

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 30 November 2022



Portfolio Managers



Paul Morris
Portfolio Manager



Ian Robertson
Co-Portfolio Manager

Global corporate bonds enjoyed a strong month in November which resulted in a Fund return of 1.4%. This was, however, behind its benchmark as (i) the Fund held a lower exposure to falling market interest rates and (ii) a lower exposure to credit spreads (the extra yield relative to government bonds), which tightened. This meant corporate bonds outperformed government bonds. The catalyst for the rally in bonds was indications that several key global central banks may not increase cash rates to as high as previously feared due to signs of moderation in inflation. The corollary was lower market interest rates, but also less wariness of a hard economic landing, noting a hard landing would be bad for earnings and thus corporate bond credit risk. Such positive outcomes are far from certain, and near-term market volatility may well persist as the breadth of outcomes for inflation, economic growth, cash rates, and earnings remain wide.

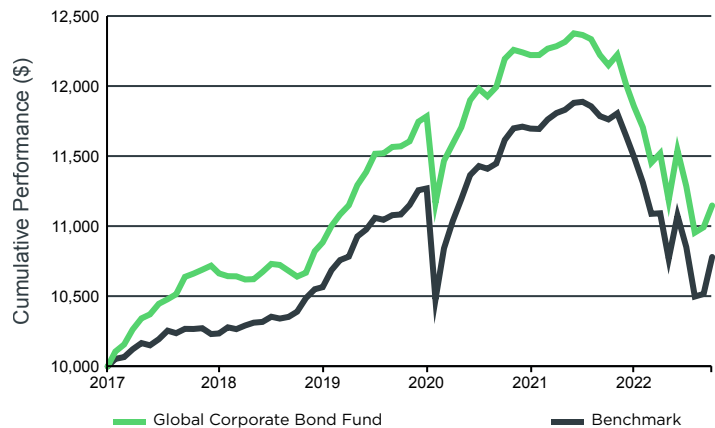
The strength in global corporate bonds was broad-based but was strongest in those parts of the market that had previously underperformed. This included UK and European bonds, and especially lower-rated bonds. This outperformance followed more prudent UK fiscal proposals and European government support to mitigate the energy crisis. The new issue market also reopened strongly in the month. We used this as an opportunity to add some exposure where we thought valuations were particularly attractive. This included subordinated bonds in Euros from Bank of Ireland, and in Pounds from Barclays and Commerzbank. We also participated in issuance from Vodafone and GE Healthcare.

When measured on an absolute basis (but to a lesser extent versus government bonds) we continue to think that medium-term corporate bond yields are still looking attractive. They provide a significant buffer from a move higher in market interest rates or a widening in credit spreads. That said, and especially considering the extent of recent tightening in credit spreads, we think prices could be prone for some near-term weakness. We believe that it may be too early for central banks to declare victory over inflation. This ongoing uncertainty could see investor demand, at now tighter credit spreads and lower absolute yields, slow. Therefore, while over the month we had added exposure to credit spreads, the exposure remains below long-run neutral. For the same rationale we also retain a below-neutral exposure to market interest rates.

To view Milford's December 2022 Market and Economic Review please see 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

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)	\$414.1 M
Yield²	5.78%
Average Credit Rating	BBB
Duration	3.06 years
Rating Categories	Inv.Grade 71% / High Yield 15%
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%
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 November 2022

Investment Performance after fees as at 30 November 2022⁵

Unit Price: \$0.9805

	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)	1.41%	-1.21%	-8.24%	-1.23%	0.90%	1.88%
After Tax 10.50%	1.25%	-1.10%	-7.40%	-1.10%	0.80%	1.68%
After Tax 17.50%	1.14%	-1.02%	-6.84%	-1.01%	0.74%	1.55%
After Tax 28.00%	0.98%	-0.90%	-6.00%	-0.88%	0.65%	1.36%
Benchmark	2.51%	-0.65%	-8.34%	-0.92%	0.98%	1.30%

Top Fixed Interest Holdings

Holdings	% of Fund
Becton Dickinson Euro 0.334% 2028	2.60%
John Deere 1.75% 2024	2.48%
CSL 3.85% 2027	2.24%
JPMorgan 1.578% 2027	2.23%
RBLN 2.75% 2024	1.99%
HCA 5.875% 2026	1.98%
CBA 5.398% 2027	1.94%
NBS 6.178% 2027	1.86%
John Deere 4.55% 2024	1.85%
ANZ 2.166% 2025	1.83%
DR Horton 2.6% 2025	1.81%
American Tower 3.8% 2029	1.79%
Magallanes 3.755% 2027	1.77%
Asciano 4.75% 2028	1.73%
Lennar 4.5% 2024	1.73%
Verizon Float 2023	1.72%
Goodman 1.375% 2025	1.67%
SBA Comms. 3.125% 2029	1.65%
Oracle 2.95% 2030	1.63%
Dell 6.1% 2027	1.63%

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

Current Asset Allocation

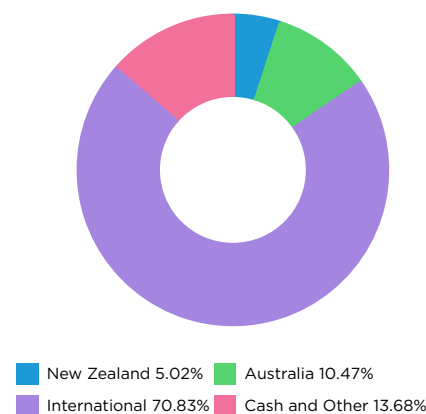
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	10.03%	5%
New Zealand Fixed Interest	1.25%	0.0%
International Fixed Interest	85.07%	95.0%
New Zealand Equities	0.00%	0.0%
Australian Equities	0.00%	0.0%
International Equities	0.00%	0.0%
Other	3.65%	0.0%

The actual cash held by the Fund is 1.99%. 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	27.71%
Communication Services	12.78%
Information Technology	9.05%
Consumer Discretionary	8.83%
Industrials	7.35%
Health Care	6.85%
Real Estate	5.13%
Materials	3.92%
Other Sectors	4.70%
Cash and Other	13.68%

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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