. This is due to a cautious economic outlook, particularly for the weaker parts of global credit markets where valuations don't necessarily reflect the risk from weaker earnings in a potential economic slowdown.

Looking forward, we remain wary of near-term volatility until we get more clarity on the economic cycle, especially inflation. Nevertheless, with prevailing corporate bond yields at historically attractive levels, they should provide a cushion against all but extremely higher market interest rates. This makes the medium-term Fund return outlook attractive.

To view Milford's May 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)	\$454.4 M
Yield²	6.44%
Average Credit Rating	BBB
Duration	3.34 years
Rating Categories	Inv.Grade 76% / High Yield 11%
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 31 May 2023

Investment Performance after fees as at 31 May 2023⁵

Unit Price: \$0.9943

	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)	-0.27%	1.55%	-0.69%	-0.43%	1.50%	2.15%
After Tax 10.50%	-0.25%	1.39%	-0.62%	-0.38%	1.34%	1.93%
After Tax 17.50%	-0.24%	1.29%	-0.57%	-0.34%	1.24%	1.78%
After Tax 28.00%	-0.22%	1.13%	-0.50%	-0.29%	1.09%	1.55%
Benchmark	-0.35%	1.65%	-0.42%	0.03%	1.42%	1.58%

Top Fixed Interest Holdings

Holdings	% of Fund
John Deere 1.75% 2024	2.29%
JPMorgan 1.578% 2027	2.16%
NBS 5.35% 2028	2.16%
NatWest 7.416% 2033	2.03%
Vodafone 3.75% 2034	1.96%
HCA 5.875% 2026	1.87%
NBS 6.178% 2027	1.86%
CBA 5.398% 2027	1.86%
Berry 5.5% 2028	1.83%
ANZ 2.166% 2025	1.75%
Magallanes 3.755% 2027	1.74%
DR Horton 2.6% 2025	1.73%
American Tower 3.8% 2029	1.71%
Asciano 4.75% 2028	1.70%
Lennar 4.5% 2024	1.65%
Goodman 1.375% 2025	1.64%
GE 5.857% 2030	1.63%
Oracle 2.95% 2030	1.58%
AU Pacific Aiport 4.375% 2033	1.58%
SBA Comms. 3.125% 2029	1.57%

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

Current Asset Allocation

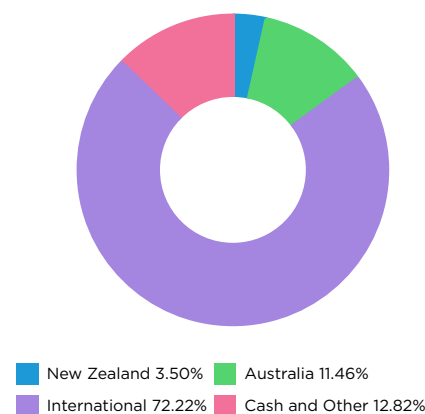
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	12.82%	5%
New Zealand Fixed Interest	0.01%	0.0%
International Fixed Interest	87.17%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	0.00%	0.0%

The actual cash held by the Fund is 4.57%. 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	35.31%
Communication Services	11.50%
Consumer Discretionary	7.68%
Industrials	6.47%
Materials	5.65%
Real Estate	5.61%
Health Care	5.20%
Information Technology	5.12%
Other Sectors	4.64%
Cash and Other	12.82%

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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