

Global Corporate Bond Fund

Portfolio Investment Entity

Monthly Fact Sheet as at 31 October 2021



Portfolio Managers



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Portfolio Manager



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Co-Portfolio Manager

It was another volatile month in fixed income markets as inflation pressures are proving more persistent than central banks had hoped. While some policy makers, notably the Reserve Bank of New Zealand, have reacted decisively by beginning the removal of emergency monetary policy settings, others are taking more tentative steps (e.g. the US and Australia). However, that has not stopped expectations for interest rate hikes building, pushing bond yields almost universally higher (prices lower).

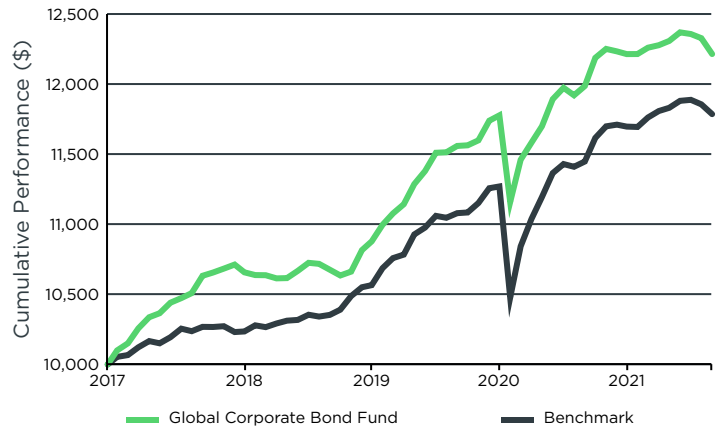
The Fund returned -0.9% in the month, which is 0.3% lower than its benchmark due in part to the outperformance of the lower quality end of the US high yield market which the Fund is underweight, and underperformance in Australian denominated corporate bonds which the Fund is overweight. It was a quieter month in primary markets, but the Fund remained active buying bonds in issuers including ASB (NZ bank), Thermo Fisher (US healthcare), and Wesfarmers (Australian retail/industrial).

Going forward, we remain constructive on corporate bonds as global economic growth underpins company balance sheets. Nonetheless, the Fund maintains less exposure to the weakest parts of the high yield market where further outperformance is likely limited, retaining subordinated bonds of investment grade corporates (including banks) where valuations have recently become more attractive. The Fund also maintains moderate below neutral interest rate positioning to cushion against the potential impact a move higher may have on bond returns.

To view Milford's November 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	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)	\$723.6 M
Yield²	2.71%
Average Credit Rating	BBB
Duration	3.39 years
Rating Categories	Inv.Grade 72% / High Yield 20%
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 31 October 2021

Investment Performance after fees as at 31 October 2021⁵

Unit Price: \$1.0941

	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)	-0.91%	-1.25%	1.91%	4.59%	-	4.32%
After Tax 10.50%	-0.82%	-1.11%	1.72%	4.10%	-	3.86%
After Tax 17.50%	-0.75%	-1.03%	1.60%	3.78%	-	3.56%
After Tax 28.00%	-0.66%	-0.89%	1.41%	3.30%	-	3.10%
Benchmark	-0.59%	-0.80%	2.95%	4.41%	-	3.52%

Top Fixed Interest Holdings

Holdings	% of Fund
Credit Agricole 6.875% Perpetual	1.72%
Becton Dickinson Euro 0.334% 2028	1.68%
Danaher Corp 0.45% 2028	1.62%
McDonald's 3% 2024	1.56%
NXP BV 4.3% 2029	1.54%
Comcast 0.25% 2029	1.52%
Scentre Group 4.75% 2080	1.47%
Thermo Fisher 0.8% 2030	1.45%
John Deere 1.75% 2024	1.45%
Crown Euro. 3.375% 2025	1.45%
John Deere 0.70% 2026	1.41%
Bank of America 1.898% 2031	1.39%
Seagate 4.091% 2029	1.37%
Aroundtown 4.5% 2025	1.30%
Alphabet 0.8% 2027	1.30%
Vodafone 4.2% 2027	1.24%
AT&T 1.65% 2028	1.23%
UBS 6.875% Perpetual	1.19%
Berry 5.625% 2027	1.13%
Thermo Fisher 0.5% 2028	1.12%

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

Current Asset Allocation

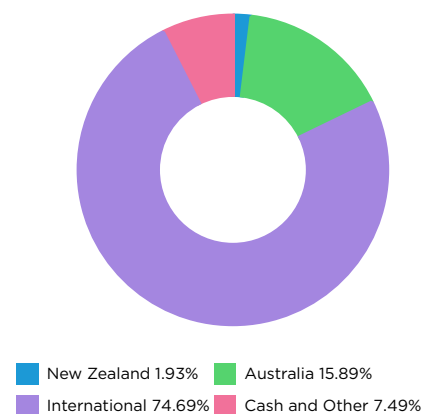
	Actual Investment Mix	Neutral Investment Mix
Effective Cash #	4.75%	5%
New Zealand Fixed Interest	1.93%	0%
International Fixed Interest	90.57%	95.00%
New Zealand Equities	0.00%	0%
Australian Equities	0.00%	0%
International Equities	0.00%	0%
Other	2.75%	0%

The actual cash held by the Fund is 2.59%. 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	22.56%
Communication Services	15.41%
Information Technology	10.02%
Materials	9.56%
Real Estate	7.87%
Consumer Discretionary	7.67%
Health Care	7.05%
Industrials	5.60%
Consumer Staples	2.93%
Energy	2.57%
Government	1.21%
Utilities	0.06%
Cash and Other	7.49%

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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